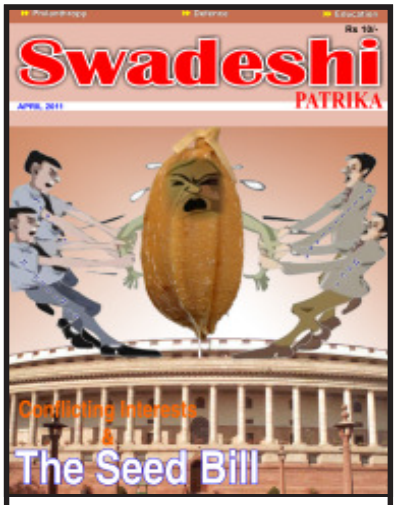

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CONTENTS

Telecom Equipment

I congratulate Swadeshi Patrika for taking up on extremely important issue of the import of telecom equipments into the country. As has been rightly pointed out the burgeoning import bill is set to cross petroleum bill. But that is not the only issue of concern. It involves national security and individual rights of people as well. We are increasingly becoming dependent on these equipment in every aspect of life. A simple looking mobile phone has become much more important part of life of a person these days, important infact then any other part or person.

In such a situation unregulated and unchecked imports are becoming instruments of fleecing the consumers. Corporates in general and MNCs in particular are taking undue advantage of the dependence. Prices are being fixed at will inspite of cut throat competition the price war is being manipulated in a way that consumer is getting much lower benefits than he actually should. This is all result of cartelisaton and unethical manipulation.

– Amit, *Muzaffarnagar*

Flying coffins

We can well imagine the fate of the passengers flying in our Airlines commandered by those pilots and the co-pilots who have got the fake Airline Transport Pilot's Licence. It is really horrible to mention here that the industry regulator, the Directorate General of Civil Aviation has reported that between 3,000 and 4,000 such licences are now under the scanner. The main reason for such a sad state of affairs is the unbridled growth of the aviation sector over the past decade which has created a huge demand for pilots in recent years, with a simultaneous increase in the number of commanders needed.

A commander earns at least twice as much as a co-pilot and hence the incentive for co-pilots to graduate as quickly as possible. But there cannot be any shortcuts to the commander's seat. While cheap and competitive fares have made flying affordable to the common people, greed and trickery of these illegitimate commanders are now putting thousands of lives at risk. Worse, if it is proved that a pilot of an aircraft that meets with an accident had forged documents; neither the airline nor its passengers will be entitled for even insurance claims.

The DGCA has to get to the bottom of this scandal and weed out all unscrupulous elements. With an estimated 6,000 pilots on rolls, the regulator needs to streamline the process and set the house in order. Till then the passengers are Ram Bharose to fly in an uncertain environment.

– Dilbag Rai, *Chandigarh*

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Quote-Unquote

Nobody, no two or three countries, can take a decision to change a particular regime in a third country.

Pranab Mukherjee

Union Minister for Finance

I close my ears when the IT czars are giving long lectures on green buildings.

Jairam Ramesh

Environment and Forests Minister

The bill will lead to unrestricted commercialisation of varieties in public domain.

Nitish Kumar

Chief Minister, Bihar

Jairam Ramesh and the tiger have similarities — they are both ferocious and near extinction.

Salman Khursheed

Minister for Water Resources

There should be no match-fixing by the Pakistani cricket team. I am keeping a close watch.

Rehman Malik

Interior Minister of Pakistan

EDITORIAL

The giving pledge

Datavyam iti yad danam diyate 'nupakarine
dese kale ca patre ca tad danam sattvikam smrtam

— *(Shreemad Bhagavad Geeta, 17-20)*

Warren Buffett, and Bill and Melinda Gates were in India recently as a part of their campaign for 'The Giving Pledge'. The giving pledge is an effort to persuade the richest people in the world to pledge half of their profits to charity and to make the world a better place to live for millions of people living a disadvantageous and deprived life. The trio was therefore in the country, claimed, to convince Indian rich to give back to the society what has been earned from it. Normally it should be welcomed. Any new idea or the efforts towards larger good should be received with open mind. We in India actually believe in *Aano bhadra krtavo yantu vishwatah*, means "Let noble thoughts come to all from all sides". This dictum has not remained confined to scriptures only. We as a society have imbibed these values and inculcated them as our innate nature. But the problem arises when our civilisational ethos is undermined and people, particularly from west come to teach us what we have been doing for millennia of years. Earlier they came to "civilize" east as a white man's burden, which was nothing but a wicked justification for imperialistic ambitions. Giving pledge campaign in India by the world's richest people needs to be viewed in proper perspective. First let us be clear about a fact of history. Charity is nothing new to any part of India. It is neither confined to super rich. We have a very rich tradition of giving away, that too not only surplus. There are enough examples to tell us how the giver is influenced by the need of the receiver. The scene is visible in every household of almost every Mohalla in every city, town and the village across the country. We also have examples of, as has been pointed out by Prof. Vaidyanathan ji in an article published in this very issue, about the charity that helped us earn the gold medals in Common Wealth Games and also because of which Swami Vivekananda could sail to America. We also fondly remember Bhamashah, a remarkably inspiring Indian who gave his whole wealth to Maharana Pratap, the ruler of Mewar, to fight Mughal Emperor Akbar. He set up an example of love and sacrifices for the country of highest order way back in 16th century. Who will forget Dana Vir Karna who parted away with his life saving Kavacha simply to ensure that no Brahmin goes empty from his house? So this charity mission seems to be a little bit of unnecessary exercise.

Second aspect of the whole issue is related to the back ground of these gentlemen and their views on different problems confronting human race and threatening the very existence of planet earth. Even a cursory look reveals that all is not fair. The charity which is being promoted looks like a cover for not so fair activities. For example Warren Buffet, who otherwise seems to be a person who has achieved his success by fair means, has not concealed his views on market, capitalism and opening of Indian markets to FDI. It can't be a mere coincidence that our Finance Minister was so forthcoming in support of hike in FDI limit in insurance to 49%. Bill Gates needs no introduction. He is an American business magnate, philanthropist, and author, and chairman of Microsoft. He is consistently ranked among the world's wealthiest people. But that is not full story. Bill & Melinda Gates Foundation is perhaps the largest charitable foundation in the world contributing billions of US Dollars to those global problems that are ignored by governments and other organizations. The foundation however, invests assets that it has not yet distributed with the exclusive goal of maximizing return on investment. As a result, its investments include companies involved in worsening poverty in the same developing countries where the Foundation is attempting to relieve poverty. These include companies that pollute heavily, and pharmaceutical companies that do not sell into the developing world. The $23.1 million investment by the Gates Foundation in Monsanto, the world's largest producer of GM seeds, is a small example of a trend. The Gates Foundation alone has committed $264.5 million to AGRA, the much celebrated Alliance for a Green Revolution in Africa. Eric Holt-Gimenez, director of the US-based Food First: Institute for Food and Development Policy, labels Bill as 'Monsanto in Gates' clothing'. He points out that about 80% of the Gates Foundation's allocation to Kenya has gone into biotech research; in 2008, about 30% of its agri-development funds went into promoting and developing GM seeds. Similarly prof. Som Pal Shstri believes "Their large philanthropic resources are being utilised to further the interests of business."

Under such circumstances it is better to be cautions. Isn't it ?

Seed Bill 2010

Make the seed industry accountable

Since the Seed Bill 2010 focuses exclusively on the commercial production, sale and distribution of good quality seeds by seed companies and the public sector agencies, and the farmers as well as the informal seed saving and cultivation system is outside its ambit, it should be called: "The Commercial Seeds (Regulation) Bill, 2010", suggests **Dr. Devinder Sharma**

The present draft of the Seed Bill 2004 which is pending before Rajya Sabha, read together with the amendments proposed by Agriculture Minister Sharad Pawar, will become the new Seed Bill 2010. Most of the amendments proposed by Sharad Pawar are based on the recommendations of Parliamentary Standing Committee on Agriculture.

The Seed Bill 2010 has kept farmers out of its purview. Accepting the recommendation of the Standing Committee, the Seed Bill 2010 clearly states that it will not restrict the right of the farmer to grow, sow, re-sow, save, exchange, share or sell his farm seeds and planting material except when they are into the business of selling branded seeds. At the same time it has also expanded the definition of a 'farmer' to include all those who conserve or preserve, severally or jointly with any person, any traditional varieties or adds value to such traditional varieties through selection and identification of their useful properties.

Since the Seed Bill 2010 focuses exclusively on the commercial production, sale and distribution of good quality seeds by seed companies and the public sector agencies, and the farmers as well as the informal seed saving and cultivation system is outside its ambit, following suggestions are being made to provide more teeth to the legal process so as to curb the malpractices in the seed business.

1. The Seed Bill 2010 has very rightly excluded farmers, who constitute the major proportion of seed handlers and users, from its purview. Therefore to dispel any confusion and ambiguity about its objective and role, the proposed Seed Bill 2010 should be called: "The Commercial Seeds (Regulation) Bill, 2010".

2. The Seed Bill 2010 in its present form appears to be merely an extension of the previous efforts to control and regulate the seed trade. The proposed amendments once again favour private seed companies and corporations at the expense of farmers. Over the years, sale of spurious and substandard seeds has grown, and in the absence of any price controls, farmers are not only being fleeced but are increasingly being burdened with rising cost of cultivation thereby rendering farming un-remunerative.

The proposed Seed Bill 2010 in its present form will fail to ensure availability of good quality

The bill will lead to unrestricted commercialisation of varieties in public domain: *Nitish*

After raising objections to the permission given by the Centre for trials of Bt Maize in his State, Bihar Chief Minister Nitish Kumar has now urged Prime Minister Manmohan Singh not to pass the Seeds Bill in Parliament without taking into consideration the views and concerns of Bihar.

Mr. Kumar drew Dr. Singh's attention to the letter he wrote recently to Union Agriculture Minister Sharad Pawar in which he asserted that the bill in its present form would lead to unrestricted commercialisation of varieties in the public domain, including farmers' varieties.

"The proposed bill is not only anti-farmer but also brazenly favours multinationals in the garb of higher productivity. Any attempt to pass the bill in its present form will irrevocably damage Indian agriculture and make the goal of food security a distant dream," Mr. Kumar said.

'Cost is relevant'

Since the objective of the bill was to provide quality seeds, quality could not be divorced from cost.

"The bill may, in fact, lose meaning if seeds are not available to farmers at affordable prices. With private companies, particularly multinationals, joining the field, cost becomes relevant. Our experience with private seed companies producing hybrid maize seeds underscores this," he said.

Last year, the Bihar government had to give about Rs.61 crore as compensation to maize farmers when the private hybrid seed failed to form grain.

"The problem of the non-setting of grains was not observed in public sector hybrids. This led to great distress among farmers, but they disowned their responsibility," Mr. Kumar said, having brought this to the notice of Minister of State for Environment and Forests Jairam Ramesh in a separate letter.

'Lay down safeguards'

"Our concern about rushing into the use of genetically modified [GM] crops without adequate safeguards is well-known. The proposed bill should lay down these safeguards explicitly. GM seeds should be registered only after extensive research to address concerns like adverse effects on biodiversity, ecology and human health, with dissemination of findings in the public domain. Seed imports should be allowed only after pest risk analysis and local adaptability assessment. There is a need for a Liability Clause to be introduced that makes seed exporters responsible for any pest outbreak and clean-up operations," Mr. Kumar said.

He said that while public sector seeds were affordable, "the cost of private seeds runs into hundreds of rupees or even several thousands, in case of hybrid vegetable seeds." Besides, the provision of re-registration would increase the monopoly of seed companies for at least 20 years, he said, adding that the government should take responsibility for seed certification.

Compensation

Lamenting that no criterion had been laid for determining compensation to farmers for seed failure, Mr. Kumar said it should be fixed at the difference between the value of expected produce as per the seed producer's claim and the actual produce.

He said there should be a time-limit for payment of compensation, and that the definition of farmers — as described in the National Commission on Farmers — should include landless farmers cultivating leasehold lands. "The onus of paying compensation should be determined clearly and stated in the bill," he said, adding that the penalties proposed in the bill were "trivial."

Role of States

Raising the issue of agriculture being a State subject, Mr. Kumar demanded a wider role for States in regulation.

"State governments should have the authority through the bill to fix the retail seed price and royalty charges. This is in light of the fact that apart from spurious seeds, it is also the high market price of seeds that contributes to the complex situation of the current agrarian distress, which results in farmers' suicides," he said.

Mr. Kumar wanted all the powers of the Seeds Control Order of 1983— which will get nullified once the Seeds Bill is passed — to be incorporated in the proposed bill. ❑

Proposed Seed Bill anti-people: Experts

The Seed Bill-2004 after discussion in the standing committee of the parliament has been presented again. The standing committee has suggested few changes in the bill and most probably government will try to pass the bill in the budget session of parliament. (now adjourned sine die)

While none of the farmer bodies in the country have demanded any changes to the Seed Bill Act-1966, the haste with which government is acting on the bill raise many questions.

The draft of the proposed Act shows objectionable leniency towards those selling fake and poor quality seeds. The maximum punishment proposed in the Act, one lakh rupees, is not a sufficient deterrent considering the fact that some of the branded seeds are sold at exorbitant price of Rs 60,000-100,000 / Kilo.

Naresh Sirohi, General Secretary of BJP Kisan Morcha says, "The Act is seriously flawed. It talks about formation of compensation committee in the case seed fails; but it is mum on what should be the quantum of compensation for the farmer. The Act talks of compensating farmer's equivalent to the price of seed. Nothing can be bigger joke with millions of hapless farmers. "

Naresh Sirohi added, "Though, agriculture is state subject but in the proposed Act their role has been confined to advisory level."

The bill also proposes to set up a central agency entitled for the registration of seeds. Sirohi said, "This is not practical as there are various agricultural zones in the country and state is better equipped to handle this task." The proposed seed bill is also silent about setting of mechanism for the preservation of traditional knowledge. The bill also proposes to give certification rights to companies based abroad. Experts say in such a scenario any company will set up dummy certification agency and will certify their own seeds. ❑ (sundayindian)

seeds at an affordable price for reasons explained below:

a) The Seed Bill 2010 does not propose any price controls. Farmers must be able to purchase seed at an affordable price. This is very important since the output price (or the procurement price) is fixed by the government, and often do not take into consideration the prevailing market price for seed. The procurement price therefore does not reflect the true cost of seed. At present, companies are charging prices at will and that too without any rationale. Tomato seed price for instance varies between Rs 475 to Rs 76,000 per kg, and Capsicum seed price between Rs 3,670 to Rs 65,200 a kg. More recently, seed companies have taken the Andhra Pradesh government to the High Court challenging its decision to regulate prices and royalty. Therefore, the function of the Seed Committee under the Seed Bill must include power to decide on price and price controls (including royalties).

In the absence of such measures, the government forfeits the right to claim that it is making quality seed available to farmers at an affordable price. Standing Committee had also raised this. Therefore clause 5 must include a sub-section (g) : "Seed price control and supply, including procedure for fixing seed prices and royalties."

b) Provision for re-registration would increase the monopoly of the seed company for at least 20 years. This is unacceptable for the simple reason that it brings in monopoly control (which exists under TRIPs provisions) over seed through the back door. Standing Committee had also voted against this. Section 13 (5) therefore must be deleted.

c) Penalties proposed are trivial. Since the penalties/punishments have been mild, the government has failed to check the menace of fake, spurious and sub-standard seeds. Providing a maximum fine of Rs 30,000 for selling seeds not conforming to the laid-out standards is simply not enough. This is almost equal to the return airfare between New Delhi and Thiruvanthapuram. The Seed Bill 2010 therefore must provide for deterring punishment.

d) While seeds may be registered with the National Register of Seeds, it is imperative that State Governments must be given the authority to decide on which of these registered seeds can be licensed to be used in their State, Clause 12 should be amended accordingly.

In any case, it is incumbent on the Seed Registration Committee to ensure that the application for registration contains complete passport data of the parental lines from which the kind or variety of seed has been derived in as complete a form as possible so that the Seed Committees do not register misappropriated seed or common varieties.

3. The Seed (Control) Or-

der, 1983 had allowed the unbridled import under open-general license of planting material and seeds of flowers, vegetables and horticultural crops. This Order was exploited by unscrupulous seed trade and business to import plant materials without undergoing any rigorous phytosanitary and quality checks. Most of the importing agencies did not even deposit a sample of the imported seed with the National Bureau of Plant Genetic Resources. It is believed that the imports have come with a heavy load of pests and diseases posing serious damages to crop cultivation and to the country's food security. Many hitherto unknown pests have also entered the country.

a) All imports of seeds therefore must undergo mandatory seed testing procedures, including multi-location trials, to ensure its adaptability to the Indian conditions. No self-testing or certificates from foreign seed certification agencies should hold true for Indian conditions.

b) Seed imports should only be allowed after pest risk analysis, local adaptability have been assessed. There is a need for a liability clause to be introduced that makes seed exporter responsible for any pest outbreak and also for the clean-up operations. This assumes importance in the wake of the Bhopal gas tragedy where the chemical companies have simply evaded any liability for the toxic clean-up. Such a clause will be in conformity with the sanitary and phytosanitary obligations under the World Trade Organisation (WTO).

Therefore the civil society seeks following specific amendments in the proposed Seed Bill.

Amendment's proposed for the Seed Bill 2010

(Please remember, these are in addition to the amendments already moved by Agriculture Minister Sharad Pawar)

Title of the Bill

1. Title of the Bill: The title of the bill may be replaced with 'Commercial Seeds (Regulation) Bill, 2010'

Objective of the Bill

2. Amendment in the objective of the Bill:

A bill to provide for regulating the quality of seeds and their price for sale, import and export and to facilitate timely availability of appropriate and adequate quantities of diverse varieties of seed to farmers in a transparent and accountable regime, and for matters connected therewith or incidental thereto.

About registering and state powers to license to use

3. Section 14 on Procedure for Registration: Change 14 (2) to include pre-registration testing. Substitute 14(2) by this: "On receipt of any application for the registration of a kind or variety of seed, the Registration Sub-Committee, shall, after such mandatory testing as required, and other such inquiry that it deems fit and after satisfying itself that the kind or variety of seed to which the application relates conforms to the claims made by the importer or the producer/seller, as the case may be, as regards the efficacy of the kind or variety of seed and its safety to human beings and animals, register the kind of variety, as the case may be, of the seed on such conditions as may be specified by it and allot a registration number thereto and issue a certification of registration."

4. Introduce Section 14(3): "No producer/dealer sell the registered seeds in a State unless the said seed is licensed as such under this Act by the State government. The State government may maintain such list of licensed seeds that can be sold in the state."

5. DELETE Section 13, clause (5) on re-registration.

About imported seeds and foreign certification agencies

6. DELETE Section 30 completely on recognition for foreign certification agencies.

7. Section 36, Clause 1 on Im-

port & Export of Seed: Change 36 (1) (C) to: "All import of seed meant for commercial purposes shall be subject to registration as may be granted on the basis of information furnished by the importer on the results of multi-locational trials conducted in such manner and for such period as may be prescribed to establish performance in India and specifically in the agro-ecological areas where the seed is sought to be sold."

8. Insert 36 (1) (C) " In case of any problem arising from such imported seeds, like pest, disease and weed invasion, genetic contamination etc both the importer & exporter be held responsible. Import of seed should be based on pest risk analysis, and any exporter whose claims turn out to be incorrect should be held liable. Exporter of seed should compensate the loss & cleanup of any such contamination"

About price control and fixing of prices and royalities

9. Section 5 on Powers & Functions of the Committee: Insert 5 (c) to the current Section 5 by inserting clause 5 (c) as: "Seed Price control and Supply, including procedure for fixing seed prices and royalties".

10. Section 11 on State Seed Committee: Insert in the existing (a) to (e) list – "to register and license seeds suitable for the state, based on agronomic trials' data and fix prices of seeds registered; to collect data and review performance of seeds after the authorization through licensing".

Compensation mechanism to farmers

11. Section 20 on Compensation to Farmer: The following to be substituted as Section 20 (1): "where the seed of a registered kind or variety is sold to the farmer, the producer, distributor or vendor, as the case may be, shall disclose the expected performance of such kind or variety to the farmer under given conditions and if such registered seed fails to provide the promised performance under such given conditions, the farmer may claim such compensation from such producer, dealer, distributor or vendor as may be determined by a Compensation Committee provided that such compensation is equal at least to the monetary value of the promised performance and covers the costs incurred by the farmer".

12. Section 20 on Compensation to Farmer: Substitute Section 20, clause (2) (b) as moved by the Agriculture Minister: "The procedure to be followed by such a Compensation Committee should be completed within thirty days of the filing of a claim by an aggrieved farmer".

Substitute Section 20, clause (2) (d) as moved by the Agriculture Minister: "Such compensation is payable to the farmer within three months after the compensation so determined".

Bringing NBA and PVPFR into decision making

13. Section 4 on Central Seed Committee: 4 (3) (viii) – a member of the Plant Varieties Protection Authority, Government of India and 4 (3) (ix) – a representative of the National Biodiversity Authority, Government of India.

Improving accountability

14. Section 7 on Registration Committee: Section 7 (2) (a): Change to "To register seeds of varieties after scrutinizing their claims as made in the application in such manner as may be prescribed including random pre-registration testing".

More effective penalties on offences

15. Section 38 (1) page 14 line 7 on Offences and Punishment: Substitute the following after 'be punishable with' – "a fine in proportion to the damage caused, quantity of seed supplied or stocked and therefore, to cover the real and potential loss to farmers, in addition to a fine not less than Rs. 200000/- (two lac rupees), which may extend to Rs. 10,00,000 (ten lac rupees) and imprisonment for six months to one year.

Further, any individual or company convicted under this Act may be banned from any seed-related activity by the state government upon subsequent convictions".

That at page 14, lines 12 & 13, for the words: "thirty thousand", the word "two lakh" be substituted. That at page 14, line 17, for the words "one lakh", the word "ten lakhs" be substituted. ❑❑

The growth garble

For the government, GDP growth is the most sacred goal and, to achieve this, it is ready to sacrifice welfare programmes aimed at eradication of poverty or generation of employment, writes **Dr. Ashwani Mahajan**

The Central Statistical Organisation announced recently that the Indian economy will post economic growth at a rate of 9 per cent in 2010-11. So far, policy makers have been targeting a 8.5 per cent growth. When the world, especially the developed world, is going through the worst recession, a 9 per cent rate of growth may be regarded as good news. Finance minister Mr Pranab Mukherjee said the Indian economy, rising above internal and external shocks, not only overcame economic slowdown but also grew fast. The chief economic adviser, ministry of finance, Prof Koushik Basu says that though the economy will do well in all sectors, if the agricultural and services sectors post a better growth rate, the economy can grow even faster.

But a senior leader of the Indian National Congress, Mr Mani Shankar Aiyar, does not approve of this fixation with growth. He says that when 57 per cent of our gross domestic product (GDP) is concentrated in the hands of only 1 per cent of the population, an increase in the GDP wouldn't really help the poor. He also believes that an increase in GDP will be actually counterproductive for Indians as national resources are being cornered by a few. While corporate profits are growing in tandem with production, the wages of workers are not posting a corresponding rise.

The government is selling a dream of high economic growth, trying to tell people that it would bring about a marked improvement in the quality of life of the average Indian. The reality is different ~ the poor continue to have a poor quality of life. Mr Mukherjee, while addressing a recent international conference, underscored the need for formulating such policies which will ensure that redistribution does not cause treasury losses as also does not have any impact on growth. This makes it clear that for the government, GDP growth is the most sacred goal. And, to achieve this, the government is ready to sacrifice programmes to eradicate poverty or generate employment.

The finance minister's argument is that his government is spending Rs 2.5 lakh crore on debt servicing out of a total budget of Rs 11 lakh crore. The increasing pressure of debt servicing is also increasing fiscal deficit. Thus, if food subsidies and spending on unemployment go up, government budget deficits go up as well. The target of the government is to bring fiscal deficit down to 3 per cent from the current 7 per cent. This means that the government, in the name of fiscal austerity, is trying to cut

down on expenditure on health care, education, food subsidy and employment generation. It has also washed its hands off spending on infrastructure. As such, the onus of building infrastructure is now largely on the private sector. The private sector, which works with a profit motive, tends to charge the users of infrastructure heavily. A high toll tax levied for the use of roads and bridges is an obvious outcome of private investment in roads and bridges. Similarly, the high impost levied for the use of airports is making air travel costlier. The government's gradual withdrawal from health care and education in favour of the private sector has left the population at the mercy of private institutions. As private educational institutions charge exorbitant fees, the poor are denied quality higher education. Government facilities used to offer health care to the poor for free or at a nominal cost. Consistently decaying public health infrastructure, as a result of partial withdrawal of the government from this sector, is making the poor depend on private hospitals and nursing homes and they charge heavily for "quality health care facilities". In such a situation, the economically-disadvantaged people have two options ~ either become poorer in order to access "quality health care" or die for lack of treatment. According to a recently published report, 16 per cent Indian families went back to living below the poverty line as they had to sell off their assets to get their near and dear ones treated.

National Advisory Council under the chairpersonship of Mrs Sonia Gandhi has restricted the scope of the schemes to barely 46 per cent of the population in rural areas and 28 per cent in urban areas.

While the government insists that economic growth will bring about an improvement in the standard of living of Indians, the reality is far from that. Delay in legislating and continuous changes to the proposed food security Bill is enough proof of that. The Bill was proposed with great fanfare. But the government's tardiness demonstrates that it's not serious about the Bill. Similarly, the government's enthusiasm for right to food waned just as had it had waxed ~ a fate shared by most welfare schemes. It was said that more than 90 per cent of the population would be covered by the schemes initiated under the proposed Right to Food Act and that, to begin with, the schemes would be launched in 200 districts. But the National Advisory Council under the chairpersonship of Mrs Sonia Gandhi has restricted the scope of the schemes to barely 46 per cent of the population in rural areas and 28 per cent in urban areas. As such, only about 40 per cent of the country's population would get highly-subsidised wheat at Rs 3 per kg and rice at Rs 2 per kg. Another 22 per cent of the rural population and 44 per cent of the urban population would be able to buy food at half the price at which it had been procured from producers. Dr Jean Drèze, a member of the National Advisory Council, objected to this by saying that it would amount to the government doing no more than what it was doing at the moment.

A debate on how to achieve the objective of poverty alleviation in conjunction with a reasonably high rate of economic growth is expanding. If the government fails to strike a balance between its welfare state objectives and aspirations of stellar growth, economic power will remain concentrated in the hands of a few at the cost of the masses. It must not abandon its responsibilities by pleading paucity of funds. Rampant corruption and the extent of losses caused to the exchequer thanks to an overabundance of scams underscore the need to husband resources well. The standard of living of the poor must be improved and the government must do it now. ❑❑

(The writer is Associate Professor, PGDAV College, University of Delhi)

Budget 2011: unjust, inequitable & morally wrong

Inflation has escalated the nominal GDP year after year from 2005-06, but surprisingly, not particularly the indirect tax revenues proportionately. This makes the comparison of nominal GDP with fiscal deficit misleading, elucidates **S. Gurumurthy**

"I have spent more, yet, I have brought down the fiscal deficit for 2010-11 from 5.5 per cent to 5.1 per cent," claims Finance Minister Pranab Mukherjee. The amount of fiscal deficit has actually gone up by Rs.20,000 crore. How then could the percentage of fiscal deficit have come down? It defies the logic of numbers. Yet, none of the commentators in awe of his miracle have asked Mr. Mukherjee how he achieved the miracle. It is not his feat. Runaway inflation did the trick, not the Finance Minister. Surprised? Read on.

In his budget speech for 2010-11, the Finance Minister had fixed the fiscal deficit of Rs.3.81 lakh crore at 5.5 per cent of the GDP of Rs.69.35 lakh crore estimated by the CSP at current prices for 2010-11. But thanks to hyperinflation that hit the people of India, the GDP at current prices — also called nominal GDP — rose from the estimated Rs.69.35 lakh crore to Rs.78.78 lakh crore in 2010-11. The rise of Rs.9.57 lakh crore is pure inflation. As a percentage of the new, inflated nominal GDP figure of Rs.78.78 lakh crore, the fiscal deficit of Rs.4 lakh crore came down to 5.1 per cent. Had inflation not escalated, the estimated GDP of Rs.69.35 lakh crore, the fiscal deficit would risen to 5.8 per cent, not fallen from 5.5 per cent. The Medium Term Fiscal Policy Statement annexed to the budget obliquely admits this fact. It says that "higher nominal growth in GDP" — which is just inflation — has helped in reducing the fiscal deficit

The gap between real and nominal GDP is inflation. Year after year, from 2005-6, this inflationary gap between the real and nominal GDP has been incrementally enlarging. In 2005-06 the gap was 9.4 per cent; in 2006-07, it rose to 16.9 per cent; in 2007-08, it enlarged to 21.8 per cent; in 2008-09 it topped 31.3 per cent; and in 2010-11, the gap became an all time high at 38 per cent, equal to Rs.30 lakh crore. Imagine, had the gap between the real and nominal GDP for 2010-11 not risen over the percentage of the gap in 2005-06, the fiscal deficit for 2010-11 would have been as high as 21 per cent! And had it been the same as in 2009-10, the fiscal deficit for 2010-11 would have been 7.5 per cent. When inflation is high the GDP-fiscal deficit ratio becomes almost meaningless. So much for the reduction in fiscal deficit acclaimed as "fis-

How could the percentage of fiscal deficit have come down?

cal consolidation," "safe play," "cutting spend."

Curiously, inflation escalated the nominal GDP year after year from 2005-06, but surprisingly, not particularly the indirect tax revenues proportionately. This makes the comparison of nominal GDP with fiscal deficit misleading. It also takes us to the confession of the Finance Minister that he has not mobilised revenue in this budget. The media has eulogised him for sparing corporates from a higher dose of tax, and still managing the deficit. The truth is that the United Progressive Alliance (UPA) has altogether stopped taxing corporates and others who are tax worthy. The excise revenue as a percentage of the real GDP is now almost half of what it was in 2005-06; in terms of nominal GDP it is even less. According to the Economic Survey 2010-11, the ratio of excise revenue to GDP has come down from 3 per cent in 2005-06 to 1.7 per cent in 2010-11 and customs from 1.8 per cent to 1.5 per cent. On the basis of the excise-customs to GDP ratio of 2005-06, the government has under-levied excise by Rs.1,00,000 crore and customs duty by Rs.43,000 crore in 2010-11, totalling Rs.1,43,000 crore. The under levy of excise started in 2006-07 at Rs.13,000 crore, rose to Rs.63,000 crore in 2008-09 when stimulus was introduced, and to Rs.81,000 crore in 2009-10. Even if the fiscal stimulus — calculated with 2007-08 as the base — of Rs.59,000 crore in excise and in customs of Rs.41,000 crore are deducted, the under levy is still Rs.43,000 crore. It means that the UPA government has simply refused to levy the legitimate tax. But, despite huge tax cuts, inflation is hitting the roof. Yet on the fear and threat that withdrawal of stimulus would intensify inflation, the stimulus continues. Is it justified? Read more.

The amount of fiscal deficit has actually gone up by Rs.20,000 crore.

It is not that corporates are in distress; in fact, they never were. An analysis of the profits of corporates given in the statements of revenue foregone attached to annual budgets shows that corporates have been making huge profits. The companies surveyed posted a profit before tax of Rs.4.08 lakh crore in 2005-06; Rs.7.11 lakh crore in 2007-08; Rs.6.68 lakh crore in 2008-09 [global meltdown year] and Rs.8.24 lakh crore in 2009-10. Most of the super profits in 2009-10 — a rise of 23.35 per cent in just one year — is clearly the stimulus cuts not passed on to the public. The super profits make the continuance of stimulus unjust. The story doesn't end here. Thanks to exemptions, corporates have paid far less than the statutory rates of excise, customs and income taxes. Taxes thus foregone by the government have been rising from year to year from 2005-06 – from 50 per cent of the tax collected in that year to 72 per cent of the tax collected in 2010-11. For the year 2010-11, the tax giveaways, including excise-customs waivers of Rs.3.62 lakh crore, totalled Rs.5.12 lakh crore. The stimulus cut of Rs.1 lakh crore, and an under-levy of Rs.43000 crore are on top of the tax foregone. Moreover, the big corporates manage to pay less than the small ones. If they pay as much, the extra tax realised for 2010-11 could have been Rs.14,470 crore.

Contrast the giveaways of several lakh of crores with the admission in the Economic Survey that capital formation in the agricultural sector, which employs 58 per cent of Indian people, has, from 2005-06, stagnated around 7.5 per cent of the total capital formed in the economy. The survey says that a huge investment is needed to make agriculture viable and sustainable. A fraction of the giveaways to corporates could save Indian agriculture from stress. No seer is needed to say that the budget could not be more unjust, inequitable, and morally wrong. And yet this budget is branded as an aam aadmi budget.

The Finance Minister could not have trivialised the issue of black money abroad more. In his budget speech, he has just repeated what he told the media on January 25, 2011. He has pontificated on corruption. His written brief on the implementation of programmes he had announced in the previous budget shows that out of 66 programmes, only 25 have been completed, many of them paper work. Yet the media discourse has hardly noticed these critical issues.

There are positives, but the hidden vices in the budget make them cosmetic. Anyway the positives have been highlighted so disproportionately that it is a waste of media space to repeat them here. On a lighter note to end: the entry of 'onion' in the budget speech has raised its importance to that of infrastructure! ❑❑

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Budget 2011-12 to help turn black money white

Considering the unfailing regularity with which Indian capital markets have been manipulated by operators and the proclivity of the regulators and the government to look the other way, I remain apprehensive about proposed step by the finance minister permitting Sebi-registered mutual funds to accept subscriptions from foreign investors, cautions **MR Venkatesh**

Money laundering is the culmination of several crimes. Bringing back laundered wealth into mainstream economies as good, clean money is crucial to ensure that such money is put to profitable use.

The end game of a money laundering exercise is to ensure that money is cleansed of all its criminality. That makes money laundering a far more exotic subject than hawala. Hawala is crude, dirty and elementary.

Hawala, by the way, is an informal money transfer system without the actual transfer of money in the first place. It is akin to a bank but without any of the trappings of a formal bank. In fact, the hawala system could facilitate anyone to transfer his money from one jurisdiction into another for any reason.

For instance, a few thousand pounds given in London to a hawala operator can turn into Indian currency within a few minutes, thousands of miles away in distant India. The reverse is also equally possible with the same level of efficiency, reliability and speed.

By the same token, the Indian rupee can be converted into US dollars or Japanese Yen or Euro all in a jiffy. And the icing on the cake? These services could well be offered at your doorstep, sometimes cheaper, faster and less formally than banks.

But the issue that remains to be addressed is what if the money so transferred is illegal? It is removing this illegality that makes money laundering an extremely complex, highly sophisticated and intelligent exercise.

If hawala is usually associated with dirty money; money laundering is the act of cleansing the dirt associated with such money. In short, it is the saint who removes the taint.

Jeffrey Robinson, a recognised expert on organised crime, fraud and money laundering, explains the concept succinctly, 'Money laundering is called what it is because that perfectly describes what takes place — illegal, or dirty, money is put through a cycle of transactions, or washed, so that it comes out the other end as legal, or clean money. In other words, the source of illegally obtained funds is obscured through a succession of transfers and deals in order that those same funds can eventually be made to appear as legitimate income.'

In effect, the money after the cleansing process must be available to a person as if it originates from a legal source.

This cleansing is done usually on foreign soil, though at times it can be done within the country's borders too. It is in this connection that Section 3 of the Prevention of Money Laundering Act, 2002 defines the offence of Mon-

ey Laundering.

Accordingly, 'Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering.'

The operating part, it may be noted, is to project an illegal property as an untainted one.

Budget 2011 & possible amnesty

Given this background, it may be noted that the finance minister, while dealing with the investment environment and more particularly foreign investment, states: 'Currently, only FIIs and sub-accounts registered with the Sebi and NRIs are allowed to invest in mutual fund schemes. To liberalise the portfolio investment route, it has been decided to permit Sebi-registered mutual funds to accept subscriptions from foreign investors who meet the KYC requirements for equity schemes.

This would enable Indian mutual funds to have direct access to foreign investors and widen the class of foreign investors in Indian equity market' [Para 32 of the Budget Speech].

Naturally, anticipating investment from this new avenue the Indian stock markets gave thumbs up to this proposal.

Nevertheless, it would be puerile to believe that foreign investors were queuing to invest in the Indian stock markets through the mutual fund route.

Naturally that raises the question — who are the possible beneficiaries of this proposal?

After several rounds of litigation at various forums, one can safely surmise that there are virtually no KYC norms for PNs.

In several of my previous columns I had pointed out how Indian capital markets continue to be distorted by the ubiquitous presence of the participatory notes (PNs), which according to some experts are unique only to India.

PNs, it may be noted, are a contract between a foreign institution and a 'foreigner' to invest into India. However, the underlying securities of PNs are Indian stocks. In contrast to the stringent Know Your Customer (KYC) norms laid out for resident Indians even for opening a bank account, the norms for PNs remains undefined.

In fact, after several rounds of litigation at various forums, one can safely surmise that there are virtually no KYC norms for PNs.

That makes transactions relating to PNs incomprehensible, especially when issued by the FIIs (foreign institutional investors). The net result: Indian regulators do not know the names of such investors, or the origin and sources of such funds.

Crucially, they can do precious little. No wonder, PNs are also referred to as Phantom Notes.

Some experts charge that this arrangement implicitly converts India into a mini-Switzerland. Professor Vaidyanathan of IIM Benguluru opines that India has to change the rules like allowing investments in Indian stocks through the participatory notes method which is secretive and allows secret funds into India — like the Swiss banks do.

What is worrying analysts is that such money that flows into India seems to be the money of Indians, sent abroad first through the hawala route and then subsequently laundered abroad, especially in tax havens.

Then these very funds are brought into India through the Mauritius route to avoid payment of taxes in India and in Mauritius. Technically this is called round-tripping.

Statistics available in the public domain suggest that out of inbound investment into India between April 2000 and March 2009, investments from Mauritius accounted for over 45 per cent of such investments.

Given this paradigm, the issue that is raised by some experts is whether the Indian mutual funds too would issue PNs to 'foreign investors'? How

The Income-Tax Act has been amended to allow the central government to exempt any class or classes or persons from the requirement of furnishing returns.

could they be following the KYC norms (Know Your Customer) when the KYC norms are not precisely defined for FIIs?

Would the mutual funds go the FII way and issue PNs to some investors whose ultimate beneficiaries remain unknown to the outside world?

Would such unidentifiable 'investors' force mutual funds in India to invest such funds in those companies chosen by them and thereby short-circuit the Takeover Code, insider trading and other well-intended Regulations of Sebi?

Well, your guess is as good as mine. Nevertheless, given its track record, Sebi could either stonewall these well-intended questions or dismiss them. In the alternative, it would cryptically answer that our capital markets are well-governed, thus bringing the debate to an abrupt rest.

Considering the unfailing regularity with which Indian capital markets have been manipulated by operators and the proclivity of the regulators and the government to look the other way, I remain apprehensive of this step proposed by the finance minister.

In a way, it would be yet another wonderful opportunity for those who have laundered money abroad to bring back their wealth (of course, free of any tax!) into India. Who said the Budget did not have an amnesty scheme?

Another avenue

But if you thought that this was all, the Budget offers something more. To attract foreign funds for the infrastructure financing, the finance minister proposes to 'create Special Vehicles in the form of notified infrastructure debt funds' [Para 74 of the Budget Speech]

Interestingly the tax provision for the same was dealt with in Para 144 of the Budget Speech. Accordingly, the finance minister proposes to create special vehicles in the form of notified infrastructure debt funds and subject interest payment on the borrowings of these funds to a reduced withholding tax rate of 5 per cent, instead of the current prevailing rate of 20 per cent.

Interestingly, the Income-Tax Act has been amended to allow the central government to exempt any class or classes or persons from the requirement of furnishing returns.

Since foreign investors are subject to a nominal rate of 5 per cent, and such taxes being deducted by the borrowers, it is quite possible that the central government shall exempt such class of investors from filing their return in India.

That, on a superficial level, looks to be in order provided we continue to be innocent enough to believe that foreigners would be parking their money in India and participate in improving our infrastructure. How comical! Indeed we have to suspend our sense of disbelief to proceed further.

Little do we realise that, in the process, any 'foreign' investor could well be outside the scrutiny of any Indian tax authority. That makes this arrangement a perfect amnesty scheme for all Indians who have illicit wealth abroad.

Invest in India, possibly at attractive rates of interest without any fear of anyone, least of all the taxman. Of course, that could involve paying a marginal tax of 5 per cent, not on the illicit wealth parked abroad, but on the income that would accrue in future!

The United States economy is almost in ruins. Europe is going the Titanic way. With each passing day, whether we like it or not, there is a global crusade against tax havens. In the era of Wikileaks, parking illicit wealth in tax havens becomes a risky proposition too.

It is given these constraints that India seems to have provided an honourable route to all those with illicit wealth abroad to participate in our march to progress. What a wonderful idea, to have an amnesty scheme without having to call it as one!

It is indeed a pity that most analysts missed this viewpoint while analysing the Budget. And that made the job of the government that much easier. ❑❑

SC criticises govt for not probing into source of black money

The Supreme Court flayed the government for not probing into specific sources of black money stashed in banks abroad and asked the Centre to apprise it of its investigation into the threat to national security posed by it. The apex court also expressed its dismay that the government's probe into the issue of black money was focused only on the case involving Pune stud owner Hasan Ali Khan and no name of any other person involved in stashing funds abroad has come out.

"No further information is coming out. Only one individual is there. What about others?" a bench of justices B Sudershan Reddy and S S Nijjar asked Solicitor General Gopal Subramanium, who submitted to the bench, in a sealed cover, the Enforcement Directorate's status report of its probe in the case. After perusing the status report, the bench criticised the steps taken by the government in the investigation of the matter including that relating to the passport case against Khan. "It is very difficult to be calm and quiet after seeing the status report," the bench remarked. "Why all these agencies were sleeping since 2008? Why it moved when we stepped in? If writ petition had not been filed, nothing would have happened," the bench observed.

The court was hearing a PIL seeking retrieval of black money stashed by Indian citizens in banks abroad. The PIL had been filed by former Union Law Minister Ram Jethmalani. The court reiterated its idea of setting up a Special Investigation Team (SIT) comprising officers of Intelligence Bureau, Research and Analysis Wing, Central Bureau of Investigation and Enforcement Directorate to probe the entire issue related to the black money stashed in banks abroad.

The solicitor general said the investigation into the matter has revealed the involvement of a "power broker" in it and sought to assure the court that substantial progress has been made into the investigation of the case involving Khan.

He said the case concerning Khan was not simply a case of forgery of passport but a case with far more serious implications. Subramanium said the ED has taken serious note of Khan's repeated statement seeking protection to his life and to his family members. The law officer said there was need for protection to all the officers investigating the case rather.

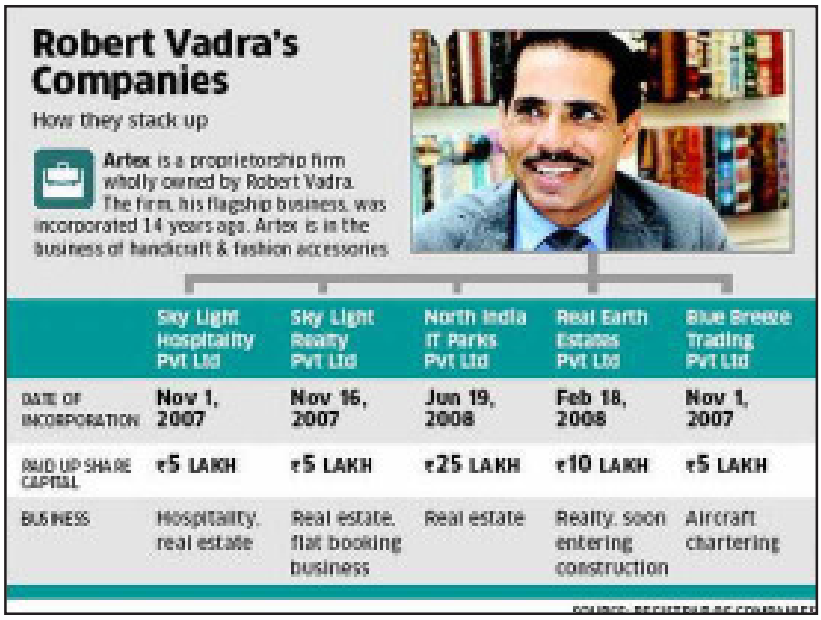
During the last hearing on March 18 too, the apex court had toyed with the idea of forming a Special Investigation Team (SIT) to probe the malady of Indian black money stashed in banks abroad and had asked the Centre to come up with its take on possible composition of the SIT.

"In principle, do you have any objection to setting up of SIT to look into the matter?" the bench had asked the government, while observing, "We are not talking about one case but many cases are involved in it. This is much wider." It had told the Centre and the petitioners to respond on the next date of hearing about its stand and the possible composition of the SIT.❑❑

Good Black Money, Bad Black Money

The problem is not of bringing back the money lying in the Swiss Banks. The real problem is of generation of black money by the politician-official nexus, says **Dr Bharat Jhunjhunwala**

Black money is unquestionably harmful for the economy. It is used more for luxury and conspicuous consumption. It is sent away to foreign banks. Tax is not paid by businesses on these activities. This leads to less generation of revenues by the government and less creation of infrastructure such as roads. However, the same black money has an opposite effect if character of the Government is corrupt and exploitative. Almost 45 percent of the revenues of State Governments are today being used to pay huge salaries to the government employees. These employees have acquired an exploitative character. They are being paid huge salaries so that they suppress the people's movements against corruption and extortion by politicians. Our politicians have spawned a huge welfare mafia to co-opt and quieten the voice of disgruntled majority. Government teachers get five times the salaries of private teachers only so that double the numbers of students fail in the exams. Revenue is being leaked through scams such as Bofors, Spectrum and Commonwealth Games. In this situation, black money provides relief to the people from exploitation by the government.



Robert Vadra's Companies

How they stack up

Artex is a proprietorship firm wholly owned by Robert Vadra. The firm, his flagship business, was incorporated 14 years ago. Artex is in the business of handicraft & fashion accessories

	Sky Light Hospitality Pvt Ltd	Sky Light Realty Pvt Ltd	North India IT Parks Pvt Ltd	Real Earth Estates Pvt Ltd	Blue Breeze Trading Pvt Ltd
DATE OF INCORPORATION	Nov 1, 2007	Nov 16, 2007	Jun 19, 2008	Feb 18, 2008	Nov 1, 2007
PAID UP SHARE CAPITAL	₹5 LAKH	₹5 LAKH	₹25 LAKH	₹10 LAKH	₹5 LAKH
BUSINESS	Hospitality, real estate	Real estate, flat booking business	Real estate	Realty, soon entering construction	Aircraft chartering

It is commonly believed that black money leads to slower growth of the economy. I think the situation is exactly the opposite today. Partaking of ghee by a healthy man is good but taking of the same ghee by a sick man is harmful. Similarly, control of black money in clean governance is good but control of the same in corrupt governance is harmful. Presently about 11 percent of the national income is collected by the government as taxes. Increase in this is good if the money is being utilized for the welfare of the people. The same increase is harmful if revenue is being utilized for corruption.

There are two types of black money-that generated by businessmen and that generated by politicians and officials. Let us examine the impact of black money generated by businessmen first. Say income of the country is Rs 200. Of this, Rs 100 is in black and Rs 100 in white. Of the latter, Rs 11 is collected by the government as tax. Of this, say, Rs 8 is used to pay huge salaries to government servants and siphoned off via corruption. The people are left with Rs 192-Rs 100 from black money, Rs 89 left in their hands after payment of tax and Rs 3 spent for their benefit by the government. Now examine the impact if black money is wholly eliminated and the entire economic activity is carried

out in white. The government will now collect Rs 22 as tax. Of this Rs 16 will be used for the benefit of government employees and politicians. The people will be left with only Rs 184-Rs 178 left in their hands after payment of tax and Rs 6 spent for their benefit by the government. The people have become poorer because black money is abolished.

I have taken birth in a business family. Maybe my perspective is coloured. I resigned at Professor at Indian Institute of Management in the eighties and started running a strawboard factory belonging to the family. I did business in white in the first two years. Tax rates were stiff. On a sale of Rs 100, I had to pay Rs 25 as excise duty, Rs 12 as sales tax and Rs 3 as other levies. Strawboard produced by me was costly because of the burden of these taxes. I incurred huge loss and had to change my ways. Strawboard was then made available by me to the consumers at a lower price.

This was when tax rates were high and most black money was generated by businessmen. The situation has changed dramatically today. Tax rates have been reduced. Businesses are generating less black money. More black money is being generated by politicians and official as in the Bofors, Spectrum and Commonwealth Games scams. Impact of this black money is altogether different. The Swedish Company manufacturing Bofors guns gave commission to certain politicians. The Company increased the price of the guns to meet this expense. Or, say, commission was given in allotment of spectrum. The burden of this commission ultimately fell on the mobile phone user. Or, the fruit vendor on the train gives weekly hafta to the GRP policeman. He has to sell the fruit at a higher price to recover this money. The consumer has to pay more due to black money generated by the politicians. In contrast, he has to pay less due to black money generated by the businessmen.

My estimate is that businessmen spend less money in vulgar and conspicuous consumption. Businessmen buy less gold and send lesser amount for deposit in Swiss Banks because these deployments provide lower returns. I know of businessmen who buy land, bricks and cement with black money and establish factories. Politicians and officials, on the other hand, invest hugely in gold, property and send monies to Swiss Banks. The reader can confirm this by speaking to any jewelry shop or property dealer. This corruption would be less harmful if politicians would use the money for building their party. One politician correctly declared that it is not possible to run a party without black money. The problem arises when politicians and businessmen use the black money for unproductive purposes like buying gold or depositing in Swiss Banks.

We must distinguish between three types of black money. Best situation is that government is clean and black money is wholly eliminated. Second situation is that politician uses black money for party building and businessmen use it for investment. This is not much harmful. The worst situation is when government is corrupt and businessmen, politicians and officials send the black money to Swiss Banks. This black money is mostly generated by politicians and officials. This is the main problem today. The problem is not of bringing back the money lying in the Swiss Banks. The problem is of generation of black money by the politician-official nexus. Till the seventies politicians would come to my father before the elections asking for contributions. Now they rarely come before elections. They collect huge monies from government contracts, MP's Local Area Development Scheme and other works done by the government.

We are expecting the politicians to bring back the money stashed away by the politicians themselves in Swiss Banks.

Strangely, we are expecting the politicians to bring back the money stashed away by the politicians themselves in Swiss Banks. This is like asking the thief to do the policing. Perhaps, it is for this reason that our Prime Minister is saying that names of Swiss Bank account holders cannot be made public. This will not do. We will have to find solution to this problem outside the ambit of government. Perhaps, honest businessmen should come together to establish an agency like Transparency International in every district to expose corruption among the politicians and officials. We should honour and protect those selfless individuals who are fighting against corruption in their own small ways. Asking the politicians to control corruption or to bring back money from Swiss Banks will not do. ❑❑

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Buffett should learn our ethos of giving

A lot of our education, healthcare, arts, literature and spirituality efforts/ventures have been fully financed by businessmen who are even shy to talk about it. Herein is the secret to the fundamental ethos of giving in India. It is done without advertisements and trumpets, discloses **Prof. R. Vaidyanathan**

The rootless wonders are agog with ecstasy that Bill Gates and Warren Buffett are visiting India. They will not only explore about investing in India but also urge the Indian business to allocate at least half of their wealth to charity and this year is called year of 'giving'.

It is important that both of them are educated about our system and ethos of giving which exist from ancient times and do not need lectures through business channels which live and even die for TRPs.

Buffett should know that the greatest hero of all times in India in our puranas is Karna who gave all and his name is interchangeably used for the art of giving in many Indian languages.

Ratan Tata may be shy to point out to Bill Gates that 'the Tata founders bequeathed most of their individual wealth to many trusts they created for the greater good of India and its people'. So is the case with G D Birla and Jamnalal Bajaj. This may not be trumpeted by Kumara Mangalam Birla and Rahul Bajaj. As a perceptive blogger Sandeep Singh says that as early as 1895 Dayal Singh Majithia bequeathed away three million rupees for noble causes including new ventures by Indians. Actually Majithia was an early 'venture capitalist' in India even though not many know about him.

We also find that Swami Vivekananda could not have gone to USA but for local business people funding him and the weightlifters and wrestlers could not have won gold medals at the recent Commonwealth Games but for local traders financing their clubs in remote parts of Orissa and Manipur. Many may not have heard about Ekal Vidyalayas which are one-teacher schools functioning in remote parts of India, particularly in tribal areas. They are in as many as 35,000 villages, educating more than one million children. Take the other example of Satya Sai initiative to bring water to Rayalseema using private donations. The Ninth Plan document of Planning Commission says, "The Sathya Sai Charity has set an unparalleled initiative of implementing on their own without any budgetary support a massive water supply project with an expenditure of `3 billion to benefit 731 villages, etc."

Later this project was extend-

Weightlifters and wrestlers could not have won gold medals at the recent Commonwealth Games but for local traders financing their clubs in remote parts of Orissa & Manipur.

ed to Chennai costing more than '600 crore. Ramakrishna Mission runs around 200 hospitals serving nearly one crore people annually mostly in rural areas. It also runs around 1,200 educational institutions serving more than 3.5 lakh students of which more than 1.25 lakh are in rural areas.

Nadars engaged in business in Tamil Nadu have funded hundreds of educational institutions and hospitals and so the Marwaris/Chettiars/Katchis/Bhoras all over India.

A lot of our education, healthcare, arts, literature and spirituality efforts/ventures have been fully financed by businessmen who are even shy to talk about it. Herein is the secret to the fundamental ethos of giving in India. It is done without advertisements and trumpets. Actually in our tradition the giver is reluctant to talk about it since it embarrasses the receiver. The fact that it could demean the receiver is reason enough for the giver to keep silent. Remember the way Nitish Kumar reacted when the donation from Gujarat for flood relief in Bihar was advertised? Nitish Kumar recalled our tradition of giving without revealing.

It is told in our ancient wisdom that one should give till the hand bleeds and one should not talk about it. The action will speak even centuries later. The upstarts of today write on every tubelight their names before donating it to a temple or call press conferences to declare their 'intentions'. That is the US culture. Everything from lovemaking to charity should be advertised and shown on prime time television. Then only you prove that the spouses and receivers are happy.

But why this sudden wallowing in self pity and whining about giving? It all started with the Indira Gandhi Prize being given to Bill Gates on July 25, 2009, and wherein the chairman of National Advisory Council Sonia Gandhi read a speech on the need for Indian businessmen to give for charity (like Bill Gates) and it was published in full by Wall Street Journal and a columnist in that paper pontificated the "rich in India to open their wallets". Leaders and media in India who are clueless about Indian ethos are setting the Gates and Buffett's to further pontificate to our business people.

It is interesting that Bill Gates who has operations in Cayman islands and Reno of Nevada to minimise or evade taxes to be paid to the United States government is enthusiastic about "Giving by India Inc". Warren Buffett is planning to give his dollar assets to the Gates foundation which will reduce estate taxes in the future. Interestingly both of them are some of the few US business barons supporting estate taxes. It is not clear who are their dinner guests in India. If it is Forbes billionaires from India we hope Shahid Balwa of the Spectrum fame is not going to be there!

Somebody should also tell Bill Gates and Warren Buffett that India Inc constitutes less than 15 per cent of our GDP

Somebody should also tell Bill Gates and Warren Buffett that India Inc constitutes less than 15 per cent of our GDP and the real growth masters are small partnership and proprietorship firms which are deeply involved in giving. Actually India Inc in our economy is like an item number in a Bollywood movie. Good to talk about on TV but only has the glamour quotient. Also can we suggest to Gates and Buffett to stop investing in firms in tax havens since that sucks away billions of dollars of money from countries like India. If they really want to help India then they should start a campaign to close down all these tax havens rather than having expensive company-paid dinners at five star hotels of our country urging Balwas to give. ❑❑

(The writer is professor, Indian Institute of Management-Bangalore. The views are personal)

Myths and Realities of Right to Education Act

It is neither the market nor the corporate social responsibility but the Constitution that catalysed the judiciary to uphold free elementary education to every child, which is a facet of 'right to life' under Article 21 of the Constitution, explains **Manisha Srivastava**

Education - A Fundamental Right

It is wrong to infer that recognition of the fundamental right to basic education is in any way concerned with the generosity of corporate-led globalisation or the benevolence of market forces. It actually emanated from the core or ethos of our freedom movement against the British imperialism. It therefore, figured invariably in the Constitution of independent India. It is thus neither the market nor the corporate social responsibility but the Constitution that catalysed the judiciary to uphold free elementary education to every child, which is a facet of 'right to life' under Article 21 of the Constitution. Providing free and compulsory education in a neighborhood school till the completion of elementary and secondary education is intended to allow children to live with human dignity.

The Supreme Court of India declared in 1985 that the right to life included the 'finer graces of human civilization'.' It implied that the canopy of Article 21, the right to education was instinctively present. However, in 1992 the Supreme Court explicitly held that the right to education was concomitant to fundamental rights enshrined under Part III of the Constitution. The ruling passed therein says that 'every citizen has a right to education under the Constitution." In 1993, the Apex Court revisited the above-mentioned landmark judgment and explicitly held, "though right to education is not stated expressly as a fundamental right, it is implicit in and flows from the right to life guaranteed under Article 21 ….. (and) must be construed in the light of the Directive Principles of the Constitution.' Thus, 'right to education, understood in the context of Articles 45 and 41 means: (a) every child/citizen of this country has a right to free education until he (she) completes the age of fourteen years and (b) after a child/citizen completes 14 years, his (/her) right to education is circumscribed by the limits of the economic capacity of the State and its development." It can now safely be concluded that the right to education has categorically been declared a fundamental one by the Supreme Court in the light of Article 21 that guarantees and protects life and personal liberty of a citizen. Life does not merely connote the physical act of breathing. It should be meaningful, spirited, creative, innovative and cultured. Education is an integral facet of life. Education should not be confused with literacy. It is simply a means and not an end. Gandhi observed, " By education I mean an all-round drawing out of the best in child and man—body, mind and spirit. Literacy is not the end of education nor even the beginning. It is only one of the means whereby man and woman can be educated. Literacy in itself is no education." The ultimate aim is the highest development of the mind, the heart and the soul.

The Constitution (Eight-sixth Amendment) Act, 2002

The judgment delivered by the Supreme Court in the Unnikrishnan's case empowered the people with a legal weapon to demand for a fundamental right to education. High Courts were flooded with public interest litigation petitions seeking to enforce the judgment in letter and spirit both. Non-governmental Organisations (NGOs), mass action groups, social activists, public-spirited intellectuals and awakened citizens started moblising people to assert on the government to move a constitutional amendment bill to include the right to education as a fundamental right. Alok Saxena writes, "This created a tremendous pressure on the Parliament and thereafter a proposal for a constitutional amendment to include the right to education as a fundamental right was made in 1996. Accordingly, the Constitution (Eight-third) Amendment Bill was introduced in the Rajya Sabha in July, 1997. The 83rd Amendment proposed that Article 21-A be introduced (as a fundamental right to education for every child aged 6-14). Article concerning the Directive Principle of State Policy regarding free and

compulsory education be deleted and Article 51-A (k) be introduced as a fundamental duty of the parents. Between 1997 and 2001, due to change in governments the political will that was required to bring about the amendment was absent. In November 2001, however, the Bill was re-numbered as the 93rd Bill and the 83rd Bill was withdrawn. The 93rd Bill proposed that Article 45 be amended to provide for early childhood care and education instead of being deleted altogether. This Bill was passed in 2002 as the 86th Constitutional Amendment Act." The Constitution (Eighty-sixth Amendment) Act, 2002 inserted Article 21-A in the Constitution, which states, "The State shall provide free and compulsory education to all children of the age of six to fourteen years in such manner as the State may, by law, determine."

Free and Compulsory Education vis-a-vis Corporate-led Globalisation In the light of Article 21-A that was inserted by the Constitution (Eighty-sixth Amendment) Act, 2002, Parliament passed an Act in the name of providing free and compulsory education to all children in the age of six to fourteen years that came into force with effect from April 1, 2010. This Act of Parliament is known as the Right or Children to Free and Compulsory Education Act, 2009 which is embedded in Article 21-A of the Constitution.

Article 21-A as well as its offshoot Right to Education Act in the present form actually do not lay the foundation of the common school system wherein all schools right from pre-primary stage upto higher secondary/intermediate/pre-university level including unaided private educational institutions too, will be neighborhood schools in the real sense of the term. They shall have requisite and equitable infrastructure, instructional, pedagogical and curricular/co-curricular norms, standards and facilities. According to Prof. Anil Sadgopal, "This implies that all schools shall have a neighborhood specified under law and all families residing in this area shall be required to send their children to this school, irrespective of class, caste, religion, gender, language or any kind of disability, physical or mental. It means that the children of MPs, MLAs, ministers, bureaucrats and technocrats, police officers and corporate executives will study and socialise together with those of clerks, industrial labour, hawkers, plumbers and electricians, agricultural labour and other workers of the unorganised sector."

The Right to Education Act has been designed under the framework of General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO). Therefore on the one hand it not only legitimises the multi-layered discriminatory education system, but also paves the way for corporatisation, commercialisation and privatisation of education on the other hand. It is continuation of Structural Adjustment Progammes (SAPs) imposed on our country by the World Bank (WB) and the International Monetary Fund (IMF).

SAPs mandated by the WB-IMF regime are already being implemented in the field of elementary education. They were institutionalised here in forms viz. the District Primary Education Programme (DPEP) and the Sarva Shiksha Abhiyan (SSA). In the meantime, governments started to shirk their constitutional obligations for universalising elementary education. The government-sponsored school education system is in a shambles. The governments have pushed policies of privatisation, commercialisation and corporatisation of school education via Public-Private-Partnership (PPP). They are solely focusing their attention on schools of specified categories like model schools, Navoday Vidyalayas. Kendria Vidyalayas, etc. These elite schools are basically not meant for children belonging to lower strata of society. In the name of philanthropy, government schools are being adopted by corporate houses or foreign-funded NGOs. Governments are also inviting competitive bids for auctioning, selling or leasing out school compounds, campuses or fields. Private commercial entities are being wooed to come forward as bidders.

The neo-liberal Right to Education Act can be summed up in the words of Prof. Anil Sadgopal, "The Act fails to guarantee (a) free education; (b) neighbourhood schools of equitable quality; (c) dignified socio-economic status for schools teachers; (d) freedom from ad-hoc fee hikes and profiteering by private schools, (e) pre-primary and secondary education; (f) education through the medium of mother tongue as well as proficiency in English language; (g) quality education to the disabled in regular schools; (h) required public funding; and (i) justiciability of Fundamental Right to Education." ❑❑

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Defence Capability *Vs* Defence Expenditure

To ward of future challengers and create an environment for peaceful economic growth our defence capability must ensure dissuasive deterrence and maximisation of India's strategic space. India needs a system centric approach to its defence capability development, suggest **Vinod Anand & Arun Sahgal.**

One of the most keenly watched part of the Union budget is the allocations of funds for defence expenditure. Given the prevailing security environment, modernization of the armed forces and keeping them militarily prepared is a major challenge faced by both the political and military establishments. Particularly so given the fact that our relations with two important neighbours; Pakistan and China can at best be said to be in cold storage, with little sign of early thaw.

Adding to above challenge is the two front threat that Army believes it faces requiring a much higher degree of defence preparedness and above all military readiness. The latter is more relevant, whose components are not mere force structures and modernisation but includes preparedness and sustainability as well. This was alluded to by the Prime Minister in his address to Combined Commanders Conference in 2009, when he said that the armed forces have to be ready to fight anywhere, anytime and under any conditions.

Above basically implies that defence policy, doctrines and strategy, funding and structures, together with capabilities and capacities, and logistical sustainability must be of the order that allows India to use its military power to support its national interests in concert with the vision set forth by the Prime Minister.

The Union Budget 2011 - 12 bears analysis from the above perspective of defence preparedness and readiness. This year the Finance Minister has allocated Rs 164,415 crores for defence. Above allocation signifies an 11.6% increase from Rs 1, 47,344 crores allocated last year. This increase was backed by the usual announcement that 'funds will never be a constraint for meeting the genuine needs of the armed forces'. However, such a caveat is of no practical significance; what it hides is the absence of long term commitment of funds by the Finance Ministry to Five Year Defence Plans. Apart from some exceptions made in the wake of events like Kargil war or Mumbai terror attacks the increase in defence expenditure has generally followed the trend line of 10 percent increase every year. Thus, for financial babudom the defence budget is merely an

exercise in accountancy. It can not be said that there is some long term vision attached to this annual exercise in defence budgeting.

While the Ministry of Defence and HQ Integrated Defence Staff have been involved in making Five Year Defence Plans (FYDP) and Long Term Integrated Perspective Plans (LTIPP) it is very rare that they are approved in time by the government. For instance, the FYDP 2007-12 which should have been approved before 2007 has not been approved so far. In

fact, it is in the danger of not being approved in the plan period despite many remonstrations by Parliament's Standing Committee on Defence (SCD).

Further, the MOD had promised to the SCD of the 14th Lok Sabha that LTIPP consisting of three plan periods would be based on articulation of National Military Strategy (NMS) which in turn will be based on formulation of National Security Strategy (NSS). This was to be done by 2009; however, the new SCD of 15th Lok Sabha composed of new members seems to have forgotten about the same. In all their reports since 2009 the SCD has not raised any observations on the non-articulation of NSS and NMS. While the defence forces are talking about transformation and revolution in military affairs there is a considerable degree of skepticism on the conceptual philosophy about modernisation of the armed forces. Some analysts have rightly worded such an approach to military modernisation as 'arming without aiming'.

Reverting back to the current year's budget the sub allocation of above budget - Rs 99387.85 crores is planned to be expended towards revenue expenditure and balance 69,199 crores is earmarked for capital expenditure. In terms of percentage it is mere 1.83 percent of GDP and nowhere near the often sighted figure of 3 percent sought by the services for filling the essential strategic voids. Addressing the Combined Commanders Conference in 2005 Prime Minister Manmohan Singh

had indicated the possibility of earmarking 3 percent of the GDP if the economy continues to grow at 8 percent of the GDP. Looking at the worsening asymmetries against our likely adversaries, time has come to convert that possibility into reality. Evidently, rise in defence expenditure would have to be spread at least over one plan period.

A close look at the Capital Expenditure which is essentially meant for meeting our modernisation needs would reveal that complete Capital allocation is not for new acquisitions. It is important to note that as a rough yardstick, only three-fourths of the capital expenditure budget goes towards capital acquisition, balance being allocated for creation of capital assets etc. Out of that balance acquisition budget, approximately 60% is already earmarked for payment toward committed liabilities i.e purchases already made with deliveries in the pipeline. That leaves around 30% of the capital budget available for new defence purchases. As a rough estimate about Rs 20,000 crores are available for new acquisitions but in real terms close to 60,crores, given the long gestation period for defence contracts to be executed. The SCD , in end 2009, while reviewing the projections for the remaining two years of the Eleventh Plan had observed that capital budget requires growth of 35.96 per cent and 17.13 per cent respectively for the years 2010-11 and 2011-12 over the Budget Estimates of 2009-10. Thus, the growth of capital segment of the budget is inadequate.

As per estimates based on the current (2007 - 12) and next (2012 -17) Five Year Defence Plans, armed forces are slated to spend nearly $100 and 120 billion on military hardware in these two plan periods respectively. In addition the LTIPP (2012 - 2027) envisages substantial procurement of land, air and naval systems with a view to field lethal, mobile and networked defence forces in the future. Thus huge sums are being spent upon procurement and capability building but the question is do we get the desired payoffs?

Basic issue that needs to be addressed is that is above allocation together with the commit-

Scenario in terms of current threat perspective is that Pakistan has been raging a proxy war against India with near impunity for which we have at best a defensive answer in terms of effective Low Intensity Conflict Operations (LICO) strategy.

China has been increasing its defence budget in double digit percentages since 1989.

ted liabilities enough to meet the modernisation requirements of the services to meet security challenges faced by the country? Two issues are important in answer to above question; one what are we modernizing for? Does our military modernization in optimum terms help in threat mitigation? Which underlines an even more fundamental question what is the nature of conflict envisaged and likely conflict scenarios that the country must prepare for and invest?

Scenario in terms of current threat perspective is that Pakistan has been raging a proxy war against India with near impunity for which we have at best a defensive answer in terms of effective Low Intensity Conflict Operations (LICO) strategy. On the other hand our conventional edge is getting slowly eroded owing to delay in Services modernization plans and infusion of modern military hardware into Pakistani armed forces from both China and elsewhere. Above has substantially neutralised India's capacity at conventional deterrence in the backdrop of nuclear overhang where too Pakistan according to published reports has forged ahead both in terms of fissile materials and vectors. Above means that our ability to execute any punitive pro active strategy and manage escalation is incrementally getting restrained, if anything our response to 26/11 is an example.

In so far China is concerned it is marching ahead in its military modernization with focus on modernization of its armed forces primarily through indigenous defence industrial base and developing new capabilities in terms of cyber, information, missile and space warfare. China has been increasing its defence budget in double digit percentages since 1989. This year's increase has been to the tune of 12.7 percent; it is also well known that there is a great degree of opacity about China's defence spending- the actual figure could be twice of the claimed figure. However what is to be noted is that China is creating a potential to project power anywhere around its near abroad. In short, asymmetry between India and China in military terms is on the rise. What is important is that China intends to employ these standoff capabilities to execute what it calls 'No Contact War' aimed at strategic dislocation.

In the face of above challenges our focus remains on attritional force on force kind of warfare mindset, underlined by our desire for platform centric procurement- in effect justifying the observation of arming without any strategy. As a result not enough attention is being paid toward developing adequate offensive defence capabilities based on developing operational systems within the overall 'system of systems' approach or creating truly synergised force capabilities. This demands among others capacities of fielding an integrated C4ISR system that integrates sensors, decision makers and platforms. Here sensors are as or more important than platforms; thus we need to enhance ELINT and Space capabilities, develop capacities for a constant ISR cover over areas of interest and those we would like to influence. Similarly more attention needs to be given to not only defensive but offensive information and cyber war capabilities and developing Anti Ship Ballistic Missile and Anti Satellite Capabilities.

True defence capability must ensure dissuasive deterrence and maximisation of India's strategic space to ward of future challengers and create an environment for India's peaceful economic growth. Using national resources to raise formations, or mere platforms would not suffice. India needs a system centric approach to its defence capability development. Till then we would be using buzz words like defence transformation, net centric warfare or RMA while merely attempting to address the obsolesce factor with no real capability enhancement. ❑❑

Akhil Bharatiya Pratinidhi Sabha of Rashtriya Swayamsevak Sangh has passed several resolutions in its recently concluded meeting in Puttur Karnataka. Two important resolutions are published here for the benefit of our readers.

Resolution -1

Need for a decisive blow against courruption

The Akhil Bharatiya Pratinidhi Sabha expresses grave concern over the endless chain of incidents of widespread corruption surfacing in the country. It is all the more shocking that the people occupying the upper echelons in the Government, including the Prime Minister are engaged in protecting their guilty colleagues till the end by describing them as innocent inspite of incontrovertible evidences pouring out against them.

The ABPS is deeply pained at the way the cases of corruption coming to light, day in and day out are tarnishing the image and reputation of the nation. The magnitude of corruption is such that not only the common man, but even the experts get bewildered. The gross misdeeds in organizing the Commonwealth games have gravely damaged the prestige of the country. People at the helm of power are either turning a blind eye or are taking steps against the guilty as an eye wash under the pressure of the judiciary and media. The country wants to know as to what was the compulsion and which invisible hand was behind the misdemeanor of the top rung of power in a most sensitive matter like the appointment of the Central Vigilance Commissioner.

Unfortunately, the influence of politics is growing in almost every walk of life and the instances of corruption indulged in by the people in seats of power in the post independence era are constantly on the rise. After the Independence, the country has witnessed public anger against corruption resulting in powerful mass movements. The J. P. movement of 1974-75 and imposition of emergency and the mass movement triggered by the Bofors scandal in 1987-1989 culminated in the change of power at the center. But, the change does not seem to have brought about any decline in corruption. On the contrary the form and dimensions of corruption seem to have become more complex and extensive in the wake of economic liberalization. Whether it is the share scandal of 1992 or the recent 2G spectrum scandal, mind boggling figures of money are found to be involved. What needs special mention is that the people involved in these ever increasing acts of corruption are people who are highly educated and belong to the affluent class of the society. All these facts clearly indicate that there is need for further intensification and expansion of the process of man-making.

In this regard the ABPS believes that there is a dire need to organise every rung of social order on the firm foundation of value-based and morally strong conduct of life rooted in the eternal principles of Dharma. This is possible only by reorienting education-system to reflect the national ethos and serve as an effective instrument of character-building and imparting noble samskars. At the same time it is imperative for the people in high positions that they present exemplary models of conduct in their private & public life.

Apart from these reforms of far-reaching consequences, reform in the system of governance & administration and mobilising effective public opinion in favour of that, is equally important. Transparency in governance, administration through minimum and simplified regulations, judicial system based on easy access and timely dispensation of justice, elimination of black money, electoral system capable of effectively curbing the criminalisation of politics and checking the growing influence of money power are a few reforms urgently needed. It is also imperative to ensure proper security for the whistle blowers who courageously expose corruption in the present system at different levels and to have stringent penal provisions against the corrupt. Indeed the poisonous creeper of corruption is responsible for all the contemporary social ills like inflation, unemployment and black money which has also been affecting the country's development and the internal and external security. In connection with the problem of black money, the government should acquire black money stashed in the country and outside and declare it as the nation's asset and deploy it for developmental purposes.

The ABPS appreciates the efforts of such courageous individuals, organizations and the constitutional institutions, alert media and vigilant Judiciary

for their efforts against corruption in the present challenging scenario and calls upon the countrymen to extend their active support for such noble endevours with utmost personal integrity and also nourish our traditional social institutions actively involved in character-building of our citizens. ❑

Resolution -2

Defeat Chinese Designs against our National Interests and Security

The Akhil Bharatiya Pratinidhi Sabha expresses serious concern over the growing multi-dimensional threat from China and the lackluster response of the Government of Bharat to its aggressive and intimidator tactics. Casual attitude and perpetual denial of our Government in describing gross border violations by the Chinese People's Liberation Army as a case of 'lack of common perception on the LAC', attempts to underplay the severe strategic dissonance between the two countries and failure to expose the expansionist and imperialist manouvers of China can prove fatal to our national interests.

The ABPS cautions that the growing civilian and defence ties between China and Pakistan are a matter of grave concern to our national security. Presence of the 10,000-strong Chinese Army in Skardu (PoK) in the guise of construction works and repairs to Karakoram highway is a serious issue as it allows China to encircle Kashmir . Other issues of concern that best exemplify Chinese' assertiveness include its offer to export one - Gigawatt (GW) nuclear plant and transfer of ballistic missile technology to Pakistan thus precipitating potential nuclear conflict in the region.

The malafide intentions of China are conspicuous in a number of recent developments. It has falsely charged Bharat of occupying 90,000 sq. km of its territory (including Arunachal Pradesh and Sikkim); It is excluding the state of J&K from Bharat in its maps; It is also excluding 1600 KM-long border in J&K from the LAC on the Tibet-Bharat border; It has initiated issuing paper visas for Bharatiya citizens from J&K besides citizens from Arunachal Pradesh. The Chinese troops entered Gombir area in Demchok region last year and threatened the civilian workers to stop construction work. In November 2009, a road project under Centrally-sponsored National Rural Employment Guarantee Scheme (NREGS) in Ladakh, was stopped after objections were raised by the Chinese Army. Infact, it is China which has encroached upon our territory inside the LOC in that region and constructed a 54 km long road for military purposes.

The ABPS sees potential danger from the Chinese machinations in our North East. Its continued claims over Arunachal Pradesh shouldn't be taken lightly as it has set its eyes not only on that state but on the entire North East. Recent expose' in a leading Bharatiya weekly about the extent of the involvement of China in arming, encouraging and funding insurgent groups like the NSCN should awaken us to this danger. Besides NSCN insurgents other insurgent groups in the North East like the NDFB, ULFA etc also get patronage from China. It is also a matter of serious concern that the ISI too is operating in cahoots with China in this region. The A.B.P.S. expresses concern over the growing number of cases of Chinese spies being arrested in different parts of the country.

It is well-known that the weapons from the Chinese government weapon manufacturers find their way to the Maoists and other terrorist groups in Bharat through illegal weapon ports like Cox Bazar in Bangladesh. Fake currency also is being pumped into Bharat from China. The ABPS wants to draw the attention of the Government and people to the occasional publications in the officially-controlled Chinese media about dismembering Bharat into 20-30 pieces.

Penetration of Chinese goods into Bharatiya market is affecting our manufacturing industry adversely besides posing a serious challenge to our security, health, environment and strategic concerns. The ABPS wants the Government to tackle this issue of China's penetration into our system through trade and commerce with utmost seriousness. All citizens should refrain from using Chinese products as an expression of patriotism.

The ABPS wants to draw the attention of our government and countrymen to the threat from China in the form of diversion of river waters in the South Central Tibetan region. In the process it would be robbing lower riparian states like Bharat, Nepal, Bhutan, Bangladesh, Myanmar and Thailand of their right to the waters from rivers like Brahmaputra and Sindhu which originate from Kailash - Manasarovar in Tibet. Joint mechanism established in 2007 between Bharat and China to oversee water related issues remain dysfunctional mainly due to the utmost secrecy maintained by China in its water management plans. Two of our states i.e. Himachal Pradesh and Arunachal

Pradesh were hit by flash floods and it was suspected at that time that these floods were due to some form of interference in the river flow by the Chinese. Our engineers were not allowed to inspect the upper streams of the river by the Chinese government. The ABPS warns the government that unless the issue is addressed immediately the situation may lead to serious crises between the two countries.

The ABPS urges our Government to take note of the expanding military and diplomatic might of China not only in the immediate neighbourhood but also in the strategically important regions like Africa and the West Asia. China's 3.1 million strong Army is being rapidly modernized with newer weapons and technology. It has built all-weather roads and extended railway network along Tibet, Nepal and Bharat border. China today is a formidable player in the Indian Ocean region. It is establishing contact with all kinds of renegade dictators in the world including the North Korean and Sudanese dictators. Its strategic experts are propounding such disdainfully dangerous theories like Preventive Use of Nuclear Weapons suggesting that China should reserve the right of first attack against any nuclear power with nuclear weapons as a preventive measure.

In such a challenging scenario the ABPS calls upon the government to:

1. Reiterate the Parliament's unanimous resolution of 1962 to get back the territory acquired by China to the last inch.
2. Take effective measures for rapid modernization and upgradation of our military infrastructure. Special focus should be on building infrastructure in the border areas. Towards that, constitution of a Border Region Development Agency should be considered which would help prevent the migration of the people from the border villages.
3. Use aggressive diplomacy to expose the Chinese' designs globally. Use all fora including ASEAN, UN etc for mobilizing global opinion.
4. Disallow Chinese manufacturing industry free run in our markets. Prohibit Chinese products like toys, mobiles, electronic and electrical goods etc. Illegal trade being carried out through the border passes must be curbed with iron hand.
5. Follow strict Visa norms and maintain strict vigil on the Chinese nationals working in Bharat.
6. Restrict the entry of Chinese companies in strategic sectors and sensitive locations.
7. Mobilize the lower riparian states like Myanmar, Bangladesh etc to tell China to stop their illegal diversion of river waters. ❑❑

Stop FTA with EU

Swadeshi Jagaran Manch held a protest demonstration along with Bhartiya Mazdoor Sangh against the proposed FTA with euoropean Union. A large number of swadeshi activists including thinker philosopher Govindacharya and leaders of SJM and BJS addressed the protestors. The protest was held in New Delhi at Jantar Mantar.

In June 2007, the European Commission and the Government of India (GoI) started negotiating the EU-India Free Trade Agreement (FTA). India's Free Trade Agreement (FTA) with this 27-European country bloc will impact every aspect of our existence. It will mean a massive slashing of our import duties (up to 95% of all goods produced) and include trade in services, priority to investor rights, tighter intellectual property standards, unfair competition policy and restricted government procurement. Any domestic safeguards even in national laws and policies coming in the way of European trade interests and India's political and financial elites will be swept aside, putting at risk the lives and livelihoods of working people and resource-dependent communities.

FTAs create legally binding obligations on the government. FTAs not only open up trade in goods but also open up the trade in services, investment and intellectual property rights far beyond the WTO requirements and severely affects food security, livelihoods and access to key services. The GoI is yet to articulate its strategy behind negotiating these FTAs. The ASEAN-India FTA was signed without Chief Ministers of different states seeing the offer of goods to ten ASEAN countries. The Korea-India FTA, Indo-Japan FTA and Indo-Malysian FTAs were signed in complete secrecy. Many of the subjects that the GOI is negotiating are state and concurrent subjects in the constitution, yet consultations with states and the parliament has been neglected. Both the GOI and the European Commission have consistently refused to share information with civil society groups and the general public undermining the basic tenets of democratic process, policy making and law. Though there was much resistance to TRIPS and Investment and Government Procurement clauses within the WTO framework, many of the FTAs that India is negotiating include TRIPS plus as well as clauses for liberalisation of Investment and Government Procurement, but given the nature of the negotiation of these FTAs civil society and mass organisations have been kept out of the picture.

Major issues of concern, according to the press release issued on the occasion in the EU-India FTA are:

1. Impact on livelihoods: The EU-India FTA will ensure a reduction of 95% of import duties of India to zero or close to it while leaving the heavy subsidies on European agricultural goods unaffected. This will hit the Indian agricultural sector hard impacting lives and livelihoods dependent on it. In addition the services and investment chapter of the FTA will make the entry of European agro-processing and retail firms easy thereby impacting how food is produced and sold in our country. Small and marginal farmers in India will be pitched against the power of multinational retail firms.

2. Access to minerals opened for EU: India is the third largest producer of "metallic minerals" including "chromite" and

other "rare earth" minerals and currently restricts exports of iron ore and non iron metal scraps. The EU-India FTA will be one of the key avenues for obtaining access to these natural resources both through targeting our export restrictions and through the investment provisions in the FTA.

3. Revenue losses: Our import duties are higher in comparison to the EU. India's average import duties are 32% for agriculture and 10% for industrial and fisheries imports. Import duties are also the easiest way of collecting taxes for the government since goods cannot enter without the necessary duty. However, the EU India FTA along with the others that the government is negotiating will create a major loss of import duty income for the government and affect our national budget. This in turn is likely to have serious impacts on Government spending in social sectors like education and health.

4. Expansive liberalization in services and investment: Europe's multinational companies dominate global services trade and investment. The EU is pushing for a broad definition of investment that can include "every kind of asset" such as "movable and immovable property," stocks, intellectual property rights and concessions to search for minerals. Such a broad definition of investment could interpret in bad way and thus put to risk virtually every kind of national asset. Moreover, with a change in European governance due to the Lisbon treaty, the European Commission may have greater powers to negotiate investment. This may mean that an "investor to state" clause, whereby a European company has the right to sue the Indian government in case of loss of predicted profits, may be part of the FTA negotiations. The EU's services and investment liberalization formula is WTO plus and as stated above virtually affects all public services and national, state and local laws that are seen as barriers to free trade.

5. TRIPS-plus intellectual property protection: The EU's demands for TRIPS-plus intellectual property (IP) rights would lead to legislative and policy changes in India with regard to the scope of IP protection and enforcement. For instance, the EU is likely to demand that India accede to the 'International Convention for the Protection Of New Varieties Of Plants' (UPOV 1991) or at least comply with a system of plant variety protection that favours plant breeders' rights over farmers rights to seeds. India would then have to change its Protection of Plant Varieties and Farmers' Rights Act 2001 to adjust to this demand. This would not only cause cost of commercial seeds to shoot but also severely affect biodiversity. TRIPS plus provisions also intensify monopolies over seed, pesticides, fertilisers and animal vaccines and encourages proprietary agriculture technologies – such as GM crops and fish. It would also threaten India's access to affordable medicines by limiting the ability of the Government to issue compulsory licenses on medicines. It will also reduce access to knowledge and pose a threat to traditional knowledge.

6. Liberalising Government Procurement: The EU is also insisting that government procurement which accounts for nearly 13% of India's GDP be opened up to EU companies. Government procurement helps revive under-developed economic regions, boosts domestic production and thus helps fight against economic recession in the country. Government contracts can also help support Small and Medium Enterprises, marginalized constituencies and poorer states by channeling money through local firms for goods and services. Opening this sector to powerful European companies takes away these necessary tools for dealing with economic recession and fostering development of marginalized constituencies and regions.

7. Advantage to EU MNCs through 'effective competition': Competition law and policy is also part of the negotiations with the EU. The EU is reportedly demanding that India's competition policy should provide 'effective opportunity for competition' in the local market thus helping big EU-based multinational corporations. The EU may further attempt to harmonise India's competition law with EU competition law thus reducing the flexibility required for India to design a competition law and policy suitable for its economic development.

The present free trade and investment policies are proving to be highly costly to citizens worldwide. It is of grave concern that the EU-India FTA negotiations till date have been marked by a gross absence of transparency and public debate. There is an urgent need for an informed public debate on the feasibility and development outcomes of the GOI's FTA strategy as a whole.

The Commerce Ministry hopes to Conclude the EU-India FTA by April 8th or 9th of 2011.❑❑

Govt for Preference to Indigenous Telecom Equipment Makers

With the import bill of tele com equipment rising, the government has said that preferential treatment would be given to its indigenous production in the New Telecom Policy, which is under formulation. Replying to a question raised by two different Members of Parliament Shree Hansraj Ahir and Shree Abdul Rahman from Maharashtra and Tamil Nadu respectively. They had asked the Minister (a) the details of the indigenous production and import of telecom equipment during each of the last three years and the current year;

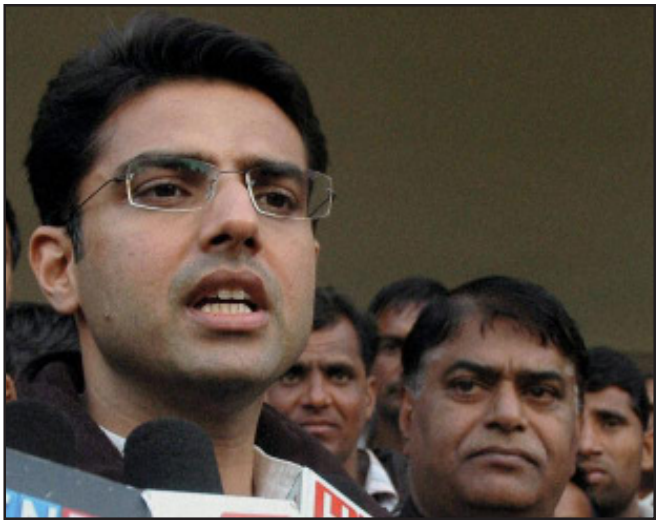
(b) whether the Telecom Regulatory Authority of India (TRAI) has sought the views of various stakeholders for promoting manufacture and research and development of telecom equipment;

(c) if so, the details thereof and the response of the various stakeholders thereon; and

(d) the steps taken/being taken by the Government to manufacture telecom equipment of international standards in the country so as to meet the demand indigenously and also for exports?

The industry imported telecom equipment worth Rs 36,256 crore in 2007-08, 46,809 crore in 2008-09 and Rs 42,444 crore in 2009-10, Sachin Pilot, Minister of State for Telecom said in Lok Sabha during Question Hour. He said that both import as well indigenous production increased in the last few years in view of exponential growth witnessed by the telecom sector.

India has over 750 million mobile subscribers with over 12 operators in each circle. Pilot's reply assumes significance as most of the operators and foreign vendors have been opposing any special treatment for indigenous vendors. The domestic vendors have been asking for reserving unused frequencies (spectrum band) for indigenous production but are yet to get it.



"We have all access, expertise and have all the raw material... so there is no reason that we cannot compete with the foreign vendors as far as quality of telecom equipment is concerned," Pilot said.

Indigenous production of telecom equipment stood at Rs 51,000 crore in 2009-10. Telecom regulator TRAI has also floated a consultation paper last year seeking views of stakeholders and the industry on how to promote telecom equipment manufacturing in India, Pilot said.

Replying to another question, the Minister said the government was concerned over rising number of telecom towers using diesel and was working with the Ministry of Renewable Energy to shift to renewable sources for running these towers.

"There are about 5.5 lakh towers already established and with operators going to rural area this may further increase... Lakhs of litres of diesel is being used for operating these towers," he said.

The Ministries of Telecom and Renewable Energy are working to shift these towers on renewable sources wherever it is possible to reduce pollution level as well as diesel consumption, Pilot said.

On the reported malware in Chinese equipment, the Minister said the government was very much alive to the challenge and was working closely with the Ministry of Home Affairs to ensure that security was not breached at any level. ❑❑

Corruption threatens India's high growth momentum: KPMG

Endemic corruption in India has grown in scale and represents billions of dollars, with the potential to discourage investors and derail growth prospects, consultancy firm KMPG said in a survey .The survey of 100 leading domestic and foreign businesses was published UPA government struggles to defend itself against graft cases ranging from telecoms scandal to houses for war widows diverted to bureaucrats.

"Today India is faced with a different kind of challenge," the report said. "It is not about petty bribes ('bakshish') any more, but scams to the tune of thousands of crores (billions of rupees) that highlight a political/industry nexus which, if not checked, could have a far reaching impact."

Most businesses surveyed said they were committed to their positions in one of the world's fastest growing economies with a rapidly growing, and wealthier, middle class, the survey showed.

More than two-thirds of those surveyed said corruption prevented India from moving beyond the 9 per cent growth expected in the next fiscal year starting April 1. Just over half said graft would make the country less attractive to foreign investors.

"Corruption poses a risk to India's projected 9 per cent GDP growth and may result in a volatile political and economic environment," the report said. The murkiest sectors were real estate and construction - a focus for India as it plans to spend $1.5 trillion over a decade to overhaul creaky infrastructure - followed by telecommunications where the state was still heavily involved and the stakes high.❑

Loss-making companies want PF relief

Confederation of Indian Industries (CII) has sought a relief from Employees' Provident Fund Organization (EPFO) for loss-making companies that run their own PF trusts. As per the rule, companies that run their own PF trusts would not get exemption if they are in the red for three consecutive years. Several firms have urged EPFO to extend the benefit. But, PF officials say, the organization will not accede to the request.

"We have received a representation from CII, and also from several companies. They have argued that though they are making losses for three years, the workers' monies are safe. However, we have made it clear to all the companies and also to CII that such a request is not in the interest of the workers," the official told media. As many as 2,775 companies — called exempted establishments in PF parlance — enjoy a special status under which the money from their employees' provident fund is not given to EPFO, instead invested through trusts formed by the companies. The exemption, however, can be withdrawn if a company makes losses for three years. EPFO suspects that the loss-making firms may dip into employees' dues because of financial constraints.

'Cash-for-vote sting tape authentic'

India's topmost forensic laboratory has established the authenticity of the tapes used in a sting operation on alleged bribes for cross-voting during the July 2008 trust vote that Prime Minister Manmohan Singh's government won in his previous term. Central Forensic Science Laboratory (CFSL) examined the CDs at the instance of the Delhi Police and established that the contents are not doctored. It submitted its report to the Crime Branch of Delhi Police in January.

The report gains significance in the light of calls for speedy investigation after a WikiLeaks disclosure said a US report from New Delhi mentioned an aide of Congress MP and Gandhi family loyalist Satish Sharma showed two cases of cash to an embassy staffer barely a week before the trust vote.

The CDs contain footage of Samajwadi Party MP Reoti Raman Singh meeting and discussing with BJP MPs a meeting with his party bosses, and also capture Sanjeev Saxena, a former employee of expelled SP leader Amar Singh, delivering money to BJP MP Ashok Argal. The tapes are vital evidence on the attempts to bribe MPs for a crucial trust vote that the UPA-1 faced after Left parties withdrew support over the Indo-US nuclear deal.

Bid to arm RBI with sweeping powers

The government has sought Parliamentary nod to give sweeping powers to the Reserve Bank of India to inspect books of all associate enterprises of a bank, including its holding company. The regulator is poised to get more powers to not just confine itself to holding companies but even a subsidiary company or a joint venture of the holding company. This means that if the holding company of a bank has a subsid-

SACU-India preferential trade agreement possible by mid 2011

SACU and India may sign a preferential trade agreement (PTA) by mid 2011. India's Minister of Commerce and Industry, Anand Sharma, said that both parties were working 'very hard' to complete the deal. South Africa's Minister of Trade and Industry, Rob Davies, expressed confidence that a 'mutual beneficial agreement' could be concluded in the 'not too distant future'. The press report notes that under a PTA, 'tariffs are not necessarily eliminated, but are lowered for countries party to the agreement'. Nevertheless it is expected that an agreement will 'provide an enormous boost to ongoing levels of bilateral trade', particularly for pharmaceuticals, machinery and automobiles.

Currently SACU-India trade is growing rapidly. It is expected to reach US$15 billion by 2014, 50% above the level targeted for the expansion of trade in the early stages of the negotiations. At present, the value of trade is heavily in SACU's favour, given the 'large-scale Indian imports of South African gold, diamonds and coal'.

However, press reports indicate that the final lists of products subject to tariff reductions have yet to be exchanged. ❑

iary which is in education or fertilizer business, RBI will have powers to inspect their books as well. At present, RBI has to seek assistance from sectoral regulators and the Registrar of Companies (RoC) to inspect the books of entities that are not regulated by it.

The banking regulator, which acts as the central bank and also oversees the functioning of the bond, currency and money markets, has generated considerable controversy in recent years by protesting against any move to dilute its role. RBI regulates the functioning of banks and NBFCs, which in recent years have tried to become one-stop financial stores by setting up subsidiaries to manufacture and sell insurance policies, mutual funds and pension plans. Besides, several players have investment banks and brokerages. Some of them have also set up private equity funds, which RBI is keen to regulate given the global debate on these investment vehicles.

Working capital loan for FCI approved

The government has approved a short-term loan of Rs 5,000 crore for Food Corporation of India (FCI), which will help the organisation meet its working capital requirements this fiscal. The proposal was cleared in the meeting of the Cabinet Committee on Economic Affairs (CCEA) .FCI, the nodal agency for procurement and distribution of foodgrains, will repay the loan in the next fiscal, an official statement said.

The CCEA noted that this arrangement of financing (short-term loan) would be cheaper than the option of hiking the FCI's cash credit limit (CCL) to enable it to borrow more funds, as such loans would attract interest at the rate of 10.60 per cent per annum.

Ayurveda gaining scientific acceptance

The Ayurveda education and research is gaining scientific acceptance and approval. It is an encouraging sign for age-old traditional medicine system of the country, vice-chancellor of Uttarakhand Ayurveda University, Dehradun, SP Mishra said while inaugurating one-day national seminar on 'Emerging trends in education and research in Ayurveda' (NSETERA-2011), organised by faculty of Ayurveda, Banaras Hindu University at Rajiv Gandhi South Campus (RGSC), Barkachha, Mirzapur. Mishra emphasised on upgrading the education and research in the subject to become a standard discipline.

Presiding over the inaugural session, BHU V-C DP Singh highlighted the contribution of Madan Mohan Malviya, the founder of the university, who initiated the establishment of one of the oldest Ayurvedic institutes in the country. Singh stressed on the need to treasure the indigenous and traditional knowledge of Ayurveda and disseminate it scientifically to other parts of the world. Later, talking to reporters, BHU V-C hinted at release of Rs 100 crore soon for extension and development of RGSC. Dean, faculty of Ayurveda, VK Joshi said that the department is going to introduce MPharma programme from the next academic session and efforts are being made to attract foreign students for the two-month introductory course in Ayurveda and one-year certificate course. RGSC OSD Onkar Singh, organising secretary DNS Gautam and several faculty members were present on the occasion. ❑❑

China executed more people than rest of world combined

China sentenced thousands of people to death last year even as the rest of the world's combined number dropped, Amnesty International has said. The London-based group said it could not determine the exact number of executions in China because the figure is listed as a state secret, but it estimated that China executed thousands of people in 2010 for ''a wide range of crimes that include non-violent offences and after proceedings that did not meet international fair trial standards.''

The number of executions elsewhere, according to the group's annual report, went down from at least 714 people in 2009 to at least 527 in 2010, while at least 23 countries carried out judicial executions in 2010, four more than 2009. China, Japan, Saudi Arabia and the United States were four of the G20 countries that executed people last year. The group acknowledged steps China has taken to reduce executions, including the Supreme People's Court's decision to review all death penalty cases since 2007. It has overturned an average 10 percent of the cases reviewed. ❑

Europe, China have rethink on N-power

As Japan's nuclear crisis intensified, governments across Europe remained at odds over whether to scale back nuclear power programmes or continue plans to expand, while China announced that it was suspending new plant approvals until it could strengthen safety standards.

While the German public has pushed the government to close temporarily seven of the country's 17 plants—it is a different story in other parts of Europe. France, the second-largest producer of nuclear power in the world behind the United States, said it would continue to rely on nuclear energy.

President Nicolas Sarkozy said on Wednesday that the accident in Japan had "provoked across the world a number of questions about the safety of nuclear power stations and the energy mix". But he added: "France has chosen nuclear energy, which is an essential element of its energy independence and the struggle against greenhouse gases."

In Poland, which is considering building its own nuclear power plants, PM Donald Tusk also played down the crisis in Japan. In China, the government announced stepped-up inspections at its plants in addition to the suspension of new approvals. China plans to add more than 25 reactors, but most are under construction and it was unclear how many would be affected by the order.

Euro economists expect Greek default

Greece is likely to default on its sovereign debt, according to the majority of respondents to a BBC World Service survey of European economists. Two-thirds of respondents predicted a default. However, most thought the euro would survive in its current form. The euro crisis began when it became clear that Greece would struggle to pay its debts and had to be given rescue loans by the EU and the IMF last year. The BBC approached 52 professional economic forecasters for their views. Since the Greek rescue, the Irish Republic has also had to seek help. And Portugal seems increasingly close to meeting the same fate.

The survey had a total of 38 replies and two messages came across very strongly. Most expect there will be a default by at least one government, but despite that, they think the eurozone will remain in one piece. It would be better to allow defaults but this is not the right moment politically and economically to discuss a default clause" Nearly two-thirds of respondents - 25 out of 38 - said there would be a default. All of them said Greece would probably fail to pay all its debts. Gabriel Stein of Lombard Street Research in London was one of them.

Japan devastated by tsunami

The biggest earthquake on record to hit Japan rocked the northeast coast, triggering a 10m tsunami that killed hundreds of people and swept away everything in its path, including houses, ships and cars. the wall of water was higher than some Pacific islands and a tsunami warning was issued for almost the entire Pacific basin, although alerts were lifted for some countries, including Taiwan, Australia and New Zealand. The extent of the destruction along a lengthy stretch of coastline suggested the death toll could rise significantly.

Some 3 000 residents living near a nuclear plant in Fukushima prefecture, north of Tokyo, were told

Russia: Anti-Qadhafi raids not sanctioned by U.N.

Sergey Lavrov has said that strikes on forces loyal to Col. Qadhafi would amount to interference in what he called Libya's civil war, and thus would breach the U.N. Security Council resolution that envisaged a no-fly zone only to protect civilians. Russia's foreign minister says that Western air raids against Libyan leader Muammar Qadhafi's forces would go beyond the United Nation's resolution. Sergey Lavrov said that strikes on forces loyal to Col. Qadhafi would amount to interference in what he called Libya's civil war, and thus would breach the U.N. Security Council resolution that envisaged a no—fly zone only to protect civilians.

Mr. Lavrov said NATO's decision on Sunday to assume command of all aerial operations in Libya from the U.S.—led force was in line with the U.N. resolution. But he emphasized that NATO should limit itself to protecting civilians. Russia, China and other nations abstained in the U.N. vote that sanctioned the military operation. Moscow has been voicing concern about civilian casualties and excessive use of force since the operation began.❑

to evacuate but the government said no radiation was leaking. It said the evacuation was a precaution after a reactor cooling malfunction. Other nuclear power plants and oil refineries were shut down after the 8.9 magnitude quake, while one refinery was ablaze. A major explosion hit a petrochemical complex in Miyagi prefecture after the quake, Kyodo said.

Political leaders pushed for an emergency budget to help fund relief efforts after Prime Minister Naoto Kan asked them to "save the country", Kyodo news agency reported. Stunning TV footage showed a muddy wall of water carrying cars and wrecked homes at high speed across farmland near Sendai, home to one million people and which lies 300km northeast of Tokyo. Ships had been flung onto a harbour wharf, where they lay helplessly on their side. The quake, the most powerful since Japan started keeping records 140 years ago, sparked at least 80 fires in cities and towns along the coast, Kyodo news agency said. A ship carrying 100 people had been swept away by the tsunami, Kyodo said. One train was unaccounted for.

Pak Taliban forms vigilance cell to hunt US informers

The Pakistani Taliban in North Waziristan tribal agency have established a "vigilance cell" to hunt people suspected of providing intelligence to guide US drones in attacks on the militants, according to a media reports. The cell, known as the Lashkar-e-Khorasan, has been tasked to identify, capture and execute people working for what is described as a "web of local spies" created by the US Central Intelligence Agency, The Express Tribune newspaper quoted its sources as saying. The Lashkar draws it strength from the Haqqani network and the Hafiz Gul Bahadur group ? two Taliban factions that control regions along the Afghan border, the report said. The Tehrik-e-Taliban Pakistan led by Hakimullah Mehsud has its sympathies for the cell and provides occasional "active cooperation" to the Lashkar.

BlackBerry to set up plant in India

After Nokia, Samsung, LG and other global brands, BlackBerry smart phones-maker Research in Motion is likely to set up an Indian manufacturing facility in view of the potential within the country and the surrounding region and may develop the country into an export hub. "India is an important and strategic market for RIM and its exciting and fast—growing mobile sector offers major potential for further expansion. As part of RIM's strategy in India, the company has been building its resources in order to support the growing opportunities," RIM spokesperson said when asked about plans to set up a plant here.

Canada—based RIM's Chief Information Officer Robin Bienfait will be in India to meet with major BlackBerry customers as well as a variety of current and prospective business partners, the company said. The company, however, declined to get into the numbers of how much investment will be made for setting up a manufacturing facility and the volume of handsets to be manufactured, as well as the models. However, going by industry norms, setting up such a plant may involve an investment of anywhere between $150—250 million to begin with. The development comes at a time when the company is embroiled in a controversy over security concerns about BlackBerry operations. ❑❑

WTO reverses ruling in favour of China

Granting China's appeal, the WTO ruled in favour of the dragon nation over its complaint about duties levied by the US on imports of Chinese steel pipes. Appeals judge from the World Trade Organization reversed a 2010 ruling that backed the U.S. about duties levied on imports of steel pipes, tires and woven sacks from China, South Korea and Mexico. In July 2008, the United States slapped import duties on $200 million worth of steel-pipe shipments and other goods in an effort to offset domestic subsidies.

Exporters seeking to sell to the U.S. market faced countervailing anti-subsidy duties of as much as 200 percent of the product's price, as well as anti-dumping duties of as much as 265 percent. Last October, when the case was brought before the WTO, the panel rejected nearly all of China's claims. after Beijing's appeal, judges determined that "in the four sets of anti-dumping and countervailing duty investigations, the U.S. acted inconsistently" with global trade rules.

The WTO allows importers to calculate the cost of the good in another country as reference point—for China, it is often Mexico or Turkey. Anti-subsidy duties, on the other hand, are usually used to counter government subsidies in market economies. China gladly accepted the results of the appeal. The panel, a government statement read, "has conclusively established that the United States acts unlawfully in the methods by which it calculates and imposes countervailing duties on imports from China."

US says sanctions possible in China copyright spat

China says it complied with "most measures at issue" in an international trade ruling made against its restrictions on copyright-intensive goods such as films, books and music. But the United States, which filed the case against China years ago, took a dimmer view of Beijing's action to date and said the two sides had begun discussions of how to proceed if Washington decides to pursue a request to impose sanctions. China's statement made in Geneva at the World Trade Organization headquarters came six days after a deadline to comply with the WTO ruling elapsed. The United States says China's restrictions on goods such as books, newspapers, films, DVDs and music create demand for pirated goods. China lost a WTO appellate body ruling in December 2009 and agreed with the United States that it would implement the decision by March 19, 2011. China said the dispute was "embodied with more complexity and sensitivity than other disputes."

U.S. officials informed the WTO membership that it has begun discussions with China on the possibility of the United States requesting WTO permission to impose sanctions in the dispute.

China urges U.S. to follow through

China has urged the United States to quickly comply with a World Trade Organisation ruling that found that slapping extra duties on some Chinese goods broke WTO trade rules. Earlier this month, the WTO's top court upheld some Chinese objections to a previous ruling that had backed the right of the United States to impose extra duties on Chinese goods — steel pipes, off-road tyres and woven sacks — that Washington had said were unfairly priced and subsidized. China's appeal -- in a case it launched in September 2008 — highlights the growing assertiveness of the world's biggest exporter within the global trading system. China and the United States have been wrangling in a series of WTO trade disputes.

India under pressure on GPA

Pressure is being mounted on India to open its public procurement system. Different ways are being used to force the government to allow MNC's capture India's public procurement system estimated to account for 8 lakh crore of business every year, which is roughly 30% of the country's GDP.Prime Minister is supposed to have assured access to other parties procurement markets and also has constituted a committee to suggest rules and regulations for government procurement based on global practices. Since government procurement is based on the national requirements and governments usually have to consider public opinion on such sensitive issues West dominated WTO has used as an instrument to infringe upon the local interests. WTO's Government Procurement Agreement, a plurilateral agreement provides an open gateway for vendors to win state projects. India at present has observer status since February 2010 to access the advantages & disadvantages to member nations. Now that is being changed. On one side "expert advice" is being given to allure India by projecting imaginative a vast opportunity to tap. on the other hand USA imposed a 2% import duty on government procurement from countries that are non-GPA members like India. ❑❑