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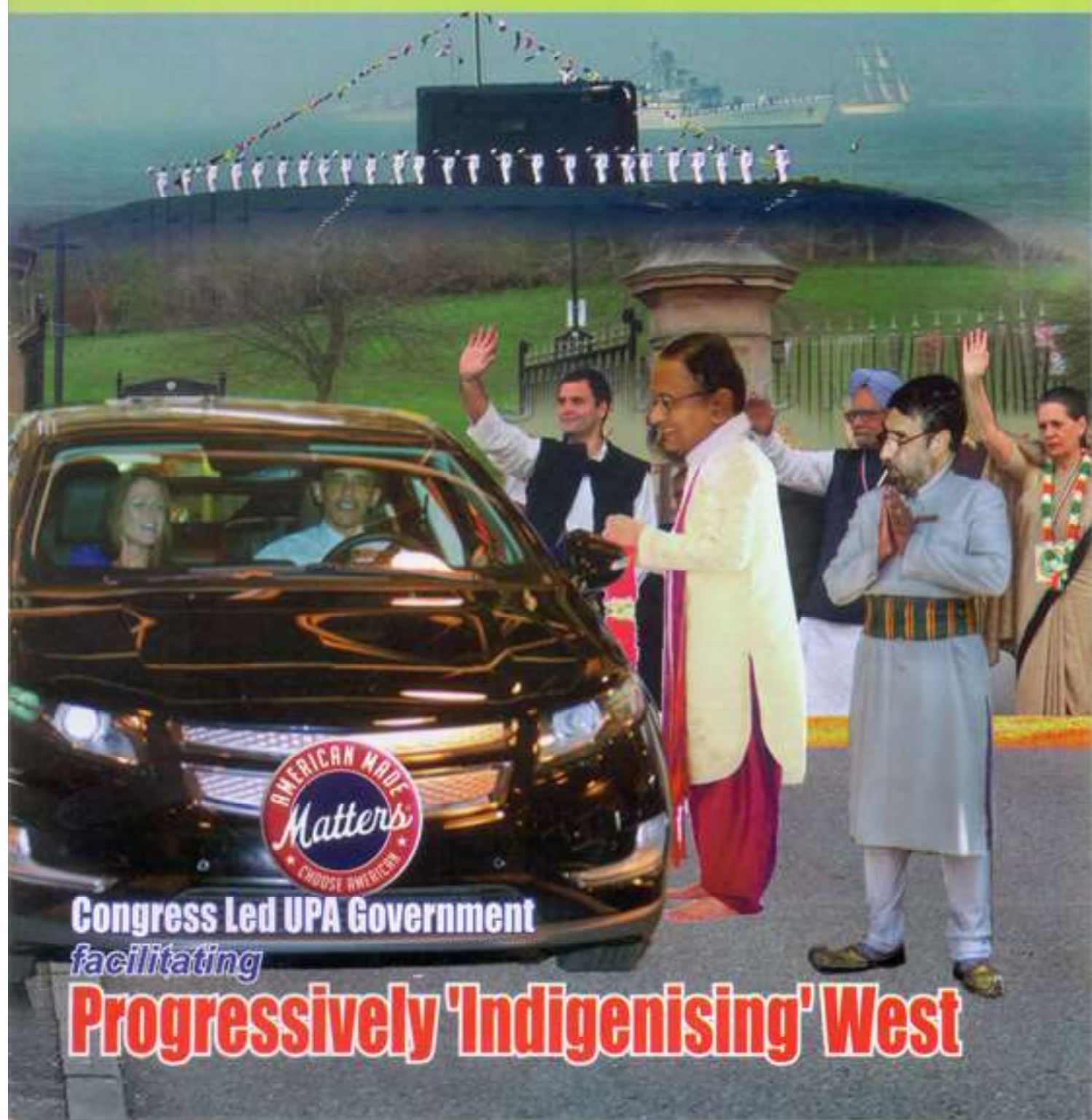
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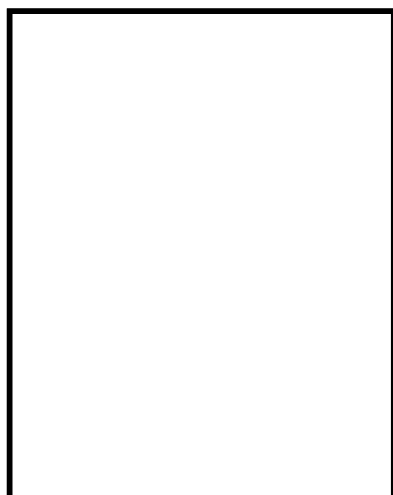
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March 2014



Congress Led UPA Government
facilitating

Progressively 'Indigenising' West



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Ajay Bharti

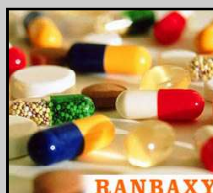
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Italian marines and India

Natural Justice demands that justice is meted out objectively, without favour and regardless of identity or status of the accused. But today, the Indian authorities appear to be blindfolding themselves to facilitate a possible escape route for the Italian marines by introducing questionable legal loopholes even before the case is admitted in court. If the two Italian marines are set free citing these loopholes on account of the callous handling of the case, it will be a blot on upholding our sovereignty.

The incident took place in 2012. Despite court orders for a speedy trial, the government seems to have been dragging its feet, assuring Italy that it would not seek the death penalty. Meanwhile, the Indian Embassy in Italy is being targeted and Italy wants to raise the issue at the level of the U.N. and the EU. Why is India so lethargic even in international matters? The case seems to have been handled in a confused manner, first by Kerala and then in Delhi. It should not have become an issue of conflict between two countries. If India has agreed to some thing it should have honoured that commitment and gone for an out-of-court settlement and let the marines go. Why this Tamasha that questions the reputation of Indian Judicial system. India in this case is being shown in poor light. But the government's decision is visibly on expected lines. India lost momentum as soon as the case was shifted to Delhi. Has it anything to do with congress president Sonia Gandhi. Has she been directly or indirectly responsible for influencing the case? These questions are legitimate even if they are missing from media. Meanwhile, the woes of the families of the fishermen whose lives were snuffed out off the coast of Kerala are mounting. The Supreme Court needs to intervene.

– Vijay Dass, Dwarka, Sector-4, New Delhi

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Quote-Unquote



During Mahatma Gandhi's time, the Congress was a noble idea and a noble thought. With fake Gandhis taking over the party, its ideas and thoughts have changed dramatically.

Narendra Modi

BJP's prime minister candidate



Those who seek the trust of voters must promise only what is possible. Government is not a charity shop.

Pranab Mukherjee

Hon'ble President of India



People with flat noses are as much Indians as those with sharp ones.

Sushma Swaraj

Leader of Opposition Lok Sabha



The AAP is more 'confusion-ist' than anarchist.

Tariq Ali

Pakistani writer, on the Aam Aadmi Party

Shooting the Messenger

Dithering effort of Congress led UPA to shift the blame

*"Concern yourself more with accepting responsibility than with assigning blame.
Let the possibilities inspire you more than the obstacles discourage you."*

— (Ralph Marston)

In his attempt to put a brave foot forward the newly designated mascot of Congress poll campaign is trying hard to market legislations like Whistle Blowers Protection Bill to claim credit for fight against corruption. But his government and senior leaders including Prime Minister are condemning, criticising and accusing 'whistle blowers' for doing their job honestly. Rattled by a string of corruption scandals, mismanagement of economy leading to slow down, exposure of inefficiencies of its leadership resulting in an overall pessimistic perception of the government and the party, Congress led UPA government is blaming the media for focusing only on its negative aspects. With the slump in the economy, uncontrollable inflation, sinking rupee & lapses on security front taking the sheen off the UPA's governance record, Prime Minister Dr. Man Mohan Singh while Addressing the AICC session did not mince words in assigning the blame for the dip in growth on the CAG and CVC. Minister for Communications and Information Technology Kapil Sibal openly expressed his belief that 'India's growth story has taken a beating due to CAG and media'. Health Minister Ghulam Nabi Azad in defiance of any logic wonders if journalists should be imported from the US and UK to write about the good works that the UPA was doing over the years. Going a step further, Sibal said the media was promoting unbridled consumerism and argued that it was leading to corruption. "The fourth estate should be part of construction and not demolition, he added. Azad in a patronizing tune advised the media to keep the nation's interests in mind because they too are Hindustanis. Dr. Singh, noticeably, admits that the slowdown in economic growth rate was also because of several domestic reasons. "Infrastructure projects were not cleared expeditiously. But instead of telling the country how to stem the rot, he said, bureaucrats are hesitant to take decisions because they fear the CVC and CAG will raise questions over their decisions." Referring to corruption scandals, Singh admitted some mistakes were committed. Finance Minister P Chidambaram is angrily refuting the allegations of policy paralysis while fighting hard to dispel the accusations of manipulating numbers in interim Budget to claim fiscal discipline.

So why has India's growth story taken a beating? UPA wants us to believe that it was due to a CAG report about presumptive loss of Rs 1.76 lakh crore that was leaked to the press. This report led to cancellation of 122 licences and decline of the growth rate. So, the growth story has taken a beating thanks to CAG and media. Now who will tell these fellows that It is not the fault of CAG and media as they are doing their duty. CAG is giving calculation of the figures from the books and media is reporting only what is happening. It is the politicians who are not doing their duty honestly. In fact the manner in which CAG worded its report it conveyed that the huge amount has actually been pocketed even though these were extrapolated and estimated figures. The drift and dithering, the policy paralysis, an unending series of corruption scams of astronomical proportion etc. were certainly not the doing of anyone other than the ruling politicians. It is no use blaming the external factors or the hunger of Indians for the yellow metal for the burgeoning current account deficit. With the negative returns on post office and other savings instruments due to the double-digit inflation, if those with meager surplus incomes went for gold as a hedge against a rainy day, one can not blame them for causing an adverse balance of payments situation. So, the UPA and its leaders need to look in the mirror and accept that they are the ones who have caused this dire economic crisis. Thanks to CAG and media, people at least realized how Congress manipulated growth story and fooled Indians. People presume that auditing the actions of the government seriously interfered with its primary objective of looting the nation. Government policy is aimed at either putting impediments in the way of the honest citizen so that a bribe can be collected to remove the same, or directly looting the nations natural and other resources by diverting these to cronies for a hefty fee. Totality of the Nation's wealth is deemed to be a pie with the coalition partners divide in such a way as to ensure that the party with the most seats gets the most lucrative portfolios. The CAG interferes with this political process causing a policy paralysis. Without the help of CAG and media all these multibillion dollar scams could never have come to the knowledge of the people of India. People would not have been jails but for CAG and media.

The advent of De-Globalisation



India needs to have a re-look at its global economic policy. It requires courage to do so, given the many tough decisions that are involved. Will the new Government post-May 2014 be able to rise to the challenge, asks Shivaji Sarkar?



The world has started de-globalising. The US has taken the lead. India needs to correct its economic policies and de-couple, according to the United Nations' latest report on 'World Economic Situation and Prospects'. The UN report, as analysed by Mr Nagesh Kumar, chief economist, UN-ESCAP and director, ESCAP South and South West Asia, is a testimony of reversal of the economic policies adapted in the post-Soviet era in early 1990s.

Though the report says that the global economy would grow at three per cent, it underlines the point that 2013 experienced subdued growth for a second year. There are many factors and risks that could derail the world economy far beyond the report's projections, The WESP says. It adds that

the risks associated with the bumpy exit from the quantitative easing programmes by the US Federal Reserve, threaten world economy.

The positives, it noted last year too, are the end of protracted recession in the Eurozone and "somewhat strengthening of growth" in the US. The other positive is stated to be some large emerging economies, including India and China, managed to back-stop the deceleration they experienced in the past two years.

The pessimism in the report, however, is wide. Despite a better world projection at 4.7 per cent growth for trade, employment situation will remain bleak. The WESP warns that international capital flows to emerging economies "are expected to be more volatile". It is a soft warning on foreign di-

rect investment and short-term portfolio investments by FIIs, which has become virtual bedrock of Indian Government's economic policies. Would the Government change the tack on economy?

The US fiscal tightening is a severe warning. During the past two year, US President Barack Obama has been hinting at more indigenisation — less imports and more exports. The Eurozone too follows the same principles. This is to hit Indian and other economies, dependent on export-oriented growth. They would have to look for new growth models.

India has done well in giving more solar energy-related contracts to indigenous organisations, leading the US to lodge complaint with the World Trade Organisation. This is natural. But India has also to be tough with the WTO. It cannot be allowed to undermine the country's sovereignty to benefit a few Western powers.

The WESP expressing concern over the lowest Indian growth in two decades is apprehensive over high current account deficit and fiscal deficits. Growth has decelerated to 4.8 per cent due to weak household consumption, high inflation, sluggish investment and large capital outflows in 2013. It says India is virtually on a reverse

COVER STORY

path, that Mr Obama is adopting, with less exports and more imports. The suggestion is simple. It wants India to reorient its policies.

The capital outflows resulted in a further depreciation of the Indian rupee in 2013. The weakness of the rupee contributed to upward pressures on prices of imported goods, which added to inflation. But this has helped the exports as prices in international market slumped. It forecasts a moderate growth to 5.3 per cent in 2014 for India.

Among developing regions, only Africa is experiencing some kind of growth. The GDP is expected to expand by 4.7 per cent in 2014 against four per cent now. Africa is growing because of growth on investment in infrastructure, trade and investment ties with emerging economies and improvements in economic governance and

management.

So far as India is concerned, the experts note that financialisation of commodity market; futures trading, cartelisation and hoarding are creating unprecedented price inflation of all goods, services and commodities. It also notes that higher FDI by international retailers are acting against the Indian consumers, who have to pay through their nose. It has affected their savings and caused utmost hardships. In a carefully drafted report, it has noted the failure of Government mechanism to control it despite the powers that they have.

The working class is the worst sufferer and overall large Indian population is finding it difficult to survive. In a previous report, UN Conference for Trade and Development had also noted these reasons for dismal performance of

Indian economy.

Indirectly calling upon India to correct its path, the WESP warns that the tapering of US Fed's bond buying programme could result in significant capital outflows, requiring further monetary tightening in India.

In addition, the WESP has come down heavily on subsidy cuts on food and energy. Depreciation of the rupee is yet another factor for concern. These would lead to higher consumer price inflation in 2014 apart from slowing down household spending and domestic demand. Besides, it leaves with little room for monetary easing. The suggestion for India is to have a re-look at its globalised economic policy. It certainly requires courage to do. Will the new Government post-May 2014 be able to take India on an independent course? □□

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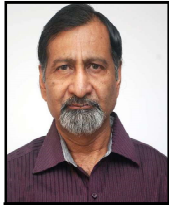
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Market Access to Foreign goods and Endangering of Domestic Products



The developed world still rule the international trade with its military power, technology innovations, strong globally accepted currencies, capital intensive industrial capabilities and Dumping of products. Inculcating 'Swadeshi Spirit' and making domestic goods competitive may help lessen the demand for imported goods and survival of Indian products in Indian markets, says **Anil Javalekar**



Indian economy is progressing and Indians, at least some of them, are prospering with high income to spend. These prosperous Indians need a market where their desired goods and services are available. These markets are now spreading in the form of malls and retail chain of MNCs and their branded products. Young prosperous Indians seems happy about the development of this mall culture and Indian government is eager to help this market grow. The tragedy is that this market is meeting the needs of high end consumers with more and more imported processed and branded goods. And these goods include small toys and durables to daily consumables like clothing and fruits and vegetables

to high end luxury items. Even AAP's caps are reportedly made from cheap China cloth. Indian urban prosperous consumers have since long been providing market for Indian farmers and other small enterprises including artisans and their shifting to foreign goods will endanger survival of Indian producers. Indian consumers empowered with high purchasing power are important and more important is their demand for Indian products. The policies of Indian government to allow market access to foreigners have led the shift of this important demand towards foreign products. Indian producers and their products are neither prepared for the world competition nor are they provided with enough

domestic support for adopting required edge in production, productivity, quality and price. The need is therefore to make Indian goods competitive and lessen the demand for foreign goods. The more important is the need for inculcating the 'Swadeshi' spirit among Indians.

Government and elite class are class consumers

Indian consumers are changing and so is their demand. It can be safely said that Indian Markets are responding to their demands. Even foreign companies are suiting their products to Indian test and demands. In ancient days, consumers were from ruling elite and their versatile demands for consumption and high profiled lifestyles provided the market for producers. The king and his administration, military personals and other supervisory class apart from the class priest were above others and were not directly engaged in production. They however were class consumers. Market was thus producing the goods and other items required by this class. This has been the story of skilled artisanship and their successes. This system of serving higher classes of societies has not changed much over the history of civilization. Consumer re-

mained same- the high class with high purchasing power. The system of production and market also remained same -producing and supplying goods and services suiting to the demands of this elite class. From ancient days to this day, the major demand came from Government and elite class. In future, Government's demand for domestic products may decline due to its changing procurement policies and the demand from elite class may shift towards foreign goods endangering the survival of domestic producers and their products.

Expanding Indian Consumerism

Today's Indian consumer market is diversified due to its varied geographical locations and cultural and language differences. Indian income disparity is also important. Indian consumer market is broadly defined as a pyramid; a very small affluent class with an appetite for luxury and high-end goods and services at the top, a middle-class at the centre and a huge economically disadvantaged class at the bottom. However, this pyramid structure of the Indian market is slowly collapsing and being replaced by a relatively large affluent class at the top, a huge middle class at the center and a small economically disadvantaged class at the lower end. Indian market is focusing on the large affluent and middle class of consumers. India's growing luxury market is set to exceed \$10 billion-mark by 2014 with growth rate at 14% according to one report by CII-IMRB (ET19 Nov.13). The expansion of urbanisation and urban market is inevitable and more inevitable is the expansion of supply chain of malls and super orga-



Indian consumer market is diversified due to its varied geographical locations

nised market. India is likely to be the world's largest consumer market by 2030, according to a report by global consultancy Deloitte. The country's retail market is projected to touch US\$ 1.3 trillion by 2020 from its existing level of around US\$ 500 billion as per India's Consumer Affairs Minister. Boston Consulting Group (BCG) and Confederation of Indian Industry (CII) projected that India's robust economic growth and rising household incomes would take consumer spending to a level of US\$ 3.6 trillion by 2020.

Growing Luxury Market

Indian market is also diversified and consists of street vendors and small corner retailers to shopping complexes and malls to hyper markets. Then there are organised and unorganised markets. Organized market is of licensed retailers who are registered for sales tax, income tax, etc. and include the supermarkets, corporate-backed hypermarkets and retail chains. Unorganized market, on the other hand, refers to the traditional retailers like the local corner shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors etc. Organized market in the form of mall and super markets has been growing and likely to share 20% of total retail mar-

ket by 2020 from present 8 %.The Indian retail industry has experienced growth of 10.6% between 2010 and 2012. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by Apparel and Mobile segment. More than 80 per cent of stores of various multi-brand retail chains (such as Spencer, Spar, Shoppers Stop, Croma, Titan Eye+ etc.) are in cities with more than one million populations (Indian Retail Market Opening more doors 2013- Deloitte). With the entry of foreign retailers in multi-brand retail there will be a gradual shift in consumption patterns such as non-food items gaining a larger share of the pocket and consumption of branded products in grocery items. Moreover, Luxury brands like fragrances, gourmet retailing, accessories, jewellery etc are gaining importance and Indian luxury market is expected to grow at a rate of 25% per annum and will make India the 12th largest luxury retail market in the world. According to Assocham study (ET6 Jan14), the luxury market in India witnessed a growth rate of 30 per cent in 2013. The segment stood at \$6.5 billion in 2012 and is estimated to cross \$14 billion mark during the course of the next three years. Sectors such as five star hotels and fine-dining, electronic gad-

gets, luxury personal care, and jewellery performed well in the year of 2013 and are expected to grow by 30-35 per cent over the next three years, the study revealed. The study divided the luxury sector into various categories including apparel and accessories; pens; home decor; watches; wines & spirits; jewellery; services like spas, concierge service, travel & tourism, fine dining and hotels; and assets like yachts, fine art, automobiles. After liberalisation, the luxury market is flooded with foreign branded goods and affluent and middle class Indians are preferring these items.

Growing imports of commodities

Government of India is publishing data on the sensitive items on monthly basis. The data shows that the import of sensitive items like Milk & Milk Products, Fruits & Vegetables, Pulses, Poultry, Tea & Coffee, Spices, Food Grains, Edible Oils, Alcoholic Beverages, Rubber, Cotton & Silk, Marble & Granite, Automobiles, Parts & accessories of motor vehicles, Product of SSI, Others (Bamboos, cocoa, copra & sugar) etc has been on increase. The import of these items was at Rs 18832 cr during 2004-05 and increased to Rs Rs.100911 crores at the end of March 2012 almost fivefold. According to Indexmundi source, import of Natural or cultured pearls, precious or semi-precious stones etc was at US \$ 2332.24 cr in 2005 and increased to US\$ 9359.24 cr in 2011. The import of Vegetable Products increased from US \$ 124.28 cr to US\$ 359.16 cr and import of Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes were increased from US 69.80 cr to US \$

98.32 cr during the same period. It is to be remembered that imports are mainly cater to the needs of high end Indian consumers that have high purchasing power.

Declining Indian manufacturing sector

Indian economy is growing with faster rate of growth. The growth is mainly in services sector as is evident by its growing importance as a component of GDP and its higher growth rate compared to other sectors. The sectors like manufacturing and agriculture are contributing less and less with share each to 16 and 14% of GDP respectively. The declining growth of manufacture sector will have greater impact on employment generation as the record of service sector is not satisfactory and its growth cannot absorb the growing labour force. The tragedy is that Indian markets are flooded with Chinese products and it is likely that India may lose its self reliance in manufacturing. Indian MSMEs are producing over 6000 wide ranging products from simple traditional crafts and consumer goods to highly sophisticated products like micro-processors, mini computers, electronic components, electro-medical devices, etc and are most affected by imports. And this is also a reason for their sickness.

Changing Indian procurement policies

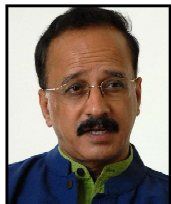
The WTO regulations propose for liberalisation in government procurement policies and expect Indian procurement to be transparent and free from trade distortion practices. The issue of opening Government procurement to foreign suppliers is raised

in most foreign trade agreements including that of India-EU. This may affect Government demand for Indian products. MSMEs accounts for 45 per cent of total manufacturing output but contributes only 5 per cent in the total annual procurement of the government and future liberalisation policies may further dilute it. The Competition Commission of India has estimated that annual public procurement in India is of the order of Rs 8 lakh crore and is thus important to survival of MSMEs.

Swadeshi spirit—the only answer

Future seems to be more of free world trade that expects countries to open market access to all other countries. However, imports only for the purpose of trade and profit will endanger the business of Indian small producer and more so when major chunk of highly rich Indian consumer turn to foreign goods. The trade is not simply a matter of competitive production and productivity or cost efficient system but also of technology and government interventions. The developed world still rule the international trade with its military power, technology innovations, strong globally accepted currencies and capital intensive industrial capabilities. Dumping of products to finish the local producer is also an age old practice. In the circumstances, increasing competence of domestic goods rather than high tariffs may help reduce the demand for imported goods. More than that, the best alternate is to inculcate Indian consumers with 'Swadeshi Spirit'. This may help lessen the demand for imported goods and survival of Indian products in Indian markets. □□

FDI in retail: The myths around what it can achieve



Farmers in US survive on the farm not because of Wal-Mart but the massive subsidy support they get, which includes direct farm income. An UNCTAD-India study shows that if these subsidies, classified as Green Box in WTO parlance, are removed, American agriculture will collapse, exposes **Dr. Devinder Sharma.**

There is a popular advertisement on TV. A child is running and falls down in the mud. His mother comes running, picks up the child, dusts his clothes and says: "Beta, get up. Don't worry Surf Excel hai naal!"

In a country where nearly three lakh farmers have committed suicide, farm incomes are plummeting, where rural infrastructure is in shambles, middlemen rule the roost, and there is jobless growth, FDI in retail is being promoted as yet another Surf Excel. An impression is being created that once FDI in retail is in place, it will not only address all the ills plaguing the food and agriculture sector, but also take care of employment.

In the mid-1980s, when Pepsico came up with a proposal to bring in a second horticultural revolution in Punjab, it too was hailed as a path-breaking initiative that would put an end to the continuing distress on the farm. It was expected to usher in the latest technology, improve farm research and extension, create supply-chain infrastructure, and provide marketing linkages from farm to the fork. I remember the kind of excitement that prevailed all around. Politicians, bureaucrats, economists, agricultural scientists and even the Bhartiya Kisan Union (BKU) joined the chorus.

Some 15 years after the project was approved, Pepsico's horticultural revolution is all but

forgotten today. Agriculture has gone from bad to worse. The food bowl of the country has also become a major hot spot for farmer suicides.

Arvind Kejriwal's scrapping of FDI in retail in Delhi has renewed the debate over one of the most contentious of policy issues. Commerce Minister Anand Sharma has expressed displeasure saying that the Delhi government's decision will send a wrong signal to foreign investors. On the other hand, FDI in retail will lay out back end infrastructure, bring in a chain of cold storages and improved transportation thereby reducing crop losses, remove middlemen who rob the farmers of profits, and thereby provide him higher prices and bring in improved technology to help in crop diversification. Of course, it will also create millions of jobs.

Let us now examine how true these claims are, or at least how likely. Wal-Mart, Tesco, Sainsbury, Carrefour and a host of other big retail players are expected to increase farm incomes. But in the US, where Wal-Mart has completed 50 years, if farmers had indeed been getting better income, what reason would there have been for the farming population to plummet to less than one per cent of the total



population?

Farmers in US survive on the farm not because of Wal-Mart but the massive subsidy support they get, which includes direct farm income. Between 1997 and 2008, Rs 12.60 lakh crore was provided as income support to farmers. An UNCTAD-India study shows that if these subsidies, classified as Green Box in WTO parlance, are removed, American agriculture will collapse.

In Europe, despite the dominance of big retail, one farmer quits agriculture every minute. Europe provides the highest amount of subsidies, including direct income support. But because 74 per cent of these subsidies are cornered by Corporations and big farmers, small farmers are quitting the sector. In France, farm income has come down by 39 per cent in 2009. In OECD, the richest trading block comprising 30 countries, Rs 14 lakh crore was the farm subsidy support in 2009 alone. It is not big retail, but direct income support that keeps farmers in agriculture.

Studies show that in America, some 50 years back when farmers sold their produce for one dollar, their income was 70 cents. In 2005, this had fallen to 4 per cent. With middlemen wiped out, one would have expected the farmer's income to go up. But now it is a new battery of middlemen - quality controller, standardiser, certification agency, processor etc - who walk away with the farmer's profits. The number of middlemen, operating under the same hub, actually increases.

Take the example of an earlier Walmart-Bharti tie-up for wholesale marketing in Punjab. Baby corn is bought by Bharti-



There is no evidence that big retail creates back end infrastructure.

Walmart at Rs 8 per kg, sold at Rs 100/kg in wholesale by big retail, and ultimately the consumer price hovers around Rs 200/kg. It's a clear example of how the middlemen squeezes farm incomes and fleeces the consumers. This is not an isolated case. Much of the farm produce is bought at very low prices across the globe. Primarily for this reason, dairy farmers in UK are quitting on a large scale. They are urging the British government to set up a fair price mechanism that big retail should be directed to adopt.

There is no evidence that big retail creates back end infrastructure either. In US and Europe, rural infrastructure has been created through government support which came in the form of agricultural subsidies again. To say that 40 per cent of agricultural food that goes to waste in India will be drastically reduced by the influx of FDI in retail is also an illusion. In US too, 40 per cent of food is wasted and much of it after processing, where Wal-Marts should in fact have played a much more important role. More than 50 per cent of vegetables/fruits rot in supermarket stores. If big retail failed to reduce food wastage in the US, I wonder why do we expect them to do a miracle in India?

Regarding employment gen-

eration and poverty alleviation, lessons need to be drawn from a 2004 study by Stephen Goetz and Hema Swaminathan of Pennsylvania State University, which showed how higher poverty prevailed in areas where Wal-Mart stores had come up, compared to those states where big retail was absent. In any case, in a market with a turnover of \$450 billion, Wal-Mart employs only 2.1 million people. In contrast, for an estimated \$460-billion market, Indian retail employs 44 million people. If Wal-Mart is allowed to come in, what has to be understood is that for every job it creates, it is most likely to displace at least 20 workers.

Yes, there is a need to improve rural infrastructure, provide a sophisticated supply chain, and provide better income to farmers. The milkman of India, late Dr Verghese Kurien, had shown us the way. The cooperative dairy structure, which led to the evolution of the Amul brand, is the right approach. If he could do it for milk, which is a highly perishable commodity, there is no reason why it cannot be replicated for fruits, vegetables and other agricultural commodities. A solution to the plethora of problems on Indian farms does not lie in the west, but in our own backyard. There is no need to look for a Surf Excel. □□

Many false dawns in our Civilization



By demonstrating its callous attitude towards the promotion of Sanskrit, the Government is insulting our rich cultural heritage, writes Dr. Anirban Ganguly

The recent forming and dumping of the Sanskrit Commission by the present dispensation displays the latter's suppressive spirit when it comes to nurturing the traditions, languages and culture of India. In short, it expresses its lack of foresight and deliberate spirit of omission when it comes to preserving and nurturing our civilisational essentials. That Sanskrit continues to remain a vibrant language today and inspires those who dive into its reserves and while holding great potential – scientific, cultural and spiritual is because of the efforts of a number of dedicated individuals and organisations tirelessly working in the field. Samskrita Bharati, for example, and its huge efforts at rekindling worldwide, interest in Sanskrit and in developing methods for its easy learning have turned a number of modern sceptics into lifelong adherents of the language and have generated genuine efforts among scholars in the West to re-examine the living expressions of Sanskrit.

One of the first commissions constituted in independent India to examine the national education needs of the country, the University Education Commission (1948-1949), with members such as S Radhakrishnan and Meghnad Saha, had observed regarding the teaching of Sanskrit that the importance of the study of classics in our languages had “not been correctly re-

alised”. It had advocated the need for students to take up the study of Sanskrit in the degree course and pointed out that “Sanskrit language and literature, which constitute our cultural heritage” offered a wide opportunity for research. Discussing moral and ethical education the Commission had observed that Sanskrit was “best suited for a spiritual training”. One wonders whether any organised effort and thinking was ever put behind these observations to draw up a road map for enlivening and widening the quest for Sanskrit in the country.

The Secondary Education Commission (1952-1953), discussing the study of languages also made a strong case for promoting the study of Sanskrit. “To the bulk of Indians”, it observed, “Sanskrit which is mother of most Indian languages has always appealed both from the cultural and religious point of view.” It expressed anguish over the decline in the habit of studying classical languages arguing that if the trend were to continue then the study of the classics “which is of immense value” may be completely neglected. It called for promoting the study of Sanskrit to give “every encouragement possible” to those who wish to take up its study. There definitely was a great awareness, among some of our leading minds, for the need to cultivate and support the study of

Sanskrit and encourage path-breaking and contemporary researches in its ever renewing character.

Then followed the first, and till now, only Sanskrit Commission (1956-1957) headed by the legendary linguist and scholar of Indian civilisation Suniti Kumar Chatterjee which studied the need for Sanskrit education in the country in great detail. Among its observations and musings was a point which perhaps remains unchanged to this day. The Commission noted that the “dawn of independence has been looked up to by the nation as the beginning of an age of cultural rehabilitation of the country... And Sanskrit, being the bedrock of Indian speech and literature and the artistic and cultural heritage of the country, has been naturally looking forward to the Government, all these years, for measures of its rehabilitation”. Such an effort did not take off and there was a countrywide “feeling of regret and disappointment among the people” on its absence. “The grievance of the people was acute, because they had expected that there would be a better and more sympathetic understanding for Sanskrit after Independence.”

For Sanskrit in India, as the recent treatment of the Sanskrit Commission demonstrates, a false dawn still sheds an uncertain and illusory lustre! □□

Political AAP Always Hid behind Apolitical IAC?



Kejriwal needs to tell the nation why and when he thought of snuffing out the IAC and giving birth to AAP. Unless he takes the country into confidence and comes clean, he cannot and should not be trusted. What is the guarantee that the man who fooled his mentor Anna will not fool the people, asks S Gurumurthy ?

Arvindji, if you reject both ruling and Opposition parties as two sides of the same coin, you will eventually form a political party of your own, unless of course you work for a revolution to overthrow the system.”

This was how my meeting with Arvind Kejriwal ended. Kejriwal responded that he would never ever enter politics. That was a couple of days before the famous August 20, 2011 fast of Anna Hazare at Ram-lila Madian. We never met before or later. He met me at the instance of a spiritual leader whom I hold in high esteem. He had advised Kejriwal to meet me to know how the movements against corruption in high places – in which I was involved as part of the Indian Express group in the 1970s and 1980s – were carried on for long periods.

The meeting took place at the Indian Express guest house at Sarvodaya Enclave in New Delhi.

A common friend, Darshak Hathi, had accompanied Kejriwal. Darshak was part of India Against Corruption (IAC) team in its critical work of drafting the Lok Pal Bill, of meeting the Prime Minister and other ministers. He was also instrumental in mobilising the Art of Living volunteers, who were initially IAC's backbone. Darshak belongs to a respected political fam-

ily, that of Jaishuklal Hathi, a former Union minister. Darshak is now the international director of Art of Living in Bangalore. He was witness to our dialogue which went on for almost two hours.

I told Kejriwal that all anti-corruption movements were political. They were invariably against the ruling party's corruption, co-opting the Opposition parties in the fight. I cited the examples of the Bihar movement, the Nav Nirman movement and the movement against Rajiv Gandhi over the Bofors pay-off — which led to the defeat of corrupt regimes. I told him that the only way corruption could be fought was to punish the corrupt politicians by defeating them in elections.

A movement to establish honesty in politics is impractical. The movement for the Lok Pal Bill aimed at a better law to punish the corrupt, but overlooked the issue of the unprecedented and ongoing corruption of the ruling party. I also told him that for an anti-corruption movement to succeed, the first requirement was a leadership which could bring all anti-establishment forces to fight the ruling party's corruption.

Kejriwal's short reply was that such movements proved futile as corruption had continued even thereafter. He insisted that a movement to clean the political system was

needed. I asked him whether he was seeding a revolution. Responding theoretically, he said that he was mobilising people's power to correct the system. I moved to the next point and said the unflinching support of one media outlet willing to risk its interests was needed — like the Indian Express which actually led the anti-corruption battles. Kejriwal responded that he had the support of the entire media. I told him that the media as a whole could not be trusted to support an agitation for long and they would soon get divided. So relying on the disparate media might prove dangerous.

He then named a media group which had promised total support to him. (Later I checked up with them. They confirmed they were sympathetic to IAC but wouldn't back them like Ramnath Goenka who would put his last penny in a fight.)

I went on and told Kejriwal that there could not be an effective anti-corruption movement without openly targeting the corrupt person. The IAC, instead of naming and fighting the blatantly corrupt rulers, was actually helping them by giving them opportunity to escape the blame by supporting the Bill and thus claiming to be clean! In the process, they had also gained the time they needed.



***Was apolitical
IAC just a
strategy to lure
guileless Anna
and throw him
out later?***

Worse still, IAC was blaming all politicians - clubbing and equating those who had looted the country of lakhs of crores with, to say, pick-pockets. In effect IAC was bailing out the Congress which was virtually shameless about corruption.

At that point Arvind said the movement had gone too far into the apolitical line. I said that, having taken up a political issue, to say that IAC would handle it apolitically, was a contradiction. Anna's apolitical stature could bring together the various shades of Opposition, like JP did.

Kejriwal then asked me pointedly, given where he stood, what should be done. I suggested to him that IAC should course-correct itself. When Anna would sit on a fast on August 20, the leaders of the Opposition parties might come and garland him and he may ask them to sit with him on the stage for the day. That would signal to the public who the buccaneers were.

Kejriwal responded that they could come and garland Anna but they should sit in the audience. I said that was too much, as they had also spent decades in public life and some of them had maintained standards through their life which today's younger generation might find difficult to do. I noticed two things throughout.

Kejriwal always took Anna's name and said Anna would not agree

for this or that. Next, he said that he could never cross Anna's apolitical line. When I told him finally that he might himself have to form a political party to fight the issue politically, he asserted that he had no political ambition at all. I wished him well and the meeting ended. To be sure that I recollected the conversation correctly I had sent the gist of the dialogue to Darshak Hathi. He responded by his mail dated January 29, 2014: "This is perfect".

I never reveal private conversations. I can vividly recall the personal meeting a Bofors pay-off accused had with Ramnath Goenka and me at the Express Towers in Mumbai in July 1989. He was accompanied by Mahesh Jethmalani. He clearly told us that if he opened his mouth the Prime Minister would have to go. Despite the fact that the Indian Express desperately needed proof on Bofors pay-off, we did not even think of publishing that incriminating but confidential statement. But there was nothing confidential about Kejriwal's meeting or dialogue with me. We discussed only public issues. Yet I refrained from making the dialogue with Kejriwal public because it principally involved what I was telling him and also there was no appropriate context for that till AAP formed the government in Delhi.

Kejriwal's flip-flop-flip on almost every issue of principle made

me feel that he is not what he professes to be. He said he would not contest elections, but he did. He said he wouldn't ally with the Congress, but he did. He said the AAP wouldn't form the government, but it did. He said he wouldn't hold any office, but he does. He said he would act against Sheila Dixit within seven days of assuming power, but did not. These flip-flop-flip made me recall what all he had told me. Several questions arose in my mind over his intent ab initio. Was he honestly pursuing apolitical agenda in IAC? Or was IAC just theatrical to co-opt the media and many respectable persons which gave unprecedented publicity and image to IAC and himself?

Was apolitical IAC just a strategy to lure guileless Anna and throw him out later? Would Kejriwal have deliberately used Anna knowing that a truly apolitical and undoubtedly innocent Anna would be useful but irrelevant if Kejriwal and his ambitious colleagues morphed IAC into the AAP? Where is the IAC agenda now, will he tell the nation? Was the political AAP always incubating in Kejriwal's mind even as he was espousing apolitical IAC?

Kejriwal needs to tell the nation why and when he thought of snuffing out the IAC and giving birth to AAP. Unless he takes the country into confidence and explains what made him ditch Anna and why he formed the AAP after promising a million times that he would not enter politics, his political morality will barely equal that of any Aam politician.

Unless he comes clean, he cannot and should not be trusted. What is the guarantee that the man who fooled his mentor Anna will not fool the people? □□

Swadeshi economy can be built only on the foundation of a Swadeshi mind

Verbatim transcription of the talk by Revered P. Parameshwaran ji, the renowned thinker, social philosopher, the director of Bharatiya Vichara Kendra and the president of Vivekananda Kendra, Kanyakumari during the NEC Meeting of Swadeshi Jagaran Manch in Thiruvananthapuram on 12th December 2013.

My dear colleagues & audience

At the outset I will like to take the liberty of introducing one of my coworkers Dr. Madhusudan Pillai academic Director of all the research activities going under Bharatiya Vichar Kendra. He was Member of national accreditation committee of universities. He is now working with me on various activities.

I don't know what I am expected to speak. Barrier of language may also be there. Best thing will be silence the next best will be to give very brief talk. It is always a matter of happiness to meet friends from all over the country having the same mindset, thinking in the same way, thinking of the same route, travelling on the same road trying to reach same goal. It is a great joy.

Now when I sit here and think of the Swadeshi Jagaran Manch National Conference which has already commenced, I remember the prophetic words of swargiye Sudarshan ji, our previous Sarsanghchalak. He used to say that we are passing through a 'yuga samkraman'.

An old yuga is passing away. A new yuga is approaching. A new yuga a sort of a satyayuga is approaching. And he used to refer that with the advent of Sri Ra-

P. Parameshwaran is a renowned thinker, an excellent orator and a social philosopher. He is the director of Bharatiya Vichara Kendra and the president of Vivekananda Kendra, Kanyakumari. He is also one of the founder members of International Forum for India's Heritage (IFIH).

He came into contact with the world's largest voluntary organisation Rashtriya Swayamsevak Sangh (RSS) during his student days, was also a favorite disciple of Swami Agamananda social reformer and founder of Advaita Ashrama at Kalady, the birthplace of Adi Shankara. Parameshwaran became an RSS "Pracharak" izer) in 1950. He was jailed during the Emergency (1975-1977). Well entrenched in the philosophy of Vedas, Upanishads and Gita, he has followed in detail the thoughts and writings of Western thinkers like Karl Marx and Arnold Toynbee and the Indian seers like Swami Vivekananda, Sri Aurobindo, Sree Narayana Guru, Mahatma Gandhi and Deendayal Upadhyaya.

He has been ceaselessly writing articles and books on social, cultural and religious themes. He is also a gifted orator, with a great command of words and a greater depth of insight. He has delivered lectures all over the country on national issues. □



makrishna Paramhansa a new Yuga had started. Swami Vivekananda was the rising star of that great transformation and now this is the 150th year of Swami Vivekananda. All over the country a large number of programmes are going on and more than programmes it is affecting national mind all over the country.

We are almost entering a new cycle; a new birth for our great motherland and through that for whole country and whole world. Because the awakening of India is not meant only for India. Wake up India and wake up whole world.

That is the sort of goal. And it is in that context that I look upon

this great national conference that is being organized here. I had gone through the life and works of Swami Vivekananda I have found that a swadeshi mind has been created and it had been set in motion by swami Vivekananda.

Swami ji's world wide tour and his awakening arousing call throughout India Created new sense of renaissance in our country. It was not only spiritual. It was all round renaissance. It was total renaissance social, religious, cultural and even economic. Even in the field of economies Swami ji had given a new sense of urgency and awakening totally. When swami ji was going to Chicago to address

the conference of religions. Jamjeshad ji tata, who was the prophet of Indian economic renaissance. He was also travelling along with Swami Vivekananda. He was going to Japan.

Swami ji asked him why are you going to Japan. He said he wanted to import matches from there. He wanted to import. Swami ji asked him why. Why don't you manufacture matches here. You can do it here. Tata also wanted to start a steel factory. In fact he was going to America for that purpose. After returning from America both Tata and swami ji both returned.

After 3-4 years TATA decided to start a steel plant.

To create scientists and technologists, he wanted to start a science and technology institute in Bangalore. And before starting that he wrote a letter to swami Vivekananda saying, I remember our conversation. You inspired me to start science and technological institutions in India. And now I have decided. He spared 30 lakh rupees for that. thirty lakhs at that time was a huge sum at that time. He requested the swami ji to write a pamphlet to emphasize the importance of scientific and technological innovations in our country for the sake of economic progress.

Off course Swami ji did not himself write but an editorial in Prabudha Bharat, a magazine started by Swami Vivekananda was written in which it was clearly told that country needs as much material progress as scientific progress, as spiritual progress. And not only that Swami ji had in his mind the poor agricultural population of India. He wrote a letter to Swami Akhandanada, param pujya Guru jis Guru. He wrote a letter saying



small scale agriculture must be promoted. We must select Agriculturists from rural areas, give the education, give them ideas. Agriculture is the back bone of our country. Swami ji wrote this letter. And in many other respects swami ji wanted that there must be a swadeshi set up in our country. Swami ji was the awakener the prophet of this thinking.

I just happened to go through one of article which I wrote 25 years ago. Swami Vivekananda who sowed the seeds of Swadeshi in this country. It was swami Vivekananda. And it is that swadeshi idea. We did not gain swadeshi we really expected. We went after foreign models. Even today we are enormed of foreign models.

After Independence we did not gain the Swaraj and the Swadhrma.

We ran after foreign models even today we are enormed by foreign models. It is not only a Swadeshi policy what is more important is a Swadeshi mind set. WE must feel proud about our country, our culture, our tradition, our economic past. As a matter of fact, We were the leading economic power in the whole world four cen-

turies back. Today we have come to this miserable condition. It is due to lack of Economic Swadeshi mind. It is only on the foundation of a swadeshi mind that a swadeshi economy can be built.

Today I was really were sad to see a news item in the Hindu. Calicut University, department for women's studies they had decided to institute an honour; Golden award/medal for the best mother.

They wanted to honour motherhood. There was a furor of opposition. What are you saying? Is woman just a mother? You are taking away the well decided independence/freedom of women. Woman is not just a mother. Now we know how we look upon mother. what is the attitude of our people towards mother .

For instituting a Puruskar, an award in honour of the best mother there is such an opposition that too in India. Now tomorrow there may be an opposition to if you say Bharat Mata ki jai. What Bharat mata?

What my emphasis is that we are drifting away from our basic values. And without our basic values we can't build good super structure.

[Conitnued on page no. 27]

Neither communism nor capitalism, India needs Third Way



*If communism collapsed in 70 years the US capitalist model is evidently going to vanish in 80 years i.e. up to the year 2025. Compared to this scenario India has been witness to a strong, stable and prosperous socio-economic and cultural structure that successfully served the purpose for thousands of years. This is the third way which India is looking for and this can be the model that will create lasting happiness, hopes **Satish Kumar***

India became independent after 1800-850 years of struggle in 1947 on 15th August. The larger question that the country faced at that time was to choose the appropriate path of development.

The first Prime Minister Jawahar Lal Nehru though intelligent and internationally well known, was not very fond of his Indian roots. He had neither enough of faith nor real and in-depth knowledge of Indian history, ancient economic system, and its philosophy and Hindu way of life.

His understanding of India was based on western approach (Macaulay education system). Nehru, therefore, looked all around the world for a developmental model and did not care to have a look on India's own past.

In 1947-48 Russia was a shining country that had witnessed Bolshevik revolution in 1917. USSR was firmly under the control of communism. clear & accurate information about it was not allowed to come out. Official apparatus of USSR was propagated its system as best suited for every country in the world. It was being presented as rapidly growing with social equality & modern technology and hence an ideal socio-economic setup.

Nehru decided to follow this very model. Soviet economist **Mahalanobis** was invited to India. He evolved the five year plans and other economic structures like large factories state-controlled PDS, Big dams etc. But name given to it was either mixed economy or state controlled economy and

not the communist system.

Collapse of Communism and Capitalism

The 1980-90 decade saw the beginning of information revolution. Iron curtain over Russia began to disappear and facts began to come out. People revolted against communist regime. Governments were over thrown. Unemployment and hunger was at its peak. Economy was bankrupt. USSR was proving to be a failed state. Naturally when original failed, the countries like India that had imitated USSR were bound to follow.

While USSR collapsed in 1990, India followed in 1991 when it was close to economic failure. India had to pledge over 2600 tons of Gold to avert the crisis. At that time congress was able to form the government because of sympathy wave. P.V. Narsimha Rao, who formed the government appointed Dr. Man Mohan Singh as his Finance Minister.

Dr. Man Mohan Singh was a renowned economist from London School of Economics having a fair amount of experience of working with World Bank. But his knowledge about India and its past as well as present requirements was superficial like Jawahar Lal Nehru. Like Nehru he also had not faith in India and its potential.



Hence on 22nd July 1991 he announced a neo liberal economic policy based on LPG or so-called liberalization, privatization and globalization. These policies were nothing but poor imitation of western capitalist model. So effectively India after leaving Russian communist Model adopted American capitalist model.

By 2008 hollowness of US economy was clear to all. The bubble had burst. USA and Europe was under the grip of recession. Over 65 big banks including Lehman Brothers had become insolvent. USA had to declare a bailout package like what India did in 1991.

American rankings came down from A⁺A⁺A⁺ to AA⁺. For this very reason people all across the globe have now come to believe that US model also is a failure. US economy is on decline. Its complete failure is only a matter of time. Several European countries are facing similar recession and are looking for an alternative model of economic development.

Ailing Western Society

There is another aspect to it. USA is like an open to sky hospital. It has highest crime rate (717 per lakh) in the world. Suicide rates in every developed country in very high. Japan is leading in this case. 2/3rd population of USA can't have a sound sleep at night. About 35% girls become unwed mothers. Girls as young as 14-15 years deliver babies. 51% marriages in US end up in divorce within 3-4 years. 40% adults suffer from curable depression. Diabetes and blood pressure problems in the age group of 35-40 years are considered normal. Deaths due to cardio vascular diseases, cancer & HIV are huge.



Health industry is very large.

GDP growth in western countries is below 5%. Number of People dependent on state is increasing. These states have to spend 3-25% of their GDP on social security. USA and European economists are unable to find the way out of this mess.

Third Way

It communism collapsed in 70 years the US capitalist model is evidently going to vanish in 80 years i.e. up to the year 2025. USA became an economic super power after 1945 World War II. Its collapse is seen to imminent by 2025.

Compared to this scenario India has been witness to a strong, stable and prosperous socio-economic and cultural structure that successfully served the purpose for thousands of years. Prosperity of India over millennia of years can be judged by the fact that in spite of unbridled plunder spread over hundreds of years we still have huge deposits of Gold, and diamonds. Most of Indian lower and middle class families have a minimum of 20-30 grams of gold. Family system is the smallest but significant unit of our strong and prosperous economy. Our contri-

Several European countries are facing similar recession and are looking for an alternative model of economic development.

bution to global trade was 19-20% up to as late as 18th century.

Way forward

Need, therefore, is to seriously study this sustainable prosperous economic model that has been evolved over thousands of years. It needs to be reinterpreted in modern context, idiom and along with modern technology keeping in mind the present global context and evolve a contemporary economic model. Hindu economic by MG Bokare, Third way by Datatopant Thengadi and Integral humanism propounded by Deendyal Upadhyay can be guiding works in this direction.

This is the third way which India is looking for. Even world is looking for such a model. This will be the model that will create lasting happiness. □□

The farm bill; An overview

*United States of America is subsidising corporate welfare in the name of Agriculture.
Swadeshi Samvad has compiled a report on 2014 Farm Bill.*

President Barack Obama on Friday, February 7, 2014 signed a new five-year farm bill that contains about \$7 billion worth of funding for ranchers, including the Livestock Indemnity Program and the Livestock Forage Program, which provides immediate assistance for those who have been hit by disaster.

The Agriculture Act of 2014 (H.R. 2642, also known as the 2014 U.S. Farm Bill), formerly the “Federal Agriculture Reform and Risk Management Act of 2013”, is an act of Congress that authorizes nutrition and agriculture programs in the United States for the period of 2014-2018. The bill authorizes \$956 billion in spending over the next ten years.

The bill passed in the United States House of Representatives on January 29, 2014, and the United States Senate on February 4, 2014

during the 113th United States Congress. U.S. President Barack Obama signed the bill into law on February 7, 2014.

The 2014 Farm bill makes a budgetary provision of almost \$1 trillion (\$956 billion to be exact), which includes \$756 for food security programmes. A cursory look at what the bill contains clearly shows that the emphasis once again is on the faulty industrial agriculture. It replaces old subsidies with new ones, raises the minimum price growers receive for certain crops, and of course has cut down the food stamps programme. While signing the bill, Obama said: “This bill helps to clamp down on loopholes that allowed people to receive benefits whether they were planting crops or not. And it saves taxpayers hard-earned dollars by making sure that we only support farmers when disaster strikes or prices

drop. It’s not just automatic.”

Cotton farmers have been taken out of the traditional crop subsidy equation and given a new insurance-based safety net called the Stacked Income Protection Plan, and USDA will likely be challenged in putting together the complex new program that collects premiums and pays out indemnities when county revenues fall below a trigger level set by a combination of historical yields and market prices.

The new farm bill gives USDA six months to set up a never-before-tried support system for America’s 50,000 dairy farmers, a concept that was cobbled together by Hill staffers, the USDA and industry representative as a compromise in the final days before Senate and House negotiators produced their conference report. The margin insurance program makes for complex policy writing.

Fun farm bill facts

Total cost of 2014 farm bill over 10 years	\$956bn
increase in spending compared with previous farm bill in 2008	49%
Share of 2014 farm bill spending which has nothing to do with farming	80%
Amount by which average farm household income exceeds average household income*	25%
Share of subsidies received by largest 10% of farm businesses	75%
Mean annual crop insurance subsidy received by top 1% of policyholders*	\$227,000
Mean annual crop insurance subsidy received by bottom 80% of policyholders*	\$5,000
Number of people receiving food stamps in 2013	47.6m
increase since 2000	177%
Famous recipients of farm subsidies	David Rockefeller, Jimmy Carter, Bruce Springsteen

Sources: Environmental Working Group; Department of Agriculture; Cato Institute; *The Economist*

*2011



The farm bill mixes benefits that mostly go to the poor (food stamps) with agricultural subsidies that mostly go to the rich (crop subsidies for large farms).

The bill passed with some pretend reforms to the food-stamps programme. The number of people receiving the benefit rose from 17m in 2000 to 26m in 2007 and then, as the recession bit, to 48m in 2013.

According to the Economist, “America is unusual among rich nations in trying to tackle deprivation by giving away free food, a quirk that dates from a moment during the Second World War when the government wanted people to buy up agricultural surpluses. Food stamps have high administrative costs and are open to corruption: some beneficiaries buy big packs of fizzy drinks and sell them back to the store for cash, minus the middleman’s cut. The federal government runs a confusing mess of 126 anti-poverty programmes, many of which overlap, but there is no serious talk of making the system simpler and more effective.

The part of the farm bill that actually deals with farming is even worse. Farmers are not the only people whose businesses have ups and downs; there is no reason why they should get special treatment. The new law shifts away from di-

rect payments, by which farmers received cheques for doing nothing very much, towards an insurance model, where farmers get paid if crops fail or prices fall too far. This sounds reasonable, but the insurance schemes lock in high prices when farming is profitable, as it is at the moment: since 2008 the value of farm assets has increased by half, says the Congressional Research Service.

Crop insurance has two other defects. The first is that while the risk of crop failure or low prices is largely underwritten by taxpayers, the policies are provided by insurance companies, so, in effect, they enjoy a subsidy too. Calculations by Vincent Smith of Montana State University found that between 2005 and 2009 for every dollar in crop insurance that went to farmers, \$1.44 went to insurance companies. The second problem is that crop-insurance payments are skewed towards wealthier farmers. The Environmental Working Group, which campaigns against wasteful farm spending, calculates that more than 10,000 policyholders received over \$100,000 from crop-insurance subsidies in 2011. The new bill tries to cap the amount that any one farmer can receive; but if the weather is bad, it could lead to higher payouts than planned.

Taken together, these subsi-

dies distort behaviour and trade in unhelpful ways. They have created products that make no economic sense in the rest of the world, such as making sugar from corn. As a penalty for keeping cotton subsidies in place, the World Trade Organisation’s rules require the American government to pay \$147m a year to compensate farmers in Brazil. The new bill is unlikely to resolve that, either.

How could Congress write such a law? One answer can be found in the register of political donations. The ten members of the House, nine Republicans and one Democrat, who accepted most money from agriculture lobbyists, took in an average of \$225,000 in political contributions during 2013, according to Open Secrets, which tracks donations—almost as much as some farmers received in return.

Dr. Devinder Sharma the renowned Agriculture expert writes, “Bulk of the budgetary allocation is actually for Supplemental Nutrition Assistance Programme (SNAP) that goes to provide food security to an estimated 47 million hungry. Although the SNAP budget has been cut by \$ 8.7 billion from what was earlier proposed, it still shows how crucial is this safety net in a country which calls itself the Mecca of market economy. \$756 billion is proposed to be spent in the next ten years on feeding the hungry. Interestingly, the US had objected to India’s paltry food security assistance of about US \$ 20 billion a year at the recently concluded Bali WTO Ministerial. US finds nothing wrong in its own \$ 75.6 billion/year support in the name of food security, but finds the Indian food security initiative to be WTO incompatible!” □□

Credibility of interim Budget numbers widely questioned

No one in the country seems to believe Finance Minister and his interim Budget. G.Raina compiles a report on reactions to what is seen as a farewell speech.

Experts say improvement driven by cutting spends, deferring subsidy payouts and assuming greater revenue

Finance Minister P Chidambaram's claim in the interim Budget speech that he has tamed the fiscal deficit by keeping it well within the red line (4.8 per cent of the gross domestic product) drawn by him last year is being questioned by everyone.

"PC's biggest problem is that no investor is today willing to trust her money with his government. Everyone is waiting for a new government" wrote Sanjaya Baru in the economic Times. "If at all the finance minister achieves the fiscal deficit target, it will be by cutting spends by Rs 75,000 crore, deferring of subsidy payouts and assuming higher revenue receipts in the fourth quarter of FY14", he adds.

"The quality of his fiscal deficits is poor. Total spending in 2013-14 has been slashed by Rs 75,000 crore below budget, but the cut was borne entirely by Plan spending" says Swaminathan S Anklesaria Aiyar,

Unhappy corporate leaders gave thumbs down to the interim Budget. It was evident, they said, that the outgoing government was preparing for elections, leaving many key tax initiatives like the Goods and Services Tax (GST) and Direct Taxes Code (DTC) for



the next government to handle.

Swadeshipatrika in its editorial comment in the latest issue of February 2014 titled "Concealing the fiscal deficit" had pointed out the fact that managing fiscal deficit with the background of data on fiscal situation of the Controller General of Accounts (CGA) on 31st December 2013, was going to be "a daunting task" and that "FM took political decisions to manage & manoeuvre economic data instead of prudent hard & bitter steps required to bring the ailing economy back on tracks".

Widely held belief is that India Inc has had a difficult time in the past three years, with a slowing economy, investigations filed against corporate leaders and the environment ministry refusing to clear investment proposals worth thousands of crores. Though new

Environment Minister, observers say, cleared projects worth Rs 2.5 lakh crore since December, the damage has been done. Most companies have postponed plans for expansion or new projects, waiting for the new government to detail its economic policy.

Punching holes in the claims of the UPA government that continues denying charges of policy paralysis affecting growth the International Monetary Fund (IMF) questioned all these assertions in its staff report, prepared after discussions with Indian authorities and released three days after the Interim Budget was tabled in Parliament. IMF attributes much of India's economic slowdown to domestic factors, such as "heightened policy uncertainty". It projects a growth rate of 4.6 per cent this year (against the government's estimate of 4.9 per cent) and



***Chidambaram
assumes 19%
growth in tax
revenue next year
against only 12%
this year***

a CAD level of \$61 billion, or 3.3 per cent of GDP.

Finding criticism of number credibility difficult to ignore the FM retorted by saying, “My numbers are there on the table... Nobody had pointed out which number of revised estimate of 2013-14 is not credible”.

This is the annual ritual of critics... They have nothing to say... They will say your numbers are not credible... My numbers are credible... I achieved a fiscal deficit of 4.6 after setting a target of 4.8.”

But the International Monetary Fund (IMF) doesn't seem to agree. Even on inflation, which has been persistently high for some time, IMF has said the rate of retail inflation is likely to remain near double digits well into next year. It expects the inflation rate to be 7.4 per cent by March 2014 - above the Reserve Bank of India's (RBI's) comfort zone - and falling only slowly to 6.3 per cent by March 2015.

Similarly Shubhada Rao, Executive Vice President & Chief Economist, YES Bank In conversation with Jinsy Mathew while talking about FY14 Q3 & Q4 GDP growth expected to be at least 5.2% says “Key thing here is the assumption of nominal GDP growth to be over 13% which puts the arithmetic under question. This is because over the last two years we have seen nominal GDP growth of

under 12%. So, for the nominal GDP to grow above 13% would imply that real GDP got to above our own estimation of 5.5%.”

Chidambaram assumes 19% growth in tax revenue next year against only 12% this year, although nominal GDP growth in both years is projected to be the same — just 13.4%. Meanwhile, total spending is projected to rise only 9.1% next year, less than nominal GDP.

“There is no doubt that agricultural gross domestic product may grow by 4.6 per cent this year. The past 10 years' average, too, may work out close to four per cent,” comments Business Standard. However, this increase has not come about entirely due to spurts in productivity or policy support, it adds.

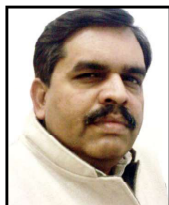
It goes on to say, “Moreover, this growth has been uneven in terms of crops as well as regions. Wheat and rice, which are already in excess supply, saw a far higher output spike than high-value and more nutritious farm commodities such as pulses, edible oils, vegetables, fruits, eggs, milk, meat and fish, which are in short supply. This, regrettably, reflects skewed policy, tilted in favour of cereals at the cost of other essential food products. Of course, the output of several non-cereal items, too, has increased noticeably, but it has failed to match the rise in their demand. Region-wise, the output acceleration has,

predictably, been much faster in the areas that had not yet gained much from the green revolution despite their good growth potential. The existing wide gap between the actual crop yields and those obtainable with available and proven technologies facilitated this upturn. The entire eastern zone, comprising Bihar, West Bengal, Odisha, Assam, Chhattisgarh, Jharkhand and east Uttar Pradesh, is a striking case in point. This previously laggard region now accounts for more than half of the total rice output.

There are also some other disquieting aspects of developments on the farm front that partly sully the sheen of these achievements. A significant one among them is the paucity of institutional and policy reforms necessary for sustaining this growth and steering it in the right direction. Degradation of land and water, the two most essential natural resources, has continued unchecked. The area under irrigation failed to expand in the 2000s, thanks to the lack of command area development and poor maintenance of canal systems. Besides, landholdings are becoming fragmented and shrinking in size, and many of them are turning unviable.

Small and marginal farmers are increasingly quitting agriculture, although the systems to enable them to do so easily have not been put in place. The total number of cultivators has dropped from 103 million in 2001 to 95.8 million in 2011. Nor are the benefits of high prices of farm commodities reaching the growers in adequate measure, thanks to the lack of marketing reforms. Unless such issues are suitably addressed, the progress on the farm front will not seem as creditable as it is made out to be. □□

CAG's Audit of PPP Projects



In the past one decade, a large number of projects are being run under private-public partnership with huge Government investments. All the projects involving public funds are subject to audit by CAG; however these private public partnership projects have so far been out of radar of CAG, finds **Dr. Ashwani Mahajan.**



Honouring its election promise, Arvind Kejriwal's Aam Admi Party's Delhi government ordered Comptroller and Auditor's General's (CAG) audit of power distribution companies of Delhi. With this, a big question is coming to fore, that whether CAG could now audit accounts of Private Public Partnership projects. These PPP projects are those where private sector and government are partners, in which government has invested funds and where there is an agreement with regard to sharing of revenue, collection rights of which vests with the private company. In the meanwhile, coincidentally Supreme Court has also decided against telecom companies, who have appealed against government to get their accounts audited from

CAG. It is notable that Public Accounts Committee of the Parliament had favoured CAG's audit of telecom companies; as they are sharing their revenue with the government.

In the past one decade, a large number of projects are being run under private-public partnership. National and State highways; number of airports, including Delhi & Mumbai Airports; Delhi Metro and metro in many other cities and even ports are being built under PPP arrangement. As private sector has been investing on a large scale in these projects, private companies have been allowed to collect user charges. For carrying out the work for every project, a new company or Special Purpose Vehicle (SPV) is created. This com-

pany undertakes work ranging from erection of project to operation of the service and collection of user charges. Government also invests huge amount of money in these projects. It is notable that all the projects which involve public (government) funds are subject to audit by CAG; however these private public partnership projects of the present day have so far been out of radar of CAG. Sometime back Public Accounts Committee (PAC) had recommended for CAG's audit of telecom companies and government ordered for the same. Telecom companies approached court against this decision of the government. After court's decision against telecom companies, they have come under the CAG's scanners.

Implication of Court's Order

Court has ordered that CAG can audit account of any company, who is collecting user charges, which is subject to sharing with the government. For instance Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL), who have been authorised to collect user charges, which needs to be shared with the government should also be subject to audit by CAG. Similarly revenues of Delhi

Metro and other metros are also shared with the government. It is no secret that these projects could not have seen the light of the day but for the support of government. Not just that government has invested heavily in projects, these projects were conveniently carried out because of easy approvals from public authorities.

It is unfortunate that despite heavy public investment, and provision of sharing of revenue with the government, CAG is not empowered to audit accounts of the public private partnership company. Many years back, agreement with a power company Enron, had to be cancelled after the same was found to be not complying with the terms of agreement and lending agencies ultimately faced the brunt. Later that company was found to be involved in frauds and ultimately got bankrupt. However CAG could not do anything to curb the frauds. Recently a couple of years back a company, Satayam, CEO of which conceded to have committed a fraud of more than rupees 7000 crores, and which was involved in a number of infrastructure projects; these projects have come under severe stress.

CAG's demand that companies running all these public private partnership projects and subject to revenue sharing with the government, be subject to its audit is fully legitimate. It is notable that CAG can audit these projects; however that is limited only to stage till the memorandum of understanding (MOU) with private companies about various conditions of the project. CAG can examine the issues such as whether the agreement is based on competitive bidding or a due pro-



cess of law has been followed. However CAG has legitimate right to audit these projects even at construction stage and operational level, due to the fact that there is provision of revenue sharing with the government. Times to time questions are raised about inflated costs and lower revenues, shown from these projects, due to absence of any regulatory mechanism in place. On the other hand companies' whose interests are linked with these projects oppose any such audit. Their argument is that since these projects are run under the supervision of government officials, there is no need for further supervision by CAG. They also argue that in these projects availability of finance is a major issue and government auditors do not understand these compulsions. Major argument against CAG audit is that, this process may delay these projects which may escalate costs.

However, because of the objections and opposition by the private stake holders, principle of accountability and parliamentary control cannot be ignored, as a huge amount of public funds has been invested in these projects and government also receives revenue from them. We understand that in whichever field private sector has

been allowed to participate; regulatory institutions have also been created along with. Telecom Regulatory Authority of India, Insurance Regulatory and Development Authority, Central Electricity Commission are some such examples. Apart from these regulators, banks are regulated by Reserve Bank of India (RBI) and stock market by Security Exchange Board of India (SEBI).

It is ironical that despite billions of rupees of public investment and expectation of big revenue, there is absence of any constitutional audit of these projects. If one says, that since these projects are run under the supervision of the related ministries of government of India, and therefore there is no legitimacy of CAG's audit, then by same logic there is no legitimacy of CAG's audit of public enterprises and ministries of government of India and State government, as they are under their respective government officials.

Need of the hour is that all public private partnership projects be compulsorily be subject to audit by CAG and in future while making any Memorandum of Understanding (MOU), this condition should be made integral part of the agreement. □□

A trigger for change



A section of our scientists is trying to prove that the disaster was wholly natural and human beings made no contribution to it whatsoever. They ignore the fact that the damage has taken place due to loosening of topsoil. Such denial will only bring forth more vengeance from nature, cautions **Dr Bharat Jhunjunwala**

The cloudburst in Uttarakhand has left a trail of destruction. But there is a silver lining. It gives us an opportunity to rebuild our society afresh in keeping with the changed circumstances. Our ancestors of the Indus Valley made grand cities like Kalibangan on the banks of the Ghaggar River. This river used to carry the waters of the Sutlej and the Yamuna. Then there was a tectonic uplift of the land between Panipat and Chandigarh. This led to the Yamuna flowing east and the Sutlej joining the Beas. The Ghaggar was deprived of most of its waters. Life in the Kalibangan and other nearby cities came to a virtual halt. The people did not persist in living at Kalibangan. They migrated to the Ganga Basin and rebuilt another grand civilization culminating in the Mauryan Empire of Ashoka. They recognized that circumstances had changed and built their lives afresh on a grander scale.

Other stories have not had such happy endings. The Banqiao Dam was made on Huai River in China in 1950 to control floods. A bigger-than-expected flood took place in 1975. The Dam broke leading to downstream failure of 62 smaller dams. A wave about 5 meters high and 10 km wide flowed down and the resulting flood led to death of about 170,000 persons.

But the Chinese Government persisted in building yet more dams and embankments to control floods. Result has been a series of disasters. Dams continue to break and downstream rivers are dying leading to huge environmental costs.

That is how we must understand the disaster in Uttarakhand. Nature is saying it does not like our ways. Helicopters and evaporation from Tehri Reservoir was disturbing the microclimate of the area. Tourists posing as pilgrims had converted the Holy Shrine into a pleasure-making resort. Pandas were fleecing pilgrims. Hydropower companies were blasting into the mountains to make tunnels; and depositing muck into the river. More blasting was being done to

make roads. All this was done for securing economic growth. But it has led to economic disaster. Huge costs have been incurred by the people, the State Government and the Central Government in wake of the disaster. The economic gains made in the last many years have been wiped out in mere two days.

Unfortunately a section of our scientists is trying to prove that the disaster was wholly natural and human beings made no contribution to it whatsoever. Regarding evaporation from Tehri Reservoir they rubbish the argument saying that studies in Brazil which showed that creation of water bodies leads to change in microclimate were made for 90 reservoirs and the conclusions cannot be applied to a single



reservoir of Tehri. They ignore the fact that many studies of single reservoir such as the Three Gorges Dam in China have reached similar conclusions. Regarding blasting they say that it was being done as per norms made by Director General of Mines Safety. It does not dawn upon them that those norms were made for protecting houses whereas in the present disaster the damage has taken place due to loosening of topsoil. Regarding disposal of muck in the river they are making detailed calculations to show that the amount of muck disposed on the river was small. Such denial will only bring forth more vengeance from nature.

We should not get distracted by the antics of these scientists and continue with business-as-usual. We must try to convert this crisis into an opportunity. Economist Joseph Schumpeter had coined the phrase 'creative destruction.' He said that capitalism ever creates new technologies that lead to certain old sectors dying out. The assembly line led to thousands of blacksmiths engaged in making horse carriages losing their livelihood. The internet has led to end of the telegraph. Schumpeter said that these changes should be taken positively despite the suffering that it entails. By adopting new technologies we move to a higher plateau.

The old model of hill development has been destroyed by nature just as the trade of blacksmiths was destroyed by the motor car. The choice before us is to adopt new ways and create a new model that takes us to a higher plateau; or persist in the old mold and bring more wrath of nature upon us.

Uttarakhand is presently following the hydropower-cum-man-



***The old model
of hill
development
has been
destroyed by
nature.***

ufacturing model. Rivers are being harnessed to generate electricity. This electricity is being supplied to the industries that are being set up in the plains. Industries are also entitled to tax exemptions for 10 years. They are coming to Uttarakhand because electricity and tax exemptions are available. This looks fine for the present but this will not sustain after the tax exemptions come to an end. Experience of other states like Goa shows that most industries flee after this happens. Secondly, economic growth is increasingly coming from the services sector. The share of agriculture is declining, that of manufacturing is stable and that of services is increasing. In due time manufacturing will also begin to shrink as has happened in developed countries like the United States. Third problem is that Uttarakhand does not have a Unique Selling Point for manufacturing. An industrialist will find it easier to set up the same industry in Ghaziabad or Surat. Spare parts and skilled labour is more easily available here. Fourth problem is that destruction of the rivers will hit at the potential of the state in the services sector. Pristine rivers will no longer be available on the banks of which universities and hospitals could be established. Thus, after 25 years Uttarakhand will be left with empty industrial estates and broken riv-

ers. Most importantly it would have lost the opportunity to emerge as a better alternative to Switzerland as a global tourist destination.

Uttarakhand Government is not interested in adopting this futuristic model. Reason is that huge monies are to be made in the hydropower-cum-manufacturing model. Knowledgeable sources tell me that Ministers are taking a bribe of Rs one crore per Megawatt for signing agreement with hydro-power companies. Then they make money is allotment of land to the industries. The disasters that ensue are also profitable for them. They make monies in distribution of relief. None of these incomes would accrue to the Ministers in the services sector model.

The new model may have the following contours: One, reduce environment load on the mountains by requiring simple lifestyles in the pilgrim centers. Two, no helicopters to be used for travel. Three, strengthen and protect the forests by plantation and by prohibiting all blasting. Four, make earthquake resistant homes. Five, develop the hill areas' potential in the services sectors such as in health, education and software. These will provide high incomes for a long time to come. The environmental load will be less. Services sector will provide sustainable economic growth and save our future generations from such catastrophes. □□

Swadeshi Jagaran Manch Activities — A Report



Dr. Bhagwati Prakash Sharma, National Co-convenor of Swadeshi Jagaran Manch and Sh. Kashmiri Lal, Rashtriya Sanghatak, Swadeshi Jagaran Manch were also present on the occasion.

In his inaugural speech Dr. Kalla lauded the role played by Swadeshi Jagaran Manch in protecting the nationalist interests of India. Recalling his association with ISRO and the manner in which **Dr. Vikram Sarabhai**, the visionary leader envisioned that powerful technology could play a meaningful role in national development and solving the problems of common man, he stated that though the technology was not available at that time in our country yet it was not allowed to become an impediment.

Farsighted leadership entered into contacts with other world powers and ensured that the technology is not only bought but also imbibed here to avoid future dependence. It is in this context that we must have a clear idea and of what constitutes 'Swadeshi' and the

term must be defined accordingly, he asserted. We must not shy away from learning from others, Dr. O.P. N Kalla added.

Speaking about present policies about security and economics, Dr. Kall termed both as serious. He particularly expressed his pain at uninterrupted dumping of cheap material from China and demanded an immediate ban on all consumer items from China.

Dr. Bhagwati Prakash delivered the key note address. In his speech Bhagwati ji began with the assertion that India has a long and

cherished history of scientific and economic innovation. Even though there have been attempts with malafide intentions to deny it, but the facts are being recognized by an increasing number of serious students of science and economics.

He said that the global scientific community has been appreciating what Indian *Rishis & Seers* had established long ago. Bhagwati ji cited the example of recent findings of Archeological excavations near Kodinal Tamil Nadu to point out how Indians were using vitrified tiles almost 2500 years earlier. He also quoted Valmiki Ramayana that mentions 'four tusked elephants', more than once. It is now proven that four tusked elephants (Gomphotherium) did exist on Earth, but went extinct millions of years back and they did exist in the Indian subcontinent, he continued.

He also talked about *The World Economy: a millennial perspective*, by Prof. Angus Maddison, the monumental reference work that offers a com-



prehensive view of the long term changes in world income and population, with estimates of world GDP for the past 2000 years. According to this book India was the richest country in the world and had the world's largest economy during 0 BCE and 1700 BCE.

Prof. BhagwatiPrakshji defined 'Swadeshi' as a policy to use the potential of the people of India with the resources available within the country to achieve prosperity for all. While inputs from others can't be refused or rejected but the decision about the extent and the manner in which that input is to be used must remain with the nation itself. Others can't decide it for us.

He was very critical of the Neo-liberal economic policies being followed in the country for last 10 years. He called for an immediate reversal of these policies dictated by so called developed nations of the west.

In the second session the topic was 'Media and Swadeshi Movement'. All India She-Vichar Mandal Pramukh Ajey Bharti conducted a participatory & interactive session about the use and importance of Media in its entirety that includes Print, electronic, social Media and in house publications.

Dr. Ranjeet Singh, Akhil Bhartiya Seh Sampark Pramukh spoke about Rashtra Rishi Dattopant Thengdi and his life and works in the second part of this session. In the third session Raj Kumar ji delivered an insightful talk on Arravalis the life line of Rajasthan. He gave a detailed account of damage being inflicted upon Arravalis and also highlighted the inherent dangers for future generations as a result of this unhindered destruction. Sh Satish Kumar, San-



gathak of North zone and Rajasthan spoke about concept of Swadeshi and its working ethos.

Sh. Kashmiri Lal in the evening session talked about progression of Swadeshi as a MOVEMENT. He recalled several moments and instances that shaped the evolution of SJM.

The concluding session was addressed by Chief Guest Bhupendra Yadav and Sh. Kashmiri Lal. Kashmiri Lal expressed his concern over the cultural degeneration due to excessive urbanization and stressed the need to adopt swadeshi based on integral humanism as propounded by Deendayal Upadhyay. □

[Continued from page no. 15]

Swadeshi economy can be built only on the foundation

For a swadeshi economy in all shades of our activity industry agriculture technology, small scale large scale, cottage industries; In all this what is required is a swadeshi mind. To produce to purchase a swadeshi mind is required. I am extremely happy that a nationwide churning of parts is going on and the whole country is undergoing period of transformation. Transformation is going on even in political field. It is bound to there. Swami ji said "the longest night seems to be passing away. The sorer wounds are healing at last.

India is rising to her feet. Nobody can stop her any more. So we are in that period of new awakening and swadeshi thinking is a very integral part of this transformation. I am extremely happy that we are holding national conference in

Thiruvananthapuram many such attempts are going even here in Thiruvananthapuram. The city of Sree Padmanabhaswamy.

I am sure something very substantial will come out of this conference. The resolutions that you will pass resolution ought to be translated into actions. it requires mass movement for total transformation.

You must have visited the nearly temple of Sree Padmanabhaswamy.

He appears to be sleeping but he is not sleeping. The sleeping giant is waking up. So let us take advantage of this great occasion and I am sure the conference will be a great success and what happens after the conference that is most important thing. I wish all, all of you a very happy and a very stimulating convention here. With these words I conclude my remarks. □□

Indo-US Trade War

Relations between India & United States of America are strained. It reached worst moment over the arrest of Indian diplomat Devyani Khobragade. Swadeshi Samvad has a look over some of the related developments.

The United States and India share interests, such as expanding economic relations, countering terrorism, expanding access to energy sources and promoting human rights. At least it was thought so until recently when, despite an overall improvement in ties since the end of the Cold War, the Khobragade dispute brought a lingering wariness between the two countries into the open. Over the past year, there has been increasing friction over trade, intellectual property rights and visas for Indian IT workers.

Over the past decade, the United States and India made a long-term bet on closer partnership, with stakes for both sides rooted in shared values but based on a calculation of strategic interest.

India and the United States signed an agreement on nuclear en-

ergy cooperation in 2009, during the administration of former U.S. President George W. Bush, a high point in a relationship that is widely considered to have drifted since.

The U.S. energy secretary in January this year had to postpone a visit to India, while New Delhi ordered the U.S. Embassy to close a club for expatriate Americans, as a worsening diplomatic row exposed fault lines between the world's two most populous democracies.

Furious at the arrest, handcuffing and strip search of its deputy consul in New York, India reacted by curtailing privileges offered to U.S. diplomats. The dispute has affected the wider relationship between the countries, with two high-level visits by U.S. officials postponed.

Government of India advised

deputy US trade representative Wendy Cutler to defer her planned trip to India next month in the view of the "flux" as well as the fiscal year-end commitments of officials.

"Our ministers will be busy with the general elections and officials in the ministries will be rushing to meet the financial commitments before the end of the financial year. So, we are suggesting that she postpones her trip by a few months," said a senior government official.

While US trade representative (USTR) Micheal Froman is unable to come to India for the Trade Policy Forum Meeting as dates have not been finalized, Cutler was expected to be in the country towards the end of March to hold bilateral consultations on several trade and investment issues, which were described as "routine discussions" by government officials.

Although the officials said the proposed deferment has nothing to do with the fact finding mission of the US International Trade Commission (USITC) and USTR's hearing on super 301 provisions, the latest development comes at a time when the ministry of external affairs has advised officials to avoid meeting two low-ranking USITC officials, who had sought appointments with various government functionaries.

Even in case of USITC, the ministry of external affairs is ex-



pected to cite the March-end commitments and parliamentary elections, besides the short notice given for the long list of consultations by John Giamalva and Michael Stanton-Geddes during their India trip. "It was very challenging to organize these meetings at such a short notice," said an official.

Sources in the government said the US authorities only contacted the Indian government last week for the duo's fact-finding fortnight-long visit, which included a two-day trip to Gujarat. In addition, there were requests for meeting with several top-ranking Indian officials, including Planning Commission deputy chairman Montek Singh Ahluwalia. The others with whom meetings had been sought included secretaries in the departments of commerce, industrial policy and promotion, heavy industry, telecom, IT, revenue, financial services, revenue, urban development, pharma, mines, agriculture, renewable energy, corporate affairs and health, in addition to several other officers.

The government appears to have decided not to grant visas to the US officials planning to visit India and investigate the country's trade and industrial practices, especially related to laws governing intellectual property rights.

This was decided at a meeting attended by representatives of the external affairs, commerce and industry and finance ministries, besides the Planning Commission.

Officials of the US International Trade Commission wanted to visit India to examine New Delhi's policies in respect of IPR laws.

India considers the US' request to visit the country and scrutinise its IPR regime as "objection-



India considers the US' request to visit the country and scrutinise its IPR regime as "objectionable"

able and against national interest", a top official involved in the matter told *media*.

The US ITC, a quasi-judicial independent federal body that advises to the US President, the US trade representative and the Congress on trade matters, had begun a probe into India's trade and industrial policies on February 12.

It has decided to forward a consolidated report to the US Congress on the basis of its findings. That country will then take necessary actions against India — the worst-case scenario could be imposition of trade sanctions. India's official stance on the US ITC's investigation will be firmed up at another meeting that Foreign Secretary Sujatha Singh is expected to hold on March 21. A letter on the matter and the way it will be dealt has been sent to the Prime Minister's Office.

Since US President Barack Obama's 2010 India visit, American firms, especially a certain segment of the US pharmaceutical industry, have become extremely vocal about Indian policies on domestic content requirements and IPR.

India believes the US is doing these to protect the interest of a handful of pharmaceutical companies that have a strong lobby in the US government. These include Pfizer, Bayer and Swiss pharma

major Novartis (which has a strong presence in the US).

The government does not seem to be leaving any stone unturned in fighting it out. The Department of Industrial Policy and Promotion, under the commerce & industry ministry, has prepared a list of all cases since 1974 where the US has violated IPR laws, rejected patents and invoked compulsory licensing in sectors ranging from electronics to pharmaceuticals.

During the 2002-2012 period, 20 cases related to pharmaceuticals were invalidated by the US Federal District Courts, compared with 34 related to mechanical devices and 10 to medical devices.

Between 2007 and 2011, about 280 cases were identified in the US Federal District Courts where patent validity was determined. Of these, patent was held valid and enforceable in only 39 cases. In 253 cases, the patent was held invalid.

Refusing to deal with the matter bilaterally, the government has, apparently, told its American counterpart that such issues should be discussed only at multilateral platforms like the World Intellectual Property Organization and World Trade Organization.

However, following the Novartis and Bayer-Onyx cases, the US is concerned that other coun-



Compulsory licences are not granted in India for mere asking.

tries like Brazil, China and Africa might follow India's model of compulsory licensing.

In 2012, the Indian Patent Office had issued the first compulsory licence, to Indian pharmaceutical company Natco Pharma for making generic versions of Bayer's kidney cancer drug Nexavar.

Last year, the Supreme Court had dismissed Novartis AG's efforts to win patent protection for its cancer drug Glivec, allowing Indian drug companies to sell its generic versions. Another compulsory licence application of Bristol-Myers Squibb's Sprycel was, however, rejected.

Some American firms present in India, such as Boeing, MSD Pharma and Gilead Sciences Inc, on the other hand, have come to India's defence. They have said the country's IPR regime is sound.

The government has also decided to rope in the Indian Pharmaceutical Alliance and other such bodies to do extensive research on IPR issues of US companies present here.

"Compulsory licences are not granted in India for mere asking."

"And, when those are granted, it is not to favour any applicant but to implement the law to meet the reasonable requirements of the public at reasonably affordable prices," said IPA Secretary-General D G Shah.

The government is also particularly miffed with the recent reports that the US government might again keep India in the category of 'Priority Foreign Country' in its Special 301 report.

The US keeps under this category the countries whose IPR laws it is closely monitoring to examine whether norms are being violated. If negotiations fail, this might even lead the US to imposing trade sanctions on India at a much later stage. India had last been kept in this category in 1994.

A White House press release on patent reforms, dated June 4, 2013, had said the US would take major steps to improve incentives for future innovation in high-tech patents, a key driver of economic growth and high-paying American jobs. In the midst of a virtual trade war against India, a key US trade group is cautioning Washington to avoid unnecessary steps that would threaten US-India relations and a shared, vibrant knowledge economy.

India's size, economic prominence, geopolitical influence and shared values with America make it an indispensable ally, US-India Business Council (USIBC) President Ron Somers argues in a testimony for a bipartisan US fact finding body.

Therefore any and all policy discussions about India should operate from that understanding, he says in his brief for the US International Trade Commission (ITC) hearing on "Trade, Investment, and Industrial Policies in India: Effects on the US Economy."

There is also a legacy of mistrust, with some Indian officials still not convinced Washington is a reliable ally. Despite close security and economic cooperation now, many officials recall U.S. support of India's old enemy Pakistan and some believe Washington sees a strong India as a threat.

The United States had high hopes that not only would India emerge as a counterbalance to a rising China but as a new growth engine for the U.S. economy.

Frustration has grown, however, among the U.S. corporate lobby. Indian sourcing rules for retail, IT, medicine and clean energy technology are contentious and U.S. firms gripe about "unfair" imports from India of everything from shrimp to steel pipes. In June, more than 170 U.S. lawmakers signed a letter to President Barack Obama about Indian policies they said threatened U.S. jobs.

With general elections due in India in few months, and congressional elections in the United States in November, the fear is that the current dispute will make it harder for both sides to stick their necks out and make progress on thorny issues. □□

DefExpo 2014 & Indigenisation of Defence Procurement

8th Defence Expo was organized at Pragati Maidan in New Delhi from 6 February 2014 to 9 February 2014. The DefExpo was organised by the Department of Defence Production, Ministry of Defence. The Federation of Indian Chambers of Commerce and Industry (FICCI) was the event manager of the DefExpo 2014. The four-day DefExpo showcased emergence of India as an attractive destination for investment in the Defence Sector and provides a platform for alliances and joint ventures in the Defence Industry. The exhibition was dedicated to global Land, Naval and Internal Security Systems business activity from Suppliers to Manufacturers and Technology providers to Services. It was the largest exhibition for the defence companies of world to display their land, sea and air capabilities at a single exhibition.

A total of 624 companies from 30 countries displayed weapon systems for the Army, Navy and Internal Security during the DefExpo. There were 12 country pavilions from France, Germany, Hungary, Israel, Italy, Norway, Poland, Russia, South Africa, South Korea, UK and USA.

The DefExpo was conceptualised in 1998 with an objective to promote defence exports from India and exhibit the capabilities of Indian Defence R&D and production. The first exhibition was held in 1999 and subsequently in 2002,

2004, 2006, 2008, 2010 and 2012. While a modest 197 exhibitors participated in the first DefExpo, the biennial event featured 624 exhibitors in its 8th edition in 2014. Russia was the biggest participating country in terms of indoor and outdoor space occupied. Russia is also represented with the maximum number of 37 companies.

The Defence Minister Shri AK Antony, who inaugurated the exhibition, said that efforts are being made to accelerate the pace of indigenization in defence sector. Government is encouraging joint public-private participation in defence sector, while thrust is also being given to the private sector to make a far more meaningful and substantive contribution, he added.

Stating that the geo-political realities around India pose various kinds of security challenges, he said, India has always desired peace with all its neighbours. However, such peace cannot come at the cost of our security concerns. "It is for this reason we must ever prepared to meet any challenge posed to our territorial integrity and sovereignty", he said. The Government is taking necessary steps to modernize the Armed Forces so that they are well-equipped with the best equipment, weapon systems and technology, Shri Antony added.

He said regular reviews of the Defence Procurement Procedures (DPP) are being carried out with certain objectives in mind among

which balancing the competing requirements of expediting procurement, developing a robust base for indigenous defence sector and to adhere to the highest standards of transparency, probity and public accountability are some of them.

One of the important highlights of Defexpo-14 was a two day seminar on "indigenisation of defence Procurement" global partnerships towards development and indigenisation on 6th and 7th February 2014.

The seminar was divided into panel discussion on some important aspects like Indigenisation Vision: Way forwards for Indian Industry, Teaming for Development-Indian Perspective and Teaming with MSMEs. These discussions were spread over three different sessions chaired by some eminent people and stake holders. Panel discussion in every sitting followed with question answers session.

Some very valuable issues were raised during the seminar. While everybody was welcoming involvement of private sector in the defence sector there were certain concerns also particularly about time lines and procedures. FICCI Secretary General Sh. Didar Singh also raised a question about absence of proposals on ground as far as FDI in the sector is concerned. Definition of substantive self reliance was also discussed. Industry was vocal in its desire to be part of the deliberations in procurement procedures. □□

NPA's of listed banks jump 35%

Gross non-performing assets (NPAs) of 40 listed banks shot up 35.2 per cent or Rs. 63,386 crore to cross the Rs. 2.43 lakh crore mark in the nine months ended December 31, 2013.

This jump of 35.2 per cent was much higher than the 27 per cent rise witnessed in the first six months of 2013-14, according to a study done by NPAsource.com, a first-of-its-kind portal which focuses on resolution of stressed assets.

Ten out of the 40 listed banks accounted for nearly 70 per cent of the total gross NPAs. State Bank of India at 28 per cent (Rs 67,799 crore) has the largest share in total gross NPAs of the 40 listed banks, followed by Punjab National Bank with 7 per cent share (Rs 16,596 crore) and Bank of Baroda and Central Bank of India with 5 per cent share each.

As of December 31, 2013, Bank of Maharashtra posted the largest increase in gross NPAs of 209 per cent at Rs. 3,516 crore from Rs. 1,138 crore as of March 31, 2013. United Bank reported a 188 per cent jump in gross NPAs at Rs. 8,546 crore at the end of Q3.

Eleven banks posted a 50 per cent plus growth in their gross NPAs, Devendra Jain, Chairman and Managing Director, Atishya Group, the owner of portal NPAsource.com said. The first quarter of next financial year, too, will continue to be bad for banks with regard to NPAs. High concentration of banks' debt to the top 50-100 corporates is also a major concern area.

Growth in net NPAs at 49 per cent for the nine months ended December 31, 2013 against a 38 per cent rise in the first six months of 2013-14 is also alarming. Net NPAs have gone up to Rs. 1.38 lakh crore as of Q3 end from Rs. 93,116 crore at the end of March 31, 2013. □

Ranbaxy suspends drug ingredient shipments

Ranbaxy Laboratories Ltd has said that it has suspended all shipments of pharmaceutical ingredients produced at two local factories to review processes and controls. The Toansa and Dewas plants are currently banned from shipping products to the United States following quality concerns, so the suspension will hit supplies to other markets including Europe and India, two people with knowledge of the matter said. The sources declined to be identified due to the sensitivity of the issue, while a statement from Ranbaxy did not give details about the impact of the suspension. Last month, the US Food and Drug Administration (FDA) prohibited Ranbaxy from shipping to its biggest market any pharmaceutical ingredients made at its facility in Toansa in Punjab. The sanction was the latest in a series of regulatory rebukes for India's largest drugmaker by revenue since Japan's Daiichi Sankyo Co Ltd took control of the company in 2008. Ranbaxy said in its statement it was "currently examining processes and controls" at all its active pharmaceutical ingredients manufacturing units.

RIL contract can't be terminated: Moily

Amidst controversy over gas price hike, Oil Minister M Veerappa Moily has told Prime Minister Manmohan Singh that Reliance Industries' contract for KG-D6 gas fields cannot be terminated pending arbitration on issue of output lagging targets.

Moily in a 13-page letter to the Prime Minister explained the process, the contractual requirement and the steps followed for raising natural gas prices from April 1, without which several gas fields of both private sector firm RIL and state-owned ONGC would be economically unviable to produce. Rebutting allegations by the AAP that the price increase was done to benefit RIL, Moily on February 14 wrote to Singh saying ONGC's average cost of producing natural gas was about USD 3.6 per million British thermal unit in 2012-13 and its newer finds in deepsea cost more than current rate of USD 4.2. Explaining the reasons behind raising natural gas prices from April, Moily said several gas fields of both RIL and state-owned Oil and Natural Gas Corp (ONGC) were economically unviable to produce at current rate of USD 4.2 per million British thermal unit.

Parliament should set inflation target for RBI

Reserve Bank of India governor Raghuram Rajan has suggested that Parliament should set the inflation target and the central bank should be given the mandate to deliver on the objective. In an interview to a television channel from Sydney, where he was attending the bimonthly governors' meeting of the Bank for International Settlements (BIS), Rajan said, "What inflation target to have should be something set by the elected representatives of the people and not something the central bank decides on its own. We have certainly stayed away from setting our own inflation target. That is a process of discussion, which the finance minister and the RBI governor and perhaps Parliament might have going forward. We are not there yet. We

have a committee which has set the target, but the process is consistent with the finance minister's committee," said Rajan.

Reiterating RBI's commitment to taming inflation, Rajan said that even when it comes to the exchange rate, RBI has decided to focus on getting the economic fundamentals right and one aspect of our fundamentals is the inflation rate. Rajan's comments come in the wake of finance minister P Chidambaram's statement that the central bank's policy should be subservient to the overall economic vision of the government and that RBI should target both inflation and growth as an objective in its monetary policy. Chidambaram's observations on the monetary policy were made during his presentation of the Interim Budget.

5-day Global Ayurveda Festival conclude in Kerala

A Five-day Global Ayurveda Festival (GAF) conclude in Kerala on 24 February 2014. The second edition of GAF was held from 20 to 24 February 2014 and the chief guest was Mauritius President Rajkeswar Puryaag. The Festival was organised by the Centre for Innovation in Science & Social Action (CISSA,) with the support of the Kerala government and the Ayurveda fraternity of Kerala. The main theme of GAF 2014 was **Ayurveda in Public Health**. There were other sub themes that included Mental Health and Ayurveda, Clinical Research in Ayurveda, Cosmetology in Ayurveda and a variety of other related topics.

The global event concluded with global Ayurveda Exhibition & Arogya Expo and International seminar. The GAF is a bi-annual festival organized by the CISSA jointly with the Kerala government. CISSA is a non-profit, non-governmental organization of scientists and citizens combining rigorous scientific analysis, innovative policy development and effective citizen advocacy to build a cleaner, safer and healthier world.

India reviewing bilateral investment pacts

The government says it is reviewing all its bilateral investment promotion and protection pacts amid global firms raising concerns about India's investment policies. So far India has implemented 83 bilateral investment promotion and protection agreements (BIPPs) with various countries. "We have 83 BIPPs which are currently under review because there are lessons learnt when these have been invoked by some (foreign) investors...then there is question of domestic jurisdiction in many cases. It was debatable and that is why it has led to a number of international arbitrations," Commerce and Industry Minister Anand Sharma said in New Delhi at a function.

Referring to the invocation of these pacts by major foreign telecom firms like Telenor, Sistema and Etisalat, he said these companies came in after thorough scrutiny by government agencies like RBI and FIPB. With the cancellation of telecom licences by the Supreme Court in 2012, Norway-based Telenor, Etisalat of UAE and Sistema of Russia went for international arbitration citing bilateral investment pact with India. □□

India ready to take on US over patents

The government is readying for a fresh battle with the US at WTO in the wake of the continued pressure over its intellectual property rights (IPR) regime. Even as the US International Trade Commission (USITC) and USTR hear arguments against India, the government is ready with a strategy that will enable it to challenge the American decision if India is designated a "priority foreign country" (PFC), a tag that was given to Ukraine, sources familiar with the discussions said.

Apart from the stigma, as PFC status is assigned to countries with very poor IPR standards, it carries the risk of concessional duties being withdrawn under the US general system of preferences programme. India was last classified as PFC from 1991 to 1993 and since then it has undertaken several measures, including a revamped law and stricter enforcement, which the USTR will snatch away with one act. In fact, Ukraine was the first country to be accorded the classification in seven years. The law allows the US to initiate investigation and seek consultations for resolution, which in India's case can include a review of the IPR regime that allows the authorities to deny patent if they believe that there is no new discovery or invention. The US is also worried over the decision to waive the patent rights for a cancer drug and allow an Indian company to sell a cheaper version in the market. It fears that similar steps will be taken by several other countries.

India has rejected the US investigations saying that no country can initiate action unilaterally, under its own laws. "If there is a dispute, it has to be settled at a multilateral forum like the WTO. No country can apply its own law extra-territorially," said an official, privy to the discussions, a day before the newspaper first reported India's aggressive posture. "If there is any action by the US, we will challenge it at the WTO," a senior official said on Monday. □

NASA to launch satellite in collaboration with Isro

US space agency Nasa said it would launch a water-related satellite in collaboration with India's Isro. The Nasa-Indian Space Research Organisation Synthetic Aperture Radar mission is a part of its plan to launch in the next seven years a series of satellite related to water and drought, the agency said.

Among others include the Ice, Cloud, and land Elevation Satellite-2 (ICESat-2); Gravity Recovery and Climate Experiment (GRACE) Follow-on and Surface Water Ocean Topography mission.

"These satellite missions join more than a dozen Nasa airborne sensors focused on regional-scale issues, understanding detailed Earth science processes and calibrating and validating Nasa satellites," the space agency said. "Nasa monitors Earth's vital signs from land, air and space with a fleet of satellites and ambitious airborne and ground-based observation campaigns. Nasa develops new ways to observe and study Earth's interconnected natural systems with long-term data records and computer analysis tools to better see how our planet is changing," it said. Nasa said it is scheduled to launch three new Earth science missions this year, which will contribute to water cycle research and water-related national policy decisions.

"ISS-RapidScat, scheduled to launch to the International Space Station (ISS) in June, will extend the data record of ocean winds around the globe. The data are a key factor in climate research, weather and marine forecasting and tracking of storms and hurricanes," Nasa said. □

Obama surrendering on efforts to boost economy

Indian-American Louisiana governor Bobby Jindal has accused President Barack Obama of "waving the white flag of surrender" on efforts to boost the sluggish economy and create more jobs by focusing only on raising the minimum wages.

"The Obama economy is now the minimum-wage economy...The reality is, America can do better," Jindal, a potential 2016 Republican presidential candidate, said. After five years in office, Obama is "waving the white flag of surrender", the 42-year-old politician said. He also asked the president to approve the Keystone XL crude oil pipeline from Canada and take other steps to improve the economy. Jindal was in Washington for the winter conference of the National Governors Association. The three-day meeting, brought governors together to discuss issues affecting their states and ways to strengthen partnerships with the federal government. The conference included meetings with Obama, Cabinet officials, business leaders and other experts. Jindal said the tone at the meeting with Obama was respectful, but there were "serious substantive differences".

UK to lead global Holocaust Commission

Britain will lead an international effort to ensure future generations understand the causes and consequences of the Holocaust. Prime Minister David Cameron launched a UK Holocaust Commission on January 27. The commission will work to ensure Britain has a permanent memorial to the Holocaust and educational resources for future generations. "Survivors have played a vital role in keeping the memory of the Holocaust alive, but we will not always have these remarkable individuals with us. We face a real danger that as the events of the Holocaust become ever more distant they feel increasingly remote to current and future generations," he said.

Foreign Secretary William Hague said, "I am delighted to announce that today the United Kingdom takes over the chairmanship of the International Holocaust Remembrance Alliance (IHRA). We were one of the three founding members of the Alliance and we are proud to take on its leadership again." Among the aims for 2014 will be to intensify work on the IHRA's programme of academic, educational and commemorative research and to continue to extend the influence of the organization beyond the confines of Europe and North America.

Chinese man is first to sue govt over smog

A man in a smog-ridden northern city has become the first person in China to sue the government for failing to curb air pollution, a state-run newspaper reported. China's north is suffering a pollution crisis, with the capital Beijing itself shrouded in acrid smog. Authorities have introduced anti-pollution policies and often pledged to clean up the environment but the problem has not eased.

Li Guixin, a resident of Shijiazhuang, capital of the northern province of Hebei, submitted his complaint to a district court asking the city's Municipal Environmental Protection Bureau to "perform its duty to

control air pollution according to the law”, the Yanzhao Metropolis Daily said. He is also seeking compensation from the agency for residents for the choking pollution that has engulfed Shijiazhuang, and much of northern China, this winter. ”The reason that I’m proposing administrative compensation is to let every citizen see that amid this haze, we’re the real victims,” Li was quoted as saying by the daily. It was unclear whether the court would accept Li’s lawsuit.

187 Indian pilgrims arrive in PAK for ‘SHIVRATRI’

A total of 187 Hindu pilgrims from India arrived in Pakistan’s Punjab province to participate in festivities marking Shivratri at the famous Katsraj temple. The sixth-century Katsraj Mandir is in Chakwal district, 250 km from Lahore. Officials of the Evacuee Trust Property Board (ETPB), which manages the shrines of Pakistan’s minority communities, welcomed the pilgrims at the Wagah land border. ETPB Deputy Director (shrines) Fraz Abbas told PTI that the Indian pilgrims will be provided “foolproof” security. “They will also be provided free food, transport and accommodation,” he said.

India concerned over UN peacekeeping mandates

India has expressed concern over not being given an opportunity to participate in the framing of peacekeeping mandates in the UN Security Council, saying it has a right to do so as a major troop contributor for the military missions. Noting that the situation relating to UN Peacekeeping Operations (PKOs) has deteriorated sharply over the past year, India’s Permanent Representative to the UN, Ambassador Asoke Kumar Mukerji said there is an “obvious disconnect” between the PKOs and the theatres in which they are deployed.

Participating at the annual debate of the C-34 Committee on Peacekeeping, Mukerji said it is “our right, as (a) troop contributing country”, to “participate in the decisions of the Security Council concerning the employment of contingents” of Indian armed forces. “This provision of the UN Charter has been observed more in the breach. We have not had the opportunity to openly participate in the drawing up of peacekeeping mandates in the Security Council, although the credentials and experience of India would make our views relevant to this task,” he said.

Nigerian Islamists kill 59 pupils in boarding school attack

Gunmen from Islamist group Boko Haram shot or burned to death 59 pupils in a boarding school in northeast Nigeria overnight, a hospital official and security forces said. ”Some of the students’ bodies were burned to ashes,” Police commissioner Sanusi Rufai said of the attack on the Federal Government college of Buni Yadi, a secondary school in Yobe state, near the state’s capital city of Damaturu. Bala Ajiya, an official at the Specialist Hospital Damaturu, told Reuters by phone the death toll had risen to 59.

“Fresh bodies have been brought in. More bodies were discovered in the bush after the students who had escaped with bullet wounds died from their injuries,” he said. Rafai, who had given an earlier estimate of 29 killed, said all those killed were boys. He said the school’s 24 buildings, including staff quarters, were completely burned to the ground. President Goodluck Jonathan called the attack “callous and senseless murder ... by deranged terrorists and fanatics who have clearly lost all human morality and descended to bestiality”. □□

Obama announces creation of twin manufacturing hubs

US President Barack Obama has announced setting up of manufacturing hubs in Michigan and Chicago, asserting that he wanted the next big job-creating discovery to be made in America. While the Michigan hub would focus on developing advanced lightweight materials, the second one in Chicago would be a Digital Manufacturing and Design Innovation Institute, Obama said. The Chicago hub, he said, is a consortium of more than 40 companies, 23 universities, labs like Northwestern and the University of Illinois, and nearly 200 small businesses.

It is funded by a USD 70-million award led by the Defense Department, but the State and its businesses raised USD 250 million in private funding commitments to help win this bid and make it happen. “Typically, a lot of research and development wants to be co-located with where manufacturing is taking place — because if you design something, you want to see how it is working and how it is getting made, and then tinker with it and fix it, and try something different,” Mr. Obama said. The country that gets new products to “market faster” and at less cost, they’ll “win the race” for the good jobs of tomorrow, he said. □

United States drags India to WTO

The US has dragged India to WTO on the issue of the country mandating use of only local equipment for solar projects, a charge rejected by New Delhi saying several American states practise protectionist policy for renewable energy projects. The US has challenged the domestic content requirement of India's solar mission, which requires solar power developers to use Indian-made equipment. It notified the WTO Secretariat of a request for consultations with India concerning certain measures relating to domestic content requirements for solar cells and solar modules, according to the multilateral trade body. The measures correspond to Phase II of the Jawaharlal Nehru National Solar Mission programme.

The Obama administration said it was filing its second case at the WTO over the domestic content requirements in India's massive solar program, which aims to ease chronic energy shortages in Asia's third-largest economy. U.S. Trade Representative Michael Froman said making Indian solar developers use locally made equipment discriminated against U.S. producers and could hinder the spread of solar power. India hit back at the initial U.S. accusations in April, asking Washington to justify its own incentives offered to U.S. companies that use local labor and products in renewable energy and water projects.

India warns U.S.

India is investigating U.S. policies supporting solar panel makers, the latest move in an escalating row over renewable energy that has worsened already strained ties between the two countries. Indian Trade Secretary Rajeev Kher said his country had raised complaints about the United States at the WTO. "We have clear evidence of 13 odd (U.S.) states which follow equally restrictive policies as they challenge against us," Kher told reporters. "So, we are examining those policies." Kher said India was also probing possible dumping of solar equipment as well as China and a few other countries.

The trade spat between India and the United States follows the recent arrest and strip search of a female Indian diplomat in New York in connection with visa fraud charges. India has argued its solar policies are legal under WTO government procurement rules and last year imposed anti-dumping duties on Chinese and Indonesian solar equipment firms.

In addition to the United States, China and Indo-

nesia, Indian solar power producers import equipment from Malaysia and Germany, industry officials said.

India may take US to WTO

India is likely to drag the US to WTO if America includes it in the 'Priority Foreign Country' list for intellectual property rights, a development that could further escalate trade tensions between the two. The US industry and trade lobbies are putting pressure on their government to put India under this list, sources said.

Officials here in India said the demand is "completely wrong" as India's intellectual property rights are compliant with global laws, including the WTO. Under the US Trade Act, a Priority Foreign Country is the worst classification given to those which deny adequate and effective protection of intellectual property rights (IPR) or fair and equitable market access to the US persons relying on IPR protection. Inclusion into this list leads to trade sanctions. "If the US does that, then India probably will have no option but drag them to the WTO's dispute settlement mechanism," an official said.

China makes another bid to join WTO

China offered a revised bid to enter the World Trade Organization's Government Procurement Agreement, which guarantees members mutual private-sector access to government procurements worth more than a low threshold. This comes in as China's fifth bid since 2007. In December, 2013, at the annual session of the U.S.-China Joint Commission on Commerce and Trade, China agreed to submit a revised offer in 2014 that would be in line with those of other GPA members, a December 2013 Office of U.S. Trade Representative fact sheet says.

The WTO GPA allows private sector access to government procurements worth more than \$202,000 between countries who have joined the agreement. Certain services are barred from WTO GPA coverage, including services in support of the overseas military, dredging, federally funded research centers and ship repairs; the WTO also allows procurements to be excluded from agreement coverage on national security grounds. The GPA currently includes only 42 of the WTO's 157 members. Admission to the GPA hinges on the current members' acceptance of China's bid terms. China's accession to the GPA is a major U.S. priority, a Jan. 13 Congressional Research Service report (.pdf) says. □□