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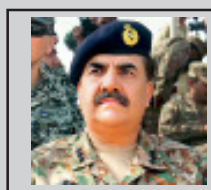
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Bumpy cosy club & Tarun Tejpal exposed

Tarun Tejpal the self proclaimed Hi Fi journalist, who was till other day preaching values to people, has suddenly found himself on the wrong side of the law. The incident involving former Tehelka chief and now disgraced Tarun Tejpal is a classic example of a deep-rooted malady that afflicts Indian society: The wide disparity between preaching and practising.

A biased torch-bearer of investigative journalism is now involved in a reprehensible crime. It is a reflection of Tejpal's moral character and his general attitude towards women. The incident has put a question mark on Tehlka's financial dealings also.

It is now clear that He has been immoral throughout. His general attitude towards women and his dubious financial dealings reflect this. It also shows how arrogant he is. He has been avoiding facing law of the land. In such circumstances, the law enforcement agencies should take immediate steps to stop the accused and his family from influencing the case. It is time that the self appointed guardians of morality and democratic values belonging to what is being called as cosy club and which consists of not more than 500 people are shown their worth. They may be movers and shakers in a corrupt and crony capitalist ruling dispensation but the new emerging India does not care a bit for them.

There are also some suggestions that the investigations must be handed over to CBI and case be transferred out of Goa, ruled by BJP. This in first place is admission of the guilt. Regardless of the high-profile nature of the person and the organisation involved, is this the kind of investigation that should seriously engage the attention of the country's premier investigative agency, even now caught in a crossfire between the Government and the Supreme Court in cases of a magnitude of the coal block allocation and the 2G Spectrum scams? Such puerile calls only add fuel to the fire of suspicion against the CBI and need to be condemned by the Government in strong terms.

– Satish Garg, *Saket, New Delhi*

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Quote-Unquote



Whether there are 100 states or one state, Bharath is a single country.

Mohan Bhagwat

RSS Chief



Remedy of all illnesses lies in yoga and healthy lifestyle. A country can only be healthy if its people are healthy.

Baba Ramdev

Yog Guru



My position is like the batsman in a cricket match who is asked to bat in a match where the umpire is totally biased. The umpire will raise the dreaded finger on any frivolous appeal by the fielding team.

Ashok Khemka

IAS Officer, who brought out questionable land deals of Robert Vadra.



We have given hockey step-motherly treatment. Cricket players are highly paid and treated like actors

Balbir Singh Sr

Hockey legend

Security threats to India Indigenisation is the way out

"Freedom comes from strength and self-reliance."— (Lisa Murkowski)

Addressing the combined commanders' conference on November 22 Prime Minister Dr. Manmohan Singh warned that India might have to trim its defence budget due to the economic slowdown over the last two years. The armed forces will have to exercise greater "prudence" and "cut our coat according to our cloth" in their defence acquisition plans, he added. India is facing multifarious challenges on the internal security front. India is an emerging economic power and therefore, security of our industrial infrastructure and coastal areas remains high on our agenda. As we move along the path of modernization, newer challenges emerge. Increased density and spread of internet connectivity has made us prone to sophisticated cybercrimes and cyber-attacks. Extensive networking of computer systems, particularly in sensitive areas has increased our vulnerability to such attempts from hostile elements. Even Prime Minister acknowledged "India must strive to develop" comprehensive national power "to tackle the challenges posed by the shift in global strategic focus towards the Asia-Pacific region, marked by jostling between the US and China, as well as the intense competition among nations in the security arena despite growing inter-dependence triggered by globalization. The National Security Council (NSC) Secretariat, the apex agency looking into the country's political, economic, energy and strategic security concerns, has warned against Chinese gear makers, especially Huawei and ZTE, and said that India must take steps to overhaul its domestic manufacturing capabilities to 'check, investigate and ultimately replace risks that come with foreign equipment. The demand for telecom equipment in India constituted 6.2% (Rs 76.940 crore) of the global demand (Rs 1,638,255 crore) in 2012-13, even as NSC pointed out that failure to initiate domestic manufacturing would force the country to import \$150 billion worth of equipment during the next ten years. This dependence on equipment imported from abroad raises inherent security concerns," it added. "According to UN data, China exported more than \$7 billion worth of telecommunication equipment and \$2 billion in computers to India in 2011 alone. This represented 55% of total imports in these two product categories. Standing Committee on Defence (2008-09) in its Thirty-third Report on the subject 'Indigenisation of Defence Production recorded "examination of the statistical data furnished to them, however, reveals that the extent of import content in production of various defence equipment by public sector defence production units continues to be substantially high. Undoubtedly, there is still heavy dependence on foreign suppliers and the goal of achieving self-reliance in such an important area as defence remains elusive despite a well-established network of the defence industries in the country. In the light of the rapidly changing global security environment and its implications on the national interests, the Committee strongly feel that the Ministry of Defence should expeditiously conceptualise the realities of the situation and contemplate concrete and result oriented steps from time to time to harness and integrate the vast potential of the increasing technical and manufacturing capabilities of both public and private sector industries in the country so as to minimise the dependence on foreign sources for defence procurement". Accordingly in the first ever Defence Production Policy (DPrP) declared in January 2011 aimed at creating conditions conducive for the private industries to play an active role to achieve the objective. The Defence Production Policy recognised that development of complex systems is a stage process with incremental changes progressing from Mk-1 and Mk-2 and so on. The policy, hence, envisaged an annual review of the progress made during the year in self-reliance. No such review has, however, been carried out so far. Consequently, there is no official assessment of the impact the policy has had on the process of self-reliance in defence since the policy was promulgated.

India is resilient and its ability to resurrect from every conceivable threats is well established; but troubled relationship with Pakistan, deteriorating and unpredictable relationship with China, unstable political climate in Nepal along with Maoist insurgency, mistrustful relationship with Bangladesh, civil-war ravaged and still-healing Sri Lanka, have rendered any fair estimation of Indian preparedness to deal with these security challenges an onerous task. It is time to act fast on indigenisation and ensure a secure India.

SJM Mobilising public opinion to Protect National Interest at Bali

SJM as a vigilant watch dog played its role with greater responsibility on the issue of forthcoming 9th Ministerial meeting of WTO being held in Bali Indonesia from December 3 to 6, 2013



Spreading awareness among the masses about the importance of Swadeshi as a way of life is an important aspect of Swadeshi Jagaran Manch (SJM). But SJM is also the premier platform to fight against economic imperialism. Fight against WTO and its role to promote economic imperialism of multinationals has remained most important plank of a forceful mobilization, with a vision and action plan like SJM.

SJM as a vigilant watch dog played its role with greater responsibility on the issue of forthcoming 9th Ministerial meeting of WTO being held in Bali Indonesia from December 3 to 6, 2013.

SJM passed a resolution in its working committee meeting in the month of August, 2013 warning government against the influence of USA and diluting its earlier

stand. This would be disastrous for not only agriculture and dairy sector, industry and service sector will also be badly affected due to dilution of government's stand, the resolution added. SJM also cautioned the government against reducing import tariffs on industrial products, and give commitment even beyond the commitment of developed countries. Multinational corporations baffled by the developments like issue of compulsory licenses by the Indian patent office and denying of patent to Novartis for its drug 'Glivec' are now making efforts through their respective governments to effect changes in Indian patent law in their favour, said SJM.

Swadeshi Jagran Manch expressed its firm belief that a government, which is at the verge of completing its term, does not have

any moral right to make any international agreement or make any commitment at any international forum. Therefore government should resist from making any agreement or commitment, which may create problems for the next government] it pointed out.

Later, Swadeshi Jagaran Manch organized an interactive talk on the issue of 9th Ministerial Conference of WTO being held in Bali Indonesia from December 3-6, 2013. Talk was a part of continuous efforts of SJM to debate the issues at stake in the multilateral World Trade Organisation. It was held in India International Centre New Delhi on 23rd of November. Prof. Bhagwati Prakash Sharma, National co-convenor of SJM & pro-Vice chancellor of Pacific University Udaipur and Dr. Sachin Chaturvedi, senior fellow RIS and a renowned expert on international trade and WTO issues were the key speakers.

Dr. Ashwani Mahajan national spokesperson of SJM and columnist conducted the stage. In his key note address Dr. Mahajan drew a brief background of WTO, GATT and the emergence of SJM as a popular mobilization against discriminatory trade body.

He recalled how issues under Agriculture, Services sector, IPR and investments were discussed

and sold as dreams to the people of poor and developing countries like India. Governments of developing countries were making tall promises to their people and making all types of agreements and future commitments that were totally detrimental to their interests. In case of India he recalled how quantitative restrictions were removed by claiming that balance of payment (BOP) situation has improved to comfortable levels. Our domestic markets were flooded with imported goods and in the process manufacturing sector got ruined.

He also cited the intervention by SJM through court cases that led to the defeat of MNCs

Aswani ji underlined the role played by SJM in thwarting several intended changes and mentioned Patent law amendment in particular. He said that it was due to efforts of organizations like SJM that section 3D was incorporated into the patent law which could later be used to issue compulsory licenses’.

Speaking on the occasion, Dr. Sachin Chaturvedi began with an anecdote of his experience with Rev. Dattopant Thengdi ji. Talking about clarity of thought and vision of Sh. Thengdi ji, Sachin recalled his questioning late Icon about his public stance against WTO, when there were certain aspects of the multilateral body that even Thengdi ji agreed were not harmful. Thengdi ji, he said, was clear that when it comes to speaking in a seminar or in private conversation with people with eye on details, a speaker can afford to talk about good and bad aspects of any deal or agreement. But when it comes to general public with limited exposure to the nuances of a complicated multilateral trade agreement



Our domestic markets are flooded with imported goods.

on international level a leader has to be specific and clear in explaining the subject in black and white.

Dr. Sachin drew this is a background to make his point about the confused nature of statements being made at present by the people at the helm of affairs with respect to India’s stand at forthcoming WTO ministerial meeting at Bali.

Referring to the oft repeated assertion by some people about so called emergence of south or developing countries, Sachin asked, does mere candidature for heading institutions like IMF, World Bank and or even selecting some one from south to lead WTO mean anything in reality? Has the south been able to change anything at international level? He even questioned the will of developing countries to effect the required changes and asked if any of the changes had benefitted developing countries particularly India.

Picking holes into the claims of growth as a result of globalization, Dr. Chaturvedi asked, “has the growth been inclusive creating jobs or has it been a jobless growth”? He further asked if India was able to protect its SMEs and was it able to produce and market its products. He also cited the ownership changes in pharmaceutical companies after globalisation. He also pointed out the ill effects of FTAs saying that units are closing as a re-

sult of these agreements.

He suggested reinterpretation of Swadeshi in this changing environment and stressed the need to involve people in the manner Rev. Thengdi ji came out on streets at that time and was successful in resisting the intended changes planned by the government of the day.

With regard to 9th Ministerial in Bali next month Dr. Sachin raised following points to underline the stakes for India along with other developing countries.

1. Doha round, the longest round of talks is still stuck. Development component of it is not being talked about by the developed world, he asserted.
2. He pointed out the “Take it all or leave it all” condition of WTO that was in voyage from the very beginning.
3. He also talked about ‘early harvest and trade facilitation agreement’. Speaking about Duty Free Quota Free Access (DFQF), learned speaker, cited the example of Nepal, a land locked country that has been provided trade facility through Bengal and said that almost 70% of goods meant for Nepal is diverted to our domestic market. This results in huge loss of revenue to the govt. He said that according an estimate India lost around 270 million US Dollar in this case during 2011-14 alone.

Memorandum submitted to Honb'l, Prime Minister Dr. Manmohan Singh cautioning the government against surrender to Developing nation in 9th Ministerial meeting of WTO being held in Bali Indonesia from December 3-6, 2013.

Experience of last two decades is very clear that WTO is disastrous for the world at large & India in particular. WTO was, is and will remain the part of the globalization designs to benefit multinational corporations by bringing about changes in the economic policy of developing countries including India. India today is facing the ill effects of these policies. The exchange rate of rupee with respect to dollar, which was Rs. 16 in 1991, has reached Rs. 65 per dollar today.

Common man is suffering from acute poverty, unemployment & inflation. Farmers are being compelled to commit suicide due to rising agriculture costs and un-remunerative price of agriculture produce. We are also falling neck deep into foreign debt trap. It is notable that India's foreign debt has increased from 224 billion dollars to 400 billion dollars between 2009 and 2013.

In this shadow 9th WTO Ministerial Conference is scheduled in Bali (Indonesia) between December 3 & 6, 2013. Swadeshi Jagaran Manch notes with deep regret that the upcoming Bali Ministerial of the WTO, as reports suggest, is yet again set to perpetuate the unfair, unbalanced and anti-development stance that the world body has institutionalized since its inception. In spite of the current Doha Development Round (DDR) which was expected to start after 4th WTO Ministerial Conference at Doha (Qatar) to enable developing countries to meet their key development targets by giving them special and differential treatment has almost stopped during the last 4 Ministerial Conferences of WTO due to adamant & unjust stand of developed countries, as they are refusing to do away with agricultural subsidies. the current negotiations reveal that the WTO is in no way more development-friendly than it was before 2001

when the Doha Development Agenda was agreed to.

Developed countries including USA and Europe continue to pay mammoth subsidies to their farmers by virtue of their economic muscles, as a result of which, their agriculture & dairy produce become cheaper and Indian agriculture and dairy produce is unable to stand in competition with them. At the time of the constitution of WTO these developed countries promised to do away with agricultural subsidies in the interest of free trade. However they are going back on their promise. Developing countries including India have been insisting on this demand that developed countries must withdraw agricultural subsidies before starting any new negotiations. This is of primary importance for saving agriculture in the country. India must not dilute its stand in anyway.

The current negotiations for reaching an early harvest package at the Bali Ministerial prove this clearly. On one hand, the developed countries are pushing a damaging trade facilitation agreement which makes import penetration much easier for them but at the same time, make no commitments on providing special and differential treatment to developing and least developed countries. Nor do developed countries take on binding obligations on financial assistance and technical support for building capacities of the developing world.

While G-33 proposal of developing countries like India to deal with food security issues is being scuttled, the Trade Facilitation Agreement (TFA) to find ways to facilitate trade, simplify and harmonise customs rules and reduce transactions cost for developed countries is being pushed with vigour. Rich nations, including the U.S., want India and other emerging economies to be part of the four major sectoral

Sachin Chaturvedi also dealt briefly with the information Technology Agreement that benefits more to US based MNCs by avoiding payment of taxes in India. He urged a level playing field for Indian companies that is not available to them now.

He also spoke about sec 5, 8 and 10 of the trade facilitation

agreement that is being pushed for freedom of transit, clear statement on fee and duty and publication of these articles. He was of the view that it will be a challenging task for the government to protect interests of the country as lack of custom co-operation, under invoicing, transfer pricing results in huge tax evasion.

Talking about food security Sachin Chaturvedi reminded the audience that history of WTO was not in our favour. He also drew attention towards the issue of shifting subsidies from Amber box, opening of procurement and the extent to which developing countries can provide subsidies to its poor and hungry stressing need for

pacts — TFA, information technology, environmental goods and international services agreement. If agreed it would adversely impact the domestic industry and multiply unemployment. The continued pressure on developing countries particularly India to stop using provisions like compulsory licensing allowed under WTO agreements is also matter of concern.

Even more worrying is the fact that developed countries want trade facilitation but are not agreeing to the G-33 proposal tabled by the group of developing countries which asks that subsidies on public food stockholding for ensuring food security be considered non trade distorting and therefore be allowed to continue without limit. This is very important for India given the outlay on its food programme and promises made to the people on the Food Security Act.

The suggested Peace Clause is a limited period handout due to expire after four years. There is no assurance of a serious engagement in trying to meet the ultimate objective, i.e. to allow developing countries to meet food security objectives through subsidies that are seen as essential and non trade distorting because they are confined to domestic markets.

Further, the Clause currently under discussion is loaded with conditionalities starting from that of information sharing, to limited number of crops that can be covered, to the broad diktat that such subsidies should not be “trade distorting”. It is important to remember that similar conditionalities are always used to take away with one hand what the developed world gives with the other. Same would have been the case with the Special Safeguard Mechanism (SSM) had it been agreed to.

In the last few months, under the influence of USA, government of India has shown dilution in its earlier stand. This would be disastrous for not only agriculture and dairy sector, industry and service sec-

tor will also be badly affected due to dilution of government’s stand. The government, it seems, has also made up its minds to reduce import tariffs on industrial products, and give commitment even beyond the commitment of developed countries. Multinational corporations baffled by the developments like issue of compulsory licences by the Indian patent office and denying of patent to Novartis for its drug ‘Glivec’ are now making efforts through their respective governments to effect changes in Indian patent law in their favour. Government needs to be extra vigilant for the same. We also need to exert pressure on the developed countries to allow unrestricted flow of unskilled labour across the countries.

Under the circumstances, we call upon the Indian Government to reject the current trade facilitation package and the Peace Clause on the G-33 proposal at the WTO. It is time India stood up for a proposal that it has itself helped to table, and see it through to its logical and development friendly conclusion. In addition, India needs to take on the subsidy issue on its head and challenge the developed country subsidies. It is time India confronts the WTO on its own terms and defends its core development objectives, as a right and not as an apology.

Swadeshi Jagran Manch firmly believes that a government, which is at the verge of completing its term, does not have any moral right to make any international agreement or make any commitment at any international forum. Therefore government should resist from making any agreement or commitment, which may create problems for the next government.

Swadeshi Jagran Manch earnestly appeals you not to compromise nation’s interest in WTO and no discussion be allowed on any new issue, whatsoever, unless developed countries do not withdraw their agricultural subsidies. □

learning lessons he added that for India issue is not restricted to providing food only it is important to address the nutritional value of the food for its below poverty line population. He also criticized developed world for not accepting the G- 33 proposal to change the unrealistic base price of 1986-88 and also for not taking into account the inflation.

Referring to the reports of government agreeing to a 4 year

‘peace clause’, Sachin stressed that it was a temporary relief that too at a huge cost as it is apprehended that this so called ‘peace clause’ is being traded with trade facilities agreements that is detrimental to our interests.

He concluded with assertion that we must either be assertive to protect our interests or we should come out of WTO.

Prof. Bhagwati Prakash Sharma termed WTO and all multilat-

eral & plurilateral agreements as double edged sword. He said that there are provisions in WTO that with 2/3rd majority any agreement can be changed or amended.

He opined that even if WTO dies its own death there are around 60 agreements that are already in force which have encroached upon the sovereign space of developing countries like India. He continued saying the government of India was either unable to understand or



India was able to lead the developing world in resisting the manipulative tactics of the developed world.

under pressure from developed world to have agreed to very damaging commitments.

Citing several examples, when India was able to lead the developing world in resisting the manipulative tactics of the developed world, he asserted, It was because of this united front that Singapore issue were virtually left where they are.

Recalling the public pressure mounted by Swadeshi Jagaran Manch under the able guidance of Rev. Dattopant Thengdi, Prof. Sharma said that it was because of this public pressure that Indian representatives led by late Murasoli Maran took a tough stand and forced WTO to agree to our demand. He reminded that people like Jairam Ramesh had criticized the government at that point of time for taking a stand that resulted in almost isolation of India. But time proved that this majestic isolation resulted in developing world under the leadership of India asserting itself in future negotiations. Cancun and Doha are its shining examples he, added. Expressing strong resistance to the manner in which government is handling the issue, Bhagwati Prakash said, that our hands are already tied and the proposed trade facilitation agreement will result in country paying a heavy price for all times to come. Pointing out to just one aspect of the proposed agree-

ment he said that companies can claim damages for even delay in clearance at ports after Trade facilitation agreement is signed. Even if the delay is because of lack of infrastructure or any other similar reason Government will be liable to pay damages.

Bhagwati ji also cited the example of scrapping of its own decision of giving preference to domestic telecom and electronic equipments in defense on security grounds by the government. The reversal was under pressure from American companies with support from Obama administration, he stressed.

Talking about patent regime, Prof. Bhagwati ji warned that medicines will remain out of reach of common man the moment doctors start prescribing 4th generation antibiotic molecules. He gave several examples of how same medicine from same company was being sold at different prices in different countries.

He also criticized US-EU combine for giving enormous subsidies to its farmers & force countries like India to stop its subsidy regime.

He suggested that India must take a leading role in organizing developing world and work towards amending all the harmful agreement like agreements on TRIPS & TRIMS that have had a devastating effect on our manufacturing sector.

He cautioned that if the proposed agreement, on agriculture is agreed by the government Indian farmers will not be able to continue to remain engaged in farming. They will be forced to quit or opt for contract farming in which case companies will garner the maximum profit and our farmers will suffer. After the presentation by these learned scholars there was an interactive session also in which several participants asked questions about different aspects of WTO and its forth coming Bali Ministerial.

Questions raised were about fall of rupee vis vis other currencies, ways of involving general public particularly youth in such highly technical subjects, adverse effects on India if it chooses to come out of WTO and role of the government in taking into confidence the people of the country by sharing information in the form of discussion papers.

Prof. Bhagwati Prakash answered all these questions convincingly and with the support of data and examples.

National Sangathak Sh. Kashmiri Lal ji in his brief intervention stressed the need to have every type of activity including protest on streets to mobilize public opinion to pressurize the government ensuring proper action. Editor Swadeshi Patrika Sh. Ajay Bharti proposed a vote of thanks.

Continuing its pressure in a democratic manner by mobilizing public opinion against the SJM organized protest Dharna at Jantar Mantar Delhi and also burnt the effigy of WTO monoester.

It was a well organized & well attended protest in which people gave vent to their anger. The event was covered by media also. □□

Buying Peace at the Cost of Import Surge



The developed countries have been pushing a damaging trade facilitation agreement which makes import penetration much easier for them; but at the same time, make no commitments on providing special and differential treatment to developing and least developed countries, finds **Dr. Ashwani Mahajan**

Ninth World Trade Organisation (WTO) Ministerial Conference is scheduled in Bali (Indonesia) between December 3 & 6, 2013. If we go into history, WTO came into existence on January 1, 1995. WTO is an institution with membership of almost the whole globe, acting on rule based international trade system, with member countries making binding commitments for running the trade between nations. After the failure of third ministerial conference in Seattle (USA), due to violent agitations, the fourth ministerial was held at Doha (Qatar). Due to the insistence of developing countries, a new round of negotiation was started in the name of Doha Development Round (DDR). DDR was expected to enable developing countries to meet their key development targets by giving them special and differential treatment. However, due to adamant and unjust stand of developed countries, the process of negotiation had almost stopped during the last four ministerial conferences of WTO, after Doha conference (2001); as they (developed countries) were refusing to do away with agricultural subsidies. It is no secret that developed countries including USA and Europe give mammoth sub-



sidies to their farmers by virtue of their economic muscles, as a result of which, their agriculture & dairy produce become cheaper and Indian agriculture and dairy produce can't stand in competition with them. At the time of the constitution of WTO, developed countries promised to do away with agricultural subsidies in the interest of free trade. However they are going back on their promise. Developing countries including India have been insisting on this demand that developed countries must withdraw agricultural subsidies before starting any new negotiations. This is of primary importance for saving agriculture in the country.

Bali Agenda versus DDR

Doha Development Round,

which was designed to provide special and differential treatment to developing and least developed countries, has been put on hold and the negotiations prior to the Bali ministerial were started for reaching and 'early harvest package' at Bali. In these negotiations the developed countries have been pushing a damaging trade facilitation agreement which makes import penetration much easier for them; but at the same time, make no commitments on providing special and differential treatment to developing and least developed countries. Nor do developed countries take on binding obligations on financial assistance and technical support for building capacities of the developing world, essential for such trade facilitation.

Another issue on the agenda



The trade facilitation pact as being pushed actually implies import facilitation from the developed countries.

is G-33 (a group of developing countries) proposal, which asks that subsidies on public food stockholding for ensuring food security be considered non trade distorting and therefore be allowed to continue without limit. This is very important for India given the outlay on its food programme and promises made to the people on the Food Security Act. However, it seems that the developed countries have rejected all provisions of this proposal and are now suggesting a 'Peace Clause' which is a limited period handout due to expire after four years. There is no assurance of a serious engagement in trying to meet the ultimate objective, i.e., to allow developing countries to meet food security objectives through subsidies that are seen as essential and non trade distorting because they are confined to domestic markets. Proposed peace clause simply means that developed countries will undertake, not to raise any dispute in WTO for four years, if our subsidies on food security exceed 10 percent of GDP.

Implications of the Peace Clause

It may be noted that, though Food Security Act legislated by India is itself weak and provides the very minimum of entitlement to the people. If this peace clause, being pushed by USA and EU is

accepted, it would exempt subsidies in excess of the limit of 10 per cent of the value of total agricultural produce, for a period of 'only four years'. After the lapse of the peace clause period Indian people would be left in lurch, as the WTO commitment (which is binding) would forbid the government to provide any further support to the food security programme; as any more support would attract punitive action under the 'Agreement for Subsidies and Countervailing' measures. It means that, if this peace clause is accepted, it would make mockery of the whole food security programme as promised under Food Security Act.

On the other hand, while G-33 proposal of developing countries like India to deal with food security issues is being scuttled, the Trade Facilitation Agreement (TFA) to find ways to facilitate trade, simplify and harmonise customs rules and reduce transactions cost for developed countries is being pushed with vigour. Rich nations, including the U.S., want India and other emerging economies to be part of the four major sectoral pacts – TFA, information technology, environmental goods and international services agreement.

It may be noted that this issue of trade facilitation was the part of the four 'Singapore Issues' (is-

sues proposed by developed countries to be included in WTO agenda for negotiations), along with investment, transparency in government procurement transparency, and competition, which many developing countries had proposed to remove from the Doha negotiating agenda during the 5th WTO Ministerial Conference in Cancun. Eventually three of the issues were dropped from the agenda through the July 2004 package whilst trade facilitation remained on the table.

Dangerous implications of Trade Facilitation Agreement (TFA)

If developed countries have their way in forcing TFA, it would have serious implications for developing countries including India. The trade facilitation is actually a misleading term, as it is not meant to increase and facilitate international trade, particularly exports from developing countries, but is focused on efforts at simplifying border procedures (e.g. the modalities at the port) to make exports by rich countries easier. We understand that, generally developing countries have very limited export capabilities. The trade facilitation pact as being pushed actually implies import facilitation from the developed countries. This is evident from the fact that trade facilitation negotiations have been focused on measures and policies intended to simplify, harmonise and standardise border procedures. They do not address the priorities for increasing and facilitating trade, particularly exports by developing countries, which would include enhancing infrastructure, building productive and trade capacity, marketing networks, and enhancing inter-regional trade. Nor do they include

commitments to strengthen or effectively implement the special and differential treatment (SDT) provision in the WTO system.

It is notable that many countries including India have been facing serious problem of trade deficit because of rising imports and slow pace of growth of exports. For instance in India trade deficit in India reached 10.2 percent of GDP in 2011-12 from merely 2.4 percent in 1990-91. This trade facilitation pact would actually lead to surge in imports of the developing countries and further aggravate the problem of trade deficit.

Further, several of the provisions under negotiations could

hold significant administrative and institutional burdens on LDCs and other developing countries. Meeting the obligations as proposed, is likely to involve significant cost for developing countries. Apart from building, huge infrastructure (both soft and hard) including airports, sea ports, dedicated corridors, roads etc., it would also involve automation of customs system etc. It is unfortunate that no cost assessment has been made by government of India about implementing the provisions of trade facilitation. However, this is a fact that meeting this cost would mean a huge diversion of resources from public services such as health care,

food security and education to custom administration.

While some types of infrastructure facilities if created for trade facilitation, may be beneficial for the country, however, this should not be done by way of binding obligation subject to the dispute settlement mechanism and possible sanctions on the country for not meeting these obligations. This is the reason why many developing countries have rejected the proposal and therefore no consensus could be reached in Geneva, ahead of ministerial at Bali. However, it is yet to be seen that what would be the final outcome at Bali. □□

Indian Farmers Oppose Peace Clause

Write Letter to Prime Minister on G 33 Proposals in WTO

Alarmed over mounting international pressure and the “take it or leave it” interim text on the peace clause solution on the G-33 proposal being considered for the 9th WTO Ministerial Conference (MC9), 3-6 December 2013, Indian Farmers have called on the Government of India to reject the current PC proposal and demanded a permanent solution to protect farmers’ livelihoods and access to food for all.

Farmers’ organizations have argued that the current text suggested by the WTO Director General, provides only a four year PC which will elapse at the 11th Ministerial and is not linked to a permanent solution. Second, only a few crops can be supported under this provision. Third, a large number of conditionalities are being imposed on this PC which will make it unusable and meaningless. The Anti-Circumvention/ Safeguard clause suggests that the member state using this “shall ensure that stocks procured under such programs do not distort trade”. This leaves the provision totally porous, subject to interpretation which can be used to challenge the very operation of such stockholding programmes.

Farmers organizations have called on the government of India not to dilute its position on the G-33 proposal and accept a Peace Clause which makes a travesty of the poverty and hunger faced by millions of Indians every day. Accepting the Peace Clause therefore would be detrimental to India’s interests as it is aimed not only at destroying the country’s hard-earned food security but also the livelihood security of over 600 million farmers, 80 per cent of them being small and marginal farmers.

Farmers organizations demanded:

- India to stand up to the might of the US/EU, and reject any proposal that leads to dismantling of the famine-avoidance strategies; India cannot be forced to go back to the days of ‘ship-to-mouth’ existence.
- Pursue the G 33 proposal aggressively as the way forward and not accept the current proposal which effectively neutralises the Peace Clause with its farcical conditionalities.
- Challenge the developed countries’ domestic and export subsidies, especially the Green Box. Since 80 per cent of the agricultural subsidies go to the corporates, India must demand withdrawal of subsidy support that goes for corporations.
- India should not trade-off its food security concerns and the livelihood security of millions of farmers against the trade facilitation agreement. The latter is unfair, biased and forwards only a developed country agenda as it stands at the moment. □

Needed strategic buffer stock of Gold



Indians earned every ounce of their gold stocks through trade. They stocked gold and preserved it for generations through millennia as not just an asset but as sacred inheritance, explains S. Gurumurthy

The US is wedded to stocks and India to gold. India's policymakers would be wrong to believe that they can break an age-old tradition.

Macro economists in India perceive gold as a wasteful asset and as the villain of the Indian economy.

But gold has repeatedly emerged as the winner against economists, confounded their theories and perplexed them. The unwavering Indian attitude to gold through history should persuade our economists to rethink their views on gold, particularly in the case of India.

Theories of economics which the world had trusted for the last few decades are in state of flux (*The Economist*, July 8, 2009). Bradford Delong, a respected economist, said that the discipline of economics itself is in crisis (*Economic Times*, May 12, 2011).

In its editorial on the 2013 Nobel Prize winners Eugene F. Fama and Robert J. Shiller, who hold divergent views on asset price economics, *Business Line* rightly observed that "It is a reminder that economics, which is about human behaviour, is not an exact science and hence not governed by immutable laws."

The assertion of economists that economic laws are universal in their application has been heavily questioned by the 2008 meltdown.

If economic laws are not immutable, why should the economic theories on gold alone be regarded as immutable? Gold obeys economists in the West. But in India it does not. Why?

Gold rush of the west

The role that gold plays in Western economics — it plays no role in western society — is vastly different from the role it plays in Indian society and economy.

In India, the bride is first married to gold, then to the bridegroom. Even the poorest of the poor buys gold for marriage,

and every Indian home has a full sovereign or half.

Indians of all religious persuasions propitiate and decorate their Gods and temples with gold — be it the Tirupati Temple or Golden Temple, or the Jam'at-Khanah mosque in Agra, or Namdrolling Buddhist Monastery Karnataka or the Jain Temples at Ajmer or Falna.

There is no distinction of caste or religion in gold habits. It does not need a historian to say that India's hostile policies on gold have not yielded results.

And it does not need a seer to confirm that gold in India cannot be handled on western paradigm on gold, particularly the US. See the difference between the





history and paradigm of gold in the West and in India.

While gold was the greatest attraction for all nations and peoples, the Westerners fought wars and killed thousands in mad pursuit of gold. The infamous California Gold Rush, which began on January 24, 1848, brought some 300,000 people to California from the rest of the US and the world. It was marked by duels, murders in broad daylight, public hangings and jail breakouts.

Thousands of Californian Indians were killed in the war to loot and defend gold. The gold in the West was always asset of the mighty elites, rulers and buccaneers. It was not the pursuit or possession of the ordinary Westerner.

Through trade, culture

Even as the pursuit of gold by the West was marked by crime, Indians, in contrast, earned every ounce of their gold stocks

through trade.

They stocked gold and preserved it for generations through millennia as not just an asset but as sacred inheritance — as Lakshmi, the Goddess of Wealth.

See how Indians earned gold — very little of which India ever produced. Rajeev H Dehejia and Vivek H Dehejia say in their research titled “Religion and economic activity in India: Historical perspective” (*American Journal of Economics and Sociology*, April 1993) that the Mauryan empire (325-185 BCE) built wealth by export-led growth model like contemporary newly industrialised countries.

The authors cited evidence of how the booming export trade was found in the records of the Roman Senate where Pliny, a historian and writer, and the Emperor Tiberius complained about the huge drain of Roman gold to India.

Marco Polo’s travelogue also speaks about huge gold stocks of India in the 13th century.

A more recent Bank of International Settlement Annual Report of 1934-35 says that India’s gold absorption was 14 per cent world’s gold supplies during the period 1493 to 1930. That is, for

four centuries India must have run 14 per cent of the world’s trade surplus.

Researches of Paul Bairoch (1983) and Angus Maddison (2001), which proved that for almost 16 of the 17 centuries, India ranked world first in GDP and for two centuries India was second only to China, corroborated the historic records.

India’s gold stock, estimated at 20,000 tonnes on the lowest side and 40,000 tonnes on the higher side, was built by trade and culture — not by war or bloodshed. And a large part of this gold stock — estimated at 70 per cent — is with the ordinary people in villages.

Here is an interesting comparison of the recent history of gold in US and India. In the wake of the Great Depression of 1930s, US President Franklin Roosevelt outlawed private possession of gold in 1936, nationalised gold and turned into a state asset.

The US later built gold stocks of over 20,000 tonnes by 1950. It is that huge gold stock which made the US a global economic power when the Bretton Woods meet accepted the US gold-backed Dollar as global reserve currency.

While the coercive state turned gold into a state asset, with the gold proscribed in 1936, Americans took to banks and property to invest their savings.

When private possession of gold was allowed in the US in 1976, people who had picked up stock habits, had forgotten gold.

The share of stocks in household savings in the US rose from 17 per cent in 1953 to 35

In India, the bride is first married to gold, then to the bridegroom.



Gold in India was as much a cultural phenomenon as an economic asset.

per cent in 1968 and then it fell to 15 per cent in 1974. But when it fell Americans rushed to deposit their monies in banks.

But later the share of stocks picked up and doubled from 17 per cent in 1980 to 34 per cent in 1998. The equity index rose by ten times between 1980 and 1998. So did the real estate index. The share of real estate in US households rose from \$2.5 trillion in 1980 to \$12 trillion in 1998 and stocks from \$3 trillion to \$14 trillion — the two accounting for 2/3 of the total savings. [Milken Institute Policy Brief June 2002].

By 1998, 58 per cent of US households had held stocks. It rose to 67 per cent in 2002.

Gold as savings

But in India, the picture is very different. Indian rulers tried the US model in India when they virtually began war against gold, particularly from 1960s, and almost proscribed private gold.

But the Indian state failed

where the US government succeeded, why? Because gold in India was as much a cultural phenomenon as an economic asset. In the US it was just an issue of economics.

According to Central Statistical Organisation (CSO) gold and real estate is two thirds of the total household savings, which accounts for over 72 per cent of domestic savings. But only a fraction of household savings gets into stocks. This is despite tax breaks for investment in stocks and despite the stock index rising by four times since 2001. Only 3 per cent of household savings gets into stocks.

As rightly observed by Aseem Chawla, Partner, MPC Legal (*Business Line*, March 1, 2013), Indians are creatures of habits; they save a third of their earning — a phenomenon probably explained by “our cultural values rooted in conservatism” and household savings which constitute large chunk of national savings are normally invested in “safe yet non-productive investments like gold.”

While gold is just 3 per cent of the household savings in the West, it is estimated at over a third

of the savings in India.

Here is an interesting (but unpublished) study which shows that there is no difference between illiterate villagers and educated savers in how they view gold or stocks.

P. Kanagasabapathi, an academic with Indian perspective, conducted three studies in Coimbatore regarding the saving/investment preferences of (i) teachers and doctors (ii) businessmen, professionals and bank officials (iii) women academicians specialised in and teaching finance related courses in reputed colleges for the commerce and management students.

The studies show that, of the ten investment options given, after bank deposits and post-office instruments, gold was the third with 30 per cent opting for it. Stocks come last out of the ten investment options and chit funds came ahead of stocks and bonds.

This Coimbatore study result matches with the analysis in Global Economic Paper No 187 of Goldman Sachs (October 2010) which also said that only 6 per cent of Indian savings get into stocks.

Kanagasabapathi's study showed that finance professors pontificate to the students in the class not to buy gold but invest in stocks, but in the evening they are themselves in Thangamalgai — precisely like our ministers, and even economic writers, do!

Indians not just love gold. They revere it. Their reverence for gold manifests itself during *Danteras* and *Akshaya Tritiya* — the auspicious days for buying gold.

The lesson: economics cannot change people. It has to change itself. □□

Rashtra Rishi Dattopant Thengdi Remembered

Birth Anniversary of Rashtriya Rishi Dattopant Thengdi observed at SJM's Central office in New Delhi on 10th November 2013.

Revered Dattopant Bapurao Thengadi, (November 10, 1920 – October 14, 2004) was a nationalist, trade union leader, and founder of the Swadeshi Jagaran Manch, Bharatiya Mazdoor Sangh and the Bharatiya Kisan Sangh. Shri Dattopant Thengadi was born in a humble village called Arvi (Wardha, Maharashtra) in the year 1920 (10 November) on the auspicious day of Deepawali. He was a professionally trained lawyer, visionary, philosopher and organizational man par excellence.

Thengadi was a full-time Rashtriya Swayamsevak Sangh Pracharak until his death on 14 October 2004. The kind of impact he left on the social and economic life of India is supremely unique, and set the tone for generations to come. Some of the hallmark qualities of his lifestyle are: simple living, in-depth study, deep thinking, clarity of thought, courage of the conviction and missionary zeal for the goal.

He is being remembered by his followers every now & then, but his birth anniversary is observed every in different ways. This year a group of close associates of the great visionary assembled in central office of SJM and recalled memories of their association with him.



The convener of the programme Shri Rajkumar Bhatia expressed how for last couple of years birth anniversary of Thengdi ji was observed in New Delhi in meetings where deliberations on Thengdi ji's life and mission are "being held". Saroj Mitra, National Co-convener of SJM claimed that it was Dattopant Thengdi who made a graphic presentation of Western and Bharatiya (Hindu) paradigm. From individual to nation, world and universe, each is independently represented by a concentric circle in western paradigm whereas in case of Hindu paradigm it is a spiral circle, first point being individual and expanding it to national, world and cosmos which each called "Akhand Mandalakaram... and all stages remain inter connected.". In 1967 after visiting Soviet Russia being a member of parliament, Thengdi ji's first speech at Cuttak (Odisha) was on "Communism in reverse gear in Russia", which happened in several years later. During emergency declared by Indira Gandhi in 1975

Thengdi ji took charge of Lok Sangharsa Samiti created by Jai Prakash Narain. On 9th September 1975 Thengdi ji was discussing with some activists in a secret meeting where everyone felt that emergency and repression would continue for years. Thengdi ji declared that emergency would be over after 17 months, even if we resort to agitation or not. Indira Gandhi would be a failure as she even lacked certain attributes of a dictator, said Thengdi ji. His prediction came true in February 1977. Thengdi ji also predicted about collapse of US economy in 2001. Thengdi ji was both a Srasta and Drasta.

Dr. Subramaniam Swami in his impressive and intense exposition said that Rev. Thengdi ji was in no way inferior to Karl Marx. He called upon his followers to take his ideology and visionary message across to the world that is earnestly searching for a third way after the collapse of communism and utter failure of capitalism to address human problems. □

Indian Political class, their Priorities and Priorities of India



Indian Democracy expects political class to represent Indians matching to Priorities of India, which is in financial crisis and help the nation become sufficiently powerful to defend itself as also prosper economically, pleads **Anil Javalekar**

Indians are gearing up for elections, first for state assemblies and then for Lok Sabha. Indian political class including politicians and political parties and their supporters and beneficiaries are happy for they get the opportunity to name and fame and, if elected, to rule Indians. The elections are also an opportune time for Media, particularly 24/7 news channels, to throw weight behind the politicians and parties of their owners and masters. Politically charged Indian pseudo secularist intellectuals are luckiest of all as they get the maximum exposure on these channels for they can ignore every other important issue and take every discussion to Gujarat riots, Hindu politics and BJP's secular credentials and, in the process, confuse many Indians about secularism. Good part of election is of course employment generation and creation of income opportunities to all Volunteers and small entrepreneurs. Indian elections, no doubt, are few celebrated occasions when Indian politicians and Political parties value Indians and run after them for votes. It is true that elections give a reasonable hope to Indian democracy and an opportunity to bring changes in the leadership and representation. However, this hope is in despair and this op-

portunity has turned in to an illusion as many of these representatives are a threat to democracy itself. They rarely represent Indians and their priorities rarely match with that of India.

Indian Political class intend to rule Indians and not represent

Indian political class desires to rule Indians and not intend to represent them. Indian democracy allows them to do so as representative democracy is its basic system of governance. Electing representatives is an important and crucial decision all Indians have to make at the time of elections. Once elected, everything is left to these representatives at least for five years and if they decide they can belittle democratic traditions and rule this country

the way they want- support or protect criminals, allow land grab or loot of Indian human and natural resources and build constituencies to ensure dynastic rule. Most of the time they are 'sarve-sarva' and their affiliation to ruling alliance or opposition makes no difference. There are institutions and authorities to check and balance their behavior but most are subservient to these representatives and few-media, select NGOs and daring individuals-can question them. Indian judiciary is the only institution they seem to be afraid of. However, they are now sure of even amending Indian constitution to negate the court decisions. Their priority is to rule Indians and use every means for the purpose including that of elections.



Indian Political class and claimants of right to rule

These representatives belong to Indian political class comprising of politicians and political parties along with their supporters and beneficiaries. They all together claim this right to rule Indians. First are those from earlier ruling class of rajas and maharajas and their kith and kin. They feel that they are the natural owners of this country and it is their birth right to rule this country. Second are those who participated in freedom struggle and this is their acquired right. Third claimants are from deprived classes or casts that have suffered for centuries. Their contention is that unless they rule this country, old sufferings cannot be wiped out. Fourth claimants have emerged from total revolution background and their claim is as valid as that of Indian freedom fighters. Fifth are of recent origin and are from anti corruption plank. They feel that only their defined clean people have the right to rule this country. There are of course many others from majority classes or casts and minority casts and minority religions who claim the right to rule Indians. Above all, there are claimants who are well connected to ruling elite and influential enough to rule this country. Among all these, however, may be few, there are genuine people, no doubt, who are exceptions. They feel committed to democracy and wish to represent Indians.

Priorities of Indian Political class are very much personal

Indian political class is thus unique and love ruling Indians. They are the shrewd politicians and are very clear about their strategies and priorities. They also know that

the election is the greatest tool of modern democracy and winning election is the master key of all locks and doors of treasure room of power. Their priorities are very personal and have no relation to priorities of India. Some priorities are as under:

1. First priority of this political class is to win elections. Political parties, politicians or entire political class concentrate only on winning elections and do all possible compromises for the purpose. Money, muscle and dynastic mode are prime criteria for selection of contesting candidates and parties and candidates take support literally from everybody for winning elections. Their supporters include Indian or foreign corporate, lobbyist for favorable policies and even criminals. Indian criminals have now joined this political class and prioritized winning of elections to protect their interests.
2. Second priority is to give prime posts of various ruling establishments to their friends and family members irrespective of their capabilities and socio-economic commitments. Only qualification is closeness and loyalty. The aim is to accommodate all the family members and friends wherever possible and build relations to consolidate and establish their ruling rights.
3. Third priority is to build election constituencies so that they or their dynasty continue ruling the area and people. Indian democracy allows Indian political class gets elected continuously and repeatedly from same one constituency and establish dynastic rule. By doing so they can

undermine democratic traditions and make all democratic institutions subservient to their family interests.

4. Fourth priority is to show their loyalty to their political and business masters and ensure place for them and their heirs in ruling elite. This loyalty has reached to extreme levels as most politicians treat their masters above national interest and some even equate their masters with India.
5. Fifth and most important priority of this class is to amass wealth and properties

Priorities of India are however, different

Priorities of Political class are no match to Priorities of India. This mismatch may endanger India's future as 'Nation'. India is in financial crisis and failure of political class to build strong and prosperous India has lowered its international standing. Some important Indian priorities are as under:

1. India's first priority is to make India 'Samarth and Samrudh' in all respect. Priority is also to make Indians proud of their country and their status. Many times it is felt that India is vulnerable to terrorism and succumbing to international political and economic pressures. India has neither shown its determination to deal strongly and ruthlessly with terrorism nor displayed its power that, if so desire, India can crush the neighbourly sponsored terrorism at will. Moreover, failure to give clear long term policy signals to International capital & technology and national corporate sector that India is a country of sta-

ble policies has harmed Indian economic development and India's international standing.

2. Second Indian priority is **of good governance** which is also a precondition for survival of Indian democracy in its true spirit. For true democracy, it is necessary that Indian political class represent Indian people and not aspire to rule them. Carrying of all socio-political reforms including that of electoral, administrative, police and judicial is important to help all democratic and other supporting institutions to function in the dutiful and transparent manner. These reforms will help good governance. Socio-economic Justice and equality before law apart from transparency and accountability of political and administrative systems including that of police and other investigative agencies are important components of good governance.
3. Third priority is to regain India's **Socio-political and economic self reliance**. Last two decades saw selling of Indian self reliance by way of liberalization and privatization for integration of Indian economy with that of world economies. This has made India subservient to MNCs and Indian corporate and also vulnerable to speculative and volatile markets. World is still divided into nations and every nation require first to protect its national interest. Only self reliant country can survive in future and Indian priority should be to get in to the path of self reliance.
4. Fourth priority is to convert Indian **youth power** in to the

entrepreneurial skill so as to encash the benefit of demographic dividend. Present Indian economic growth policies and strategies are not helping Indian youth to participate in the development process. Indian education and economic policies have created a huge stock of educated unemployed and led to unbalanced industrialization along with over burdened urbanization. Rural industrialization, development of agriculture sector and educational reforms are important to make Indian youth active and confident.

5. Fifth priority is to address its **socio-cultural problems** in the light of Indian ethos and its proven age old cultural background. Present policies of materialism and consumerism have westernized Indian mindset that serves only self interest and interests of class population. This has also led to a society that made its members more dependent on government welfare programmes for socio-economic security, including food security. The exploitative methods of industrialization also damaged environment and caused extinction of other life forms. Thus the priority is to propagate and support the family based approach of togetherness that provided more socio-economic security to member than all government welfare programmes put together. The priority is also to frame and adopt national policies based on Indian approach of integral humanism so as to shape future life styles.

'Janchetna' movement can force Indian political class to

Indian judiciary is trying hard to protect the fundamentals of Indian constitution

change their priorities.

Indian Democracy expects Indian political class to represent Indians and help India become sufficiently powerful to defend itself as also prosper economically. Indian political class build their constituencies by way of obliging and helping voters in their personal crisis- financial or otherwise instead of policy changes and long term development initiatives that help the nation, area and people. It is necessary that people are made aware of their rights and responsibilities and organize them to support national priorities instead of supporting personally helpful but selfish and corrupt politicians. This is possible through a 'Janchetna' movement. It is true that Indian 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, enlightened citizenship that love democracy and is prepared to act responsibly can help survival of Indian democracy. Participative Public spirit and resistance to socio-economic injustice apart from national outlook, a measure of self-discipline, and law-abidingness may hopefully influence Indian political class to change their priorities. Indian political class also need to understand that survival of India and its democracy is important even to protect their self interest. □□

Not just polishing up of the outside



The civilisational goals of education cannot be met unless India rediscovers its ancient 'science of the interior' or adhyatmavidya, believes **Anirban Ganguly**

Later this week 300 odd heads of educational institutions from across the country shall converge upon the national capital to deliberate upon the goal, the vision and the status of Indian education. Under the same initiative, a series of seminars on Indian education has already been held across the country in various universities and it has thrown up a remarkable number of papers and ideas.

Swami Vivekananda's education vision and thought is the inspiring cause for this national education convergence. India's educational condition and direction was one of the prime constants that occupied the Swami thoughts and inspired some of his actions. He was one of the first to pose

the fundamental question with which we seem to continue to grapple: "What is the goal of your education?"

The Indian civilisational goal of education was, for him, different; it was not, as he termed it, a mere polishing up of the outside. In course of one of his conversations as early as 1899, when the movement for formulating a national education for India was in its initial stages, the Swami mentioned how the Indian indigenous education network was destroyed by the colonial system of administration. It was also a point that Mahatma Gandhi reiterated in the 1930s, when he observed how the "beautiful tree" of Indian education was uprooted and destroyed

by the British.

When the Swami lamented how "property and lands granted by previous Governments [indigenous Indian Governments] for supporting education have been swallowed up, and the present Government [British Government in India] spends even less than Russia [Czarist] in education. And what an education? The least show of originality is throttled", he was essentially referring to the degradation of Indian society from a 'knowledge society' with clear educational goals to one which ensured a regular supply of clerks for running the colonial machinery.

Testimonies to India as a thriving knowledge society in the past abound. Hsüan-tsang in his impressions of India discussed in detail the facets and methods of Indian education as he witnessed it. Among the various vidyas he saw being taught in India were the arts, medicine and the 'science of the interior' or adhyatmavidya. This, last one was the unique features of Indian education, one of its primary goals, the goal that Swami Vivekananda referred to.

At a later epoch, colonial records abound on how widespread the educational network of schools and universities in In-



dia was. A 17th century record of Indian education by Italian explorer Pietro Della Valle who had visited Surat and the coast of Malabar talks of Indians as “particularly anxious and attentive to instruct their children to read and to write. Education with them is an early and an important business in every family. Many of their women are taught to read and write.” Descriptions of Indian education in the 18th century, again by Western observers also speak of some of the unique features of Indian education. The teacher’s role and respect was something that the Westerner could hardly imagine.

Frao Paolino Da Bartolomeo in his travelogue mentions how the “education of youth in India is much simpler, and not near so expensive as in Europe” and also



Hsüan-tsang in his impressions of India discussed in detail the facets and methods of Indian education.

how the teacher was widely respected “When the guru, or teacher, enters the school, he is always received with the utmost reverence and respect. His pupils must throw themselves down at full length before him; place their right hand on their mouth, and not venture to speak a single word until he gives them express permission.”

The goals and systems were

eventually lost and Indian education was deprived of its unique features. Swami Vivekananda was the first to call for a national regeneration in education. The education meet in the national capital may do well to chart out a course for such a renaissance within the present context. That would be a true tribute to the Swami and his grand legacy. □□

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Rebuilding India's economic growth on the national lines



Swami Vivekananda underlined even while India was under the British rule that India need to develop her own systems for the development of the economy. He wanted India to progress based on our own strengths and a method, without imitating and depending on other countries, reveals **Dr. P Kanagasabapathi**

India was probably in her worst phase of history during the lifetime of Swami Vivekananda. Dadabhai Naoroji had calculated that the national income of British India during 1867-68 was only 3.4 billion rupees for a population of 170 million, with the per capita income being just 20 rupees. Besides he noted that huge wealth was being taken out of the country to England. He declared in 1905 that about "34 million sterling or Rs.515 million were being drained out of India every year."

The country had also been witnessing large scale famines on a continuous basis with millions of people losing their lives. Digby mentions the situation during the

last quarter of the nineteenth century: "In the last twenty-five years of the past century more than one million of people died from famine and its effects on an average every year in a British-ruled country—that is two each minute, 120 each hour, 2880 each day; and, during the past ten years, the average has been nearly four each minute, 240 each hour, 5760 each day."

Swami Vivekananda was a witness to the sufferings of the people. He interacted with them and the different sections of the society directly during his days as an itinerant monk in different parts of the country. Later during his visits abroad he learnt about the

economic and social systems of the other countries in detail. His unique experience of moving with diverse groups of people across the country and outside, and his keen intellect provided him an opportunity to develop original ideas on different issues concerned with the lives of people, including economics.

Swamiji's ideas relating to economics place him as a true visionary. His thoughts for the economic systems at the Indian and global levels were far ahead of his times. Naoroji and Romesh Chandra Dutt, the two prominent economists, were conducting detailed studies and producing evidence to show as to how the Indian economy was being decimated by the British. Justice Ranade was the other notable personality who presented the economic issues before the people.

While the economists and freedom fighters wanted the British to stop their exploitation, Swamiji went many steps ahead and argued for economic policies along the national lines for the development of the country. He said: "My ideal is growth, expansion, and development on national lines." Swamiji was perhaps the first leading personality to speak along such



lines decades before independence.

After the ascendance of the West in the international scene during the eighteenth century, they saw to it that their ideas got prominence over the others. The concepts and practices of the ancient economies such as India and China were neglected. For this purpose, Europe developed its own set of historians and wrote a new history for the world. As a result, the concepts and practices that sustained the Indian economy (as well as that of China and others' also), for centuries as the most prosperous nation since the earlier periods lost their significance.

Hence for around two hundred years since the nineteenth century, the world was taught to believe that there were only two economic ideologies, namely communism and capitalism. Both of them are products of the West, conceived and developed in their part of the world, based on their own views and approaches towards life. So the rest of the world had to sail with their ideas, concepts and practices, as the west was dominating the world.

But all these have changed in a period of just two decades. The communist ideology collapsed during the late 1980s with the breaking up of the Soviet Union into several pieces. The global economic crisis during 2008 showed that market capitalism, the other economic philosophy of the West, has also failed.

Hence it is now being realized that there could be different methods for economic development. Even the multilateral agencies openly acknowledge this as fact. So the attention is shifting towards exploring alternate economic



India is one nation that remained as a sustainable economic power since the ancient periods

thoughts and systems. In this connection, the Indian concepts, ideas and systems are gaining prominence.

India is one nation that remained as a sustainable economic power since the ancient periods, till the time the Europeans began to dominate her. It is the same nation that has been emerging as a powerful economy after independence, in spite of the wrong approaches of the policy makers continuously for over six decades. Besides, India remains as one of the very few countries least affected by the global crisis.

The United States and many of the European economies are unable to find out the solutions to the problems faced by them even after five years of the melt down. Hence the rest of the world has started questioning them. Earlier before the meeting of the World Economic Forum during 2013, the *Telegraph* reported that the developing countries were bracing to tell the western leaders that their economic model has failed.

Different studies, including the few conducted by the top international agencies and institutions, clearly indicate that India has her own methods of functioning, aided by the strong fundamentals and unique social and cultural back-

grounds. So even the western experts and practitioners have now begun to speak of the Indian ideas and approaches.

Swami Vivekananda underlined even while India was under the British rule that India need to develop her own systems for the development of the economy. He wanted India to progress based on our own strengths and methods, without imitating and depending on other countries. As a pioneering thinker, he advocated an Indian economic model for our country, as he must have had a clear understanding of the economic fundamentals of India and the western world. That was long before the world witnessed failure of the western models and the emergence of India at the global level after independence.

Sarup Prasad Ghosh notes: "The uniqueness of the Vivekananda doctrine lies in the fact that whatever remedies it suggests for India's economic, political and spiritual regeneration derives from Swamy's practical experiences of life. He used to meet the common Indian's directly whenever he went to different places. This made him confident that India has to develop an economic model for herself which will take the peculiarities of her social life into consideration."

Not because of the global crisis



Government frequently blames global problems for present slowdown in the Indian economy. The real problem, however, is government has consumption spree & its reluctance to reduce consumption of imported goods like Washington Apples, Swiss Chocolates and French Wine. The Government wants these imports to continue apace, believes Dr Bharat Jhunjunwala

Government sources are repeatedly saying that present slowdown in the Indian economy is largely due global problems. A look at the events of the last decade, however, speaks otherwise. The global economy was doing well between 2002 and 2008. The rupee was stable at about Rs 45 to a dollar in that period. The global crisis erupted in 2008 and continued till 2012. The rupee held stable at Rs 45 in this period as well. This means that the severe global crisis of 2008 did not impact the Indian economy much. The rupee started to decline only in 2012 just as the global economy was beginning to look up. The United States is on the growth path today and Europe has recently emerged from recession. If our problems were

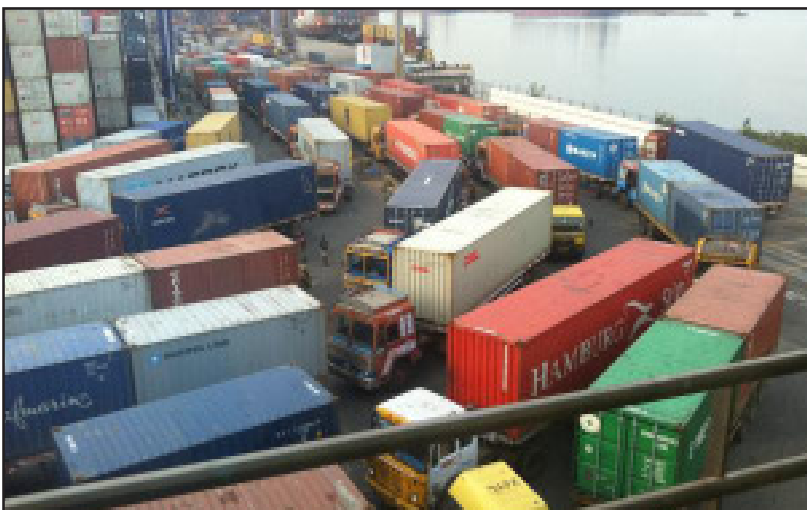
due to the recession in global economy till recently; then our economy should be looking upwards now as the global economy is reviving. The fact, on the contrary, is that the rupee is falling now while the global economy is looking up. The reasons for the decline of the rupee clearly lie elsewhere.

The impact of global ups and downs on our economy is transmitted mainly through trade and investment. Let us consider these separately. The global crisis is a mixed bag for our foreign trade. It is beneficial because imports become cheaper. The price of oil had reached USD 140 when the global economy was in its heyday before 2008. It fell to USD 40 soon after the crisis erupted in 2008. This decline in price of oil

was beneficial for us because we had to pay less for our imports. On the other hand, a global crisis leads to stress on our exports because foreign countries do not have money to buy our goods. Businessmen tell me that export orders had dried out after 2008. They have started pouring in again during the last six months or so. This is because the recent upward movement in the global economy has enabled foreign countries to import our goods. The net impact of global ups and downs on our economy is virtually nil because the impact on imports and exports is in the opposite directions and it cancels out.

The real problem, therefore, is not the global economy. The real problem is that we are unable to compete with other producers. A recession is the time of test for versatility of businesses. A businessman reduces the price of his goods during crisis and plods through. Having cut costs during crisis, he reaps huge profits as buoyant times return. Our businesses are not able to cut their cost of production during the crisis. This is the reason we are losing our sheen in the global markets.

Inability of our businessmen to reduce their cost of production appears to arise for three reasons.



First is a higher wage cost. Implementation of MNREGA has led to higher wages across the country. This has made it difficult for businesses to cut costs. This, however, is a beneficial aspect of the matter because the social benefits of increased wages are huge. The second reason for our businesses not being able to reduce their costs is increasing corruption and rent seeking by bureaucracy. Third reason is poor infrastructure. These latter two are the negative aspects which are at the root of our losing out in the global markets.

The second route through which global movements are transmitted to our economy is through foreign investment. Here too the impact is mixed. Global crisis makes foreign investors averse to taking risk. This leads to reduction in foreign investment. Thus our foreign investment receipts fell from USD 43 billion in 2007 to mere 8 billion in 2008 at the height of the crisis. On the other hand, crisis in the developed countries leads to the investors hunting for opportunities outside. Thus foreign investment bounced back in 2009 to the earlier level of 43 billion dollars a year and remained at that level till 2012. Foreign investors found India a bargain at that time. This, again, proves that our present problems are not due to global conditions. Foreign investment had continued to come when the global economy was upbeat before 2007; and also when the global economy was downbeat after 2009. Foreign investors are fleeing because they are finding that Indian businesses are under stress now. This stress, as explained above, is due to MNREGA and governance issues. So the problem



is not the global crisis.

Why this sudden change of heart on part of foreign investors in 2012? My take is that the problem was brewing for a long time. It tipped in this year. The fundamental mistake made by us was that we used capital receipts for financing current expenditures. A company prospers if it borrows money and invests it in factories. It fails if it uses the borrowing for building a high-profile office in an expensive area. Such expenditures do not translate into productive investments and profits. As a result, the debt begins to accumulate and at some point the investors become weary and exit. That is when the company collapses. The same happens to a country. The foreign investors deposit dollars with Indian banks. Banks sell these dollars to Indian importers. The crucial question is whether buyers use these dollars for importing goods for investment in new factories or for importing Chinese toys and other items of consumption? The country prospers if the dollars are used for investment. The country collapses if the dollars are used for consumption. The toys soon go into the dustbin but the debt on the country remains standing. This is precisely what has happened to us. The government

Global crisis makes foreign investors averse to taking risk.

has led the countrymen into a consumption spree. There is not a word from the leaders about the need to reduce consumption of imported goods like Washington Apples, Swiss Chocolates and French Wine. The Government wants these imports to continue apace. It is making efforts to attract larger amounts of capital receipts through foreign investments so that payment can be done for these consumption imports. In other words, capital receipts from foreign investments are being used for financing current expenditures. This is like a company taking a loan to provide foreign leave travel facility to its employees.

Foreign investors saw a crisis in the making. They realized that Indian economy was losing its competitive edge in the global marketplace; and that money was being squandered into consumption instead of being used for investment. The tipping point came last year and the rupee has been on a losing spree since then. The present crisis, therefore, is wholly due to the bad domestic policies; not because of global crisis. □□

Outbound FDI or a UPA-sponsored fraud?



In the seven year between 2005-06 and 2011-12 India's outbound FDI has been approximately a whopping US\$ 100 billion! This is scandalous for a country that struggles to get US\$ 10-15 billion as inward FDI into India, emphasizes MR Venkatesh

First, the context. In the first week of October 2013 several media reports pointed to certain serious irregularities in the financial statements of Gujarat NRE Coke Limited – a listed company in India. The amount involved in this “corporate fraud” according to these Press reports runs into several thousand crores.

If true, parallels with Satyam accounting fraud are inevitable and would further diminish the already shaky investor confidence on India. But that is at the corporate level. And the issue is not one relating to corporates and their shenanigans but something that concerns the finances of the country, more specifically the foreign exchange management of the country.

Central to the issue of Gujarat NRE Coke is the refusal by the auditors of the overseas Australian subsidiaries to certify them as ‘Going Concern’ – technically implying that these subsidiaries are gone hook, line and sinker. Damningly, an audit opinion was impossible from their side for lack of “appropriate and sufficient audit evidence.” Surely something is terribly wrong with this company.

What is galling for an average investor is that approximately 91 per cent of the consolidated assets and 65 per cent of the combined revenues of this Rs 10,000 crores conglomerate are owned/derived by its Australian subsidiaries – the very subsidiaries that the auditors refused to certify as ‘Going Concern’.

In short, there is a gaping hole in the balance sheet of Gujarat NRE Coke that would shame Satyam. Thanks to the 2G Spectrum scam and the subsequent Coalgate scam, a Rs 10,000 crore scam no longer titillates an average Indian. Six weeks after the scam broke out, the moot question remains unanswered – where did the money go? What happened to the money?

Whatever be the answer, all these are part of larger scam involving India's outbound Foreign Direct Investment program. The example cited above is perhaps the proverbial tip of the iceberg – and one that probably has the tacit blessings of the policy framers in RBI, Ministry of Corporate Affairs and Finance Ministry.

Shocked? Read on.

Outbound FDI : Now for the text. Barring exceptions and sector-specific restrictions, since 1991 outbound Indian FDI was successively liberalised over a period as part of our new economic policies. Under the UPA regime the outbound FDI was gradually increased to 400 per cent of the networth of the Indian company.

Consequently, till 2004-05 India's annual outbound FDI was negligible – a mere US\$ 2 billion





In the seven year between 2005-06 and 2011-12 India's outbound FDI has been approximately a whopping US\$ 100 billion!

of outbound debt and equity was reported in that year. However, since 2005-06 the position turns dramatically when US\$ 7.8 billion as debt and equity was invested by Indian businesses outside India through this route.

Subsequently US\$ 13.30 billion was invested in 2006-07, US\$ 18.50 billion in 2007-08, US\$ 18.60 billion in 2008-09, US\$ 13.60 billion in 2009-10, US\$ 16.8 billion in 2010-11, and US\$ 8.9 billion in 2011-12 for which data is available as on date.

In short, in the seven year between 2005-06 and 2011-12 India's outbound FDI has been approximately a whopping US\$ 100 billion! This is scandalous for a country that struggles to get US\$ 10-15 billion as inward FDI into India.

Rule of thumb indicates that at least India must be in a position

to earn a minimum US\$ 4-6 billion annually as returns on these investments. The details pertaining to the returns from such investments are not available in the aggregate in public domain. Nor could these be gathered through RTI as the Reserve Bank of India refused to part with the information citing confidentiality provisions. Consequently, on this point your guess is as good as mine.

Nevertheless questions remain: How much of the US\$ 100 billion are genuine investments yielding reasonable returns and how much are sunk, just like what has happened to the investment involving Gujarat NRE Coke is a billion dollar question.

But there are larger unresolved questions. For the four years beginning 2008-09 to 2011-12 US\$ 23.31 billion was invested in manufacturing abroad, US\$ 17.03 billion in financial insurance, real estate and business services, US\$ 5.19 in wholesale and retail trade and US\$ 4.94 billion in agriculture and allied activities.

It may be fascinating to note that the most liberal estimates made by UPA spokesperson in the context of liberalising inward FDI in Indian retail is US\$ 5 billion in the

next five years. And contrast it with the fact that Indian business in the four years between 2007-08 and 2011-12 has invested US\$ 5.19 billion in wholesale and retail trade outside India!

Are Indian businesses so competent and competitive to invest in retail abroad?

Why give away in excess of US\$ 5 billion first to outbound investments and then mortgage the interest of the country by opening up retail trade to foreign players? Equally, it is hilarious to note that our businesses have invested US\$ 4.94 billion in agriculture and allied activities – yes agriculture – all in a span of mere four years outside India!

If the sectors invested surprise you, destination countries for such outbound FDI will shock you. In the four years between 2008-09 and 2011-12 we have allowed US\$ 14.11 billion into Singapore and US\$ 11.57 into Mauritius.

That is not all. Over the years we have allowed investments into several tax havens like British Virgin Islands, Cyprus, Netherlands and of course Panama amongst others. And in several of these tax havens we have allowed investments in manufacturing, agriculture and retail trade through the 'subsidiary' or 'joint venture' route.

Significantly, in 2011, the Ministry of Corporate Affairs diluted the provisions of S-211 of the Companies Act which originally mandated appending Balance Sheet of subsidiaries along with that of the Holding companies. Consequently, this allows a corporate like Gujarat NRE Coke limited to get away with daylight robbery.

The great Indian rope trick?

Obviously, the modern ver-

sion of the great Indian rope trick is India's outbound FDI. The investment of US\$ 100 billion in a span of a mere seven years of which several billions have been invested into tax havens across continents is surely worrying.

Consequently, sums invested in such tax havens could vanish – especially if they are routed to other numbered accounts that define these very tax havens. Remember, this route is especially convenient to any Indian corporate that wants to pay kickbacks to powers that be in tax havens, where there are no audits, KYC norms and oversights.

Is there a sinister motive behind liberalisation of India's outbound FDI? Let us not forget India's outbound FDI allows significant sums to be invested into tax havens without any let or fear.

That is not all. Several of Indian banks are reported to have given loans to overseas subsidiaries of Indian corporate through their off-shore branches. Significant portion of these are reported to have been routed to India through the inbound FDI route or to the Indian Stock markets through the Participatory Notes route.

In short, significant portion of India's in-bound and outbound foreign investment policy is under a cloud. Some of these could be used to fund pay-offs and kickbacks to the high and mighty in the Government. Some of these could be the well-planned loot of our corporate czars themselves. Some of these could be routed back into India and rig stock markets or for that matter, any other markets.

Let me make it clear: Gujarat NRE Coke is not an exception. Rather it is the rule. It is the rule



where overseas subsidiaries of Indian corporates are increasingly becoming vehicles to launder wealth. In the alternative they are pass-through mechanisms to facilitate illegal transactions.

All these cumulatively have an impact on India's fragile foreign exchange reserve management. It must be noted that India's foreign exchange as on date is approximately US\$ 280 billion. And outbound FDI into two tax havens – Singapore and Mauritius for the four year period mentioned above, exceeds US\$ 25 billion. And that in my opinion puts things into proper perspective.

What must agitate the collective conscience of the nation is that the word 'reserve' in the English language implies a sense of excess. Unfortunately, when it comes to foreign exchange reserves, it is not so. What we have is foreign exchange of approximately US\$ 280 billion that is begged, borrowed or stolen, not one arising out of our trade surplus like that of China.

Surely, we have reached a threshold where we no longer can be silent spectators to this loot of India's precious foreign exchange.

Will the Finance Ministry take action on all those who have facilitated this loot?

Nor is it merely a question of being self-righteously pretentious on liberal economic ideas. The time for action is now.

For starters will RBI conduct an audit on the amount invested abroad? Will Ministry of Corporate Affairs look into the balance sheet of overseas subsidiaries of Indian corporate, especially in tax havens? Will the Serious Fraud Office look in to the matter of subsidiaries as conduits? Will the Enforcement Directorate conduct an investigation under the Prevention of Money Laundering Act?

Will the Parliament discuss this issue in all seriousness? Surely not. Will the Finance Ministry take action on all those who have facilitated this loot? Unlikely. Will the Opposition question the Government in the forthcoming winter session? Doubtful. □□

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Prices rise with proliferation of retail chains, hints NABARD study



Votaries of large retail chains, who entered the market with promise of sales at cheaper rates and removal of middle men, need to study their modus operandi. Their promise to check prices in the Indian market not only appears unreal but it seems they have been abating the trend by purchasing from farmers at nominal price and in an organized manner hoarding in large warehouses and cold storages, explains **Shivaji Sarkar**

It is the worst of the times for Indian economy. Rising prices have hit it hard. There are now indications that prices of onions and other vegetables are rising with the increasing activities of retail chains – Indian and foreign.

A National Bank of Rural Development (NABARD) survey found that in April-May onion was purchased at Rs 8 from farmers and hoarded in unusually large quantities in warehouses. It was sold for Rs 70 in retail in August and Rs 100 in October.

Food ministry secretary Ashish Bahuguna says price rises are artificial. There is no shortage of production at any level. He also wondered that this had not happened earlier in such a large devastating manner.

Even international rating agencies like Standard & Poor's smell a rat issuing a veiled threat of downgrading to the lowest BBB minus. Any negative rating tends to adversely impact investor sentiments and government's image. Stock market started crashing and rupee slid with S&P's warning.

It is estimated that artificial price rise has benefited the wholesale and retail trade to the extent of Rs 8,000 crore.

It started with onion and now

has spread to all other vegetables, none of which sells at less than Rs 60 a kg. Even leafy vegetables are selling at over 200 per cent the normal price.

It is an unprecedented situation. Seasonal variations in prices were not unnatural. What is happening now is much beyond it. There is little rational for shooting of potato prices at a time when new arrivals are scheduled.

The difference in wholesale and retail prices are staggering. Even onion at the worst of times was available at Rs 55 a kg at wholesale market. But the phenomenal difference in retail at Rs 90 to 100 only points out a scheming retailing system. Hoarding is possible with large cash. Normal

retailers or even wholesalers earlier did not have capacity to hoard in such large quantities. It meant blocking of money for a longer period. It was an anathema for wholesalers known to have operated on thin margins to hold their stock for too long.

It only means that someone with extra retaining power is twisting the market dynamics. This calls for the votaries of large chains, who entered the market with promise of sales at cheaper rates and removal of middle men, to study their modus operandi. More they are proliferating worse are the woes of the consumers. It is not restricted to vegetables. Even rice, wheat and other products are sold at extreme high prices at retail chains.



Almost all major chains have been profiteering. Be it Reliance Fresh, Easy Day (which has a tie-up with Wal-Mart), Metro, More or Big Bazar every one is basking under the sun. They are selling commodities at the prices of the “unorganized” retail. Their promise to check prices in the Indian market not only appears unreal but it seems they have been abating the trend.

It is not easy to comprehend, if just onion is cited as an instance, why these organized retail chains were also competing with the so-called “unorganized” retail sector in selling it at around Rs 100, while the purchase price was not more than Rs 55 at wholesale. It is presumed that with a different mechanism the retail chains made their purchases at lower prices.

They could have sold it even in the worst scenario at Rs 60 and checked the wary market. It needs a probe why they did not do it.

Since the retail chains float on large cash, it is also presumed that they purchased it from farmers at nominal price of Rs 8 or so and in an organized manner hoarded it in large warehouses and cold storages. In that case they could have offered onion and other vegetables at far lower prices may be at no more than Rs 15 a kg. It did not happen. According to the NABARD study, “*in an ideal situation — with no hoarding or unfair practices, and wastage at the ‘normal’ 25% of the 150 million tonne crop — onions should be available at Rs 14 per kg.*” It only raises the doubts which NABARD has implicitly expressed that the chains have played their role in manipulation of prices. In many cases, it is not unlikely, that the organized sector tipped wholesaler operators to function on their be-



half to manipulate the prices.

The reform S&P's has called for in its latest report is not only about policy formulations. It is about market operation methods. The agency highlighted that there is a marked slowdown in India's real growth and this complicates the government's debt dynamics and ability to implement reforms. If such methods, are not checked by the new government there would not be any improvement in Indian economy.

It is a significant pointer. Prices are fundamental to any economy. If it is manipulated in a massive way it hits all the operations. It has hit industrial productions as high price leave people with little spare money. When demands fall, it has a cascading effect on jobs and profitability of corporate. Most of it is in the negative.

Even government finances are not rising the way it should have. With economic growth slowing to a low of around 4.5 per cent the turnaround has to come with the check in prices. The government turned a blind eye to the retail chain operations in December 2010, when fears of such manipulations were expressed by many experts. It instead ignoring them freed it for foreign investment.

Government is considering making lobbying legal to facilitate Wal-Mart that faces charges of bribery in its home country.

Now the worse is being contemplated. The government is considering making lobbying legal to facilitate Wal-Mart that faces charges of bribery in its home country. A government is supposed to be upholder of morality and ethics. If it reneges on that and succumbs to pressures of any foreign country or lobby nobody would be able to save Indian consumers. The government moves only mean it is not serious about controlling the price manipulations.

This is the real bane of Indian economy. A government needs to address people's aspirations. Instead if it only represents the corporate lobbies, it is not just the economy, it endangers the democratic process. Latin American countries have seen it for the last many decades. India needs to guard itself. □□

‘Resist forces who aim to exploit Kerala’s natural wealth’: Nandakumar



“Vote bank politics and appeasement are driving a large number of politicians to resist the implementation of the report. We will not remain a silent spectator and try our best to make people aware of the importance of implementing the report,” said RSS sah prachar pramukh J. Nandakumar.

Mr. Nandakumar alleged that poor farmers were acting as per wrong information provided by certain groups with vested interest.

“It is a matter of survival of the people strongly affiliated to the Western Ghats. Leaders who oppose the report are just trumpeting the views of those who are engaged in illegal mining and quarrying,” he said.

“It’s unfortunate that instead of placing the recommendations of Gadgil before the people and allowing a national debate, the government chose to dump it completely. Both Gadgil and Kasthurirangan are scientists of eminence and it was our duty to rally behind them and their recommendations,” said Mr. Nandakumar. “Even farming would be benefitted by the reports,” he added. He said scientists under the Swadeshi Science Movement would take part in the awareness programmes and interact with farmers.

Something about agitation

The ongoing agitation in connection with the implementation of the recommendations of the Kasthuri Rangan commission has to be viewed with extreme seriousness. There is no doubt that the interests of the farmers should be upheld. Not only is that no one calling for an act of environmental protection which calls for the eviction of settlers from that area.

That those who oppose the commission report

have refused to identify the exact provisions of the report that they are opposed to is a matter which needs to be thought about at this moment. The report noticeably spells out on what it means by the term ‘environmentally sensitive’ zone. And the report identifies constructions above 20’000 square feet, townships, mining and those industries which come under the ‘red’ category as those which needs to be kept out of this sensitive zone. How does this restriction adversely impact those living in this area? It should not be forgotten that the Western Ghats which form the starting point of important sources of water like Bharathapuzha, Periyar, Pamba, Meenachal and 34 of the 44 rivers in Kerala, is the most important source of water, not only for Kerala but for all south India. Any damage to this mountain ranges which are blessed with a complex combination of biodiversity, natural water ways would adversely affect the availability of water in the whole of Kerala.

If such a calamity happens; it would affect not only our agriculture and production of hydro electric power, but would have a disastrous consequence on the availability of drinking water. It is because of this that eminent scientists and social activists Kasthurirangan and Madhav Gadgil are calling for the protection of the Western Ghats.

We are familiar with the environmentally friendly models through the works of Laurie baker and the Kerala Forest Research institute. It is the responsibility of the Government and the civil society to evolve Kerala development model in which there is a symbiotic relationship between development and environment in the lines of the models we are familiar with along with that suggested by Kasthurirangan and Madhav Gadgil.

This is what is expected from a state which had spearheaded the world renowned agitation for the preservation of the silent valley. Instead of engaging in productive and open discussions, the attempt to keep the public blind and misinformed to the relevant points put forward by Madhav Gadgil-Kasthurirangan is shameful to the public in Kerala as a whole. So is the attempt to mislead the public through base-

Let grama sabhas of Western Ghats decide

Madhav Gadgil during the convention about drought organised by Lok Bharati at Sane Guruji Smarak - DNA Research N Archives.

Environmentalist Madhav Gadgil, who headed a committee that authored a study on the Western Ghats, criticised the decision of the union ministry of environment and forests to create “ecologically sensitive areas” in the area. The exclusionist development of the biodiversity hotspot would be detrimental to people living there, Gadgil has said.

Gadgil, a Padma Bhushan award winner, said gram sabhas in the villages of the Western Ghats region should be empowered to decide what development is needed in their areas.

“The decision of the ministry is the most regrettable decision, violating science, democracy and environmental concerns, and it is to be hoped that the enlightened people of the Western Ghats tract will ensure that their will prevails,” Gadgil said in a written statement.

Gadgil has, in the recent past, opposed vehemently the findings of a high-level working group headed by eminent scientist Krishnaswamy Kasturirangan, which advocated that part of the Western Ghats be opened up for development and part for conservation.

The MoEF decision to carve Ecologically Sensitive Areas (ESA) in the Ghats is only the first step, before areas for development in the forested areas is notified, Gadgil claims, adding that the approach of the Kasturirangan committee was top-down & imperialist.

“A democratic process of taking recommendations to all the gram sabhas in the region in their own languages and basing the final decision on the basis of their feedback (should have been followed). This has been set aside and a decision has been imposed on the basis of a limited web-based consultation in the English language, that is totally inaccessible to the real stakeholders, the people at the grass roots,” Gadgil says in his statement.

The Western Ghats, close to India’s west coast, serve as a crucial landmass that captures the monsoon clouds which pass over the peninsular stretch, and spread over a vast part of the western coast, from southern Gujarat and Maharashtra to Kanyakumari in Tamil Nadu. The rains that these mountain ranges bring, feed six states — Tamil Nadu, Karnataka, Kerala, Goa, Maharashtra and Gujarat.

The Ghats, which also account for six major rivers that flow out of the mountains into the plains, are listed by UNESCO as one of the top eight biodiversity hotspots of the world. □

less fear mongering and organizing crass agitations in support of the same.

The method to tackle environmental issues is by intellectually and democratically empowering the masses. This is what Madhav Gadgil report recommends when it says that the concept of village committees should be upheld. Unfortunately this part has been completely ignored. This is why vested interests are able to spread mistrust and mislead ordinary people into meaningless agitations. So it is essential that there should be an education of the public on the facts mentioned in the Gadgil – Kasturirangan reports.

Gadgil in his report has pointed out that it is not desirable to have environmental protection without public involvement or development without environmental protection. The first victims of such a model would be the lower classes and then gradually the entire society. We hope that organizations which are associated with issues of environment like the Kerala Shashtra sahitya parishad, Swadeshi Science movement, Shashtra veda, One earth one life, would take the issue of the

need to protect the western Ghats to the public.

It is with great concern that we observe that the machinations of the settlers and the land mafia with the protection offered by a particular religious group with an ulterior agenda has succeeded in misleading genuine farmers and induced them to participating in street agitations in the name of this report. On the other hand, the burning issues of the real custodians of the wilderness, the vanavasis, remains ignored for decades.

The learned society of Kerala should come out and strongly resist such forces who aim to exploit the natural wealth of Kerala and are using this agitation as a smokescreen to further their ulterior agenda. This statement issued was by J Nandakumar, RSS’s Akhil Bharatiya Sah Prachar Pramukh via VSK-Kerala.

The Rashtriya Swayamsevak Sangh (RSS) and affiliated Sangh Parivar organisations have decided to launch a mega campaign at the State level demanding strict implementation of the report on the Western Ghats and severe punishment to violators. □□

\$792 mn additional penalty on RIL

The Government has slapped an additional penalty of \$792 million on Reliance Industries for producing less than targeted natural gas from its eastern offshore KG-D6 block. A notice disallowing \$792 million out of the cost already incurred on the Bay of Bengal fields was sent to RIL on November 14, according to an oil ministry official.

With this, a total of \$1.797 billion penalty in form of cost being disallowed has been levied on RIL for producing less than targeted output during the past three years. The company has till date spent USD 10.76 billion on the block, which it can contractually

recover from sale of oil and gas. It is obliged to share the profits with the government only after recouping those expenses. RIL had built facilities to handle 80 million standard cubic metres per day of gas from D1&D3 but the present output is just 8.78 mmscmd. As per the production sharing contract, RIL and its partners BP Plc and Niko Resources are allowed to deduct all of the capital and operating expenses from sale of gas before sharing profits with the Govt.

Creation of excess or unutilised infrastructure impacts government's profit share & this is being sought to be corrected by disallowing part of the cost. □

Gujarat good for serious investors

German ambassador Michael Steiner has said that Gujarat is one of the better states to invest in a country where the investment climate is otherwise unsafe.

Sharing his views on the European Union (EU)-United States Free Trade Agreement (FTA) and India's impending FTA with EU, Steiner said that FTAs shape the future of countries. "Trade is based on trust and FTA provides the basis for the trust. Any German CEO would happily invest in India if the conditions are reliable," he said.

Earlier this year, a lunch at Steiner's residence in New Delhi had unofficially ended the decade-long boycott of Gujarat chief minister Narendra Modi who is the BJP's candidate for prime minister's post after next year's Lok Sabha elections. Calling him a 'national figure', the German ambassador said his country is willing to deal with leaders chosen by democratic means. According to the organisers, the road show in India is Germany's way to attract more students to the country and provide more opportunities for research and innovation.

Jet-Etihad announce closure deal

Jet Airways and Etihad announced closure of a Rs 2,069 crore deal for the Abu Dhabi-based carrier to pick up 24 per cent equity in the Indian airline. This is the first FDI infusion by an airline in the Indian aviation sector which became possible after Competition Commission of India cleared the deal.

The announcement came after a board meeting of the Indian private airline at the Jet headquarters.

The board also approved sale of the Jet Privilege Frequent Flyer Programme (JPMiles) business to its subsidiary Jet Privilege Pvt Ltd as a going concern on a slump sale basis. The JPMile deal will involve Etihad pumping

in \$150 million for a 50.1 per cent stake in the venture. The finalisation of the deal came over a week after fair trade regulator Competition Commission of India (CCI) approved the acquisition of stake in Jet by Etihad, clearing the last hurdle for first such deal in the country's aviation sector, where most players are facing tough time.

Though all the regulatory approvals are in place, the courts are hearing two petitions against the deal. The deal also includes \$150 million soft-loan from Etihad and sale of two Jet slots at the Heathrow airport in UK to the foreign carrier for \$70 million, which put together values the deal at \$739 million, or Rs 4,624 crore, at today's exchange rate.

Even spectrum charges fine

Government is set to approve lower spectrum usage charges for telecom companies, while also paving the way for a lenient penalty regime for minor offences, communications and law minister Kapil Sibal said. Sibal said the Empowered Group of Ministers (EGoM) on telecom, headed by finance minister P Chidambaram, will consider the issue of a uniform spectrum usage charge (SUC) in its next meeting on December 2. Currently, SUC ranges between 3% and 8%, and moves up as the spectrum holding of an operator goes up. A uniform rate - recommended at 3% of revenues by telecom regulator Trai - will come as a major boost for top telcos such as Bharti Airtel, Vodafone and Idea, which have large holdings of airwaves, given the large number of subscribers on their networks.

The minister said there are some "legal issues" that the government is trying to sort out now. "The government has to look into these issues in a holistic fashion. We must treat everybody in a manner that gives equal opportunities to all stakeholders. So, this issue will be decided by the EGoM."

Govt rejects plan to cut pharma FDI cap

The government has said that it has dropped plans to restrict overseas players from buying into local pharmaceutical companies by reducing the foreign investment limit from 100% to 49% as several ministries had opposed the proposal put forward by the commerce & industry ministry. The proposal to reduce the FDI ceiling - a rare move - was discussed by the Union cabinet, where the idea was discarded. The commerce

& industry ministry had argued that it is necessary to reduce the cap for "rare and critical pharma" units as production low-cost generic medicines may come under threat. The proposal was strongly opposed by the finance ministry and the Planning Commission. Currently, 100% FDI is permitted in brownfield pharma firms through clearance from the Foreign Investment Promotion Board (FIPB). □

Speaking on the vexed issue of stiff penalties in the telecom sector, slapped by the department of telecom (DoT), Sibal said the government will come out with a more relaxed regime "very soon".

Don't make us name parties we fund

Don't make us reveal which party we fund - that's India Inc's message to the government. The reason: Privately, industry is apprehensive that full disclosure of political funding beneficiaries, as required under the new Companies Act, may lead to parties discriminating against companies. Rules governing the operation of the new Act are still being framed. Several private sector veterans said naming the party that receives company funds is risky in, as one executive put it, "a volatile democracy like ours".

The Confederation of Indian Industry (CII) has written to the government urging it to change Section 182 (3) of the new Act that says corporate houses must disclose names of parties they fund in their profit and loss account. Political parties for this purpose are defined as those registered under Section 29 A of the Representation of the People Act, 1951.

Section 182 (3) reads: "Every company shall disclose in its profits and loss account any amount ... contributed by it to any political party ... giving particulars of the total amount contributed and the name of the party ...". The earlier version of the law allowed companies to name individuals while disclosing political funding. Most companies avoided naming a political party, a senior executive said. "Such a clause will put us in a discomfiting position vis a vis political parties", this executive said.

Bihar teachers fail competency test

In Bihar where more than 10 thousand school-teachers have failed in competency test. To improve the educational level and standard in Government schools, the Bihar Government takes such periodical test of teachers and take action accordingly.

"A total of 24 per cent contractual teachers have failed in competency test this year. Out of 43,447 teachers who took the test 32,833 could clear the test and the rest failed to come up to the mark," said State Education Principal Secretary (Education), Amarjeet Sinha. The State Government has been conducting such eligibility tests for schoolteachers since 2008. The schoolteachers were tested for knowledge of English, Mathematics, Hindi & General Knowledge for up to Class V.

SC Lens on Nodia land scam

The Supreme Court has directed Noida (New Okhla Industrial Development Authority) to initiate steps to annul the over-a-decade-old allotment of plots to MP Amar Singh, former UP Chief Secretary Neera Yadav, her two daughters, IAS officer Rajiv Kumar and Flex Industries Limited, after finding serious irregularities in the allotment process.

In a judgement, a bench of Justices GS Singhvi and V Gopala Gowda directed the Chief Executive Officer of Noida to issue notices to the above persons within a period of 10 weeks. "The persons to whom notices are served may file their reply affidavits within next six weeks and the case be listed before the court after 16 weeks," the bench ordered, while deciding a PIL by Noida Entrepreneurs Association.

The apex court found the allotments to be of "arbitrary character" which it demonstrated using illustrations to cite the deep conspiracy between the State Government at the behest of former Chief Secretary Neera Yadav and NOIDA Authority officials. Rajiv Kumar worked as Deputy CEO Noida at the relevant period. Both Yadav and Kumar have been convicted and sentenced in the Noida allotment scam, probed by CBI. Court found allotments were made to the same group of industries, M/s Flex Industries Limited and M/s Flex Engineering Limited which was "ex-facie illegal" as the law under UP Industrial Area Development Act 1976 did not permit allotment of more than one plot to the same person. □□

G77+China walk out of Warsaw negotiation

In a rare show of solidarity against rich nations, the G77+China Group, comprising almost all developing countries, walked out of the negotiations on Loss and Damage (L&D)— sending a strong message that the poor nations are not going to give an elbow space to the US-led group unless they get commitment over financial assistance.

The move comes after the G77+China threatened to boycott the negotiations when rich countries refused to dilute their stand that the issue concerning L&D should be discussed only after the final climate deals come in Paris in 2015.

Loss and Damage is a mechanism where poor nations want financial assistance for adaptation and mitigation efforts on the premise that they had to suffer losses due to damage caused by high emissions of greenhouse gases by rich countries over the years during the industrialization period. Besides United States, Australia and Canada have been almost adamant against setting up a separate mechanism. The European Union, on the other hand, showed some liberal approach but it also wants the mechanism for L&D should not be finalized at least in the Warsaw conference of parties (COP). □

Raheel Sharif is New PAK Army Chief

Pakistan has named Lt Gen Raheel Sharif, an infantry officer regarded as a moderate, as the new Army chief to succeed hawkish Gen Ashfaq Parvez Kayani who retires after serving an extended tenure in the all-powerful post.

The 57-year-old Sharif, who is considered an old India hand and whose elder brother died in the 1971 war with India, was chosen by Prime Minister Nawaz Sharif to end several months of speculation. Lt Gen Rashad Mahmood was named the new Chairman of the Joint Chief of Staff Committee. The premier held separate meetings with Mahmood, currently Chief of General Staff, and Sharif, now the Inspector General for Training and Evaluation, before approving their promotion to the crucial posts.

“On the advice of the Prime Minister and in pursuance of clause 3 of article of constitution of Islamic Republic of Pakistan, the President and the supreme commander of the armed forces is pleased to approve the promotion and posting of the two generals, with effect from November 28,” a top official told PTI. Both generals superseded Lt Gen Haroon Aslam, currently Chief of Logistics Staff and the senior-most general after Kayani. He is scheduled to retire in April.

South Africa exam question stirs row

A test question asking drama students to direct a baby rape scene has sparked outcry in South Africa, where it is estimated someone is raped every four minutes. The exam question asked high school students to describe — using the symbols of a broom and a loaf of bread — how a rapist would stage the assault on a nine-month old baby.

The students had to do it in such a dramatic way that it would be able to maximize the horror of the brutal act for an audience. The question was based on an extract from the award-winning play ‘Tshepang’ by Lara Foot Newton, which was inspired by the 2001 horrifying rape of a nine-month-old South African child.

But students, parents and activists found the question insensitive given the high levels of rape in South Africa and that some of the students may have been victims. One student said that the question made him “sick”.

NC, CPN-UML Reject Maoists’ demand

The Nepali Congress and the CPN-UML rejected Maoists’ demand to amend the interim Constitution to include a provision of consensus to form the next Government, saying the country cannot be held hostage to the vested interests of some political parties.

“We have both procedures — majority based and consensus based — in the Constitution and as we are committed to consensus politics, there is no need to bring any amendment,” said Nepali Congress leader Bimalendra Nidhi. A central committee meeting of UCPN-Maoist demanded that the relevant provisions in the interim Constitution be amended to pave way for consensus politics if the Maoists are to participate in the Constitution drafting process. The Maoists have been threatening to boycott the Constituent Assembly, alleging that massive scale of rigging was prevalent during the recently concluded polls.

The party, which was routed in the November 19 polls, has maintained that the interim Constitution should be amended and a system of consensus established for Constitution drafting, formation of new Government and to decide other matters as well.

Greek economic recovery 'fragile': IMF

The economic recovery touted by Greece's embattled government is "fragile", the nation's IMF auditor has said as he called for new, targeted cuts in the next two years. "The recovery (in Greece) is fragile and will be hurt if the government does not stay the course of fiscal adjustment and structural reform," Poul Thomsen, the IMF's point man in the creditor mission to Greece, told the Kathimerini daily.

"More measures will be needed in 2014-2016," he added, whilst noting that "horizontal" cuts should be avoided in a country now gripped in a six-year recession. "The measures should focus on sectors where there is still excessive spending, and be carefully targeted so as to protect vulnerable social groups," he said. Thomsen said results were "mixed" on long-delayed structural reforms and expressed amazement that civil service layoffs were still "a taboo of sorts" when youth unemployment stands at around 60 percent.

The interview was published a day after Ger-

man chancellor Angela Merkel and Greek Prime Minister Antonis Samaras said they saw "light at the end of the tunnel" for Greece thanks to painful reforms. Greece unveiled a budget this week in which it said the deep recession in the economy would end next year with 0.6 percent growth, following a 4.0-percent contraction in 2013.

However, auditors from the International Monetary Fund, the European Central Bank and the European Commission concluded their latest visit to Greece to review progress on the country's economic programme without reaching a full agreement, according to an IMF statement. Such audits determine whether or not Greece receives the next instalment of rescue funding, with the troika of creditors now expected to return to Athens in early December.

The troika predicts a 2014 fiscal gap will exceed 1.5 billion euros (\$2.0 billion), while the Greek government estimates the sum to be slightly more than 500 million euros. □

Italy senate expels 3-time Ex-Premier

The Italian Senate expelled three-time ex-Premier Silvio Berlusconi from Parliament over his tax fraud conviction, ending, for now, his two-decade legislative run but not his political career.

Berlusconi has warned that the unprecedented move would embarrass Italy internationally. He maintained his defiance as the Senate voted, declaring a "day of mourning for democracy" before thousands of cheering, flag-waving supporters outside his Roman palazzo.

Even though Berlusconi won't hold a seat in Parliament, he is expected to remain influential in Italian politics. He has relaunched his Forza Italia party and he still commands millions of loyal supporters.

Free abortion move opens debate

A Chinese legislator is asking the government to give college girls the facility of free abortions in public hospitals. The call has attracted supporters and critics in equal numbers, with opponents saying it will encourage irresponsible sex among the youth.

Wei Aimin, a deputy of the Beijing Municipal People's Congress, said he wants the government to stop young girls from being cheated by private hospitals which lure them with advertisements about "painless abortions" — which they are not qualified to offer.

He also said that many young students are unable to afford the high cost of abortions, and get trapped in a cycle of debt in order to get rid of unwanted babies. The issue has attracted commentators over Weibo, the Chinese version of Twitter, with many saying that free abortions would defeat the government's efforts to popularize the use of protection like condoms to avoid serious diseases like AIDS, as well as unplanned babies. They want abortion costs to go up as a means to stop irresponsible sex.

Iran deal verification

Working out how to verify Iran's compliance with its landmark new nuclear deal with world powers will "take some time", the head of the UN atomic agency cautioned. "We are now looking at the way in which the elements of the agreement relevant to the Agency could be put into practice," International Atomic Energy Agency chief Yuyika Amano said.

"This will include the implications for funding and staffing. This analysis will take some time," Amano told a closed-door meeting of the IAEA's board of governors, according to the text of his remarks. In a major diplomatic breakthrough in Geneva, Iran agreed with the United States, China, Britain, France and Germany - the P5+1 - to curb parts of its nuclear programme for six months in exchange for sanctions relief. □□

China Opposes Release of Report

China has opposed the publication of WTO report that alleges Beijing's policy of imposing curbs on the export of rare earths is a violation of trade principles. The United States, Japan and the European Union had complained to the WTO in 2012 over unfair restrictions on the export of rare earths imposed by Beijing. Such restrictions helped Chinese manufacturers by denying other countries access to the exotic minerals, said the complaint.

Unnamed officials said the WTO's findings based on the complaint were favourable to the US, Japan and the EU, according to media reports. China opposed publication of the report and the case is in the WTO Dispute Panel hearing stage. According to WTO rules, the panel's hearings are not disclosed.

Pakistan U-turn at WTO foxes India

Pakistan has made a U-turn on the discussions at WTO that will provide flexibility to developing countries in meeting their food subsidy commitments. Pakistan was part of a proposal made by G-33 – a developing country alliance comprising Indonesia, India and China, among others – to get WTO to drop a provision that allows developing countries to provide only 10% of the value of goods as domestic support and also puts caps on maintaining food stocks.

While the developing countries have been pushing for amendments to remove the anomaly, in recent weeks, just as things started going their way, Pakistan has started raising concerns about gains that would accrue to India if the move goes through at next month's meeting of trade ministers in Bali.

India warns US over food stockpiling

India has told the United States it must give ground in negotiations over food stockpiling to secure a global trade deal next month. In a letter to U.S. Trade Representative Michael Froman, India's Commerce Minister Anand Sharma emphasised the "social significance" of allowing a change in the WTO rules to let poor countries stockpile subsidised food.

India led 46 developing countries in proposing the reform a year ago, suggesting that poorer countries should be exempt from limits on subsidies when they stockpile food to support low-income or resource-poor farmers. The proposal has been one of the main sticking points in a package of trade re-

forms that the WTO wants its 159 member countries to agree on at a summit in Bali next month.

Cotton subsidies may be game spoiler

While the clamour around the 'Peace Clause' under the agriculture agreement is gradually gaining momentum, it seems the decade-old problem around reduction of subsidies on cotton is going to be the game spoiler during the ninth WTO ministerial conference in Bali. This is one of the major demands of leading cotton producing countries, including India.

The commitment on cotton subsidies reduction was taken during the run-up to the Cancun meet in 2003 after which it was formally accepted for discussion in the Hong Kong ministerial in 2005. However, despite severe push from the African countries, the US has not committed anything on its part.

Reduction of subsidies on cotton is one of the major demands by the leading cotton producing African countries and India. Despite severe push from the African countries on subsidies reduction, the US has not committed anything on its part.

India ready to block WTO deal at Bali

The government has decided that it will refuse to accept any deal at WTO Bali meeting that does not protect its right to offer subsidized food, even if resulted in India being blamed for blocking progress. The tough posture ahead of next week's ministerial meeting was endorsed at the Union cabinet meeting chaired by Prime Minister Manmohan Singh after WTO members failed to agree to India's demand for a restriction on any disputes at the multilateral body in case the 10% subsidy cap is breached.

India wants the interim solution or the "peace clause" to be in place till a permanent solution is found. But, WTO members, led by the US, are willing to offer truce only for four years, while promising to work out a final solution during this period, something that the government is not convinced about.

Under current rules, amount spent on purchase of foodgrains at the minimum support price and sale at subsidized rates through the public distribution system cannot exceed 10% of the value of production. India fears that it may go past the limit once the Food Security Act is fully implemented. India is a key member of the G-33 alliance, which also includes China and Indonesia, which are seeking a change in the rules for calculation of subsidy. □□