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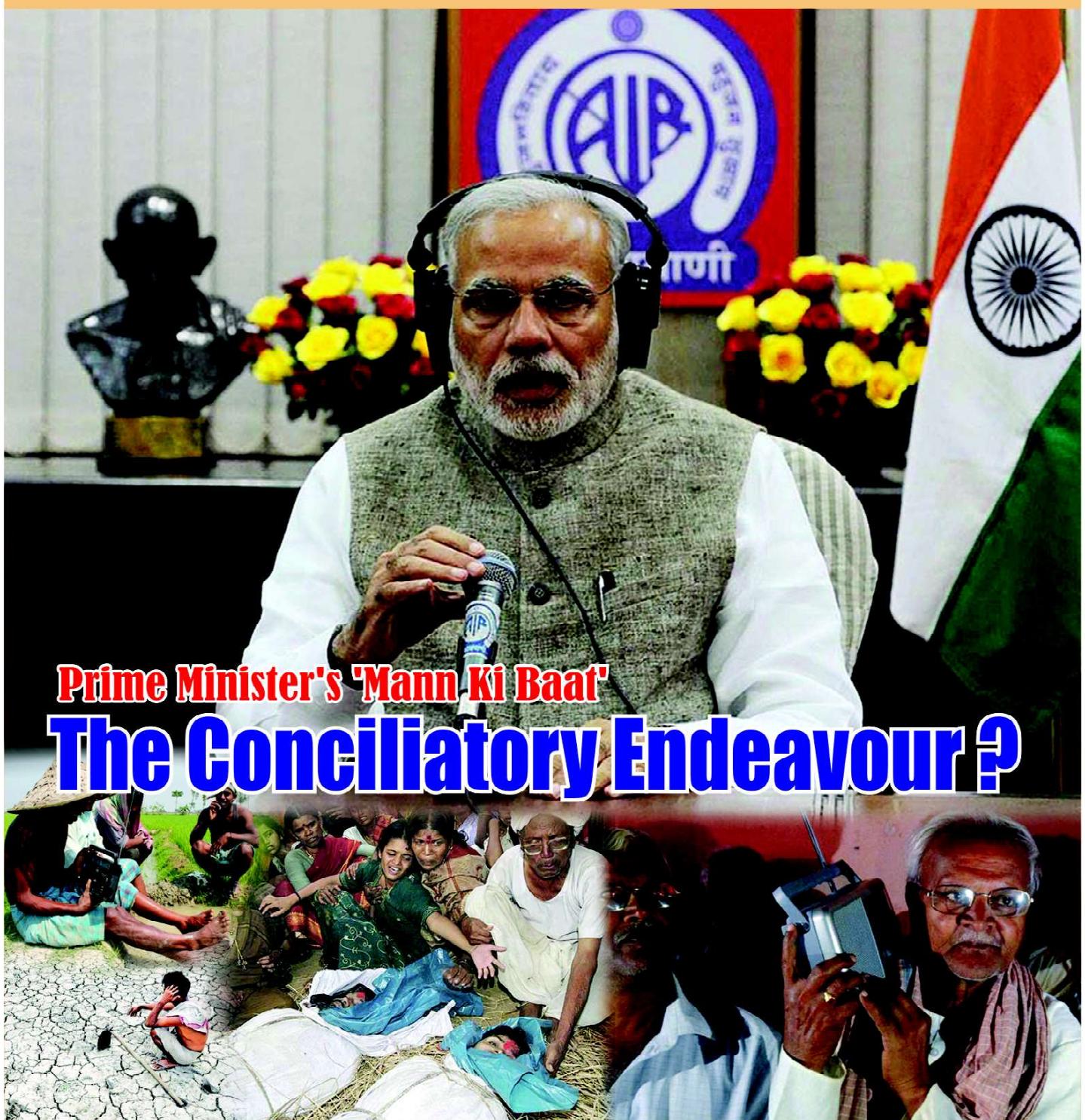
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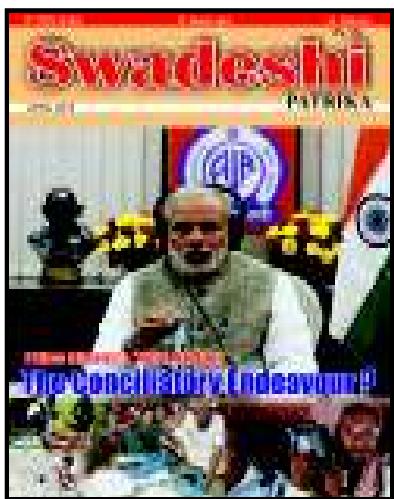
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Mass copying Malaise in education

The recent incident of mass-scale cheating in school examinations in Bihar is shocking, depressing but not surprising at all. It is a symptom of a deeper malaise that afflicts Indian education. It is important to understand that the large scale cheating was and continues to be reported from different parts of the country. Copying and cheating can not be justified at any cost. But to So shame the students, who copied in their boards without understanding why they did it, also is unfair.

I believe it is the system, and not the students, that has failed society. Unreasonable parental pressure and a narrow focus on examination results at the cost of quality of education are the real culprits. The usual school teacher's message of 'a cheat deceives himself in the long run' may sound good, but we need to look at the matter with ruthless pragmatism. What happened in Bihar leads to a major fraud with examination results, putting thousands of other students at a disadvantage. Matters such as this are necessarily linked with covering up for inefficient teaching, bad school management and corruption in distribution of State Government scholarships.

Come examination season, which I think lasts for the whole year round because of annual, bi annual summer zone, winter zone exams of various classes from class VIII to post graduation, the demon of copying raises its ugly head and spreads its tentacles through urban and rural areas. This copying menace is confined not only up to XIIth class examination but also higher examinations as well. Leaking of papers before various competitive exams is also cheating that takes place at huge scale. Cheating/copying is dead impossible unless there is hand of supervisory staff. The menace of copying eats the very vitals of society and the hard labour of meritorious students goes waste. When these very underserving candidates later join professional courses, their plight becomes miserable. They later on prove a slur on the society. After all it has to be seen why the concerned authorities fail to check the menace.

The Bihar cheating incident is a symptom, not the malaise itself. A number of factors, social and political, have accumulated together for this to take place and the parents and children involved must not be criminalized.

— D.N. Raina, Jammu

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Quote-Unquote



People who ask us when we will hold talks with Pakistan are perhaps not aware that over the last 55 years, every initiative for a dialogue with Pakistan has invariably come from India.

Atal Bihari Vajpayee
Former Prime Minister of India



Your broad and large-hearted vision, your patriotism and eloquent oratory have always embraced the entire political spectrum and all sections of our society.

Sonia Gandhi

Congress President, in a letter to Vajpayee



Happy that Atal ji is being conferred Bharat Ratna today. A truly great statesman who richly deserves honor. I wish him well.

Mamta Banerjee
West Bengal CM



Market economics is different from market society. In the former market remains outside home & in the latter market comes into homes.

S. Gurumurthy
National Co-convenor, SJM

Ailing insurance sector & Erroneous therapy

*"A hallucination is a fact, not an error;
what is erroneous is a judgment based upon it."*

— (Bertrand Russell)

The Insurance Laws (Amendment) Bill, 2015 has been passed by both houses of the Parliament paving way for much touted 'economic reform' in the insurance sector. The Act to be so enacted will replace the Insurance Laws (Amendment) Ordinance, 2014, which came into force on 26th December 2014. It is claimed that The amendment Act will remove archaic and redundant provisions in the legislations and incorporate certain provisions to provide Insurance Regulatory and Development Authority of India (IRDAI) with the flexibility to discharge its functions more effectively and efficiently. The amendment Act also provides for enhancement of the foreign investment cap in an Indian Insurance Company from 26% to an explicitly composite limit of 49%, off course with the safeguard of Indian ownership and control. Corporate apologists, in particular the champions of left leaning Neo-liberalism and globalization have reacted to the passage of Bill in typically predictable manner. "The passage of the bill represents a rare victory for Modi, who was elected last May on a promise of jobs and economic growth, but has seen other initiatives stymied by clashes with the opposition in parliament" claims one report. "I don't see massive inflows into the sector immediately from foreign investors. Nevertheless, it will be a very positive signal," says another expert. It, therefore, is clear that vested interests, both inside and outside the country are cheerful about being successful in ensuring that policy changes are implemented by successive governments in a manner prescribed by them. But at the same time do not reveal satisfaction and continue to raise doubts about the content to extract further concessions in continuation of what they claim as 'first major economic reform almost a year after coming to power, to allow more foreign investment in the insurance sector'. They don't even promise to deliver their part of the bargain. Supporters of neo-liberal economic reform agenda have been asserting that the amendment Act will make much needed capital available to the 'ailing insurance sector' besides further empowering the regulator (IRDA) to ensure consumer welfare. Health Insurance, Promoting Reinsurance Business in India, Strengthening of Industry Councils and Robust Appellate Process are said to be other byproducts of the new Act. Repudiating the charges of volte-face by the BJP on the issue and rightly so, party spokespersons defend the government decision by saying "While in opposition the party had always maintained that it was open to supporting the Bill provided its concerns were taken on board" and "Even in our manifesto BJP had clearly spelt out its position on FDI in insurance sector".

Swadeshipatrika has been consistent in its effort to point out discrepancies in the claims of the government about virtues of FDI irrespective of who is in power. We are clear in not-opposing every move of the incumbent government for sake of opposition. We don't hesitate to publicly support and appreciate any and every positive step that the government takes. But we are not blind supporters either. Way back in 2013 when UPA, that demolished the economy of the nation brick by brick during ten years of its rule, in its desperate pursuit to fetch dollars no matter at what cost they come- projected insurance sector to be one "that 'will' attract USD in sufficient numbers", we were quick to point out, "These private players (that promise to bring in capital) in insurance are not shying to say that their mission is "to earn a return for our shareholders." Unfortunately, that dedication to shareholders comes at the expense of policyholders. Data provided by successive Annual Reports of IRDA proves this beyond any doubt in every sphere of their activity, be that rural penetration, Operating expenses, Benefits paid and/or claims settled & repudiated. Public sector companies like LIC fare much better. Private companies adopt a confrontational attitude towards its own policyholders to boost Company's bottom line by focusing on reducing the amount of money they are supposed to pay in claims, whether or not they were valid. And deny, delay, defend-do anything- to avoid paying claims. Even Standing Committee recommendation is clear in pointing out "Hike in FDI may not be in the interest of the Indian insurance industry. The government should consider tapping domestic capital markets for raising the capital required". With this experience what is the need to further open and risk customer welfare needs to be explained.

Land Acquisition

Let's have a land audit first

In the days to come the battle over Land takeover is only going to be intensified, both in Parliament as well as on the streets. As various farmer organizations stormed *Jantar Mantar* on Mar 18, and Anna Hazare planning a *padyatra* from Mar 30, the government itself is getting ready to face the tough challenge in Rajya Sabha where it lacks the numbers.

While the Lok Sabha passed the Land Acquisition bill with 11 minor amendments, most of these already existing in the 2013 law, the painstaking defence by Rural Development Minister Birender Singh has failed to cut much ice. In the shrieking debates and the deafening noise that preceded and still continues, the real issues behind the need for a law that allows forceful takeover of land have disappeared from public scrutiny. In this article I am trying to analyse some of the main arguments that have been floated to justify land acquisition without the consent of the farmer.

I hear again and again that the availability of land is coming in the way of development. Projects worth Rs 4-lakh crore are held up because of non-availability of land. While the government has failed to provide a list of projects that have been held up, Economic Survey 2015 does not list land as a limiting factor for infrastructure projects to take off. It states that the projects are held up because of unfavourable market conditions, and lack of investor interest. Secondly, if land availability was a factor I don't see any reason why over 576 Special Economic Zones should have failed to perform.

A CAG report says that out of the 45,635.63 hectares of land notified for the development of SEZs, actual operations took place in only 28,488.49 hectares or 62 per cent of the land acquired. Neither did the SEZs create employment nor did it lead to manufacturing or industrial growth. And remember there was no environment clearance hurdle nor was there any social impact assessment required. Moreover, with all kinds of tax holidays, estimated to be in tune of Rs 1.75 lakh crore, the SEZs failed to perform. In a scathing comment, CAG says



If land availability was coming in the way of development, I don't see any reason why over 576 Special Economic Zones should have failed to perform, asks
Dr. Devinder Sharma



"Acquisition of land from the public by the government is proving to be a major transfer of wealth from the rural populace to the corporate world."

I don't think the government even knows how much of land already acquired is lying vacant. An investigation by a TV channel found that nearly 45 per cent land acquired in just five States is lying unused. In Orissa, for example, 3799 acres acquired for TISCO steel plant in Gopalpur in 1995 has still not been used.

In any case, the government is eyeing 17 lakh acres of surplus land lying with public sector undertakings. With so much of land already available, I don't see any reason why the available surplus land is not first put to proper use.

Further, the argument that the 2013 law needed to be changed since the Chief Ministers wrote against it is simply amusing. Let us not forget that the Chief Ministers of the coal mining States also opposed open auction of the coal blocks. But after a Supreme Court order cancelled 204 coal blocks, the auctions that are underway are likely to bring in revenue of Rs 15-lakh- crore. I wonder why in a market economy, where free enterprise is being promoted, the private sector can't be asked to bid for land in open auctions taking the prevailing market price as the base price.

A study by IIT Roorkee estimates that in past 50 years some 50 million people have been displaced by 'development projects'. With the oustees of Bhakra dam and Pong dam still not rehabilitated, land conflicts have erupted primarily because the government forcibly takes over land for the

private entities in the name of 'public purpose'. As several CAG reports have found out that the land acquired has finally gone into the hands of real estate firms who have made fortunes.

In 2013-14, a study by Washington-based Rights and Resources initiative found 252 conflicts over land acquisition. A Newsweek article sometimes back had pointed to 75,000 land conflicts, most of them bloody, in China every year. A recent report states that 28 lakh villagers have committed suicide in China in past 10 years. About 80 per cent of them did so because of forcible land takeover. Lawmakers in India therefore need to be doubly concerned about the resulting socio-economic unrest.

Actually, the commodification of land is part of a global design. Globally, an area equivalent to the cultivable area of China and India has already been acquired by private capital. For India, it was in 1996 that the World Bank had asked to move 40-crore people – twice the combined population of UK, France and Germany – from the rural to the urban areas in next 20 years, by 2015. In 2008, the World Development Report of the World Bank had asked India to hasten the demographic shift by going in for land rentals. It is primarily for this reason that agriculture is deliberately being starved of resources, and farmers' income is being kept low to force them to abandon farming and migrate.

Pitting agriculture against industrial development is a faulty debate. At a time when jobless growth is the norm anywhere and everywhere, industry cannot absorb even a fraction of the growing workforce. In past 10 years,

The commodification of land is part of a global design.

between 2004 and 2014, only 1.5 crore jobs were created despite a high growth rate. Encouraging entrepreneurship in the rural areas and providing land to the landless is therefore the only sensible way to revitalize the economy. If the drought-prone village of Hibre Bazaar in Maharashtra can now boast of 60 lakhpatis, I see no reason why it can't be the norm in the rest of the country.

The battle for land will intensify

Thousands of farmers from across the country, and owing allegiance to *Bharti Kisan Union*, are staying put at *Jantar Mantar* in New Delhi. With distress written large on their faces, they are hoping that the government they voted for would at least have the courtesy to listen to them. Their anger is over an unjust law that they fear will forcibly evict them from their meagre land holdings, and also they came hoping to seek some assurance from the powers that be for ending the continuing agrarian distress that they are living with.

A fortnight earlier, nearly 5,000 tribals under the banner of *Ekta Parishad* had also marched to New Delhi to join the two-day protest by Anna Hazare and others against the land acquisition bill. But with indifferent State machinery, and with an equally indifferent middle class, they found they had no sympathetic ears to allow them to even share their sufferings. Not

Rajya Sabha to be prorogued for re-issue of land ordinance

Government has decided to prorogue the current session of Rajya Sabha so that it can re-issue the controversial land ordinance. The Cabinet Committee on Parliamentary Affairs chaired by Home Minister Rajnath Singh decided to recommend prorogation of the Upper House with immediate effect.

Under the Constitution at least one of the Houses has to be prorogued for Government to issue an ordinance. Parliament is currently on a month-long recess after the Budget session started on February 23. The land acquisition ordinance, which was promulgated in December last, will lapse on April 5 because it could not be converted into a law by Parliament. The Ordinance had cleared the Lok Sabha hurdle but faced stiff opposition in Rajya Sabha, where the government lacks numbers. The bill to replace the Ordinance was passed in Lok Sabha with nine amendments and the government indicated its willingness to further amend it but a united Opposition did not allow the govt. to take up the matter in Rajya Sabha.

"The Cabinet Committee on Parliamentary Affairs today met and has decided to recommend prorogation of the Rajya Sabha with immediate effect," Parliamentary Affairs Minister M Venkaiah Naidu told reporters after the CCPA meet. External Affairs Minister Sushma Swaraj and Minister of State for Parliamentary Affairs Mukhtar Abbas Naqvi besides Naidu were there. □

even the national media, barring a few exceptions, took notice.

The disconnect between the middle class in the cities and the poor and marginalized in the rural areas, including 600 million farmers and the landless farm workers, is now becoming loud and distinct. For all practical purposes, the divide between India and *Bharat* that has been talked about for long is now clearly visible.

It is primarily for this reason that the debate over land acquisition fails to move beyond growth and development. In the race to build more infrastructure, the cries of poor and marginalized who are struggling to make the two ends meet gets drowned. The tribals who walked all the way to New Delhi or the farmers who are protesting at *Jantar Mantar* and also at a number of places across the country are therefore being con-

sidered as a hindrance in the development process. They are a roadblock, the sooner they are removed, and faster will be the pace of development.

For several years now, since the time economists/planners began telling us that land is an economic asset and it is unfortunately in hands of people who are inefficient, there has been literally a scramble by business and industry (driven by real estate) to procure as much as possible. The World Bank is backing this strategy, and if you have read the World Development Report 2008, you would know what I mean. It calls for land rentals, and setting up a network of training centres to train the displaced farmers to become industrial labour.

No wonder, the UPA government has made budgetary provisions for setting up 1,000 Industrial Training Institutes (ITIs).

Former Prime Minister Manmohan Singh himself had called for a population shift, moving out 70 per cent of the farming community into urban centres. This is what the World Bank had wanted India to do way back in 1996. It had wanted India to move 400 million people – twice the combined population of UK, France and Germany – to be moved out of the villages in the next 20 years, by 2015.

It's all therefore part of a global design. All over the world pitched battles are being fought across nations by the poor and deprived, who fear further marginalisation when their land is literally grabbed by the government on behalf of the industry. It first begins by deliberately turning agriculture into a losing proposition as a result of which farmers, in most places, are keen to move out provided they get a better price for their land. Once this happens, it is much easier to drive out the farmers from their land holdings.

But it's not as simple as it appears to be. Land being the only economic security for the poor, they put up a tough fight. In China, as Fareed Zakaria wrote in Newsweek sometimes back, 75,000 land conflicts, which means almost 250 protests a day, most of them bloody, happen every year. A recent report states that 28 lakh villagers have committed suicide in China in past 10 years. About 80 per cent of them did so because of forcible land takeover. Rural China has been on a boil all these years. In India, there were 260 land protests in 165 districts in 2013-14. When the new land bill comes into force, I foresee the battle over land intensifying in India. India will soon turn into a land of thousand mutinies. □□

PM Narendra Modi's 'Mann ki Baat' to farmers: Lies being spread on Land Bill

Amidst growing concerns and opposition mounting campaign over Land Acquisition Bill, Prime Minister Narendra Modi reached out to farmers, telling them that "lies" are being spread over the measure for "political reasons" to create confusion among the farming community.

Speaking on the issue over radio in his monthly 'Mann ki Baat' programme, he insisted there were some "lacunae" in the Land Act of 2013 "as it was enacted in a hurry" and these are being addressed while protecting the interests of farmers and villages.

Referring to his statement in Parliament, Modi maintained that the government is willing to consider any changes in the bill that would be beneficial for the farmers.

He made a veiled attack on Congress, saying "those projecting themselves as sympathisers of farmers and undertaking protests" had been using a 120-year-old law to acquire farm land for over 60-65 years after Independence and were now targeting his government which is "trying to improve upon the Act of 2013".

During the 30-minute programme, he underlined that the new bill being brought by his government has the same compensation provisions as in the 2013 Act and emphatically rejected that the new measure was aimed at benefiting the corporates.



He also said that 'no consent' provision in the proposed new law applies to acquisitions by government for government or PPP projects and insisted that the same clause exists in the previous Act.

"I am surprised that all kinds of misinformation is spread," he said, focusing on the issue over which his government has come under severe attack and united the opposition parties.

"In the Act of 2013 there were certain lacunae... Our attempt is to address these lacunae to ensure that the law is beneficial for villagers, farmers, their future generations and to ensure they get electricity and water," he said.

"I said in Parliament also that even now if somebody feels that something is still lacking, we are ready to make improvements."

"Our commitment is to ensure benefits for farmers through the Land Acquisition Act. So many lies are being spread..It is my fer-

vent appeal to farmers not to make decisions on the basis of these lies. Don't be misled," he said, adding, "You trust me, I will not betray your trust."

Specifically referring to the consent clause issue, he said misinformation is being spread for "political reasons".

The new bill was passed by Lok Sabha during the just-concluded first half of the Budget session but got stuck in Rajya Sabha.

Modi said the enactment of Land Acquisition law in 2013 during UPA tenure was done in a "hurried" manner and BJP, which was in opposition at that time, had supported it for the sake of farmers.

"If anything is done in a hurry, some lacunae remain. May be the intent was not wrong but lacunae are there which need to be corrected. I am not levelling any allegations against the previous government as to what it wanted or not wanted."

COVER STORY

"Our intention is only to see that farmers benefit, their children benefit, villages benefit. So if there are any lacunae in the law, these must be addressed. This is our priority," the Prime Minister said.

To buttress his point about lacunae in the Act of 2013, he said when the law was implemented, it was realised that "perhaps farmers have been cheated. We have no right to cheat the farmers."

He said when his government came, there were "voices" which said the law needs to be changed and improved upon. "These voices came from states" he said.

It was also noticed that for a year after being enacted, the law was not implemented, Modi said.

"States like Maharashtra and Haryana, where Congress was in power and who claim to be the sympathisers of farmers, implemented it but gave half the compensation than prescribed in the law," he said. The Prime Minister said if any state wants to go by the previous law, they are free to do so.

He sought to clear the air on certain specific aspects of the new bill while talking about drawbacks in the previous Act.

"Shall I tell you about one biggest lacuna? You too will be surprised at knowing it... Those who are going around as sympathisers of farmers and making speeches are not answering this question," Modi said.

He said the "biggest lacuna" in the 2013 Act was that 13 aspects

If any state wants to go by the previous law, they are free to do so.

Sonia Gandhi misleading the country on Land Bill issue, says Nitin Gadkari

Gadkari was replying to Gandhi's letter which called the Modi govt's land bill antifarmer, anti-poor and an "unabashed display of half truths". Road transport minister Nitin Gadkari has hit back at Congress president Sonia Gandhi claiming she was 'misleading' the country on the land bill and blamed the erstwhile UPA government for keeping the country back for the past ten years. Gadkari was replying to Gandhi's letter which called the Narendra Modi government's land bill anti farmer, anti-poor and an "unabashed display of half truths".

"Despite the regulation on land acquisition in place for the last year no land was acquired to build rural roads, irrigation, power facilities, schools, hospitals in the villages by the UPA," Gadkari wrote in his reply to the letter, justifying the bill as one that favours the villages, farmers, unemployed and labourers. The minister also said that the UPA government acquired land for private companies, giving away coal fields for a pittance to private companies and causing huge loss to the exchequer.

"Why did the UPA exempt certain areas from social impact assessment? Do coal, mining activities not require a social impact assessment....We have not removed the social impact assessment but given the authority to the states over this matter."

He went on to add that the UPA's policies kept the farmers dependant on rains and government relief. Gadkari also said that the UPA did not take the consent of its own chief ministers on its land acquisition policy. "We have made changes to the bill based on the suggestions of states on June 27, 2014," Gadkari wrote, adding that parties should be open to a debate on the issue.

Defending the land acquisition bill Gadkari said that unlike the UPA, the Modi government has put a cap of 1 km for land acquisition near the industrial corridor. He also accused the UPA government of bringing down the industrial employment by 70 lakh during its first five years.

"The money which should have been spent on development was instead used to garner votes through subsidy scheme," he said. The bill could not be passed in the Rajya Sabha. □

of government activity, like railways, national highways and mining, for which maximum land is acquired, were kept out of its ambit, meaning that compensation for acquiring land for these purposes would be paid on the basis of the 120-year-old law.

"Tell me, isn't it a lacuna? Isn't

it a mistake?...We corrected this and in the new bill, these activities have been covered and as a result, four-time compensation will be given for the land acquired," he said.

It has been said that since these activities were kept out, it would benefit officials and "fill their treasuries", he said. □

MUDRA Bank: The indigenous financial engine



The media discourse on MUDRA (Micro Units Development and Refinance Agency) proposed in Budget 2015-16 has not yet fully revealed the theoretical depth and practical wisdom behind the idea. It is a potential game-changer for the economy.

Finance Minister Arun Jaitley unveiled MUDRA in his speech as integral to "generate inclusive growth". He said that "while large corporates have a role to play" inclusive growth has to come from informal sector enterprises that "generate maximum employment".

He said that the 57.7 million micro manufacturing, trading, and service businesses operated by hard-working entrepreneurs generate the maximum jobs for Indians. Mostly (62 per cent) belonging to Scheduled Castes, Scheduled Tribes and Other Backward Classes, these units find it "difficult if not impossible" to access formal credit. Hence the proposal for MUDRA Bank to "fund the unfunded" micro businesses.

Innovation, the key

The MUDRA idea was seeded in the last Budget which had set up a committee to search for a financial architecture for the non-formal sector.

The innovative bank has four unique features. One, it is structured as an apex refiner to enable over 50 million unfunded entrepreneurs to access formal credit from and through layers of credit institutions registered under it. The micro entrepreneurs not only earn their livelihood but also provide jobs to others. They need credit at reasonable interest, not doles or subsidies with which, sadly, the idea of inclusive growth has come to be associated.

Two, MUDRA will fund the micro units which are more efficient than modern corporates. According to the Economic Census 2014, the gross fixed assets of the 5.77 crore small businesses is about ¹ 11.5 lakh crore.

But their value addition is 6.26 lakh crore — almost 55 per cent of their gross fixed assets. But the comparative figure for Indian corporates, according to Reserve Bank of India data, is 34 per cent. While corporates pay interest at 9 to 14 per cent, micro units pay at least ten times more. Despite that, micro units add 60 per cent more value on their assets than corporates do. And more.

The Economic Census 2014 says that while the 57.7 million micro units provide 128 million jobs, banks fund only 4 per cent of their needs — just ¹ 46,000 crore out of their gross assets of ¹ 11.5 lakh crore.

Modern corporates in the public and private sector have absorbed over ¹ 50 lakh crore through FDI and FII investments and bank credit since 1991, but added just 2.8 million jobs. Yes, just about a lakh of jobs per year for 21 years. Is the corporate sector driving the national economy or the non-corporate sector?

Throwing a challenge

Three, the MUDRA Bank concept rests on theoretical depth and practical wisdom. It challenges the experts who thought that micro businesses and margin-



Micro businesses and marginal farming have grown bigger and faster since the 1990s in spite of being forced to pay at least ten times more interest than corporates. Despite that, micro units add 60 per cent more value on their assets than corporates do, points out S. Gurumurthy

Spotlight

al farming would face eventual euthanasia. Why then worry about them, they felt. An economist who had headed the Planning Commission for a decade had even said that the jobs generated by the micro units were not clean.

Yet both micro businesses and marginal farming have grown bigger and faster since the 1990s, challenging modern theories and experts alike. Long back, in the 1930s, a Russian economist called Alexander Chayanov had theorised the efficiency of family farming and family economics over both communism and capitalism because, according to him, a working family was neither capitalist nor proletariat.

For proving this truth against Karl Marx who was convinced that a marginal farmer would either become a capitalist or be reduced to a proletariat over time, he was incarcerated by Lenin and, later, killed by Stalin.

After decades, studies have now proved Chayanov right on family farming. He is, perhaps, proving right on family micro businesses too. All over the world marginal farms and micro businesses are keeping hundreds of millions of people above poverty.

Over 70 per cent of the micro businesses are unregistered. This also justified our experts shutting their eyes to them. But the MUDRA concept looks at micro businesses differently. It sees micro businesses as an open air university for mass entrepreneurship development and growth. It believes that the best way to register them into the national economic records is to provide organised financing to them.

Long ignored

Led by the western economic thinking based on size, for decades

Indian policymakers did not think much of the tiny sector. Even now they don't. But recently the West seems to have begun changing its view on micro businesses in India. In July 2013, the Credit Suisse Asia Pacific Equity Division put out a study of the non-formal sector in India titled 'India's better half: the informal economy'. It noted that nine out of ten jobs in India and half of its GDP originated in the non-formal sector including the 57.7 million micro businesses.

The study estimated the corporate contribution to India's GDP at just 15 per cent and that of the listed ones at 5 per cent.

The Credit Suisse study reduced Indian corporates to the "tail" that "cannot wag the dog". While, in his Budget speech, the finance minister said "Corporates have their role to play", the Credit Suisse study defined their role as the tail!

Importantly, Credit Suisse has also said that unlike in the West where informal business is invariably illegal, in India it is not so as the government has not even reached this sector.

The study sees high growth of non-banking financial entities which provide funds to this sector. But, for almost two decades, the Reserve Bank of India has been driving NBFCs to extinction to snuff out the only source of quasi-organised finance to the non-formal sector.

But the sheer size of the non-formal business brought out in the study seems to have persuaded *The Economist* magazine to see the reality of the Indian economy.

The Economist wrote that that the best way to organise the non-formal sector in India was to provide formal finance to it, adding that, at the current rate, it would

take another 50 years for India's economy to become fully formal.

Lastly, the MUDRA architecture is indigenously designed to fund the uniquely Indian non-formal sector. The press brief of the finance ministry's department of financial services on MUDRA issued on the day of the Budget explains its structure.

It will be a bank established under a new law. It will register, regulate and refinance all small business finance institutions including those already in the business. It will partner with State level and regional level coordinators to enable them to provide finance to last mile financiers (LMFs) of micro businesses.

The MUDRA bank will be at the top with national, State and regional level coordinators in the middle and the LMFs at the end.

A game-changer

The inclusion of the local LMFs is an innovative and game-changing idea. The MUDRA realises that local knowledge is the primary requisite for successful and recoverable lending to micro units.

Only LMFs can have local knowledge and knowledge of the borrowers' character and worth. No formal institution run only on systems can develop or acquire local knowledge. The MUDRA concept, therefore, seeks to formalise the non-formal LMFs to deliver credit to micro businesses. This is the innovation. MUDRA will lay down normative guidelines for small units financing institutions at all levels including the LMFs.

It will register them. Regulate them. Accredit them. Rate them. Fix responsible financial practices, client protection principles and methods of recovery. Develop

[Continued on page no. 31]

BJP and Deendayalji Upadhyay's Policy Prescriptions

Honourable FM has announced in his Budget for 2015-16 Government's intention to celebrate the 100th birth anniversary of Shri Deendayalji Upadhyay. As is known, Deendayalji's integral humanism gave BJP the policy foundation and his face the credibility. True, now-a-days, budget is more a reflection of government's routine expenses and less of development. But still, budget platform can be used for expressing national commitments towards known goals of party and FM should have moved ahead BJP's model of Politico-socio-economic development. Instead, budget only referred to the birth anniversary of Deendayalji. Many times, the Celebration of anniversaries and occasional garlanding photos is the Indian way of forgetting great people. BJP's major policy prescriptions are revealed through Deendayalji's writing and the party may hopefully be desirous of not forgetting but implementing some.

Pandit Deendayalji Upadhyaya

Pandit Deendayal Upadhyaya was the leader of the Bharatiya Jana Sangh from 1953 to 1968. He was a philosopher, organiser and a leader of personal integrity. He organised a political party that created its own identity and place in Indian Polity and now reached to a state of forming government at centre as in many states. BJP has accepted Deendayalji's 'Integral Humanism' as its basic mission and always expressed its gratitude by carrying his face on every of its banner. Many of ideals and ideas elaborated by Deendayalji still find place in the speeches of BJP leaders.

First 17 years of Independence

Deendayalji was Party's General Secretary for most period and became President in 1967. He wrote on major issues of national importance right from 1940s but his conclusive four speeches on integral humanism in 1965 and his presidential address in 1967 gave shape to his thoughts and party's agenda for future policies. This came 17 years after India's independence and after seeing the



Indian polity & socio-economic system needs to be changed to get India to its supreme glory. Adopting Bharatiya thinking & carrying practical programs for nationalist reconstruction as prompted by Pt. Deendayalji and terminating old congress policy of imitating west is required, pleads Anil Javalekar



congress rule, their policies of socio-economic development and their style of governance. These years were important for India and Indian progress. Nehruian Model was complete. Younger generation took over the reign of government after Nehru's death. India saw two major wars with one defeat and one win. Era of planning progressed with full implementation of comprehensive three five year plans and the model of mixed economy with public sector in lead was showing the results. The green revolution was just started and India was still dependent on foreign countries for its food requirements. Indian international status was only of a poor country. Deendayalji and many others were not satisfied with the Nehruian model of development and its progress and were more worried of its impact on Indian culture and lifestyles. Deendayalji many times expressed concern for the same and felt the need to elaborate Indian model of development. 'Integral humanism' was the outcome.

Indian polity was confused

Integral Humanism was first presented by Pandit Deendayalji Upadhyaya in the form of four lectures delivered in Bombay on April 22-25, 1965. This was a brief of Bhartiya Vichar Darshan shaped in to a politico-economic thought giving BJP a foundation for its policy prescriptions. In his first lecture, Deendayalji described the status of country and ideals and ideas that were influencing Indian polity. He doubted whether any of Indian political parties had a definite ideology, principles and aims. The congress was not different. 'If there can be a magic box which contains a cobra and a mongoose

Constitution which sustains the nation is in tune with Dharma.

living together, it is Congress' Said Deendayalji. 'We must ponder whether we can progress under such conditions. If we stop to analyse the reasons for the problems facing the country, we find that the confusion about our goal and the direction is mainly responsible for this chaos' he concluded. He viewed that the country cannot progress without its own 'national identity' and without principled politics. According to him, a narrow sense of nationalism should not be allowed to obstruct the progress of the nation and thoughtless imitation of the West must be scrupulously discarded. For him, all the three doctrine that dominated European social political thinking were incomplete and each stands opposed to the rest in practice. Nationalism poses a threat to world peace; Democracy and capitalism join hands to give a free reign exploitation; Socialism eliminated the freedom and dignity of individual.

Dharma principle is important

For Deendayalji, it was not wise to adopt foreign 'Isms' in our country in the original form and better to think of the principles of the Bharatiya culture that looks upon life as an integrated whole. For him, Nation is important and all policies should be based on 'Dharma' principle. All institutions within society, including state, are to be subservient to Nation and

need to follow Dharma. Dharma is the repository of the nation's soul. According to him, the fundamental principles of Dharma are eternal and universal and their implementation differs according to time, place and circumstances. He clarified that 'Dharma Rajya does not mean a theocratic state as it ensures religious freedom. Dharma Rajya accepts the importance of religion in the peace, happiness and progress of an individual and the state has the responsibility to maintain an atmosphere in which every individual can follow the religion of his choice and live in peace'. 'That Constitution which sustains the nation is in tune with Dharma' said Deendayalji.

Change Indian Polity and socio-economic systems

BJP got majority to form government at centre and no one expects changes overnight. In fact, the Congress that led Indian polity and shaped all Indian socio-economic policies itself reversed most of its socio-economic policies within 40 years of its ruling. The Congress that preferred socialistic pattern of society and adopted state interventionist approach strategizing for self-reliance with public sector in lead later on simply followed globalised model of development in 1990s that asked for liberalisation, privatisation and corporatisation of every socio-economic sector. BJP is aiming to take India to its supreme glory and that need changes in Indian polity and Indian socio-economic systems. These changes are possible not by following old congress policies of imitating western world but by adopting Bharatiya thinking and carrying practical programs for nationalist reconstruction as

prompted by Deendayalji.

BJP government's action trend

Here are some Policy prescrip-

tions given by Deendayalji and BJP's action trend so far. BJP hopefully will take a right course and

bring desired changes by following Deendayalji Upadhyaya.



Deendayalji's Policy Prescription	BJP's Action trend
1. Sovereign Nation with national identity	<ul style="list-style-type: none"> BJP can be said performing well in protecting sovereignty and building national identity. Relations improved with foreign countries particularly with neighbours, except Pakistan. India is still seen as market and profitable destination for capital and more so easily exploitable for the purpose by lobbying and corruption. This identity is neither sustainable nor desirable and BJP has yet to clean this image.
2. National Common desire & feeling of Unity.	<ul style="list-style-type: none"> BJP could create a common desire for development among Indian people, particularly youth, during the election campaign. However, it has still to negate the impact of divisive politics and need to work for unity feeling.
3. Principled Politics & high level of personal integrity in Public life	<ul style="list-style-type: none"> So far BJP has not been blamed for frauds or scams. However, it is not seen as working towards defining parameters for principled politics and its adoption. Not shown much interest in election reforms.
4. Unitary State and decentralised governance	<ul style="list-style-type: none"> Seems working towards this objective. Dismantled centralised planning. Budget talked about cooperative federalism and decentralising. Referred to devolution of more resources to states and changed the sharing pattern of many centrally sponsored schemes. Many schemes delinked from central assistance. States are expected to frame their own programmes.
5. No thoughtless imitation of the West	<ul style="list-style-type: none"> Indian socio-economic policies have been only imitating west thoughtlessly. BJP has not done anything so far to change this perception.
6. Self-reliance and Swadeshi	<ul style="list-style-type: none"> BJP government has relied more on foreign capital and ignored 'swadeshi' and self-reliance when 'by and large, the surge in capital inflows has boosted consumption rather than investment in recipient countries, exacerbating economic volatility and making painful financial crises more frequent' as observed recently by Dani Rodrik, leading world Economist. (http://www.project-syndicate.org/commentary/frontier-market-economy-fad-by-dani-rodrik-2015-03)
7. Aim at the progress and happiness of Integral Man.	<ul style="list-style-type: none"> Presently, economic system aims at material advancement and expect increase in material life standard defined in terms of consumption, possession and display of maximum goods and services apart from wealth. BJP yet to work for building happiness oriented socio-economic system.
8. Maintaining equilibrium of nature and Sustainable Development	<ul style="list-style-type: none"> Present policies and strategies are not giving justice to natural resources and environment. BJP's policies are not yet clear. Land acquisition bill is one controversial issue. Budget 2015-16 expressed commitment to make development process as green as possible. Much to be done.
9. Economic system must provide for the minimum basic necessities of human life to everyone.	<ul style="list-style-type: none"> So far BJP government relied on old poverty alleviation programmes and not given any indication to change the economic system that ensure basic necessities of human life to everyone. Protecting and supporting local economies to increase local incomes is more important than welfare programmes of direct assistance to poor and unemployed or promoting real estate led urbanisation and corporate led high tech manufacturing and service sector. Government has not done much in this regard.
10. Guarantee of work to every able bodied member of the society	<ul style="list-style-type: none"> BJP government is intended to provide access to the means for livelihood and employment or economic opportunity at least to one member from each family. Not much done. Old programmes like MGNREGS continued.
11. Development of Bharatiya technology	<ul style="list-style-type: none"> BJP government talked about promoting new innovations in India. However, there is no reference to development of appropriate technologies suitable for Indian economic system.
12. Decentralized economy	<ul style="list-style-type: none"> National corporate economy is being promoted at the cost of local economies of small farmers, small entrepreneurs, small traders, small consumer and this can be seen as against the decentralisation. The policies and strategies are being framed to suit national corporate sector. Land acquisition bill, red carpet for foreign capital, leaving health care to insurance companies, developing national market through central taxation, imports that endanger local production, dominance of foreign education and growing national media etc goes against decentralisation and local sectors.
13. The ownership, state, private or any other form of various industries must be decided on a pragmatic & practical basis.	<ul style="list-style-type: none"> Government is now not interested investing even in preferred sectors like infrastructure or public utility services and allowed either private sector to take over it or gone with PPP model.
14. Protecting culture, revitalizing it so as to make it dynamic and in tune with the times.	<ul style="list-style-type: none"> Yet to work on such issues
15. Practical programs for the nationalist reconstruction	<ul style="list-style-type: none"> No efforts made so far. The celebration of birth anniversary of Deendayalji may be the starting point.

Don't sell the country for buying cheap toys

Focus during the impending China visit of PM Modi will be on sorting out the border disputes. But economics will not be far behind. Commerce Ministry sources have already asked China to open up her markets for Indian products especially in pharmaceuticals, agricultural produce and software. Prime Minister Modi also wants China to make more investments in India. Our trade deficit with China continues to increase. India exported goods worth mere 17 billion dollars last year to China against imports of more than three times that figure at 54 billion dollars. Modi wants to adopt a two-pronged approach of increasing exports and inward foreign investment to bridge this imbalance.

The foreign trade policy of any country consists of inward flow of dollars from exports and foreign investments; and outward flows of dollars for imports and accumulating foreign exchange reserves. India's policy is to obtain more dollars from foreign investments and use them for imports of goods for consumption like Chinese toys, American apples and Australian coal and Saudi oil. China's policy is entirely different. China has kept its currency renminbi low so that exports are buoyant and imports are less. A low renminbi means that Chinese importers get fewer dollars for their renminbis. Consequently US imports such as those of Washington apples into China are more expensive. The huge earnings of dollars from buoyant exports are being used to buy US Treasury Bills. China purchased 107 billion dollars worth of US T-Bills in the first five months of 2014. This is equal to about one third of India's *total* foreign exchange reserves of 300 billion dollars. China's policy is to throttle domestic consumption for increasing its strategic power over the United States. Huge holdings of US T-Bills means that the US economy is at the mercy of the Bank of China. The Bank of China can start selling the T-Bills in the global market. The US Federal Reserve Board will have to print dollars to pay for these T-Bills. That will increase the supply of dollars in the world economy and lead to reduction of its price. That will bring the US economy crashing down just as an entrepreneur's world comes crashing



The different approaches to foreign trade taken by India and China are of momentous significance. India is taking in increasing amounts of foreign investment to pay for imports. China is cutting domestic consumption to lend money to the US and establish its control over that country, explains

Dr Bharat Jhunjhunwala



down when the bank sells the house mortgaged as collateral security.

The Chinese approach of buying US T-Bills throws light on the character of India's policy. India is increasingly mired into debt since it is receiving huge amounts of dollars as foreign investment. Foreign investment is a debt. Indian Government guarantees that foreign investors can take out their monies from India whenever they wish. Last year there was mayhem in Indian share markets when the US Federal Reserve Board increased the interest rates and that led to foreign investors selling their holdings and the Sensex crashing. The remittance s made by foreign investors had simultaneously led to the rupee slipping to Rs 70 to a dollar. That event clearly shows that foreign investment is a kind of debt that can be recalled at the whims of the lender. The foreign investment taken in by India is fundamentally different than that taken in by China. China takes in less dollars from foreign investment than it sends out for the purchase of T-Bills. Hence China can easily sell its huge holdings of US T-Bills to obtain dollars if foreign investors decide to exit. China is like a prudent moneylender who takes fewer loans than he gives out. China is safe.

The different approaches to foreign trade taken by India and China are of momentous significance. India is taking in increasing amounts of foreign investment so that it can pay for imports. India's policy is like that of head of the family mortgaging one's house to buy expensive consumption goods like cars, TVs and Chinese toys. China's policy is exactly the opposite. China is cutting domestic con-

Foreign investment proposals should be subjected to thorough technology & social audit.

sumption to lend money to the US and establish its control over that country.

Modi may have ambitions to make India a superpower. Unfortunately, however, the policies espoused by him will make India a super debtor.

So what should be done? The Reserve Bank should start purchase of dollars for purchasing US T-Bills or other American assets. That will lead to increased demand for dollars, an increase in the price of dollar and a corresponding decline in the value of the rupee. This should be allowed to happen till the rupee reaches about 75 to a dollar. This will make imports expensive and exports profitable and eliminate the need for us to attract foreign investment to pay for these imports. Our exports to China will spontaneously increase because the effective price of our products for the Chinese consumers will decline. The price of coal and oil in the global markets is falling. The Government should impose a hefty "energy" tax so that consumption of these goods as well as needs for their import is reduced.

The import tax imposed on coal and oil will lead to increased price of electricity and transport. The voter will be adversely affected. The solution is to distribute the money obtained from the energy

tax among all the households in the country by depositing the amount in their bank accounts. The poor who consume less energy will be net gainers while the rich who consume more energy will be losers. Modi's voter base will be protected. The objective of providing 24x7 electricity, therefore, should be accompanied with a steep increase in price of electricity.

Devaluation of the rupee will lead to a huge surge in our exports. The dollars earned from these should be used to buy US T-Bills in a joint strategy with China. This will truly make India a superpower.

Foreign investment proposals should be subjected to a thorough technology and social audit. Only those proposals should be given green light that bring in advanced technologies and do not have a negative impact on employment. Less foreign investment will reduce the risks of destabilization of our economy due to exit of foreign investors.

Modi must focus on getting China to dismantle the trade barriers during his visit. He should also do some plain speaking. Fact is that Chinese goods are cheap, in part, due to large-scale production espoused by that country. The other part is more critical. China is destroying her rivers, air and soil to produce cheap goods for exports. In this situation India has a choice either to destroy her environment and make cheap products as done by China; or it has to impose an "environment import tax" on Chinese goods . Modi should tell China in plain words that China must not subsidize its goods by destroying her environment otherwise India will be forced to impose such a tax on Chinese goods. □□

Weak China, Strong India: An Analysis

In recent years China has acquired a sincere interest among scholars across the disciplines to analyze and understand issues related to China. While the sustained economic growth of China for past three decades has been a subject of key discussion among economists its political rise and increased say in global politics has also drawn necessary attention among the scholars. The “rise of dragon” as it is mostly termed has often been a complex case to understand and correspond with. While China has made efforts at times to downplay “the rise of dragon” phenomenon by forwarding different policy frameworks like ‘new security concept’ in early 1990s, harmonious world in mid 2000 and more recently of realizing Chinese dream.

There is no doubt to the fact despite many of Chinese efforts there has been serious decline of its soft power credentials and claims of peaceful rise. The flexing of muscle in South China Sea caused mistrust among its coastal neighbors and peripheral states about China’s ‘expansionist’ tendencies. It led to increased role and intervention for extra territorial players like USA making the situation and regional security more complex. The mutual relation between China and Japan are at their worst level. Even after working level talks between both there still remains a deep uncertainty and severe trust deficit embedded in historical grievances. Thus the ‘dragon syndrome’ is still that haunts China at large in the peripheries and in extended neighborhood.

The relationship with India, under new Modi regime still falls short of producing any ‘tangible outcomes’. The question of rising ‘trade deficit’ is still not addressed at large even after mutual agreements signed during Xi Jinping’s visit to India in September, 2014. The issue of Indian access to Chinese market remains still unresolved in practice. The ‘border dispute’ that overshadows the entire set of mutual relations remains a deadlock and after 18 rounds of Special Representative (SR) talks both the states come with more or less a ‘diplomatic cliché’ rather any concrete agreement. The reference to ‘out of box’ solution, as suggested by Indian Minister of External Affairs Smt. Sushma Swaraj during her China visit finds no reflection in just concluded border talks between Indian and China. It appears more or less



India is possibly on right side at right time to fill economic vacuum created by weakening China along with universally recognized values of respect for individual liberty, equality, justice and presence of vibrant democracy,
Abhishek Pratap Singh



driven for ‘public consumption’ and shows reluctance on behalf of both the states to move ahead considering strong nationalist public opinion accompanying the outcome.

Despite these international and diplomatic issues, China has been facing one of the serious problems in past decades over sustaining domestic economic growth, strengthening political stability and party control, and safeguarding ruling legitimacy based on fulfilling domestic public opinion. *Firstly*, the recent observations from World Bank and International Monetary Fund (IMF) raised doubt over Chinese growth projections. According to official data released on 9 February, India’s gross domestic product (GDP) in the last two quarters of 2014 surged 8.2% and 7.5%, topping China’s performance. It revealed that India’s GDP rose by 7.5% in 2014, a little more than China which managed at a brisk 7.4% annual rate over the same period. Due to domestic economic adjustments, euro zone crisis, decline in exports Chinese economy is facing up heat. In the case of China, further slowing of investment is expected to diminish growth to 7.2 per cent in 2015-16 and 7 per cent in the next fiscal year. While India is set to expand 7.8 per cent in 2015-16 compared with 7.4 per cent growth in the current fiscal. This momentum is expected to build to 8.2 per cent growth in 2016-17, aided by expected easing of monetary policy and a pickup in capital expenditure. (Economic Times, March 25, 2015)

The recent budgetary and policy measures including speedy environment clearances for infrastructure projects, easing the process of land acquisition for infrastructure and industrial corridors,



China has been facing one of the serious problems in past decades over sustaining domestic economic growth.

allowing auction of coal mines, flexible labour law provisions, MUDRA Bank for financing SMEs, allocation of 20,000 cr for the National Investment and Infrastructure Fund (NIIF), recapitalization of regional rural banks, financial inclusion under JAM (Jan Dhan, Aadhaar and Mobile) are key drivers of India’s attempt to cross over China. Asian development Bank (ADB) said that India’s prospects look promising as policy measures introduced by the government have brought fundamental shift in economic governance of country.

Secondly, The problem of environmental management is becoming serious in China with high levels of pollution standards. The average surface temperature in China has increased by 0.23°C (0.4°F) each decade of the last 65 years, said a Chinese government official—twice the average pace of warming everywhere else on the planet. In a more candid observation, “Since 2000, weather-related disasters have cost China 1% of its GDP, eight times more than the global average, said Zheng Guoguang, head of China’s meteorological administration. As greenhouse gas emissions accelerate global warming, the destruction China faces as a result of climate-related disasters will intensify, he said. These risks could have a dire impact on food production,

water supply imbalances, and on major strategic infrastructure projects like the Three Gorges Dam and the South-North Water Diversion. India could well consider Chinese case as a lesson for future and move ahead with ‘sustainable development’ model.

Thirdly, the recent comments from well known US based China scholar David Shambaugh suggests that “endgame of Chinese communist rule has now begun,” the system is close to “breaking point” and we are “witnessing the final phase. As he builds his arguments based on increased discontent among Chinese life, societal search for political democracy, increased corruption at different levels of governance and ‘systematic straps’ in economy. There seems less contestation to what he points and the reality in-front of China. On this juncture, India has been termed as a ‘bright spot’ for economic recovery by IMF chief Christine Lagarde. In addition, with its vibrant social democracy and rising level of political accountability and administrative efficiency India is possibly on right side at right time to fill economic vacuum caused by China along with universally recognized values of respect for individual liberty, equality, justice and presence of vibrant democracy. □□

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IMF Report on Indian Corporates – Wakeup call for Government of India

In a series of articles in the run up to the Budget 2015 I had pointed out on the weak financials of the Indian corporate sector. The consequential debilitating impact on the economy, especially in the finances of our nationalised banks, too was explained in these pieces.

Last week the International Monetary Fund published the Indian Country Report [IMF Country Report 15/62 published in March 2015] more or less echoed my views on the depressed state of the Indian Corporate sector. Chapter VIII and IX of the said Report are instructive. Let me summarise the findings of this report for the benefit of the reader:

- Based on four common indicators of corporate financial conditions [interest cover, profitability, liquidity, and leverage], a historically-high share of corporate debt is owed by corporates with relatively weak financials.
- Stress tests of corporate balance sheets derived from four economic shocks [domestic and foreign interest rates, the exchange rate, and profits] demonstrate continuing high vulnerabilities.
- Both median profit margins and investment increased substantially starting in 2003, reaching a peak in 2007. After a recovery in 2010–11, both variables declined to levels roughly where they started out in 2003
- Domestic credit to corporates continued to rise prior to and after the global financial crisis, driven by growth in lending by public banks, mostly for infrastructure projects. In addition, external commercial borrowings rose by 107 percent between March 2010 and March 2014
- This has exposed Indian corporates to external shocks, as they rely on foreign sources for more than one-fifth of their debt financing [primarily through external commercial borrowings, trade credits, and bonds]. This increased exposure to non-rupee debt has led to large foreign currency repayment obligations.



Our entrepreneurs are our assets. We have to stand by them in their hour of need. Allowing our corporate to be on a downward spiral could well be counterproductive as exit of FIIs could have a serious implication on the Indian Rupee, explains M.R. Venkatesh



- gations by India's corporates.
- The mean ratio of debt to equity for Indian nonfinancial companies increased from 40 percent in 2001 to 81 percent in 2013. Indian corporates are now among the more leveraged when compared with their emerging market peers, with quite large cross-sectoral differences in leverage across sectors—specifically in manufacturing and construction.
 - The IMF analysis suggests that the share of corporate borrowing accounted for by companies with extremely weak financial health indicators mentioned above has increased over the past few years
 - The percentage of debt owed by loss-making firms reached 23 percent in 2013/14. Indian companies whose leverage exceeds two [that is, debt exceeds twice equity] account for more than 31 percent of borrowing by Indian corporates.
 - Corporates in the manufacturing and construction sectors, plus the infrastructure sector, contributed notably to banks' NPAs. Between 2002/03 and 2013/14 corporate debt increased by 428 percent for a sample of 762 firms.

What does this imply?

In short, the IMF Report based on a study of 2000 major Indian Corporate for 2013-14 points out that approximately 14 percent corporate debt earned profits insufficient to even pay interest, 23 percent of debt were held by loss making corporates, 20 percent had current assets that were less than current liability by 50 percent and more than 31 percent of debt were held by corpo-



Weak corporate performance has kept the retail Indian investor out of the Indian stock markets.

rates whose leverage exceeded two.

Naturally all this have profound consequences on the domestic economy. As the number of firms with weak financials has been increasing since the Global Financial Crisis, the overall financial system in general is coming under some pressure while the finances of our Public Sector Banks [PSBs] in particular are now coming under some acute consequential stress.

This naturally affects the risk appetite of banks as well as the ability of the banking system to finance economic recovery by further investment, especially in infrastructure.

The absence of an internal mechanism within banks to deal with extant issue raises concern that the presence of a significant debt overhang in these sectors could hinder investment going forward. It is in this connection the IMF Report maps a one-third decline in India's corporate investment-to-GDP ratio since 2011-12 when compared to the previous decade. This can be attributed to the overall corporate performance.

The economic significance of the fall in corporate investment has been large, with corporate investment as a share of GDP falling from approximately 13 percent in 2010 to 9 percent in 2012, which

in turn has lowered gross investment in the economy in the past few years. As investment slows, elementary economics will reveal, growth too slackens.

What needs to be done?

This weak corporate performance has kept the retail Indian investor out of the Indian stock markets. But inexplicably the Foreign Institutional Investors [FIIs] have conjured reasons to invest in these very Indian corporates whose collective performance is labelled as "weak" by the IMF.

Are FIIs ahead of the curve? Or are they oblivious to the data collated by the IMF in its Report – a classical case of a willing suspension of disbelief? Are their investment process disconnected from fundamentals? Are our stock markets driven mainly by liquidity, mostly foreign investment, and consequently less by performance?

Whatever be it, the fact remains that our stock markets are excessively dependent on foreign money. But should the FIIs turn around and link their investment to performance and earnings, certainly the copious FII flow of the past year or so could well evaporate. Forget inflows, worryingly, that could even turn into an exodus from India.

The possible depreciation of



There is always a policy bias in favour of foreign flows into India.

the Rupee on account of the exit of these foreign investors is a larger macroeconomic imbalance that needs to be cognised and tackled by our policy framers upfront.

Readers may be aware that we run gargantuan trade and current account deficits. To finance these deficits we need significant and continuous forex flows – year after year. FII flows, it must be noted, counterbalance our current account deficits. That explains why there is always a policy bias in favour of foreign flows into India. This structural weakness of the Indian economy is in fact its Achilles Heel.

On the positive side over the years the country did leverage the balance sheet of its corporates in the aggregate to finance its trade deficits by liberalising FII flows. On the other hand chronic trade deficit implies Indian businesses were defeated by imports even within India, most of which were from China and other developing countries. This explains substantially if not wholly the poor financial performance of our corporates now.

Moreover, policy paralysis ensured that several projects were stalled. The net effect of all this was that while corporate performance did not match the corpo-

rate debt build up.

That is not all. Indian corporates have investment in excess of USD 100 Billion outside India. Again in the run up to the Budget 2015 I had pointed out to the fatal flaw in the outbound foreign direct investment program of Government of India.

Surely, weak corporate performance is a cause of worry. As corporate performance come increasingly under scrutiny I am sure foreign investment may well dry up. This in turn could add to the pressure on the Balance of Payment position. Needless to emphasise exit by foreign investors even marginally could add to the downward pressure on the Rupee.

The IMF Report on the functioning of our corporates is a wakeup call for our Government.

At the root of the conundrum is that our corporates are highly leveraged. Theoretically the prescription for firms that have become highly leveraged is deleveraging. Government obviously have to work out on this to ensure that the banking system has sufficient resources to fund economic recovery.

What is interesting to note here is that some of our leading corporates have invested significant sums abroad. The returns from

such investment in several cases have not been commensurate with the hype associated with such investment. Likewise several promoters have commenced projects in India which are beyond their immediate competence to ensure financial closure.

Let us not be shy of defining the problem – Approximately two-thirds of India's top corporates are overleveraged and consequently have a weak financials. It is quite easy to name them and frame them as non-performing. It is precisely here that the government has to identify such corporates and assist them in deleveraging without significant pain – either to corporates or to the economy.

Of course in the process we need to shift the chaff [wilful defaulters] from the cheese. But to paint every corporate as a villain of the piece and tar all of them with the same brush would do us no good. Ideally Budget 2015 was expected to precisely carry out this exercise.

Remember our entrepreneurs are our assets. We have to stand by them in their hour of need. Allowing our corporate to be on a downward spiral could well be counterproductive as exit of FIIs could, as explained above, have a serious implication on the Indian Rupee.

The way out is for the Finance Minister to set up a robust internal mechanism within his ministry that helps corporates in deleveraging both within India and abroad. That would instantly make balance sheet of our corporates better. And that would revive the investment cycle as corporates are the only vehicle for infrastructure investments.

Else we can continue to breast beat on the state of economy, analyse it and get further paralysed. □□

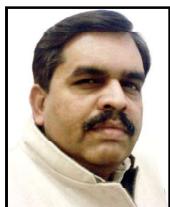
Tread cautiously, Don't dilute Patent Act

Recent visit of US President Barak Obama to New Delhi has been boasted as a major breakthrough in Indian diplomacy. It is being looked upon as an indicator of improving Indo-US relations. A huge delegation of US businessmen had also accompanied US President. It may be said that in today's world, promotion of business requires mutual cooperation between nations. Therefore, heads of the states sitting together to sort out issues coming in way of the business and investment may be considered to be a welcome step. However, issues being talked about highly contentious and therefore, India needs to tread cautiously.

Much before the visit of US President, discussion were on that US companies have been impressing upon US administration to help them get rid of the provisions coming in way of their business interests and profiteering. The issue was very much in circulation, when Prime Minister Narendra Modi visited USA last year. During the visit, it was decided to constitute a high level Intellectual Property (IP) Working Group, which would work for solution of contentious issues coming in the way of investment. This group would function as a part of Trade Policy Forum (TPF). The US-India TPF is a government-to-government trade dialogue between the two nations.

The background of the working group is that US companies have been complaining that Indian patent laws are against their business interests and are also in contravention of the international treaties. The Indian side has always maintained that Indian Patent Laws do not circumvent or contradict any international treaty.

After the constitution of this working group during Obama's visit, Modi, while addressing CEOs of USA's Company, said that "India is willing to accept the suggestions of a joint Indo-US working group on intellectual property rights." What are these contentious issues, resolution of which American companies want?



The general objective of the MNCs from USA and other parts of the globe has been that production of generic drug in this country is discouraged to maximise their own profits, explices

**Dr. Ashwani
Mahajan**



Perspective

Yet another important question is, whether resolution of these issues is in the best interest of majority of India's population.

Generally, two types of patent related issue are raised by the US business. First, such an issue is related to re-patenting. Indian Patent Office has so far refused to accept many patent claims of US companies, citing the provision of Section 3(d), which forbids patenting of other derivatives of known substances. It is notable that the claim of a Swiss Pharmaceutical company was refused after a long legal battle, in which the company was asking for re-patenting of a cancer drug name 'Glevec'. The Supreme Court upheld the Indian Patent Office's contention.

As per section 3(d) of India Patent Act, "the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant."

Re-patenting medicines

After losing this legal battle, companies from all parts of the world have been striving hard to get this Section 3(d) diluted to facilitate re-patenting of their numerous drugs. Major contentious issue between USA and India relates to Section 3(d). We must keep in mind that the issue of Section 3(d) is primarily linked with the public health.

Many companies have been trying for re-patenting of their var-



Indian Patent Laws do not circumvent or contradict any international treaty.

ious high priced medicines. If Section 3(d) is diluted, then it may impact the prices of many drugs useful in treating number of deadly diseases including cancer. Thus, we may say that if a decision is taken to dilute 3(d), it may impact the health care of 127 crore Indians and people around the globe.

Another provision of Indian Patent Act, which is being contend by US companies, relates to the Compulsory Licensing. Indian Patent Act has the provision that, under a compulsory license, an individual or company seeking to use another's intellectual property can do so without seeking the rights holder's consent, and pays the rights holder a set fee for the license.

Based on this provision, first compulsory licence was issued to Natco Pharma, a pharmaceutical company, in March 2012 for producing generic cancer drug Nexavar with the condition that the company would pay 6 per cent royalty to the patent owner company. Multinational company Bayer challenged this decision of Indian Patent Office, which was later turned down by the courts.

It is notable that the provision of compulsory licence had been made in Indian Patent Act and the same was retained in some other

form when it was amended in 2004 to safeguard the public health. The stated objective was that it would make it possible to reduce prices of patented products to make the same important tool for the protection of public health. However, the same is irritating the multinational corporations and they are pressuring the US administration to get the same deleted from Indian Patent Act, to desist Indian Patent office to issue Compulsory Licence.

In fact, general objective of the MNCs from USA and other parts of the globe has been that production of generic drug in the country is discouraged to maximise their profits. They also want the provision of 'Data Exclusivity' incorporated to disable others from using data and formulas of the patented drugs. They also want to introduce the provision of 'Patent Linkage' so that Indian companies don't get the right to market patented drugs.

In the interest of public health, it is imperative for the government not to succumb to the pressure of US administrator. Provision of Indian Patent Act is very much in tandem with international treaties. There is no reason to dilute any of these provisions, to safeguard public health. □□

Save HMT – Timekeeper of the nation, Shut A-I – shame of the country

It seems the government is settling down to do business. Hiving off nine loss-making public sector units is apparently a good decision. There is a surprise that largest loss-maker Air India (A-I) is not in the list. It is also a nostalgic loss to see the HMT Watches – the timekeeper of the nation - that brought pride to “made in India” also slated for closure.

But while deciding on those issues, we also need to be sensitive to the heritage. Everything old is not gold but it also need not be junk. At least, the decision on HMT Watches calls for a review. The HMT Watches are remembrance of an era that brought pride to this country.

The nation and Prime Minister Narendra Modi is trying to re-establish the same ethos with “make in India” campaign. The HMT Watches started functioning in 1961 with collaboration of Citizen Watch Company of Japan. Is not it the beginning of “make in India”?

The HMT Watches need to be not only preserved but also be allowed to be made functional particularly its manufacturing hand-wound and automatic watches, now a craze in the US and the West. Would it not cost in monetary terms? It may or may not but preserving such heritage units gives impetus. Even in terms of a sum it would not cost more than Rs 700 crore, for one time, against pumping in about Rs 5000 crore a year for the endless sinking pit of Air India.

We need to learn from Europe. The continent has preserved many factories that were the harbingers of industrial revolution more than three centuries back. It is part of industrial archaeology. Cities like Kanpur and Ahmadabad have many palatial textile units, which can be part of that industrial heritage.

The oldest salt farm in Ston in Croatia, functioning since early 14th century, still harvests sea salt and sells it as souvenir. It is expensive to produce salt in the traditional way. But the society has maintained it for its pride. In cooperation



The HMT Watches, synonymous with accurate time in India, are remembrance of an era that brought pride to this country and changed the watch market and made Asia proud. Let us save HMT Watches like The oldest salt farm in Ston in Croatia, functioning since early 14th century that, still harvests sea salt and sells it as souvenir, pleads Shivaji Sarkar





To make HMT functional may cost around 700 crore for one time, against pumping in about Rs 5000 crore a year for the endless sinking pit of Air India.

with the organization “Eco heritage task force” Ston invites young people from the US, South America, the Netherlands and other regions to the salt farm Ston. During the “Gathering Salt Summer Camp” they learn about the oldest salt farm in Europe and participate in additional educational programs including learning Croatian. It is the largest salt works in the Mediterranean and processing the same way. It has admission ticket of \$ 1.76.

That is wonderful. Cannot this ancient civilization of India also take pride in the recent past? It should. The governments fail but the governments are in continuity and many do a lot. The HMT synonymous with accurate time in India had given the Swiss run for their money. It changed the watch market and made Asia proud. Possibly few know that Mrs Indira

Gandhi, then as Congress leader and daughter of Prime Minister Jawaharlal Nehru was its brand ambassador, shortly before the 1962 general elections.

It is indeed a surprise that the government decides to continue with the white elephant sorry “Maharaja” that is draining the government. It requires Rs 30,000 crore of government money to keep it flying. It would continue to make losses for the next decade.

The HMT Watches on the contrary has a loss of mere Rs 694.52 in 2012, even with all accumulation it is about Rs 700 crore even today.

It now plans to sell about 70 acres of land in north Bangalore for as much as Rs. 700 crore. HMT and its units hold 200 acres in Bangalore and around 1,500 acres across Hyderabad, Pinjore in Haryana and Kalamassery in Kerala. In reality, running the HMT would not cost the government a bit.

If it functions once the government decides to pay for its losses and allows it to operate on a token basis, its hand-wound watches can fetch a minimum price of Rs 1 lakh in posh markets in India and the West.

It can even make the factory a tourist destination and charge gate money. The losses in all prob-

ability would be wiped off and modern living industrial monument would pay homage to the efforts of a nascent nation.

In fact, seven PSUs slated for closure have total losses of about Rs 3139 crore, said minister of state for PSUs GM Siddheshwar. In addition, Hindustan Photoflms has a loss of Rs 1561 crore and Hindustan Cables Rs 885 crore. The total losses are Rs 5385.

The companies to be revived as per BIFR proposals include Scooters India, Tyre Corporation and Hindustan Antibiotics. These would be revived as joint venture with private sector or through disinvestments.

It raises yet another question whether we should really not call the shots for Air India - a shame than pride for this country. Those responsible for this poor state unfortunately continue to still drain the government. Are we rewarding people for their inefficiency?

Possibly the others slated for closure like HMT Bearings, Tungabhadra Steel Products, Hindustan Photofilm, Bharat Ophthalmic and Bharat Yantra Nigam, Hindustan Cables and Spices Trading Corporation were areas where normally the government should not have gone into. Despite that their total losses are considered dirt in comparison to Air India.

The companies have their productive life. Closing them down is sensible at times. The yardstick however has to be the same for all big or small. It is not prudent to inject life-saving drugs to a dying Air India. Let it die. Institutions like HMT Watches have a different value. Let us save HMT Watches and kill Air India. It would be the most prudent decision. □□

Time to bid adieu to World Bank

India has been one of the largest beneficiaries of World Bank assisted schemes in the last few decades and due to this, several health and educational schemes were implemented. But in the life of every society and country, there comes a time to say that we can stand on our own feet particularly if the country has ambitions to become an important power. Since India cannot be both a supplicant and also a candidate for the high table of global powers, it is perhaps time to say good-bye to World Bank assistance by India.

During the tenure of the earlier National Democratic Alliance (NDA) government, a decision was taken to forgo bilateral assistance from several countries. At that time, it was received with scepticism by many. But the burgeoning foreign exchange reserves justified that decision and it also facilitated larger benefits to some poorer countries.

'First, taking advantage of our comfortable foreign exchange reserves and lower domestic interest rates, the Government has effected premature repayment of 'high-cost' currency pool loans of the World Bank, and of the Asian Development Bank (ADB) totalling around \$ 3 billion. We intend to continue with this policy of prudently managing the external liabilities and of proactively liquidating relatively higher cost component of our external debt portfolio. '[From the Budget Speech of the Finance Minister – 2003-2004]

The then Finance Minister Mr. Jaswant Singh initiated the following steps in the light of the above. The Government decided to (i) discontinue receiving aid from other countries except the following nine: Japan, UK, Germany, USA, EU, France, Italy, Canada and the Russian Federation and (ii) to make pre-payment of all bilateral debt owed to all the countries except the ones mentioned above.

Since July 2003, India has become a net creditor to IMF, after having been a borrower in the past. The Government has written off debts of 30 million US dollars due from seven heavily indebted countries as part of the 'India Development Initiative' announced in February 2003. The interest rate continues to be reduced and is around 6%. This is the lowest in the last thirty years and it is stimulating consumption and investment. These initiatives were largely welcomed



Poverty alleviation can and should be done by India with its own resources and experts and the money and expertise available at 1818 H Street, Washington D.C, can be beneficially used in other less developed countries, recommends Prof. R Vaidyanathan



Wide Angle

Table 1 Overall External Assistance (US \$ Million)

	2004-05		2010-11		2011-12		2012-13		2013-14 ^a	
	authorized	utilized	authorized	utilized	authorized	utilized	authorized	utilized	authorized	utilized
Loans	5212.2	3359.5	7881	7866.5	12343.4	5671.7	8102.2	4688.5	8653.5	5235.5
Grants	703.7	570.7	337.4	624.9	229.1	709.5	347.4	437.3	20.1	560.1
Total	5915.9	3930.2	8218.3	8491.4	12572.5	6381.1	8449.6	5125.8	8673.6	5795.6
Total (in Rs. Crore)	25817.2	17151.6	37431.6	37905.6	60472	32473.6	45948.4	27867.7	52378.9	35186

Note: P. Provisional

Source: Table 8.1(A) & 8.1(B); pp 96 & 97, Economic Survey 2013-14, Ministry of Finance, Government of India.

and did not seem to have had any major impact on our development paradigm. Actually, it helped in India being seen in a positive light by many developing countries. Similar arguments could be considered for loans from World Bank of both the soft and hard variety. Considering our foreign exchange reserves and Balance of Payment positions, it may be the appropriate time to forgo loans from the World Bank.

We have provided in Table – 1 the overall external assistance authorized and utilized both for loans and grants. We find that the grants portion constitutes around USD 350 million during 2012-13 and the total is of the order of USD 8674 million and in rupee terms, it is Rs.52378 crore. Given our GDP figure of Rs.100 lakh crore and a savings figure of Rs. 30 lakh crore during 2012-13, this constitutes only a small portion of our national aggregates. We also find that the assistance utilized is lower than that authorized throughout the period, sometimes as much as merely 60%.

We have provided in Table-2 the source wise external assistance, which have been utilized by India. We find that most of the assistance

from IBRD namely World Bank and other development agencies are in the form of loans and it was of the order of USD 3093 million during 2013-14. This is from World Bank, ADB and IDA put together.

If we look at our foreign exchange position as given in Table-3, we find that it is of the order of 304 Billion USD in March 2014 and hence the aggregate assistance from these institutions are not critical from the point of view of our exchange position. We can always acquire technology or other requirements for any project by paying in the international markets.

There was a time in the eighties when we needed to get Forex loans and support for rupee ex-

penditure. But with our burgeoning Forex reserves, we need not be constrained by the amount of facility we get from the donors. After all self-help is still a good principle which can be practiced particularly when we are aiming for two digit growth rates and keeping more than 300 billion USD as foreign exchange reserves.

There are other important issues, which are linked with our continued dependence on World Bank aid. That is related to our ambition to be considered as a world power. We are interested in being included as a member of groupings like G-7 etc. and this implies that we cannot be a recipient of aid from the others who are sitting on the main table. World powers would prefer equals and not supplicants in their midst. In the recent past (in 2010), we have actually provided through IMF, facility– assistance to Euro Zone countries of the order of 1bn USD which was nearly 1% of our GDP in 2010

The other dimensions are related to the conditionalities associated with such loans and the hoard of advisors who propagate a particular point of view. It has been reported that the World Bank has

Table -2 Utilization of External Assistance by Source (US \$ Million)

Country wise Distribution	2004-05			2012-13			2013-14 ^a		
	Loans	Grants	Total	Loans	Grants	Total	Loans	Grants	Total
1. Consortium Members	2856.6	436.9	3293.5	3383.9	286.8	3670.6	4150	170.3	4320.2
Of which									
Germany	4.1	25	29.1	259.8	11.4	271.2	513.3	10.7	524.1
Japan	666.3	14.5	680.9	1332.3	0	1332.3	1435.9	0.7	1436.6
U.K.	0	345.3	345.3	0	238.1	238.1	0	138.5	138.5
I.B.R.D	845.7	7.9	853.6	900.2	32.8	933	932.3	12.4	944.7
I.D.A	1054.8	6.1	1060.9	883.8	0.1	883.9	1112.5	0.2	1112.7
2. Others	502.9	133.8	636.7	1304.7	150.5	1455.2	1085.6	389.9	1475.4
Of which									
European Economic Community	0	97.7	97.7	0	19.3	19.3	0	104	104
ADB	492.3	0	492.3	1274.9	0	1274.9	1049	0	1049
3. Grand Total (1+2)	3359.5	570.7	3930.2	4688.5	437.3	5125.8	5235.5	560.1	5795.6
4. Grand Total (in Rs. Crore) (1+2)	14660.9	2490.7	17151.6	25494.1	2373.7	27868	31775.1	3410.9	35186

Note: * an amount of 28.5 million USD from Russia is included in this., P. Provisional

Source: Table 8.2(A) & 8.2(B); pp S-99 & S-101, Economic Survey 2005-06 & Table 8.3(A) & 8.3(B); pp A-103 and 05 of Economic survey 2013-14, Ministry of Finance, Government of India.

withdrawn its assistance in projects related to the health sector on the basis of complaints regarding corruption in procurement practices. It is also suggested that the Finance Minister has written to World Bank for a re-consideration. The pressure of the World Bank on this particular issue might be considered as appropriate but in the overall scheme of things, the requirements and conditions of the institution may not be appropriate for a country like ours, which is poised



India is a major client of the World Bank and the 'India Story' is useful to them.

to become a major player in the affairs of the world.

The design of the project, the type of execution and the measure of benefits are all typically in the jargon of the World Bank and slowly, we have lost our ability to think through in an independent fashion on many crucial issues pertaining to development. Actually, it is the NITI Aayog, which should play the crucial role of formulating, evaluating and creating standards for projects. As far as the major infrastructure projects are

concerned, institutions like the Infrastructure Development Finance Corporation and the NITI Aayog should play an important role.

A large number of least developed countries will be thankful to us if we come out of the assistance of World Bank since the pie available to them will be larger.

Of course, there may be protests from those who may become unemployed in Washington and in New Delhi. India is a major client of the World Bank and the 'India Story' is useful to them. If India is not a client, then the India Story will be even more catchy and impressive. It will showcase a borrower who has outgrown the situation of being a borrower and it will also establish the fact that the World Bank has achieved some-

Table 30.3 Foreign Exchange Reserves (US \$ Million)

Reserves	1990-91	1995-96	2000-01	2004-05	2009-10	2011-12	2012-13	2013-14
Gold	3496	4561	2725	4500	17986	27023	25692	21567
RTP [@]	0	0	0	1438	1380	2836	2301	1834
SDRs ⁺	102	82	2	5	5006	4469	4328	4464
Foreign Currency Assets	2236	17044	39554	135571	254685	260069	259726	276359
Total	5834	21687	42281	141514*	279057*	294397*	292047*	304224*
Total (in Rs. Crores)	11416	74384	197204	619116*	1259665*	1506139*	1588418*	1828375*

Note: @ Reserve Tranche Position; + Special Drawing Rights; * includes Reserve Tranche Position in IMF.

Source: Table 6.1(A) & 6.1(B); pp S-60 & S-62, Economic Survey 2013-14, Ministry of Finance, Government of India.

thing in developing clients who do not need the Bank any more. The decision to bid good bye to World Bank will also bring smiles on the part of leftists. This is what is called unintended benefit of a major decision.

Poverty alleviation can and should be done by India with its own resources and experts and the money and expertise available at 1818 H Street, Washington D.C, can be beneficially used in other less developed countries.

India Inc. will have benefits in terms of its ability to raise loans abroad since we are not going around with a 'begging bowl' any more. More importantly, India Uninc. [Small businesses] will also be benefitted since global companies will begin to look at India not only as a market but also as a sourcing point. In other words, the India story will get altered in terms of its ability to stand on its feet. Our providing loans and grants to other less developed countries say in Africa will help India Uninc. since that would boost trade and exports to those countries. India Uninc. has a significant share in our export trade. This will give a big boost to "Make in India" activities. □□

Prof. R Vaidyanathan
(Member, VIF Advisory Board)

Why India Works

A Blackberry addict discovers grassroots enterprise in India

A greater 'hole in the wall' you cannot imagine. A small fading sign on the top saying "Cellphoon reapars" barely visible through the street vendors crowding the Juhu Market in Mumbai. On my way to buy a new Blackberry, my innate sense of adventure (foolishness) made me stop my car and investigate. A shop not more than 6 feet by 6 feet. Grimy and uncleaned.

'Can you fix a blackberry ?'

'Of course, show me'

'How old are you'

'Sixteen'

Bullshit. He was no more than

10. Not handing my precious blackberry to a 10 year old in unwashed and torn T shirt and pyjama's ! At least if I buy a new one, they would extract the data for me. Something I have been meaning to do for a year now.

'What's wrong with it ?'

'Well, the roller track ball does not respond. It's kind of stuck and I cannot operate it'

He grabs it from my hand and looks at it

"You should wash your hands. Many customers have same problem. Roller ball get greasy and dirty, then no working."

Look who was telling me to wash my hands. He probably has not bathed for 10 days, I leaned out to snatch my useless blackberry back.

"you come back in one hour and I fix it."

I am not leaving all my precious data in this unwashed kid's

hands for an hour. No way.

"who will fix it ?"

'Big brother'

' How big is 'big brother?'

'big umm ..thirty'

Then suddenly big brother walks in. 30 ??? He is no more than 19.

'What problem?' He says grabbing the phone from my greasy hand into his greasier hand. Obviously not trained in etiquette by an upmarket retail store manager.

'Normal blackberry problem. I replace with original part now. You must wash your hand before you use this'

What is this about me washing my hands suddenly ?? 19 year old big brother rummages through a dubious drawer full of junk and fishes out a spare roller ball packed in cheap cellophane wrapper. Original part ? I doubt it.

But by now I am in the lap of the real India and there is no escape as he fishes out a couple of screwdrivers and sets about opening my Blackberry.

"How long will this take ?"

"Six minutes"

This I have to see. After spending the whole morning trying to find a Blackberry service centre and getting vague answers about sending the phone in for an assessment that might take a week, I settle down next to his grubby cramped work space. At least I am going to be able to watch all my stored data vanish into virtual space. People crowd around to see what's happening. I am not breathing easy anyway. I tell

myself this is an adventure and literally have to stop myself grabbing my precious blackberry back and making a quick escape.

But in exactly six minutes this kid handed my blackberry back. He had changed the part and cleaned and serviced the the whole phone. Taken it apart, and put it together. As I turned the phone on there was a horrific 2 minutes where the phone would not come on. I looked at him with such hostility that he stepped back.

'You have more than thousand phone numbers ?'

'yes'.

'backed up ?'

'No'

'Must back up. I do it for you. Never open phone before backing up'

'You tell me that now ?'

But then the phone came on and my data was still there. Everyone watching laughed and clapped. This was becoming a show. A six minute show.

I asked him how much.

'500 rupees' He ventured uncertainly. People around watched in glee expecting a negotiation. Thats \$ 10 dollars as against the Rs 30,000 (\$ 600) I was about to spend on a new blackberry or a couple of weeks without my phone. I looked suitably shocked at his 'high price ' but calmly paid him. Much to the disappointment of the expectant crowd.

'do you have an Iphone ? Even the new '42 one ?'

'no, why"

I break the code for you and load any 'app' or film you want. I give you 10 film on your memory stick on this one, and change every week for small fee'

I went home having discovered the true entrepreneurship that lies at what we call the 'bottom of the pyramid'. Some may call it piracy, which of course it is, but what can you say about a two uneducated and untrained brothers aged 10 and 19 that set up a 'hole in the wall' shop and can fix any technology that the greatest technologists in the world can throw at them.

I smiled at the future of our country. If only we could learn to harness this potential.

Please wash your hands before use' were his last words to me. Now I am feeling seriously unclean.

□□

(Written by internationally acclaimed film director Shekhar Kapoor.)

[Continued from page no. 12]

MUDRA Bank: The indigenous

standardised covenants governing last mile lending to micro enterprises. Formulate and run credit guarantee schemes for credit extended to micro businesses.

Integrating the existing and new LMFs to deliver credit to micro businesses is entirely an indigenous idea. And ingenious too. LMFs borrow money at high cost to finance micro businesses which makes their interest very high. If LMFs are evaluated, appraised, registered and given refinance at lower rates, the ultimate interest rate for micro businesses would be far lower.

This is how the MUDRA structure seeks to integrate the hundreds of thousands of informal financiers into the formal modern financing system. This, of course, calls for huge scaling up of execu-

tion which governments are not normally known to be capable of. But unlike its predecessors, the Modi government has shown an unbelievable capacity to scale up operations like in the Jan Dhan Yojana where it hooked 12.5 crore people to banks in less than six months.

If that huge a scale is possible, the integration of hundreds of thousands of existing and new LMFs into the regulatory and refinance architecture of MUDRA Bank should be no issue. When that happens, MUDRA will be a game-changer for the economy.

In sum, MUDRA Bank is an indigenously designed modern financial engine to align the non-formal financiers and informal micro businesses and formalise both.□□

The writer is a commentator on political and economic affairs, and a corporate advisor

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SIMON COMMISSION

In 1927 the Simon Commission was constituted under Sir John Simon with seven Members of Parliament to examine the extent of political rights to be given to Indians. As no Indian was made a member of the Simon commission protest meetings were held throughout India when the Commission arrived in India. The Simon Commission arrived at Bombay on 3rd February 1928. Hartal was observed at Bombay and a meeting of 50,000 persons at Chaupati denounced Simon Commission. "Simon Go back" was the slogan with which the Commission was greeted in India. In the Central Assembly Lajpat Rai proposed with shouting of Vande Mataram to boycott Simon. While demonstrating against Simon Commission at Lahore in 1928 Lajpat Rai was injured by lathi-charge made by police and died within a month. In retaliation, Bhagat Singh shot dead Asst. Commissioner of Police, Sanders in broad day light.

In the Calcutta Congress of 1928 Motilal Nehru presented a draft constitution and demanded "dominion status" for India. The demand for full independence of India raised by Subash Bose and Jawaharlal Nehru was lost by votes. Gandhi announced that Civil Disobedience would be started if the British govt. refuse to accord dominion status and in that event the demand might go beyond dominion status. Jinnha with his moderate stand was reduced to minority and started veering round Muslim Communal demands to regain his popularity. The Calcutta Congress witnessed a procession by 2000, young volunteers wearing Military uniforms marching with rhythm

The Freedom Movement

(Untold stories)

— Saroj Kumar Mitra —

like disciplined soldiers led by Subash Bose on horse-back. The Volunteers were drawn from revolutionary groups of Bengal. The very sight of these young men and their military drills created great excitement among the onlookers.

Due to repressive measures of Police revolutionaries belonging to Hindusthan Republican Association damaged the special train carrying the Viceroy in 1929. On 8 April, 1929 Batukeshwar Dutt and Bhagat Singh dropped bombs inside Central Assembly and distributed leaflets to draw the attention of the people towards Police repression. Jatin Das, Bhagat Singh, Batukeshwar Dutt, Sukhdev and Rajguru along with 7 others were arrested. Jatin Das expired after conducting hunger-strike for 64 days.

In May, 1929, the Bengal Assembly was dissolved. But when election was held again the Congress and nationalist Muslims retained most of the seats as Motilal Nehru directed them to contest. But Gandhi asked Congress members to withdraw from the Assembly. Gandhi averted the likely conflict with Motilal by proposing Jawaharlal to be the next president of Congress. Jawaharlal hence after parted company with Subash Bose. On 31 October 1929 Irwin, the Governor General, announced that the British govt. in principle had no objection to accord dominion status to India. Such an announcement pleased Congress

leaders though Subash Bose, Abdul Bari and Kitchlew did not welcome it. When Congress leaders met Irwin they could get nothing in their favour. Being totally frustrated the leaders at Lahore Congress in December 1929 under J. Nehru demanded full Swaraj and resolved to start civil disobedience. Subash Bose and Aiyanger were kept out of the Congress working committee and the draft constitution prepared by Motilal was rejected by the Congress.

DANDI MARCH BY GANDHI

While Subash Bose was in prison the Congress Working Committee met at Sabarmati in 1930 and endorsed the Civil-disobedience movement. On 12 March 1930, Gandhi marched by foot from Sabarmati to Dandi covering a distance of 200 miles and reached the sea coast on 5 April, 1930 and broke the Salt Law on 6 April 1930 by taking sea-water to prepare salt out of it. This simple exercise induced common man throughout India to break the Salt law, boycott foreign goods and resort to nonpayment of taxes to govt. It was a master-stroke of Gandhi which attracted people all-over India to participate in the movement. People like waves joined this movement which got World-wide publicity. While Gandhi and other leaders were held inside Yaravada Jail, the First round Table Conference (RTC) was held in London on 12 November 1930, under the

chairmanship of Ramsay Macdonald, the British Prime Minister which ended on 19 January, 1931.

In April, 1930 under Surya Sen's (Masterda) command the Chittagunj armory was looted and the town was declared a republic and kept free for a couple of days. This daring incident thrilled the revolutionaries all over India who got a direction to follow from this incident. Hence after they were to capture towns and cities to declare these as republics. On 12 December 1930 Babu Genu, a labourer obstructed Truck load of Manchester cloth from moving out at Bombay and was crushed to death when the English Sergeant drove the Truck over his body. Anuja Charan Sengupta and Dinesh Chandra Mazumdar of Yugantar Party threw bombs at Police Commissioner Tegart in Calcutta in 1930. Though Tegart was saved, Anuja was killed and Dinesh was caught. Dinesh faced life imprisonment and deportation to Andamans. But Dinesh escaped from the Jail along with others. They shot dead Police Commissioner, Quinn at Chandan Nagar. Finally Dinesh was arrested in Calcutta and hanged in 1934. In August 1930 Binoy Bose a student of Medical School, Dacca shot at Lowman, the I.G. of Bengal and Hodson, the S.P. Dacca. Lowman died while Hodson recovered.

Again on 8 December 1930, Binoy Bose, Sudhir Gupta (Badal) and Dinesh Gupta dressed as Europeans entered Writers Building in Calcutta and shot dead Simpson the I.G. Prisons and injured other Officials. Dinesh was hanged and other two killed themselves.

On 26 January 1931, Gandhi and others were released. Gandhi

had a prologued discussion with Vice Roy Irwin and Gandhi - Irwin pact came out which neither recognised dominion status nor full Swaraj though hailed by congress as a great achievement in Karachi Congress.

Bhagat Singh, Sukhdev and Rajguru were hanged just six days before the Congress session at Karachi. The hanging order was issued by a special Tribunal without following the principle of natural justice. Gandhi and Patel faced black-flag demonstration near Karachi for not taking up the case of the three revolutionaries with the govt. with seriousness it deserved.

As a mark of protest against the execution of the three revolutionaries Hartal was observed at different places in India. At Kanpur Muslims refused to observe Hartal and resorted to rioting. The State Congress President of U.P. Ganesh Shankar Vidyarthi was murdered by Muslims while he was rescuing Muslim Families.

In the Karachi Congress Rs. 10,000/- was collected by selling tickets at four annas each. (One rupee was sixteen annas) Gandhi declared that, Gandhi may die but Gandhism will live for ever. Gandhi was elevated to the position of a Saint among majority of Hindus who were carried away by Gandhi's mystical approaches like, "inner voice," "truth," "non-violence" etc rather than rationality and pragmatism.

Second Round Table Conference – 1931

The second Round Table Conference was held in London in 7 September 1931 while R. Macdonald was continuing as the Prime



Dandi yatra (Sarojini Naidu with Gandhi ji)

Minister though one Conservative party member was the Secretary of state. Gandhi attended the Round Table Conference. But his expressions supporting fundamentalist Muslims instead of nationalists like Ansari and Sherwani who opposed separate electorate made Muslims feel that they held the key to the success of Round Table Conference. The above observation was made by Subash Chandra Bose. Gandhi returned empty handed from the Second Round Table Conference on 28 December 1931. But as per the character of Congress great ovation was made and people thronged round Gandhi. The day of mourning for losing Swaraj was observed as if something more precious was gained. The mass hysteria in the name of Gandhi created by Congress and Gandhi himself overshadowed national interest. Congress learnt this art of creating mass hysteria in India and applied the same during partition of India in 1947.

Repressive measures against peasants of U.P. arrests of J. Nehru and Purusottamdas Tandon, ban on Khudai Khidmatgars or Red Shirt volunteers of Abdul Gaffar Khan in North West Frontier Province made the situation tense.

[To be Continued]

NATIONAL

CAG raps J&K govt for poor police infrastructure, facilities

The Comptroller and Auditor General of India in its latest report has rapped Jammu and Kashmir government for poor infrastructure and lack of basic facilities for the police force in the state. The government auditor came hard against the state's 'negligence' towards police department as it revealed that 18 police stations and 103 police posts were operating without 'own' buildings. "Under Modernisation of Police Force (MoPF) plan, assistance is provided for construction of buildings. As many as 18 police stations and 103 police posts in the state were without its own buildings. However, out of 192 only 89 police posts are functioning from own buildings", Accountant General of J&K, Khalid Bin Jamal said. The audit was conducted between January- April 2014 with an objective to find the annual plan provision of infrastructure for effective policing at police station level, funding for infrastructure facilities in accordance with BPR&D, Union Ministry of Home Affairs.

"Police Station is the first contact point of people in distress with the state government and hence the importance of efficient and effective police functioning at the police station level is important for building public confidence in the state. This seems to have been neglected", CAG for the years ended 31st March 2014, said. The report, which was tabled in the two houses of state Legislature here, said: "Out of Rs 394.30 crore incurred on construction works, only Rs 18.10 crore (three per cent) was incurred on construction, repair and renovation of police stations during the period 2004-14". The report further said the position of functional infrastructural facilities was found lacking in eight test-checked districts (105 police stations). □

DRDO to focus on core areas

Sending a clear message to India's premier defence research agency to focus on its core functions, Defence Minister Manohar Parrikar has instructed that the organisation will no longer undertake civil and maintenance works of other departments, including entities like the Brahmos Missile Company and the Strategic Forces Command besides the three armed forces.

In a terse set of instructions to DRDO headquarters, Parrikar has ordered that the organisation shall no longer undertake any new civil or maintenance works projects with effect from March 12, choking a large portion of its independent revenue stream.

It is a lesser known facet of the organisation but DRDO has a works department that executes construction projects - from office buildings to missile storage units, launching areas and accommodation - worth over Rs 5,000 crore every year. Beside projects for armed forces, DRDO has recently constructed the new AICTE headquarters in Delhi.

cooperative, trusts for tribal farmers

Farmers in tribal states are joining hands to form corporate structures as the Narendra Modi government's 'Farm to Fork' programme begins a quiet roll-out. Over 2,000 farmer organisations in Chhattisgarh, Jharkhand, Madhya Pradesh, Andhra Pradesh and Telangana will be incubated to grow into a cooperative society, trust and ultimately, a company, as part of the plan being implemented by the National Bank for Agriculture and Rural Development, the country's largest development lender.

"We have already identified over 300 farmer groups...We will be hand-holding them, helping with registrations and business process re-engineering to facilitate their take off," Nabard chairman Harsh Kumar Bhanwala told media. These organisations will get help at each level — from sourcing of inputs such as seeds, fertilisers and pesticides to machine requirements for management of farms, processing of produce, marketing and linking up with large value chains.

The Agricultural Produce Marketing Committee Act has been amended in some states to allow farmers to sell perishables directly to consumers to help farmers get better value for their harvest. However, even where the act has been amended, constraints on farmers and large customers remain, such as multiple registration requirements and limitations on sourcing of perishable fruits and vegetables. Nabard will use a Rs 200 crore fund set up by the government to provide initial-stage funding besides additional money through its NBFC arm.

4th Navigation Satellite launched

ISRO's Polar Satellite Launch Vehicle, PSLV-C27, successfully launched the 1425 kg IRNSS-1D, the fourth satellite in the Indian Regional Navigation Satellite System (IRNSS) (March 28, 2015) from Satish Dhawan Space Centre SHAR, Sriharikota. This is the twenty eighth consecutively successful mission of the PSLV. The 'XL' configuration of PSLV was used for this mission. Previously, the same configuration of the vehicle was successfully used seven times. After the PSLV-C27 lift-off at 1719 hrs IST from the Second Launch Pad with the ignition of the first stage, the

Job aspirant runs 10km in 33 minutes

Results in the 10km run as part of a physical test for recruitment of police constables in Sriganganagar district in Rajasthan left officials stunned. Sandip Acharya, from a non-descript village in Hanumangarh district, crossed the line in just 33 minutes, which is nearly as good as the national record. Senior police officers conducting the tests made him run another 1.5 km, which he did in four minutes. IGP, Bikaner, Girdhari Lal Sharma, confirmed that Sandip had indeed run the mandatory 10 km in 33 minutes.

Sandip, of Kihanpura Uttarada village, is not even aware that his finish time is hot on trail of the national record. Athlete Surendra Singh, who runs in state-of-the-art running shoes on synthetic tracks, holds the Indian 10,000m record of 28 minutes and 2 seconds. He did so in Vigo, Spain, on July 12, 2008. Kashinath Aswale has the national 10 km road record of 29:43 minutes. Had Sandip run in proper gear, he might have shaved off a few more minutes, said one cop. And yet, Sandip may not make it to the police. That's because he didn't apply under sports quota. "Had Sandip applied under sports quota, he would have been selected for sure. But because he didn't, we can't say if he would be selected," said IGP Sharma. Sandip and his father are labourers. He dropped out of school after completing secondary education. As the family couldn't afford sending him to school, he graduated through correspondence. He never trained for running or followed a dietary regime. □

subsequent important flight events, namely, strap-on ignitions and separations, first stage separation, second stage ignition, heat-shield separation, second stage separation, third stage ignition and separation, fourth stage ignition and satellite injection, took place as planned. After a flight of about 19 minutes 25 seconds, IRNSS-1D Satellite was injected to an elliptical orbit of 282.52 km X 20,644 km (very close to the intended orbit) and successfully separated from the PSLV fourth stage.

After injection, the solar panels of IRNSS-1D were deployed automatically. ISRO's Master Control Facility (at Hassan, Karnataka) took over the control of the satellite. In the coming days, four orbit manoeuvres will be conducted from Master Control Facility to position the satellite in the Geosynchronous Orbit at 111.75 deg East longitude with 30.5 deg inclination.

FDI policy in pharma sector under review

Unabated takeovers of Indian drug companies and negligible investments in Greenfield or new projects have prompted the Centre to relook the FDI policy in the pharmaceutical sector. It is examining if there is a need for imposing restrictions. The Department of Industrial Policy & Promotion (DIPP) is working on a review of the FDI policy which will be placed before the Cabinet Committee on Economic Affairs (CCEA) after discussions with other Ministries and Departments concerned, a government official told *media*. "We are examining if FDI in the pharmaceutical sector has affected production and availability of cheap generics," the official is reported to have said.

The current policy allows 100 per cent FDI in both Brown-field (existing) and Greenfield pharma projects,

but in the case of the former, the approval has to come from the Government and is not automatic. Moreover, the non-compete clause is not applicable in case of takeovers, allowing the seller to enter into a similar trade after the sale. But the existing safeguards do not seem to have helped bring about a balance in the kind of foreign investments coming into the sector.

Expats, families in new black money net

The proposed black money law aimed at cracking down on concealed income will not just apply to Indians. Expatriates and their families will need to pay close heed to observing its conditions if they're not to fall afoul of the legislation, which stipulates exemplary punishment. Tax advisors have begun to receive queries from companies that employ foreigners, with some planning to lobby the government to relax the requirements. But relief seems unlikely since other countries such as the US impose similar obligations. The Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015, which proposes harsh penalties and prosecution for non-disclosure of overseas assets defines assessee as including all persons who are residents of India. In the case of individuals, an exception has been made in the case of 'not-ordinarily residents' but expatriates usually become residents after a stay of 2-3 years.

Currently, resident but not ordinarily resident individuals with bank accounts or assets in a foreign country are required to file their returns in India even if they do not have any locally taxable income. If an expatriate employee is accompanied by a spouse with assets in his or her home country, then the spouse is also obliged to file returns in India once he or she acquires this status. □

INTERNATIONAL

US' war on terror kills over 80,000 people in Pak

More than 80,000 Pakistanis, including over 48,000 civilians, have been killed in the decade-long US-led war against terror in the country, according to a new report. The report titled "Body Count: Casualty Figures after 10 Years of the War on Terror" was released by the Nobel Prize-winning International Physicians for the Prevention of Nuclear War along with Physicians for Social Responsibility and Physicians for Global Survival, The Express Tribune reported today.

The report, dealing with the conflict from 2004 until the end of 2013, shows that a total of 81,325 to 81,860 persons - including 48,504 civilians, 45 journalists, 416-951 civilians killed by drones, 5,498 security personnel and 26,862 militants - lost their lives in the US-led war on terror. It also said that around 1.3 million people were directly and indirectly killed in Iraq, Afghanistan and Pakistan as a result of US-led wars in the regions during the same period. One million people were killed in Iraq and 220,000 in Afghanistan as a result of the war, it said. □

'Chinese mercenaries' recruited

Rebel forces fighting Myanmar troops in the Kokang border region of Shan state are actively trying to recruit Chinese nationals as mercenaries to boost their numbers, according to a report by Radio Free Asia. While the Myanmar government has strongly denied the involvement of Chinese mercenaries in the conflict with the rebels, military recruiter Lu Wei said he is currently offering a sign-up package to former soldiers demobilized from China's People's Liberation Army to join rebel Myanmar National Democratic Alliance Army forces, the RFA reports.

Chinese mercenaries are being offered 30,000 yuan [K4.8 million] to sign up for periods of at least a month with the MNDAA and allied military groups, Mr Lu told the news agency. The report says it is unclear which faction of MNDAA rebels was doing the recruiting, that of ageing leader Peng Jiasheng, or that of commander Bai Suocheng, who has closer ties with the Myanmar government. If there is recruitment going on, the numbers are unclear. Mr Lu said his recruitment drive did not seem to be working, but that other recruitment efforts were underway.

Another blogger hacked to death

Another blogger was hacked to death in the Bangladesh capital, in the latest brutal attack on the country's independent writers, a senior officer said. Police have arrested two men over the murder which comes just weeks after an American atheist blogger was also hacked to death in Dhaka, a crime that triggered international outrage, the officer said. "He was brutally hacked to death this morning with big knives just 500 yards (460 metres) from his home at Dhaka's Begunbari area," local police chief Wahidul Islam told media.

Police said they were unsure whether the victim, Washiqur Rahman, 27, was also an atheist blogger

but another social media writer said that he was known to write "against religious fundamentalism".

"It appeared Rahman used to write using a pen-name Kutshit Hasher Chhana (Ugly Duckling)," Imran Sarker, head of Blogger and Online Activists Network in Bangladesh, told AFP. "He was a progressive free thinker and was against religious fundamentalism," he said. Police have also arrested a suspect over the killing in February of American atheist writer and blogger Avijit Roy. Roy was the second atheist blogger to have been murdered in the Muslim-majority country in the last two years and the fourth writer to have been attacked since 2004.

British university bans Foreign students

Foreign students have been banned from learning about nuclear, biological and chemical warfare at UK universities over security concerns, it has been revealed. Some 739 international students have been prevented from taking certain university courses over fears they may use the knowledge to orchestrate terrorist attacks under the Academic Technology Approval Scheme.

The scheme was launched by the government in 2007 to vet students from outside the EU when they apply to certain science courses which could be used to make weapons of mass destruction. But MPs have criticized the limits of the measure which does not extend to British-born students. According to the foreign office, 20,000 applications were made under the scheme by would-be foreign students last year.

Saudi Arabia's influence to decline

With Saudi Arabia moving beyond its long-held role as a simple exporter of crude oil and reshaping itself as a supplier of refined petroleum products, the kingdom will be less able to influence prices and balance global oil markets, a study says. The paper,

'Make in India' fortnight in Germany

A "Make in India" fortnight was held in Germany, ahead of Prime Minister Narendra Modi's visit to Germany next month. The event was held in cooperation with the city authorities of Cologne and concluded with a grand road show, the statement added. Modi and German Chancellor Angela Merkel will jointly inaugurate the Hannover Messe 2015 fair, where India is a partner country, on April 12. In his address, Consul General Raveesh Kumar emphasised on the importance of this campaign and highlighted the positive developments that are being undertaken by the Indian Government to make India a manufacturing hub and a preferred investment destination, the statement said.

According to the ministry of external affairs, bilateral trade during 2013 was valued at 16.08 billion euros (\$17.51 billion). During January-October 2014, it was worth 13.44 billion euros. Germany is the eighth largest foreign direct investor in India. German FDI in India during the period 1991-2014 was valued at \$7.57 billion. Over 100 chief executives of Indian industry and more than 450 Indian companies are expected to participate, making it the largest Indian representation ever at the Hannover fair. □

published in the journal Energy Policy, examined the growth of Saudi refining, the country's increased domestic demand for crude oil and the geopolitical effects of this development.

"This is the type of change we expect to see as a state moves to a more advanced stage of development," said study author Jim Krane from the Baker Institute for Public Policy, Rice University in the US.

There are plenty of upsides from investing in refining, including reducing the kingdom's reliance on fuel imports and capturing margins now lost to the competition, Krane explained. However, there are also downsides, starting with an erosion of Saudi Arabia's traditional role as the global "swing supplier" of crude oil. With more oil production diverted into refining, the kingdom, which has provided some protection against volatility, will have reduced flexibility to "swing" oil production alongside fluctuations in global price and demand, the study noted.

Experts caution on joint Arab force

The agreement at a weekend Arab summit to establish a joint military force has raised serious doubts about prospects of such a force becoming a reality on the ground, experts say. Egyptian President Abdel Fattah al-Sisi announced the accord on Sunday at the end of the summit he hosted in the resort of Sharm el-Sheikh, setting a four-month timeframe for the 22-member Arab League to decide on the composition and rules of engagement of the joint force.

"The notion of a truly joint Arab military force still remains an aspiration rather than a reality," said Frederic Wehrey, an expert at the Carnegie Endowment for International Peace.

He said it faced "inter-operability problems, political distrust amongst the states and a lack of realistic training". A host of questions remain unanswered,

starting with how many member states would participate and the strength of the force. Key decisions also have to be made on whether it would be a permanent force, on where it would be based and its command structure.

Taiwan to join China-backed bank

The announcement makes Taiwan the latest country to express its intention to join AIIB. Taiwan will submit an application to join the Beijing-led Asian Infrastructure Investment Bank (AIIB), a spokesman for the office of the island's president said. The announcement makes Taiwan the latest country to express its intention to join AIIB, despite historical animosity and the lack of formal diplomatic relations between Taiwan and China. It was not immediately known whether Beijing would accept Taiwan's application.

Malaysia arrests news editors

Police have arrested three editors from a Malaysian news portal and charged them with sedition, their lawyers and authorities said, over a news report on discussions about punishments meted out under Islamic law. The offices of The Malaysian Insider portal were raided by police and officials from the Malaysian Communications and Multimedia Commission (MCMC).

Managing editor Lionel Morais, features editor Zulkifli Sulong and Malay news editor Amin Iskandar were taken into custody and several computers and other items were confiscated. Authorities in socially conservative Malaysia have conducted a series of arrests since last August for sedition, detaining opposition politicians, activists, and academics. Nurul Izzah Anwar, the daughter of jailed opposition leader Anwar Ibrahim, was arrested for sedition this month over a speech made in parliament. □□

WTO

India opposes new US proposal

India and other members of the G-33 grouping have opposed a new US proposal for a permanent solution to the factious issue of food stockholding for food security in developing countries at the second informal meeting at WTO this year.

India said the US proposal may result in an outcome where countries are advised as to what kind of food security programmes they should adopt, which is not part of the existing mandate.

In trying to address the food security issue vis-a-vis the proposal, one of the outcomes could be a decision on public stockholding whereas the mandate is the other way round, India argued. The G-33 countries, led by India and including China and the Philippines, want public stockholding for food security purposes to come under the 'Green Box'—subsidies that cause no or minimum trade distortion. The G-33 debated the US proposal at the second dedicated session this year on the issue at the Geneva-based WTO. The proposal was among many others to clinch a deal.

The proposal comprises three main elements—reviewing efficacy and trade effects of existing food security programmes and the extent to which they meet their goals; evaluating the real and potential problems encountered in implementing food security programmes because of constraints in the existing WTO rules; and drawing from the best practices and recommendations on food stockholding.

Members divided on "rules" role

At the informal consultations of the Negotiating Group on Rules, WTO members continued to be divided on how to proceed with their work, with a number of them supporting an immediate start through a stocktaking workshop on anti-dumping and other rules issues and some others supporting holding off any action until there is clarity in the three core negotiating subjects of agriculture, industrial goods and services. The Chair of the Negotiating Group, Ambassador Wayne McCook (Jamaica), reported that his recent consultations indicated that there was no consensus for holding a stocktaking workshop.

India defends raw sugar export subsidy

India has managed to ward off criticism at WTO for its raw sugar export subsidies by once again claiming that it has not made any payments under the pro-

gramme. However, the country's defence is unlikely to work for long as subsidy payments are slated to kick-off soon. The subsidy payments, claimed by 80 sugar mills from Maharashtra, Karnataka, Tamil Nadu and Gujarat, is likely to be paid out from March 15, according to industry officials.

Several WTO members, including the European Union, Australia and Colombia, were critical of India for announcing export subsidies for raw sugar in February last year, accusing India of going against the understanding reached at the WTO's Bali Ministerial meeting in December 2013, which said all export subsidies would be reduced and gradually eliminated.

Since India is a major producer of sugar and also exports from time-to-time, these countries claim that such export subsidies distort the world market.

In the WTO committee of agriculture meeting many countries questioned India about the recent announcement of increasing raw sugar export subsidy to Rs. 4,000/tonne in 2015 from Rs. 2,277-3,371/tonne between February and September 2014.

India's representative reiterated the argument made in the last meeting that it was not answerable on the subsidies, as no payments had been made yet. On the EU's question about its intention to give payments in the future, the Indian representative said it was only providing facts. India had earlier defended its raw sugar export subsidy programme on the grounds of encouraging sugar producers to diversify from refined to raw sugar.

Pakistan's NDMA status for India

Pakistan continues to be in the process of granting the Non-Discriminatory Market Access (NDMA) status to India, said a WTO report. The long pending step would help in boosting bilateral trade between the countries. NDMA is a nomenclature chosen by Pakistan to avoid political ramifications at home of giving India MFN (Most Favoured Nation) status.

India granted the MFN status to Pakistan in 1996 but Pakistan is yet to reciprocate to that. Grant of status to India would help in further boosting trade between the countries.

Pakistan is postponing grant of NDMA status due to lack of consensus at home. In 2012, Pakistan had committed itself to give the MFN status but missed its own deadline of December 31, 2012 owing to domestic opposition. The bilateral trade between the countries stood at \$2.7 billion in 2013-14. □□