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Defining Boundaries

The Geospatial Information Regulation Bill is a welcome move. According to the draft released by MHA, henceforth, it will be mandatory to take permission from a government authority before acquiring, disseminating, publishing or distributing any geospatial information of India. Even though the Bill is only in the draft stage and has been opened up for suggestions, it is important to understand its salient features. In simple terms, any addition or creation of anything that has to do with any geospatial information - or location - within the territory of India will need the permission of the government or, in this case, a Security Vetting Authority. Illegal dissemination, publication or distribution of geospatial information of India - Whoever disseminates, publishes or distributes any geospatial information of India in contravention of section 4, shall be punished with a fine ranging from Rs. 10 lakhs to Rs. 100 crore and/or imprisonment for a period up to seven years.

It had become a practice of the corporates to wrongly depict India's borders, with the alibi that it was the only accessible version of India available on Internet. The younger Net-savvy generation too was becoming used to the curtailed idea of the map and India as such. In particular Indian territory under illegal occupation of Pakistan known as POK was being depicting wrongly almost always. Same with the NE area like Arunachal Pradesh. This Bill will go a long way to create the right atmosphere and awareness and will ultimately help the national resolve to bring Pakistan-occupied Kashmir back into the Indian fold a reality.

– Pawan Razdan, *New Delhi*

Racism is Unacceptable

Racial violence in Delhi against African students is in news again. It is not only painful but unacceptable in any civilised society. It hence needs to be stopped at any cost. It is heartbreaking to listen comment like "racism is entrenched in the hearts of Indians". The recent killing of an African student in Delhi has washed away almost all the efforts our political leaders have been making to promote further good relations with Africa. It's high time we start seeing everyone with the lens of humanity, because colour isn't the way to distinguish between people.

– Sanjay Aggarwal, *Asbok Vihar, Gurgaon*

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Quote-Unquote



I wish that all the rivers in India be developed like Sabarmati River. Modi has paid true tributes to Gandhiji through this project.

LK Advani
BJP Veteran



In general, people are angry with Nigerians and not other foreigners. I feel they (Nigerians) have a different attitude.

Laxmikant Parsekar
Chief Minister, Goa



Terrorism doesn't fit into the conventional paradigm of threats to peace and security. Yet, it affects us all, across continents.

Syed Akbaruddin
India's UN envoy



We have noticed an increase in capability and force posture by the Chinese military in areas close to the border with India.

Abraham Denmark
US Official



Pakistan will raise its voice at international level against this (India's supersonic interception missile test) development.

Sartaj Aziz, Pakistan PM Advisor

New IPR Policy

The Enduring Apprehensions

Approval of the National Intellectual Property Rights (IPR) Policy by Union Cabinet is a significant development. With this approval the future roadmap for intellectual property regime in India is laid down at least for now. Cabinet endorsement announced by Finance Minister who termed it as an important step and underlined an important facet of the new policy saying "till 2017 it will take only one month to register a trademark". Much importance need not be accorded to symbolism, yet it can't be discounted altogether. Generally, a parable has entirely different meaning sometimes much deeper and more significant than what is stated directly. FM making this critical pronouncement with thrust on effective processing of applications did not miss the vital import. Pressure on India to ease up further on its patent laws is nothing new. US administration has for long been using strong arm tactics to force government of India to change its IP regime primarily to serve the interests of MNCs. MNCs have never been comfortable with India using WTO compliant flexibilities available within the TRIPS Agreement. Observers attribute creation of elevated Indo-US working group on IP issues to the outside pressure. The extent of compulsion to address so called concerns of lobbies was further visible in several controversial steps taken by DIPP & Patent office. The new IP policy, experts feel, is an attempt to embark upon an era where this discernible external intrusion is tackled with minimum possible unpleasant consequences. Intent is manifest in vision statement along with mission statement and the seven objectives forming operational part of the policy. The policy pleads the need for a "balanced approach" towards IP and the need to protect public interest. Terming it necessary "to have strong and effective IPR laws, the policy has unequivocally projected Intellectual Property as a potential development tool. In doing so the policy is not providing any in depth analysis of the role of IP in addressing the development needs of India. No information is shared about any study conducted to identify India's experiences after the implementation of the TRIPS regime. This should have been a pre-requisite to any policy decision. The considered opinion of experienced observers is that in practice the IP system has no verified contribution to growth and actually hinders competition and more than often plays a negative role in innovation. It is established that more patents mean more monopoly. The IPR policy in its mission statement stresses necessity of a dynamic, vibrant and balanced IPR system in India to focus on enhancing access to healthcare, food security and environmental protection. It has remained silent on the country's track record in achieving self-sufficiency in food production and growth of pharma sector without so called patent protection. There is no consideration of the fact that the suggested changes are going to negatively affect health care commitment of the government. Availability of medicines for patients not only in India but across the globe is also going to take a hit. As we have been pleading in these columns the basic assumption that intellectual property based innovation is the model without any adverse implication for socio-economic development is under question. But the government seems to be thinking otherwise. Experts of the subject have been quick to point out that by proposing a maximalist approach towards intellectual property rights, the new IPR policy announced by the government is not tailored for India's socio-economic requirements.

Developed west from the very beginning has been forcing a discriminatory and biased trade regime on rest of the world. Inclusion of of IP rights as part of the Uruguay Round of international trade negotiations that resulted in the conclusion of the TRIPS Agreement was its long term strategy maintain its undemocratic and exploitative hegemony on global resources to continually take home fraudulent revenue from any invention at any point of time. Western corporate world is disturbed by the use of flexibilities like compulsory licensing offered as carrot at the time of TRIPS agreement. Now they are using every available trick to deny these to the rest of the world. Irrespective of the assurances provided on the need for a balanced approach and for upholding public interest, the new IPR bears the danger of further increasing the pressure instead of minimising it. People of India need to be watchful on this front.



Shrinking Exports and Growing Deficit with China



One after the other industry sectors in India is getting destabilized due to dumping of cheap goods by China and Several sectors have been badly suffering due to import surge from that country, finds Prof. Bhagwati Prakash Sharma

India's exports have been continuously contracting since last 17 months and the goods exports from India have shrunk 6.74 percent on a year on year basis to \$20.5 billion in April, 2016, posting a seventeenth consecutive month of fall. Fortunately the trade deficit has also narrowed to a 5 year low of \$4.84 billion in April, 2016 on account of a sharp decline in imports by 23.1% to \$25.4 billion in April. In the month of March 2016 as well, the country's exports have registered a decline of 5.5% over the previous month. The cumulative value of exports for the period April-March 2015-16 too has therefore come down to US\$ 261.13 billion (Rs.17,08,841.43 crore) as against US\$ 310.33 billion (Rs.18,96,348.40 crore) in April-March 2014-15, registering a negative growth of 15.85 per cent in Dollar terms and 9.89 per cent in Rupee terms.

Decline is more pronounced in case of India

The trend of falling exports is though in tandem with other major world economies. The growth in exports have fallen for USA by 10.81 percent, European Union by 7.40 percent, China by 11.37 percent and Japan by 12.85 percent for January 2016 over the corresponding period previous year as per WTO statistics. So, it is a matter of serious concern that vis a vis the US, EU, China and Japan the decline in India's exports is more pronounced. To the contrary, the Chinese exports have rather begun to experience a growth which has been 18.7 % in March, 2016 vis a vis a decline of 5.5% in case of India. In April 2016 as well,

the exports in Yuan have increased by 4 percent, though in dollars they have reduced by 1.8 percent. Thus, Chinese exports appear to be stabilising.

Widespread Decline

Decline is visible across the exports, imports and the overall trade deficit, including goods as well as services. Among the products, it is widespread into a wide variety of products from pharma to automobiles. In the automobile products, it is most pronounced and is as high as 15.87%. In case of pharma products exports are further predicted to decline 10-12% annually, for next 5 years, which have grown by 19% in last decade. The non-petroleum exports in April-March 2015-16 too are valued at US\$ 206.39 billion, against US\$ 213.86 billion of 2014-15 with a decline of 3.49 per cent. Non-petroleum exports during April to March 2014-15 too are valued at US\$ 231.95 billion as compared to US\$ 253.54 billion for the corresponding period in 2013-14 with a reduction of 8.52 per cent. Imports of India have a more pronounced decline during the March as well as April, 2016. The imports in April have declined by 23.1% to \$25.4 billion and this decline is across a variety of sectors including gold, petroleum products, machinery and electronic goods as per the data released by the commerce and industry ministry on April 13, 2016. The imports in March were valued at US \$ 27.78 billion, (Rs.1,86,250.88 crore) lower by 21.56 per cent in Dollar terms and 15.82 percent lower in Rupee terms over the level of imports valued at US\$ 35.42 billion (Rs.2,21,251.65 crore) in March, 2015. Cumulative value of



Exports are further predicted to decline 10-12% annually, for next 5 years.

imports for the period April-March 2015-16 was US \$ 379.60 billion (Rs. 24,81,367.22 crore) as against US \$ 448 billion (Rs. 2737086.58 crore) registering a negative growth of 15.28 per cent in Dollar terms and 9.34 per cent in Rupee terms over the same period last year.

Service exports have also been affected in the current year. As per RBI's press release of 13th May, 2016 the trade balance in services (i.e. net export of services) was lower at \$ 4990 million in March, 2016 vis a vis \$5,140 million in February, 2016. As per RBI's Press Release dated 18th April 2016, the trade balance in Services (i.e. net export of Services) for February, 2016 was estimated at US\$ 5140 million. The net export of services for April-March, 2015-16 was estimated at US\$ 69.59 billion, which is lower than net export of services of US\$ 76.58 billion during April-March, 2014-15. (The data for April-March 2015-16 has been derived by adding April-December 2015-16 with month wise QE data of RBI Press Release dated 13th May 2016).

Welcome Decline in Deficit

On account of a much sharp decline in imports against the exports, trade deficit has also declined

to a 5 year record low of \$4.84 billion in April, 2016, from 5.1 billion in March, 2016. While the trade gap for March, 2015 was as high as \$ 11.4 billion and in April 2015, it was 10.99 billion. The trade deficit for April-March, 2015-16 has been estimated at US\$ 118.45 billion which is lower than the deficit of US\$ 137.69 billion during April-March, 2014-15.

The Overall Trade Balance, while taking merchandise and services together, has also come down in 2015-16. The overall trade deficit for April-March, 2015-16 estimated at US\$ 48.869 billion as compared to US\$ 61.10 billion over same period last year, which has fallen by 20.03 percent.

Private Transfers of NRIs are Silver Linings

However, the deficit i.e. the trade and current account deficits are fully bridged by private remittances and the deficit turns into a surplus in the Balance of Payments, after taking into consideration the private transfers of \$ 69 billion. Thus, the NRIs, working abroad have jacked up the forex receipts and converted the the current account deficit into a surplus of \$20 billion and also enhanced the Forex reserve of the country. Yet, something needs to be done, to ramp

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Merchandise Trade of India in April 2015-16 & 2016-17		
Exports & Imports: (Provisional)	APRIL (in US \$ Million)	APRIL (in Rs. Crores)
EXPORTS (including re-exports)		
2015-16	22054.72	138400.44
2016-17	20568.85	136720.11
% Growth 2016-17/2015-16	-6.74	-1.21
IMPORTS		
2015-16	33047.02	207380.63
2016-17	25413.72	168923.71
% Growth 2016-17/2015-16	-23.1	-18.54
TRADE BALANCE		
2015-16	-10992.3	-68980.19
2016-17	-4844.87	-32203.6

Source: Press Information Bureau, Government of India, Ministry of Commerce & Industry on 13th May, 2016.

SERVICES TRADE OF INDIA IN MARCH 2015-16		
Exports & Imports (Services): Provisional	March 2015-16 (in US \$ Million)	March 2015-16 (in Rs. Crores)
EXPORTS (Receipts)	12895	86424.74
IMPORTS (Payments)	7905	52980.81
TRADE BALANCE	4990	33443.93

Source: Press Information Bureau, Government of India, Ministry of Commerce & Industry on 13th May, 2016.

up exports of the country, if the target of doubling the exports, spelled out in the foreign trade policy of 2015-20 has to be attained.

China is Recovering

China has already rebounded its exports by 18.7 % on a year-on-year basis, in the March, 2016, while the Chinese imports have declined 1.7% by March, 2016, generating a trade surplus of 194.6 billion yuan in March, 2016. The export growth in March had been highest for China in last more than a year. India has to take a call from China, especially when India is having the largest trade deficit in its trade with China since last many years. Chinese exports have stabilised in April as there has been a 4.1 percent growth in Yuan terms, though in dollar terms, there is a decline of 1.8%. This dichotomy is due to slight devaluation of its

currency. Contrary to Chinese recovery in March and April, India's exports have declined in both March and April, 2016.

Deficit With 27 Countries

India has a trade deficit with as many as 27 countries including China, Australia, Iraq, Iran during last 3 years. Some other countries with which India have high trade

deficits are Indonesia, Korea, Germany, Canada, Taiwan, Russia and Ukraine as per a reply given by the Commerce and Industry Minister, Nirmala Sitaraman. There are very few countries which have such adverse trade balance with such a vast number of countries.

India needs to take a call on growing trade deficit with China

The growing trade deficit with China is a formidable challenge for India. India has highest trade deficit of \$ 51.9 billion with China, inspite of persistent enemic activities of China, ever since the war of 1962. China is occupying 38,000 sq. km. of India's territory which it captured in Aksai Chin in the 1962 war. Thereafter, China has been regularly committing border incursions very frequently. Presently it has been causing approximately 450 border incursions per year. Moreover, its seige in the Daulat Beg Oldy region 3 years back had been most humiliating for India, after the 1962 war. Recent Chinese veto against India's proposal for declaring Maulana Masood Azhar as an internationally dreaded terrorist has also aimed to humiliate India, as China has no stake against



declaring Maulana Masood Azhar, a Laskar-e-Taiba terrorist, who has also established Jaish-e-Mohammad another terrorist outfit.

Chinese dumping: Threat to several Industries in India

It is also an open fact that one after the other industry sectors in India are getting destabilized due to dumping of cheap goods by China. India has been experiencing the problem of de-industrialization into a number of sectors on account of Chinese dumping. Several industry sectors have been badly suffering due to import surge from China. They include: Tyre, electronics, telecom, electrical equipments, glass, chemicals, Pharmaceuticals, Power sector, Furniture and so on. Import of truck and bus radials (TBR) has surged 2.5 times in last two years and the 90% of the import surge is from China. The number of tyre import per month was 40,000 TBRs per month in 2013-14 has shot upto more than 1,00,000 TBRs per month in 2015-16. Forty percent replacements market in the country has been captured by the Chinese TBRs. The Chinese ty-

Q4 GDP at 7.9%: Is India growing?

India's economy, measured in terms of GDP, has grown 7.6 per cent in 2015-16, the highest in the last five years. The last quarter growth, at 7.9 percent was even impressive, and gives credence to the claims of an economic recovery. Globally, India continues to be the fastest growing large economy.

Two things stand out in the annual GDP numbers and the monthly data on the performance of eight core industries that came out on May 31. The first is the fact that India's GDP growth has not come at the cost of its fiscal deficit targets. The fiscal deficit in 2015-16, at 3.9% of GDP, is a significant improvement over 4.1% and 4.7% in 2014-15 and 2013-14 respectively. The core sector data shows that production in some of the key infrastructure sectors grew 8.5% in April 2016. The acceleration is estimated to be the fastest in the last 17 months. The core sector growth was driven by 17.9 % rise in refinery output, 14.7% increase in electricity generation, a 7.8% rise in fertilizer production and improved output from the steel and cement sector.

Is India growing the way these numbers suggest? The doubt arises from the fact that there still are several macroeconomic indicators that suggest not so robust growth.

The Index of Industrial Production (IIP), in which the eight core sector industries which showed 8.5% growth in April, has 38% weightage, does not show impressive growth. The continued contraction of exports - 17 months in a row - is one reason for this weak show. Private investments are yet to take off. Bank credit growth is not at all encouraging. Rural demand is another.

The current year will be crucial for the NDA government as it may not have the benefit of low oil prices to reign in the country's fiscal deficit. But, a good monsoon, a bumper crop, and resulting bonanza for farmers will see increase in domestic income, domestic consumption and demand. Private investments should follow. □



res have no warranty. To counter the cheap Chinese tyres, local tyre makers have also been introducing cheap tyres without warranty to counter the avalanche of cheap tyre dumping by China. It is most dangerous and unfortunate that the road-accident fatalities are worst in India and warranty-less tyres would play the havoc. Consequent surge in road accidents would result in huge loss of people and property leading to huge insurance claims, hospitalisation costs and surge in the number of orphans due to overshooting of road accidents arising out of war-



Trickle-down stories of ill consequences of cheap Chinese imports are legion.

ranty-less cheap tyres. Such trickle-down stories of ill consequences of cheap Chinese imports are legion. Moreover the multinational TBR manufacturers are taking the lead in introducing warranty-less tyres in India.

In the wake of competition in Personal Computers(PCs) and computer hardware from imported brands, the Indian players like WIPRO and ZENITH have been wiped out. Today Lenovo, the Chinese brand of PC has the largest 25% market share in India (Q4-2015).

The latest victim is the solar power equipment manufacturing sector of the country. Today 80% of solar panels and roof top solar systems are coming from China. This has been causing rapid industrial closers in the country into this sector. Even US has to impose anti-dumping duties on Chinese import up to 238% of their cost to keep the US solar power sector

surviving against Chinese dumping. So, India too has to take care of a variety of sectors against the Chinese dumping, including the goods being produced in MSME sector. There are several product categories, where the Indian manufacturing has been completely wiped out and the complete manufacturing eco-system, including its supply chain has been wiped out to rule-out any revival of such industries in immediate future.

The Commerce and Industry Minister Nirmala Sitharaman has also said in a written reply to the Lok Sabha, that "Increasing trade deficit with China can primarily be attributed to the fact that Chinese exports to India rely strongly on manufactured items, meeting the demand of fast-expanding sectors like telecom and power. While India's exports to China are characterized by primary products, raw materials and intermediate products."

She has informed the parliament that India's trade deficit with China stood at USD 51.86 billion, with a bilateral trade of USD 71.22 billion in 2015. According to her, during this period India's exports to China came in at USD 9.68 billion while imports were

USD 61.54 billion. Moreover, in a separate reply, she has also said that Indian MSMEs are facing significant competition from Chinese imports. Especially in respect of 12 major product groups largely manufactured by MSMEs, imports from China grew at a higher rate than respective imports from all other countries combined during 2011-2 to 2014-15," she said coming to the issue of dumping, she has said that so far, there have been 322 anti-dumping cases, of which 177 cases involve China.

Chinese Smart Phones fast taking over the Indian Market

Like most other sectors, the smart phone market in India has also been experiencing an import surge from china. According to the consulting firm 'Country Point Technology Market Research' the number of Chinese smart phone brands available in India, has jumped from 12 in the first quarter of 2013 to 57 in first quarter of 2015 in a span of two years. The market share of Chinese vendors of smart phones too has grown from 15% in the last quarter of 2014 to 22% in 2015. Indeed, the share of China-based smart phone vendors has increased by 7% in a year. While the share of home-grown smart phone vendors of India has declined by 5% and even the share of global vendors too has shrank by 1%. All the Chinese brands viz. Huawei, Lenovo, Moto, Xiaomi, Gionee, One Plus, Vego, Oppo, Meizu, LeeCo, Cool Pad and so on have been making rapid strides in the Indian market.

It is also worrisome that, in spite of having enjoyed a strong position in the first generation of telecom technology, India has dropped itself out of race in har-

COVER STORY

nessing the 2G, 3G & 4G technologies and has now become, foreign dependent in all these categories. Therefore, India needs to develop this sector indigenously, to avert such a foreign dependence. At the time of advent of 2G technology, India had achieved a major breakthrough in developing the coreDECT technology, unique for 2G telecommunication of mobile telephone wherein both voice & data can travel together under this technology. Therefore, it is most imperative at this stage to develop the handsets industry into the country as well as to harness this unique home grown mobile technology and internet technology in India.

Economic Patriotism: Need of the Hour

Moreover, if India has to seriously take care of its trade deficit, slow down in manufacturing and growing non-performing as-



India has to seriously take care of its trade deficit.

sets (NPAs), steps have to be planned to take care of growing imports. Curbs on imports would also help the country to curb industrial sickness and closures. This sickness and closure of Industries on account of cheap dumping by China is largely responsible for the growing non-performing assets (NPAs) of the banking sector and poor investments scenario. Therefore every patriotic citizen must portray a strong sense of economic patriotism, to prefer only Made by India brands i.e. brands of do-

mestically owned enterprises. Imports may be subject to various international trade rules and it may not be feasible for the government to put blanket curbs. But, if people do not accept the foreign brands, while buying various products and services, India can overcome this crisis emerging out of import surge and cheap dumping. The people should stop patronising foreign brands, including the Chinese brands by a show of economic patriotism in their day to day buyings. □□

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Rashtriya Parishad Meeting Bhopal

The two-day Rashtriya Parishad meeting of Swadeshi Jagaran Manch was held in Bhopal Madhya Pradesh on 21-22 May 2016. Issues confronting India particularly on economic front were discussed in detail. Reporting of activities by various unit after Jodhpur conference and routine organisation matters were also discussed. Three resolutions were also passed by the Rashtriya Parishad. Resolution on e-commerce was moved by Dr. Ashwani Mahajan, while Prof. BR Kumarswamy ji moved resolution on sustainable development and Prof. Bhagwati Prakash ji on availability of affordable health care respectively.

A special talk on economic scenario was delivered by Prof Yoganand Kale, ex-VC of Nagpur University. IPR issues were also discussed.



Dates of Rashtriya vichar varga were also finalised in the meeting. These are as follows:

1. East — 13, 14, 15 August 2016, Balgir (Odisha)
2. West — 22, 23, 24 July 2016, Indore (Madhya Pradesh)
3. UP — 24, 25, 26 June 2016, Allahabad (Uttar Pradesh)
4. North — 10, 11, 12 June 2016, Palwal (Haryana)
5. South — dates to be finalised.

Shulka of Vichar varga has been capped at Rs 250/head.

Rashtriya Sabha will be held 12,13,14 November 2016 in Geeta Niketan Boarding School Kurukshetra Haryana. Shulka will be Rs300 per head.

Speaking about Agriculture Prof. Bhagwati Prakash said that inspite of the fact that more than 50% of population continuing to remain dependent the growth of the sector in 2014-15 lingers around 1.1%. Miseries of industrial sector are reflected in the NPAs of the banks. It is the money that banks had lent to industry for economic activity. Not that all industrialists are dishonest. Fact of the matter is unlimited im-

RESOLUTION-1

Withdraw FDI in E-commerce, Food Processing industry and Food Marketing

National Council of Swadeshi Jagran Manch expresses its anguish and opposition to government's policy decision to open e-commerce, food processing and food marketing for 100 percent FDI. It may be noted that prior to opening of e-commerce for FDI, many e-commerce multinational corporations have already been operating in the country, illegally.

Swadeshi Jagran Manch has been cautioning the government that multinational e-commerce companies and foreign investment dominated companies, originally constituted in India has been trying to bill competition, using predatory pricing; misusing their financial muscles, they have been pushing out small shopkeepers, book sellers, chemist shops and transport operators. FDI in e-commerce was not allowed in the country, however, disregarding law of the land they were allowed to operate in the country. It was being said that these companies have only been providing 'Market Platform' and are not directly engaged in e-commerce. They are only providing market platform to sellers/manufactures to exhibit and sell their products, through their websites.

Swadeshi Jagran Manch has always been saying that since these companies have been offering the discounts, using their financial power and in many cases have also been maintaining stocks. Therefore, saying that these companies are not indulging in e-commerce, is not correct. E-commerce companies have not only been operating illegally, they also have been indulging in tax evasion, for which investigations are already in progress in various states. In light of these facts, it was expected from the government, that it would restrict these companies to run their e-commerce business. However, instead law breakers have been rewarded, by giving them recognition and allowing 100 per cent FDI. This is not justified.

Although, government says that their permission for FDI in only for 'Market Platform' model of e-commerce and provision have been made to restrict them to offer discounts to affect market price. However, Swadeshi Jagran Manch firmly believes that there is not enough provision to regulate e-commerce companies in the proposed policy.

It is known to all that due to a long struggle by Swadeshi Jagran Manch, a national movement took shape against FDI in retail trade. This movement got support from almost all political parties, excluding congress and a few others. Due to wide spread opposition to FDI in retail trade, despite the fact that bill was passed in parliament allowing FDI in retail, not many foreign companies showed interest in investing in retail. This National Council of Swadeshi Jagran Manch wants to remind Bhartiya Janata Party which is leading. NDA government that, the party agitated against UPA government's policy of FDI in retail sector along with SJM and had also declared in its manifesto that the law permitting FDI in retail would be repealed. It is unfortunate that leaving aside repealing the law, the government has allowed 100 per cent FDI in food processing industry and marketing of food (produced and manufactured in India).

This step of the government will not only be detrimental to the small scale industry engaged in food processing, it will kill the possibility of raising employment in the food processing sector. If the government is serious about doubling of farmer's income, it must encourage decentralized food processing units and create employment opportunities in the rural areas only. Apart from loss of employment 100 percent FDI in food processing and marketing of food would encourage monopoly in food products.

This National Council of SJM demands that in view of long term session implications of its decision, government must immediately withdraw permission given to 100 percent FDI in e-commerce and food processing and marketing of food productions. National Council cautions the government to avoid such decision. SJM calls upon the associate organisation and its supporters and activists to create public awareness against these decisions. □

ports are knocking down sector after sector of the industry, he added.

In his inaugural speech Sh. Arun Ojha ji reminded delegates that in the year 1999 SJM had giv-

en the call Mend it- Break it or leave it with respect to WTO from Bhopal. Since then SJM has grown in strength, but we are not able to react to the offensive of MNC s;

with the type of speed and intensity that is required to stall the economic imperialism.

He stressed the need to increase the efforts on all fronts. □□

Ensure Availability of affordable Medicines and Medical services for all

Numbers of diseases including lifestyle ailments is rising at an exceptional rate. India shares 21% of World's total disease burden of all diseases. However, due to inadequate public healthcare services and hugely expensive medical facilities, a large number of people are not able to afford healthcare. Around 6% of our GDP is lost annually as a result of increased number of deaths caused by preventable diseases. In absolute terms it means, loss of Rs.9-10 lakh crores every year. India is spending less than 2% of its GDP on Public Health care. It is too low when compared to Global Median of 5% that is spent by all major countries. Hence a large number of patients and their families are forced to bear the bulk of the medical costs. Consequently, according to the World Health Organization, due to high medical costs every year around 2.2 percent people are pushed below the poverty line and a large number of families are becoming indebted.

Public health statistics in the country reveals that the number of people affected by lifestyle diseases such as high blood pressure, heart blockages, breathing problems, paralysis, Brain- haemorrhage, rectal cancer, diabetes, arthritis, obesity, sleep disorder, memory loss and dementia , autism, etc. have shot up at an accelerated pace. 58 lakh deaths in the country are caused every year because of cardiovascular & pulmonary diseases, non-communicable diseases such as type-2 diabetes and cancer. It is possible to prevent this.

India is becoming global capital of heart disease, diabetes, arthritis etc. Today, there are 6.13 crore patients of Diabetes and 11.1 percent men and 10.8 percent women, have enhanced levels of blood sugar. The proportion of people with high blood sugar in India is much higher than neighboring Sri Lanka, Bangladesh and Nepal. Heart disease has taken the shape of an epidemic in the country.

Most of the country's medical facilities, doctors' availability and accessibility of specialists etc. are concentrated in big cities. Due to erratic functioning of even the available facilities in remote areas of the country adequate medical care is not accessible in most areas. Therefore, about 70 per cent population in urban areas and 63 percent of rural people have to rely on the private sector for treatment. According to a survey, 53 percent people are forced to use the services of the private sector because of unsatisfactory public sector medical services. Average hospitalization cost has tripled in the last ten years. This is much more than the prevailing inflation.

Lack of control over the price of essential medicines is one of the major reasons for increase in health care expenditure. Price control of essential drugs was rendered ineffective by the previous regime. National Council of SJM demands that the cost-based price of essential drugs policy must be implemented without delay. On one hand decreasing public expenditure on health care is resulting in increased costs due to privatisation of medical services; on the other hand immunisation programme is being encouraged under the influence of multinational companies, which further reduces the funding available for public health facilities.

Even one bed per thousand population is not available in the country in the public sector domain. In Sri Lanka 3.1 hospital beds are available per thousand persons in public sector domain. It is 3 in China, 2.2 in Thailand, 2.4 in Brazil ,3.1 in the US and 3.9 in England. In India, it is only 0.95, which is the lowest in the major countries of the world. In this regard, the world average is 2.9.

Number of Allopathic physicians per ten thousand population in the country is 0.7. In some states the doctor-patient ratio is 27 to 28 thousand per doctor. Maharashtra has one doctor for 27,790 and in Bihar this ratio in are to 28,391. Traditional medicine is widely practiced in the country. So it is necessary to develop an integrated and coordinated health and medical care of all medical systems.

Drugs invented after 1995 have become extremely expensive because of the provisions of the patent laws amended in 2005. Our patent law needs to be modified to suit humane principles. Provision of compulsory licensing to produce expensive drugs should be automatic. Regular testing is essential to promote generic drugs besides ensuring their effective cost control and quality. India became world's pharmacy because of →

→ process patent that was in place until 2004, when the provisions were changed to product patents.

SJM firmly believes that both central and state governments must increase public spending on health care and expand these facilities to far flung areas of the country and ensure their smooth functioning. Healthcare services must be easily and fairly accessible to women, including infants and mother and senior citizens from all segments at their nearest location.

All types of medical equipments, different material used in various types of implants is very costly. Their prohibitive prices and the costs of investigations also need to be controlled effectively.

SJM urges the government to take appropriate legal, policy, procedural and systemic regulatory reforms to ensure modularization of drugs, quality & price control and transparency.

Every citizen needs to be healthy and disease free for an able, capable and prosperous India. For this every individual needs to adopt healthy life style with balanced diet. When needed every citizen must have access to appropriate and affordable treatment? □

RESOLUTION-3

Development for Survival

Global warming is no longer a purely academic issue to be discussed at only national and global scientific communities. The wolf is at our door steps. India is witnessing historically high temperature not witnessed in the last 100 years. The temperature at different parts of the country varies from a minimum of 40°C and a maximum of 50°C during April-May 2016.

This scorching heat is associated with severe to very severe drinking water problem resulting in the spread of water related Diseases. The scorching heat has also resulted in withering away of standing crops, putting the farming community to further misery and hopelessness. Another worrying aspect of the heat surge is the widespread forest fire which has destroyed nearly 6000 acres of valuable forest in Uttarakhand and else where in the country. Global warming has attacked the country this year severely. We must remember that these, climate change events are not one off events as in the previous decades. But they are part of a long term trend called global warming. We have to be prepared for even more devastating climatic events in the years to come.

In these life threatening circumstances, Swadeshi Jagran Manch urges the government, to tackle global warming and climate change with all the seriousness it deserves.

1. Give immediate and top priority for conservation of water, such as rejuvenation of our tanks and other water bodies.
2. Control or even close down coca-cola, pepsi-cola and such other water wasting soft drinks industries.
3. Roof top an land based rain water harvesting systems must be enforced strictly and incentivised.
4. Impose severe restrictions on cutting trees for so called development projects - Conservation of existing forests and creation of new forests with local species of trees should be taken up with utmost priority.
5. Cultivation of sugarcane and such other water intensive crops should be controlled and priority should be accorded to less water using crops such as millets and pulses. Water guzzling industries must also be capped.
6. Government should understand that survival is more important than so called development.
7. Calamity relief agencies should be increased in number and strengthened further with modern technology so that immediate relief is provided in the events of floods and fires.

SJM also urges and appeals the general public including its Karayakartas to cooperate fully with the public and private initiatives for water conservation rain water harvesting, prevention of water wastage and water misuse, forest conservation, tree planting and such other measures, so urgently required for our very survival.

Forest conservation and water conservation should be treated by one and all as developmental activities. □

Make Indian Villages strong

Indian villages are backbone of Indian socio-economic life since time immemorial. These villages have however, now lost its glamour. The British era disturbed self-reliant system of Indian villages and its stable socio-economic life. Indian governance system and Indian politics of democracy further destroyed it after independence and made Indian villages fully dependent on outside support. True, thousands of white papers blackened by numerous committees and commissions appointed by government and other pioneer institutions analysing Indian agriculture and Indian rural problems and crores of rupees spent since independence by governments to alleviate rural poverty, develop agriculture, provide employment to rural youth and help survival of small and marginal farmers, village artisans and craftsmen apart from on improving their health and education. Recently, honourable Prime Minister appealed to the Panchayat Raj Representatives to use their tenure to work towards serving the people and to bring about transformative change in the villages so to realise the dreams of Mahatma Gandhi. However, simply referring to government sponsored programmes and asking villages to use them for betterment may not be sufficient to realise the 'Gram Swarajya' dream of Mahatma Gandhi. The need may be to change exploitative and destructive socio-economic policies of Indian Government, give Indian villages a respectable treatment and make them strong.

Indian villages

For long time, during Mogul period, Indian villages were mainly units of



Indian state is endangering villages and natural resources by accepting western globalisation model, and forcing villagers to change their sustainable lifestyle practices, predicts
Anil Javalekar



revenue collection. British started exploitative use of village resources for their benefit. After independence, the villages are no more the unit of revenue collection but remained an exploitable source for Indian urban real estate expansion and urban industrialisation. For Indian democratic politicians, Indian villages are training schools so to experiment with, rise above, get elected and become political masters mainly to monopolise prosperity for themselves and their family. For Indian and foreign corporate and companies, Indian villages are cheap source of raw material, importantly of land, and additionally, a source of effective demand for their products. For traders, brokers and commission agents, Indian agriculture and village handloom and handicrafts are highly profitable source of income with low investment and no risk; all risks are taken by villagers. For Indian and foreign NGOs, Indian villages are an opportunity to help humanity and get a great satisfaction of doing something for worldly poor. Indian villages, their frequent droughts and farmer's suicides also provide lots of material to Indian media for their

prime time stories and prime time discussions among urbanite experts. For Indian economists and social thinkers, Indian villages remained an academic subject of study and to get PhDs and national and international recognition of repute. For Indian villagers, however, Indian villages are like life time imprisonment with no escape routes except that of running away to smart cities or committing suicide.

Indian villagers

Indian villagers were once living within their means and capacities and were happy. Now most villagers aspire for high living standards and are frustrated because they are unable to get it. Many villagers like to migrate to smart cities so to increase their capacities and enjoy better life conditions. Most village children blame their parents for staying in villages and spoiling

*Young
villagers have
migrated to
cities.*



their careers. Parents also wish their children go to schools and colleges, obtain degrees, become doctors or engineers if not IAS or IPS, take a good job in multi-national company, leave villages and settle down in smart cities. Farmers in villages are fed up with farming that gives them only unsustainable debts; tempting many to commit suicide. Village artisan and craftsmen are old and depends on government pensions or traders who extract some left out skill from them for some payments. Many young villagers have migrated to cities, earning on construction sites and living in slums. Many village politicians have also moved to smart cities and towns and are managing their prosperity through politics of rural development. The villagers who still live in villages are Indian women, their children and their old family members. Village women are coming together, forming SHGs, managing their farms in adverse conditions, doing some additional labour to earn more and caring their children and old family members. Village women are even running village Panchayats and are preserving whatever 'aadarsh' still left in villages.

Indian village panchayats

Indian villages were run through its Panchayats since ancient days and these Panchayats were once sarve-sarva, deciding everything in the village; even everyone's fate in village. Indian government after Independence, however, made it a base level administrative unit of Indian governance system and tried to re-establish panchayats in its own way by giving it even a constitutional status in 1992. Indian governance system is now controlling Pan-

chayats and executing almost all socio-economic policies in regard to villages and villagers. Not to mention that this has crippled original Panchayat raj system, allowed exploitation of village level natural resources and made villagers helpless and hopeless.

Government attitude towards villages

Recently, Honourable Prime Minister while addressing National Panchayati Raj Day (24 April 2016), told audience that 'Gram Uday to Bharat Uday' was celebrated in lakhs of villages during the period of ten days from 14 to 24 April 2016 and great Indian bureaucrats and leaders went to villages, participated in many programmes, created an atmosphere that resolved ("Sankalp") to take villages ahead on the path of progress with the help of resources within. True, there are lots of Government programmes actually helping villages and villagers in various ways. And this is precisely the government's treatment to villages and villagers. Villages and villagers were and are supposed to listen national and state leaders and higher bureaucrats, plead local leaders and local bureaucrats for programme implementation and play an assigned role when asked for, participate in the implementation of programmes in a limited way and help villagers benefit from government schemes. The state and Central governments control, administer and finance every other thing in the village and condition the life of villagers the way they want it to be. Right from land ownership to sale of crops or labour to education and health to a ration card to supply of food items are con-



The British era disturbed self-reliant system of Indian villages and its stable socio-economic life.

trolled and regulated by government officials.

Village exploitative socio-economic Policies

Basically Indian socio-economic policies remained centralised with the component of national intents. These policies were mainly aimed at urban industrialisation with a simple hope that urban prosperity achieved through industrial development will automatically trickle down to villages. True, Urban areas prospered. The prosperity has, however, not trickled down. Every policy framed under guiding principle of urban industrialisation has worked against Indian villages and villagers. Rural resources and rural people were made available to industrial class for exploitation through various socio-economic policies whether

of land acquisition, water management, labour supply or agriculture produce and its trade and that too without much care either of sustainability of resources or village life systems. With urbanisation and urban industrialisation, every occupation of every village became unviable. Actually the case should have been reverse; by urbanisation, every occupation of village should have become viable and prosperous. As is known, once, villages were caring for everyone's needs and were managing the sustainability of natural resources. Farmers were taking localised crops suitable for local consumption and localised skill meeting almost all common needs of villagers. Sure, that life was not very good compared to today's life standards but was assuring one. Indian socio-economic policies deliberately promoted urbanisation ensuring cheaper supply chain for industrial class and urban consumer that actually stripped off villages.

Make villages strong

Indian villages are still clung to their culture and age old lifestyle practices which kept their needs within their means and helped sustainability of natural resources. By

accepting western globalisation model, Indian government is making villager change their sustainable lifestyle practices and weakening them by handing over their resources to outsiders. This has endangered Indian villages and Indian natural resources.

First, reorganise the Indian federal system by creating smaller states with reference to climate and lifestyle similarities in a geographic unit; present states are language based with many different regions coming together; regions are no match to each other's resource position and lifestyle conditions. It is desirable to have natural geographical divisions than the divisions on certain commonalities like language. There are many agriculture climatic zones in India that can be taken as a base for this reorganisation.

Second, along with smaller states, empower village and cluster panchayats with all the necessary legislative and development regulatory powers in regard to the natural and human resource management including local dispute settlement. There may be a need to reorganise tax structures and allow local people and their institutions manage more of their resources.

Third, it is necessary that all the basic needs like food, shelter, cloths, education and health are met locally and all Cluster Village Panchayats and local panchayats be made responsible for village level basic needs providence and helping villagers to earn a minimum living. The production and distribu-



***'Bazaar',
'Sahukar',
'Sarkar' and
'Vyasna' is taking
Goddess Lakshmi
out of villages.***

tion system need to work first to meet these basic needs. Therefore, agriculture should first take crops that are suitable to the local climate and meet local consumption. The market system, price mechanism and cost management system should be developed and managed accordingly. For all practical purposes, Village Panchayat system should collect required data and information of income, its sources and status of village level poverty and distressed conditions of villagers and find their own ways to meet all their needs in a sustainable way.

Fourth, minimum formal educational needs and local skill development needs be met locally from local resources and through localised institutional mechanism. This include the adoption of in-

novations and new technologies so to prepare to serve society with best of productivity and production including new competitive products. Similar system should be devised for health purpose.

Fifth, desirable to stop planning for villages and villagers. As is known, globalisation and western consumptive lifestyle and its supportive high tech corporate led industrial system of production and distribution distorted localised self-reliance system of villages and are not conducive to Indian idea of happiness. Indian government, therefore, should basically protect the Indian rural systems from undesirable outside influences and allow villages to plan for their own development with their own ideas by managing their own resources in a sustainable way.

Let Goddess Lakshmi remain in villages

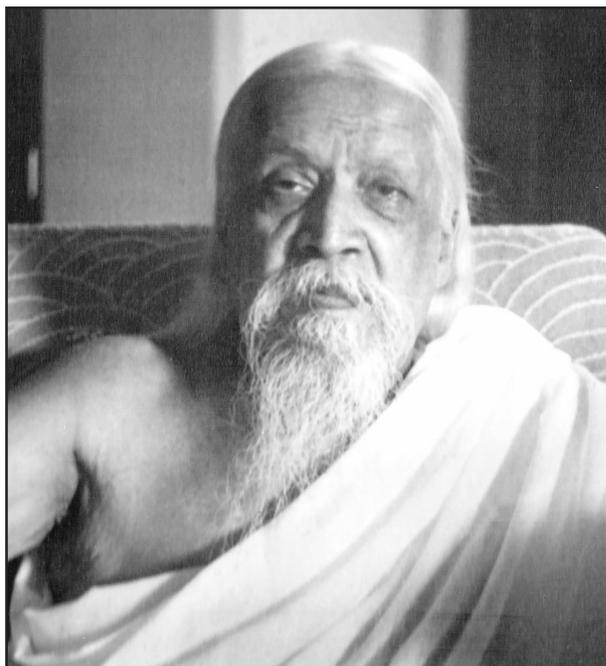
Indian socio-economic policies so far helped urban cities to take away Goddess Lakshmi of villages. Desirable that Goddess Lakshmi remain in Indian villages. Great Gandhian, Vinoba Bhave described five ways by which Lakshmi goddess is going out of villages and asked villagers to block those five ways so to have 'Gram Swarajya'. The five ways are the 'Bazaar' (Markets), division or sale of property, mainly land, 'Sahukar' (Lenders)', 'Sarkar' (Government) and 'Vyasna' (addiction). If anything that will make villages and villagers strong is blocking of these five escape routes that strip off villagers and villagers. □□

Uttarpara Speech

Yogi Aurobindo Ghosh was sent by his father to England at a very young age in 1879. He returned to India in 1893. Attracted to the Indian freedom movement he joined Tilak. In 1908 he moved to Calcutta (Kolkata) and was imprisoned for one year as he was a suspect in the Alipore Bomb Case but was acquitted in 1909. At that time he delivered his famous "Uttarpara Speech". The speech marks Aurobindo's transition from politics to spiritual affairs. In 1910 he fled from British India to the French colony Pondicherry where he lived for the rest of his life and established a famous religious centre. This important speech is reproduced for the benefit of the readers of Swadesh Patrika in two parts.

"That message which Bipin Chandra Pal received in Buxar jail, God gave to me in Alipore. That knowledge He gave to me day after day during my twelve months of imprisonment and it is that which He has commanded me to speak to you now that I have come out.

I knew I would come out. The year of detention was meant only for a year of seclusion and of training. How could anyone hold me in jail longer than was necessary for God's purpose? He had given me a word to speak and a work to do, and until that word was spoken I knew that no human power could hush me, until that work was done no human power could stop God's instrument, however weak that instrument might be or however small. Now that I have



come out, even in these few minutes, a word has been suggested to me which I had no wish to speak. The thing I had in my mind He has thrown from it and what I speak is under an impulse and a compulsion.

When I was arrested and hurried to the Lal Bazar hajat I was shaken in faith for a while, for I could not look into the heart of His intention. Therefore I faltered for a moment and cried out in my heart to Him, "What is this that has happened to me? I believed that I had a mission to work for the people of my country and until that work was done, I should have Thy protection. Why then am I here and on such a charge?" A day passed and a second day and a third, when a voice came to me from within, "Wait and see." Then I grew calm and waited. I was taken from Lal Bazar to Alipore and was placed for one month in a solitary cell apart from men. There I waited day and night for the voice of God within me, to know what He had to say to me, to learn what I had to do. In this seclusion the earliest realisation, the first lesson came to me. I remembered then that a month or more before my arrest, a call had come to me to put aside all activity; to go into seclusion and to look into myself, so that I might enter into closer communion with Him. I was weak and could not accept the call. My work was very dear to me and in the pride of my heart I thought that unless I was there, it would suffer or even fail and cease; therefore I would not leave it. It seemed to me that He spoke to me again and said, "The bonds you had not strength to break, I have broken for you, because it is not my will nor was it ever my intention that that should continue. I have another thing for you to do and it is for that I have brought you here, to teach you what you could not

learn for yourself and to train you for my work.” Then He placed the Gita in my hands. His strength entered into me and I was able to do the *sadhan* of the Gita. I was not only to understand intellectually but to realise what Srikrishna demanded of Arjuna and what He demands of those who aspire to do His work, to be free from repul-

ways existed for humanity and not for herself and it is for humanity and not for herself that she must be great.

Therefore this was the next thing He pointed out to me, - He made me realise the central truth of the Hindu religion. He turned the hearts of my jailers to me and they spoke to the Englishman in



*It was
Narayana who
was guarding
and standing
sentry over
me.*

sion and desire, to do work for Him without the demand for fruit, to renounce self-will and become a passive and faithful instrument in His hands, to have an equal heart for high and low, friend and opponent, success and failure, yet not to do His work negligently. I realised what the Hindu religion meant. We speak often of the Hindu religion, of the Sanatana Dharma, but few of us really know what that religion is. Other religions are preponderatingly religions of faith and profession, but the Sanatana Dharma is life itself; it is a thing that has not so much to be believed as lived. This is the dharma that for the salvation of humanity was cherished in the seclusion of this peninsula from of old. It is to give this religion that India is rising. She does not rise as other countries do, for self or when she is strong, to trample on the weak. She is rising to shed the eternal light entrusted to her over the world India has al-

charge of the jail, “He is suffering in his confinement; let him at least walk outside his cell for half an hour in the morning and in the evening.” So it was arranged, and it was while I was walking that His strength again entered into me. I looked at the jail that secluded me from men and it was no longer by its high walls that I was imprisoned; no, it was Vasudeva who surrounded me. I walked under the branches of the tree in front of my cell, but it was not the tree, I knew it was Vasudeva, it was Srikrishna whom I saw standing there and holding over me His shade. I looked at the bars of my cell, the very grating that did duty for a door and again I saw Vasudeva. It was Narayana who was guarding and standing sentry over me. Or I lay on the coarse blankets that were given me for a couch and felt the arms of Srikrishna around me, the arms of my Friend and Lover. This was the first use of the deeper vision He

gave me. I looked at the prisoners in the jail, the thieves, the murderers, the swindlers, and as I looked at them I saw Vasudeva, it was Narayana whom I found in these darkened souls and misused bodies. Amongst these thieves and dacoits there were many who put me to shame by their sympathy, their kindness, the humanity triumphant over such adverse circumstances. One I saw among them especially who seemed to me a saint, a peasant of my nation who did not know how to read and write, an alleged dacoit sentenced to ten years’ rigorous imprisonment, one of those whom we look down upon in our Pharisaical pride of class as chhotalok. Once more He spoke to me and said, ‘Behold the people among whom I have sent you to do a little of my work. This is the nature of the nation I am raising up and the reason why I raise them.’

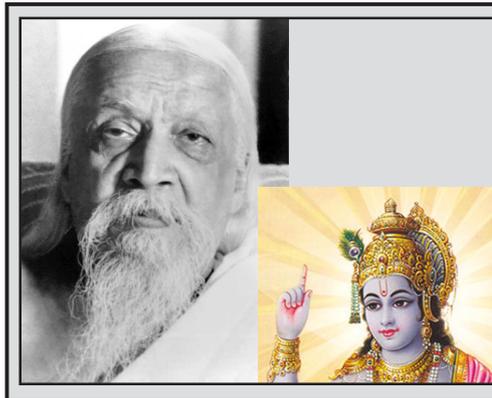
When the case opened in the lower court and we were brought before the Magistrate I was followed by the same insight. He said to me, “When you were cast into jail, did not your heart fail and did you not cry out to me, where is Thy protection? Look now at the Magistrate, look now at the Prosecuting Counsel.” I looked and it was not the Magistrate whom I saw, it was Vasudeva, it was Narayana who was sitting there on the bench. I looked at the Prosecuting Counsel and it was not the Counsel for the prosecution that I saw; it was Srikrishna who sat there, it was my Lover and Friend who sat there and smiled.” Now do you fear?” He said, “I am in all men and I overrule their actions and their words. My protection is still with you and you shall not fear. This case which is

Remembrance

brought against you, leave it in my hands. It is not for you. It was not for the trial that I brought you here but for something else. The case itself is only a means for my work and nothing more.” Afterwards when the trial opened in the Sessions Court, I began to write many instructions for my Counsel as to what was false in the evidence against me and on what points the witnesses might be cross-examined. Then something happened which I had not expected. The arrangements which had been made for my defence were suddenly changed and another Counsel stood there to defend me. He came unexpectedly, - a friend of mine, but I did not know he was coming. You have all heard the name of the man who put away from him all other thoughts and abandoned all his practice, who sat up half the night day after day for months and broke his health to save me, - Sriji Chittaranjan Das. When I saw him, I was satisfied, but I still thought it necessary to write instructions. Then all that was put from me and I had the message from within, “This is the man who will save you from the snares put around your feet. Put aside those papers. It is not you who will instruct him. I will instruct him.” From that time I did not of myself speak a word to my Counsel about the case or give a single instruction and if ever I was asked a question, I always found that my answer did not help the case. I had left it to him and he took it entirely into his hands, with what result you know. I knew all along what He meant for me, for I heard it again and again, always I listened to the voice within: ‘I am guiding, therefore fear

not. Turn to your own work for which I have brought you to jail and when you come out, remember never to fear, never to hesitate. Remember that it is I who am doing this, not you nor any other. Therefore whatever clouds may come, whatever dangers and sufferings, whatever difficulties, whatever impossibilities, there is

gland amongst foreign ideas and an atmosphere entirely foreign. About many things in Hinduism I had once been inclined to believe that it was all imagination; that there was much of dream in it, much that was delusion and *maya*. But now day after day I realised in the mind, I realised in the heart, I realised in the body the truths of the



I had left it to him and he took it entirely into his hands.

nothing impossible, nothing difficult. I am in the nation and its uprising and I am Vasudeva, I am Narayana, and what I will, shall be, not what others will. What I choose to bring about, no human power can stay.”(8: 4-8)

“... day after day, He showed me His wonders and made me realise the utter truth of the Hindu religion. I had had many doubts before. I was brought up in En-

Hindu religion. They became living experiences to me, and things were opened to me which no material science could explain. When I first approached Him, it was not entirely in the spirit of the Bhakta, it was not entirely in the spirit of the Jnani. I came to Him long ago in Baroda some years before the Swadeshi began and I was drawn into the public field.

[to be concluded.....]

Dark days of Emergency

Indira Gandhi declared state of emergency on 25 June 1975. Political leaders including Jai Prakash Narayan were detained under Maintenance of Internal Security Act and RSS was banned, Press was censored. In such a situation thousands of RSS activists started demonstrating against emergency and courted arrest throughout India. More than ten thousand warrants against activists of RSS could not be executed since they were working underground. Finally emergency was lifted in March 23, 1977 and in the general election held Indira Gandhi was defeated badly. India can't forget those dark days and will remain vigilant to ensure that such a thing is not repeated again in this country. □□

Need to Strengthen the Rupee



Despite deficit in Balance of Trade decreasing from USD 190.4 billion in 2012-13 to USD 137.0 billion in 2014-15 and the balance of payments on current account expected to touch a surplus of USD 3 billion our money is steadily becoming weaker and in February 2016 reached the level of 68.8 rupees per dollar, regrets Dr. Ashwani Mahajan

Inherent strength of any country is shown by the value of its currency. If its currency is strong vis-a-vis other currencies, country is considered to be stronger and if its currency is weak, then it will be called weak. Though, at times some people, particularly the exporters would argue that, it is imperative to weaken our currency in order to increase exports. When the country achieved independence, exchange rate of rupee vis-a-vis dollar was, 3.3 rupees a US dollar. Time changed and in 1966, the first major devaluation of rupee was made and a dollar became worth rupees 7.5. This exchange rate lasted for decades, as exchange rate was largely controlled. However, even before the era of liberalisation and globalisation started, the process of rupees currency devaluation had started in 1981-82. One USA dollar in 1985 was worth Rs 12.38 and by August 2013, it depreciated to Rs 68.84 per dollar. Though in the meanwhile, rupee did improve to 62.6 but again in a dollar February 2016, it depreciated to Rs 68.82 per dollar, before improving in May 2016.

Exchange rate of any foreign currency in a country is determined by the demand and supply of foreign exchange. Say, the value of the Indian rupee against the dollar will be determined by demand and supply of dollars. Due to fast rising imports, there was an unprecedented increase in demand for dollars. Our huge software exports revenue, FDI and remittances sent by NRIs also proved to be inadequate, in fill the deficit caused by fast increasing imports, and rupee continued to decline due to fast rising demand for dollars.

The reality is that with adoption of new economic policy after 1991 and the implementation of the agreements of the World Trade Organization in 1995, tariffs were reduced significantly and all the restrictions imposed on imports were



eliminated. Now, under the present international trade agreements, there is hardly any scope for raising tariffs and imposing non-Tariff barriers. This resulted in unprecedented increase in our imports. Our total imports in 1990-91 were US\$ 24.1 billion, which increased to 490.7 US\$ billion by 2012-13. The deficit in balance of trade, which was US\$ 5.9 billion in 1990-91, grew to US\$ 190.3 billion in 2012-13. Similarly, our current account balance of payments deficit in 2012-13 sky rocketed to US\$ 88.2 billion.

No Reason for Weak Rupee Now

In the last few years, declining prices of petroleum products and due to restrictions imposed on import of gold, our imports started declining and deficit in Balance of Trade decreased from USD 190.4 billion in 2012-13 to USD 137.0 billion in 2014-15. However, despite that, rupee slides from 54.4 per USD in 2012-13 to 62.6 per USD in 2014-15; and in the meanwhile on August 28, 2013, it reached a record low of Rs 68.84 per USD. However, we find that after improving to Rs 62.6 per dollar, rupee dipped once again to 68.8 by February 2016. Noticeable is the fact that the balance of payments on current account is expected to touch a surplus of USD 3 billion the last quarter (January to March, 2016) of financial year 2015-16. Foreign direct investment also reached a record level of USD 39.3 billion during 2015 and therefore supply of dollars in the country has been more than the demand for dollars. This is a matter of regret that despite most comfortable payment situation, our money is steadily becoming weak-



There is hardly any scope for raising tariffs and imposing non-Tariff barriers.

er and in February 2016 reached the level of 68.8 rupees per dollar.

The Role of Portfolio Investors

While we witness significantly high rate of growth of GDP; grim growth scenario and slowing down of growth globally; fast worsening economic scenario and stock market turmoil in China has made portfolio investors wary about security of their investments. Due to heavy selling by portfolio investors in Indian stock markets, rupee has been facing unforeseen pressures. Rupee has not only faced uncertainty but has also moved down significantly. We also find that as and when portfolio investors make net selling in Indian stock markets rupee takes a deep.

What is the Effect of the weak rupee?

If the rupee is weak, we have to pay more rupees per dollar. This implies that petroleum products will become dearer, other imports including finished goods, spare parts, intermediate products, metals, etc. will also be costlier. Today our imports are nearly 28 percent of GDP. Therefore if rupee weakens by 10 percent and thus import prices increase 10 percent, inflation will increase by 2.8 percent. Weak rupee also means that we have to pay more rupees to repay principal and interest on for-

eign debt, both government and private.

The need to strengthen the rupee

Exporters keep on arguing that rupee must depreciate to give boost to export. Accepting their argument rupee was devalued in 1964 and then in 1983. Later on rupee kept on depreciating and at present the exchange rate of rupee vis-a-vis dollar is 67.3 rupees per dollar. Contrary to the arguments of exporters rate of increase in imports has always been greater than rate of increase in exports, despite constantly depreciating rupee. This happens because most of our imports and exports are not price elastic. Therefore on the basis of economic principles, there is a need to strengthen the rupee, if the situation permits. Mostly upheavals in rupee are caused by outflow of funds by foreign portfolio investors. There is a need to discipline portfolio investors. Minimum three years locking period and tax on their profit are some measures to impart discipline in foreign portfolio investors. Today, there is no reason why RBI should sit idle amidst exchange rate upheavals. Need of the hour is that whenever there is an outflow of foreign exchange by FPIs, RBI releases sufficient amount of dollars to arrest any fall in rupee. □□

If call drop penalty is illegal, consumers everywhere in for trouble

The blemish in India's much-lauded telecom revolution is a curious, widely recurring phenomenon called "call drops." In a country that is the world's second-largest mobile user market after China, fast-paced expansion coupled with inadequate infrastructure and overloaded networks is leading to many callers being cut off mid-sentence.

Telecom regulatory authority of India (TRAI) had awarded Re 1 for call drop subject to a maximum of Rs 3 a day. The operators cried that it would cost them Rs 200 crore per quarter (Rs 800 crore a year) – an untenable logic. It may be interpreted as the caller awarding Rs 800 crore bonus to companies for their poor service.

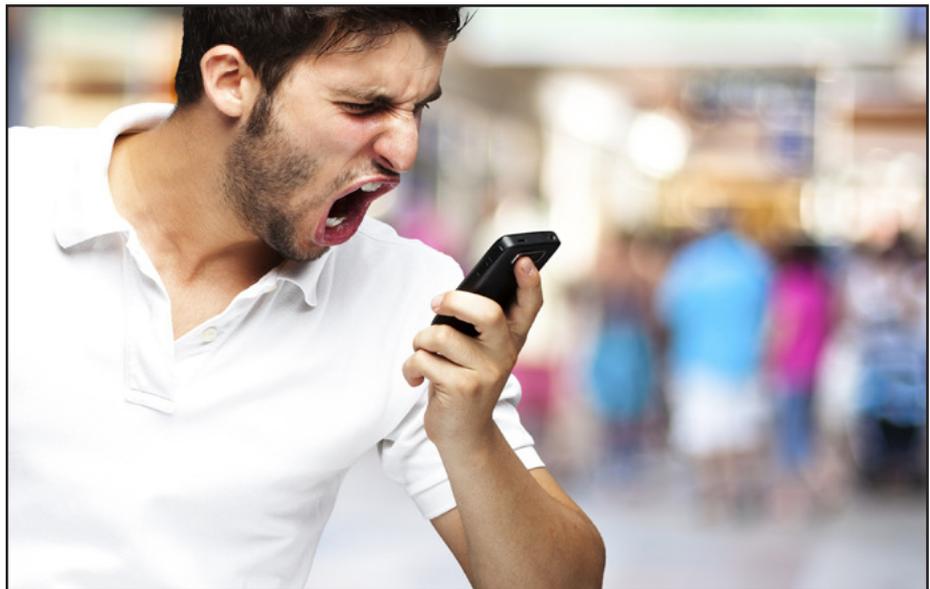
It is not a loss to the operators but what TRAI suggested is a cap on their illicit and unethical income. Though nobody has directly accused that the operators were doing it deliberately, many alleged that the operators were increasing their earnings by engineering the drops or call disconnect. No wonder the high court had upheld the TRAI order and found the telecom services deficient.

Even this scribe during his visit to Simhasth Kumbh early May, 2016 found that there were disconnects while trying to make a call or receiving one. And each time, if you are also on roaming, the charges were being deducted. Even the internet services on phone were not working but when one tried to connect he was losing money to the operators though he could not use the services.

It is embarrassing, irritating and frustrating. One pays for his inability to have the services. It is queer.



Call drops could be the undoing of several booming sectors. The problem has reached such dire proportions across the country that TRAI has indicated that telecom service providers need to compensate users for dropped calls, observes Shivaji Sarkar



A call drop, technically speaking, represents the service provider's inability to maintain a call, either incoming or outgoing, once it has been correctly established. In India, call drops are a performance indicator for the country's telecom networks. In many cities, mobile users have to rush from one room to another or drive around neighborhoods to find better signals and better voice quality. Some angry users are going so far as accusing telecom services providers, who charge for call by the minute, of deliberately engineering call drops to increase revenues.

India is adding millions of new mobile users each quarter and the country's active subscriber base of 869 million is fast closing in on a billion. Telecom operators, however, have been unable to adequately ramp up infrastructure and technology to keep pace. Despite the apparent ubiquity of telecom towers atop buildings in Indian cities, poor voice quality, blind spots and abrupt termination of calls have become such a bane in India's telecom industry that Prime Minister Narendra Modi has stepped in and asked officials to sort the problem.

So the latest court ruling of the Supreme Court has come as a surprise. Learned judges know the law better but a common man fails to understand the logic how a caller is responsible for the call drop or simply disconnecting it. It is also difficult to understand why a caller would disconnect a call. For each such disconnection, a caller pays penal charges. In other words, his "folly", if it is so, as per the ruling, enriches the operator.

The court has said that TRAI ruling of imposing penalty of Re 1 is illegal. Holding that TRAI has

failed to explain the reasons for fixing Re 1 compensation for each call drop and a cap on three call drops per day, the court said the regulation is based on mere guesswork. "These matters go out of mere guess work, and into the realm of unreasonableness, as obviously, as has been held by us, there was no intelligent care and deliberation before any of these parameters have been fixed," it said.

It may be so. In the whole debate one thing that has not come into discussion is how much the callers are losing a day and what are the hefty earnings of the operators. The callers are unanimous that Re 1 one compensation subject to a maximum of Rs 3 a day is

The judiciary needs to review its ruling.

the lowest one can have and not on the higher side.

Nobody disputes that call drop itself is a penalty for a caller. It is also not unknown that it is not easy to fathom the intricacies of the problem to the last digit. The TRAI as it appears had fixed the provisions at the minimum. There is very little transparency on call drop data but it can be safely said that most companies have multiple sites where the call drop incidence is much above the stipulated 2 percent ceiling.

A regulator primarily tries to protect the operation of a business. In this case too it had taken that caution as to not prescribing a high penalty. That could have been detrimental to the interest of the industry.

The regulator also has a responsibility to the user. It could not ignore that. For deficiencies of the services of the operator, the user/consumer cannot be penalized. Following this principle, TRAI had awarded the ruling imposing a minimum penalty on the operator.

Unfortunately, it is not unknown that the industry wants to thrive more on earnings that are not due to it. In the case of telecom, it is all the more blatant.

Call drops could be the undoing of several booming sectors, including India's mobile-powered e-commerce industry, where frequent call drops make consumers nervous about payments. The problem has reached such dire proportions across the country that TRAI has indicated that telecom service providers need to compensate users for dropped calls.

As if to silence the critics, India's top telco Bharti Airtel announced recently that it would bill by the second instead of per-minute. Another operator Telenor of Norway said it would reimburse users for call drops and commit to quality customer service. So TRAI's observation has virtually been accepted by the industry in practice.

The judiciary needs to review its ruling. The issue is not about scoring a law point. It is about propriety and principles of natural justice. Getting redressal for a corporate 'mistake' is difficult. If ruling on call drop becomes a precedent, it would cost the consumers in India in all fields heavily and establish an unruly system, which the courts would find difficult to correct. Let the nation abide by TRAI's observation and ensure justice to all. □□

Pre-Independence Congress reincarnates as expanding BJP

The headlines of the just concluded assembly elections in the four states from the North-East corner to Southern most India is this: The Congress continues to contract in its traditional strongholds and the BJP is continually expanding to fill the gap. Look at the numbers that emerge from the polls and what they conceal or reveal. In the 2016 Assam polls, the BJP contested 91 seats and won 60, at a success rate of 66 per cent. It polled 29.5 per cent of votes against 12 per cent five years back. The Congress, contesting all 126 seats, got 24 and polled 31 per cent of votes against 78 seats and 39.4 per cent of votes it got in 2011. As the Congress contracted by 8.4 per cent in five years, the BJP expanded by 17.5 per cent. The BJP took the balance votes from two regional players, Assam Gana Parishad and Bodoland People's Front, gaining the votes the Congress had lost earlier to the two regional players.

In Bengal, the BJP's vote share of 10.2 per cent in the 2016 Assembly polls is not far too low as compared to the Congress vote share of 12.3 per cent — even though, with the Congress fighting in alliance with the Left, it is not an apple to apple comparison. The Congress which went alone in 2006 got a vote share of 16.7 per cent, when the BJP got 2 per cent of votes. Now the BJP share has risen to 10 per cent plus. After 2006, the Congress has not contested any election on its own in Bengal. It had allied with Mamta's TMC in 2011, and with the CPM now. Thanks to TMC, it won 42 out of the 66 seats it had contested in 2011, and 44, out of 90 now, thanks to Marxists. No one can deny that the BJP has now firmly entered Bengal. And its penetration of the South, which commenced with Karnar-



The shift away from the Congress to the BJP shows the rising reverence in the contemporary national mind for the icons and values of India's independence movement now seen as represented less and less by the Congress and more and more by the BJP, says S Gurumurthy



taka first in 1990s, has now extended to Kerala where along with its allies it has posted a vote share of 14.4 per cent — a significant number for a third player in the game.

The shift from Congress and the regional players to BJP in Assam, Bengal and Kerala is not an-

cent while the Congress was reduced to the third position in seats (15) and vote share (20.6 per cent) behind the INLD led by Om Prakash Chautala who is serving a 10-year jail term. Again, in the 2014 Assembly elections in the sensitive state of Jammu and Kashmir, the

partners. The DMK contested 179 seats and won 89 — with a success rate of 50 per cent. But the Congress contested 41 seats and won just 8 — a strike rate less than one-fifth, just 40 per cent of the DMK's. Had the Congress achieved the DMK strike rate, the alliance would have notched 108 seats, just 10 short of majority in the Assembly. That would have robbed the shine of the AIADMK's win.

The Congress fared worse in Kerala. The Muslim League, the main Congress ally, contested 24 seats and won 18 of them — at a high strike rate of 75 per cent. But contesting 87 seats the Congress won just 22 — at a depressing success rate of 25 per cent — a third of the League's. At the League's rate, the Congress would have got 66 seats, and that would have meant the defeat of LDF and UDF retaining power. What is the implication? The people seem to prefer the allies of the Congress, but not the Congress. Is not the Congress then less attractive to voters than its allies?

In Bengal assembly elections now, if the Congress strike rate is better than that of its main ally, the CPM, it is because the latter has fared worse. While the CPM contested 150 seats and won just 26 at a strike rate of 16 per cent, the Congress had contested 90 seats and won 44 — at a success rate of 50 per cent. But, when the Congress had contested in alliance with TMC in 2011, TMC's success rate was 81 per cent, but the strike rate of the Congress was 66 per cent — a fifth lower than TMC's. CPM's poor show now makes the Congress look better. While the CPM should kick itself, the Congress



ecdotal. Unless a common thought is driving the expansion of the BJP in highly diverse geographies and demographics, it just cannot happen. Over the last 25 years, the BJP has been gradually taking the place of Congress as the national alternative to regional players in UP, Bihar and Jharkhand, which account for a quarter of the Lok Sabha seats. It has gained from the regional players also.

The Congress, reduced to the margins in UP and Bihar, occupies the third spot in Jharkhand below the local party, the Jharkhand Mukti Morcha. Intensifying this trend, the BJP single-handedly, and stunningly, defeated the Congress in the Haryana assembly election winning 47 out of the total 90 seats. Displacing the Congress, it became the first national alternative to the state players in Haryana which included the Indian National Lok Dal. The BJP's vote share rose to 33.2 per

The Congress fared worse in Kerala.

BJP moved ahead of the Congress and won 25 seats and 23 per cent of votes against its 2008 tally of 11 seats and 15.2 per cent of votes. The Congress which got 17 seats and 20 per cent of votes in 2008, declined to 12 seats and 18 per cent of votes in 2014.

Another factor. The poor strike rate of the Congress as alliance partner is not adequately noticed. In the 2016 assembly polls the Congress had allied with the Muslim League in Kerala, the DMK in Tamil Nadu and the Left Front in Bengal. While the number of seats the Congress has won in these states is due to the strength of its alliance partners, its strike rate is far lower than that of its alliance

cannot pat itself.

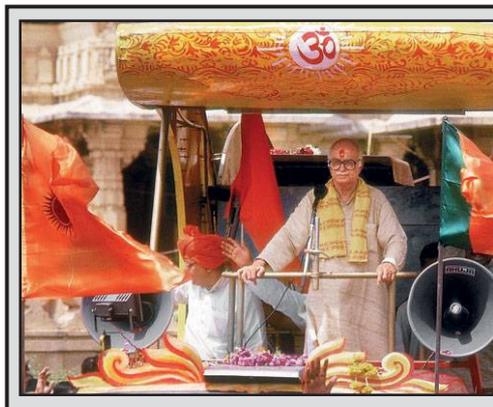
Why this shift away from the grand old party which inherited the power and prestige of the national movement for freedom? It is not just an arithmetical shift. The reason for the shift is not unfathomable. The post-Nehruvian Congress came to be perceived by many as less and less the heir of the pre-Independence Congress. Under the thumb of the Nehru clan from the late 1950s, the Congress turned less nationalist, less democratic, and more sectarian. It increasingly began looking at immediate benefits of political arithmetic at the cost of the enduring spirit of India. In the name of fake secularism it disowned all that its forefathers had held dear in pre independence days — the ideal of Ram Rajya held out by Mahatma Gandhi, the lofty spiritual nationalism expounded by Swami Vivekananda, the spirit of Banchimchandra's Vande Mataram and the high ideal of Sanatana Dharma that Maharishi Aurobindo equated to Indian nationalism.

These profound thoughts, not the fake secularism now dominating the political discourse, inspired the people to sacrifice for the nation's freedom.

But, the Congress shredded these high icons of national spirit in exchange for the vote-catching tactics in post-Independence politics. And worse still, the Nehru family, which got on to the short-sighted political escalator of minority vote-bank politics, began branding all such inspiring thoughts and icons as sectarian and anti-secular. That is where the BJP challenged the Congress through the Ayodhya movement and moved in to occupy the nationalist

philosophic vacuum left behind by the Congress. In the year 1995, the Supreme Court vindicated the BJP's foundation rooted in the inclusive Hindu values which, the Court said, was only the restatement of the spirit of the Indian freedom movement and the ethos of India.

The shift away from the Congress to the BJP, which began then



BJP needs to use the idioms of the freedom movement to re-articulate its position.

and is intensifying now, shows the rising reverence in the contemporary national mind for the icons and values of India's independence movement now seen as represented less and less by the Congress and more and more by the BJP. This process, a historic one, seems to be reviving the pre-Independence Congress spirit and philosophy in national polity through BJP's emergence.

The shift calls for more than electoral and statistical analysis to understand its depth, even though election results do indicate its scale and reach. Now the BJP too needs to convince the people of India that its philosophy and programme wholly align with the spirit and icons of the freedom movement which the Congress has discarded. The BJP needs to use the idioms of the freedom movement to re-articulate its position. It will do well to read Gandhiji's ideas of minor-

ity assimilation expounded by him in Hind Swaraj, which the Congress forsook first and opposed later. It must also read what Jawaharlal Nehru told the Aligarh University students and faculty in 1948 on how they must feel about India of which the Sonia-led Congress may not even be aware. Will the BJP do what the Congress men and women have failed to do even as

it fast fills the Congress space, so that it does not fail the nation like the Congress?

Congress chose political arithmetic over spirit of India

Under the thumb of the Nehru clan from the late 1950s, the Congress turned less nationalist, less democratic, and more sectarian. It increasingly began looking at immediate benefits of political arithmetic at the cost of the enduring spirit of India

BJP has slowly taken place of Congress

Over the last 25 years, the BJP has been gradually taking the place of Congress as the national alternative to regional players in UP, Bihar and Jharkhand, which account for a quarter of the Lok Sabha seats. It has gained from the regional players also. □□

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Farmer suicides: Have the economists failed farmers?



Agricultural economists have always been for raising crop productivity to enhance farm incomes. I have seen mainline economists invariably blaming low crop productivity to be the reason behind the continuing agrarian distress. We are often told that in an era of globalization, farmers can only survive if they become globally competitive. Those who are not able to match the higher crop yields in countries like America or China are left with no option but to commit suicide.

For nearly four decades now, I have heard economists repeat the same prescription year

after year – use technology to raise productivity, reduce cost of production, go for crop diversification, improve irrigation efficiency – per drop more crop and shift to electronic trading to bypass the hoard of middlemen who squeeze farmers income. Listening to all these suggestions most people genuinely believe that the agrarian crisis is primarily the doing of farmers.

There is no denying that all the suggestions to prop up agriculture are definitely required but that's not the end of it. Keeping them deliberately impoverished by denying them their due return and then expect them to provide us cheaper food year after year and still make a decent living has certainly been too much of an imagination. This is in reality a grave injustice with Indian farmers. And let me make it clear. Farmers in United States/European Union are well off not because of higher productivity but because of huge subsidy, including direct income support, they receive. In the US for instance, as per the Farm Bill 2014, agriculture will get a massive federal support of \$ 962 billion in the next ten years.

In the past 20 years, an estimated 3.2 lakh farmers have committed suicide with 42 suicides on an average in a year. Unseasonal rains, hailstorm in the rabi season followed by a drought in the summer months had exacerbated the farm crisis in 2015 as a result of which an unprecedented spurt in farm suicides was witnessed in Uttar Pradesh, Haryana, Madhya Pradesh, Punjab and Maharashtra. Consequently, the annual death rate on the farm in 2015 had gone up to 52.

Punjab is the latest to emerge as a farming graveyard. In 2015, as many as 449 farmers had committed suicide. This year, till March 11, as per information laid in Parliament, 56 farmers had ended their lives in Punjab, which was just a shade less than Maharashtra. Punjab, the food bowl, has now the second highest rate of farmer suicides in the country. If lack of irrigation and low crop productivity is the reason why farmers are being driven to despair than how come a spate of farm suicides should continue to rock a progressive state like Punjab?

This is where the entire prescription being doled out for improving farm



Keeping farmers deliberately impoverished by denying them their due return and then expect them to provide us cheaper food year after year and still make a decent living has certainly been too much of an imagination and a grave injustice with Indian farmers, emphasizes
Dr. Devinder Sharma.

incomes goes wrong. Agricultural economists have so far blamed farmers. But I wonder whether it is farmers who have failed or is it agricultural economists who have failed farmers. It is their recommendations/analysis that are eventually taken up by policy makers. Are faulty recommendations responsible for faulty policies?

In a state which has 98 per cent assured irrigation and where the yields match international standards I see no reason why farmers should be committing suicide. As per the Economic Survey 2016, the per hectare yield of wheat stands at 4,500 kg/hectare which matches the wheat yield in America. In case of paddy, the average yield is 6,000 kg/hectare, quite close to paddy productivity in China. With such high yields and with abundant irrigation why Punjab farmer should be taking to suicide?

If you are still not convinced, here is a study undertaken by Prof H S Shergill of the Institute of Development and Communication, Chandigarh. He has compared Punjab agriculture with developed country agriculture using mechanization, chemical technology, capital intensity and productivity as the matrix. Accordingly, the number of tractors per 1,000 hectares in Punjab stands at 122 compared to 22 in US, 76 in UK and 65 in Germany. As far as fertilizer use is concerned Punjab tops the chart with 449 kg/hectare per year compared to 103 kg in US, 208 kg in UK and 278 kg in Japan. Irrigated area is 98 per cent in Punjab which is much above 11.4 per cent in US, 2.0 per cent in UK, and 35.0 per cent in Japan.

Let's look at the crop yield now. Punjab has the highest annual

per hectare productivity of cereal crops (like wheat, rice and maize) with 7,633 kg. With all the crop matrix in its favour, Punjab leads the productivity chart leaving behind US (7,238 kg), UK (7,008 kg), France (7,460 kg) and 5,920 kg in Japan. If raising productivity is the major factor I see no reason why Punjab farmers should be committing suicide. But the fact that economists don't want to acknowledge is that it is actually the low price that farmers being deliberately paid that is the primary reason for the terrible agrarian crisis that prevails.

The procurement price of wheat in 1970 was Rs 76/quintal.

Why should a farmer be penalised for producing food?

In 2015, MSP for wheat was fixed at Rs 1,450 per quintal. This is an increase by 19 times over a period of 45 years. Compare this with the increase in incomes of various other sections in the same period. The jump in salaries of government employees (just the basic salary plus DA) in the same period has been 120 to 150 times; the increase in salaries of college/university teachers is 150 to 170 times; of school teachers in the range of 280 to 320 times. So much so, in the 7th Pay Commission, the salary of a *chaprasi* has been fixed at Rs 18,000 per month.

At a time when the monthly wages of contract labour has been fixed at Rs 10,000, and states like Haryana are contemplating a monthly wage of Rs 9,000 for

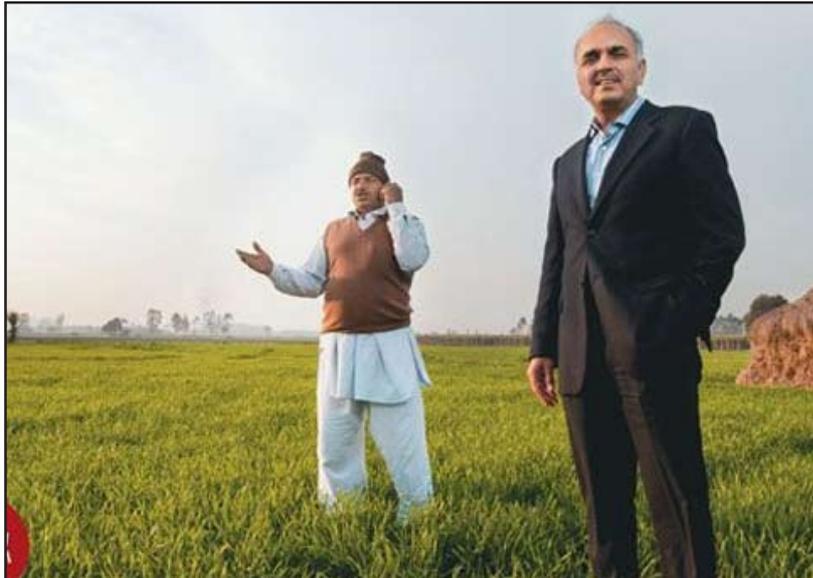
unemployed youth for putting in 100 hours of work every month, the average monthly income for farmers in Punjab, who are no less efficient and productive than farmers anywhere in the developed world, stands much lower. According to the Commission for Agricultural Costs and Prices (CACP) the net return for wheat and rice in Punjab, the dominating cropping pattern, is about Rs 3,000 per hectare. Therefore the question that needs to be asked is how come with a productivity level higher than in America, income of Punjab farmers is a pittance?

This is in reality not even a living wage. The net return is low because policy makers have intentionally kept the output price low.

Looking at the salary jumps for other sections of the society, and if I were to go by the minimum yardstick of a 100 times increase in procurement price for the same period, wheat price should be Rs 7,600 per quintal. This is the legitimate price of wheat, which has been denied to farmers. I agree that such a high price for wheat will push food inflation. But then that's not the farmers fault. Why should a farmer be penalised for producing food? Why not procure wheat at Rs 1450/quintal and transfer the remaining Rs 5,500/quintal to his *Jan Dhan* bank account?

Agricultural economists therefore must acknowledge that the answer lies in correcting the great imbalance in incomes. A parity between farm incomes and incomes of other section of the society has to be maintained. Farmers are dying not because they are in any way less efficient but because they have been denied their legitimate income all these years. □□

Direct Taxes – Agriculture Income: A Black Hole



The government has at last released some tax numbers but not fully as it used to publish under All India income Tax statistics till 2000. A total of 2.87 crore individuals filed income tax returns in 2012-13, but 1.62 crore of them did not pay any tax – leaving the number of taxpayers at just about 1.25 crore which was close to one per cent of the country’s total population of about 123 crore at that time. As many as 5,430 individuals paid income tax of over Rs.1 crore. Out of this, the tax range was Rs.1-5crore for more than 5,000 individuals,

The three individuals in the top-bracket of Rs.100-500 crore paid a total tax of Rs.437 crore. The data further said that the bulk of individuals, who filed returns for the assessment year 2012-13 earned an annual salary between Rs.5.5 lakh and Rs.9.5 lakh. Over 20.23 lakh taxpayers earned Rs.5.5-9.5 lakh. Further 19.18 lakh individuals earned salary of Rs.2.5-3.5 lakh that year. Six individuals fell in the high-end earning bracket of Rs.50-100 crore of salary income. In the salary range of Rs.1-5 crore, there were as many as 17,515 individuals.

The number of effective assesses has increased to 5.17 crore in the fiscal year 2015. But only 1.3 crore individuals actually paid the income tax. While the rest did file income tax returns but they had zero tax liability.

From another angle we can see that actually large percentage is captured by Direct taxes. If we take 25 crore households and roughly half of it belonging to “agriculture” households then out of remaining 12.5 crore households, if 5 crore are assessed that means a large percentage of “taxable” households are covered.

Direct taxes constitute around 50% of the total taxes—that means indirect taxes are the other half. Direct tax to GDP ratio is of the order of 5.5 % in 2015-16. Not only that; in Indian context we need to consider Tax rate and bribe rate. If that is also taken into account then we can “guesstimate” “direct tax plus bribe ratio to be nearly 9 to 10%. Which is reasonable outgo from earners.

The larger issue is the complete omission of Agriculture income from the tax net. Long before it was considered as “meagre” and it was also felt as a political vote gatherer and exempted. But after green revolution and changes in cropping pattern –to cash crops- much has changed in that front.



Taxing large agriculturists would help widen India’s taxpayer base beyond the current 5.5 per cent, or 39 million earning individuals, who pay tax, points-out

Prof R. Vaidyanathan

Quote

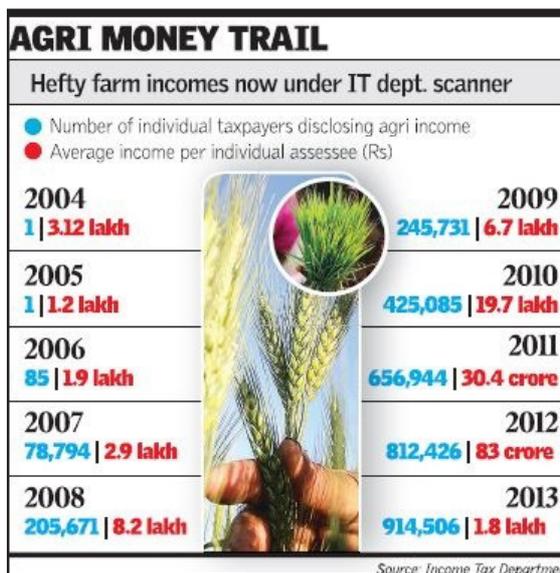
Believe it or not, income figures shared by the Income-Tax Department in response to an RTI application by a retired Indian Revenue Service official has revealed that agricultural income recorded an exponential increase from 2004 to 2013, touching a total of almost Rs.2,000 lakh crore for individual assessees in 2011.

The agricultural income earned by the 6.57 lakh assesseees who filed returns in 2011, at nearly Rs. 2,000 lakh crore, is over 20 times the country's gross domestic product of over Rs. 84 lakh crore at the time, according to the Income Tax Department data shared under the RTI Act. Notably, agricultural earnings are exempt from Income Tax.

The Income Tax Department has launched an investigation on those reporting farm incomes of more than Rs.1 crore a year. Official data pegs this number at 307 in assessment year 2015-16, up from 180 in assessment year 2007-08. The Department is probing 2,746 such cases — Bengaluru recording the highest of 321 followed by Delhi with 275 and Kolkata with 239 cases — from across the country.

Retired IRS official Vijay Sharma — who filed RTI application to the Income-Tax Department — has now moved the Patna High Court seeking further investigations into the matter, raising suspicion that income from undisclosed sources are being shown as agricultural income to evade tax.

“The other possibility may be that illegal money or black money income is being laundered in a large



Agriculture income can be taxed by state Governments.

scale and brought into the white economy. It requires deep investigation,” Mr. Sharma told *The Hindu*. He said the next date of hearing on his PIL plea was in April.

Unquote

More interestingly: Not just rich farmers, even agricos with Rs 215 cr profit pay no tax. What isn't quite as well known is that of more than 400,000 taxpayers claiming exemption for agricultural income in the assessment year 2014-15, the biggest were seed giant Kaveri Seeds — it claimed Rs 186.63 crore (Rs 1.87 billion) exemption and made a profit of Rs 215.36 crore (Rs 2.15 billion) before tax — and multinational Monsanto India, which claimed Rs 94.40 crore (Rs 944 million) as exemption from agricultural income and earned Rs 138.74 crore (Rs 1.39 billion) profit before tax.

Agriculture income can be taxed by state Governments but different states have different polices mainly for plantation companies. Uttar Pradesh introduced agricultural income tax in 1948, and repealed it in 1957, one of six states to flip flop thus in the first decade post-Independence. Assam has taxes on plantations but not WB and so also Kerala but not neighbouring Tamil Nadu.

Even when Left front was ruling Bengal; they did not tax Agricultural income.

“Agricultural income is exempt from taxation in spite of large agricultural holdings,” said the 2014 Third Tax Administration Reform Commission (TARC) report. “...a large number of rich farmers, who earn more than salaried employees in the cities, get away with paying no tax at all in view of the government's lack of will to consider an agricultural income tax.”

The report further said “states should pass a resolution under Article 252 of the Constitution authorizing the Centre to impose tax on agricultural income, and all such taxes collected by the Centre, net of collection costs, could be transferred to the states”

Taxing large agriculturists would help widen India's taxpayer base — as the 2016 Economic Survey recommended — beyond the current 5.5 per cent, or 39 million earning individuals, who pay tax. But there is a need for political will to include Agriculture income under tax ambit and unless it is done one can surmise that large portion of black economy is masquerading as agricultural income and keep itself outside the tax net. □□

Designs of Terrorists to Hit a Wall

A 'wall of defence' is being set up around vital Army installations dotted along the Jammu-Pathankot National Highway in Jammu region following a surge in terrorist strikes and counter-infiltration operations. These security camps targeted by the suicide squad of Pakistan-based Lashkar-e-Tayyeba (LeT) terrorist outfits in the past, fall in the close proximity of the International Border with Pakistan and remain high value targets. After the Pathankot airbase was targeted in January 2016, a high-level security audit of these Army installations was ordered by the Centre to prevent repeats of similar strikes.

After completing the ground-level work, the Western Command had launched a comprehensive drive to fortify its defences and had also decided to raise a 'wall of defence' to deny any armed infiltrator the opportunity to target the area even from outside the camps. The wall was needed as most of the camps along the arterial road are located at a lower pedestal and it was possible to target them from the road. Even while the fortification work is in progress the Army authorities have been maintaining a constant vigil along the highway through watch towers and sentry positions raised along the boundary walls of every Army camp.

A robust multi-agency command structure was also set up after the Pathankot airbase strike to minimise the response time in order to effectively deal with the situation. BSF jawans have been regularly reporting suspicious movement of anti-national elements on the other side of the border and have also raised the issue with their Pakistani counterparts during their recent flag meeting in RS Pura sector. Certain objections were also raised over raising of infrastructure along the border.

CIC notices to National Parties

CIC has issued fresh notices to the chiefs of all the six national parties for not responding to Right to Information queries on their functioning, finances and other issues. In the Full Bench hearing scheduled on June 20, CIC has clubbed cases of 17 RTI applicants of similar nature. "Take notice that the above complaints/appeals (copy enclosed for the respondents) in respect of RTI requests filed by the aforesaid complainants/appellants have been listed for hearing before a Full Bench of this Commission comprising

Information Commissioners M Sridhar Acharyulu, Sudhir Bhargava and Bimal Julka..." the notice said. The fresh notices are issued to Congress chief Sonia Gandhi, the BJP president, president/general secretary of NCP and BSP and general secretaries of CPI (M) and CPI. Central Public Information Officer of the Election Commission has also been asked to appear during the hearing. CIC is the final appellate authority in RTI matters whose decisions can be challenged through writ petitions in High Courts. No political party has approached the constitutional courts challenging the order of the CIC so far.

Refusal to provide information or not furnishing complete information is deemed an offence under the RTI Act and attracts a penalty for the public information officer of the public authority of '250 per day from the date the information became due to the day it was to be furnished.

Sahara land put up for sale

In perhaps the biggest pan-India sale of land, over 4,700 acres held by the Sahara Group across 14 states have been put on the block by HDFC Realty and SBI Capital Markets. The sale is expected to fetch around Rs 6,500 crore. Sahara claims it has a total land bank of 33,633 acres. Of this, Aamby Valley City near Lonavala accounts for 10,600 acres. About 1,000 acres is spread across towns and cities of Uttar Pradesh (the company is headquartered in Lucknow).

Early this month, the Supreme Court released Sahara chief Subrata Roy and group director Ashok Roy Choudhary on parole for four weeks. Roy has been in Tihar jail since March 2014 after Sebi dragged the group to court. The court said Sahara could sell its properties to raise Rs 5,000 crore as a bank guarantee and another Rs 5,000 crore to get bail. Market regulator Securities and Exchange Board of India (Sebi) has given HDFC Realty and SBI Capital Markets the mandate to auction 60 properties across the country following a directive from the Supreme Court.

The auctioneers are hopeful of receiving over Rs 6,500 crore from the 60 properties. However, market sources pointed out that large chunk of the land are agricultural and are located in rural areas, which could affect the amount eventually raised. UP and Gujarat among 14 states where Sahara owns land.

Telcos cover to mask call drops

Trying to deflect heat over poor service quality, mobile operators are taking refuge in a new technology to “mask” call drops that shows a call as remaining ‘connected’ even when the network connection is lost and the caller is unable to hear voice from the other side. Earlier, the call used to get automatically disconnected in case of the user moving to a poor network area, making it a ‘dropped call’ under the current regulatory framework.

The new technology ensures the call remains artificially connected until the caller or receiver decides to terminate it and the user is billed for the entire duration despite not being able to talk for full or part of the call duration. The Telecom Regulatory Authority of India (Trai) has fixed penalty of up to Rs2 lakh for poor mobile service quality, including call drops. This penalty kicks in for more than 2 per cent call drops in a quarter in one telecom circle.

TRAI had also mandated the telecom operators to pay consumers Rs1 for every call drop, subject to a maximum of Rs3 per day, but this provision was recently quashed by the Supreme Court. Telecom operators have been facing intense heat over frequent call drops for many months now, although they have been blaming factors like lack of approvals for setting up mobile towers for this problem. Many of them claim to have made significant improvement on this front, but the menace continues, including in big cities.

PSU Banks ATM Target

State-owned banks installed close to 14,000 automated teller machines (ATMs) in different parts of the country in 2015-16, but missed the cumulative target of 15,249 for the financial year. A total of 13,935 cash dispensing machines were installed by banks in the year ending March 31, 2016 against the target of 15,249 ATMs, according to the data on progress of installation of ATMs by 27 public sector banks. With the addition, total number of ATMs of public sector banks increased to 1,42,557 at March end. Country’s largest bank SBI installed 4,222 ATMs against the target of 4,200. SBI had 49,724 ATMs at the end of March.

Reserve Bank deputy governor SS Mundra had recently raised concerns over one-third of ATMs being non-functional and warned the banks of pe-

nal action if the compliance levels were not met. Mundra quoted a survey of 4,000 ATMs conducted by a RBI team recently wherein it has found that almost one-third of these machines are not in working condition. The ATMs surveyed were situated in various parts of the country and were of various banks, he said.

While private sector lenders are pushing online and other tech-driven tools to widen their reach to cut cost, the state-run ones are going slow as there is no government push. Though there has been a curtailment on free ATM transactions since November 2014, there has not been any increase in inter-bank ATM usages.

Bogus driving licences

Almost every third driving licence in India could be ‘bogus’ with a staggering number of over five crore people driving on roads with fake documents, according to official data. However, those found to be driving with fake licences may soon be jailed for up to a year in addition to a hefty penalty of Rs 10,000 — up from the current penalty provision of Rs 500 and a maximum jail term of three months. In case of juvenile drivers, the owner of the vehicle or the driver’s guardian will face stricter penalties of up to three years in jail and fine of up to Rs 20,000, while their vehicle registration certificate may also be cancelled. An official said the Ministry has collated data of about 18 crore licences and an estimated 5.4 crore of them fall under the “bogus” category, which need to be checked. An earlier government survey of about six crore driving licences had found nearly 74 lakh fake ones.

Terming the Road Transport and Safety Bill as key to make Indian roads safer, Gadkari said an estimated 1.5 lakh people die every year in the country in road accidents and the proposed law will overhaul the entire system including about issuance of driving licences. Besides computerisation, the government also plans to set up 5,000 new driving centres, he added. A Group of Ministers, headed by Rajasthan Transport Minister Yunoos Khan, has submitted its preliminary report that proposes hefty penalty for traffic violations.

The final report is expected by the next month, after which the Bill should be passed in Parliament, the Minister said. □□

"India to drive world growth"

Amid concerns of a slowing global growth, India is a beacon of hope and has the potential to drive the world economy for the next 10 years, former Singapore prime minister Goh Chok Tong said. "India is a hope for us. India is at a stage China was 10 years ago to amend slack in the economy," he said speaking at the Future of Asia Conference organised by Nikkei.

Finance Minister Arun Jaitley, on a 6-day tour to help mobilise investment, attended the conference. The former Singapore prime minister felt that India should take advantage as China slows. "One should pass the message to Prime Minister (Narendra) Modi (that) India is growing.. now and it is engine of the world for the next 10 years as China is slowing," he said. He said the world economy can now depend on India for the growth push and it is not just China the world needs to depend on. "(The world) not just depends on China for pushing growth, India can be a very big partner." The International Monetary Fund (IMF) last month cut its 2016 global growth forecast for the fourth time in the past year to 3.2 per cent, citing China slowdown, persistently low oil prices and chronic weakness in advanced economies. This was down from 3.4 per cent projected in January. In contrast, for India, it retained its 7.5 per cent GDP expansion forecast for 2016 and 2017, up from 7.3 per cent in 2015.

Left in the U.K. is divided

Britain's Left and trade union movement are deeply divided on the question of the country's membership of the European Union (EU). A measure of this dissonance was in evidence as speakers took to the stage to argue their case in separate meetings in London recently. The two sides appeared as politically distant from each other in the referendum debate as they are with the positions of the official 'Remain' and 'Leave' campaigns. Addressing a packed auditorium in central London, in a function organised by the pro-'Remain' platform 'A Better Europe is Possible', former Greek Finance Minister Yanis Varoufakis; Green Party Member of Parliament Caroline Lucas; Labour MP Clive Lewis; author and journalist Owen Jones and others spoke about the "radical internationalist case for Remain".

"Unlike the two official 'Remain' and 'Leave' campaigns, we are not interested in polarising voters," Mr. Varoufakis said.

"We stand united in our conviction that it is impossible for Britain to have a successful democracy outside the realm of a democratised European Union. However, it is impossible for the European Union to become democratised without a democratic Britain participating in the process," he added

Taking issue with the two key arguments of the 'Leave' campaign, namely, that Britain should leave to defend its sovereignty, and that Britain should leave to control untrammelled immigration, Mr. Varoufakis said voting to leave would only benefit "a national ruling class" that will exercise sovereignty in an "utterly undemocratic" way.

On the 'Leave' campaign's argument that immigration has overwhelmed British public services, he said: "Lest we forget, turning the native poor against migrant labour is a variant of the old divide and rule trick that the British establishment honed ages ago to dominate the empire. Today, the establishment uses the same trick to dominate the domestic labourer, to hide austerity's effects, and to deflect anger towards the other, the migrant, the foreigner."

At another venue, a seminar entitled 'Dangerous Times', organised by the 'Left for Exit' campaign group, was in progress. Writer and intellectual Tariq Ali made the Left case for leaving the EU, which he described as a neoliberal institution whose charter does not allow any member state to act independently in protection of its national sovereign rights. Countering the view of the EU being an "internationalist" body, Mr. Ali argued that a supra-national body comprising nation states does not make it internationalist. "Why should the Left express its internationalism through the EU?," he asked. With the Leave and Remain campaigns running close together in opinion polls, the odds are almost equal, with the Remain campaign gaining a small edge in recent weeks. "Either way, that is whether we stay or leave, we will see a weakened Tory party and a resurgent Tory right. For the British Left it may not make a massive difference if we leave or stay," said.

IS slaps \$100 fine for shaving

With its territories reduced, cash-strapped Islamic State (IS) has imposed new taxes and fines like a \$100 penalty for shaving a beard and \$50 for trimming it and \$5 for men not properly wearing the traditional *izar* (a long garment). Also, women being charged \$25 for wearing cloaks deemed too tight,

according to analysis released by IHS Inc. Trucks crossing check points now have to pay between \$600 and \$700 while last summer the fee was \$300. Between December 2015 and March 2016, the IS lost about 22 per cent of its territory, according to IHS.

China allows to two children

The rise in IVF points to the deferred dreams of many parents who long wanted a second child, but were prevented by a strict population control policy in place for more than 30 years. China's decision to allow all married couples to have two children is driving a surge in demand for fertility treatment among older women, putting heavy pressure on clinics and breaking down past sensitivities, and even shame, about the issue. The rise in vitro fertilization (IVF) points to the lost dreams of many parents who long wanted a second child, but were prevented by a strict population control policy in place for more than 30 years. That, in turn, is shifting prevailing attitudes in China regarding fertility treatments — formerly a matter of such sensitivity that couples were reluctant to tell even their parents or other family members that they were having trouble conceiving.

“More and more women are coming to ask to have their second child,” said Dr. Liu Jiaen, who runs a private hospital in Beijing treating infertility through IVF, in which an egg and sperm are combined in a laboratory dish and the resulting embryo transferred to a woman's uterus. It is estimated that the numbers of women coming to him for IVF had risen by 20 percent since the relaxation of the policy, which came into effect at the start of the year. (Source: AP)

Liu estimated that the numbers of women coming to him for IVF had risen by 20 percent since the relaxation of the policy, which came into effect at the start of the year. Before, the average age of his patients was about 35. Now most of them are older than 40 and some of the women are fast approaching 50, he said.

Pakistani FIR against US officials

Police in Pakistan's Balochistan province has registered a case against unnamed American officials for the US drone strike that killed Afghan Taliban leader, Mullah Akhtar Mansoor, and driver of a taxi in which he was travelling on May 21. The police registered the case on a complaint by Muhammad Qasim, broth-

er of the cab driver, Muhammad Azam, who was also killed in the attack, Xinhua news agency reported. The report did not mention any American by name but the applicant said several American officials have publicly claimed responsibility for the attack and action should be taken against them.

“My brother did not have links with any terrorist group. He was an innocent and a poor man, the father of four children and the lone breadwinner in his family,” the brother said in his application.

“The America officials have intruded into Pakistan and killed my brother and another man in the drone strike. I do not know the name of the American officials but their names have been circulated in the media. I request legal action against those responsible,” Qasim said.

Indian couple sues Australian bank

An Indian businessman and his wife has launched the largest legal action in the state of Victoria, seeking more than \$1 billion in compensation from an Australian bank.

Pankaj and Radhika Oswal accused the Australia and New Zealand Banking Group (ANZ) of under-selling shares in their West Australian fertiliser company after it was seized by receivers, Xinhua news agency reported. Opening the case in Victoria's Supreme Court senior counsel for the Oswals, Tony Bannon, said his clients' 65 percent stake in Burrup Fertilisers was sold for \$400 million in 2010. Bannon said he will demonstrate to the court that the true value of the couple's shares was in fact \$990 million.

“Our evidence will demonstrate the current value is in the order of 2.36 billion Australian dollars (\$1.68 billion),” he said. Oswal claims he was bullied by ANZ executives during the sale six years ago, alleging that one executive put him in a headlock and threatened to “destroy” him before Burrup went into receivership. The Oswals found themselves in significant debt last month when the Australian Taxation Office (ATO) issued a departure prohibition on the couple over an unpaid \$136 million Tax bill.

A \$50 million house dubbed the “Taj Mahal on the Swan River” was left half-completed by the couple when they were forced to sell their share in Burrup as well as a luxury jet worth tens of millions of dollars and a fleet of luxury cars. The trial has already cost tens of millions of dollars with 25 barristers appearing in court on both sides. □□

Leading initiators of anti-dumping

India, US and Brazil were the leading initiators of anti-dumping investigations in 2015, a WTO annual report said. It said that the WTO members initiated 107 new anti-dumping investigations from January to June 2015, just slightly up from 106 in the same period in 2014. “The top initiators in 2015 were again the US (15 new investigations), followed by Brazil (12) and India (12), with Turkey also launching 12,” WTO’s Annual Report 2016 said.

The WTO members are allowed to apply anti-dumping measures on imports of a product where the exporting company ships the product at a price lower than the price it normally charges in its home market and the dumped imports cause or threaten to cause injury to the domestic industry. The report also said that the safeguard investigations were initiated by 11 members including India, Indonesia and Malaysia. The products covered ranged from ceramic tiles and cars to polyethylene terephthalate, used for making beverage containers, and alloy and non-alloy steel, it added.

Solar cases against US

Commerce and Industry Minister Nirmala Sitharaman confirms that the government will press ahead with plans to file 16 cases against the U.S. for violating WTO treaties on clean energy. Sitharaman confirmed it in the Parliament. In reply to a query Minister Sitharaman stated that certain renewable energy programs in the U.S. are allegedly “inconsistent with WTO provisions”. Particularly, the minister suggested that the U.S. has failed to respect its obligations under the General Agreement on Tariff and Trade (GATT) 1994, pertaining to subsidies and countervailing measures. India recently lost a case against the U.S., with the WTO ruling that India’s local content requirements for solar components were in violation of global trade rules. India has since appealed before the WTO appellate body against those findings. From India’s perspective, there is a contradiction in the U.S. targeting India’s domestic content requirements while giving subsidy and support to their own solar programs.

“The U.S. has its own subsidy programs at the sub-federal level,” an anonymous official told the Indian newspaper. “If they are comfortable with their own subsidies, then why target us? We want separate consultations with them outside the WTO.”

Domestic subsidies a priority

Domestic support remains a clear priority in the reforms of agriculture trade, and subsidies for cotton are similarly a specific objective for reform, WTO members heard at an informal meeting on agriculture negotiations convened by the Chair of these negotiations, New Zealand Ambassador Vangelis Vitalis. As with the other pillars of the agriculture negotiations, the Chair suggested that an approach to advance negotiations in domestic support is to “define by doing”. Ambassador Vitalis noted “a gradual but discernible shift” in how members see the way forward, at least initially. He said many are considering looking at ways to “cut water” in market access and domestic support, i.e. to narrow the difference between the bound and applied level of tariffs and subsidies rather than make “real cuts” which would require reform in the current practice of agriculture policy. Members also emphasized and reaffirmed the need to avoid as far as possible polarising debates that would risk causing paralysis in the talks, including in the wider negotiating process. The United States submitted a set of questions about today’s most pressing trade distortions and problems in agricultural trade.

US consultations with China

On 10 May 2016, the United States requested consultations with China over China’s alleged non-compliance with the recommendations and rulings of the Dispute Settlement Body (DSB) in the dispute over anti-dumping and countervailing duties on broiler products from the United States (DS427). The request concerns measures imposed by China following the DSB’s adoption on 25 September 2013 of the panel report in “China – Broiler Products”. When the parties disagree on whether the implementation of the recommendations and rulings has been carried out, a panel under Article 21.5 of the DSU can be established to rule.

Sri Lanka ratifies TFA

Sri Lanka has become the latest WTO member to ratify the new Trade Facilitation Agreement (TFA). Sri Lanka’s ambassador to the WTO, R.D. Susiri Kumararatne, presented his country’s instrument of acceptance to Director-General Roberto Azevêdo on 31 May. On 31 July 2014 Sri Lanka submitted its Category A notification to the WTO indicating which provisions of the TFA it intends to implement upon entry into force of the agreement. □□