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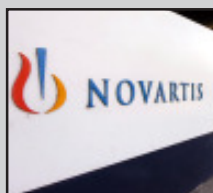
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## Secular Idea of India

*It is election time and every candidate and party is using every possible way and means to win some extra votes. The tragedy however is that symbolism has largely overtaken substance in most spheres of our life, and with telling effect. This is no different in religious matters. The wearing of a skull cap is touted as proof of one's secular credentials, regardless of the communal actions of those who wear them. In playing this game of secularism, people often go to absurd lengths. More unfortunate is the fact that almost every one is saying one thing and practising the other. Secular brigade is becoming more and more extremist in its behaviour forgetting all norms of decency.*

*Everyone is speaking about idea of the India but hardly is anybody interested in protecting India to protect the idea of it. Political leaders are making inflammatory speeches. No concrete action has been taken against them. It is strange that even though these hate speeches are there on camera, they continue to get away scot-free. Every day, people throng the courts trying to get justice and bail for their dear and near ones. Why such double standards for the peddlers of hate? Apart from vitiating the election atmosphere, they damage both the image of their party and go against the stated policies of equality and inclusive growth in their party manifestos. One can only prey to the Almighty that election throws up a strong and decisive mandate and the new government is capable of stemming the rot.*

– Mahendra Sharma, Delhi

## Outrageous plunder continues unabated

*Congressmen, it seems, are desperate to have their last pie before they remit office, this time possibly permanently. Union urban development minister Kamal Nath and Haryana CM Bhupinder Singh Hooda hijacked the NCR planning board meeting despite stiff resistance from senior bureaucrats and signed an order converting 10 lakh hectares of forest land into a "natural conservation zone". Nath and Hooda showed the door to environment secretary Dr V Rajagopalan and his team as they had vehemently opposed Nath's attempt to change the 'land use' of the prime forest land spread over Faridabad, Gurgaon and Aravali hills. This unashamed loot even during election process speaks volumes about the level to which our political leaders can stoop. Conservative estimates of the government peg price of 500 hectares of land at over Rs50,000 crore. One can only imagine the reasons for hurry. Nation only hopes that post 16th May 2014 we are able to get rid of these plunderers.*

– Rakesh Dhingra, Gurgaon Haryana

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## Quote-Unquote



When some people are up against logic they take to abuse they are mostly seculars.

S. Gurumurthy

National Co-Convener, SJM



People go to see Taj Mahal, also click pictures and show them to relatives. Similarly, Rahul bhaiya goes to see poverty.

Narendra Modi

BJP's PM candidate, on Rahul Gandhi



If Muslims have to fear anybody, it has to be Allah. Not the BJP.

Dr. Murli Manohar Joshi

Senior Leader of BJP



Free speech is like rape in India. Politicians and intellectuals don't defend everyone's free speech like they don't condemn every rape.

Taslima Nasrin

Exiled Writer from Bangladesh

# Defending the indefensible

*"You can't defend the indefensible - anything you say sounds self-serving and hypocritical."*

— (Diane Abbott)

In a belated attempt to revamp his brutally battered image, PMO besides usual denial of allegations selectively cited economic data to claim "unprecedented development" in the past decade. Prime Minister Dr. Man Mohan Singh's current media adviser Pankaj Pachauri said this would not have been possible if the Prime Minister was indeed weak as is being believed. He was responding, evidently, to the criticism that has created an image of Dr. Singh as a feeble, indecisive and highly vulnerable Prime Minister who reconciled to being remote controlled. The image of Prime Minister got further bruised when Sanjaya Baru, his former media advisor in his book - The Accidental Prime Minister -- projected Singh as being constantly undermined by the Congress president Sonia Gandhi. Time magazine's Asia edition termed Singh as an "underachiever" some time back. In a sarcastic comment Washington Post headlined "India's 'silent' prime minister becomes a tragic figure", wrote that the "image of the scrupulously honourable, humble and intellectual technocrat has slowly given way to a completely different one: a dithering, ineffectual bureaucrat presiding over a deeply corrupt government". Not that we need foreign media to issue certificates to our leaders, but the fact that there has been an all-round criticism of Dr. Manmohan Singh clearly indicates flaws in his personality and his flagging authority. Conscious of what people think of him, Man Mohan Singh in his last press conference on January 3, 2014 said that he'd rather "have history judge him, than the unkind contemporary media and was confident that when that happened, he and his government would emerge unscathed as it was in fact vested interests in the opposition, bodies like the CAG and the media which had played into their hands that overstated the dimensions of scams like 2G and Coalgate". Instead of accepting his government's failures Dr. Singh squandered away even the last opportunity to be judged sympathetically before leaving the office. Dr. Manmohan Singh's failures as the Prime Minister are so evident that even a hardcore sympathiser will find it difficult to defend him. Nation and the world at large firmly believe that he forgot his responsibilities and behaved as a Prime Minister of Congress party and Sonia Gandhi and not as a leader of 1.25 billion people. The leadership qualities that he was supposed to show as leader of the nation were completely missing in him. His economic policies have pushed the nation back by many decades. He must be held responsible for the economic crisis the country is currently facing. Congress party also has realised it and is facing the people in election on future promises and not on its performance over the years.

Suggesting that the media, especially television, did not take enough note about the all-round progress of the country and the prime minister's thrust on development, media advisor asserted in his meet the press programme that "The GDP has risen three times as is the per capita income. Students in universities have almost doubled. Rural wages have increased three times." In an unconvincing defence of the Prime Minister on issues like inflation, corruption and an economic crisis that's halved the growth, Pankaj Pachauri's claims demonstrated how hopelessly out of sync the ruling government continues to be with the overarching sentiment of discontent prevalent among the common man, India Inc and even foreign investors so dear to the out going regime. He tried to escape responsibility by blaming global economic slowdown for The UPA-II government not being as successful as UPA-I. Congress party in a hit and run tactics is also citing some selective figures in an attempt to project UPA government as a performing one. Comparative study of the economic performances of the two governments at the centre shows that NDA was ahead of the UPA on most of the indicators. During the NDA the GDP growth went up from 4.2% in 1997-98 to 8.3% in 2003-04 while during UPA period it came down from 8.3% to around 4.7% at present. The average CPI inflation during NDA period was 3.9%, while same during UPA period was 7.7%. This clearly shows that NDA government did good job in controlling the inflation, which resulted in higher wealth creation. NDA regime brought down the fiscal deficit from - 6.29% in 1998-99 to -3.88% in 2003-04 while UPA has managed to leave it back at -5.75% in 2012-13. But let it be clear that we are not interested in any comparison between NDA and UPA regimes. Our concern is the failure of the leadership in creating an enabling policy environment that can unleash the potential of India and ensure its proper place in the comity of nations. We hope the new government will take appropriate action in this regard.

## Defending India: Are our forces suitably equipped?



*India is growing economically. It aspires to be a super power. It is therefore, very important to ensure that its military abilities grow hand-in-hand, even if only to safeguard its economic interests, writes G Raina.*

The first Blue Book on India published by a Chinese think tank last year said, India is adjusting its military strategy to include the possibility of a limited two-front war with both Pakistan and China. The book in Chinese language, the first ever on India, said, New Delhi is focusing to deal with limited war with China and Pakistan at the same time.

It spoke of large increase in troops at the borders and up-gradation of border forces with new weapons and equipment. The report also spoke about India's maritime military deployment in recent years, the prime cause of China's worry as it regards India's fast expanding blue water navy as a major threat.

Every Indian would have felt proudly assured of her/his security after reading such a news story, had some other news items not appeared in the media almost at regular intervals.

Former Chief of Naval Staff Admiral D.K. Joshi resigned his post due to recurrence of accidents involving warships just a few days earlier; "Taking moral responsibility" for the accidents and incidents which have taken place during the past few months. Government accepted the resignation with immediate effect.

The resignation came in the wake of submarine mishap which left seven navy personnel seriously injured while two officers died in the incident off the coast of eastern port of Mumbai.

The Navy is grappling with the accident-prone tag with eight accidents reported in the last several months. The biggest naval disaster, INS Sindhurakshak exploded in the midnight in Mumbai on August 14, 2013 when the submarine



caught fire. At least 18 sailors died in the accident. A major loss to the Navy, INS Sindhurakshak was said to be one of the 10 Kilo-class submarines bought from Russia between 1986 and 2000.

Armed with Russian Club-S cruise missile system, radar and electronics, the submarine was to be the backbone of the Indian Navy. The submarine had undergone up-gradation before the accident. The Russian shipyard that upgraded the submarine under a 2010 contract had claimed it had installed advanced weapons and systems to enhance the boat's combat capability.

When Kargil happened, the then Indian Army chief General V P Malik made the statement that 'we will fight with what we have'. It was clearly a reference to the equipment profile of the Indian Army that was as bad then as it is now. Kargil, we all know, was a limited conflict, not a full-fledged war.

A Defence Minister's directive, which was given to the services sometime around September 2010, called upon the services to be prepared to fight a two-front war against both Pakistan and China (being referred by Chinese think tank). But the problem is that the directive did not spell out what it actually wants, what kind of capability it wants of the military and more importantly how the Ministry and government will facilitate the same.

One of the major problems of the Indian defence forces is equipment as 60 to 70 per cent of it is sourced either from the erstwhile Soviet Union or from Russia and has reached collective obsolescence, needing immediate replacement or upgrades.



Most of the military equipment that has been acquired over the last few years has run into problems either due to corruption or because of procedures. While all the three services face severe problems on this front the army is the worst-off.

That is what General V.K. Singh, the former Army Chief had written to Prime Minister Manmohan Singh in a letter that was leaked to the media.

The contents of the letter only confirmed what has been said repeatedly in the past by defense experts that the India's army is facing many shortcomings as a fighting force.

According to published media reports, Gen. Singh in his letter dated March 12, claimed that the Indian Army's tanks are "devoid of critical ammunition to defeat the enemy tanks." The letter also said the infantry is "crippled with deficiencies of crew served weapon" and lacks "night fighting" capabilities.

Claiming that there was a "hollowness" in the procurement procedure, Gen. Singh is said to have requested the Prime Minister

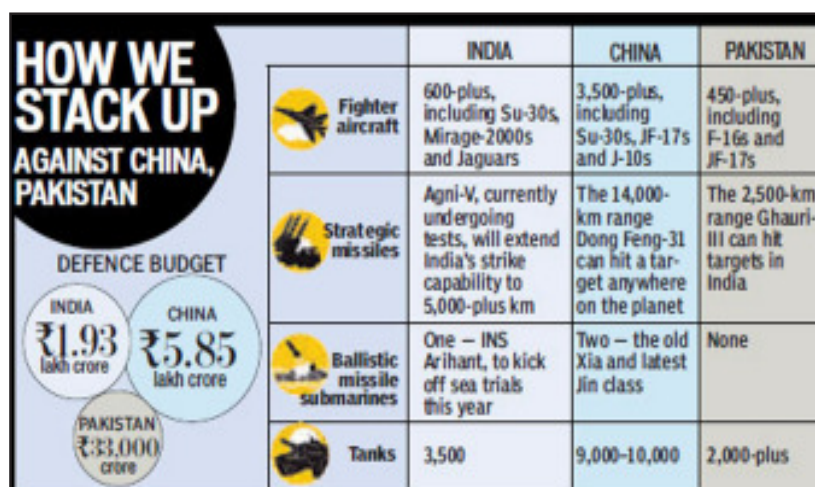
***There is no ammunition for the tanks, the infantry is in bad shape, and air defence is obsolete.***

to "pass suitable directions" for enhancing the preparedness of the Army.

The revelations of the highly confidential letter escalated a public spat but were unable to address the issues raised in spite of being very serious in nature. He had said there is no ammunition for the tanks, the infantry is in bad shape, and air defence is obsolete.

What General Singh has said is something that has been reiterated over the years by the comptroller and auditor general, the public accounts committee and Parliament's defence committee. So, it was nothing new. The reality is a lot worse than what General Singh has stated in his letter to the Prime Minister.

In an article titled "The shocking truth about India's armed forces" that was first part of a three-



part series, published by rediff.com, defense expert and Jane's Defence Weekly Special Correspondent Rahul Bedi writes "India's night-fighting capability is virtually non-existent. Over 70 to 75 per cent of its armor fleet, for instance, is incapable of operating in the dark.

The army's entire helicopter fleet too is night-blind. And the artillery is of poor quality because the range of the artillery that the Indian military has is roughly about 35 to 37 km (21.7 to 22.9 miles), whereas the range of the artillery of Pakistan and China is 40-km-plus (24.8 miles).

Even the new assault rifles that the Indian infantry soldier is supposed to use will take at least another three to four years before they are acquired".

Raising questions on the probity and transparency in defence procurement, and the readiness of the defence forces to meet the ultimate eventualities for which billions of dollars of tax-payers' money are spent year after year, Laxman Kumar Behera of IDSA in his article 'Why India's defence preparedness is hollow' says, "Defence preparedness has three vital, inter-related components: plan, budget and procurement. In the

case of India there are glaring gaps in all these elements, although there have been some efforts to streamline certain aspects".

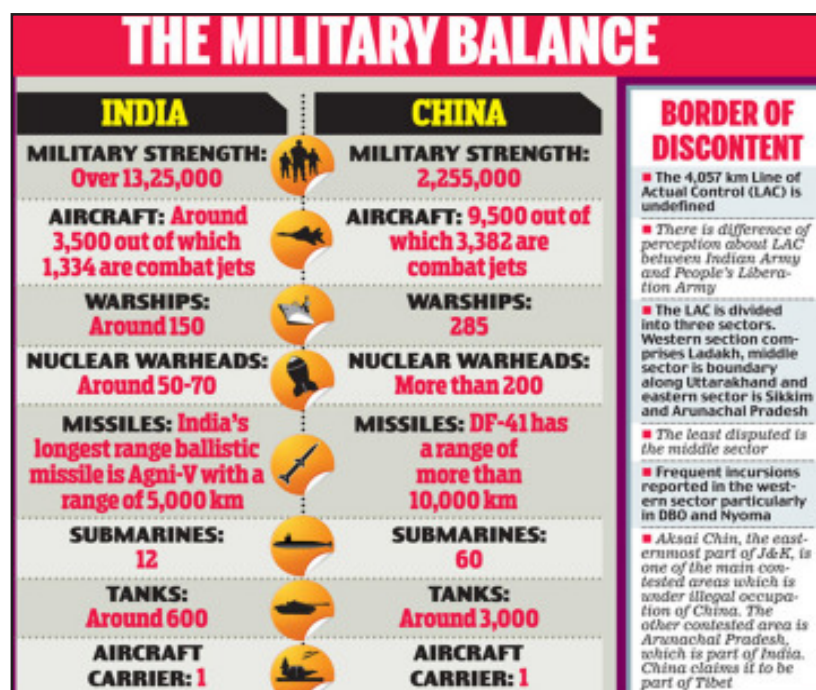
"Defence planning in India has never been a serious affair and continues to be the same even today..... The deficiency in planning is further aggravated by the absence of long-term resource commitment by the government. Unlike some other countries which guarantee a steady flow of resources to defence over a period of five years or more, India's commitment

does not go beyond a year" Behera continues.

Pointing out various weak areas in the procurement system L K Behera explains that the way qualitative requirements-QRs- (eg, technical and performance parameters) of equipment are being formulated "lead to either retraction of bids (hence causing a delay), or costly procurement through uncompetitive bids".

In 2007, even the Comptroller and Auditor General of India in a performance audit report on the Army's capital acquisition had observed that in many procurement contract QRs were found to be 'unrealistic with respect to actual requirements', 'inconsistent with the technology available' and at times 'unimportant, unverifiable and non-measurable'. Consequently, in 50 per cent of the cases which were audited by the CAG, specifications were changed after the bids were issued, causing unnecessary delay in modernisation process.

Terming the accountability as





second biggest weakness in the procurement system Laxman Kumar Behera writes, "if something goes wrong, there is not a single authority other than the defence minister that can be held responsible".

And countrymen have been witness to it repeatedly, more so in the past decade. There is a deafening silence, outright denial or reluctant shifting of the blame.

Confirming the contention of Laxman Behera Gayatri Chandrasekaran in an article.

"The crisis of India's defence preparedness' published by Mint writes," the gross negligence of India's defence preparedness under its longest serving defence minister is a far more worrying trend".

Talking about the years ahead Gayatri, writes "Indian Air Force (IAF) and the Army are grappling with their own problems, with major acquisition programmes being put on hold.

The IAF made a demand for 126 medium multi-role combat aircraft (MMR-CA) in 2001. Eleven years later, it was announced that France's D assault Rafale had won the bid. At more than Rs. 60,000 crore, this was one of the biggest defence deals to be signed by India. However, in February, Antony announced that the ministry had no money left to sign the deal this year.

Similarly, the Army announced plans to acquire 145 M777 howitzers in 2010; the defence ministry in February deferred a decision on the



purchase. India has not bought artillery guns since the Bofors deal in 1986.

There are two repercussions of these delays:

1. The costs of these deals are skyrocketing. There are reports that by January 2014, the cost of the Rafale deal had escalated by 100%. The cost of the howitzer deal has gone up by 75%.
2. The greater the delay, the more obsolete such equipment becomes even as the country's adversaries modernize their military. Last week, China announced it is increasing military spending by 12.2%. At nearly \$132 billion, the Chinese budget is \$100 billion more than India's \$36 billion".

India is growing economically. It aspires to be a super power. It is very important to ensure that its military abilities grow hand-in-hand, even if only to safeguard its economic interests.

New government that takes charge after the general election in May must accord top most priority to eliminating all the deficiency in the defence preparedness of the country.

There is no doubt that the Indian

***Indian armed forces need to be constantly modernised and armed with better equipment.***

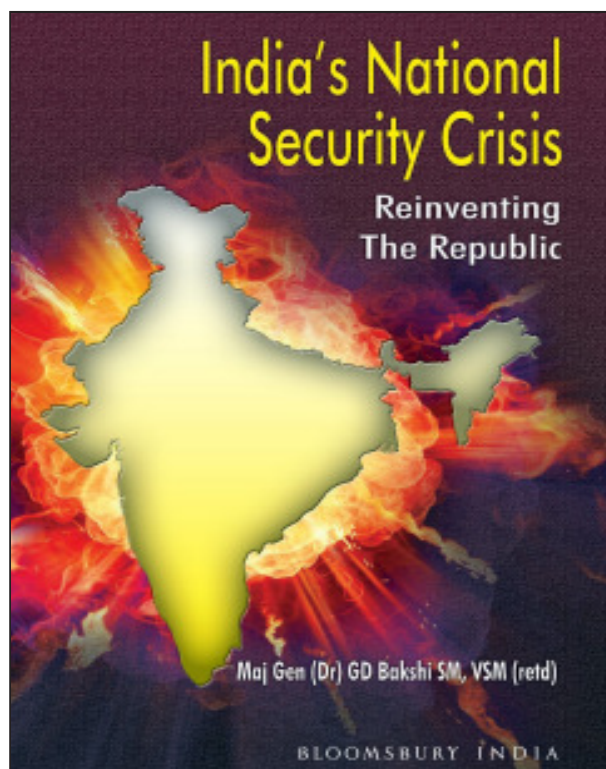
armed forces need to be constantly modernised and armed with equipment which are better than the ones with the adversaries. The real reasons for hollowness in our unpreparedness are almost well known. There is an urgent need to take the corrective actions necessary to plug the holes, which include the issues related to planning, budgeting and procurement.

Last but not the least the situation that continues to keep India as the biggest buyer of the international arms needs to change for both economic and strategic reasons.

Indigenisation of defence manufacturing shall be accorded the priority it deserves. □□

# India's National Security Crisis; Reinventing the Republic

(Report by 'Swadeshi Samvad')



**I**ndia's National Security Crisis; Reinventing the Republic is a book authored by Maj Gen (Dr.) GD Bakshi SM, VSM (retd). The Book was released in a nicely organised and well attended function at Vivekananda International Foundation (VIF). Shri Praksh Singh & Amb Kanwal Sibal on Monday, 21st April, 2014. Ajit Doval, Director VIF presided over.

Speaking on the occasion Maj Gen (Dr.) GD Bakshi said:

"National Security is a very vital but most neglected subject in

divided the Book is divided into two distinct parts. One carries out a detailed analysis of our recent history from independence onwards. It attempts to analyze the patterns of the past. Patterns tend to persist and repeat themselves cyclically. Hence Pattern-identification becomes a vital tool for making heuristic forecasts with a fair degree of accuracy. The Second Part of the book attempts a structured Net Assessment of Future by employing the tools of trends, triggers and discontinuities.

post-independence India. Our approach to security has been largely fragmented and obsessed with the trivia of day to day issues. We have failed to generate the overviews and long-term perspectives so vital for security. These become the basis for coordination of the actions of the multifarious organs of state and generating systemic synergy."

Accordingly

A key trend that emerges – stems from our great energy vulnerability. India imports 70% of her oil. This will go upto 90% within a decade. An analysis of our recent history indicates that most socio-economic crises in India coincided with the oil shocks. Non-Linear changes in oil prices destabilized our political economy and this created crisis of governance that eroded our political legitimacy. The first oil shock in 1973 led to the crisis of the Emergency in 1975 that severely eroded the state's legitimacy and greatly weakened the Centre.

The Second oil shock in 1990-91 virtually derailed the Indian Economy and forced liberalization on our system. Liberalization and unleashing of the dynamism of our private sector helped us to become a trillion dollar economy. Unfortunately, poor governance with an inordinate emphasis on leaky doles and subsidies have once again derailed our political economy and severely eroded our political legitimacy as manifested in a rash of civil society movements and a revolt of the middle class. The entire political emphasis has shifted on the short-term and immediate personal gain agendas at the dire cost of long-term sustainability of the nation state.



A brief look at the Patterns of Indian History in the ancient and medieval to modern periods clearly highlights that centrifugal tendencies had destroyed the empires of the past that had unified India for brief periods of a century or two centuries. The Mandalisation of the Indian polity has served to fragment it in a very dangerous manner. If this is not reversed urgently, we could destroy the very idea of India per se. Mindless affirmative action has created a communism of caste with all its inherent inefficiencies. It is leading to a flight of talent and diluting the funds available for the truly downtrodden Scheduled Tribes and scheduled Castes, who are now being subsumed by the new narrative of an all pervasive and perennial backwardness without end.

### Flawed Narrative of State

The key finding of this segment is about the tragically flawed Narrative of State that was crafted for India by Pandit Nehru at the time of independence. He averred that India was exceptional and unique amongst Westphalian states, as it was not based on hard power and the monopoly of violence, but on the soft power of Ahimsa (non-violence) and psychological persuasion that had won India her independence from the British. This was historically incorrect and flawed.

What had won India her independence was the use of force by Netaji Subhash Chandra Bose and his 60,000 strong Indian National Army (INA). Though it lost the fiercely contested battles of Imphal-Kohima – it won the war for Indian independence. After the war, the Britishers, in a most fool-



ish gesture of triumphalism, put on trial three INA officers in the Red Fort – the final objective of the INA's march to freedom. It was a calculated insult. It outraged the nation and what is more, triggered mutinies in the Royal Indian Navy and units of the British Indian Army in Central India. 2.5 million Indian soldiers were then being demobilized after the war. The rage spread through their ranks and caused the British to panic. They saw the writing on the wall and quit India in just two years after that outburst. The ghost of the INA had triumphed.

Yet, post-independence, Nehru in his personal quest for legitimacy, blanked out entirely the memory of Bose and his INA. He claimed all credit for independence and said it was solely due to Mahatma Gandhi's peaceful agitation. This is a glaring untruth and is belied by the testimony of the key British decision-maker of the period – Prime Minister Clement Atlee. *This contrived narrative of state then went to great length to delegitimize the use of force and violence. It marginalized the military and deliberately starved it of resources. This phase culminated in the military disaster of 1962*

## ***The Nehruvian pacific mindset reasserted itself after the return of United Progressive Alliance (UPA).***

*when the Chinese humiliated India.*

1962 defeat injected a dose of strong realism in the Indian polity. The armed forces were rapidly modernized and expanded post 1962 and used effectively in the 1965 War. By 1971, the wheel had come full circle with India's Iron Lady – Smt Indira Gandhi. She broke Pakistan into two and won a decisive military victory in Bangladesh. India emerged as a great regional power of consequence.

### The Return of Pacifism

Unfortunately with the nuclearisation of South Asia, the Indian political elite seemed to conclude wrongly that conventional military conflict was just not possible anymore. The Nehruvian pacific mindset reasserted itself after the return of United Progressive Alliance (UPA). It once again deliberately starved the Armed Forces of



***The Breakout Scenario would actualize if the elections throw up a strong and decisive national leader with a clear majority.***

resources and delayed their modernization – thereby opening huge windows of vulnerability. There were ugly spats with the Army Chief and then the highly professional Naval Chief was hounded till he resigned. The UPA now enunciated a new avatar of Nehruvian Non-Alignment 2.0 and seemed to rule out the use of force altogether. Towards that end the UPA tragically slowed down the arms acquisition process in India. In the bargain it has opened up huge windows of vulnerability in the face of the China- Pakistan combine. The most serious gaps have been created in the field of Airpower. India always had maintained a qualitative edge over the PLAAF to compensate for the huge numbers the Chinese had always arrayed against us.

Today the PLAAF has not just a quantitative edge, it has also got a huge Qualitative edge. In actual terms the PLAAF has 913 Fourth Generation Fighters like the SU-27, SU-30 and the J-10 and J-11 to just some 322 Fourth generation Fighters in the IAF. By 2020 the PLAAF will have a total of 1300 fourth generation fighters. The gap will widen as our old Mig-21s start falling out of the skies and the Rafale and LCA are nowhere on the horizon. The story is distress-

ingly similar with the Submarine arm of our Navy as also the medium artillery of our Army that is so crucial to fighting wars in the mountains. Not only did the UP refuse to use force against hostile neighbours, aiding and abetting terrorist violence; but, it equally refused use of force against violent non-state actors. When one activist Home Minister did try to take on the Maoists he was severely constrained by the National Advisory Council which openly comprised of Maoist sympathizers.

### **Demographics of Destiny**

The most significant pattern to emerge is the demographic youth dividend of India. The Indian population is 1.3 billion currently and by 2025 will reach 1.4 billion, overtaking the population of China. 68.4% of this will be in the working age group. This could provide a great fillip to the Indian economy provided we find/create jobs for this huge workforce. India already has some 150 million unemployed youth. By 2020, another 383 million youth will enter the working age population. The critical requirement thus would be to generate at least 200 million new jobs by 2020. A failure to generate this minimal quantum of jobs could lead to major social upheav-

als. Maoism would only be a trailer for this demographic disaster. The economy has to be tackled on a war footing.

### **Net Assessment of the Future**

With this exhaustive backdrop of the pattern analysis of our past, I have ventured to make heuristic forecasts about our future as a Republic. I have applied the tools of wild cards and tried to generate three Alternative Futures for India. These futures would naturally emanate from the outcome of the critical elections of 2014. I have termed these the 'Breakout Scenario', the 'Brittle Scenario' and the 'Breakdown Scenario'. The Breakout Scenario would actualize if the elections throw up a strong and decisive national leader with a clear majority. That alone could reboot the economy to 9% annual GDP growth rate, so vital to generate new jobs. Only the rapid creation of 150-200 million new jobs could help India turn the corner. Only a decisive leader with a comfortable majority could adopt a long-term vision of creating a sustainable state. The economy would have to transit from the current emphasis on subsidies and doles to infrastructure creation, job creation and the generation of wealth to trigger the trickledown effect.

The second scenario would be the Brittle Scenario resulting from a relatively stable coalition centered upon one of the two national parties. This would generate an ambiguous situation which could go either way. The third scenario of a fractured mandate and an unstable coalition however, would be an unmitigated civilisational disaster. India can ill afford such a systemic breakdown and institutional anarchy. □□

# India Absent in Indian Economic Discourse



*The rise of entrepreneurship in backward communities in India is amazing. It is self evident in backward community-led industrial clusters - whether it is Ludhiana, Batala, Jullandar, Rajkot, Jamnagar, Morvi, Tirupur, Namakkal, Karur, Sivakasi and hundreds like that — and in the 43 million non-farming enterprises which generate three-fourths of the livelihood, two-third of the savings and two-fifth of the GDP, finds*

**S. Gurumurthy**



Rapid economic progress was impossible unless ancient philosophies were scrapped, old social institutions disintegrated, and the bonds caste, creed burst - the United Nations told non - West in 1951. The UN view mirrored Max Weber's philosophy funded on Western anthropological model of methodological individualism which defines the modern West. Weber's Philosophy was common for Marxism and Capitalism. Marx sought to demolish the traditional society through social engineering and build the socialist order. Capitalism attempted it by methodological individualism on which the rational economic man and market theories were founded. Even though socialism and capitalism appeared adversaries they were actually broader ideological cousins who merely had a property dispute — whether economic power should be with the individual or with the State. But, the less efficient socialism lost out to the more efficient capitalism in 1989.

Since then two processes seeded by the US in particular became complete. One, market capitalism transformed into financial - read casino - capitalism. Two, the Anglo - Saxon market economies became market societies. Unbridled individualism broke half the marriages, yielded 41 percent babies outside wedlock and rendered over half the families fatherless or motherless - throwing the aged infirm and unemployed to state care. Rights conscious and duty-free individuals stopped savings and borrowed and enjoyed life. Nobel prize winning economic theories commended market generated phoney money as goods for investment and made family savings irrelevant. The result was the huge crisis of 2008 which questioned the Anglo - Saxon financial, economic and market society models. Paul Krugman, the winner of the 2008 of the Nobel Prize himself condemned the last three decades of economic theories as unless as best and positively harm-





## It's the communities and not colleges that generate entrepreneurs in India.

ful at worst. Alan Greenspan, acclaimed as the Money God, admitted that whole intellectual edifice of the finance models and structures backed by Nobel Prize winning theories have "collapsed". Now the world financial markets are functioning on debris of the collapsed theories and are on financial steroid. Since 2008, the US has printed currency for \$2.3 trillion; EU and UK \$2 trillion. Even the conservative Japan has minted \$1 trillion, with another trillion in pipeline.

Yet, Asia has largely remained immune from the Anglo-Saxon market society virus as The Economist [August 15-21, 2009] observed in the context of Japan. Result, family and community centric Asia produces three-fourths of the global savings and individualist US borrows most of it. As Francis Fukuyama observed there are two economic models - a family-oriented Asian and individual-

ism - based Anglo-Saxon. The present crisis is generated by the later. Each country has its unique socio-economic DNA.

What is the socio-economic DNA of India?

*Answer:* community-led entrepreneurship and family - provided social security. The Global Entrepreneur Monitor Study 2002 found India way ahead in entrepreneurial population with an index of 18 followed by China 11 and US 10. Indisputably, entrepreneurship drives economic growth and it's the communities and not colleges that generate entrepreneurs in India. The rise of entrepreneurship in backward communities in India is amazing. It is self evident in backward community-led industrial clusters - whether it is Ludhiana, Batala, Jullandar, Rajkot, Jamnagar, Morvi, Tirupur, Namakkal, Karur, Sivakasi and hundreds like that — and in the 43 million non-farming enterprises which generate three-fourths of the livelihood, two-third of the savings and two-fifth of the GDP. Some 67 percent of Tirupur exporters are educated 10th standard or less and most of the large diamond trader/exporters have even lesser education. A third of those in Sank-

agiri in Tamil Nadu who own two thirds of the Tarus vehicle population of the country were grazing cattle two decades back. Two-thirds of the lorry owners in Namakkal were truck drivers or cleaners earlier. The richest in Agra and Kanpur now are the Jatavs who transformed their traditional leather work into export business. With our education system producing employees we have a strange situation of uneducated employers [entrepreneurs] and educated employee! Has the subaltern theory not failed?

With just three million employment added by private sector during the entire liberalisation, does it need a seer to say that it is only the massive community - generated entrepreneurship that self-employs or employs India. Those trained in the 2800 artisan-led industrial clusters of India invariably turn into entrepreneurs. While communities acting as open-air universities generate entrepreneurs, families, not the State in India, take care of the unemployed, infirm and the aged in India. Apply now what the - read West - said in 1951 and see whether India could have survived if it had followed UN's counsel and forced its community-family combine to burst. Ironically, the Western economic theories are failing even the West. But the guild of economists in India is neither aware of its failure in the West nor familiar with the ways of the society - community-family led India. Even the West has realized between 2005 and 2010 that its model is not good for all. But Indian economic thinkers have still not.

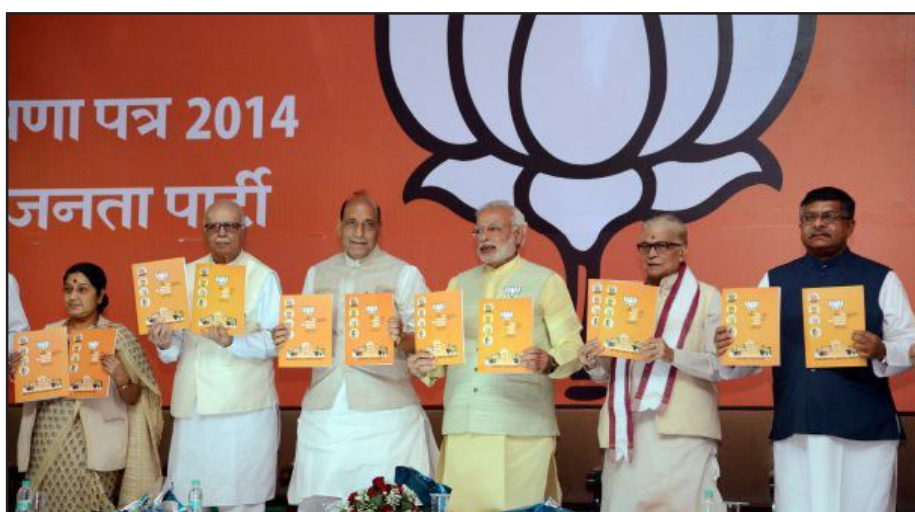
*Result:* There is as yet no India in Indian economic discourse. □□

# Forgotten Swadeshi & Political manifestoes



*'Swadeshi' was the slogan and the spirit behind Indian freedom struggle. Freedom fighters based their ideas of development and progress on self reliance and intended to make India economically strong. The directive principles enshrined in Indian constitution also did expect Indian state to promote welfare of the people and Endeavour to eliminate inequalities, says Anil Javalekar*

India is engaged in elections and this period is known for promises. These promises are reflected in manifestoes of Political parties and of individuals contesting elections. These are also reflected in the speeches of leaders and their advertised material in the form of posters and sponsored newspaper articles by party members and supporters. The propaganda by volunteers also focuses on main ideology of parties. Small parties or individuals contesting first time can promise heaven for they may not get the chance to fulfill these promises. National and regional Political parties however, are normally cautious for they may get elected and may have to do something towards fulfilling their promises. Ruling Political party has little to promise because their main test will be their performance. It is true that India has been ruled by the Congress for most period of independence and this party has laid the foundation for Indian governance system as also defined the goals of socio-economic progress. The Congress party has also led Indian polity and is responsible for today's political culture. More importantly, all other Political parties governed India with same style, followed congress in polity and became part of the same political culture. There is no difference in their socio-economic goals either. Indian political parties however, declare their manifestoes regularly for every election knowing fully well that their manifestoes are almost same with similar promises. There is one more reality that has been ignored and that is Indian constitution which has defined major goals of Indian governance and ruling political parties are expected to help those realize. More than that, the promises made in the manifestoes of political parties are mostly the duties of political governance and not obligations on citizens as made out. Indian manifesto has its origin in the freedom struggle and Indian constitution adopted later has its elaboration. Therefore, there seems no need to declare manifestoes by every political party for every election. Instead, it is sufficient if political parties assure Indians for their clean politics and corruption free governance apart from guaranteeing no increase in their member's family assets.



### **'Swadeshi' is the first item of Indian manifesto**

Indian freedom movement was not simply for freeing the country from the British Empire. It was basically against the loot of Indian resources and socio-economic suppression by British. 'Swadeshi' was the slogan and the spirit behind Indian freedom struggle. Indian freedom fighters based their ideas of development and progress on self reliance and intended to make India economically strong. Swadsehi in all its meaning and perceptions was the declaration and agenda for future policies and was the first item of Indian manifesto. Recent Indian policies and manifestoes of political parties however, forgot this first basic agenda of freedom struggle.

### **Indian constitution set major goals**

Apart from 'swadeshi', Indian freedom fighters defined major goals so as to shape Indian socio-economic society and important among were the goals of democracy, secularism and socialistic pattern of society. Indian constitution accepted representative democratic system, granted individual freedom and defined the range of state interventions in socio-economic life of citizens to facilitate realization of these goals. The basic idea was to make India a Sovereign Socialist Secular Democratic Republic and secure to all its citizens, Justice- social, economic and political; Liberty of thought, expression, belief, faith and worship; equality of status and of opportunity and promote among them fraternity apart from maintaining unity and integrity of the Nation. Indian governance systems that include Indian political gover-

nance were to act and govern Indian society accordingly. Indian constitution thus declared Indian manifesto and there is not much left to political parties except that of its implementation.

### **Directive principles are the real ideas for implementation**

The directive principles enshrined in Indian constitution did expect Indian state to promote welfare of the people, minimize the inequalities in income and Endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations. Thus all ideas and goals have been set by the constitution and Indian state run by its representative democracy is expected to do all possible to realize the same.

The directive principles expect the State to direct its policies towards:

- i. securing its citizens the right to have an adequate means of livelihood;
- ii. distribute the ownership and control of the material resources of the community to sub serve the common good;
- iii. the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
- iv. equal pay for equal work for both men and women;
- v. the health and strength of workers, men and women, and the tender age of children are not abused
- vi. citizens are not forced by economic necessity to enter avocations unsuited to their age or strength
- vii. children are given opportunities and facilities to develop in a

healthy manner and in conditions of freedom and dignity  
viii. Childhood and youth are protected against exploitation and against moral & material abandonment.

### **Uniform civil code gives meaning to secularism**

Indian political leadership emerged from the freedom movement was fully aware of the politico-religious problems faced by Indian state due to partition and therefore thought it necessary to defer the implementation of uniform civil code. They knew that secularism has no meaning if religion starts interfering in the rights of citizens. The need was to give freedom of religion and to save citizens from religious dictums. This was equally applicable to all religions and their draconian dictums. Indian then leaders knew that secularism expects an enlightened citizenship that loves democracy and understands their responsibility. And for all this, the implementation of Uniform civil code for Indian citizens was one important agenda. In fact this should be the agenda of all political parties and not of BJP alone. The congress party's focus on this agenda should be more prominent for it claims the inheritance of Indian National Congress that framed Indian constitution and incorporated section 44 for uniform civil code. The uniform civil code is the major item of Indian manifesto and cannot be ignored. The tragedy is that Indian political class is avoiding their main duty to treat Indian citizens equal in all respects.

### **Facilitating reforms in institutional structure is important**

Indian constitution has creat-



ed a structure of various institutions for good governance. Main among these institutions are the system of representative democracy for political governance, election commission for governing the election process, Comptroller and Auditor General for accounts and accountability of government expenses, Judiciary for protecting fundamentals of constitution and rights of citizens, administration for successful implementation of development and other welfare strategies and a police system that maintains law and order apart from armed forces for defense. Ruling political parties need to facilitate all reforms in this institutional structure for smooth, efficient, transparent and corruption free governance as also to reach major goals of justice, liberty and equality. This also is an item of Indian manifesto and not of political expediency.

## Good Governance is the duty of Ruling parties

Good Governance is main duty of ruling political parties. Indian constitution has approved representative democracy for Indian governance and political class plays very important role in its success. This class is made up of Indian citizens interested in socio-political life of society and voluntarily participates in socio-economic activities meant to bring progressive change. Their organized way to do so is through political parties. The political party is normally a registered entity with election commission and contest elections on one common symbol, try to get elected in majority number of seats in Lok Sabha or Vidhan Sabha and propose to form government at centre or in states. These governments are meant to govern the

country within the prescribed limits of Indian constitution. Thus Political parties cannot have their own independent agenda. There is no denying that the political parties in power can refine and redefine the structure of governance and claim for efficiency in policy deliverance. More intervention by Indian court means the ruling parties are not following basic rules of governance. Freer the governance from interventions of Indian courts better is the governance and good is the governance when Indian citizens are happy with it. This is what political parties should promise and should not in any case confuse Indian citizens by declaring similar manifestoes with similar promises.

## Indian manifesto remained unimplemented

India travelled for more than 65 years and has implemented 11 five year plans. The policies of self reliance or of 'Swadeshi' are given up making India more dependent on foreign countries be it education, technology, idea of progress, culture, trade or foreign capital. Now India seeks more international support for its own socio-economic problems and the problems like terrorism. Moreover, the policies and their implementation have ignored the spirit of directive principles enshrined in Indian constitution and created socio-economic systems that basically survived on inequality of status and opportunities and allowed marginalization of common men and women, small industries, small land holding agriculture, rural craftsmen and artisans, small retailers and even small consumers. The women and children remained most vulnerable sections of Indian society. The rural urban divide is also visible. More

tragic is that the duty of government as per the directive principles and Indian constitution are being proclaimed as an obligation. For instance, having a means of livelihood is the basic right but Congress party, after passing the food security bill, has proclaimed that it is they who obliged poor by giving the right to food. Similar is the case with other rights whether it is of education or information, status or opportunities, gender equality or child abuse or even health. Facilitating good life conditions and creating an order in society for equality and progress are the duties of governance and cannot be the items of political manifestoes.

## Political parties should follow main national agenda

Indian representative democracy created a great class of politicians who made Indian governance subservient to rich and elite and divided Indian citizens into vote banks. Most of these politicians are more interested in winning elections for self aggrandizement than serving for national interest. Their idea of manifesto is to create and serve vote banks. The result is corrupt polity and failing governance. There is therefore a need to make Political parties realize that their main agenda should be to give good and efficient governance apart from adopting economic policies of self reliance. Uniform treatment to all citizens before law is important agenda to ensure justice and minimize the religious interference in citizen's socio-economic life. And for all these, the political parties should follow the main national agenda of Indian constitution and not declare their own manifestos to confuse Indian citizens. □□

# BJP promises a lot but vague on economic revival

The BJP manifesto promises credibility and trust in government, re-sowing confidence in the India story through containing price rise, 'increasing' jobs and opportunities for entrepreneurship as also national agriculture market. It also promises eliminating the scope for corruption.

But it remains vague on paths to revive economy. It is virtually non-committal on the tax policy though it says it would end "tax terrorism" as well as rationalise and simplify tax regime. It is silent on the process. Before the manifesto was cast the party had debated the issue from Nitin Gadkari and Subramaniam Swamy putting an end to personal income tax to Arun Jaitley's opposition to it.

Swamy's contention is simple. Mere about three crore people pay it and the tax rules itself turn much of hard earned actual white money into black. Refunds are too high to the tune of almost Rs 70,000 crore a year. Apart, tax collection mechanism is cumbersome and expensive. Every taxpayer instead of being extended some basic respect is looked at with suspicion. The abolition of tax would save much botheration to citizens and the government.

The BJP should have taken a stand on it. A clear approach would have created more confidence among the people and policy planners.

Despite the manifesto's concern about autonomy of the states, its approach to goods and service tax (GST) does not reflect the reservations of the states. It has remained pending despite UPA government's adamant attitude on a uniform tax pattern all through the country to suit the needs of the corporate. The states had been protesting. They are not against uniform rates but are not in favour of its collection by the central government. The collection, the states want, must be decentralised at state levels. The BJP, may be deliberately, has not elaborated it to keep its different constituents guessing.

The previous NDA regime, as BJP claimed, had been able to break the cycle of high inflation and high interest rates. Its new course is short of instilling the required trust. The two methods suggested – special courts against black marketing and price stabilization fund – are controversial. With the dilution of the Essential Commodities Act by the previous NDA government much of its teeth have been lost. A prosecution would have little sense except harassment of small traders.

The Price Stabilisation Fund (PSF) Scheme was launched in 2003 by NDA for coffee, tea, natural rubber and tobacco to provide financial relief to the growers when prices of these commodities fall below a specified level, without resorting to the practice of procurement operations by the Government agencies. Contribution to the members of PSF saving bank account by the PSF fund trust and/or the member, in a given year is on the basis of categorization of the year as boom/normal/distress year which is done on the basis of a price spectrum band, fixed and announced every year.

The growers received Rs 880,000 between 2007 and 2010 from the PSF. A



*Bhartiya Janta Party needs to clarify many things that remain unsaid in its manifesto that promises credibility and trust encouraging belief in the India story in case it really wants the people's confidence to be reposed in the government. This would require a detailed discussion, believes Shivaji Sarkar*

total contribution of Rs. 643,000 towards enrollment fee under the PSF scheme was received from 46239 growers.

The consumer of any of these commodities did not benefit. Soon after the introduction of the PSF, coffee and tea prices had shot up and are continuously rising. Its implementation at the national level is not only difficult, it is doubtful that it would be beneficial for the consumer.

The proposal to unbundle Food Corporation of India (FCI) for greater efficiency in procurement and distribution is more sensible provided it is allowed to function as market intervention agency.

Evolving a national agriculture market seems a good proposition. It has to come with increase in public investment. The manifesto promises it. It would require changes in many laws and creation of an effective mechanism. Presently it is restricted to the proposal to amend the APMC Act. The farmers are divided on it. Some of them benefit from it while others have problems.

These steps would require detailed discussion else it might go against the consumers as in the case of PSF as prices instead of coming down are likely to go through the roof.

The road map for job creation is not clear. After 10 years of jobless growth, the country needs a firm path. The manifesto does not state how textile, footwear and electronics could become labour-intensive, if free imports from China and South Korea continued. The manifesto is silent on growing imports, which is eating into the job market.

The statement on strengthening employment bases of agricul-



ture and allied industries is a new orientation but needs a roadmap. There are many promises to farmers of every shade, including high priority to poverty alleviation in rural areas. One only wishes such elaborate promises just do not end like that. It is difficult to comprehend how jobs would grow.

A hope is in “national land use policy” through creation of National Land Use Authority, to regulate land use. There are many regulators. Each works more in the interest of certain groups with vested interest. It is difficult to fathom how this would protect the interest of farmers. It would have been it had just promised to create a land bank.

Similarly, the sop for the industry of simplifying the procedures and a single-window system of clearances does not eliminate the points of corruption that led to the 2G and coalgate scams. The solution was suggested by PHD Chamber of Commerce and Industry and Ficci. It was simple. It only wanted that before handing over any project to a company, the government itself should ensure that all clearances, including ecological, have been given to it. This would end the process of greas-

***Hope is in  
“national land  
use policy”  
through creation  
of National Land  
Use Authority, to  
regulate land use.***

ing the palms of officials and politicians at various levels.

About the working class, its approach of strengthening pension and health insurance appears not credible. It was NDA government that had demolished assured pension. The equity-linked National Pension Scheme is eroding savings of the workers and what BJP promises would make health services more expensive.

If BJP really wants that people's confidence to be reposed in the government, it needs to clarify many things that remain unsaid. Neither prices nor corruption would be contained by these prescriptions nor would the economy be boosted by half-baked measures. A well-intentioned document it may be but individual promises should have been weighed properly. □□



## Both NDA and UPA miss the point



*The UPA Government has taken no effective steps in the last ten years to bring back Indian wealth stashed away in Swiss Banks, or to stem the outflow through hawala taking place continuously explains Dr. Bharat Jhunjunwala*

NDA has clearly opposed FDI in retail in its election manifesto. This is welcome but there is a need to go much farther. Actually there is a large degree of convergence in the economic thinking of the two Alliances. Both embrace the free market and are inclined to roll out the red carpet for big companies. Difference arises on two counts. One, NDA is more focused on domestic big companies; while UPA is more favourably inclined towards MNCs. Two, NDA wants to jumpstart the grassroots developmental activities by providing good governance and infrastructure while UPA wants to distribute relief to them directly through programs such as MNREGA.

NDA relies more on domestic big companies. It has opposed MNC entry into FDI in retail. This indicates a tilt towards domestic companies. UPA, on the other hand, is more inclined towards MNCs. Perhaps it believes that MNCs have better managerial and technological skills and the country will lose out in their absence. The real reason, however, may be leakages. The UPA Government has taken no effective steps in the last ten years to bring back Indian wealth stashed away in Swiss Banks, or to stem the outflow through hawala taking place continuously. Anecdotal evidence indicates a huge increase in illegal outflows from India during the last 10 years. UPA's penchant for MNCs arises from the need to attract foreign capital to compensate for outflow of domestic money. NDA has lesser need of FDI because it is more focused on good governance and does not appear to have an interest in promoting leakages.

The second difference between the two is on how to reach fruits of development to the common man. NDA is votary of 'development.' It is focused on providing good governance and also increasing public investment on infrastructure. It believes that this will lead to an all-round increase in economic activities

and the common man will be spontaneously able to engage in business and other activities and improve his standard of life. This is very uncertain in my assessment. Problem is that capital is cheap. Companies can borrow at near zero rates of interest in the US, Japan and Europe. It is profitable for big companies to use automatic machines. Result is increase in unemployment. Large numbers of weavers have lost their livelihood because textile mills of Surat are producing cheap cloth. The impact on the common man then becomes twofold. Entry of big companies leads to loss of employment while provision of good governance and infrastructure leads to increase in the same. The net impact is not necessarily positive. It is quite likely that increase in employment due to big companies may be more. A study by V V Giri Institute of Lucknow has brought to light the fact that nearly one-fourth of all youth are unemployed presently. They are so dejected that most have stopped looking for work. Thus NDA's approach may fail to deliver. This would be replay of 'India Shining' of 2004. The improvement in governance and infrastructure did not reach benefits to the common man and led to the NDA losing power. Same is likely to happen to NDA II, if it comes to power.

UPA's approach is more direct. It wants to impose taxes on the big businesses and use the revenue to directly provide relief to the common man through programmes like MNREGA, loan waiver and Indira Awas. There are two problems here. One problem is that energy of the recipient is turned towards begging instead of

'developing.' Thus a virtuous cycle of grassroots production and consumption is not triggered. A Chinese saying goes that it is better to teach a man to fish instead of giving him fish to eat. UPA wants to give fish to eat. The second problem is at the level of economics. The ability to raise revenues for programs like MNREGA depends upon the profits made; and tax revenues collected from big businesses. This, in turn, depends upon the demand in the market. Difficulty is that automated production by big companies leads to job losses and, therefore, to lesser demand for goods in the market. A classic example is failure of the small car Nano. Users are quite happy with the vehicle yet there is less demand because people do not have income. As a result, big companies cannot make huge profits and the collection of tax revenues by the Government is less. No wonder UPA has to take recourse to increased borrowing. This creates another problem—of inflation. The Reserve Bank prints notes in larger numbers to make it possible for the Government to borrow. This printing of notes leads to inflation. So UPA has only jumped from the frying pan into the fire. It has tried to solve the problem of unemployment by starting MNREGA but unwittingly got mired into inflation. The benefits reached to the common man by provision of employment have been cancelled by increase in prices. UPA does not appear to recognize that there is no such thing as a free lunch. It believes that it can spend tax monies to provide relief without raising the necessary revenues. That said it must be recognized that UPA's approach does

## ***Both NDA and UPA models need to be reworked.***

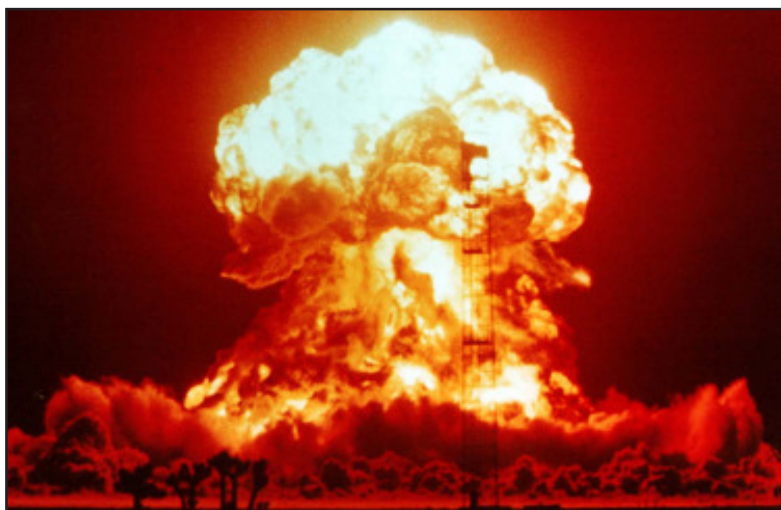
lead to direct improvement in the standards of common man. The wage rates have jumped from about Rs 100 three years ago to Rs 300 presently wholly courtesy MNREGA. So the common man is better off but both the common man and the economy are hit by inflation.

I think both NDA and UPA models need to be reworked. The common problem is that automated production by big companies is throttling the opportunities for small businesses and also numbers employed. It appears to me this can be managed by segregating the economy into two sectors—an 'employment' sector; and a 'profit' sector. Certain manufacturing activities like weaving have a large employment potential and a not-so-large profit margin. These activities should be encouraged only in the labour-intensive small scale sector. Large textile mills should be taxed heavily. Then alone it will be possible to increase productive employment opportunities for the common man.

The NDA model needs to be reworked to ensure speedy and certain reaching of benefits to the common man. It will not do to rely on the infamous 'trickle down' theory which lies at the back of NDA model. The UPA model needs to be reworked to prevent leakage of national wealth so as to reduce the need to print money. □□

*Author was formerly Professor of Economics at IIM Bengaluru.*

# Rethinking the Nuclear Doctrine



*The policy of unilateral voluntary moratorium on nuclear testing deserves to be revised and a cautious negotiation with other nations of the world, particularly the NSG countries, to define for India the zero yield nuclear testing limit is required, feels Dr. BB Singh*

The recently released BJP Manifesto promises to study afresh India's nuclear doctrine, revise and update it to evolve an independent Strategic Nuclear Program relevant to challenges of current times and to maintain a credible minimum deterrent that is in tune with changing geostatic realities. It is a reflection of the boldness and courage that BJP possesses and which NDA regime had demonstrated earlier under the leadership of Atal Bihari Vajpayee in 1998 to show to the world that India cannot be brushed aside.

It is not that the Indian scientists had built the nuclear devices overnight during May 1998. We had them with us; but our political leadership didn't have the courage to admit and announce our possessions. Even in 1974, when Pokharan-I test was conducted under the leadership of the "Iron lady" Indira Gandhi, India preferred to say that it was a Peaceful Nuclear Experiment (PNE) meant to explore civilian uses of such devices which no one believed. As a consequence, India became an apartheid nation and lived in nuclear isolation for the next 3 decades.

This was not to be repeated in 1998 by the NDA Government under Atal Bihari Vajpayee and it paid very good dividends. The US Deputy Secretary of State Strobe Talbot is believed to have met Indian Foreign Minister Jaswant Singh thirteen to fourteen times in seven countries on three continents when the US first attempted to reign in India and then reconciled to simply contain its nuclear ambitions. The US administration was keen to bring India into its fold even at the cost of compromising their domestic Atomic Energy Act 1954. Finally, the US passed The Hyde Act 2006 enabling the President to negotiate with India a suitable Agreement for the purpose. There occurred a change in the political system in New Delhi and after a fierce debate in the Parliament, India succumbed and agreed to sign the famous 123-Indo US Civil Nuclear Cooperation Agreement disregarding several of its vital interests.

The question arises as to why even after testing its first device in 1974 our political leadership did not show the courage or were shy or afraid to come out in the open? In fact India had nuclear capability perhaps even in nineteen sixties and it had been working consistently in this direction all along. The first indication for this emerges from the budgetary provisions made for the Department of Atomic Energy (DAE) which has been always under the direct control of the Prime Ministers and its budget has always been guarded in secrecy. The DAE received funds generously from the Government year after year irrespective of



the nature of political set-up. Though India made great strides in uses of atomic energy in many areas of science, industry, medicine and agriculture, the major justification for its huge budget always came from the electrical power generation from nuclear reactors which undoubtedly was and still is badly needed for India's industrial growth. Nuclear reactor based power generation is certainly a clean source of energy. Dr. Homi Bhabha the founding father of India's atomic energy, visualized a three stage program; finally utilizing India's vast reserves of Thorium using the breeder technology when developed and perfected. India has been working in this direction although many of the countries have had reservations about utilizing the Thorium cycle as it appears uneconomical and involves a highly complicated and difficult technology. India will continue its efforts to tap this technology.

In 1962 Dr. Bhabha promised a power generation capacity from nuclear reactors going upto 20,000 MW by 1987. After his untimely death his successor Dr. Vikram Sarabhai thought of even doubling the capacity by the year 2000. Subsequently in 1980s Dr. Ramanna brought it down to 10,000 MW by the year 2000 but it got escalated to 20,000 MW by his successors. Dr. Anil Kakodkar has gone on record to predict in 2008 that India would generate nuclear power of 50,000 MW by 2050. They must have predicted these figures as achievable targets with indigenuous expertise, knowledge and available nuclear materials. Except Dr. Bhabha and Dr. Sarabhai all others were well aware that from 1974 onwards India was facing

nuclear isolation after the Pokharan-I experiment. None of the above targets have been achieved and nor appear to be achievable but over the years the budgets have been fully utilized and nuclear materials available in India have been mined, processed, used and exploited.

The question arises. What remains for the BJP now to study in detail, to revise and to update the country's nuclear doctrine? India shall never attempt or endorse the first strike policy. In retaliation, it would certainly intend to inflict on the enemy unacceptable and unthinkable damage. This requires a reasonably large and dependable nuclear war-heads and efficient and although not-so-long-range delivery systems. Unfortunately, under the 123-Indo-US Agreement of 2008, India has committed to voluntary moratorium on nuclear testing and has indirectly accepted exemption limit of its nuclear test yields of 1 pound TNT and has agreed to face the consequences of violating it as provided under Section 106 read with Section 110(10) of The Hyde Act 2006.

The limit of 1 pound TNT for India for its nuclear zero testing is to be judged on the basis of similar exemption for other countries. Under the Comprehensive Test Ban Treaty (CTBT) which India has not signed, the USA favoured a limit of 4 lbs of TNT as 'zero yield'. It is reported that the UK would favour a 'zero' yield at 100 lbs TNT while Russia a level of 10 tons and France a level between 100 to 200 tons of TNT. These differing values for different countries for zero level yields are dependent on their technical capabilities in verifying their computer assisted simulations of actu-

## ***Why after testing its first device in 1974 our leadership did not come out in the open?***

al nuclear explosions. Under the provision of the Hyde Act 2006, the US restriction on India to a one-pound TNT limit is totally unacceptable since it would prevent India from improving upon its strategic nuclear devices with its presently available computer technology and expertise. Although on 17<sup>th</sup> August 2006 in his reply to Rajya Sabha our Prime Minister had stated "Our position on this is unambiguous. The US has been intimated that reference to nuclear detonation in the India-US Bilateral Nuclear Cooperation Agreement as a condition for future cooperation is not acceptable to us. We are not prepared to go beyond a unilateral voluntary moratorium on nuclear testing as indicated in the July Statement. The same is true of other intrusive non-proliferation benchmarks that are mentioned in the proposed US legislation (The Hyde Act 2006). India's possession and development of nuclear weapons is an integral part of our national security. This will remain so". It is sad that the 123-Indo-US Bilateral Civil Nuclear Cooperation Agreement which was signed two years later in 2008 failed to reflect the above contention.

It is here that a rethinking is warranted by the BJP. Firstly, the policy of unilateral voluntary mor-

[Continued on page no. 31]

## Monsoon forecast a matter of concern

In the midst of all the noise and muck-slinging that dominates the election campaigns there is bad news on the horizon. No, I am not talking of the possibility of a hung Parliament where the numbers don't add up for any political front, but the possibility of a post-election scenario wherein the rains fail. With 25 per cent probability of a drought, and slim chances of a bountiful monsoon in the north-western and central regions, dark days stare ahead.

Although the Indian Meteorological Department (IMD) has ruled out the possibility of the warm El Nino currents of the Pacific playing truant with the monsoon rains, a leading private meteorology agency Skymet has forecast a grim season ahead. The IMD dismisses these claims as a conspiracy by scientists in the US and Australia to rattle the commodity markets in India. "It is in the US and Australian interests that agricultural commodity and stock markets come down. They are spreading rumours. People will start hoarding and might start creating artificial scarcity of commodities. Don't heed their advice," Laxman Singh Rathore, director-general of IMD had said a few weeks back.

Although IMD has never been able to predict an impending drought, but I see merit in what it is trying to convey. The moment a below-normal monsoon warning goes public, a lot of commercial interests benefit from the expected shortfall in rains. The resulting market sentiments push the food prices higher even when there is no shortfall in production. I have seen this happening in 2011 when food prices spiralled much before the low Kharif harvest had poured in. With business media channels daily naming the hot commodities where investors need to put their money in, commodity prices zoomed in expectation.

But while the agriculture secretary says the government is not overtly worried at the prospects of the rains failing, the fact remains that Skymet's earlier forecasts have been quite accurate. In 2012, it predicted 94 per cent rainfall, and the actual was 93 per cent: the next year in 2013 rains were a little higher at 106 per cent against the estimate of 103 per cent.

This year, while the overall estimate of 94 per cent may not cause a significant drop in agricultural production and thereby impact grain availability considering the existing massive food reserves but what should be worrying is the prediction of a weak monsoon spread over northwest and west-central parts of the country – Gujarat, Saurashtra, Kutch, Punjab, Haryana, Rajasthan, Madhya Pradesh, Chhattisgarh, central Maharashtra, Goa, Konkan and parts of Karnataka and Telengana.

### Matter of concern

What makes the monsoon forecast a matter of concern is the prediction that El Nino – warm ocean currents in the Pacific region that often causes severe draught in Australia, New Zealand, Southeast Asia and India – might appear as the monsoon season gets along. While weather forecasters from Australia, China, South Korea, Japan and US have issued El Nino warnings, the saving grace is that



*Already reeling under a terrible agrarian distress, a severe drought even in some parts of India can leave behind a crumbling rural economy and a battered farming community, fears*

**Dr. Devinder Sharma**

such warnings were also issued in 2013 but somehow the impact was not as disastrous as many predicted. In 2013, the IMD had predicted the onslaught of El Nino in September when the rains were tapering off. In other words, El Nino does not cause heavy damage every time it emerges in the Indian Ocean.

In 2009, the Met Department had predicted 96 per cent rainfall as the long-term average but the country had faced one of the worst droughts in recent times. The actual shortfall in rainfall was a huge 23 per cent resulting in low agricultural production. Paddy alone registered a fall of 12 per cent in production. But in 2012, when rains were also predicted to be in the range of 96 per cent there was a delay in the onset of rains in over 70 per cent of the cultivable areas but the overall impact was not as

severe as in 2009. Interesting, this year also Skymet is predicting rainfall to be 94 per cent of the long-term average and that does cause some concern.

If the weather plays foul it will be double whammy for farmers in central India. Unusual rains and hailstorm had lashed standing crop in the month of March resulting in a huge loss in Maharashtra and Madhya Pradesh. As many as 24 lakh hectares in Madhya Pradesh and another 18 lakh hectares in Maharashtra were hit by frequent hailstorms. Excessive damage was also reported from parts of Punjab, Haryana, Rajasthan, Uttarakhand, Himachal Pradesh, Karnataka and Tamil Nadu. The centre had provided a package of Rs 1,351 crores to Madhya Pradesh and Maharashtra for relief purposes.

Barely emerging out of the shadows of freak weather, the

***If the weather  
plays foul it  
will be double  
whammy for  
farmers.***

warning of a weak monsoon (and probably enlarging into a drought) will push millions of farmers into dire straits. Already reeling under a terrible agrarian distress, a severe drought even in some parts can leave behind a crumbling rural economy and a battered farming community.

Earlier too, in 2002 and 2004, which happened to be drought years, rainfall deficiency was to the tune of 22 per cent and 17 per cent. Let us hope the rain gods do not deceive the country in the coming months. □□

# SWADESHI PATRIKA

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# Tweaking the currency China's balancing act



In the past few years, currencies of most of the nations have been weakening against the US dollar. However, China's currency Yuan was constantly getting stronger. Riding on China's strong export performance; Yuan appreciated by more than 40 per cent, between 2005 and 2013.

Breaking this trend in the last one year China has amazed the world by depreciating its currency by nearly 3 per cent in the last one year. It is believed that in the coming months Yuan may depreciate further.

Today, in most of the countries the exchange rate of a currency vis a vis foreign currencies is determined by market forces, however in China it is still more or less administered, that is, fixed or managed by the Chinese government and the People's Bank of China (PBOC).

One can say that exchange rate of Yuan cannot vary against their will. Policy of strong Yuan paid rich dividends to China, with constantly rising export incomes and foreign exchange reserves. Though speculators used to speculate on Yuan. That speculation was unidirectional, that is, only on upward movement of Yuan. However in the past one year PBOC first allowed speculation within the range of 1 per cent and the same has now been increased by 2 per cent. It is now clear that the Chinese government and PBOC have finally decided to devalue Yuan.

## Why is devaluation being done?

In the last more than two decades, China has experienced huge growth in GDP and per capita income. China's average GDP growth rate has been around 10 per cent in the decade preceding 2009. However this year's expected growth is merely between 7 and 7.5 per cent.

Today China is amidst high inflation and interest rates. Both these factors are responsible for rising costs in China, making Chinese products less competitive in



*China's strategy to depreciate Yuan can be considered a sensible bet, with an objective to handle its dwindling economy, thinks*  
**Dr Ashwani Mahajan**

the world. Earlier Chinese Yuan continued to gain strength riding on competitiveness of Chinese goods, owing to low cost with continuous support from Chinese government.

This turned China into manufacturing hub of the world and therefore rising export earnings and bulging foreign exchange reserves made Yuan gain strength year after year, without any loss of export market.

In recent years, currencies of India, Brazil, South Africa and many other developing countries have depreciated significantly, making Chinese products less competitive in international markets. As a result, growth of exports from China has slackened in the past couple of years. The fact that Chinese economy has started slowing down, is revealed from the data published by international agencies. It is notable that the Markit/HSBC Services Purchasing Managers' Index (PMI), which focuses more on the private sector, fell to an eight-month low of 48.0 in March. The index has been below the level of 50, since January, indicating a contraction this year.

### Financial crisis

Many companies in China are passing through a severe financial crisis and it seems that unlike earlier days, Chinese government is in no mood to rescue them. Some time ago, China's largest solar company Suntech defaulted in payment of debts and later faced insolvency, the Chinese government did not try to save the company.

Downgrading by rating agencies of Chinese major electronic and many other companies, point toward the financial crisis. Debt equity ratio in these companies is



***Many companies in China are passing through a severe financial crisis.***

on rise and in future situation may worsen further, it is believed.

Generally, other things equal, countries usually strive to strengthen their currencies as value of their currency reflects their economic strength. Riding on lower rate of inflation and subsidised exports, China continued to dump Chinese goods worldwide.

Now due to the fact that China too is facing the heat of inflation and constrained by resources, Chinese government is no longer in position to subsidise exports.

Chinese goods are losing competitiveness very fast. On the other hand, appreciating Chinese Yuan is adding to the woes of Chinese policy makers.

Since, except Russia, currencies of the remaining countries of the world, have depreciated significantly in the recent past, their goods are getting relatively cheaper in the USA and Europe. Apparently stiff competition from other countries is making Chinese policy makers to rethink about valuation of Yuan. India's rupee has weakened considerably in recent times.

Exchange rate, which was Rupees 54.4 per dollar in March 2013, went up to Rupees 68.84 per dollar in August 2013. Although the rupee has strengthened recently, but it is still weaker by 11 percent, from the March 2013 level.

Brazil, South Africa, Argenti-

na and other Latin American countries' currencies are also weaker than before.

A few years ago, China's currency was strengthening, along with rapidly growing GDP. But now with slowing down of Chinese economy in general and the deteriorating condition of Chinese companies in particular, China's government was forced to devalue its currency. At this point, the Chinese government probably would not want any domestic troubles including massive labour unrest, with the spread of crisis.

Normally, when currency devalues, country runs the risk of inflation, due to costlier imports.

However, situation of China is different from the rest of the world. China does not import many goods from rest of the world except raw materials, while imports of India and other developing countries have been high and rising.

Therefore if currencies of these countries depreciate, they run the risk of getting caught into inflationary spiral. However, same problem does not occur in China, as their economy is more export oriented than imports.

Therefore, it may be mixed destiny for the rest of the world; Chinese strategy to depreciate Yuan can be considered a sensible bet, with an objective to handle their dwindling economy. □□

# Gujarat Model is antidote to failed Bengal Model of Nehru & Mahalanobis



*The battle between Nehruvian socialism and Rajaji's self-restrained market economy has just been joined. It is a tectonic shift and it need not be trivialised by looking only at growth numbers or indicators based on one's ideological preferences, pleads Prof R. Vaidyanathan*

Whenever someone talks of the Gujarat model of development, experts on both sides of the political divide pounce on statistics to appreciate or condemn the state's performance. But the issue goes beyond some statistics about power production or enrolment in government schools. It goes beyond mere growth or social indicators. After independence, and particularly after the Avadi Congress (1955), the Congress party decided to adopt the "socialistic pattern of society" as our development mantra. The country opted for economic planning under the tutelage of PC Mahalanobis and Prime Minister Jawaharlal Nehru. We essentially opted for the Soviet model in Devnagari script.

The entire planning process and the role of the state was hijacked by different shades of Left-wing thinkers, with some criticising the others for not being adequately red. From Mahalanobis downwards, Bengali intellectuals played a very large role in this leftward tilt for more than 40 years and, during the entire period, economists from the other side were denied space or official patronage. If you go back in history, the theoreticians of this failed model – which we can call the Bengal model for simplicity and also because most of its proponents were (and still are) from that province – dominated national discourse. Even today, we can say that Amartya Sen is the ultimate guru of this idea of development where the state plays a domineering role.

In simple terms, the Bengal model suggested that the state owed every individual something – from womb to tomb. Family responsibility was nationalised and everyone, from children to senior citizens, had a right to expect something from the state. The word 'duty' was abolished from the dictionary and a rights-





based society evolved. Some sections of the middle class lapped it up, since the Soviet Union gave legitimacy to this draconian idea and the public sector provided job opportunities to the educated. Nehru called public sector units the temples of modern India. The system was built on layers of regulations and a solid licence-permit-quota raj was created to administer it all. It accentuated corruption and government employees and middlemen became extortionists. Politicians became experts at stealing public funds.

Entrepreneurship was frowned upon and profit became a dirty word. Businessmen were derided as “banias” and metaphorically threatened with hanging from the nearest lamp-post. For example, price increases have always been blamed on hoarding by banias – the solution to inflation is thus to go after the banias. However, the system began to crumble once it failed to produce results and the country went near bankrupt in 1991. Once the economy was opened up, people began to demand products and services, which was beyond the comprehension of the government system. Newer opportunities sent public sector units scurrying for subsidies, and the collapse of the Soviet Union in the late 1980s destroyed the theoretical underpinnings of the socialist system.

If, in the sixties and seventies, the dream of every new engineer was to join one of the public sector units like BEL, Bhel or HMT, in the 1980s and 1990s, their preferences underwent a sea change.

But the massively corrupt system refused to die and the Frankenstein state, created over 60 years,



***The Gujarat model, for example, is to charge for power but provide it 24 hours.***

found new ways to extend itself by conferring new rights on the people: right to information; right to work (MNREGA), right to food; right to education and now right to health. This is nothing but the state seeking new ways to retain the system of loot based on public resources.

The moth-eaten state structure has been unable to cater to these rights, and people, anyway, found ways to buy their way into the system. With huge resources now being devoted to sustaining these rights, klepto capitalists have found ways to manipulate the free market and the state to fatten themselves.

It is in this bleak and degenerate scenario that we have seen the emergence of the Gujarat model with an alternate vision of a new polity, enabled by a minimal state. The idea has always been around – with the late C Rajagopalachari being one of its backers – but in essence the Gujarat model is about having the state play a lesser role and the people a larger one.

The model is simple. Entrepreneurship is encouraged and celebrated. People should have huge opportunities for employment, but not necessarily in government jobs. Individuals and families should work/earn/eat and live on their own efforts instead of depending

on a benevolent state. Individuals are responsible for their actions.

The concept of a small state means having fewer regulations and more self-regulation. A self-regulatory framework policed by an effective law enforcement machinery which guarantees swift and severe punishment for violations can be the best form of governance.

The Gujarat model, for example, is to charge for power but provide it 24 hours. The Bengal model is to provide power free or with heavy subsidies – with the people getting more power cuts rather than power. Unfortunately, the Bengal model has become the norm all over India. It is the Gujarat model, whatever its shortcomings, that offers a different paradigm and different set of possibilities.

The battle between Nehruvian socialism and Rajaji's self-restrained market economy has just been joined. It is a tectonic shift and it need not be trivialised by looking only at growth numbers or indicators based on one's ideological preferences. The fact is Nehru's vision has failed completely and it is Rajaji's that needs to be given a chance now. The Gujarat model is an antidote to the flawed Bengal model. □□

*The author is professor of finance at IIM, Bangalore. The views are personal.*

## Mamata Model: Paranoia and vote-bank politics



*There is indeed a Bengal Model but it is one which negates generational aspiration, generates animus, thrives on bloodletting and political vendetta, reiterates outdated ideas of vote bank politics, is shorn of any vision or roadmap for reconstruction and is fast depleting the levels of a legitimate tolerance, says*  
**Dr Anirban Ganguly.**



A veteran leader of the Trinamool Congress once confessed to me in a rare moment of candour – perhaps induced by the salubrious mountain air while driving up a particular range of hills in the northeast – that it was extremely tedious for any sensible leader to stick long to Mamata Banerjee’s brand of politics.

“You know,” he said with a tinge of regret and resignation, “there is hardly any thinking; there is hardly any cerebral effort, hardly any recognition or respect in her company.” The leader revealed that he was sticking to the eccentricities of the maverick leader because that was the only way he could survive in West Bengal politics, especially from the district he came from.

I shall not reveal his name, as that would badly stymie, whatever chance he has to win the current elections, and would make him vulnerable to a barrage of Didi’s choicest expletives and to being sidelined in the party.

Dinesh Trivedi, Mani Shankar Aiyar — who had once held aloft with flourish the Trinamool flag as a founding member, Pankaj Banerjee — the now disappeared but once firebrand leader of opposition in Bengal, P A Sangma — bruised from his experiment with the Nationalist Trinamool Congress, the late Ajit Kumar Panja — had he been alive, and some of Mamata’s current crop of colleagues, especially in the cabinet, would all vouch for what I have revealed.

The politics that Mamata perpetuates and promotes is essentially the expressions of a mind which is obsessively paranoid and only survives on confrontation, delusions of grandeur, threats of elimination and through the appeasement of a particular religious community. So acute is Mamata’s suffering from delusions of grandeur that about two months back she had started talking of “a pre-paid federal front” which would form the next government at the Centre with her as the queen-bee. The spectre of 50,000 odd empty chairs at the Ramlila Ground and her trusted lieutenants singing nostalgic Bollywood tunes to fluttering Trinamool flags, has, it seems, interrupted those hallucinations.

Her negative attributes may have won for Mamata her battle with the Left-front but in Bengal today, with a steep rise in the aspiration and demand for the politics of positive fulfilment, Mamata appears to be out of depth and her role seems to have been limited to being the catalyst that threw out the oppressive three decade's Left rule. Today she comes across as being truly incapable of reinventing herself to respond to new aspirations of the people of Bengal.

What Mamata has done is to replicate the Left's brand of negative politics by adding to it her own distinctly unbalanced approach to issues and situation. While the Left appeased and ghettoised the minorities of Bengal, Mamata has ensured that she thrives by keeping them further ghettoised. While the aspirational sections among the minorities look towards a forward movement, "Didi" is satisfied by handing out doles and by controlling them for her political ends. What has actually happened in Bengal in the last three years is that the entire "lumpen-proletariat" lot that the "bhadralok" Communists had nurtured and abetted over the years have now switched allegiance to "Didi".

The situation thus, for the common man, who had voted for an epochal change by booting the Left front out, remains much the same. Quotidian life in Mamata's Bengal remains plagued by instability, lawlessness, belligerence, intimidation, violence spilling out of intra-party feuds and the proverbial demand for "*chanda*" (*hafia*) from the party affiliated local club just because you have slogged and have done well in life! *Poriborton* in Bengal is a false one, an illusion

of *poriborton* that has done the ordinary voter no good.

The only effect of this false *poriborton* has been the open expression of appeasement politics. The border villages in Bengal are unsafe and women cower in fear because hoodlums of local cattle-trafficking gangs have a free run under protection of political groups. While the Left changed the demographic pattern of the state by encouraging infiltration in order to create a captive vote-bank, Mamata has allowed the issue to build up by giving a free run to groups that encourage and protect infiltrators. So great is the fascination of some Trinamool leaders with radical Islam, that it led a few of them to provide shelter to some of the most rabid elements of the Jamaat who fled Bangladesh. Rediff.com brought notice to this disturbing fact early this year and yet Mamata managed to erase the issue with her hectoring on secularism.

Imams openly dictate policy and guide 'Didi'. The moment the Imam of the Tipu Sultan Masjid, the voluble Barkati – who had earlier threatened Mamata with rejection if she did not fulfil the community's agenda – directed Mamata to be "critical of Narendra Modi" just the way Rahul Gandhi is, she jumped into the fray with renewed vigour and a replenished stock of expletives against the BJP leader and his party. Interestingly it is the same Imam who revels in always telling his listeners "you must understand who ruled Hindustan for 1,000 years."

Similarly when the general secretary of a fringe group, the All Bengal Minority Youth Federation ordered the chief minister to not

meet the US envoy, Mamata, succumbing to the dictate backed out. While Mamata talks of not supporting a "riotous government" and lectures on secularism and harmony, her own turf of Bengal saw communal clashes rise to an all time high in 2013 and stood at 106 from 12 in 2008 and 2009. Hundreds of communal clashes have taken place over three years in rural Bengal under "Didi's" stewardship with groups trying to snatch away temple land, ancestral properties and especially targeting women. And true to her intolerant nature, Mamata regularly lets loose her state machinery against those who try to resist or highlight these atrocities committed under her watch.

Mamata has emerged, not as the pan-Bengal leader that the people yearned for, but as a rather maverick and myopic manager who tries to keep her flock afloat simply by lecturing, cajoling and threatening — staging a series of dramas. Devoid of any defining vision or direction, West Bengal under Mamata Banerjee is fast turning into a political cesspool.

When an "articulate" Trinamool leader talked of the "Bengal Model", he had probably not taken into account the reality as it was — yes, there *is* indeed a Bengal Model but it is one which negates generational aspiration, generates animus, thrives on bloodletting and political vendetta, reiterates outdated ideas of vote bank politics, is shorn of any vision or roadmap for reconstruction and is fast depleting the levels of a legitimate tolerance.

Such a model is not for India nor is it for Bengal! □□

Dr Anirban Ganguly is director, Dr Syama Prasad Mookerjee Research Foundation, New Delhi.  
(courtesy Rediff.com)



### Seminar on Economic Development for Employment Generation and Social Empowerment

A Seminar was organised by the Kolkatta Mahanagar unit of SJM on 6th April 2014 on the subject "Economic Development for Employment Generation & Social Empowerment".

SRI Arun Ojha ji, National Convener was the main speaker. He spoke on the swadeshi economic vision and requirement for Sustainable Development. It is this Swadeshi vision, which ensures holistic all round development of every Bharatiya and reasonable provision of food, shelter and clothes, he added. The development ensures the development of life & livelihood. We should keep ourselves away from exploitation of nature and we should ensure equal distribution of resources.

Dr. DP Agarwal (National co convener SJM) also expressed his views. He spoke about present trade deficit and sector wise economic scenario and need for planning. Debasis Chaowdhuri who presided over spoke about the need for the implementation of sustainable development and trade improvement . It is a need of time to disseminate awareness of nationalist economic vision. The programme was attended by 75 odd participants from students, lawyers, CAs , service holders, Business person, NGO activists etc. □

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### SJM Solan meets in Parwanoo

District unit of Swadeshi Jagran Manch of Solan (H.P.) held a meeting under the chairmanship of convener Sh. Bhagwan Singh Thakur on 16th of April 2014. Sh. Satish Kumar (Sangathak, Rajasthan & North Zone) was the chief guest. Sh. Satish kumar ji stressed the need to adopt Swadeshi ideology in day to day life. It is essential to protect civilizational ethos and also for warding off security threats to the country. Expressing concern over the increasing influence of western culture on the youth of the country, Satish Kumar said that in the globalized world western influence is visibly and adversely affecting our dressing pattern and eating habits thereby inflicting serious blow to our own traditions. Urging youth to think over it, he further added that MNCs have almost overtaken our economic activity. MNCs are repatriating huge amount as profits while Indian companies are closing down. Small and medium scale industry is worst hit. He made passionate appeal to use Swadeshi products in daily life to ensure that profits made by companies remains within the country.

Sh. Satish Kumar asked Indian women to step up their efforts to impart proper sanskars to their children. He also stressed the need to ensure 100 percent voting in elections. Preeminent people present on the occasion include Sh. Dhani Ram Verma, Sh. Rajan Thakur, Sh. Pawan Rao, Sh. Rajkumar Ghai, Sh. Babu Lal Goel, Sh. Pramod Sharma, Sh. Ketan Patel etc. □

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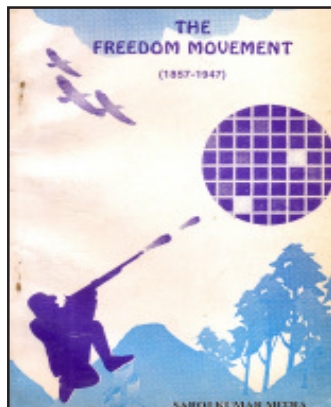
### Appointment of Ila Patnaik Violation of ethics

Swadeshi Jagaran Manch in a letter to The Chief Election Commissioner of India has lodged a complaint against the Appointment of Prof. Ila Patnaik as Chief Economic Adviser, Ministry of Finance by Government of India. Dr. Ashwani Mahajan, All India Co-convener, SJM in his letter to the commission wrote, "You will appreciate that after the announcement of General Elections this is contrary to code of ethics to make any appointment in the government, especially at such a higher position. The decision also violates code of conduct as the appointment to the coveted post is clearly with a questionable intention to influence policy as well as the election outcome. The post of Principal Economic Advisor, it may be remembered had been vacant since November 2013, including the most important phase when union budget was being prepared." The letter further read "Swadeshi Jagran Manch is of the firm belief that the new government has the legitimate right to make appointment of the chief economic adviser, to guide its policies. Present government has been taken some major steps, while election process of electing new government is going on. It is also important to note that the present government is taking decision inspite of being opposed by majority of the people and other political organisations.

Swadeshi Jagran Manch feels that appointment of Ms. Ila Patnaik by the present government is an attempt to influence the direction of policy making by the new governments. SJM urged upon the commission to restrain the government from acting arbitrarily and issue directions to rescind the decisions already taken. □

## The freedom movement

(A brief history) - (Excerpts from)



The economic and social condition of England before the arrival of Englishman in India in search of trade reveal the national character of Englishman. The Queen of England used to welcome pirates. England was a poor country with people half-starved, illiterate and ill clad. The crime rate was so high that public-hanging on the bridge over Thames was conducted while Jails could not accommodate the rush of prisoners. The Bank of

England was a loosing concern.

Between 1747 to 1757 East India Company paid 462,423 pounds of Gold to India for importing cotton, silk, cloth, spices etc. at an exchange rate of 2.8sh pounds against one Rupee.

In 1757 due to the treachery of his army Chief Mirjafar, the Nawab of Mursidabad, Sirajudaulah was defeated at the battle of Palassey and East India Company officially got pounds 5595598 and unofficially looted whole of Bengal to make Bank of England 20 times richer and put England in the era of industrial revolution in 1760.

The Missionaries described Indians as four headed animals descended in India while the English Merchants started importing cotton from India to manufacture cloth and again sell these in India to make double profit. How through a foreign product one country became

to richest one in the world and succeeded to destroy the self-respect of Indians through its social, political and economic theories developed on the foundation of exploitation of others, and achieved universal respectability even among men like G.K. Gokhale to the present day intellectuals of India was the story most thrilling, revelations of which would crumble the foundational sources of a lot of Indians called sociologists, economists, academicians, jurists and finally the politicians. □

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In London the crazy old bridge over the Thames was decorated with grinning and moldering heads of criminals under an idea that these ghastly spectacles would 45 the common people in their resolve to act according to law.
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James Mills with notes of H.H. Wilson associated with Royal Asiatic Society, Calcutta.  
‘The Mills of Paisley and Manchester would have been stopped in there outset and could scarcely have been again set in motion even by the power of steam. They were created by the sacrifice of Indian manufacturers.’
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## SJM Meet in Delhi

Meeting of the Delhi state team of Swadeshi Jagran Manch was held in Central Office of SJM at Ramakrishnapuram on 26th April 2014. Team discussed various issues including those related to the organisational expansion. It was decided that meeting of the entire State Unit will be held on May 10, 2014.

State conference of Delhi will be organise on 8th June 2014.

Rashtriya Vichar Varga being held in Solan (H.P.) was also discussed. Its preparation and participation was reviewed.

Team Delhi also decided to launch a campaign to enroll new members for Swadeshi Patrika, the monthly magazine of the Manch, in the month of July 2014. An exhibition on Swadeshi will also be prepared, the team decided. □□

**SWADESHI PATRIKA**  
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[Conitnued from page no. 21]

## Rethinking the Nuclear ....

atorium on nuclear testing deserves to be revised and then a cautious negotiation by India with other nations of the world, particularly the NSG countries, to define for India the zero yield nuclear testing limit. It is hard to accept that while scientists in US, UK, Russia or France would require different and much higher zero-yield limits for conducting their nuclear explosions to verify their computer simulation data, Indian scientists are restricted to managing with one fourth of

the lowest of them! Some where there seems to be a lack of understanding between the policy makers and the nuclear scientists/technologists in India. Such negotiations would not only safely sail India into an equitable nuclear testing regime for establishing a deterrent nuclear arsenal with a credible second strike capacity but also achieve it without inviting the ire of other nations. □□

*The author is a retired scientist from Bhabha Atomic Research Centre and presently a practicing lawyer.*

## Novartis buys Glaxo's cancer Arm

Novartis will focus more on cancer, GlaxoSmithKline on vaccines and Eli Lilly & Co on animal health as the drug makers announced a series of deals for a total of as much as \$28.5 billion. The transactions, as well as a plan to form a consumer health joint venture with Glaxo, are part of an overhaul of the pharmaceutical industry spurred by the loss of sales as best-selling medicines lose patent protection. Pfizer, the world's biggest drug maker, sold its infant nutrition business to Nestle for \$11.9 billion in 2012, and then last year spun off its animal health unit.

Novartis agreed to buy cancer drugs for as much as \$16 billion while selling most of the company's vaccines division to Glaxo for \$7.1 billion and its animal health unit to Lilly for \$5.4 billion. It's the biggest shakeup of Basel, Switzerland-based Novartis since CEO Joe Jimenez took over in February 2010. The vaccines purchase is the largest for Glaxo since Andrew Witty became CEO in 2008. Lilly will become the second-largest animal health company by sales.

Glaxo and Novartis's consumer-health venture will have nearly \$11 billion in revenue, Glaxo said. The UK company will have majority control, with an equity interest of 63.5%. □

## Not naming foreign account holders is contempt

The Supreme Court has said the Centre had committed "gross contempt of court" by not complying with its three-year-old judgment directing disclosure of names of Indian account holders in a Liechtenstein bank given to it by Germany. A bench of Justice HL Dattu, Justice Ranjana P Desai and Justice Madan B Lokur told solicitor general (SG) Mohan Parasaran, "We gave the judgment on July 4, 2011. Almost three years later, we find you have not complied with the orders to divulge the details of Liechtenstein bank account holders' names to the petitioner. This is nothing but gross contempt of this court's directions." It gave the government time till Tuesday to spell its stand on the issue.

Parasaran argued that the court had directed setting up of a special investigation team (SIT) headed by Justice BP Jeevan Reddy with Justice M B Shah, both retired judges of the apex court, as his deputy. Since Reddy had expressed inability to head the committee, the SIT had not been set up, he said. Without the SIT going into the details received from Germany about Indians stashing their ill-gotten money in the Liechtenstein bank, their names could not have been divulged, Parasaran said.

## SC forms panel for guidelines on govt ads

The Supreme Court set up a committee for framing guidelines to prevent misuse of public funds by the government and its authorities in giving advertisements in newspapers and television to get political mileage. A bench headed by Chief Justice P Sathasivam said that substantive guidelines are needed to regulate such advertisements at the cost of public exchequer and constituted a four-member committee comprising former Director of National Judicial Academy, Bhopal, N R Madhava Menon, former Lok Sabha Secretary T K Viswanathan, senior advocate Ranjit Kumar and Secretary of Information and Broadcasting Ministry. The apex court asked the committee to submit its report within three weeks. The court passed the order on a PIL filed by NGOs, Common Cause and Centre for Public Interest Litigation (CPIL) pleading it to frame guidelines. The petition has sought issuance of guidelines for curbing ruling parties from taking political mileage by projecting their leaders in official advertisements.

## Vietnam proposes to restrict imports of Indian drugs

Vietnam is the latest country to hit back at Indian pharma companies, proposing to restrict the import of certain drugs. Vietnam's move is seen as the latest setback, after the US authorities cracked down against Indian giants such as Ranbaxy. While the European Union attacked Indian generic medicines by terming them fakes, the campaign has also caught fancy in African countries.

A government official played down the concerns, saying that these were restrictions that the Indian government was studying. "We have received a list and we are studying it. We will be ready with our stance in a few days," a senior official told TOI. Media reports suggested that Vietnamese authorities had decided to impose a ban on imports from over 40 Indian companies due to poor safety standards. Indian phar-



ma exports to Vietnam were estimated at \$140 million in 2012-13, and were near \$110 million during April-December 2013-14.

### Prof Deepak Srivastava delivers a talk at UN

Prof Deepak K. Srivastava, a professor of International Business Institute of Management, Nirma University, delivered a talk at Headquarter of United Nations, New York on 10 Apr 2014. Prof Deepak K. Sriavastava is on leave from Nirma University is working as professor of International Business, at School of Business, Tec De Monterrey University, Mexico, one of the top B- Schools in the world. His subject was role of digital innovation in fighting poverty and promoting development. He talked about efforts of Gujarat government in digital innovation, emphasizing why development model of Gujarat was necessary for India.

Gujarat, he said, has received a number of national and international awards in last decade for digital innovation in Governance. Recently, Gujarat has been adjudged as a winner of State of the Year SKOCH Awards 2013 for best practices in e-governance. The major projects of Gujarat Government are E Procurement, Integrated Workflow and Document Management System, E-City, e-Dhara, E-Gram – Vishvagram, State Wide Attention on Grievances through Application of Technology (SWAGAT Online), Gujarat State Wide Area Network (GSWAN), Sachivalya Integrated Communication Network, (SICN), Gujarat State Data Centre and e-readiness Initiatives. Various departments of Gujarat government including Surat Municipal Corporation, iNDEXTb, e-dhara, Gujarat Informatics Limited and department for home received awards in different categories. Gujarat Government has taken many initiatives in areas such as water management, disaster management, health care, education, women empowerment, rural development, industrial development, investment promotion.

### US, China dumping hits Solar gear makers

Amid ongoing trade battle with the US over domestic content clause in solar projects, manufacturers of PV (photo-voltaic) panels have said they were losing Rs 1,000 crore worth of business annually and suffering job losses due to dumping by US, China, Taiwan and Malaysia. Indian Solar Manufacturers' Association, the apex industry body representing 25 companies have demanded 30-35% anti-dumping duty on imports from these countries "at ridiculously low prices" in violation of international fair trade regulations.

The government recently said solar projects must use at least 15% of locally manufactured equipment, stoking US trade ire. US and EU too insist on domestic equipment and recently imposed anti-dumping duty on Chinese panels. In January 2013, the commerce ministry issued a gazette notification for launch of anti-dumping investigations on imports from these countries. ISMA also debunked criticism from project developers over quality of Indian-made panels. The association said Indian solar cells and modules are compliant with German-certified IEC specs and calibrated in German laboratories. □□

## EPFO to allot permanent A/c No to active subscribers by 15th Oct

Retirement fund body EPFO will provide permanent or universal account numbers (UAN) on the pattern of core banking services to its over five crore active subscribers by 15th October this year. Under core banking services, a customer can avail the bank services in any of its branch through his allotted unique account number. The UAN will facilitate subscribers in avoiding filing of PF transfer claims on changing jobs. "UAN will be allotted to the present active members by Oct. 15, 2014 and thereafter the coverage of other members will be taken up," the Employees' Provident Fund Organisation's (EPFO) action plan for this fiscal stated. After getting UAN, a subscriber would not be issued new PF account number on joining new firm. It is expected to provide great relief to those workers in organised sector who frequently change jobs, particularly, in construction sector.

The UAN would be one account number which would be allotted to a subscriber for various schemes run by the EPFO for his entire service period with different employers. The EPFO has engaged C-DAC for preparing a roadmap for implementing the UAN programme for its subscribers. According to EPFO officials, the UAN will help reduce the workload of the EPFO to a great extent as it receives over 12 lakh claims annually for transfer of PF account on changing of jobs by its subscribers. EPFO has settled over 1.21 crore PF claims including PF withdrawal and transfer this fiscal including around 12 lakh PF transfer claims. □

### Dubai faces 500,000 construction workers' shortage

With the real estate sector in the Gulf Arab emirate Dubai showing no let-up in expanding, the construction sector is all set to witness a shortage of 500,000 workers by 2015, a media report said.

According to a survey initiated by the Dubai international academic city (DIAC) and conducted by consultancy Deloitte, construction firms and developers face a shortfall of 500,000 workers across all career levels and divisions as massive public and private projects fuel an unprecedented real estate boom in the sheikhdom, reported Xinhua citing the Gulf News daily.

The study showed that building and construction project management skills are most lacking among senior levels, according to 43 per cent of the companies surveyed.

Likewise, 54 per cent of the companies believe that design engineering skills are lacking among mid-level professionals, followed by civil engineering skills, said the report. □

### Indians top foreign investors list in real estate in Dubai

Indians have topped the list of foreign investors in real estate in Dubai, pumping in USD 1.6 billion during the first quarter of 2014. According to a government agency, Dubai Land Department (DLD), 111 nationalities secured property deals in the first quarter of 2014. Indians were at the top spot for international investment, both in terms of the number of investors (2,414) and the amount of expenditure (USD 1.6 billion or 5.895 billion dirhams), according to the data.

British ranked the second, making 3.145 billion dirhams worth of investments, followed by Pakistanis with investments totalling 2.410 billion dirhams. Emiratis were ranked as the highest among all investors in terms of the value of investments, said Sultan Butti Bin Mejren, director general of DLD.

### Rajat Gupta ordered to begin prison term in June

India-born former Goldman Sachs director Rajat Gupta, who had lost his appeal to overturn his conviction on insider trading charges, has been ordered to surrender and begin his two-year prison sentence in June.

On March 25, a US court upheld the 2012 conviction of 65-year-old Gupta on insider trading charges for supplying confidential information to jailed hedge fund boss Raj Rajaratnam. The Harvard-educated Gupta had suffered a major setback a district denied his bid for a new trial, ruling that there was no merit in Gupta's appeal.

### China's growth slows to 24-year low of 7.4%

China's economic growth slowed to a 24-year low of 7.4 percent in the first quarter, raising the risk of job losses and a potential impact on its trading partners. The figure reported by the government was down from the previous quarter's 7.7 percent. It came in below the full-year official growth target of 7.5 percent announced last month.

Beijing is trying to guide China to slower, more sustainable growth based on domestic consumption rather than trade and investment following a decade of explosive expansion. Growth in retail sales, factory output and investment also slowed, raising the possibility of politically dangerous job losses.

Chinese leaders have signaled they are willing to tolerate growth below the official target so long as the economy keeps creating enough jobs to avoid potential unrest. In a sign of concern about employment, they launched a mini-stimulus in March of higher spending on construction of railways, low-cost housing and other public works.

### Wal-Mart jumps into money transfer business

Wal-Mart is offering another incentive to its customers to spend more time at its stores. The world's largest retailer introduced a new money transfer service that it says will cut fees by up to 50 per cent compared with similar services elsewhere. The Walmart-2-Walmart service is being rolled out in partnership with Ria Money Transfer, a subsidiary of Euronet Worldwide Inc. Shares of MoneyGram and Western Union plunged almost immediately today after the announcement. The service, which will be available starting April 24, allows its customers to transfer up to \$900 to and from more than 4,000 Wal-Mart stores in the US. It's a huge footprint that could reshape that in-

dustry and is likely to set off a pricing battle. Customers can transfer up to \$50 for a \$4.50 service fee and up to \$900 for \$9.50.

### **Sherpas leave MT everest; climbing season in Disarray**

Dozens of Sherpa guides packed up their tents and left Mount Everest's base camp after the avalanche deaths of 16 of their colleagues exposed an undercurrent of resentment by Sherpas over their pay, treatment and benefits. With the entire climbing season increasingly thrown into doubt, the Government quickly announced that top tourism officials would fly to base camp to negotiate with the Sherpas and encourage them to return to work. But while Nepal's Government has been heavily criticised for not doing enough for the Sherpas in the wake of the disaster, the deadliest ever on the mountain, one top official blamed the walkout on "hooligans." "It was crowd behavior, some hooligans were creating problems, but things are getting back to normal," said Sushil Ghimire, secretary of Nepal's Tourism Ministry. He and other top officials were to fly by helicopter on Thursday to base camp.

While it was unclear just how many of the 400 or so Sherpas on the mountain had joined the walkout, a number of expedition companies have already canceled their climbs, and the lucrative climbing season is in disarray. Most attempts to reach Everest's summit are made in mid-May, when a brief window normally offers better weather. Without the help of the Sherpas, who are key guides and also haul tons of gear up the mountain, it would be nearly impossible for climbers to scale the mountain.

### **Amazon steps up US Lobbying for Indian FDI**

After supermarket giant Walmart, it is online retail major Amazon which appears to be lobbying hard with the US lawmakers to seek their support for facilitating its "foreign direct investment in India".

According to the latest lobbying disclosure reports filed with the US Senate, Amazon lobbied for the second straight quarter during January-March period of 2014 on issues related to FDI rules in India.

On the other hand, Walmart has halted its India-specific lobbying for the second consecutive quarter. According to the Amazon's lobbying disclosure report for the first quarter of 2014, matters related to "foreign direct investment in India" figure among numerous specific lobbying issues discussed by Amazon Corporate LLC and its registered lobbyists with the US lawmakers. Amazon, which is aggressively expanding its presence in the Indian online retail market, lobbied on issues related to Indian FDI during the October-December quarter of 2013 also, shows the Congressional records of lobby disclosure reports.

The other matters on which Amazon lobbied during the last quarter include issues related to mobile payments, unmanned aerial vehicles, free trade agreements, high-skilled immigration, online wine sales, taxes and cyber security. Amazon is discussing issues related to Indian FDI, among other matters, with the members of the US Senate, the US Trade Representative, the Department of Commerce, the Department of State and the US House of Representatives. □□

### **India wins elections to key UN bodies**

India continued its winning streak in elections to key UN bodies, getting elected to crucial UN organisations, including the International Narcotics Control Board. India's candidate Jagjit Pavadia won the closely-contested election to the International Narcotics Control Board for the 2015-2020 term.

Pavadia, who got 34 votes, was the first woman to be appointed Narcotics Commissioner of India. A total of 15 candidates were in the fray for just five seats. India was also elected, by acclamation, to the Executive Board of the UN Development Programme for the term 2015-2017, Committee on Non-Governmental Organisations for the term 2015-2018 and Commission of Science and Technology for Development for the term 2015-2018.

India's candidate Chandrashekhara Dasgupta got re-elected to Committee on Economic, Social and Cultural Rights for the term 2015-2017. The various elections were held to fill vacancies in subsidiary bodies of the 54-member UN Economic and Social Council. Pavadia is a highly regarded law enforcement officer, who will be able to contribute significantly to the rule of law based activity of the International Narcotics Control Board, the Indian mission here said. □



## Members review FTAs, EU enlargement

The Committee on Regional Trade Agreements, on 8 April 2014, reviewed six regional trade agreements (RTAs) and the enlargement of the European Union to 28 member states with the accession of Croatia. The Committee concluded the oral discussion on the following RTAs, based on factual presentations prepared by the WTO Secretariat: Chile-Malaysia Free Trade Agreement; Canada-Jordan Free Trade Agreement; Canada-Panama Free Trade Agreement; Korea-Turkey Free Trade Agreement; Central America (Honduras, Nicaragua and Guatemala)-Panama Free Trade Agreement; and European Union-Bosnia and Herzegovina Free Trade Agreement.

The Committee also reviewed the enlargement of the European Union to 28 member states with the accession of Croatia.

## World Trade to grow modestly in 2014

WTO has projected that the world trade will grow by 4.7 percent in 2014. It also projected that the growth in 2015 will slightly be faster at 5.3 percent, which is 20 year average growth rate. The growth percent of 2014 is more than double of what was achieved in 2013 (2.2 percent). In 2013, the trade growth rate was slow due to a combination of flat import demand in developed economies and moderate import growth in developing economies. On the export side, both developed and developing economies only managed to record small, positive increase.

In 2013, Asia recorded the fastest GDP growth at 4.2 percent, which was almost equal to growth in the previous two years. It was followed by Africa (3.8 percent), Middle East (3.0 percent), South and Central America (also 3.0 percent), the Commonwealth of Independent States (2.0 percent), North America (1.8 percent) and Europe (0.3 percent). Imports are growing faster in Asia (4.4 percent) followed by the Middle East, Africa, North America and Europe. China's purchases from abroad jumped nearly 10 percent. India suffered a sharp drop of 2.9 percent in its imports due to its economic slowdown. The exports of India fall short of the targets of 325 billion dollars in 2013-14 and touched 312 billion dollars.

## Sugar export sops will continue

India will continue its export subsidies for sugar announced earlier this year, despite calls of a roll-back from countries such as Australia at WTO. India has

said that there was no evidence to suggest that the country's sugar subsidies drive down prices even as countries opposing the decision have claimed that such subsidies distort the global market. In a submission made to the WTO, India has pointed out that last year when the country exported sugar, global prices actually increased. "Our sugar export is too little to make a difference in world prices. In fact, last year when we exported sugar, global prices went up instead of declining," the official said. In a submission to the WTO, India has clearly established that sugar export subsidies announced recently will not distort trade.

At a meeting of the WTO's Committee on Agriculture, Australia, Brazil and the US had expressed concerns that the Rs3,333-a-tonne subsidy on raw sugar exports announced in February would 'seriously distort trade'.

## Implementing of Bali decision for LDCs

The Committee on Rules of Origin, on 10 April 2014, agreed on steps to implement the Decision on Preferential Rules of Origin for the Least Developed Countries (LDCs) adopted at the 9th Ministerial Conference in Bali last December. This decision would ensure that non-reciprocal rules of origin for LDCs are simple, transparent and that they take into account the productive capacities of LDCs. The Committee approved the following proposal made by the chair, Mr Marhijn Visser (the Netherlands), after consultations with delegations:

1. Members should notify any new or modified preferential rules origin affecting imports from LDCs as soon as possible.
2. the Committee will review any new such notifications at its next meeting.
3. the Committee will then compile the information received and take note of the comments made. This will be the basis of the Committee's report to the General Council and the LDCs Sub-Committee.

## China gold demand to rise

China's demand for gold is set to rise by about 20% over the next few years, the World Gold Council has estimated, as the population becomes more wealthy. The council estimates private sector demand for gold in China will rise to at least 1,350 tonnes by 2017. Chinese customers bought 1,132 tonnes of gold last year, in jewellery as well as gold bars and coins for investment. The forecast comes as China becomes the world's largest gold-consuming nation since last year, overtaking India. □□