

Vol-18, No. 6
Jyeshtha - Aashath 2070 June 2013

EDITOR
Ajay Bharti

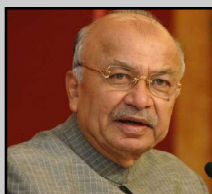
PRINTED AND PUBLISHED BY:
Ishwardas Mahajan on behalf of Swadeshi
Jagaran Samiti, 'Dharmakshetra', Sector-8,
R.K. Puram, New Delhi-22,

COVER & PAGE DESIGNING
Sudama Bhardwaj

EDITORIAL OFFICE
'Dharmakshetra' Sector-8, Babu Genu Marg.
R.K. Puram, N. D.-22
E-MAIL : swadeshipatrika@rediffmail.com
WEBSITE : www.swadeshionline.in

LETTERS 2

NEWS
NATIONAL 32



INTERNATIONAL 34



WTO 36

CONTENTS

COVER ARTICLE 4

**Transformation of CAG:
From a spineless
body to the
Premier Auditing
Authority**

G. Raina



07 POLICY SCAN

Food Bill will torpedo Budget

..... **S. Gurumurthy**

09 VIEW POINT

Broad contours of a Bharathiya Model of Development (BMD)

..... **Prof. B.M. Kumarswamy**

11 FOCUS

Narendra Modi vs Rahul Gandhi: It's a battle of ideas

..... **M.R. Venkatesh**

14 ECONOMY

Is India getting trapped into debt vortex?

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

16 REVIEW

Lessons from Two Decades of Economic Liberalization

..... **Dr. D.R. Aggarwal**

18 NEWS SCAN

Gold drives our traditional economy, must not be curbed

..... **Prof Vaidyanathan**

20 ANALYSIS

Low prices, high yield to ensure food for all; law can ensure inspector raj

..... **Shivaji Sarkar**

22 OPINION

National Policy for Good Governance

..... **Anil Javalekar**

25 NEIGHBOURHOOD

Our founding fathers stood by the Tibetan cause

..... **Anirban Ganguly**

28 COUNTER-VIEW

Fundamental Reform of Pak Economy

..... **Dr. Bharat Jhunjhunwala**

30 SPOT LIGHT

FDI Calls for another Freedom Movement in India

..... **Dr. Dharendra Nanda**



Corruption in Cricket

Sport fixing in IPL and subsequent arrests and shameful involvement of higher-ups in BCCI has once again put the spotlight on corruption and match fixing in cricket, the game that has been promoted to the fame equating religious appeal in intensity. Cricket as a game has been under cloud for several decades now. Many international players of repute have fallen from the grace. Hansie Cronje of South Africa is suspected to have lost his life at an early stage for pleading guilty. Quality cricketers like Azharudin and Ajay Jadeja also were forced out of the game before time.

Recent episode has shaken the cricketing world as never before. That IPL was not cricket, but its misuse to the tilt has never been a secret. The scale of financial transaction, the type of money involved including the dirty money channeled through underworld & terror outfits and the free flow of liquor and women in the name of late night parties was always the talk of the town.

But never was the law allowed to take its course. Involvement of senior politicians from almost every political party in the so-called management of the game was an unwritten guarantee to keep the law enforcement agencies at bay. Even now when for almost a fortnight the story of corruption in cricket is dominating electronic and print media authorities are trying to maintain a criminal silence hoping the case will die a natural death.

But the time has changed. People of this country are in no mood to forget this naked nepotism and plunder of not only scarce resources but also the encouraging of immorality in the name of sports. It is time the government of India and all the institution and law enforcing agencies put their act together and clean up this mess. BCCI should also be ripped off its tag as a sports body that helps it earn various concessions for the government including tax benefits. IPL format should be stopped till an appropriate mechanism is evolved to ensure transparency accountability and adequate precautions and safety measures including strict punishment for any violations are put in place. Tightening screws on misdeeds in cricket will automatically lead to shift in focus to other games and we as a nation will stop waiting for miracles to happen in Olympics instead we will deservingly earn medals.

– Kishore Lal Sharma, Pathankot, Punjab

EDITORIAL OFFICE

SWADESHI PATRIKA

'Dharmakshetra', Sector-8, Rama Krishna Puram, New Delhi-22

■ Tel. : 26184595, E-Mail: swadeshipatrika@rediffmail.com

For subscription please send payment by A/c payee Cheque/Demand Draft/

Money Order in favour of 'Swadeshi Patrika' at New Delhi, or

Deposit the subscription amount in Bank of India A/C No. 602510110002740,

IFSC: BKID 0006025 (Ramakrishnapuram)

Annual Subscription : 150/-

Life Membership : 1500/-

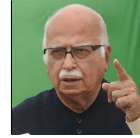
Kindly write your full name and address in capital letters.

If you do not receive any issue of Swadeshi Patrika, kindly e-mail us immediately.

Disclaimer

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

Quote-Unquote



Human imagination seems to be turning to the macabre and the perverse. Books and films are either on violence or sexual deviations. Nothing seems to awaken people except unpleasant shocks.

LK Advani

BJP Leader



The only unfinished agenda on Kashmir is to get back the part of the state which is under occupation of Pakistan.

Subramanian Swamy

President, Jjanata Party



The RTI act is still in a nascent stage and I am sure that in a few years, the walls of secrecy will crumble in all walks of life.

AK Antony

Defence Minister



It is an insult of Indian resourcefulness that despite the opportunities thrust upon him, Manmohan Singh is one of the poorest men in his government.

Sunanda K. Datta

Author

Debt Trapped India

"A hundred wagon loads of thoughts will not pay a single ounce of debt." — Italian Proverb

Debt burden of India is increasing consistently. Every Indian, including you and me, owe more than Rs 17000 (\$312) to the rest of the world. It is approximately Rs.3000 (\$50) more than what every one of us owed to the world in June 2011. Mind you it does not include the internal debt and other liabilities of the government. You may wonder how, but here is the answer. The external debt of the country rose 8.9 per cent to \$376.3 billion as of December 31, 2012, against \$345.5 billion as of March 31, 2012. This is according to the official data released in March 2013. Even a cursory look on yearly data shows that there is a persistent increase in the debt burden. At end-December 2004, India's external debt was US\$120.9 billion as against US\$112.8 billion as on December 31, 2003. It was \$139.1 billion in 2005-06; \$172.4 billion in 2006-07; 224.4 billion in 2007-08 and \$305.9 billion in 20010-11. \$376.3 billion, the latest figure, accounts for about 20 per cent of gross domestic product (GDP). The total external debt to GDP ratio was 28.7% in 1991 that went to 30.8% in 1995 and came down to 17.8% in 2004. As of March 31, 2008, shortly before the crisis period of 2008-09, external debt accounted for 20.3 per cent of GDP. This rose to 20.5 per cent as of December 31, 2009. More worrying is the fact that Foreign Exchange Reserves are depleting at an accelerated rate, while External debt is rising fast. External debt refers to the liabilities of the Indian Government, public sector institutions to overseas parties. Public debt, that includes both external and internal components, has been growing at an alarming rate during recent years. Apart from internal debt, there are also internal liabilities of the Central Government in the form of small savings of the public, provident funds, and reserves funds and deposits of Government departments. If all this is taken together we confront a very serious challenge. Yet there is hardly any serious debate over this issue in public space. Government is instead trying to mislead people by comparing Indian debt with those countries that have borrowed more to paint a misleading rosy picture. Finance Minister is talking about CAD and BOP and is pleading for more and more FDI as a solution to the Twin Deficit. But he is selective and does not reveal all in his speeches. For example in the year 2010-11 a total of 22 billion US dollars came into the country as FDI, But 26 billion US dollars were taken away by Foreigners on account of interest, profit, Royalty and or other incomes. Borrowing more means not only compulsion to accept unreasonable and damaging conditions of the lender, it also requires payment of more interest. The situation if not corrected in time may turn ugly to the extent that Lenders will stop lending due to inability to service the payments.

We understand that the requirement of funds for financing various developmental programmes as both tax and non-tax revenues are inadequate to finance the government expenditure. But prioritizing spending is crucial for long-term benefits of the economy and society. Experts agree that there is no doubt that a capital scarce country will borrow. But suggest a limit on such borrowings so that it does not become a macro threat. After more than six decades of Independence, what we see today is that India continues to be manipulated into a debt trap risking its economic sovereignty and future of the coming generations. There is an urgent need to efficiently manage economy in general and public debt in particular in India. It is also the time to emphasize fiscal responsibility at both the central and state level. Black money and corruption in high places is another issue that makes it further worrisome. Incrementally increasing trust deficit between the rulers and the ruled is adding to the gravity of the state of affairs. In runoff to the general elections the ruling party has turned compulsive populist. More and more public money is being spent on unproductive schemes with an eye on votes. Incompetence is hurting India very badly. It is time to cry a halt.

Transformation of CAG: From a spineless body to the Premier Auditing Authority

Whatever the final outcome, the assertive and people friendly CAG has interminably impacted national discourse on transparency and accountability in this country, believes G. Raina

The Comptroller and Auditor General (CAG) of India is an authority, established by the Constitution of India under Chapter V, who audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government. The CAG is also the external auditor of government - owned companies.

CAG has existed in this country from the very beginning. In fact CAG replaced The Auditor-General of India who was responsible for auditing the accounts of the Dominion of India and of

the provinces respectively immediately before the commencement of the Constitution of India.

But the average Indian, the 'aam aadmi' hardly knew about existence of such an institution. It was only during last few years particularly during the tenure of CAG Vinod Rai, who retired on 21st May 2013, that office of the CAG acquired an unprecedented public profile. Its reports generated exceptional political storms. Many of the audit reports proved extremely troublesome for the Congress led United Progressive Alliance (UPA) government.

While some people believe

that Mr. Rai will be remembered for turning the statutory body into a confrontational watchdog of good governance and administrative integrity, a vast majority appreciates his contribution to the exposure of reprehensible plundering of public resources more crucial than even the discredited opposition parties in the country.

Rai's five-year tenure (2008-2013) providentially coincided with the time when India was experiencing the need for greater transparency and accountability of the Public offices and the people holding the reins of power in the country.

Mr Vinod Rai's tenure as the country's Comptroller and Auditor-General has been a game-changer. Much like Mr TN Seshan, who as Chief Election Commissioner showed for the first time that the Election Commission had a voice independent of the Government, Mr Rai demonstrated in his five-year term that the CAG was not to be taken for granted as a spineless organisation which did the Government's bidding.

The CAG's reports on the 2010 Commonwealth Games and allocation of licenses for 2G telecom spectrum and coal mining blocks shocked the nation into dis-



belief. These reports and several other similar audit reports blew off the façade of honesty and integrity built by the ruling class. The Image of politicians and corrupt bureaucrats in nexus with high profile corporate leaders has been dented beyond repair. It will not be an exaggeration to say that the public perception of UPA government being the most corrupt government is the outcome of an active role of the CAG.

Mr. Vinod Rai has been criticized by many, particularly the pro government opinion makers for either exceeding his brief or nurturing political ambitions.

“Nobody in the political class, except for saying that I have political aspirations or that I am looking for a post-retirement career in politics, has actually made any substantive criticism of my work... Saying that I want a political career is an easy allegation to make,” Rai said in an interview.

In fact, as Mr Rai has shown, the country's premier audit body is not just an accountant but is also vested with the task of questioning and revealing dubious schemes and expenditures of the Government. his predecessors mostly were content with following the Government's diktats. Mr Rai changed that comfortable arrangement, and came under fire.

“There has been an erosion of people's faith in government. Their confidence in public institutions has declined,” Rai said, echoing the popular sentiment in a speech at the Sardar Vallabhai Patel National Police Academy in Hyderabad in 2011.

Several Ministers in the Congress-led regime like Mr Kapil Sibal and Mr Manish Tewari, and se-

Food Security Bill: A vote grabbing stunt by UPA

Bharatiya Mazdoor Sangh (BMS), the largest Labour Union of the country, organised a seminar on Food Security Bill in New Delhi on May 15. It was to highlight the impact of such an important legislation being rushed through for political concerns than any genuine regard for poor. Speaking on the occasion senior leader of the Swadeshi Jagran Manch (SJM) Dr Ashwani Mahajan termed the Bill as a vote grabbing stunt by the Congress. He said during the general elections of 2009 the Congress sought votes in the name of MGNREGA and this time it is trying to use the Food Security Bill. Fact is that neither MGNREGA benefited anyone nor the Food Security Bill is going to help anyone in the country. He said the Congress is claiming to make India free from malnutrition, but fact is that before Independence nobody was suffering from malnutrition in the country. Then who is responsible for it other than the Congress.

BMS national president CK Sajinarayan said it has become a habit of the Congress to bring a misleading Bill prior to polls and the present Food Security Bill is part of the same game plan. BMS north central zone organising Secretary Pawan Kumar pointed out that during the last 10 years about 92,000 villages in the country have lost their identity due to infrastructure or urban development. “If we cannot save the villages how can we expect the food security for people? Apart from it if we allow 50,000 tonnes of wheat to rot every year, how can we expect food security? The nation needs Rs 7.686 crore for increasing the foodgrain storage capacity. If we spend this amount, no foodgrain will rot anywhere in the country,” he said.

Senior journalist Shivaji Sarkar said the Food Security Bill is being brought to help some industrial houses and not to benefit any hungry person. National organising secretary of Swadeshi Jagran Manch Shri Kashmirilal and zonal organising secretary of Kisan Sangh Shri Chandrasekhar were also present on the occasion. □

nior Congress leaders such as Mr Digvijaya Singh, launched a unrelenting and venomous campaign against him. It is to his credit that he did not buckle in the face of sustained pressure to ‘see reason’ and not ‘exceed his mandate’.

Rai also saw to it that the CAG reports are prepared in a manner which can be understood by the common man and are made available to the wider public through issue of “Noddy Books”, brief compilations of large reports.

Officials in the CAG office credit him for steps taken to make audit reports relevant and timely having an impact among the people. He reportedly told his officials to focus on big-ticket expenditure where huge public money was involved & also encouraged them to improve their professional skills.

Another step taken by Rai, a 1972-batch, Kerala-cadre officer of the Indian Administrative Service (IAS), was to improve access of media to his office. He ap-



pointed a media advisor in 2010.

Rai's tenure as CAG has drawn parallels in public perception with that of TN Seshan as Chief Election Commissioner in the 1990s for ensuring free and fair polls. Chauhan, who also worked with Seshan, told media that the people started relating to moves of the EC after Seshan made his office more accessible to media.

Rai has made it clear that he is not going to join politics.

People believe that it will be difficult for his successors to mould the CAG back to the pre-Rai days. The incoming Comptroller and Auditor-General of India will be under tremendous public pressure to sustain the legacy which his immediate predecessor leaves behind. Now that the people know what the CAG can actually do, they will

not be fooled by cover-ups. In any case, there is no reason for the incoming CAG to seek truce; if he does his duty without fear and favour, he is certain to win the support of the people at large and of parties cutting across the political spectrum. The Congress-led regime is on its last legs, and it will look to the CAG to not embarrass it further with new revelations. The new Comptroller and Auditor-General of India need not oblige the Government.

Impact of the exposure of corruption at high places by the transformed CAG has been so huge that all politicians in general and the Congress Party in particular feel excessively scared to face the electorate.

Scale and quantum of charges of corruption and authoritarianism against party has led the people questioning India's Democracy. In the wake of the 2G Spectrum scam, the 2010 Commonwealth Games Scam and the Adarsh Housing Society Mumbai, different surveys by media confirmed the commonly held perception that the Congress was seen as the most corrupt political party in India

Its attempt to deny at first and reluctantly accept after intense public pressure the charges of corruption against its Ministers has damaged the image of the party and its leadership beyond repair. The hasty steps to woo voters by using its old tactics of misleading people by aggressive publicity campaigns at the cost of exchequer is not yielding expected results.

Unreasonable endeavor to rush Food Security Bill and Land Acquisition Bill through Parliament is seen as an effort to present the Party as pro poor. Expectations are that if it fails to pass these so called flagship legislation do so in the monsoon session the party may adopt the Ordinance route and opt for early elections somewhere in November or December 2013.

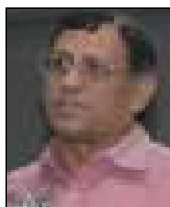
But whatever the outcome, the assertive and people friendly CAG has had an everlasting impact on transparency and accountability in the national discourse of the country.

This entire experience of an assertive, unrelenting and professional CAG under the dynamic and devoted leadership of Mr. Vinod Rai has also restored the faith of the people of this country in the institutions of the state.

Younger generation that constitutes the major part of our population are convinced that everything is not lost. Officers like Mr. Rai become role models for the energetic youth and also reason for optimism. One only hopes that more and more people at the helm of affairs recognize their capability to effect a positive change. Huge support from the public is sufficient incentive to work honestly, efficiently, objectively and off course without fear or favour. □□

***Thanks to CAG
congress is seen as
the most corrupt
political party in
India.***

Food Bill will torpedo Budget



A discussion paper prepared at the instance of CACP the points out that the costs of production of wheat and rice have gone up by 45% in three years and when the cost of production rises, the cost of procurement cannot remain frozen. It projects that 38% of the production would have to be procured for which the machinery is not in order, explains S. Gurumurthy

The National Food Security Bill seems almost a *fait accompli* with the BJP too supporting it. The Parliamentary Standing Committee has Okayed the Bill in January 2013. The Finance Minister has said in his Budget speech that the Bill would be presented before Parliament soon. He has also set apart Rs 10,000 crore over and above the existing food subsidy, to meet the incremental cost under Food Security Bill. But he has carefully avoided mentioning the amount of incremental cost – the most critical factor.

In their speeches, finance ministers normally withhold inconvenient truths that will harm the rating of their Budgets by the instant media. But the Budget documents generally disclose most of what the Finance Minister withholds.

Deafening Silence

However, even the statutory budget documents dealing with fiscal deficits — Medium Term Fiscal Policy Statement, Fiscal Policy Strategy Statement and Macro Economic Framework Statement — carefully avoid mentioning the food security. These statutory statements say that government stands committed to extending food security to all and to carve out adequate fiscal space for its adequate provisioning, but not say how

much is that ‘fiscal space’. They talk about additional funding required for the Bill, but remain deafeningly silent on the numbers.

They talk about massive overhaul of the food subsidy regime with the introduction of the Bill, but at the same time contradict themselves by saying that without focused subsidy reforms, the process of fiscal consolidation will be impossible. But what does all this add up to? In one word: pontificating.

Obviously, the government must have its own calculations on the cost. But the very fact that it has not disclosed the numbers in the Budget shows that, if disclosed, the picture would not be very com-

forting. Last year, the media had reported that, by the Bill, the food subsidy would go up to Rs 120,000 crore. If this were correct, the current budget provision of for Rs 90,000 crore would leave Rs 30,000 crore uncovered. But that is not even a quarter of the story. Here is the full story – a story that can dynamite the Budget.

Leakages, and total costs

Ahead of the budget, in December 2012, the government had a discussion paper — “National Food Security Bill: Challenges & Options” – in its hands. It was prepared at the instance of the Commission for Agricultural Costs and Prices (CACP). The paper disclos-



es the facts about the extra cost involved in the food security Bill which the Budget speech and the budget document on fiscal deficit withhold. The Bill, it says, seeks to provide subsidised food grain at 7 kg per person per month to almost two-thirds of the people of India. It adds that the annual cost of Rs 120,000 crore estimated “is merely the tip of the iceberg”. Before unearthing the hidden underestimated cost – the iceberg – it exposes the shocking leakage under the present Targeted Public Distribution (TPD) system.

It brings out that out of the 29 million tonnes of off-take for TPD in 2004-05 what poor households got was just 46 per cent of it – the balance 54 per cent got pilfered along the way; in 2009-10, out of the offtake of 42 million tonnes, poor people got 60 per cent with 40 per cent having been lost on the way. It points out that how the food subsidy has vaulted from Rs 12,000 crore in 2001-02 to Rs 73,000 crore in 2011-12. (For 2012-13, it is Rs 85,000 crore and projected at Rs 90,000 crore for 2013-14.) Then it goes on to say how the cost of procurement has gone up by 9-10 per cent annually for five years ending 2012-13. It points out that the costs of production of wheat and rice have gone up by 45 per cent in three years to 2012-13 – which, it says, is primarily due to the huge labour shortage that has cropped up in the last three years, pushing labour costs by 100 per cent, squeezing the margins of farmers. It says that when the cost of production rises, the cost of procurement (Minimum Support Price) cannot remain frozen. It projects that some 75 million tonnes or 38 per cent of the

production would have to be procured – a massive task for which the machinery is not in order.

Then it goes on to estimate the Food Security Bill cost. It says, according to the government’s estimates the Bill will cost Rs 95,000 crore at the start and rise to Rs 125,000 crore and finally to Rs 150,000 crore. The paper brings out two critical aspects overlooked by the government that has led to under-assessing the cost. First, it says that, to ramp up the food production, the Department of Agriculture has projected an expenditure of about Rs 110,000 crore over the next three years. Of this amount, the spending in the first year will be Rs 60,000 crore; Rs 33,000 crore in the second year and Rs 11,000 crore in the third year.

Deficit target overshoot

Incidentally, against this the provision in the Budget 2013-14 for the National Food Security Mission is only Rs 2,250 crore – a fifth of the projection by the Department of Agriculture. In earlier budgets, it was even less – Rs 1,286 crore (2011-12) and Rs 1,674 crore (2012-13) – all peanuts as compared to the huge requirement. Next it says that with labour cost doubling and other costs going up, government cannot help raising the MSP. If the government does hike it by 25 per cent in three years, food subsidy will straight away go up, besides the rise in cost of handling which is up by 6-7 per cent every year.

On this basis, the paper fixes the financial cost of the Food Security Bill at Rs 6.82 lakh crore over the next three years – Rs 2.41 lakh crore in the first year; Rs 2.23 lakh crore in the second year and Rs 2.17 lakh crore in the third year. This is more than two and a half

times the provision in the Budget.

Assuming that the food security Bill is passed in the Budget session as promised, most of the first year impact of the Bill – Rs 2.41 lakh crore – will be felt in 2013-14 itself. Against this, the Budget provides just Rs 90,000 crore for food subsidy and Rs 2,250 crore for the National Food Security Mission. So the actual spending would be way above the Budget.

Assuming the impact for 2013-14 is three-fourth of the projection by the CACP for the first year, the deficit for 2013-14 could go up by almost Rs 100,000 crore! It needs no seer to say that the promise in the Medium Term Fiscal Policy Statement that the government would be Kelkar-report compliant and would contain the fiscal deficit at 4.8 per cent in 2013-14, bring it down to 4.2 per cent in 2014-15 and 3.6 per cent in 2015-16 would go up in smoke.

The medium term fiscal policy statement (para 45) says with great concern that major subsidies, including food security subsidy, are extremely critical in determining the government’s success in achieving fiscal deficit target. It suggests a two-pronged strategy to cut major subsidies, including food subsidy – one, to raise the prices of subsidised goods to reduce the subsidies; two, better targeting of subsidies.

But the food security subsidy defies both conditions. As it covers two-thirds of the population, targeting is impossible. And the very philosophy of subsidised foodgrains militates against raising the selling prices. □□

QED: The Food Security Bill, which seems to make all talk of fiscal consolidation and control of fiscal deficit ridiculous, can dynamite the Budget and finances of the government.

Broad contours of a Bharathiya Model of Development (BMD)



The global economic crisis is a crisis of the system rather than a crisis in the system. In the Western Model the term development exclusively refers to economic development. But in Bhartiya concept of development, it should include social, political, environmental and cultural aspects of life. They must be well integrated with each other, asserts Prof. B.M.Kumaraswamy

The Global Economy based on the western model of Free Market Capitalism is in deep crisis since 2008. The whole world today is caught in the vortex of financial and economic recession. India is no exception. Many people of repute are expressing the opinion that the global economic crisis is a crisis of the system rather than a crisis in the system.

Economic crisis is further reinforced by the global environmental crisis which is the direct product of the western greed based economic model.

It is in this background that I have made an attempt to draw the broad contours of an alternative model of development. I would not call it the Indian Model of Development. Our Constitution declares "India that is Bharath". But all of us know that India is not Bharath. India is the westernized and corrupted extension of Bharath. Therefore I would like to call the model as Bharathiya Model of Development (B.M.D.).

It is only through wide debate and discussions in a positive attitude, by a wide section of the society especially the intelligentsia that this skeleton can be filled with life giving flesh and blood. I fondly hope that such a fruitful discussion will take place.

First things first

Sri Dattopant Thengdiji in his monumental work 'Third way' delineates the mental make up necessary for people who dare to think about an alternative approach to development to the dominant western models that are permeating the whole world today. People who think about a Bharathiya Model of Development need also to acquire the necessary mental qualification as described by Thengdiji.

1. "We do not subscribe to the view that western paradigm is the universal model of progress and development. We do not think that modernization is westernization.
2. Blind imitation of the so called advanced countries will be of no use. Gurudev Tagore used to observe that God has given different question papers to different countries.
3. Even as we do not think anything western should be adopted simply because it is western, we also do not think that anything western should be rejected simply because of its origin. We are therefore in favour of assimilating knowledge from all people. Of course scrutinize it in the light of our past traditions and present requirements and then decide how much of it is to be

adopted and how much to be rejected. Blind imitation of the west would only indicate bankruptcy of our native genius or acute inferiority complex."

Integrated Approach

While the west thinks that man is a bundle of desires, and materialism is the only objective of life, Bharathiya thinking is that human life is wholistic and well integrated. Purusharthas – Dharma, Artha, Kama and Moksha should guide human life. Dharma and Moksha are spiritual aspects of life where as Artha and Kama are material aspects. Both the aspects are to be practiced in a balance manner for a wholistic life. Bharathiya thought neither glorifies materialism nor does it neglect material progress. Thus BMD should accord equal importance to material as well as non-material aspects of life.

Dharma based Development

However Bharathiya system gives precedence to Dharma over Artha and Kama. Artha and Kama should be practiced within the framework of Dharma or Ethics or Morality.

Parithyajeth Artha Kaman

Yau syatham Dharma varjithau

So says Manu. Give up those economic activities and desires, which are against Dharma. Thus

Bharathiya model of Development should have a strong Ethical basis.

Milking the Nature

Environment is another aspect which in the current western model is totally in conflict with Development. However the Bharathiya thought accords greatest respect to Mother Nature. It always speaks of 'Milking Nature' rather than 'exploitation of Nature'. Therefore environmental sustainability should be the bedrock of the B.M.D. It is a part of our Dharma.

Voluntary Restriction of Consumption

Consumption is the driving force of the western model of Development. Consumerism happens to be its sheet anchor. This is the bane of the world today. On the contrary, the Bharathiya thought strongly advocates voluntary restraint on consumption. Eshavasya Upanishath declares in the very opening shloka,

*Eshavasyam idam sarvam yat kincha
Jagathyam Jagath |
Thena thyakthena bhunjitha magridah
Kasyasvith dhanam |*

The BMD should strongly advocate voluntary restraint on consumption by the society and environmental sustainability of development.

It must be based on the thought that man is not the sole owner of all the resources; rather he is one of the members of the living world which needs consumption of resources.

Agri-centric

In accordance with the principles of Dharma and Environmental sustainability, Agriculture in the BMD should be accorded the prime position and Agriculture

should be principally Organic in nature. This rules out the use of chemical fertilizers, pesticides, and G.M. seeds and all such synthetic purchased factory produced inputs. Organic Farming is necessarily based upon cows and bullocks. So B.M.D. should also accord highest priority for protecting, preserving and propagating our indigenous cattle breeds.

Rural Development

Agriculture and Rural Development should be given top-most priority in the BMD. In fact Bharath should be developed as a Rural Centric Economy. Since 70% of the population is living in Rural areas as per 2011 census, economic democracy and justice demands that India's development should be should be Rural centric rather than Urban centric.

Production by the Masses

Industrial development should be subordinate to rural development rather than predominant as it is today.

Even in the field of Industrial development the principle of production by the masses should gain precedence over mass production. Production by masses is quite natural and appropriate to a large and populous country like India.

It results in the creation of employment opportunities of a wide variety and on a large scale which is crucial for a populous country like India. Further production by the masses naturally results in decentralization of income and wealth, which is crucial for achieving economic and social justice and equality. It will also prevent urbanization which is the bane of the present day world.

Employment oriented

The BMD should also focus on generation of productive employment on a vast scale. Self employment should be given adequate importance.

The BMD should give priority for the development of domestic market rather than the export market. However export market need not be neglected.

The role of speculative markets in stocks and shares, commodities and financial products should be thoroughly curtailed and well regulated to sub serve the interests of an Ethics based Rural and job centric model.

Localization rather than globalization should be our priority.

Sarvodaya

Economic and social welfare of all, i.e. Sarvodaya should be the motto of BMD rather than G.D.P. obsession. We must start with anthyodaya & move up to Sarvodaya.

Education

The objectives of Education appropriate to BMD should be not merely literacy but also, character building, nationalism, dignity of labour, development of appropriate technologies and optimum utilization of Natural Resources for the benefit of all rather than a few.

Integrated Development

In the western model the term development exclusively refers to economic development. But in B.M.D. the concept of development should include, not merely economic but also social, political, environmental and cultural aspects of life. They must be well integrated with each other. □□

The writer is a National Co-convenor of
Swadeshi Jagran Manch.

Narendra Modi vs Rahul Gandhi: It's a battle of ideas



Poverty in the Indian context can never be wiped through direct state intervention. Kalavati is a classical example of this. The only way of eradicating it is by encouraging personal initiatives. Jasuben is a classical example of this, explains MR Venkatesh

Kalavati shot to fame when Rahul Gandhi [RaGa for the party faithful] mentioned about her in the Parliament. Since then, her pathetic and tragic personal life has become a part of our political discourse. In fact, she represents all that is wrong with policies, plan and programs of our government.

Hailing from India's 'suicide belt' Kalavati's husband, a farmer committed suicide in 2005. Her son-in-law, and later her daughter too, reportedly committed suicide. A mother of nine [possibly this is where the government should have intervened, yet it failed] and with no means to support her family Kalavati's heart rending story could move anyone to tears.

It was therefore appropriate that Rahul Gandhi visited her to learn her problem – in effect the nation's problem – firsthand. If press reports and charges made by his political opponents are to be believed, despite this much hyped visit, not much has improved with Kalavati.

No wonder when Gujarat Chief Minister Narendra Modi [Namo to party faithful] addressed the annual general meeting of FICCI Ladies Organisation recently and referred to Kalavati, her wretched life and personal tragedy has once

again has come to dominate the national political discourse.

Contrasting the story of Kalavati to Jasuben, a woman from Gujarat, Modi brought out the success stories of women entrepreneurs if given the right opportunity. Jasuben, according to press reports, set up her version of a pizzeria nearly 40 years ago in Ahmedabad. To pander to the local palates, she added a dash of sugar and jaggery to her pizza toppings.

According to Modi, her pizzas competed successfully with well-known international brands in Gujarat. Hinting at the divergence in the real life story of two women Modi concluded, "But before our friends from the media go there to find out if Jasubehn is like Ka-

lavati, I would like to tell them she died five years back. Her pizzas, however, still have a big market."

Unmistakably, the narrative of NaMo is that Jasuben's success was a by-product of his government's economic policies. On the other hand, supporters of RaGa believe that hope and succor to Kalavati could flow only through direct government intervention. The fault lines in their approach to the idea of India could not have been more explicit.

Given this paradigm, the Indian media, as is its wont, missed the bus to fashion the agenda for the forthcoming elections. In the process the ideological debate of an ideal, effective and efficient economic model suited for the Indian



environment has degenerated into crass, crude and personality based discussion of NaMo versus RaGa.

Ideally, the reference to Kalavati and his comparison to Jasuben by Modi should have brought the ideal role of government and model of governance into sharp focus. What is the role of government? How should it compliment personal initiatives and entrepreneurship? Crucially, how should it encourage individual initiatives and create wealth?

The basic question that appears since the dawn of civilization is the appropriate relationship between state, society and individuals. Should the nascent Indian state lead an ancient society with no role for individual or social initiative? If so, how? Or should it be the other way around where the state is left to play a marginal role? These questions continue to haunt us even six decades after independence.

The ancient Chinese caught the essence of this role-play through their image of their ideal king, who sits facing south doing nothing and lets the natural course of events flow uninterrupted. This doing nothing and letting things happen requires a great deal of effort. It requires being deeply aware of and sensitive to the times, mood and aspirations of the people.

Likewise, under the classical Indian thought, the state is never the instrument of change or reform. This of course does not mean that there are no mechanisms or possibility of change. Nevertheless, such initiative for change does not lie with the king. The impulse for reforms arises deep within the society, articulated by sages and is works itself through different constituents.

At the very end of the re-



forms process a fresh balance and a new order is created.

The western idea of the government is exactly the opposite of what the ancient Chinese and Indian philosophers had laid out, probably best articulated by Plato. In his conception, the state and its institutions are the only legitimate actors in the public domain so much so there are only atomised, powerless and unattached individuals at the command of the state.

Consequently, according to Plato, individuals have no separate identity of their own living at the whims and mercy of the state. In fact, the State determines the number of kinds of people it requires; brings together the right type of genetically endowed parents and thus creates the appropriate raw material for the creation of the ideal polity.

Put pithily, you will be determined by the government even before you are born!

The Platonic society is thus an entirely man made construct with no place for anything natural in it. The order and balance is decreed by the state through the legislation and coercion. The whole edifice thus serves the reasons for the state and there is no place for anyone else.

These ideas have further been refined and modernised by philosophers like Francis Bacon, Thomas

Hobbes and probably even Karl Marx. For them, man within his natural setting is a dangerous person who must be uprooted from his natural mooring, purged of his dignity & made into an obedient individual sub-serving the designs of the state.

Nevertheless, this idea by the second half of twentieth century had run its full course. Having allowed the proliferation of the modern state into a large monolith and operating through an inefficient yet ruthless bureaucracy, experiences of the past five decades or so across continents have demonstrated the inefficiency of this model.

The admission of this folly and reversal of the grand idea of state as a central and possibly the only force in the nation building process goes up with a sexed up appellation of reforms. India is no exception to this grand global experiment of finding the right balance between society, individual and the state.

Reforms by definition implies less, not more, of government — a fact lost on those who believe that the only way to richness for Kalavati is through state intervention and not by her personal initiatives. And how does government gets its money for spending on Kalavati? Of course by taxing Jasubens of the world!

While most western countries

have seen the futility of fashioning society as argued by Plato and hence believe in reforms – read less of government – India the original land of less government is arguing for more government. All this while the Indian government officially proclaims that it is in reforms model

This is not to argue that Kalavati does not require state intervention. Surely she requires our collective support. But does that perennially keep her alive but below subsistence level are not the right model. Unfortunately, the RaGa model of development precisely believes in this idea.

The ministry for women affairs must have intervened when she had more than two children. It did not. The ministry of health must have helped her. It did not. The agricultural ministry must have helped her husband. It did not. The

human resources ministry must have helped her children. Yet it did not. The ministry of water resources as well as ministry for rural affairs helped all of them. They did not. If all these ministries of the government of India had failed where is the question of taxing Jasuben in the name of helping Kalavati?

Whatever be it, a weak, inefficient and ineffective delivery mechanism cannot be the panacea for all the ills plaguing Kalavati. Yet unarguably she requires maximum intervention of our government. That is possible only through laser like governance models that identifies her, her problems and delivers the needful through a clockwork precision.

Poverty in the Indian context can never be wiped through direct state intervention. Kalavati is a classical example of this. The only way of eradicating it is by encouraging

personal initiatives. Jasuben is a classical example of this.

It is time that someone tells Rahul Gandhi that his model is nothing new. In fact it has been tested for at-least 60 years since the days of his great grandfather. Yet it has not succeeded in the Indian context. For starters he must readily admit that this idea of attempting to hand out doles has run its full course. Equally he must admit that the entire delivery mechanism too has failed.

Therefore the only way out is allowing Jasuben to flourish by repealing our labour laws, lower taxes and our government providing better infrastructure. Rahul Gandhi and his advisors must realise that their electoral battle is not with NaMo. Rather they must realise that their ideas are anachronistic.

Unfortunately, Rahul Gandhi is silent on all this. □□

SWADESHI PATRIKA

Voice of Real Economy

**Dedicated to Swadeshi Movement in all its dimensions;
Battles threats to the economic sovereignty of the nation; and
Gives Voice to all sections of Economy**

SUBSCRIBE AND/OR RENEW YOUR SUBSCRIPTION

FILL THE FORM AND SEND IT TO US :

Name

Address.....

.....

City Pin

YEARLY Rs. 150/-

LIFE Rs. 1500/-

Website: www.swadeshionline.in Email: swadehipatrika@rediffmail.com

For subscription please send payment by A/c payee Cheque/Demand Draft/Money Order in favour of 'Swadeshi Patrika' at New Delhi, , or Deposit the subscription amount in Bank of India A/C No. 602510110002740, IFSC: BKID 0006025 (Ramakrishnapuram)

Is India getting trapped into debt vortex?



Mounting foreign debt has exposed the country to increased commitment of repayment of principal & interest and involves the danger of entrapping the country into impossibility of repayment, cautions Dr. Ashwani Mahajan



One of the major arguments in favour of the new economic policy was that, due to widening of current account deficit in balance of payment and balance of trade, rising foreign debt has been causing erosion of national sovereignty and possibilities of growth were shrinking. Under these circumstances, it was argued that the nation can save itself from crisis only by taking the path of Liberalisation, Privatisation and Globalisation (LPG); and we can also make the nation debt free and save its sovereignty. When country's gold was being sent abroad as 'security' for our international liabilities that was not only a cause of concern, but was humiliating too for the nation. It was said that to

overcome that situation we will have to lift all restrictions on imports and widen our paths for letting foreigners to invest in India. This policy would not only provide resources for our development, but also create competitive environment, necessary for the development of Indian industry.

Restrictions, both tariff and non-tariff, were removed from imports. Imports started rising fast. Exports too increased, but exports could grow at much slower pace. Result obviously was fast rising trade deficit. Country was exposed to high risk of current account deficit (CAD). However, at that point of time, progress in the field of software, led to huge receipts on invisible account (in which there

was hardly any contribution of new economic policy of LPG). NRIs remittances also have been increasing in leaps and bounds. Current account deficit in balance of payments remained within reasonable limits; as a result of these developments, despite huge trade deficit, it so happened that between 2001-02 and 2003-04, the nation had a pleasant experience of balance of payment turning surplus for continuously three years, which was unprecedented after the post independence period.

CAD now exceeds even 1990-91 Level

While presenting budget 2013-14, Finance Minister, P. Chidambaram expressed concern over rising CAD. Similar concerns have been expressed by the Prime Minister and Reserve Bank of India (RBI). This concern is not without reasons. In the last few years, our CAD has continuously been rising. Since 2004-05, this deficit is not showing any sign of receding. In the last 8 years, our balance of trade totaled \$ 797 billion and BOP (CAD) totaled \$ 227.8 billion. However, in 10 years between 1990-91 and 1999-00, they were hardly \$ 103.6 billion and \$ 43.7 billion respectively. That is, in 1990s our CAD was average \$ 4.4 billion annually, which climbed up to

\$ 28.5 billion annually in the last 8 years (6.5 times increase). Deficit is BOT (Balance of Trade) has been keeping so high after 2004, that despite huge remittances from NRIs and receipts on account of software, exports, our CAD continued to show deficit. In the year 2012-13, our CAD may surpass \$ 100 billion which has been worrying our policy makers, economists and the general public. CAD which was hardly 3.3 percent even in 1990-91 (year of major economic crisis) has climbed up to 6.7 percent during the third quarter of the financial year 2012-13. Our foreign exchange reserves, which were sufficient to finance our import bill for 3 years in 2007, are not capable to pay for imports of 6 months even. Huge CAD had a side effect in the form of rising foreign debt, which turned \$ 374 billion in 2012 (December), as compared to only \$ 224.5 billion in March 2009. This foreign debt does not include borrowings, which have been made by Indian companies abroad.

Foreign Debt Trap

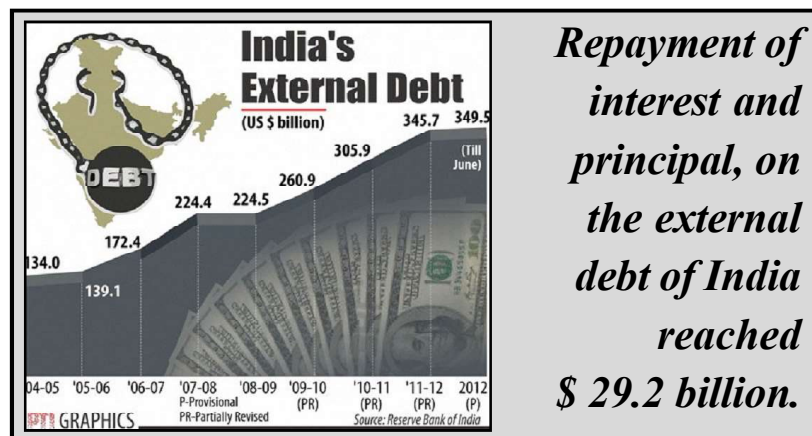
Our foreign debt has been rising continuously and the same is making situation of our payment deficit even more acute. We understand that foreign debt involves the burden of repayment of principal and interest. Such a huge foreign debt can trap the country into impossibility of repayment of interest and principal. Debt of the country has increased by \$ 150 billion in last less than four years. This huge mounting of debt has exposed the country to increased commitment of repayment. Inability to make this payment from regular surplus in balance of payment pushes the country to further debt. These liabilities are not receding at

all, rather year after year, they are rising further. If we look at the experience in the last 8-9 years, we find that rising balance of trade is not the only cause of rising foreign indebtedness, repayment of loans (both interest and principal) is also causing this debt to rise further. As per data released by the World Bank, in 2011, repayment of interest and principal, on the external debt of India reached \$ 29.2 billion.

Another big cause of our foreign debt to rise is foreign direct investment and portfolio investment. Though our finance minis-

trations; which further widens balance of payment deficit. Total inflow of investment by FIIs has been \$ 186.1, until 2012-13. But this source of investment not a dependable one, as this investment may evaporate any time. It is notable that during the year 2008, portfolio investment turned negative, as institutional investors flew away. Earnings from portfolio investment remitted abroad also tend to widen balance of payment deficit.

Debt trap is a situation when size of debt becomes so big that it is beyond to repay the same from its own resources, and is



ter advocates for foreign investment, not for pushing growth any more, but to fill CAD in balance of payment; fact is that foreign investment is actually widening this deficit. During the year 2011-12, a total sum of \$22 billion was received under the head FDI; however, foreigners took away \$26 billion in the form of interest, dividend, royalty etc. This means outgo of foreign exchange on incomes earned from investments made in the yester years, exceeded that of receipts from current FDI.

In addition to this, borrowings made by Indian companies abroad also entails, liabilities in the form of interest and principal re-

forced to borrow further to fulfill its obligation to repay principal and interest. If we analyze the repayment of principal and interest, the same becomes very clear. According to official data released by World Bank, between December 2009 and December 2012, total debt servicing on external debt by India was around \$100 billion and addition to external debt during this period was around \$150 billion. Need of the hour is that government rises to the occasion and adopt suitable policy mix to stem this fast rising size of foreign debt and save India from getting trapped into this debt vortex. □□

E-mail: ashwanimahajan@rediffmail.com

Indian Economy: Lessons from Two Decades of Economic Liberalization



The forces of globalization are primarily responsible for corruption-led, jobless growth model, which has dragged down the economy of the country. Economic sovereignty is being lost due to the dominant presence of almost 66% of the foreign goods; \$400 billion foreign debt & almost \$200 billion of trade account deficit, underlines Dr. D. R. Agarwal

After twenty-two (22) years of economic reforms, the Indian policy planners are in a catch-22 situation. There is a complete U-turn of Indian economy, which is back to square one with the balance of payments situation reaching to its worst level at 6 percent of its GDP, coupled with alarmingly high fiscal deficit, high rate of inflation, global economic growth nearing just 5 percent and a very dismal condition of agriculture, and industry, resulting into higher rate of unemployment and an environment of uncertainty all around. The government at the centre seems to be very insensitive and is suffering from policy paralysis and is under convulsions. The vagaries of corruption have crippled the functioning of the government and no positive initiative is in force for any kind of infrastructural development. The country is on the mode for election of a new government within less than 12 months. In such a situation, there is a need to awaken the people of this country about the ill effects of the forces of globalization, which are primarily responsible for a corruption-led, jobless growth model, which have dragged down the economy of the country which is gradually losing its economic sovereignty due to the dominant presence of almost 66 percent of

the foreign goods and nearly \$400 billion of foreign debt which is more than 20 percent of our GDP and almost \$200 billion of trade account deficit which is nearly 10 percent of our GDP.

In such a situation, when the Indian economy is moving downwards, there is a need to look at the changes taking place in other parts of Asia, especially in Japan and China where the new leadership has been trying to remodel their economic thinking. The Chinese new leader, Xi Jinping's vision for "Chinese Dream" is a step towards "Road to Revival" through his nationalist and patriotic speech delivered to the national people's congress, China's parliament on being appointed as the new president in April this year. The concept of the Chinese dream is being written into school textbooks to make sure that it enters students' brains. It is something more than what was done by his predecessors including Mao Zedong (1949-1976), Den Xiaoping (1978-1992), Jiang Zemin (1993-2002), and Hu Jintao (2003-2013).

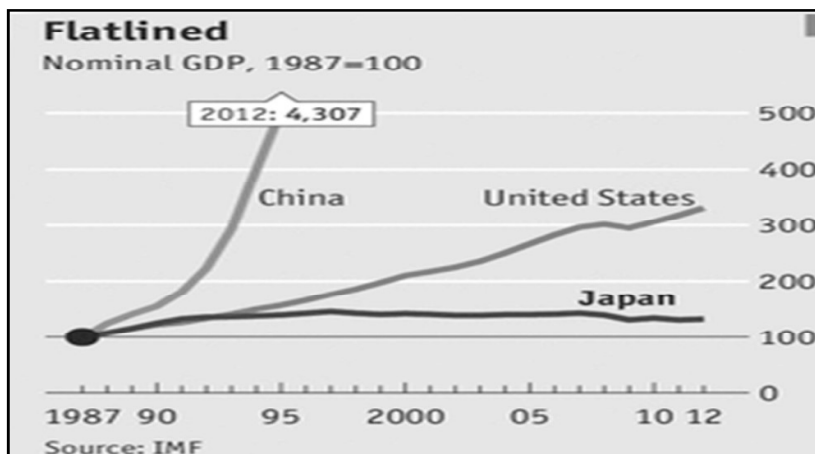


It is worth noting that the early 30 years of China, 1949-1979, was largely with agrarian base with an iron curtain wall, and a controlled economy under the leadership of Mao Zedong. China went into the gradual process of economic reforms under the leadership of Den Xiaoping, beginning 1978 and a strong economic base was created internally before the country went for the next phase of economic reforms in external sectors under the new leadership of Jiang Zemin during his tenure of leadership in 1990s. The mantle of economic development with double digit growth continued in a much deeper form under the able leadership of Hu Jintao during the decade of 2000s until recently. During these 30 years of economic development, the Chinese economy has

surpassed the Japanese economy in 2010 and has become the world's second largest economy.

The phenomenal robust growth of Chinese economy is visible from the above graph, which shows that on a economic base of 100 in 1987, the Chinese economy has grown more than 40 folds in 25 years with its index growing from 100 to 4,307 as against the then top two economies being USA and Japan where USA has grown only from 100 to 350 level and the Japanese economy has remained at an abysmal low, suffering from recession over the last two decades from 100 to just about 125. This change at a global level with almost stagnancy of Japanese economy in the last two decades and the US economy growing at a very low pace with a big jolt in 2008 resemble some inbuilt weaknesses in the free market economy based on capitalism. Chinese economy, on the other hand, has been able to take advantage with its low cost factors by becoming a world factory with supply of Chinese goods all around the world. India needs to draw a lesson from the changes taking place in the three largest economies of the world and also by drawing some lessons from the Eurozone crisis that may help people of this country to share the benefit with a paradigm shift in its policy perspective from a western model of economic growth to a dynamic self-reliant model of economic growth.

There is thus a need for re-looking into the economic policy perspective, which has been undergoing a change at a global level. In the early decade of 1980s, there was a rush for supply-side economics in the name of Rignom-



ics in US, and Thatcherism in UK, which was blindly copied in India in the early decade of 1980s resulting into increase in external debt and ultimate balance of payment crisis in 1990. There was a sudden shift on 24th July 1991 in the form of new economic policy by adopting the LPG formula of liberalization, privatization, and globalization, which has miserably failed in achieving the economic objectives of controlling inflation, and solving the problems of unemployment and poverty in the country. On the other hand, there has been a downhill journey through the shrinking share of agriculture in the GDP from 35 percent in 1991 to less than 15 percent and the drastic fall in the value of Indian rupee from nearly Rs. 16 in 1990 to nearly Rs. 54, causing a devaluation of more than 350 percent and causing tremendous harm to export competitiveness of the economy, save and except the marginal growth in services sector limited to information technology.

The new leadership in Japan with a thumping majority to the former Prime Minister Shinzo Abe has brought a new light with its 'Abenomics'. The three arrows of Mr. Abe's new economic policy have brought swift changes in the

Japanese economy with increase in consumption level and almost 70 percent increase in the stock market prices which has given a new life to Japanese investors and its economy. Mr. Abe's plan for the fiscal stimulus with a liberalized monetary policy coupled with drastic reforms for the economic development are likely to bring the country out of the long period of recession of two decades. It is a matter of coincidence that the period of 1990-2010 has been very dismal for Japan and at the same time very rosy for China. Indian economy on the other hand has failed to take advantage of the changes in the global economy. Both China and Japan are moving with a nationalist approach though in different circumstances. There is a need for India to relook into its past mistakes and to give a fresh look for a stronger rising India. There is an equal need for empowering the nation with technology and innovation in the present knowledge driven economy. It is only then that the country with a population of almost 130 crores and the largest youth force will be able to take the demographic advantage which is in waiting. □□

The author is a Director, Swadeshi Research Institute & email: dr.agarwal@iitrade.ac.in

Gold drives our traditional economy, must not be curbed



The increase in demand for gold and the resultant crisis in the current account deficit are linked to denial of credit to the growth engines in service and manufacturing sector. These are mostly proprietorship and partnership firm's whose only collateral to money lenders is in the form of Gold ornaments or coins and bar, implores Prof Vaidyanathan

India is one of the largest buyers of gold in the world. More than 90 per cent of this is for jeweler purposes. Table 1 gives the purchase of gold for jewellery by different countries. Indian demand is around 25 per cent of global consumption. Recently, the attraction of smuggling has come down due to liberalised import policy. Incidentally, domestic production of gold is very negligible, running into a few tonnes. The purchases made in Saudi Arabia and Gulf states is also mostly by people of Indian origin and to that extent the demand by 'Indians' is much larger. What is bought in Gulf states this year by the NRIs (non-resident In-



dians) will reach here may be in a year or so.

At an average price of, say,

Rs 30000 for 10 grams, we can estimate that more than Rs 258000 crore has been spent in buying gold last year by Indian households, which is much larger than the aggregate capital raised from the stock market. The purchase of gold by households is not treated as savings in our statistics. It is treated, as consumption by a household which is curious as households treat purchase of gold as 'investments' whatever the economists in the Government may think. The 'experts' are more or less unanimous that households, particularly women, are doing 'unproductive' investments in gold jewellery. They would rather households invested in Government bonds which can be

Gold: Consumer Demand 1995-2012							
Countries	1995	2000	2005	2009	2010	2011	2012
India	477	855	722	579	1006	986	864
Greater China	427	329	293	472	667	821	817
Japan	272	98	74	-9	-19	-30	7.6
Indonesia	119	107	81	35	48	55	52
Vietnam	36	60	61	73	81	101	77
Middle East	365	498	388	246	234	188	178
Turkey	139	207	248	107	111	143	119
USA	315	396	377	265	235	200	162
Italy	110	78	71*	41	35	28	24
U.K	46	65	59*	32	27	23	21
Total—Including others	2864.5	3287.9	3091.9	2503.1	3217	3487	3163
Gold price (\$/oz)	384.1	279.1	444.5	972.3	1224.5	1571.5	1669.0

Note: 1 Tonne = 32,151 oz. of fine gold. * Jewellery only.
Source: World Gold Council—Gold Demand Trends various issues

used to pay salaries for Government employees (the most 'productive' activity).

But why do households invest in gold? It is not for the return but for security. Gold is the major social security for large number of Indian households which do not have any social security at all. The OASIS (Dave Committee) report indicates that nearly 90 per cent of the India's workforce, particularly the self-employed, is not covered by any retirement scheme that enables savings for economic security during old age. Transfer of ownership is also very easy. In the case of gold ornaments one can say that possession is ownership. In other words, if a mother removes her chain and gives it to her daughter then it belongs to the latter by tradition. One can get loan against gold by pledging it with a money-lender any time of the day or night, seven days of the week.

In other words, gold represents the most liquid form of asset in India. One can also say that gold is the most politically correct metal which can be owned. In traditional Indian families, sometimes, shares or fixed deposits are disposed without the knowledge of the housewife. But gold is always sold with the concurrence of the housewife. The so-called superstition pertaining to not removing the Mangal Sutra till the death of the husband is an insurance protection to the woman against rapacious relatives and children. It is assumed that the gold ornaments will work as social security for her in case of major emergency or after the death of the head of the household.

More importantly, gold is used as collateral in small business-

Distribution of Outstanding Bank Credit by Categories[%]							
Category	March 1990	March 1996	March 2004	March 2008	March 2009	March 2010	March 2011
Household sector (1)	58.3	51.1	47.6	36.6	32.8	32.8	36.3
Private Corporate sector (2)	31.3	38.6	38.0	46.7	48.2	48.6	44.0
Public sector (3)	10.2	10.3	14.3	16.7	19.0	18.6	19.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100

(1) Household sector includes Partnership, Proprietorship concerns, joint families, associations, clubs, Societies, co-ops, groups and individuals for all accounts.
 (2) Private Corporate sector includes private sector and corporate sector excluding those mentioned in (1).
 (3) Public Sector, that is all Government undertakings, includes joint sector undertakings.
 Source: Extracted from table -4.1.1 Outstanding Credit of Scheduled Commercial Banks according to Organizations;
 Basic statistical returns : Various years, RBI

In the case of gold ornaments, possession is ownership.

es like retail trade and transport restaurant's etc. the role of gold is not that of an idle asset as assumed by our central banker and Government economists. We find that the credit availability to small entrepreneurs in construction/trade/restaurant's etc. has declined over period of time and more money goes to only big businesses See Table-2. Actually small businesses are engines of our growth

One of the major reasons for the increased demand for gold more in the form of Coins and bars is the scarcity of credit from banking sector for small and tiny businesses. Actually coins and bars constituted more than 300 tonnes out of 864 tonnes consumed in 2012. As of today Gold alone is acceptable collateral for these enterprises for getting credit from

money lenders.

Unfortunately the role of gold as a social security and collateral for business is not understood by our Government economists and central bankers. On the one side, credit availability from organised banking sector to small and tiny businesses is declining and on the other hand every effort is made by RBI to make gold costlier and scarce for these tiny entrepreneurs. The increase in demand for gold and the resultant crisis in the current account deficit are linked to denial of credit to the growth engines in service and manufacturing sector. These are mostly proprietorship and partnership firm's whose only collateral to money lenders is in the form of Gold ornaments or coins and bar.

Further curbs on availability of gold will only encourage D company to become active in the smuggling of gold and do we want it again? □□

Low prices, high yield to ensure food for all; law can ensure inspector raj



At a time when FCI is gradually reducing procurement, The Food Security Bill would be used to purchase the food grain from private players and international dealers at inflated prices. The black market controlled by unscrupulous traders and the government inspectorate will thrive. Does this government want a repeat of that, asks Shivaji Sarkar?

The New York Times headline shouts: "Hunger in U.S. at a 14-Year High." President Obama says: "hunger rose significantly last year". But, researchers for a Department of Agriculture report say that people are experiencing "food insecurity" or even "very low food security".

India will also "eliminate" hunger "officially", if the Food Security Bill is passed by Parliament. The new law may not ensure food security because the procedure to prove one's eligibility is not easy in a quagmire of KYC – know your customer – queries. It is plaguing the LPG buyers, bank account holders and almost all supposed entitlements or commercial transactions like the railway ticket.

Would the law ensure food

grain – yes, it is only rice, wheat and millet – at Rs 3, 2 and 1 a kg, to the extent of 35 kg in rural area and 20 kg in urban area? It is a difficult proposition. Turning the entire nation into a massive ration shop and managing it is a formidable and unnecessary proposition.

Why does the US do not need this kind of a public distribution system (PDS)? It does not because the country has evolved a system where food items, just not food grains, are available at affordable prices. Even modes of travel are not as expensive as it is in India, nor fuels are expensive and this is done through a chain of private business functionaries. The subsidies have played a significant role in keeping the food prices low in the US. If despite that hunger is

increasing there, though only in minor percentage terms, it shakes that nation.

India has done just the opposite. It has ensured that inflation remains at a high level. Food prices have increased by over 36 per cent in the last over three years. The government has stacked excess rice and wheat.

The Food Corporation (FCI) warehouses have been overflowing. As much grains rot every year as much it is procured.

The UPA government was repeatedly asked by Supreme Court to release food grains to make it available to the poor to ensure that they did not remain hungry. The UPA government was also given suggestions to release food grains in the market to keep the prices under check. It was suggested to utilize the FCI as market interventionist agency. The government turned a deaf ear.

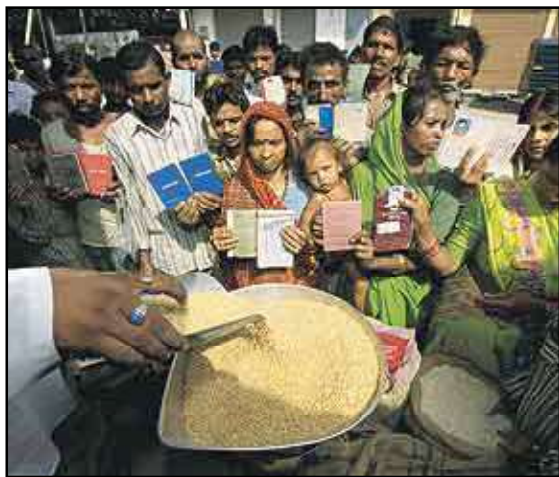
This calls for an intense probe

Since 2009, the UPA government except expressing "helplessness" did not do anything.

Are governments in this country so helpless? In 1963, when the Nehru government introduced PDS in a massive way in the wake of drought, it did not seek the shelter of a law for food security.

In reality, even today the government does not need it.

Pandit Nehru knew that it was a constitutional obligation to provide food to the people. Even if it is not mandated by any statute, it is always the responsibility of the state. When Louis XVI failed to do it and Marie Antoinette called upon Frenchmen to have cake instead of



bread, the France went for the historic revolution to assert the citizens' right. The French revolution was the culmination of bad governance and denial of food to its people.

How would a food security law ensure that? On the one hand India is trying to reduce subsidies particularly on agriculture, denying it investment, making farming expensive, convoluting the food grain market and resulting in stagnation of production level on the other it is shedding crocodile tears for food security.

The recent Economic and Social Conference for Asia and Pacific (ESCAP) has come out with the worst indictment. Its report blames the government and its agencies for allowing betting and "financialisation" in food items through the commodities futures market.

The ESCAP report virtually opens up a Pandora's box as it unfolds the mystery of food inflation. The ESCAP analysis is based on data and facts provided by government of India. It means the government is aware of the "game" that is being played in the food market.

Is that the reason why Minister Kapil Sibal calls the food bill as a "game changer". It is certainly not changing the "game" for the poor and hungry people.

Sibal or for that matter the entire government has the least concern for the poor. The latest National Sample Survey (NSSO) survey records that now 73 per cent of the people, against 64 per cent in 2004-05, are not getting the minimum prescribed 2100 calories. Does it not mean that between 2004 and now more people have slipped to below poverty line?

How would a government

that is plagued by corruption, fiscal and current account deficit ensure about Rs 1.5 lakh crore additional allocations for food?

It would do it by levying additional taxes. The government did so when it allocated Rs 40,000 crore for Mahatma Gandhi National Rural Employee Guarantee Act (MNREGA). It increased excise duties, introduced many cess and made service tax universal and also raised the rates. It has resulted in impoverishing the emerging middle class. Now they at best could be said to be at the edge of the poverty line, as the NSSO survey stresses.

The food bill is too cumbersome. It apart from ensuring food grain even has agenda for maternal and child support, counseling support for optimal infant/young child feeding, nutrition take-home for children under three (nobody knows how), cooked mid-day meal in government and aided school, maternity entitlements of Rs 1000 for six months for pregnant women, universal health care, revitalisation of agriculture and food production and many more.

Revitalisation of agriculture would cost Rs 1.1 trillion. From where would the government shell that out?

It also has provision for compensation of loss of entitlement. (Is that really possible?)

Much of it reads like an election manifesto. The obvious aim too apparently is that. The road map is unclear.

In 1960s, the youth spent almost seven years of their precious life queuing up at the ration shops and often returning without a morsel of grain. The black market in all food items thrived during those

seven years. Then the *desi* unscrupulous traders and the government inspectorate thrived. Does this government want a repeat of that?

The Green revolution ensured not only supplies but also a thriving open market. Food prices dropped as government investment in agriculture and subsidies went up.

The present government policies are cutting down on farm investment, subsidies and have made it difficult for farmers to pay for the rising cost of inputs. During the past over 20 years over 44 lakh hectare land has gone out of the farm sector to SEZ, industries and the real estate. The real estate alone has acquired over 16 lakh hectare.

The FCI is gradually reducing procurement. It is being as a policy left to the private sector. How would the government ensure adequate food production or stocks? Simply it would not be possible.

The bill would be used to purchase the food grain from private players and international dealers at inflated prices. This clarifies why FDI in retail has been opened up to 100 per cent. The bill would thus ensure a thriving foreign wholesale and retail sector. Its provisions are likely to open up legal route for involved "players" – that is what happens in a "game" – to get rich quick.

The bill, it is difficult to believe, would ensure food security. In all probability it would not.

Food security can be ensured without the bill if food is made available at affordable prices, inflation is controlled and food production is increased by scrapping the Land Acquisition Bill and ensuring larger public investment in the farm sector. Would somebody do that? □□

National Policy for Good Governance



India needs a true representative democracy with decentralized development strategies led by righteous individuals, not western concepts of democracy and centralized development strategies, pleads Anil Javalekar

Frequent interventions of Indian courts in the matters relating to Government policies and its governance as well as the recent incident of assault on police personnel by legislators in Maharashtra have brought one thing to forefront and that is the failing Indian governance system. Selfish representation and subservient administration and police are the root causes for this failure apart from the politicization of every aspect of socio-economic life. It is true that the judiciary is trying hard to protect the fundamentals of Indian constitution and people's movements are taking shape to focus on the need for good governance. However, Indian political, legal and administration systems along with all other varied institutions created for the purpose of good governance, though look good in fundamentals and thought, are not helping, may be because of the persons involved. This emphasizes the need to review the systems of governance and selection of leading persons and frame a new national policy for good governance.

Indian Constitution

India is governed by its constitution. The basic of the constitution was to make India a Sovereign Socialist Secular Democratic Republic and secure to all its citizens, Jus-



tice- social, economic and political, Liberty of thought, expression, belief, faith and worship, equality of status and of opportunity and promote among them fraternity apart from maintaining unity and integrity of the Nation. The constitution proposed for various institutions and main among these were system of representative democracy for political governance, election commission for governing the election process, Comptroller and Auditor General for accounts and accountability of government expenses, Judiciary for protecting fundamentals of constitution, administration for successful development and welfare strategies and police system for maintaining law and order as well as implementation of legislation and judiciary decisions. Good governance is purely dependent on these institutions.

Failing governance

The failure of these institutions during last 60 years is visible. First, the attitude and behavior of political class that they are above every other Indian citizen has changed the face of Indian representative democracy. Second, the judiciary which ultimately has to check the proper implementation of laws and help people get justice is working with inefficient and weak investigation system resulting delayed delivery or denial of justice. Third, liberty is a choice for few, equality remained a dream for majority and fraternity is at stake because of vote bank politics. Fourth, rise of Coalition politics has given importance to the interests of individuals and small groups. Fifth, corrupt administration and policing have made the law subservient to ruling elite.

Reasons are many

1. Western thought main reason: The reasons for failure are many and are being debated in media and academic circles. However, these reasons and debates are within the thought and experience of western world. Similarly, suggested solutions are also based on western thinking. The tragedy is that Indian ruling elite continued to follow the systems and governance practices prevailing in other countries mainly western, when many of these practices failed there and not suitable for Indian cultural background.

2. Everything borrowed: As is known, Indians took concepts of democracy from western countries, mainly Britain, and continued the laws and regulations that have British origin. Planning and development strategies were from Russia. Green revolution practices were from Mexico and America. Welfare strategies and the great Globalization policies are again from western world. Many of the strategies were based on centralized system of governance where geographical area and or the size of population were small and thus were not suitable to Indian geographical vastness and huge size of population as well as diversified cultural lifestyles.

3. Western thought needed expanding governance: Indian ruling elite had western fascination and aiming for material prosperity based on the western model and adoption of industrialization policies for the purpose necessitated the expansion of control over the human and natural resources for its directed allocation. The expanding state and expanding administration is the result and

a reason for failure in governance.

4. Many laws and many agencies: First, there are so many laws, rules and regulations sometimes even overlapping the common action areas. Second, there are so many agencies implementing the same law or certain provisions of laws with conflicting interests. Third, many laws and many agencies are not changing with the new innovations in technology and life styles and their procedure remained same. The fact is that the entire setup created with rules and regulations and agencies to implement development and welfare strategies is not directing all participants towards making India a prosperous country with socio-economic justice.

5. Personals not groomed: The institutions, groups and individuals involved in the governance have followed the legacy of British Empire where ruling elite were above other and the administration and police were meant to protect the interests of ruling elite. They were neither groomed nor trained with the 'Sanskaras' required to carry out the functions with selfless attitude required for welfare strategies. Instead, these institutions, groups and individuals were trained to be competitive and ambitious in regard to the discriminate use of power as also were groomed for desire for money and materialist welfare by providing all facilities and perks.

Indian Path ignored

Many of the Indian freedom fighters and thinkers, including Mahatma Gandhi, professed for a path based on Indian spiritual philosophies and cultural background as these were best suited to Indian conditions. After independence India aspired for self reliance and

prosperity with social justice and instead of taking an independent path, it took western path for political governance and Russian centralised path for development. Though there were debates for choice of political system, there was no adequate debate on development path. Debates initiated by Prof C N Vakil and Dr P R Brahmananda in regard to the development model and by Pt Deendayal Upadhyay with his 'integral humanism' were ignored.

Build systems on Indian thought

Some Indian thinkers still think that Indian problems need Indian solutions. There is no denying that India has its own spiritual philosophies and rich cultural background that can help rebuild new policy principles. One Mumbai based NGO, Ekatm Vichar Kendra (EVK) has been studying issues of national importance and drafting comprehensive national policies based on ancient Indian knowledge i.e. 'Ekatm Manav Darshan' (EMD). EVK has also drafted policy on 'Governance' and is worth debating. The policy deals with various concepts involved in governance and proposed for a national policy.

EVK's governance system

EVK viewed Governance, political and administrative, as one of the national arrangements to carry out the essential activity for the sustenance of society and defined it as the process by which authority is exercised in the management of the country's socio-economic and human resources for development in tune with its cultural ethos. The policy on governance should include inter alia how power is exercised; how decisions

relevant to citizens are made and how citizens are accorded a voice in such decisions. Governance includes the state but transcends it by relating it to citizens. It is less about how citizens select their rulers and more about how the rulers relate to citizens. The policy accepts that governance in modern times must essentially ensure rule of law, justice, equality, participation, transparency and accountability at all levels. Accountability includes positive responsiveness to the grievances of the citizens.

EVK's proposals for Governance policy

1. EVK proposed for a comprehensive Governance Policy aiming basically at Spiritualization of Indian democracy, politics and governance and proposed for a supportive political system for political governance. The policy emphasized on the 'Dharma' principle. Dharma means the building of an organized social life in harmony with nature wherein each individual comes to realize his oneness with others in society and is imbued with a spirit of sacrifice to make other's material life richer and happier and develops spiritual strength to reach Ultimate Truth. Indian constitution protects and upheld Dharma principle.
2. The EVK proposed for constitution of '**Acharya Parishad**', a council of wise men, at national level to consistently overview the constitution and laws framed there under and suggest for modification etc. Acceptance of guiding moral power by the rulers, elected or appointed, is a part and parcel of Indian ethos and EVK feels that the concept has a great relevance today. What

EVK proposed is an advisory body and the power and influence of the body will be through the moral eminence of its members and wisdom of the counsel it provides.

3. Expanding state and failing administration is at the root of the governance failure. EVK proposed for decentralization of state powers and minimization of administration as the base for good governance. Redefining the powers of government and implementing agencies or administration may be necessary apart from its separation and clarity of powers for efficient governance. Moreover, transparency in governance is foremost required and for that the decisions should be rule based and must be open for public scrutiny.
4. There are many institutions created for varied purposes like Election commission, CAG, CBI and police force, RBI and other financial regulators etc and promotion of self regulatory and self corrective policies for these important institutions are very much required for their autonomy and freedom of action as also to save them from the influence of other government apparatus.
5. India has a problem of its governance due to its large 'states'. EVK proposed for formation of small states on the basis of areas with common local characteristics like agro-climatic and socio-cultural characteristics as suggested by Pt. Deendayal Upadhyay vide his concept of 'Janapada'. A small state with localized self governance system at lower level is desirable

alternative for current centralized governance system with large states.

6. The important aspect of any democracy or the governance system is its leading personals. Therefore the righteous representation in government and its administration, including institutions and all other agencies, is a must. EVK hope to achieve this by 'sanskara' system along with proper education and training apart from the criteria change for their selection. Reforms in election system and administration are important.
7. Lastly, EVK believes in enlightened citizenship that love democracy and prepared to act with responsibility. Participative Public spirit and resistance to socio-economic injustice apart from national outlook, a measure of self-discipline, and law-abidingness are important for good governance. EVK suggested for 'janchetna' movement for the purpose.

Right time for reforms

EVK's proposal is not new and has been there in the discussions. The fascination for western concepts of democracy and centralized development strategies are the root causes of current problems. India needs a true representative democracy with decentralized development strategies led by righteous individuals. Indian philosophies have that capacity to groom individuals for spiritual mindset and righteous socio-economic life. The policies enshrined in such a background will ensure 'good governance'. □□

(Note: the draft Governance policy can be obtained from Sri Ravindra Mahajan at ekatma22@rediffmail.com)

Our founding fathers stood by the Tibetan cause

Why does Government of India bends over backwards and make all-out effort to smother the voice of free Tibet in the world's largest democracy, each time an official Chinese delegation visits the capital, asks Anirban Ganguly

Each time an official Chinese delegation or senior leader visits the capital, the Government of India, bending over backwards, cracks down on free Tibet activists. The Chinese premier's just concluded visit saw Government agencies crack down on Tibetan activists, clamping prohibitory orders and putting them under virtual house arrest. Locations such as Jantar Mantar in the heart of the capital, the symbolic venue for the free voice of Indian democracy, was kept out of bounds for them. An all-out effort was made to smother the voice of free Tibet in

the world's largest democracy.

We have increasingly started behaving like the Nepalese authorities who, under Chinese pressure, have been tightening up members of the Tibetan community saying that it will not tolerate any 'anti-China activities'. But why are we repeatedly going to such extremes in trying to silence the expressions of the dream of a free Tibet? Who are we trying to please? A neighbour who, in any case, never counts us as equal in aspiration and capability and who respects nothing save, as Dean Acheson, Truman's Secretary of State once re-

marked "situations of strength"?

We seem to erroneously stick to the line prescribed by KM Panikar, Indian Ambassador to Beijing during the Nehruvian era; "Shown consideration and friendship, Communist China will turn out to be a bulwark of peace in Asia." The situation today is just the opposite, as Gordon Chang, long-time China-watcher says, "The less the Chinese exhibited desire to engage us, the more we felt the need to engage them. It is evident from Beijing's recent actions that the old approach toward China is not working. If we do not begin to change our policies, our indulgence may end up creating the very thing we have desperately sought to avoid: an incurably aggressive Chinese state."

It was indeed a great faux pas of Indian diplomacy to prevent the UN Security Council from raising the Tibet issue in November 1950 and from preventing a vote on the matter. On November 24, the UNSC voted unanimously to postpone consideration of the Tibet problem on the advice of the Indian representative BN Rau who naively indicated that his Government's note from 'Peiping' pointed out that "hope still exists for peaceful settlement." The US in-



tended putting the issue to vote but for the intervention of Rau who in a 'pre-meeting discussion' with the US representative, informed him that the Chinese have displayed willingness to negotiate and that their "advance has not been beyond boundaries of China and Tibet, as CCP understands them." The issue, argued Rau, would be most "effectively negotiated on bilateral basis outside the UN". We thus lost one of the best opportunities to corner the fledgling PRC.

Intriguingly, it appears Girija Shankar Bajpai, then Secretary General in the MEA, was not taken into confidence on this entire move by Rau. Bajpai is said to have "expressed astonishment at the information" attributed by Rau to the Government of India. Describing Bajpai's surprise, the then US Ambassador to India, in his telegram dated November 30, 1950, to the Secretary of State, wrote: "Presumably Rau free-wheeling on [the] basis [of] his own interpretation [of the] final paragraph of the note ... Bajpai openly suspicious and cynical re Peiping." Strangely, we allowed our imagination a free flow when dealing with the Chinese.

Are things any different today? It is indeed shameful to witness this ingratiating kowtowing by the Indian Government. For fear of a backlash, we dare not differentiate between an 'incident' and an 'incursion' – we simply did not discuss that angle. I am not even discussing our inability to use the Tibet-Taiwan-Japan triangle to gain diplomatic leverage. We keep moaning about the use of Pakistan by the Chinese but we never display the gumption to silently draw and consolidate the alternate trian-

gle, the image of which even now unsettles Beijing. In fact we have become so used to receiving homilies that we see that as the usual way of world diplomacy.

Interestingly, barring a few China lobbyists in Delhi and KM Pannikar and his mentor, the Prime Minister and Foreign Minister combined; most of our stalwarts spoke freely and openly about the rights of Tibet and Tibetans. They had rightly gauged the situation. It would be interesting to run through some of the positions on Tibet that our non-Nehruvian leaders took during the early days of the crisis and later.

To start with a brief re-run from Sardar Patel's famous note of November 7, 1950 would be relevant. Unlike the fashionable Foreign Minister, Patel, as his wont, was direct in perceiving the reality and the future when he wrote: "The Chinese Government have tried to delude us by professions of peaceful intentions ... The final action of the Chinese, in my judgement, is little short of perfidy. The tragedy of it is that the Tibetans put faith in us; they chose to be guided by us; and we have been unable to get them out of the meshes of Chinese diplomacy or Chinese malevolence."

Commenting on the Chinese reaction to India's protest "against the entry of Chinese forces in Tibet" Patel wrote that it was an act of "gross discourtesy not only in the summary way it disposes of our protest ... but also in the wild insinuation that our attitude is determined by foreign influences. It looks at though it is not a friend speaking in that language but a potential enemy."

Referring to the disappear-

Most of our stalwarts spoke freely and openly about the rights of Tibet & Tibetans.

ance of the Tibetan buffer, Patel presciently observed, "Recent and bitter history tells us that Communism is no shield against imperialism and that Communists are as good or as bad Imperialists as any other. Chinese ambitions in this respect not only cover the Himalayan slopes on our side but also include important parts of Assam." Our then widely travelled and articulate Prime Minister, of course, did not read the issue along these lines. Patel's requested meeting to discuss the Chinese issue did not take place, as K.M. Munshi, then member of the cabinet notes, "to my knowledge the meeting suggested by Sardar did not take place. Comment is hardly necessary."

Rajendra Prasad, whom Nehru perpetually considered obscurantist and not suited to the "high office of the President of India" and whom he repeatedly sidelined in national affairs, was equally forthright on the Tibetan issue. From the confines of the modest Sadakat Ashram, Prasad wrote to Sri Prakasa on November 18 1962, a day before the Chinese declared the ceasefire, that in the matter of Tibet, "we acted not only un-chivalrously but even against our own interest in not maintaining the position of a buffer state for it and thus exposing a frontier of about 2,500 miles to the Chinese ... I have very strong feelings about it. I feel that

the blood of Tibet is on our head and we must do prayaschit which is already being forced on us ... But the Prime Minister does not like the name of Tibet to be mentioned even now and regards any mention of its liberation as “manifest nonsense.” No one suggests that we should march our armies into Tibet. But is there anything wrong in wishing well of Tibet?”

Equally forthright and incisive was another nationalist stalwart, who by 1950 was already forty years into retirement from public life. Sri Aurobindo, with deep insight had, like Patel, made a clear analysis of the situation around the same time as the latter drafted his note to the Prime Minister. Through the medium of a political-cultural fortnightly published by one of his disciples from Bombay, Sri Aurobindo formulated and approved of a scathing editorial condemning Chinese aggression of Tibet. Some of its sections remain as relevant to the situation today as they were then. It is worth revisiting some excerpts reflective of his position.

Regarding Tibet’s desire to be free and India’s attitude, the editorial noted: “Even had Tibet once been altogether under China’s thumb, the unmistakable desire she has evidenced throughout her history to be independent should enlist India on her side as a champion of national freedom against past imperialist traditions. Unless we wish to put aside our conscience, stamp upon our ideals and become fawning lackeys of Mao Tse-tung we must confront in no uncertain terms the red invasion of Tibet. Terms like “surprise” and “regret” are not manly enough: at least they do not befit a great spiritual nation.”

Commenting on India’s Chi-

***Sri Aurobindo
formulated and
approved of a
scathing editorial
condemning
Chinese aggression
of Tibet.***

na policy, the editorial was quite frank when it said: “It is an elementary fact of world politics that India persistently goes out of her way to make a fool of her herself over Red China.” Our present leaders have not stopped making a fool of themselves when it comes to China. Displaying remarkable prescience on the future designs of the Chinese, Sri Aurobindo’s editorial argued that the “basic significance of Mao’s Tibetan adventure [was] to advance China’s frontiers right down to India and stand poised there to strike at the right moment and with the right strategy ... We must burn it into our minds that the primary motive of Mao’s attack on Tibet is to threaten India as soon as possible.”

With the gobbling of Tibet by the Chinese, Sri Aurobindo clearly saw the advancement of both the “military and ideological frontiers with regard to India.” With Tibet in China, “we shall have Mao touching Kashmir, Uttar Pradesh, Nepal, Sikkim, Bhutan and Assam. Our physical frontiers with China will lengthen by hundreds of miles. Ideologically, infiltration will increase enormously. An independent Tibet was the best physical barrier for the Indian mind” and its loss would open India to hostile northern winds.

Calling for taking courage in both hands and standing by the Tibetan people, the editorial supported the Tibetan suggestion that India refer the invasion issue to the Security Council, “The suggestion is sound and we should carry it out immediately.” The sage had no illusions, unlike Rau, of Chinese protestations of friendship and moderation.

But the editorial was most categorical when calling for resisting Chinese aggression in Tibet, calling upon the Government of India to display its democratic spirit and intention: “There is hardly an Indian anywhere who doubts the right of the Tibetan people to autonomy. The logical implication of this right is the utter wrongness on the part of another country to carry on military operations against Tibet. Such operations would be a case of clear aggression and must be resolutely opposed by us not only with words but also deeds. That is the view of every thinking Indian who has not surrendered his mind to Communism. If our Government fails to reflect and express this view in toto, there is certainly something amiss with its capacity of being representative and of straightforward thought and of democratic intention.”

There continues to be something amiss even today, this Government, in its handling of the recent Chinese incursion has failed to display resoluteness and by smothering the voices of free Tibet has failed to reflect its “democratic intention.”

Our stalwarts were clear on the Tibet issue and on the way forward in handling China, but their voices have always fallen on deaf ears and we continue to pay a heavy price. □□

Fundamental Reform of Pak Economy



The basic crisis of Pakistan is the feudal control of economy and corruption. Both Sharif and Zardari belong to the dominant feudal families and do not have a policy of allowing the energy of the youth to come to the fore. The people of Pakistan need external support to throw off the shackles of feudalism, advocates **Dr Bharat Jhunjunwala**

For the first time in 65 years of history of Independent Pakistan a new Government has been elected under the leadership of Nawaz Sharif with the previous one having completed its full term of five years under the leadership of Asif Ali Zardari. Sharif has put revival of the economy as his core priority. But this rings hollow in absence of a clear prognosis. The basic problem of Pakistan economy is that the national resources—land and capital—have been wholly captured by a small coterie of feudal-landlord families. The people have been left outside the march of economy. They are restive. They see the world marching ahead while Pakistan is embroiled in conflicts and economic morass. The change of leadership may turn out to be like a palace revolution because neither of the two main players is focused on solving the twin problems of feudal setup and corruption.

A rigid feudal system prevails in the countryside. A report in the New York Times had this to say: “The extraordinary inequities in Pakistan seem not only unjust but also an impediment to both economic growth and national consensus... in remote areas you periodically run into vast estates — comparable to medieval Europe



—in which the landowner runs the town, perhaps operates a private prison in which enemies are placed, and sometimes pretty much enslaves local people through debt bondage, generation after generation... (This) lack of compassion for ordinary people seems to create space for Islamic extremists.” The landlords get elected as MPs and, instead of paying taxes on their vast estates, further rip off the state of scarce revenues. This feudal system prevails in the field of education as well. There are top notch English medium schools for the elite while the common man has to send his child to government schools where teachers do not bother to show up. The people are deprived both of respectable live-

lihood as well as chances of progress.

The Zamindari system, thanks to socialist-minded Nehru, had been abolished in India in 1956. Land reforms were also implemented even if half-heartedly. Landless have got a plot to build their hut in which they can survive without the oppressive dependence on landlords even if they have not got cultivable land. Nothing like this happened in Pakistan. In fact, the small attempts at land reforms were reversed. Land reform was high on the national agenda as in India in the first three decades of Independence. Then Zia created religious Sharia courts. This court issued a verdict that land reform was un-Islamic. The

peasants were subsequently forced to give up lands acquired under land reforms. There has been no progress on this front since then. Sharif and Zardari have both remained silent.

Pak economy is controlled by a Grand Feudal Alliance. Nehru had put private businesses on the leash by declaring that commanding heights of the economy will be held by the public sector. Subsequently Indira Gandhi had gone on a spree of nationalizations. That policy may have proven unsuccessful but it sent a clear message—the businesses were second to the larger interests of the people. Such was not the case in Pakistan. Feudal landlords rule the countryside and trade and industry are controlled by a small coterie of few business houses. The Pakistan army extended support to this Feudal-Business Alliance. America also propped up this Alliance. That country had its own agenda against Taliban in Afghanistan and a resurgent India. But people of Pakistan were generally pro-Taliban. America, therefore, supported this Feudal Alliance to push its anti-Taliban agenda despite public consensus to the contrary. This led to a disjoint between the rulers and the people. The people's energy was directed towards religious fundamentalism and did not get channelized into productive economic activities.

The army has regularly created scare of 'India's designs on Pakistan' to distract attention of the people from their domestic woes. This anti-India harangue has helped build a consensus in favour of large defense expenditures, the beneficiaries of which are the top army brass. This has left little revenue for investment in education, technolo-

gy, highways, railways and other infrastructure necessary for the exploitation of the country's vast natural and human resources. Limited spread of education has prevented development of grassroots entrepreneurship.

Musharraf tried to solve this problem by seeking more foreign assistance. The events of 9/11 created a willingness in the United States to provide financial support to Pakistan. Musharraf opened the economy to foreign investment. But this came mainly in the speculative service sectors such as real estate and not in the productive sector such as software parks and steel mills. In result, the respectable rate of growth of 7 percent achieved under him proved to be a bubble. Musharraf also opened the Pakistan economy for American companies. The fourth member was thus co-opted in the Grand Alliance of Landlords, Industrialists and the Army—the American Multinationals.

Asif Ali Zardari took over the reins of the country in this circumstance. He is widely perceived to be hugely corrupt. He was known as 'Mr 10 percent' during the two times that his wife Benazir was the Prime Minister. He used to demand 10 percent cut in all government contracts. A Balance of Payments crisis soon confronted him. He sought assistance from China and Saudi Arabia but both declined it seems because they perceived him as unreliable. Zardari was forced to approach the IMF which granted loan on the condition that tax collection regime will be reformed and Public Sector Undertakings will be privatized. Two years later one of his pro-reforms alliance partners parted ways. Zardari

Neither Sharif, Zardari nor the Army is interested in solving feudal control of economy and corruption.

could no longer push the reforms dictated by the IMF. Subsequently the IMF did not disburse the remaining loan.

Neither Sharif, Zardari nor the Army is interested in solving the twin problems of feudal control of economy and corruption. Both Sharif and Zardari belong to the dominant feudal families. They do not have a policy of allowing the bubbling energy of the youth to come to the fore—as Pramod Mahajan had done for the IT sector in India. The people of Pakistan need external support to throw off the shackles of feudalism. India must make an aggressive pro-people policy in this regard. We must overtly and covertly support anti-feudal movements in Pakistan just as we did in supporting Sheikh Mujib in Bangladesh. In absence of such support, Pakistan is likely to prod along in its present shaky condition anti-India venom will continue to be spurted by the Feudal Alliance to distract the attention of the people from the injustice perpetrated by the rulers. We will be able to establish peace with our neighbour only when the people of Pakistan get focused on their economic development and India fades into the background. India must be the doctor who performs the surgery of the decadent Pakistan society. □□

FDI Calls for another Freedom Movement in India

FDI in retail, pension, insurance, airlines, broadcasting and other service sectors is noxious for us. It is not only economically disadvantageous to the people of the country, but is also a grave threat to the political sovereignty of the nation, believes Dr Dhirendra Nanda

It is unfortunate to say that, a democratic Govt in India is insensitive to the welfare of the general public. The UPA Govt at the center has decided 51% Foreign Direct Investment (FDI) in the multi brand retail sector & 100% in single brand retail sector. Permission has been given for foreign direct investment i.e. 49% in pension, insurance, airlines and 74% in broadcasting. It is needless to say that, the capital has been withdrawn from NALCO 12.15%, Oil India 10%, Hindustan Copper Limited 9.59%, MSTC 9.33%. For the last three years our economy is getting weaker day by day and the rate of economic development is lowering down. Three years back the rate of economic growth was 9%, but now it has come to the level of 5.5%. It has affected the farmers, labourers and poor people of our country just like showing elephant to the blind man. Govt shouldn't claim to be patriotic ignoring the welfare of the masses.

The foreign investment will incur huge profit in the retail sector. The foreign companies like Walmart, Tesco, Corefire, Prudential financial have been trying to enter Indian market since 2002. A few days back American President Barak Obama has openly declared for more investment in India.

Showing allegiance to America, the Manmohan Singh Govt has allowed 51% FDI in the multibrand retail sector and 100% in single brand retail sector. The intention of FDI is to make huge profit. In other words profit means exploitation and cheating. Whether it is East India Company, POSCO, Vedant or Reliance, their sole object is to incur profit. The reality is that crores of people earn their livelihood from the retail sector.

The foreign investors are snatching away the earnings of the poor masses. The Walmart has spread its tentacles all over the world and preparing the market in India. In the initial stage the company will purchase things in higher rate from the locality and sell those things in lower price. Thus gradually monopolising on the market this will lead to competition and in due course of time the retail business sector will be eliminated and FDI monopolising leading to arbitrary price rise and exploitation. The commercial expenses of the foreign companies include their House rent, Air Condition charge, Transportation expenses, Advertisement expenses, Price of damaged articles, the bank interest etc. all these will have to be borne by the customers. As a result about four crores of retail

businessmen will lose their livelihood affecting 20 crores of families. The products of our own country will be costlier. The local inhabitants will not get any chance to rise and will be the victim of exploitation and cheating.

In India 65% people earn their livelihood from agriculture. Almost 80% people are small farmers having less than 2 acres of land. Agriculture provides work force and next to it is the retail sector. India is an agricultural country where farmers, producers and the people below poverty line will be exploited. The local farmers will incur losses and this will affect their rights to farming. The foreign companies are interested in farm cultivation. As a result thousands of cultivable land will go to their hands. They will use genetically modified seed and our original seed will disappear. It will lead to unemployment problem and many people will be indulging in antisocial activities. As per the view of the central Govt the farmers will make a profit by FDI and the customer will purchase things at lower price and many people will get income. In other words this means the foreign companies will develop our country instead of the Govt. The central Govt is unable to bring about the development of

the farmers and intends to do the same by FDI which is ridiculous.

The Govt argues that FDI in retail will create avenues for cold storage of vegetables, fruits, fishes, eggs, milk etc. which will prosper our country. It is reported that the wet market is only 9% of the total retail business. The average wastage in wet market is 15 - 20% which is 1.8% (20% of 9) of the total business. So to check 1.8% wastage it is unjustified to give the entire retail market to foreign hands. The Annual budget of our country for farmers is about 15 Lac Crores. It is surprising why the Govt is unable to spend 7867 crores for cold storage. But it is unimaginable how much wastage will be made in the name of quality by rejecting our products of local farmers. The Govt is involved in corruption such as 1,75,000 crores of 2G spectrum scam, 1,83,000 crores of Coal-gate scam. The Govt has no intention to open cold storage all over the country to check such huge wastage.

Now the Govt has permitted FDI in retail in 53 cities having a population of 10 lacs and above. But we should know that about 65% retail business takes place in these 53 cities. After conducting business for some years the foreign companies will lure the Govt and ensure their influence on all small and big cities of our country. For example those countries adopting FDI in retail have been ruined. It is very surprising to note that whereas the Americans have fiercely opposed Walmart our Indian Govt has welcomed it. In the June 2012 ten thousand people of Los Angeles have congregated and opposed Walmart attributing Walmart the

cause of their poverty. The economist of the New York city university has stated in their report that incoming of Walmart has increased unemployment, ruined small shops, weakened the middle class and annihilated the economic system of the city.

The area of the walmart supermarket shop is around 1,08,000 sq.ft. and in each shop 225 workers are engaged. So one multi-brand shop is equal to 1300 Indians shops. That means 225 will be engaged instead of 3675 employees. As a result the Walmart will conduct business engaging only 1 or 2 lacs of servants on the other hand our retail businessman will be forced to cease their livelihood. Moreover the small and medium industries will be severely affected. The weak economic policy of our Govt will pave the way for Walmart endangering the future of crores of Indians.

The Govt should not dream the prosperity of the country on account of FDI because the owners are foreigners. Allowing FDI in retail may be an epoch making decision for the central Govt. It is futile to bring a remarkable change and opportunities by foreign hands. Besides in a welfare state, the coalition Govt without consulting the coalition partners should not execute such an insane decision which is not acceptable. The prime minister's speech disrespects the hopes and arguments of the opposition leaders which is a Jolt to the democratic setup. Apart from these, it is dangerous that the leaders are tolerating such an undemocratic consideration for their vested interests. What the general public of our country expects from such leaders who are involved in dirty

politics. It is evident that the false vision of our politicians is the main impediment in the development of the country. These leaders have ignored the interests of the public.

It is reported in the English daily The New Indian Express in 25th July 2007 that the foreign DOW medicine company has bribed 1000 crores to our Indian bureaucracy in order to sell its pesticide. Surprisingly the central Govt could not take any action on it. Therefore it could be imagined that the company which gives donation worth of crores of dollars to American Govt is able to capture the Indian market spending thousands of crores to get permission to conduct their business.

The 'Mall' culture has tremendously increased consumerism for which the saving mentality and saving capital will become lower and lower. As a result the original indigenous company of our country will collapse instead of growth. The assistance of FDI for reconstitution of rural and town areas should be banned and the inflow of foreign money should be balanced along with export and import which will check the devaluation of money freeing the country from the economic catastrophe. It is clear that FDI is poisonous for us in retail business, pension, insurance, airlines, broadcasting and other service sectors. It is not only detrimental to the people of the country, but brings about the downfall of the Govt. The foreigners will again rule our country and future generation will be compelled to fight for another freedom struggle of India. There is no doubt about it. □□

Dr. Dharendra Nanda, Khordha, Odisha,
e-mail- dr.dhirendra.nanda@gmail.com

India, US seek elimination of terror havens

India and the US have called upon all nations - without naming any country - to take effective steps to work toward eliminating sanctuaries and infrastructure that supports terrorism and to increase efforts to counter violent extremism. The call was made in a joint communique issued after the Second US-India Homeland Security Dialogue co-

chaired by Indian Home Minister Sushil Kumar Shinde and US secretary of homeland security Janet Napolitano. The communique reaffirmed the two nations' own "commitment to, and importance of, bilateral homeland security cooperation on common challenges faced such as terrorism, and countering violent extremism." □

Import tariff value of gold cut

In the wake of falling global prices of precious metals, the govt further slashed the import tariff value of gold to USD 440 per ten grams, while it has been kept unchanged at USD 761 per kg for silver imports. Tariff value is the base price on which the customs duty is determined to prevent under-invoicing. Government has reduced the import tariff value of gold keeping in view the weak global prices of precious metals.

India, the world's largest gold consumers, is estimated to have imported 215 tonnes of yellow metal in January-March period of this year. The demand for gold is expected to be robust in the coming months, as per the World Gold Council.

CCI looking into Jet-Etihad deal

Fair trade regulator Competition Commission is examining the over Rs 2,000-crore deal between leading carrier Jet Airways and Abu Dhabi-based Etihad Airways. The Competition Commission of India (CCI) has received an application seeking approval for the proposed Jet-Etihad transaction. Forging a strategic alliance, Jet Airways has decided to sell 24 percent stake to Etihad Airways for about Rs 2,058 crore. The deal would mark the first investment by a foreign carrier in an Indian airline since the change in FDI policy.

Most of the merger and acquisition deals require approval from the Commission, which keeps a tab on anti-competitive practices in the market place. Under the proposed deal, Jet Airways would offload sell 27.26 million shares in a preferential offer to Etihad at Rs 754.74 a piece.

Sibal scraps Ashwani's order

In less than 24 hours of taking over the additional charge of Law Ministry, Kapil Sibal reversed the decision of his predecessor Ashwani Kumar and initiated a move for a conciliatory out-of-court settle-

ment with British telecom major Vodafone in a Rs11,000 crore tax dispute. Attorney General GE Vahanvati prepared the way for reversal of Ashwani Kumar's decision. Interestingly, when Ashwani Kumar rejected the Finance Ministry's proposal for conciliation with Vodafone, Vahanvati had advised against a compromise (with Vodafone).

Kumar had opposed conciliation, as proposed by Vodafone, saying the Executive cannot overturn an Act of Parliament. The AG had then concurred with Kumar's view. It is learnt that soon after taking over as Law Minister, Sibal sought the fresh opinion of the AG, who gave a nod for conciliation of the tax dispute as was proposed by Vodafone. Vahanvati has reportedly defended his new position claiming it was based on Finance Minister P Chidambaram's clarification at meeting with the Revenue Secretary and the Chairperson of the Central Board of Direct Taxes (CBDT) that the conciliation proposal would not bypass or alter the tax liability under the Income Tax Act.

Growth falls to decade low of 5%

Pulled down by poor performance of farm, manufacturing and mining sectors, economic growth slowed to 4.8 per cent in the January-March quarter and fell to a decade's low of 5 per cent for the entire 2012-13 fiscal. The economic growth or gross domestic product (GDP) had expanded by 5.1 per cent in January-March quarter of last fiscal. Economy had grown at 4 per cent in 2002-03.

India's economic growth was at 6.2 per cent for the 2011-12 fiscal. It had grown by 5.4 per cent, 5.2 per cent and 4.7 per cent in the first, second and third quarters, respectively, of 2012-13, according to data released by the Central Statistical Organisation (CSO).

In January-March quarter of 2012-13, manufacturing sector grew marginally by 2.6 per cent, against 0.1 per cent growth in the same period of the earlier fiscal. During 2012-13, the sector under review grew by a meagre one per cent compared to 2.7 per cent in

Dogs, trees & chairs have Aadhaar

In comical slip-ups in the Aadhaar card enrolment process, some cards have ended up with pictures of an empty chair, a tree or a dog instead of the actual applicants. Acknowledging slip-ups in the Aadhaar enrolment process, UIDAI deputy director general Ashok Dalwai told TOI there have been cases where an operator's fingerprints had been registered instead of the applicant's. "This could have happened while the operator was guid-

ing the applicant on where and how to put his finger during data enrolment," he said.

"We have four attempts in which the right data has to be fed into the system. In some cases, the operators have registered their own fingerprints by mistake," he added.

In such cases, Aadhaar enrolment is rejected and the applicant informed about the rejection. Such applicants have to undergo fresh enrolment. □

the previous fiscal. Mining and quarrying sector contracted by 3.1 per cent during the fourth quarter of last fiscal, as against growth of 5.2 per cent in output in the same period of 2011-12. The contraction in mining sector remained unchanged at 0.6 per cent in 2012-13 over the previous fiscal.

Farm sector output expanded by just 1.4 per cent in January-March this year, as against 2 per cent in the same quarter of 2011-12. The agriculture sector also grew at a slower rate of just 1.9 per cent in 2012-13 compared to 3.6 per cent in 2011-12.

India and Thailand sign extradition treaty

India and Thailand signed an extradition treaty and other important agreements, at the conclusion of talks between Prime Minister Manmohan Singh and his Thai counterpart Yingluck Shinawatra. The Extradition Treaty provides a legal framework for seeking extradition of fugitive offenders, including those involved in terrorism, transnational crimes and economic offences. A MoU was also signed between Financial Intelligence Unit, India, and Anti Money Laundering Organisation, Thailand, on Cooperation in the exchange of Intelligence related to Money Laundering and Terrorism Financing.

The MoU will facilitate cooperation in the investigation of persons suspected of money laundering, and criminal activity related to this practice and terrorism financing. National Security Advisor Shivshankar Menon, Pulok Chatterjee, Principal Secretary to Prime Minister, Foreign Secretary Ranjan Mathai and other senior officials are accompanying Dr Singh.

PM Manmohan Singh also gifted sapling of sacred Bodhi Tree as a symbol of the shared cultural heritage to Thai King Bhumibol Adulyadej during his visit to Thailand, symbolising the blossoming bilateral ties. The Bodhi Tree at the Mahabodhi Temple in Bodhgaya, Bihar, is the exact place where Prince Sid-

dhartha attained enlightenment 2,600 years ago and became the Lord Buddha.

DRDO to focus on low-intensity warfare

The Defence Research and Development Organization (DRDO) appears to have big plans to arm the defence forces to tackle low-intensity conflicts. During an interaction with the media, Avinash Chander, who took over as DRDO chief recently, said that while it was important to be ready for conventional war, handling of unconventional warfare and low-intensity conflicts was assuming increasing significance. "Low-intensity conflicts have many unique features. These conflicts do not follow any given set of rules. Nor do they have a predefined theatre, boundaries or limits. Handling of such conflicts necessitates evolution of tailor-made technology solutions," Avinash Chander said.

One of these is development of radars that can sense through foliage or detect buried objects or get information behind walls, the DRDO director general said, adding that a wide range of sensors providing day and night vision assistance have potential applications for low-intensity conflicts.

Prasar Bharati to expand TV services

Viewers in ten cities across the country including the four metros will soon be able to watch Doordarshan and nineteen other channels offered by Prasar Bharati on their smartphone, tablet or laptop for free.

An official source said that the national broadcaster has charted out an aggressive plan to expand the range of its mobile TV services to at least 40 major cities and the services are likely to start in the first ten cities before the end of this year. He said the technology to be used now would be Digital Video Broadcast - terrestrial, DVB-T2 which can take high quality signals in a radius of 90 kilometres. □□

Chinese hackers access major weapons systems: Report

Chinese hackers have gained access to designs of more than two dozen major US weapons systems, a US report said, as Australian media said Chinese hackers had stolen the blueprints for Australia's new spy headquarters.

Citing a report prepared for the defense department by the Defense Science Board, the Washington Post said the compromised US designs included those for combat aircraft and ships, as well as missile defenses vital for Europe, Asia and the Gulf.

Among the weapons listed in the report were the advanced Patriot missile system, the Navy's Aegis ballistic missile defense systems, the F/A-18 fighter jet, the V-22 Osprey, the Black Hawk helicopter and the F-35 Joint Strike Fighter.

The report did not specify the extent or time

of the cyber-thefts or indicate if they involved computer networks of the US government, contractors or subcontractors.

But the espionage would give China knowledge that could be exploited in a conflict, such as the ability to knock out communications and corrupting data, the Post said. It also could speed China's development of its defense technology.

In Australia, a news report said hackers linked to China stole the floor plans of a A\$630 million headquarters for the Australia Security Intelligence Organization, the country's domestic spy agency. The attack through the computers of a construction contractor exposed not only building layouts, but also the location of communication and computer networks, it said. China dismissed the report as groundless. □

UN: End extreme poverty by 2030

A high-level UN panel is recommending ambitious plan to tackle the world's major challenges from climate change to equality for women and good government, with a key goal of ending extreme poverty everywhere by 2030. The 27-member panel, co-chaired by the leaders of Indonesia, Liberia and Britain, delivered the report to UN Secretary-General Ban Ki-moon on Friday, calling it a "bold and practical" proposal with 12 goals.

"Our vision and our responsibility are to end extreme poverty in all its forms in the context of sustainable development and to have in place the building blocks of sustained prosperity for all," the panel said. Ban appointed the panel to recommend a new development agenda after the UN Millennium Development Goals to combat poverty expire in 2015.

Chair for Hindi at Thai Varsity

With an aim to further accelerate people-to-people contacts with Thailand, India will set up a chair for Hindi at Thammasat University, which will offer a BA programme in Indian Studies.

In a joint statement issued by PM Manmohan Singh and Thai counterpart Yingluck Shinawatra, both sides noted with "satisfaction the contribution of the ICCR Chair for Sanskrit Studies at Silpakorn University and welcomed the decision to establish an ICCR Chair for Hindi at Thammasat University".

Established in 1934, Thammasat University here

is Thailand's second oldest seat of higher education.

The two PMs, recognising the significance of educational collaboration, also agreed to promote more student exchanges at all levels and expressed interest in further enhancing mobility and exchange of students between India and Thailand, the statement said.

China to aid project in PoK

Notwithstanding India's concerns, China has agreed to provide Pakistan USD 448 million for the Neelum-Jhelum hydropower project, currently underway in Pakistan-occupied Kashmir (PoK), work on which had slowed down due to a financial crunch.

International bodies had refused to fund the 969-MW project, being built on the Neelum river in PoK, as it is located in the disputed region of Kashmir. India had flagged its concerns regarding Chinese activities in PoK during China's Premier Li Keqiang's visit to New Delhi last week.

The agreement with the state-run Export-Import Bank of China is a "significant development in efforts to secure requisite financial resources for the remaining works" of the project, according to sources.

US drone strike kills Pakistan Taliban

At least six suspected militants were killed in a US drone strike in Pakistan's lawless North Waziristan tribal region, amid reports that Taliban's No. 2 commander in the country, Waliur Rehman, was among

Pakistan major player in Afghanistan

Pakistan is and will remain a major player in the final outcome in Afghanistan, an American think-tank has said, asserting that economic incentives can be given to Islamabad if it takes steps to restrain the Taliban operating from sanctuaries on its soil.

“The truth is still this: Pakistan is, and will remain, a major player in the final outcome in Afghanistan, and Washington’s approach in this situation should be to continue to work on interpersonal relationships among key leaders, as well as

coordination and cooperation along borders where enemies of one country or the other often cross,” a Center for a New American Security (CNAS) report has said.

In the report, authored by two former top defense officials of the Obama administration, the CNAS calls for providing incentives to Pakistan, like free trade accord or aid for a regional energy sector, provided Islamabad restrains the activities of the Taliban within its territory.

those dead.

The CIA-operated spy plane targeted a house in Chashma Pul area of Miranshah, the main town of North Waziristan Agency, a stronghold of Taliban and Al-Qaeda-linked militants on the Afghan border.

This was the first missile strike in Pakistan since the landmark May 11 general election and the announcement of a new policy for the use of drones by President Barack Obama last week. At least six suspected militants were killed instantly and two others injured, news channels quoted officials as saying.

Local residents said several drones were seen hovering over the area after the attack. The Foreign Office reacted strongly to the attack and a brief statement issued by spokesman Aizaz Ahmad Chaudhry said the Pakistan Government had “serious concerns” over the US drone attack in North Waziristan.

Argentina vs EU on biodiesel

Argentina notified the WTO Secretariat, on 15 May 2013, of a request for consultations with the European Union on measures imposed by the EU and/or its member states that affect the importation and marketing of biodiesel as well as measures supporting the biodiesel industry.

Argentina refers to measures applied by the EU for the promotion of the use of energy from renewable sources and the introduction of a mechanism to control and reduce greenhouse gas emissions as well as measures for their implementation at the level of the member states of the EU. It also refers to the establishment of support schemes for the biodiesel sector in the EU.

According to Argentina, the measures violate, among other things, several provisions of GATT 1994 regarding non-discrimination, the Agreement on Sub-

sidies and Countervailing Measures, the Trade Related Investment Measures Agreement, and the Agreement on Technical Barriers to Trade.

India subject to violent Terror Strikes

Although there has been a 25 per cent drop in the number of those killed in terror strikes in India last year, the country remains subject to violent terrorist attacks with persistent targeting from the likes of Lashkar-e-Tayyeba, says a US State Department report on terrorism worldwide.

It points to LeT and its leader Hafiz Saeed’s continuing calls for violent attacks against India even while New Delhi and Islamabad have attempted to lower tensions in their bilateral relationship through dialogue, reduced trade restrictions and some visa relaxations.

According to the South Asia Terrorism Portal, 805 people were killed in terrorist attacks in India in 2012. The figure includes 364 deaths attributed to left-wing extremism, mostly Naxalite violence.

Canada loses WTO appeal

Canada lost an appeal at the World Trade Organization in a ruling on incentives offered to local companies, a case that has already led to legal challenges over suspicions of similar perks elsewhere.

Japan and the European Union brought the case over a scheme intended to promote renewable energy in the province of Ontario. It offered above-market prices for electricity supplied by renewable energy companies but only offered the premium to firms who bought most of their equipment locally.

Monday’s appeal decision revised some of a December ruling in which the Japan and the EU had won most of the case. But it left in place the key finding that Ontario’s incentives were illegal because they discriminated against foreign firms. □□

WTO Chooses New Chief

Brazilian diplomat Roberto Carvalho de Azevêdo was named the new director general of the WTO with broad support from the developing world, beating out his Mexican rival Herminio Blanco, who was backed by the industrialised nations.

Azevedo's formal appointment on May 14 was seen as a breath of fresh air in the rarefied climate which has numbed the WTO – headed over the last eight years by French economist Pascal Lamy – for at least a decade. Azevedo has avoided making clear statements on the WTO's future because he is merely director general-designate until September. However, in an acknowledgement of the difficulties facing the negotiations in Bali, the Brazilian diplomat warned that if the meeting is “not successful, it will make the road a lot more difficult ahead.

“We need to move the WTO from where we are today to an organisation that is again meaningful, that again delivers negotiated outcomes that the world hopes and expects from us.”

India to phase out textile export sops

Pressure is mounting on India at WTO to cut subsidies and incentives given to its textiles sector. The European Union and Japan have joined hands with the US and Turkey to demand that India stop giving fresh subsidies and gradually phase out the existing ones.

India, however, maintains that many of the subsidies identified by the US and others are not subsidies and merely a reimbursement of input duties. It said before the phasing out happens, there has to be a common understanding on what the subsidies are.

The issue came up for discussion at a recent meeting of the WTO Committee on Subsidies and Countervailing Measures. In an indirect reference to the new package of incentives announced for exporters in the Foreign Trade Policy last month, the US said it was concerned about press reports on India providing new subsidies to its textile industry.

Textile export is important for India's economy as the sector is the largest job provider in the country. With the downturn in global trade reducing demand for exports, the Government has been providing several incentives to exporters. India's garments exports in 2012-13 declined 12.23 per cent to \$8.4 billion while exports of cotton yarn, fabrics and made-ups in-

creased 10 per cent to \$7.5 billion.

India studying WTO ruling against Ontario

The recent ruling by WTO against Ontario's domestic content requirements for renewable energy projects has worried India, as the country is defending a similar case filed by the US against it. However, it has not given up hopes of a favourable verdict, as the finer details of India's case are different. “Our situation is different from Ontario's.

In our case, production is for government procurement, which cannot be brought under WTO regulations. Besides, in Phase-II of the JNNSM, India proposes to divide the 750 MW capacity put on offer into two – some projects would mandate domestic content while some would be open to use imported products,” a senior official from the Ministry for New & Renewable Energy (MNRE) was quoted as saying by the Hindu Business Line newspaper.

The Commerce Department represents India at the WTO, and is analysing the details of the Ontario verdict. In February, the US filed a complaint against India's domestic content requirement in JNNSM with the Dispute Settlement Body of WTO.

Lamy urges further opening of Europe's services sector

Outgoing Director-General Pascal Lamy, in a speech at the European Business Summit in Brussels on 15 May 2013, said that “a big part of the answer to improving European competitiveness lies in a greater and better leveraging of Europe's comparative advantage: the size of its internal market”. He added that “a further effort in opening up the services sector in Europe would go a long way in improving European competitiveness”.

He said that Economic hardship in Europe remains and unemployment is the single largest concern across Europe. The key to maintaining Europe's place in the world economy has a lot to do with improving its competitiveness, especially at a time when the geography of the world economy is changing with the rise of emerging countries, he added. Job creation is largely the result of your own economic activities. It is only business that can create the much needed jobs. And for that stability and certainty, there are necessary pre-conditions, Lamy said. □□