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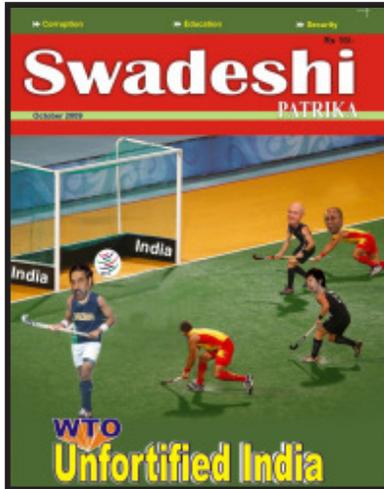
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**WTO**

# Unfortified India



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EDITOR  
**Ajay Bharti**

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**Sudama Bhardwaj**

EDITORIAL OFFICE  
'Dharmakshetra' Sector-8, Babu Genu Marg, R.K. Puram, N. D.-22  
E-MAIL : swadeshipatrika@rediffmail.com  
WEBSITE : www.swadeshionline.in

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## Exploitation

*Ganga may dry up in next few decades. India will face tremendous food shortages. A grave warning of such imminent danger is not sufficient to wake up our 'slumbering and stumbling' Government and political class. Not a single piece of good news is emanating from the ruling class.*

*Such warnings were given from time to time by statesmen of this country in past and is being substantiated by subsequent happenings till date. But to the detriment of the Nation, the 'Bhoot' of green revolution and growth is still controlling the regime at the top. We are prone to embrace the beaten track and blindly follow the West and in the process, give up treasure of our ancient knowledge and experience.*

*The 'Politician' has won over the 'Statesmen'. Next 'Election', being held more frequently now, is the most dominant consideration for them. Situation is simply disastrous and in all walks of life in present day India, a common man is like sheep being dragged to a slaughter house!*

*It is time for 'aam admi' to understand his worth and stand up for not only his own rights but for that of future generations also. Civil society needs to be more assertive and say no to all types of exploitation, whether physical, economical or emotional. World is a changed place now. Means of communication have ensured that information is available to people at reasonable level. Exploitation can be stopped provided people decide to do so.*

*Market forces and forces behind market have left nothing untouched, not even faith, emotions and anger. Political Tamasha of austerity is another feature of the same fraud. It is manipulated projection of an attribute to a person or group of persons which is non existent. Objective is simply to deceive people. People need to be vigilant.*

– **Satinder Nim, Nangli Dairy, Delhi**

### EDITORIAL OFFICE

#### SWADESHI PATRIKA

'Dharmakshetra', Sector-8, Rama Krishna Puram, New Delhi-22

■ Tel. : 26184595, E-Mail: swadeshipatrika@rediffmail.com

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## Quote-Unquote



Indian cinema is not just about Bollywood.

**Amol Palekar**

Noted actor-filmmaker



I am a man of the future, not the past.

**Dev Anand**

Veteran actor-director



I have consistently held that Left-wing extremism poses perhaps the greatest internal security threats that we face.

**Dr. Manmohan Singh**

Prime Minister



Much of the vitriol against President Barack Obama's health reforms and spending plans is based on racism.

**Jimmy Carter**

Former President of the USA

## Opinionated Austerity

Chronic hunger and the unrest it can spark is increasingly being, and rightly so, viewed as one of the most burning threats facing the world. Food shortage and malnutrition has worsened around the world over years particularly since 2008. It has caused riots at several places in numerous developing countries. Even if rioting has subsided for now, a serious deficiency in the current approach to hunger remains an important issue potent enough to threaten the ruling class globally. 230 million Indians- the highest for any country in the world- are undernourished according to a report by the United Nations World Food Programme (WFP). According to the latest report on the state of food insecurity in rural India, more than 1.5 million children are at risk of becoming malnourished because of rising global food prices. The report says that while general inflation in the country declined from a 13-year high exceeding 12% in July 2008 to less than 5% by the end of January 2009, the inflation for food articles doubled from 5% to over 11% during the same period. The report also questions the government's definitions of hunger and poverty. "The fact that calorie deprivation is increasing during a period when the proportion of rural population below the poverty line is claimed to be declining rapidly, highlights the increasing disconnect between official poverty estimates and calorie deprivation," it said.

It is with this background that one needs to look at the chatter about austerity in public life that dominated the unrestricted debate recently. Much-publicised austerity drive by the Congress-led government and manoeuvred images of Sonia Gandhi and the heir apparent Rahul Gandhi travelling by lower class than they usually do has not evoked the type of response party and loyalists would have normally expected. With elections in some key states particularly farmer suicide dominated state of Maharashtra approaching, the drive has been slammed by the opposition and ridiculed by the media. Even the people in general, the "aam aadmi" seems unimpressed. It is not that austerity has lost all its appeal and is not commanding the type of reverence it used to be. The fact of the matter is that asceticism is a way of thinking, a way of living. It actually is a self imposed discipline and not an attribute to be demonstrated in difficult times for some short term political gains. It has necessarily to be an integral part of one's life in open as well as in secret. Demonstrable austerity is political strategy that may or may not succeed. A true ascetic person may in shorter term be ignored, mocked or even embarrassed but ultimately he is revered and respected and people do not hesitate to pay obeisance with admiration.

In a milieu where size of bungalows & convoys, cost of clothes and accessories, number of musclemen and cases of breaking laws determines the political hierarchy and the speed with which any political activist and so called elected representative of people amasses wealth, type of austerity preached by political class is hard to digest. Common man who has to face ruling elite incessantly in his daily effort for endurance distinguishes between the preached word and actual action. Empirical evidence is available on the lavish life style of these people and hence disconnect between the two, the ruled and the ruler becomes pronounced. We don't question intentions of any person, nor do we undermine the need to be austere. We actually have been constantly impressing upon the need to shun high cost consumerist life style imported from the west. We are firm believers of a life style that refuses to exploit nature for stupid comforts and misbelieved leisure. We on the contrary understand the need to adopt a sustainable way of life that is in harmony with nature. A lot is left to be desired in this respect. A cursory look at the consumption of political class and elected representatives reveals the gap between them and people in general. Take any of the basic needs like food, water, housing, electricity, sanitation, health care, transport facility and connectivity and you find the startling disparity. Extravagant life style of a small section of population compared with near starvation existence of about 80% population makes a deadly recipe for social unrest that can go out of control anytime. How can we expect an able bodied parent to watch his family die a slow death for want of a two-square meal in close vicinity of a class of people who as a habit waste enough to fill stomach of several human beings? It is important to note that this phenomenon is not party specific. It is spread across the political spectrum with a little variation in degree of intensity. Time has come for all of us to sit and ponder over the seriousness of the situation and take immediate remedial measures.

Having said that it needs to be emphasised that austerity of any kind, even the tokenism, must be welcomed. This at least brings to forth the need to be modest in public life. Those who oppose austerity measures of UPA by words alone are better advised to be seriously austere and leave it for people to judge the both.

# Swadeshi Agenda for the 7<sup>th</sup> Ministerial Conference of WTO

*The 15 years of WTO has done greater harm than good to the rural poor around the world including India. The strategy of negotiation in WTO has to change from allowing capital intensive services sector to the multinational companies at the cost of economic sovereignty to labour intensive services sector in all spheres of this sector by demanding market access through removal of VISA restrictions in the developed world, suggests Dr. Dhanpat Ram Aggarwal*

Today the world is on a cross road where the global economic system followed since the establishment of Bretton Woods Institutions is facing a great challenge amidst the present global crisis. The G20 countries have met twice since the eruption of the financial crisis particularly after the declaration of bankruptcy by Lehman Brothers on 15<sup>th</sup> September 2008. The first stock of the global meltdown was taken on 15<sup>th</sup> November 2008 in Washington and thereafter on 2<sup>nd</sup> April 2009 in London Summit. The third meeting of the G20 nations is taking place in Pittsburgh, USA on 24-25 September this year. There is a consensus amongst majority of the nations representing both the developing and the developed countries to look for a new Global Financial System, which will definitely require a new global trading system in tandem in order to bring a change in the global society for a balanced and equitable growth and distribution of the global resources. The global leadership has realized about inclusive leadership and the role of G-20 comprising the large economies from developing world especially India, China and Brazil has been recog-

nized over the G-8 leadership confined earlier to few developed economies.

The 7<sup>th</sup> Ministerial Conference of the WTO is scheduled to be held in Geneva on 30<sup>th</sup> November – 2<sup>nd</sup> December 2009 to discuss the Doha round which is under a deadlock for more than 8 years, since its declaration in the



4<sup>th</sup> Ministerial Conference held in Doha, the capital city of Qatar. Implementation issues of Doha Development Agenda should be the top priority for all the 153 participating member countries. The Forth Ministerial Conference was held in the backdrop of global terrorism, as it was held only two months after the World Trade Center attack. There is an effort to set the Doha development Agenda on rail on the pretext of giving a solution to the present global crisis.

The present Doha Round seems to be longer than the earlier Uruguay Round which took seven years to conclude the Dunkel proposals (1986-1993), which was later endorsed in Markesh, on 15-04-94 to give birth to WTO, which is proving to be a death knell to the farmers of the developing world.

The 15 years of WTO has done greater harm than good to the rural poor around the world including India as will be evident from sample statistics resembling the increasing inequality and unbalanced growth. The following Table-1 shows that despite large claims of India emerging as Super Economic power that it occupies a very small space in the global GDP today and its per capita income is one of the lowest in the world. The real change can take place by empowering its human resource through proper education system by ensuring 100 per cent literacy and thereby utilizing the full potentiality of its intellectual resource in today's era of knowledge based economy. The strategy of negotiation in WTO has to change from allowing capital intensive services sector in the field of Banking, Insurance and other financial sectors to the multinational companies at the

	Populatin Million	Populatin (%)	GDP-USD Bn	GDP (%)	GDP-\$ (PPP)
World	6707	100.0	54347	100.0	60507
USA	305	4.57	14401	25.41	13543
EU	499	7.47	18857	30.81	14712
China	1330	19.84	3940	6.04	7043
Japan	127	1.90	4900	8.99	4346
India	1137	17.02	1330	2.04	2965

Source: World Development Report, 2009

cost of economic sovereignty to labour intensive services sector in all spheres of this sector by demanding market access through removal of VISA restrictions in the developed world. India's rich human resource and its largest share in the working population can alone bring equitable growth and increase the share of India's GDP in proportion to its population in the global economy from the present level of mere two per cent to at least 17 per cent of the global economy.

USA shares merely 5% (300 million) of the total world population and shares almost 25% (USD 14 trillion) of the total world GDP whereas India shares almost 17% of the total world population but shares only 2% of the total world GDP. This paradox is true of several other developing countries and reflects the growing distortions between population and income level. USA consumes at the cost of global savings through Dollar diplomacy which appear to have exposed after almost 80 years of its hegemony and the world is looking for a change with a new global economic order. The present exchange rate system needs a thorough change and the international currency reserve has to shift from US Dollar to a new currency regime in order to have a fair trade regime. Therefore, a

new trading system is the need of the hour.

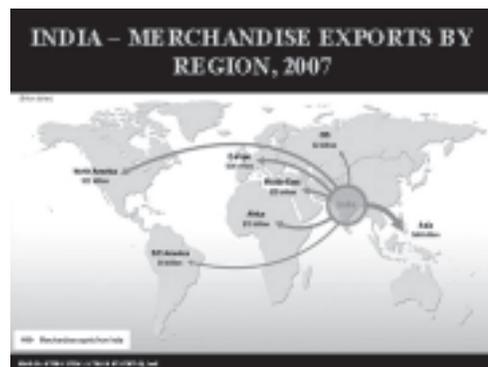
It is pertinent to understand the role of exchange rate in the global economic system. In 1980, the exchange rate of India and China were closer to each other in terms of fixed exchange rate of around Rs

8/ and Yuan 8 per US Dollar but since then there has been a devaluation of Indian Rupee by more than 600 per cent from Rs. 8 per US dollar to Rs. 48/- per US Dollar whereas the Chinese Yuan has appreciated by around 10 per cent and the present value of Yuan is around 7. 25 per US Dollar and there is a feeling that it is undervalued and needs appreciation. Similar situation arose for Japan in mid 1980s when Japanese exports were booming and under 'Plaza Accord' US forced Yen to appreciate against US Dollar. It may be noted that The Plaza Accord of 1985 called for "orderly appreciation of the main non-dollar currencies against dollar" and as a result dollar sank about 50 per cent between September 22, 1985 and the end of 1987.

The theory of devaluation and increase in exports and increased inflow of foreign direct investments in India has proved to be wrong as it is clearly evident

***Today China is able to assert before the world community for replacing dollar as the international currency***

from the following tables 2 and 3 and three below that the Chinese exports have increased more than 10 fold as compared to India. The devaluation of Indian Rupee over the last 18 years of reform has been responsible for import of inflation in the country and has made our exports uncompetitive despite appeasement to exporting communities and it had a very negative impact on our manufacturing sector. Therefore the need of the hour is to understand the trade implications along with exchange rate policy and any isolation of the one from the other would leave India behind in the era of globalization far behind to China and other countries who have been taking advantage with appropriate exchange



rate policy. The G-20 debate on 24-25<sup>th</sup> in Pittsburg was centered around the exchange rate and the currency reserve and to equate the voting right pattern in IMF.

The Indian economy has been suffering from Trade deficit (see table-4) and increasing burden of foreign debt whereas China has the trade surplus and its foreign exchange reserve has exceeded one trillion US dollar and today China is able to assert before the world community for replacing dollar as the international currency and can afford international trade in its own currency.



China continues to be a strong economy with its manufacturing sector contributing nearly 50 per cent of its GDP (See Table-5) whereas in India the share of manufacturing in its GDP is shrinking gradually and today it contributes only 20 per cent of its GDP and this is one of the major reason of rising unemployment in the country. It is also relevant to note that the share of Agriculture has also declined from about 40 per cent in 1991 at the beginning of economic reforms to less than half or just 19 per cent in 2008 and thereby marginalizing the farmers from the growth process. On the one hand the share of the farmers is coming down in their share of India's GDP but their dependence as percentage of population on agriculture sector has remained almost same at around 60 per cent and thus it is natural that the aggregate income of this sector would go down substantially and this is the major rea-

Year	Exports (US \$ Billion)	Imports (US \$ Billion)	Trade Balance (US \$ Billion)
2002	52.8	61.5	-8.7
2003	63.8	78.2	-14.3
2004	83.5	107.9	-24.4
2005	102.7	133.4	-30.7
2006	122.9	185.1	-62.2
2007	151.6	230.8	-79.4

son that after 15 years of economic reforms under WTO regime has forced the Government to realize the need of "Inclusive Growth" and introduction of food security Act.

The forthcoming seventh Ministerial at Geneva should bear in mind that the failures at Seattle and in Cancun were due to lack of willingness to set the agenda for the development in favour of the developing nations. The 3<sup>rd</sup> Ministerial Conference held in Seattle on 30<sup>th</sup> November 1999 failed to launch a new round of trade negotiations, which would have been named as "The Millennial Round"

and was subsequently pushed during the 4<sup>th</sup> Ministerial to be called as Doha Development Round. A similar situation is seen before this ministerial conference to be held in Geneva but under different circumstances, i.e. this ministerial is being held amidst the backdrop of financial crisis and is following the deadlock of Doha Development Agenda. There is a tactical move in all the Ministerial Conferences by front loading the agenda for negotiation which are either new or of substantial interest to the developed countries. The very first ministerial in Singapore in 1995 is a live example with four controversial 'Singapore Issues' on Investments, Competition, Transparency on Government Procurement and Trade Facilitation. This was

done diplomatically to defer the discussion on implementation issues which were left unattended during Uruguay Round and which are of interest to the developing countries. This was further accentuated by bringing the new issues of Labour and environment in Seattle where the developing countries formed unity and opposed leading to failure of the third Ministerial. The same commercial diplomacy and machiavolism was repeated in Cancun at the fifth Ministerial where again the developing countries forged alliances and preferred to have no deal better than a bad deal leading to failure of the talk Thus it is apparent that the developed world does not want fair

	WORLD	US	JAPAN	CHINA	INDIA
MANUFACTURE	32	20	25	48	20
AGRICULTURE	4	1	2	12	19
SERVICES	64	79	73	40	61

Source: World Development Report 2009

trade which should bring prosperity to poor countries by granting market access to them by abolishing the trade distorting subsidies on agricultural products and giving an end to protectionism in the guise of several non-tariff barriers to the exports of goods and services from the developing countries. The

***There is a tactical move in all the Ministerial Conferences by front loading the agenda for negotiation which are either new or of substantial interest to the developed countries.***

three pillars of WTO namely, most favoured Nation, Market access and national treatment is unilaterally applied in favour of the developed countries and against the interest of the developing countries.

The WTO discussion hovers around a triangle of goods, services and the intellectual property rights. In the negotiation on trade in goods are the debate on tariff and subsidies on agriculture and non-agriculture goods. India's average bound tariff on agricultural goods is around 114% whereas the applied tariff is much lower at about 325%. The average bound tariff on the other hand on industrial goods is about 35% as against the applied average tariff of about 10% only. It is argued that considering a huge gap between the bound rates and the applied rates there is no harm in reducing the bound rates but it will be highly dangerous to reduce the bound tariff rates by loosing the policy space when there is surge in imports as imposition of anti dumping duties and safeguard duties are very difficult and are subject to retaliation by the other countries.

Agriculture is the most important and controversial issue. Developing countries have long been demanding the reduction in trade distorting subsidies by the developed countries to their farmers. Recently Indian farmers have been committing suicide because they are not being able to repay their loans as they are not able to get remunerative prices for their agricultural produce. The quantum of subsidies by the developed countries belonging to OECD club has more than doubled to around US\$ 400 Billion from the level of US\$ 189 Billion in 1995 after the

launch of the WTO. Thus subsidies should be eliminated and else agriculture should henceforth be dropped from the WTO agenda.

Special and Differential Treatment consists of measures to compensate developing countries for the structural asymmetries existing between them and developed countries. These are expressed mainly in reduced access to technology and finance and deficiencies in human resources and infrastructure and result in the lower asymmetries between countries. Special and Differential Treatment clause in all WTO Agreements compensates for such asymmetries so as to ensure more equitable participation in international trade.

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***There is need to bring  
the issue of bio-  
diversity on the  
negotiating table of  
WTO.***

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However the Special and differential treatment to developing countries are being denied since the formation of WTO and there should be insistence with specific proposals under all negotiating issues on Goods, Services, TRIPS and Trade Policy Review Mechanism.

India has a rich and diverse culture, which produces unique products specific to its geographic locales. It is same with other developing countries which produce natural as well as manmade products which have unique characteristics. High level of protection should be agreed upon for geographical indications for various products which are in the interest of the developing countries, simi-

lar to wines and spirits. This would increase the popularity of such protected products and increase their demand in the international market.

There has also been an increasing trend in the recent past in favour of regionalism. While regional economic groupings have resulted in increased trade among countries in the region, there is inherent danger of discrimination against third countries. Regional arrangements are an exception to the multilateral system. While we recognise the positive effect of regional groupings that are consistent with the principles of the multilateral trading system, we fear that the proliferation of such arrangements may weaken the framework of the system. The rules relating to such regional arrangements need to be clear and precise and should ensure that market access for third countries is not denied or reduced. Otherwise, we will, over the years, have a situation where the multilateral system becomes largely irrelevant. However the WTO-plus commitments in free trade agreements may endanger our bargaining capacity under multilateral negotiation. The recent initiative on FTAs with ASEAN countries and with Malaysia needs to be studied from this context. The issue of bilateralism and multilateralism are overlapping and it becomes difficult to establish the rules of origin and there is likelihood of trade diversion rather than trade creation which is at the core of all these agreements.

Several imbalances are seen in the TRIPS Agreement. In the realm of geographical indications, the additional protection available to wines and spirits is not applicable to the region specific products of developing countries. The Bas-

mati rice issue, involving the passing off type of activity indulged in by certain foreign enterprises with regard to this kind of rice which is associated with certain regions of India, has focused attention on the need for higher protection for products other than wines and spirits. Similarly there is need to bring the issue of bio-diversity on the negotiating table of WTO in line with convention on Bio-Diversity in order to protect the bio resources and to stop the bio-piracy. There is also a need for discussion on genetically modified food vis-à-vis the organic food.

Indeed, the issue of development of proprietary patents by enterprises based on the traditional knowledge of indigenous communities, nurtured through generations, without obtaining prior informed consent or without coming to any agreement on benefit sharing, have been viewed as iniquitous practices by countries such as India, which are storehouses of such indigenous knowledge. A situation, where indigenous biotechnology, developed over the ages in countries such as India, is being used without any flow back of benefits from patentees to original developer's calls for amendments in the TRIPS Agreement. The imbalances in the TRIPS Agreement and its tilt against the holders of indigenous know-how, mainly based in developing countries, misaligns it with another major international agreement, namely, the Convention on Biodiversity.

To conclude the following points may be reemphasized in brief:

The market access under mode-1 and Mode-4 for cross border supply of services and for movement of natural persons

should be brought under major focus as against the commercial presence under Mode-3. The Govt. of India should clearly mention about refusal for market access for FDI in retail and in education while negotiating on General Agreement on trade related services (GATS).

No further compromise should be made on inclusion of all items under Bound Rates commitments as presently about 35 per cent of the tariff lines are not covered under any bound rate commitments for industrial goods. Thus under ongoing NAMA negotiations, no further commitments should be made for reduction of tariff under bound rates or under applied rates under the present modified SWISS FORMULA which is more in favour of the developed countries.

There should be demand for transparency in the process of setting the agenda for discussion & for decision making process in all mini & main Ministerial conferences.

It is observed that the General Council and the Director General assume extra constitutional power than what is otherwise allowed under Agreement Establishing WTO as is evident from the preceding two occasions of July 2004 Package and July 2008 package.

No Backdoor entry of new agenda before completing the existing agenda as commercial diplomacy is likely to play on environment issues and on government procurements.

There should be a demand for a white paper on the adverse impact on unorganized sector and the small scale sector including on agriculture, price rise, and unemployment after the formation of WTO since 1995. External liber-

alization poses threats of stiffer competition under a new world trade order with WTO agreements relaxing quantitative restrictions and non-tariff/sanitary barriers on importing countries which exposes the Indian farmer to world market forces. Under the new trade regime, the food sector will be confronted by the challenges of trade related intellectual property rights (TRIPS).

There should also be a demand for a new economic order in view of multiplicity of various international institutions which are responsible for the present global meltdown and its adverse impact on employment in developing countries. It is important that longer-term issues, such as preventing huge financial imbalances in trade, savings, and consumption, are tackled as the global economy recovers from its worst recession since World War II. Multinational institutions such as the IMF and World Bank must become more representative and democratic to deal with complex problems such as modernizing the international monetary system.

Poor and developing countries must increase their share of control in the IMF and the World Bank. There should be a demand for the elimination of unilateral policy announcement by the US Govt. for protectionism under one pretext or the other and if the developed countries are more concerned about their own development, the developing countries should exercise their voting power for opting out of WTO and should form another platform in the line of South-South Co-operation.□□

(The author is The Director, Institute of International Trade, Kolkata)

# Undue haste of UPA reversing the earlier gains made at WTO

*“UPA government”, instead of further consolidating on the gains made in Doha by the previous NDA regime, has actually started toeing the line scripted by US and EU again explains P. Muralidhar Rao*

A meeting of the 35 trade ministers from important trading countries was held on September 3 & 4, 2009 in New Delhi. The meeting was called at the initiative of government of India. This meeting was a prelude to the seventh Ministerial Conference in Geneva from November 30 to December 2, 2009, four years after its last conference in Hong Kong-China in 2005. The focus of the forthcoming conference is "The WTO, the Multilateral Trading System and the Current Global Economic Environment."

## WTO: Promise versus Performance

World Trade Organisation (WTO) was formed with the promise that rule based and transparent trade regime would enhance world trade, which would act as engine of growth on the one hand and alleviate poverty and generate employment on the other by rectifying the historic trade imbalances hitherto acting to the prejudice of the developing nations. Pseudo estimates were given regarding the gains developing countries were to derive from the successful completion of the Uruguay Round leading to the formation of the WTO. It was assured that the developing countries would be the major gainer and would get major share in the pie of the addition of \$ 700 billion

in the global GDP and their trade deficits too would diminish. Contrary to this, the trade deficits of developing countries have widened manifold. The trade deficit of India alone has widened from less than \$5 billion to more than \$100 billion. Other developing countries have become even more vulnerable on this count. The sugar coated assurances that freer trade would facilitate transfer of technology to the developing countries have proved to be misnomer and rather the developing countries are being denied access to the technologies being developed by themselves, in the name of new patents regime.

Indeed the implementation of the Uruguay round had proved so catastrophic that no headway could be made thereafter in the subsequent six ministerial conferences from Singapore (1996) to Hong Kong (2005) and to this date. Poverty has worsened, farmers suicides are growing unabated, employment is on decline-quantitatively as well as qualitatively, with an uninterrupted wave of industrial closures and foreign take overs.

The 'lead' being taken by India to resolve the present impasse for the conclusion of the Doha round on the basis of July text would compel to further open up trade which would lead to import surge of agricultural as well as non agricul-

tural products eventually, destabilise both agriculture & industry.

## Threat to agriculture and food security

Agriculture being the means of subsistence for more than 60 crores of people in India, any further liberalization of agri-imports would render vast majority of population vulnerable. A study of 102 countries conducted by the food and agriculture organization (FAO) has found that even with limited opening up import surges for many agriculture commodities has threatened the farm sector. Because the US and EU have been raising farm subsidies in the name of non-trade distorting green box subsidies which overweigh four times the trade distorting subsidies.

The removal of quantitative restrictions, limits on the types of domestic subsidies developing countries can provide to agriculture, restrictions on managing the food stocks, procurement and distribution and prohibition of export subsidies by WTO or Bretton woods institutions have already deprived the developing countries of their legitimate sovereign rights to strengthen their agriculture sector, protect the farmers and safeguard the food security. So, further lowering of duties with ultimate zero tariffs on certain products would lead agriculture to complete disarray.

'Special Products' (SPs) and special safeguard mechanism being proposed, as protective tools for the developing countries, would hardly be able to safeguard our interests. SPs are agriculture products on which developing countries would be required to make lesser or no reductions on their maximum allowed customs (bound tariffs). As per December text only 12% products can be designated as SPs. But of this only 5% of the SPs can be exempted from any tariff reductions, which translates into 35 tariff lines and thus, India can protect only about 8 or 9 crops as 4 tariff lines usually cover one crop. To the contrary, India has 15 agro-climatic zones with a diverse number of crops being grown in each region so we have to safeguard the interests of farmers in all regions who are involved in cultivating wide number of crops and preserve their livelihood and national food security.

Special Safeguard Mechanism (SSM): SSM means extra duty which could be imposed in the situation of surge in imports of any particular commodity. This should ideally be a tool for a member country to safeguard the local producers from unfair dumping which is indicated either by sudden surge in import volume or decline in prices. July text which is the basis of talks in the forthcoming Mini Ministerial meeting diluting this right to impose SSM as surge in import is decided on the basis of average of the last three years imports of a particular commodity. Instead of focusing the discussion on genuinely safeguarding the interest of vulnerable farming sector, the discussion has now shifted to technicalities like whether there should

be 10 percent or 40 percent increase in volume to trigger an SSM and how much a member country should be allowed to raise tariffs.

**NAMA:** Non agricultural market access deals with the industrial products, electronics, hand tools, toys, chemicals, fish and fish products and forest products. Proposals included in the text are extremely imbalanced and does not fulfill the "less than full reciprocity for developing countries" and special and differential treatment (SDT) – principles.

If these proposals are accepted, the challenges for our micro, small and medium industries, which employ large number of people would be very serious and uphill. Presently, the India's average custom duties are around 11.5%. If this text is accepted, India, would have to keep the tariffs for many industrial products around its current applied levels. In fact, India's average tariff ceiling for its highest tariffs will have to come down to 18.8% from 130%. Tariff ceilings largely, would move between 11% and 16%, thus leaving no space in the future to increase, even if need arose. The so called flexibilities for developing countries are also linked to the amount of cuts they will make in NAMA overall.

The text also retains the "anti-concentration clause", despite the protest of developing countries, which is designed to prevent developing countries from excluding an entire sector, from full formula tariff cuts. Even the controversial "sectoral approach" – wherein – participating member is expected to lower the tariffs in selected sectors to zero or very low levels was supposed to be voluntary. However, US and other developed coun-

tries are insisting to make it mandatory for countries like China, India and Brazil, at least in few sectors.

In contrast, rich countries will commit to much lower reductions in their duties and do nothing to their non-tariff barriers.

### India's gains in Doha at stake

The unilateral play of fork and brute strength in the multilateral trade talks ever since the creation of WTO in 1995 was reversed by Murasoli Maran, the then commerce minister in Doha ministerial conference held in 2001. At Doha, India has singularly resisted the pressure of Euro-US combine and successfully obstructed the Singapore issues and also to bring in to focus the issue of unfair agri-subsidies by developed countries and issues related to public health. This ultimately led to the third world solidarity where almost 110 developing countries have now come together to resist the Euro-US pressure. Arun Jaitley the Minister of Commerce in NDA govt, who led the Indian delegation at Cancun in 2003 had further strengthened the cause of the third world by effectively putting in place the groups like G20, G16 etc. But the gains made at Doha and Cancun are being reversed now by the recent undue haste being shown by the present UPA regime represented by Commerce Minister Anand Sharma. The strategy which was evolved on the basis of national interest and also a progressive approach to work for a genuinely equitable multilateral trade regime, is now at stake. It seems, the present "UPA government", instead of further consolidating on the gains made in Doha by the previous NDA regime, has actually started toeing the line scripted by US and EU again. □□

# Economic Equity and Democracy

*Globalisation is the largest edition of the corporate monster, the modern form of 'legal person' that wants global control over sovereign nations. Congress party talks about aam aadmi before every election and shuns him soon after. Will opposition parties particularly BJP take notice and behave accordingly, asks D.G. Bokare*

India's general elections are over a few months ago. We find some results disturbing the leaders of political parties, particularly those in opposition. BJP is going through a tough time to fix the blame for the defeat. Left parties are also disturbed by the results. These parties will find it tough to fix the blame as the turnout at polls was beyond their expectations. Low turnout of voters was one of the worrying factors for major political parties. Cities have registered around forty percent votes whereas rural areas have shown a slightly better but not very encouraging voting percentage. It only confirms

that educated and literate middle class people, whose number is growing continuously, have been reluctant to vote now a days. Whatever voting is seen in cities must be from slums and other undeveloped areas. Though Congress Party has gained overall majority in the Parliament, its leaders are equally worried about the coming general elections on these factors. I am not sure whether they would find the real reason behind this defeat. Some basic questions have to be addressed by all the political parties before coming to any conclusions. In my opinion, there are some fundamental issues involved in such defeat or promotion. There are many questions before us for this kind of results and con-



tinuously depleting poor turnout of people to cast votes. Why people are losing faith in elections? Why is there a disconnect between rulers and people immediately after the election results are declared? Why does a common man feel that he has no role in the country's systems, economic or otherwise, once the elections are over? Why are middle classes also keeping away from voting? They are unable to find the right answers to their own reluctance in this process.

People have realized that democracy is the best form of social and political systems after experiencing bad sides of dictatorships, kingships and such other forms of autocratic governance. Democracy is expected to meet the aspira-

tions of common people through the process of electing their own leaders. They were expecting that in a hard earned democratic set-up their "own" government will take care of many issues bothering them for centuries. Democracy has given them a chance to become equal partners of national wealth and progress of the society. Nature has created human beings with equal status. It is, therefore, naturally expected that every human being will be treated equally by the local laws too in democratic set-ups. Every democratic country's constitution is expected to take care of this aspect to ensure equal status for each citizen of any country. This is called a fundamental right of each citizen. One does not

want to get differentiated on the basis of wealth, position or privileges bestowed by the local laws. It is now difficult to reverse the democratic system any time in near future. When nature has provided all the necessities needed by human beings, why are the people still struggling to lead a decent life? Why are they fighting all the time a battle of survival? Who is cornering the natural resources and not allowing these to be equally shared by all? Who is hijacking the post-election scenario? Why there is disconnect between the political power and the citizens?

The state is expected to treat all citizens equal and ensure the distribution of resources equally. Our Constitution has also stated this in clear words: "State shall not deny any person equality before law or the equal protection of the laws within the territory of India". However, what we see is that the state itself is not performing its job. Some force is playing some game to divert these resources to some select people with the help of some legislation. Why is there a widening gap between rich and poor? Why are the people committing suicides? Why are the youth turning to crimes for a living? Who are these people cornering the major resources? What are these laws, if any, preventing equal status of all citizens? Which are the forces not allowing this kind of equality?

### What is Democracy?

In reality, democratic system should bring in equal prosperity for all the citizens on a regular basis. We are taught in schools that democracy is of the people, by the people and for the people. Is this witnessed in practice? Our democracy is certainly of the people. But

can we say it is by the people? Also is it for the people? The answer, based on our own experience, is certainly NO. Today's democracy is, in reality, for selective (privileged) people and also run by the same privileged people. Though it is called 'democracy', but it is a misnomer. It is certainly not the democracy perceived by all of us. Otherwise, we would not have seen the contradictions in our society in the form of rich people getting more rich and poor people getting poorer. Why are there slums in all cities and also high-rise towers in the same locality? Why are industrialists rich and the farmers poor? The students of political science have not looked at this disparity from the angle of democratic principle. They have simply looked at 'equity' as defined in the Constitution. They ignored the aspect of economic equity in this exercise.

Karl Marx says, "All laws should be for bringing people together. They should not go against the natural laws. Man-made laws are against the natural laws, and therefore these are immoral laws. Those immoral laws cannot be immortal." Are our laws natural laws? Are they giving equal treatment to all the citizens? Can we say: laws of minimum wages for labour are equal for farm labour and industrial labour? Are laws of patents, trademarks, brands, limited liability companies, etc are same for farm products, self-employed farmers and industrial products and industrialists?

The Rev Theodore Parker (1810-1860) has said, "This is the



### ***Democratic system should bring in equal prosperity for all the citizens on a regular basis.***

democratic idea: that all men are endowed by their Creator with certain natural rights, which only the possessor can alienate: that all men are equal in these rights; that amongst them is the right to life, liberty, and the pursuit of happiness; that the business of the government is to preserve for every man of all these rights until he alienates them... This idea, in its realization, leads to a democracy, a government of all, for all and by all".

Is our democracy in tune with what is stated by Rev. Parker? Who approved the man-made laws in India? By the people or by the representatives of the people under the influence of capitalists?

Is our Constitution fit enough to bestow equal rights to all citizens in the matter of political and economic behaviour? The Constitution says that every citizen is entitled to have equal rights. It is absolutely correct that the democratic principle of 'one man-one vote' is guaranteed in the Constitution. We all are also exercising this right

while casting our votes during elections. Shall we restrict the “right” to this purpose only? Is that enough for every citizen to lead a decent life? Dr. Babasaheb Ambedkar has a different point of view in this matter. He was the head of the Constitution Review Committee. He is still being respected as the founder of Indian Constitution. He certainly deserves this honour. But he could not hide his displeasure when the word “equity” was not elaborated enough to include the economic aspect of equity. He was afraid that mentioning only “equity” was not enough to take care of peoples’ aspirations as well as needs in enjoying citizenship of this country.

His doubts in this regard are now found to be absolutely right. What is happening presently in this country was already visualized by him. He was trying to push the economic equality clause into the Constitution, as he was absolutely sure that only political equity would not solve the problems of the people to lead a decent life. Rather this could become a major hurdle in the path of progress of the common and unprivileged people of this country. This was, however, denied by those who had vested interest and representing the powerful industry lobby. He could not hide his frustration while saying:

“The soul of democracy is the doctrine of ‘one man-one vote’. Unfortunately, democracy has attempted to give effect to this doctrine only so far as political structure is concerned by adopting the rule of ‘one man-one vote’. It has left the economic structure to take the shape given to it by those who are in a position to mould it. The constitutional lawyers have never

advanced to the conception that the constitution law of democracy must go beyond adult suffrage and fundamental rights”.

Most of the world’s constitutions are written down based on four principles of French Revolution. French Revolution has promoted the ethos of equality, freedom, justice and fraternity. Dr. M. G. Bokare has some difference of opinion in this regard. He says. “I beg to differ that this presentation is erroneous. The principle cannot be identified as the result. Fraternity is the result emanating from the first three principles. It can be logically stated that in a political and economic life, if those three principles govern the social life, fraternity will be accomplished.

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***Control oil and you  
control nations.  
Control food and you  
control people.***

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Otherwise not. If any principle were absent in the society, fraternity would not be experienced”. He further says, “Economics, law, and political science tried to coalesce in this process. Fraternity is consummated if the people experience the principle of Nature in their life and living...Do we have evolution of fraternity? Is the brotherhood moving towards harmony? Are we coming closer? I believe that the answers are in negative terms. Disharmony, hatred, violence is increasing in a society governed by the constitution”.

**Parallel Constitution exists?**

Now the question is being asked as to why there is no harmony in our society? If the man is a superior and powerful in the spe-

cies world, there cannot be any superior power to dictate and dominate the affairs of human society. But is this a reality? The answer is: No. We have created a monster that is superior and more powerful than a man in our democratic society. We have also created a new constitution for this monster. It is a **legal-person** i.e. a company. Its constitution is Company Act. Its democratic rule is based on money-power. “One share-one vote” is its principle. The company differs from people not only in form and size but, most importantly, also in its fundamental character. People, including company executives, employees and also shareholders, have inherent worth and dignity. But company does not possess this. Company has eternal life. It lives in different forms at a time at one place and also simultaneously any where in the world. Both the constitutions run concurrently in any industrialized democratic society. They have over time become so powerful that now they can control any thing in the world. They have grown in size and powers. They are now known as multinational corporations. They believe in a simple mantra: Control oil and you control nations. Control food and you control people. Most of the democratic governments are under the influence of these companies. Rather they dictate terms to governments and control the economic lives of all the natural people. They decide which political party is fit to come to power and protect their interests till the next elections.

If we can look at their power game in the global scenario, we find that 95 out of the 150 most powerful economies in the world are

big companies or corporations. Wal-Mart alone has 22<sup>nd</sup> ranking in these powerful economies. It is bigger than Saudi Arabia, financial power-wise. Four auto companies (GM, Ford, Toyota, and Daimler-Crysler) individually have more economic power clout than Venezuela; and combined (all four) have a larger economy than Russia. Jefferson had expressed his worries about the powers of these corporations. He felt the need to rein in corporations, as these were becoming too powerful. Adam Smith too had referred to the possibility of joint stock companies becoming dangerous as they can have unlimited life, power and resources. British Parliament had also questioned in 1854-55 changing status of partnership firms into unlimited liability partnerships. We are presently thinking of making partnerships as 'limited partnerships'. We are thus empowering more institutions with financial might against the 'people of this country.

Can these two persons, legal-person and naturalized person, stay in the same democratic society? Can they enjoy equal rights and privileges of the same economic and social structures?

Indian Constitution has used the word "We the people". This is equivalent to citizens as used in our democratic lexicon. Does this phrase include a legal person (company)? Wikipedia has defined the word 'people' as "A native or naturalized member of a state or other political community". We know that a company (legal person) is certainly not a naturalized person. How then that legal person is allowed to stay and operate in our

democratic society?

Our Constitution has also clarified the right of a citizen by saying; "State shall not deny any person equality before law or the equal protection of the laws within the territory of India". It is very clear from this that the 'people' are equal before the laws of the state. Can we say these laws always are applied to offer equality and protection to naturalized persons only? Our 'legal-persons' have been protected in many legal cases under many man-made laws by the judiciary while giving decisions in many disputed cas-



es between legal-person versus naturalized persons. Many legal battles on protecting patents, copyrights, etc. decided by the judiciary in favour of companies. It, therefore, clearly shows that the judiciary is also accepting the existence of a legal-person as equal person along with naturalized person while delivering the judgments. How then we say that all are the 'people' are equal before the Indian laws?

### **Taking over control of democracy by MNCs**

Most part of our sixty-two year-old democracy is directed, monitored and corrupted the government systems by these legal-persons. They take over the control of our democratic systems

immediately after the voting is completed. They disconnect the people's interest and welfare soon after this event. Natural citizens have nothing to take part in the democratic proceedings in the country till the next elections. Common voters are made to vote for this kind of 'artificial-ruler' (hidden hand?) to run the country's affairs. Companies indirectly decide and dictate who should be the minister, prime minister, governors, etc. They get the laws favouring the companies passed in the Parliament. Corruption starts from these companies and later it gets percolated down the society. Common man does have no voice in the conduct of the affairs of our country excepting casting a vote on the Election Day. It has become a mechanical activity for those who vote. This has spoiled the mood of people and more particularly of middle class intellectuals. They do not see any benefit of casting

votes, as the votes have no value thereafter. The game of corporate bigwigs starts from the next day of elections till the next elections. They "monitor" the affairs of our 'democratic' country.

This was predicted by Abraham Lincoln much earlier. He had visualized this danger almost 150 years ago when he says, "I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country... Corporations have been enthroned an era of corruption in high places will follow, and the money-power of the country will endeavor to prolong its reign by working upon the prejudices of the people until the wealth is aggregated in a few

hands and the nation is destroyed”.

Mahatma Gandhi too was against large-scale industrialization in our country. He says, “It is a fad to have industrialization. We have kept this as our main objective. We call it “progress”. In my view this is nothing but “regress”. Once he was questioned by a British person, “Why are you against industrialization? Look at our country and see what progress we achieved & how we have become progressive & rich?”

Gandhi’s reply was very simple. He says, “Your country has achieved this materialistic growth by looting and exploiting half of this planet. If we follow your example, we would need about four or five planets of this size to achieve similar progress”.

#### **How true were their thoughts and predictions**

Recent example of ‘Satyam’ is the proof of the activity of this monster. Bhopal tragedy is another case where no culprit i.e. the company or its directors have been punished for such monstrous disaster and killing thousands of people. Weapons of mass destructions? Today these multinationals are controlling the world’s population and nations. Henry Kissinger had given a mantra on ways of controlling these aspects by the USA. He says, “Control oil and you control nations; control food and you control people”. It is not surprising that he was awarded Noble Prize. Dr. Ambedkar had his fear when he was preparing the draft of the Constitution.

Globalization is the largest edition of the corporate monster. It wants across the world global laws, global currency, global courts, global judges, global lawyers, global taxes, global recession and de-

pression, global police, global military, global pollution, global warming, global wars, global corruption, global culture, global terrorism, global diseases, global insanity of all kind, global control on all democratic elections, (global attempt to demolish the Earth and mankind?). This is what capitalism teaches us and we blindly follow this in our country without raising any protests. The present government has bound all the citizens of this country, without their consent, with this madness coming from the West. We are now driving a car having no reverse gears.

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***We do see a definite focus on preserving the interest of industrialists, capitalists and the elite middle class during the period between two elections.***

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People are watching these developments and losing their own confidence about their own survival, political games controlled by companies, and developing a negative perception about the entire democratic process. Abraham Lincoln also felt ashamed when he was seeing a new kind of slavery in the society. He found that a legal-person, which was not a real person, ‘owning’ natural persons as slaves. The scenario after about 150 years is not substantially different in our case. The companies are now controlling all the affairs of our economy and politics. As a result of this, common man is being neglected by the systems and even forced to commit suicides. About two lakhs

farmers had committed suicides in the last ten years. We are presently experiencing all kinds of problems bothering the naturalized persons. These include, food scarcity, inflation, unemployment, rising criminal activities, global warming, heavily polluted water, air and social atmosphere. Global warming is now threatening the survival of mankind and also the planet.

This supports the disillusionment of the people about politicians as a class. This also confirms their perception that the democracy is not of people, for the people and by the people. Rather it is of and by the capitalists, industrialists and elite class of people. Will the defeated political parties introspect on these points and come out with alternative plans to make the democracy for, of and by the naturalized real persons. Else, the rhetoric will continue and political class will continue to take dictations and financial help from the elite lobby. We will continue to see depletion in voting percentages, alienation of middle classes and rural people, as we do not want to address their issues in the political arena. We do see a definite focus on preserving the interest of industrialists, capitalists and the elite middle class during the period between two elections. We take pleasure to copy the systems and culture of the West and ignore the ground realities in our own country. Congress Party talks about *aam admi* while announcing the manifesto each time. However, the common *aam admi* disappears from the Party’s thinking soon after the elections are over. Hope the defeated parties take notice of these feeling coming from a large section of middle class and the rural people. □□

## Catch the big fish first

*Corruption from the lowest levels to the 'big fish' is wholly integrated with the ministers. Bureaucracy will more or less behave if the Ministers are made accountable first. Corruption in high places cannot be controlled if the ministers are corrupt. Indeed, honest bureaucracy can be even more devastating in conjunction with corrupt politicians, believes **Dr. Bharat Jhunjunwala**.*

While addressing a conference of CBI and state anti-corruption bureaus recently, Prime Minister Dr Man Mohan Singh said that “while petty cases get tackled quickly, the big fish often escape punishment. This has to change. Rapid, fair and accurate investigation of allegations of corruption in high places should remain your utmost priority. The

nation expects you to act firmly, swiftly and without fear or favour.” The Prime Minister must be congratulated for highlighting this aspect. But experience shows that the problem of corruption is first and foremost at the level of ministers. The bureaucracy is only interested in its cuts. It matters little to them whether they make money in planting

trees, cutting trees or raising bills for the plantation of non-existent trees. Whether trees are planted or cut depends mostly on the fancies of the Ministers. It is seen the same bureaucracy that was allowing parks to die a slow death has become hyperactive in building statues because a Chief Minister wants so. The fact is that

corruption from the lowest levels to the ‘big fish’ is wholly integrated with the ministers. One street corner police constable lamented that he had to pass on Rs 200 to higher officials out of the Rs 400 he had collected during the day. The upshot is that the bureaucracy will more or less behave if the Ministers are made accountable first. Corruption of the ‘big fish’



cannot be controlled if the ministers are corrupt. Indeed, honest bureaucracy can be even more devastating in conjunction with corrupt politicians.

I had an occasion to see the play Ghasiram Kotwal sometime ago. A cruel Kotwal accuses an innocent trader of theft and orders that his hand be cut off in

punishment. The honest sepoy dutifully carry out the sentence. The poor trader may have possibly saved his arms if the sepoy had been corrupt. An honest bureaucracy is, therefore, wonderful if the ministers are honest. An honest bureaucracy can be devastating if the ministers are corrupt.

This is the main difference in the governance system of Chi-

na and India. China, it seems, has a more honest bureaucracy than India. But this has oftentimes led to the strict implementation of bad policies. The private lands of farmers were confiscated by the bureaucrats in the fifties and converted into collective farms. These farms proved bad for the economy. Food production dwindled. Then the collective

farms were re-privatized in the seventies. This led to much unnecessary pain to all concerned. China might have escaped such pain had the bureaucracy been less honest. Similarly, professors were forcibly sent to the countryside to learn from the farmers in the heydays of the Cultural Revolution. This led to China losing many years of

valuable teaching. Today China is selling her natural resources to foreign buyers at throwaway prices. This will surely create a huge environmental problem in years to come. It is possible for China to implement such wrong policies because the bureaucracy is relatively honest, corrupt officials are sometimes punished with death and public dissent is stifled. It is difficult to implement such decisions in India. For example, Sanjay Gandhi could not implement his family planning programme forcibly because Indian polity is not monolithic and bureaucracy not so honest.

An unholy alliance of bureaucrats, judges, NGOs and religious heads is being led by the ministers in our country today. Constitution expert Subhash C Kashyap says, "Leaving aside a few exceptions, these are part of one establishment. None of these has any fundamental interest in changing the corrupt system. Seeing these, the public starts serving its own petty interests. Today people denigrate an honest man saying 'He does not do his own good, or ours. He only teaches us the law.'" Members of this unholy alliance make cosmetic attacks on each other as in a stage drama without hurting the other. Their objective is to fool the public into believing that they are crusading against corruption while they are themselves leading this.

Saying is 'as the king, so the people.' Corruption among the politicians has made it legitimate among the people-big and small. Prime Minister Narasimha Rao was alleged to be involved in corruption in the Harshad Mehta case in the nineties. At that time,

this writer protested when a taxi driver overcharged him. The taxi driver retorted, "What is wrong in my corruption when the Prime Minister is himself corrupt?" In this way corrupt ministers are leading both the people into corrupt ways and also leading the unholy alliance of various constitutional authorities in covering up their misdeeds.

The corruption of ministers is rooted in absence of fakirs in the society. Megasthenes, the Greek ambassador to the court of Pataliputra, narrates an interesting encounter between Alexander and a sage named Dandamis. Alexander was desirous of learning the doctrines of Danda-

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***Cleansing of  
corruption among the  
ministers will  
spontaneously reform  
the bureaucracy.***

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mis' sect. Accordingly, he sent for Dandamis promising to reward him with gifts if he came and threatening to cut off his head if he refused to do so. Dandamis refused. He replied to Alexander's sepoys as follows:

"What Alexander offers me are all things to me utterly useless; but the things that I prize are these leaves which are my house, these blooming plants which supply me with dainty food, and the water which is my drink. I go wherever I please, and there are no cares with which I am forced to cumber myself against my will. Should Alexander cut off my head, he cannot also destroy my soul." Subsequently Alexander did go

and visit Dandamis and conceded that in him he had met more than his match. Such fakirs alone can exercise control over the king. We have a long tradition of them in Tiruvalla, Mira Bai, Kabir and Rahim. These fakirs both led the people in the path of morality and restrained the king from following the evil ways. The weakening of this tradition of fakirs is the main reason for the increase in corruption among the ministers and the country generally.

Our religious establishment is no longer discharging this duty. Religious heads are more focused on getting nomination from the Government for the Nobel Prize or saving the land illegally encroached by them. Other parts of the unholy alliance can not raise voice against corruption because they will be trampled and extinguished. Media mogul Ram Nath Goenka valiantly raised his voice against corruption among the ministers and the Government saw to it that his paper was killed. Gandhians who raised voice against the Emergency were greeted with the Kudal Commission, never to recover their independent voice.

The Prime Minister should first deal with corruption among his council of ministers. Two or three cabinet ministers must be trapped and punished severely. Cleansing of corruption among the ministers will spontaneously reform the bureaucracy. He should locate the fakirs of the day and listen to them. Giving sermons to the police to catch the big fish will serve no purpose whatsoever if the biggest corrupt fishes roam freely in the North Block. □□

Author's address: bharatj@sancharnet.in

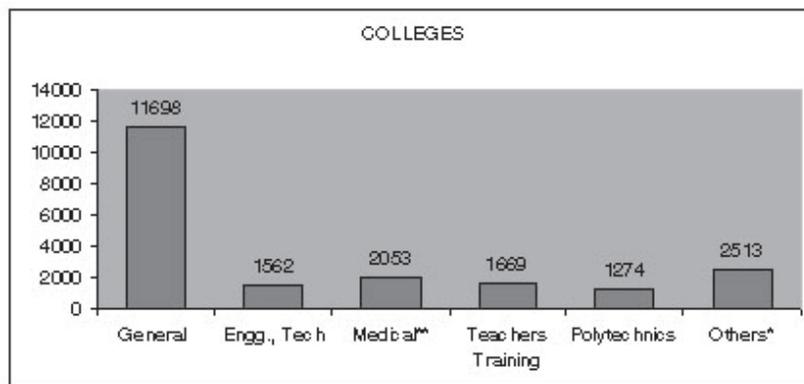
# Rejuvenate Education for a Prosperous Bharat

*Education means enabling the mind to find out that ultimate truth which emancipates us from the bondage of the dust and gives us the wealth, not of things but of inner light, not of power but of love, making this truth its own and giving expression to it. — (Rabindra Nath Tagore)*

**Sathu Lingamurthy\***

Bharat has been pioneer state in education sector. From ancient time to medieval centuries, our well Knowledgeable and educated society remained at top place in the world in this sector. Sages spread education all over the world through Vedas, Yoga and spiritual Science. Research scholars used to come to this country to gain knowledge and wisdom. Greatest universities in the world at that point of time at Nalanda, Vikramshila and Takshashila attracted whole world. Nalanda University had around 10,000 inhabitant students and teachers at one time. These students integrated Chinese, Sri Lanka, Korean and other International Scholars.

During slavery period our system of education declined slightly from our arts, techniques, culture and holy ethics. Women were restricted to kitchen rooms, great universities sacked and holy books



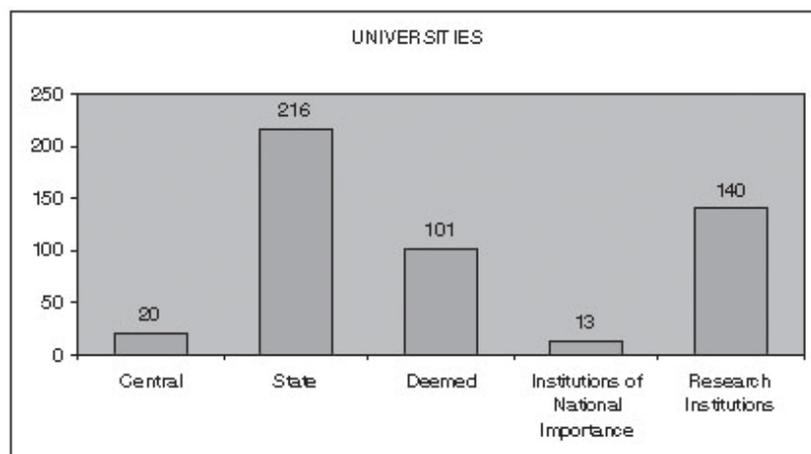
were snatched away, despite ruling this country cruel British people started some English medium schools to swell the Christianity in the name of education. They set up a curriculum to criticize our culture, tradition and history. Our forefathers were treated as fools and unpromising fellows. Education became “Profit” motive under British rule. Even after independence we are continuing with same Therefore the result is “Low Quality – High profit”, illiteracy, un-

employment and foreign loyalties.

## Perspective of Higher Education in India

One of the basic objectives of Higher Education is to increase the resolving power of the human mind. Two other important aspects of Higher education are to inculcate the basic policy of independent thinking and to cheer up the unconquerable character of the human mind to the young and talented students. In the quest of nation development, primary education creates the base, higher education is to fulfill the floor of the knowledge reservoir and universities are the life-blood of higher education.

Before independence, the growth of institutions of higher education in India was very slow and diversification in areas of studies was very limited. After independence, the number of institutions has increased significantly. University education aim is to make dynamites out of students. Accord-



ing to the latest report of the ministry of Human Resource Development (HRD) at the end of 2005 India had 490 Universities and Research Institutions of which 216 were established by the state governments; 20 were under the central government; 101 were Deemed Universities; 140 were Research Institutions and remaining 13 were Institutions of National Importance. The universities had extended affiliation to 11,698 general colleges, 1562 Engineering & Technical colleges, 2053 medical colleges, 1669 teacher training colleges, 1274 polytechnic colleges and 2513 were others. Today these numbers have been certainly much more. Below the graphs indicates the figures of colleges and universities in India.

**Quality Education is a serious concern**

The trend in higher education in India may be growing radically. It can be observed that though the size of higher education sector has increased 60 percent in a decade, quality remains a matter of serious alarm. Respectable number of graduates, post-graduates and research scholars are coming out

from the universities to serve the society, but they don't have communication skills, updated knowledge especially in social science courses. There is vast widening gap that keeps on increasing between urban and rural students.

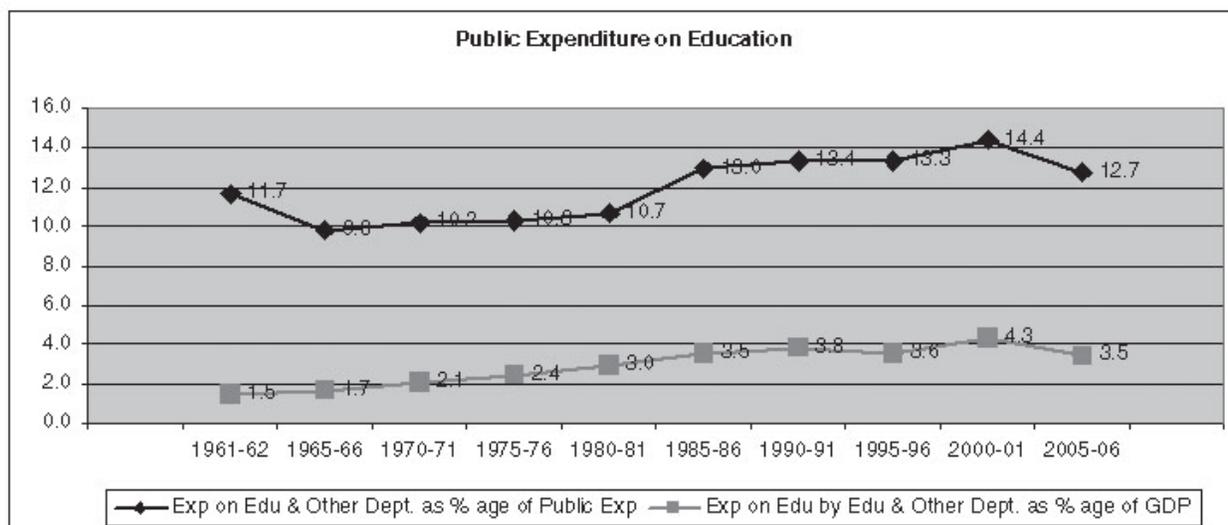
We can observe that more than half of the students are not able to share their own ideas in English language but they are getting their degree certificates who are appearing their examinations in English. While prestigious professional and technical colleges are unable to meet the demand for admissions most colleges in the country are so poor that many seats are left vacant. Despite lowering of admissions criteria to rock bottom level to no more than 40 percent marks because of this most graduates are unemployable. In recent global financial crisis also having its bad credit in vacancy seats in prestigious colleges.

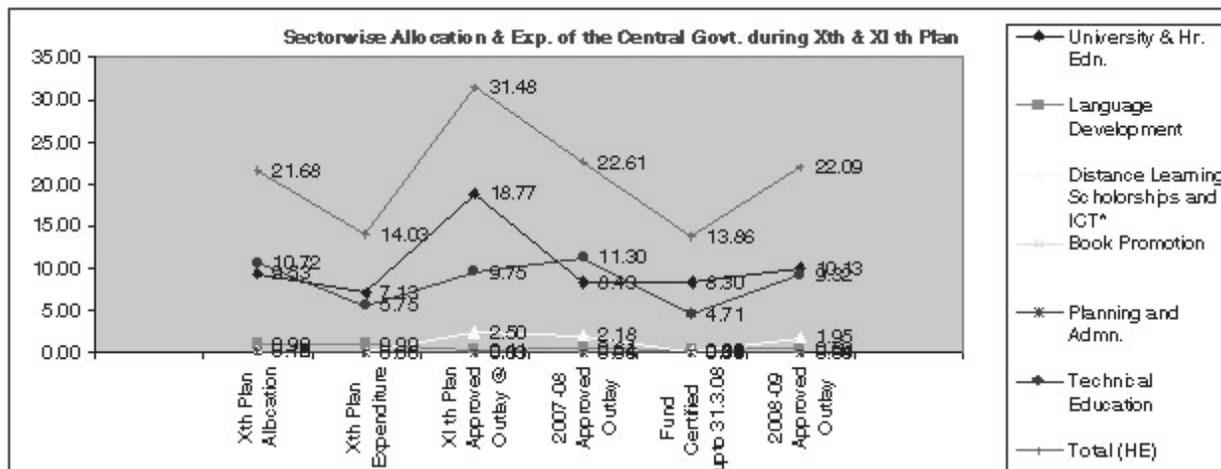
As per Mc Kinsey report, "the country produced nearly 2.3 million English speaking graduates, including nearly 3,00,000 engineering graduates in 2004, but the quality of the engineering graduates varies and only 25 percent of them

are employable, the number of parents per million people is one in India, 289 in the US and 779 in south Korea. The number of people engaged in research per 1,00,000 population is 149 in India and 3,805 in the US. The industry faces the prospect of a severe shortage from 2012.

In the Massachusetts Institute of Technology, nearly 150 new companies come up each year though the efforts of its faculty and staff. There are nearly 4000 such companies in the US whose combined sales were worth \$232 billion, which was nearly 40 percent in India's GDP. This means the productivity of every MIT graduate is equivalent to the productivity level of nearly one lakh Indians"

The quality is irregular with large segments, both in the government financed and private unaided sector, showing very poor standards. In the public funded sector, these problems are largely related to the number and quality of teachers and lack of infrastructure. The growth of professional education, largely in the private sector, has been uneven both in





geographical spread and in quality. A major overhaul is needed to ensure that it meets the needs of a growing economy to sustaining world.

### More Investment required in Higher Education

Higher education in India is in deep financial strain, with rising costs and increasing needs, on the one hand, and shrinking budgetary resources, on the other. The share of higher education in total planned resources increased from 21.68 per cent in the Tenth Five-Year plan to 31.48 in the Eleventh Five-Year plan. But ever since, it has not utilized the total allocation funds. 14.03 per cent has been utilized in the tenth five year plan allocation fund and 22.61 per cent have been approved in the eleventh five year plan out of them 13.86 per cent are certified respectively for utilizing; 22.09 per cent is approved outlay for 2008-09 year for total higher education. If we observe the total expenditure on higher education from 1961-62 to 2005-06 there is no respectable expenditure on higher education that is 11.7 in 1961-62 and 12.7 per cent in 2005-06.

Its systematic disinvestment

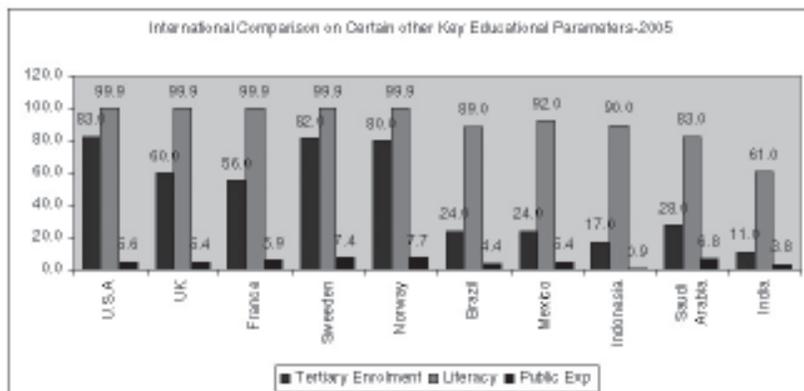
in higher education in recent years has yielded neither world-class researchers nor very many highly trained scholars and scientists, nor managers to sustain high-tech development. India's colleges and universities with just a few exceptions have become large underfunded, ungovernable institutions. At many of them, politics have intruded in to campus life, influencing academic appointments and decisions across levels. Systematic investment is also one of the reason for lower quality of education. Sufficient fund is needed to higher education and research programmes, then only we can triumph once again zenith place in the world. We are near to that whole of the world has to aspire for the Indian brains; recently US president Barak Obama also praised the Indian students. Below diagrams shows the allocation of funds in different periods and different categories in higher education.

### We have enormous advantages at International Level

In spite of obstacles in higher education in India, we have a great advantage in the 21<sup>st</sup> century knowledge race. Large number of youth is more than 33 per cent

which is the asset to our higher education and economic development. A few of the best universities have some excellent departments and centres, and there is a small number of outstanding undergraduate colleges. At present, the world-class institutions are mainly limited to the Indian Institutes of Technology (IITs), the Indian Institutes of Management (IIMs) and perhaps a few others such as the All India Institute of Medical Sciences and the Tata Institute of Fundamental Research. In India higher education enrolment is 11 per cent of its young people compared with Asian countries, it is second largest country after China having 15 per cent higher education enrolment. But when we compare this to western countries our literacy rate, higher education enrolment rate and public expenditure on higher education very less. US literacy rate is 99.9 per cent, Tertiary enrolment is 83 per cent and its public expenditure is very less to ours expenditure.

India has survived with an increasingly mediocre higher education system for decades. Now as India strives to compete in a globalised economy in areas that require highly trained professionals, the



quality of higher education becomes increasingly important. So far, India's large educated population base and its reservoir of at least moderately well-trained university graduates have permitted the country to move ahead. But the competition is fierce.

China in particular is heavily investing in improving its best universities with the aim of making a small group of them world class in the coming decade, and making a larger number internationally competitive research universities. Other Asian countries are also upgrading higher education with the aim of building world class-universities. Taiwan, which is a major designer and producer of IT hardware, is considering merging several of its top technological universities to create an "Asian MIT."

**Conclusion**

In the words of Sri Aurobindo, the foremost philosopher and sage of our times, "The past is our foundation, the present our material, the future our aim and summit. Each must have its due and natural place in a national system of education." We have to maintain our education system as a liberal conscious and spiritual way. We have formulated our basis beautifully the requirement is to continue it in the modern way. Our glory

of spiritual education once again leads will the world peace. At present our higher education system according to National Knowledge Commission report, Higher education has made a significant contribution to economic development, social progress and political democracy. But there is serious cause for concern at this juncture. The proportion of our population in the relevant age group that enters the world of higher education is about 7 percent.

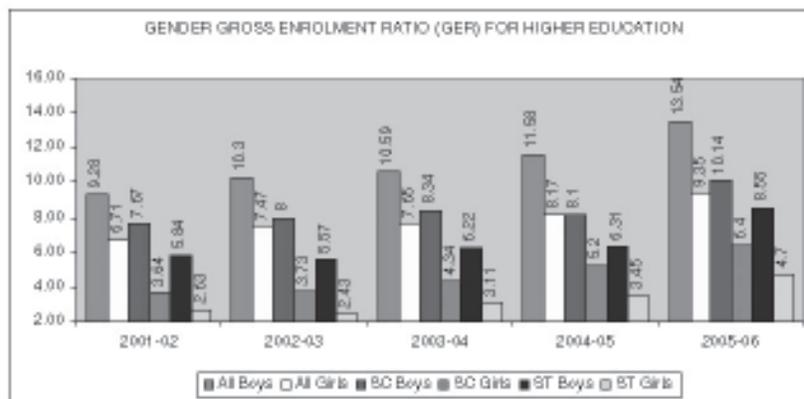
The opportunities for higher education in terms of the number of places in universities are simply not adequate in relation to our needs. Large segments of our population just do not have access to higher education. What is more, the quality of higher education in most of our universities leaves much to be desired. The gross enrolment ratio for higher education (percent-

age of the 18 – 24 age group enrolled in a higher education institution) is around 11 percent whereas it is 25 percent for many other developing countries.

NKC believes that all deserving students should have access to higher education, irrespective of their socio economic background. While the government heavily subsidizes university education by keeping fees low, there is better value created for this subsidization by ensuring well funded scholarships and affirmative action that takes into account the multi dimensional deprivation.

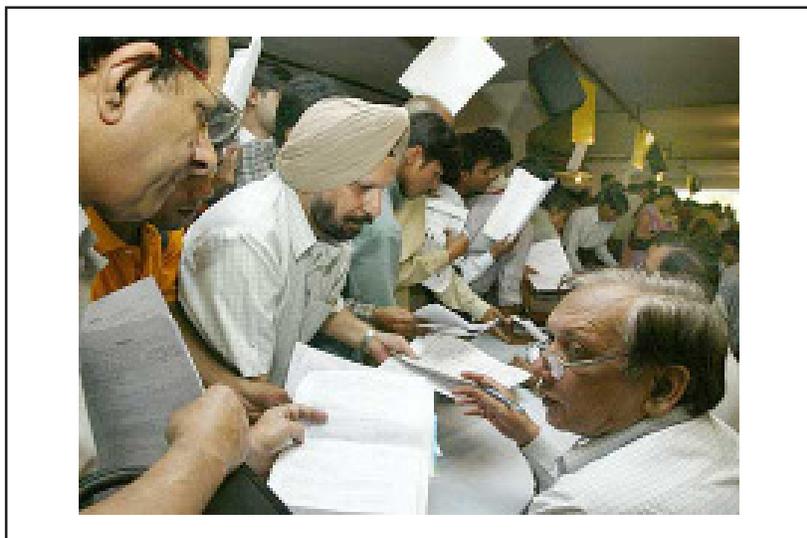
To rejuvenate science education and research in the country it is crucial to attract more intelligent lot to teaching profession and re-vamping teacher training at all levels. It further more essential to ensure that educates on even at higher level is affordable. Privalisation and commodification of education as is being proposed by many is certainly not the answer. This approach will sure create more problems and further divisions within society. Our country has to find answers to our education sector in our own way based on our own experiences and way of life. Imitations will be disastrous. □□

\* (Ph. D Research Scholar, Osmania University, Hyderabad)



# New tax code: The Misplaced Euphoria

*If the purpose is to make tax laws people-friendly and growth-oriented, instead of merely pushing up revenue collection, the proposed new tax regime fails miserably, explains Shivaji Sarkar*



The new draft tax code brought out by the Finance Minister was supposed to be simple, unambiguous, easy to understand and help individual assess his tax liability without assistance. But it has miserably failed on these counts. The code has also not changed either the tax rates or the liabilities. Old wine in new bottle, if at all it can be called new, will not serve the purpose for which the exercise has been undertaken and the ostensible purpose of better tax compliance cannot be achieved.

While trying to ape the Western system in the new tax code, the Finance Minister seems to have forgotten that we needed to evolve a system that is best suited for our economic conditions. Joint families in rural and semi-urban areas still depend on one income. The tax

code has ignored this aspect. It has also not taken into account the erosion of the purchasing power of the rupee while fixing the supposedly new rates. Mostly old rates have been retained as at present.

The euphoria that it is ushering in a low tax regime is misplaced. Tax rate at the lower level — Rs 1.6 lakh to Rs 3 lakh — has been retained at 10 per cent. This is the most vulnerable class of the society, which has faced severe erosion in income due to high inflation. At that level if one has to pay a tax of Rs 10,000-Rs 30,000, it would upset his/her home budget. This class needed to be integrated into

***Income up to Rs 2 lakh should not be taxed at all.***

the tax system but not in a punishing manner. It would be better if they would have been asked to pay a token tax between Rs 1,500-Rs 4,000 a year. In reality, income up to Rs 2 lakh should not be taxed at all.

The Government can say that it has given relief up to a level of income of Rs 10 lakh. But with the rise in food prices, house rent, health care, transport charges and cost of education, 10 per cent tax rate is extremely high. The code also has not taken into consideration future inflation rate.

The Income Tax Act was enacted in 1961. Almost after 50 years an effort is being made to usher in a change. But if it also carries the baggage of the past and lacks futuristic vision, it is better not to have a new tax document.

It is only going to complicate the issues further. Those earning up to Rs 10 lakh a year are far poorer than those who were earning Rs 10,000 a year in 1961, if we compare it on the basis of the prices and the cost of living indices. If the Government wants better tax compliance from this section, it needs to reduce the rate to five per cent at this level. The tax structure in the new tax code has been considered on the basis of the income of the salaried class. The code drafters apparently forgot that

[Continued on page no. 28]

# Truth behind Chinese threat to India

*Pragmatic policy course for India towards China is to match its military capacity by concrete action and be conciliatory in policy, attitude, and words that is to take full care of national security but work for peace and good neighbourliness, advises Dr. Subramanian Swamy*

Some myths are frightening and need to be exploded. Some realities are potentially so dangerous that we can ignore them only at our peril.

India and China are neighbours – each with a billion-plus population, together accounting for 38 per cent of the world's population, with the fastest GDP growth rates for large economies, with China already (in PPP terms) the world's second largest economy and India set to become the third largest in the intermediate future. How the two big neighbours bond together in the future is crucial for global order. Further, how they interact with the United States will determine the international trends of the foreseeable future.

For at least two millennia, and until about 300 years ago, these two countries were considered by the then prevailing criteria as the most developed in the world, accounting for about 50 per cent of the world's GDP. However, owing to similar experiences with foreign aggression, imperialism, and internal orthodoxy, India and China underwent a two-century long decline whereby by the mid-20th century, they became the world's poorest nations.

Despite being neighbours and having flourishing economies over



centuries, the two nations until 1962 neither ever went to war, nor took advantage of local civil wars. This is a most extraordinary and unparalleled experience of neighbourly peace in world civilisational history. Contrast this with what happened in Europe, West Asia, and North Africa.

The two peoples traded goods, exchanged visitors, borrowed ideas, and generally respected each other at the ruler and ruled levels – until foreign invasions and imperialism cut off normal interactions and relations became frozen. They were revived only in 1950, but fizzled out by 1959. War followed in 1962, for the first time in millennia.

It took a lot of effort thereafter to restore some modicum of good relations, in which this writer, with the encouragement of the Sankaracharya of Kanchi Mutt, Sri Chandrashekharendra Saraswati, played some shaping role.

When the Janata Party government came to power in 1977, Prime Minister Morarji Desai asked me to go to China to explore the situation and see if normalisation of relations would be possible. He chose me to go first, despite peer jealousies and objections in the party, because I knew Mandarin, had researched and taught courses (at Harvard) on China, and also because, as Morarji

told me, I viewed China, “without wearing rose-tinted glasses.”

My initiative in September 1978 produced enough of a thaw for Morarjibhai to clear the way for External Affairs Minister Atal Bihari Vajpayee to make a trip in February 1979, the first by any Indian Minister since 1960. But the outcome of the visit was, alas, scuttled by mishandling the fallout of the Sino-Vietnam war that was launched when he was there, and Mr. Vajpayee had to cut short his stay in China.

In 1981, Prime Minister Indira Gandhi sent my good friend and External Affairs Minister, P.V. Narasimha Rao, to request me to visit China again, and in a back-channel format obtain some clarifications about China's attitude to the re-opening of relations with India, as also its intentions about some extremist leaders of the All Assam Students Union (AASU) who were planning to visit China clandestinely to obtain weapons.

In April 1981, I did visit Beijing and was received by Deng Xiaoping. It was during that meeting that he announced that Foreign Minister Huang Hua would go to India, and that China was open to a negotiated settlement on the Sino-Indian border dispute.

Border delineation discussions began thereafter and are still continuing on preliminaries! Deng Xiaoping conceded my demand, then pending for three years, for re-opening the Kailash-Manasarovar route in Tibet but only for Hindu pilgrims (China's condition). I led the first delegation of 20 pilgrims in the freezing cold weather of September 1981, and since then Hindu pilgrims in batches have continued to go to Kailash-Manasarovar without any hitch till today.

ash-Manasarovar without any hitch till today.

In December 1988, Prime Minister Rajiv Gandhi finally cut the Gordian knot in his wide-ranging talks with Deng Xiaoping by declaring that the Sino-Indian border was, in parts undemarcated and in parts disputed, thereby putting on hold (although not undoing) the consequences of the 1962 Parliament Resolution. Undoing, however, can be done only by a new Resolution in Parliament for which the time will come if there is a satisfactory end to the border dispute.

After this landmark visit, Prime Ministers Narasimha Rao

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and Deve Gowda contributed by signing agreements for various confidence-building measures. In 2003, as Prime Minister, Mr. Vajpayee visited China and reiterated India's commitment to regarding Tibet as an inalienable part of China.

That commitment had already been made by Jawaharlal Nehru, and formalised in a treaty in 1954. Was the reiteration to build further confidence in the relations? I am not sure since I have not been able yet to fathom it. But Prime Minister Vajpayee's reiteration means now (his then Cabinet Minister Arun Shourie's recent polemics notwithstanding) that in India there is bilateral po-

litical commitment to regard Tibet as a part of China. It would require an audacious break with the past or an extraordinary paradigm-changing event to alter that reality.

Since 2007, relations between India and China have begun to cool. Outside government, but in the penumbra of officialdom, there is now a developing hysteria about our heading for war with China, or more precisely, about China planning to attack India. This hysteria mystery needs to be unravelled because neither can we be complacent about China's capacity to inflict damage on us, nor should we have a fevered imagination about China's alleged evil intentions to harm us.

Both dimensions of our attitude to China are dangerous. As a China watcher of long standing, I am curious about how this huge bilateral consensus, built over three decades, on the desirability or possibility of good relations with China, is weakening so fast. Who are the catalysts in this, what are the dynamics behind this change of this attitude, and how will it end? Is this projected Chinese threat real or just a myth?

We need to separate the myths and realities in our relations with China. Some myths are frightening and need to be exploded. Some realities are potentially so dangerous that we can ignore them only at our peril.

The most frightening myth in currency today is that China and Pakistan will co-ordinate an invasion of India, and balkanise the nation, or at least destroy our economy. This is expected no later than 2012, as precise as that! This we are hearing in some think tanks of Delhi populated by former of-

ficials of the government.

This mythical scenario is bogus because, first, China and the rest of the world learnt by the events of 1962, and by subsequent unconnected events, that if anything, the Indian people unite and India nationally consolidates when attacked from abroad. This Chanakya had noted as the concept of Chakravartin. Secondly, with Tibet and Sinkiang simmering, attacking India is not a one-way street or a picnic. On our borders and contiguous areas, moreover, the Indian Air Force is far superior while the terrain on our side of the border provides a much shorter and friendlier supply chain. China's is very long and through more hostile terrain. Invasion therefore cannot be in the mind of the rational Chinese strategist.

Most of these inflamed reports and the surrounding hysteria in India is because the propagators have been brought up on the British Imperialist version of our history, which is that India is a sitting duck for anyone who wants to invade the country.

The most potentially dangerous reality of the Sino-Indian relation today is India's abdication of vital national interests for the domestic political survival of ruling coalitions. To counter China, some in India are advocating strategic bonding with the U.S. This is not in our national interest because the U.S. will then make us another Australia or Japan, a concubine, so to speak. The bottom line in U.S.-China relations at present is that China has a veto over U.S. actions in South Asia.

Unless we can change that bottom line, the U.S. partnership is not going to mitigate our hysteria about China. In the meantime, China has us ringed in like a circus lion. It does not need to invade us when we are in such a state of impotence.

Shorn of the myths, the realistic and appropriate policy course for India is to match Chinese military capacity by concrete action (for example, spending 7 per cent of GDP on defence) and be conciliatory in policy, attitude, and words. Or to put it bluntly, take full care of national security but work for peace and good neighbourliness. At present we are doing precisely the opposite. □□

(The author is a well known politician and former Union Minister. He is Harvard-trained economist and China scholar and has made significant contributions to promoting India-China relations since 1978.)

[Continued from page no. 25]

## New tax code: The Misplaced .....

there are other sections of the people who in order to skip their running business cost and evade the tax fudge the accounts. The tax code has not tried to make the payment of tax lucrative for them. A lower tax rate at five per cent would have been an incentive.

Similarly, the slab above Rs 10 lakh also needs to be redone. There should be a slab of Rs 10 lakh to Rs 15 lakh, which should be asked to pay at 10 per cent. Those earning beyond Rs 15 lakh should be asked to pay a maximum of 20 per cent. There is no rationale for having a 30 per cent rate for individuals as even now an individual good at complicated tax calculations do not pay more than about 23 per cent of his income as taxes. The concept needs rationalisation.

It would definitely entail efforts at redrafting and cause some delay in implementation of the new tax law. But this will effectively bring down the rates and that would ensure better revenue realisation.

The corporate tax structure also needs a revision and it should be brought down to the effective rate of 25 per cent. At present, most corporates with minimum alternative tax and some other provisions end up paying almost 36 per cent tax. If the Government wants to ensure a low price regime, it also has to ensure low cost system, which unfortunately the new tax code does not promise.

It is also not wise to include leave travel concession, rent-free accommodation, medical reimbursement, retirement benefits and

leave encashment in the tax calculation process. An employee is given LTC for two purposes — to see the country, help in the integration process and also generate business and incomes of people living away from the central hubs. Similarly, medical expenses are reimbursed for ensuring better health of an employee and his/her family. If it is taxed it would burden the nation with higher health care costs. A rent-free accommodation is often given for the purpose of carrying out a business and makes a job look lucrative. Taxing these does more harm than good.

The purpose of a new tax regime should be pro-people, growth-oriented and just not mere revenue collection. A tax instrument should be used as a tool for ushering in social change and honest behaviour. □□

(The writer is a senior economic affairs journalist.)

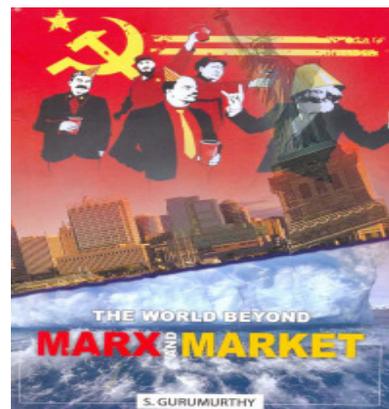
# World beyond Marx & Market

An argument is being advanced that like it had in the 1930s weathered the 'Great Depression' and had emerged as the super power of the world, the US would again be able to overcome the present 'recession' however deep it is and be able to maintain its position as the super power. This view totally ignores the mutually influencing social, cultural, political and economic conditions obtaining in the US in 1930s as compared to now. The comparative condition of the US in 1930s and it is now will bring out how far the presumptive argument that like the US overcame the Depression in 1930s it would overcome the present deep recession is correct. In economic terms, the comparative position of the US in 1930s and now is tabulated here:

- The US was a net lender to the world in 1930s; it was a creditor to the world. Today the US is a net borrower and the largest borrower; a net debtor to the world. Foreign debt puts pressure on national currency.
- The US was having continuous trade surplus in the years preceding and even during the Great Depression. Now it is having huge trade deficit. Identical was the current account position in 1930s – a huge surplus – and now – a huge deficit.
- The US public debt was about 16% of the GDP in 1930. Now, with the debts of nationalised housing and insurance giants added to its debt of \$13.4 tril-

lion, its public debt is almost 180% of the GDP. The US public debt held by non-resident foreigners is over 100%, when, according to an IMF study, countries with more than 60% public debt held by non-resident foreigners, runs a high risk of currency crisis, insolvency and debt default.

- The US household saving was high in 1930. It is not only low now, the households have negative saving rate, with their current spend exceeding their current income.
- The balance sheets of the corporates was very strong in 1930. But today the corporates balance sheets are not only weak, huge auto companies are declaring bankruptcy.
- During the years preceding the Depression [1926-29], the US dominated the global economy as a manufacturer accounting for over 42.5% of the global output. In 2006 it had come down to 25.5%.
- The US government had a high fiscal surplus before 1930s. But in the last five years the US government has run into huge fiscal deficits.
- The US financial system was unaware of the new financial Weapons of Mass Destruction, namely the derivatives, in 1930s. But today the derivative model and the high leveraging have not only triggered the US and global financial crisis, there



seems to be no end or escape from this financial WMDs.

- In 1930s common US households hardly owned stocks in corporates directly. Now over half of the common households of US hold stocks. So, the stock market collapse in 1930 hit only banks and financial institutions. But now the stock market fall constitutes direct hit on the households. So broader stock market of today which is considered to be an economic lift is actually emerging a huge problem for the US economy now with the continuous fall in the US stock values
- While the income tax rates in US were low in 1930 with just tax accounting for just 9% of the total income and still the government was in surplus, today the US income tax rates are at least five times as high and still the government is in deficit now.
- While the US unemployment rate [4.2%] was low preceding the depression in 1929-30, the

US unemployment rate [6.7%] is higher now.

It is evident that, by all relevant economic fundamentals, the US economy was comparatively better placed in the years preceding the Great Depression in 1929-30 than it is at present. Accordingly the argument that the US had weathered the Great Depression then and would do so now does not seem to carry conviction. Also there is a large body of opinion which would connect the end of the Great Depression to the onset of the World War II in which the US was a net gainer in economic terms.

In socio-cultural terms the comparative condition of the US in 1930s and now also gives clue to the seriousness of the present state of the US as a society & economy.

- In the years preceding the Great Depression, the US had practically no single parent families.

Today almost half the US families are single parent families.

- In 1930-34, over 93% of the children were born to couple who were married; and only 7% of the births were outside the wedlock. Today as much as 40% of the births are outside the wedlock and child pregnancies constitute as much as 1/3 of the total pregnancies.
- Out of US households only 9.9% constituted non-family households in 1940. In 2006, 32.3% households consisted of non-family households.
- Even as late 1980, men at work and women at home was the dominant model of household in US. By 2000, both husband and wife working full time has become the dominant household model in US.
- According to those who have studied the socio-cultural val-

ues that prevailed during the Great Depression, elevated levels of consumption are always attended by an increase in "individualism" and decline in the sense of community and the Great Depression reversed the trend toward increasing individualism and promoted community values.

Thus in 1930s the US households & the US society were more healthy. The sense of individualism, which has undermined both, had yielded to greater and better family and community values during the US economic battle against the Great Depression in 1930s. The figures of child birth after proper marriage rose from 82.2% in 1930-34 to 85.5% in 1940-44. This alone brings out the fact that economic difficulties during the depression had actually promoted better family & moral values. □□

**Strife** torn Kashmir economy has a new ray of hope. Top Kashmir origin CEOs and top policy makers got together today to draw the road map for revival of economy there. As the first step in this direction, Vikas Rambal, CMD, Perdaman Chemicals & Fertilizers (Australia) has committed to partnering the state government for the setting up of a power generation unit to cater to the electricity demands in the state. Several other top CEOs too made their intent public to invest and play a direct role in the reconstruction of the state.

The Kashmiri origin CEOs interface with the government was organised at the first of its kind conclave organized by Kashyap Progressive Commerce & Commercial Foundation (KPCC) as part of its agenda to drive the economic reconstruction in the state of Jammu & Kashmir.

## Kashmiri Entrepreneurs to Catalyse Development in J&K



The Summit was attended by a mix of entrepreneurs, policy-makers, industrialists, representatives from top MNCs, scholars, and progressive kashmiris. The policy-makers were represented by Mr. Tara Chand, Hon'ble Dy. CM of J&K, Shri GH Mir, Hon'ble Agriculture Minister for J&K, Shri Saifuddin Soz, Former Union Minister, and the corporate world was represented by the likes of Rajiv Kaul, Vice Chairman & CEO of CMS, Anshuman Magazine, CMD (CB Richard Ellis), Vikas Rambal, CMD (Perdaman Industries), Sanjay Kaul, Director (RIM), Kapil Kaul CEO – South Asia (CAPA), AK Kaul, CEO (Bluepeter India), Dr Saurabh Srivastava, Chairman (Indian Venture Capitalist Association), Ajay Bindroo, Global CEO (Supermax), apart from decision makers like Krishan Kalra, Secretary General (PHDCCI), Sandeep Bamzai (Sr. Journalist). □□

**Mangalore National Seminar  
(11-13 Sept. 2009)**

The national Seminar held at Sangh Niketan Mangalore of the southern States of Tamil Nadu, Kerala, Karnataka and Andhar Pradesh was really youthful, as there was a large number of Management Students participating in it. The lecture of Sh. Sunderam CA was full of latest information regarding the black money in Swiss banks. He was quick with a list of success stories of countries that assiduously brought back the money from these tax heavens. For example, Philippines slogged for 18 years but got the money back of its former President Ferdinand Marcos to the extent of

\$624 millions whereas Peru recovered \$180 and Nigeria - 50 million USD which otherwise were frozen and forfeited by Swiss authorities. Have you heard about this? Certainly I haven't! So these were very encouraging stories for us and discouraging for our corrupt leaders and bureaucrats.



**The Moving Pen**

[kashmirilal@rediffmail.com](mailto:kashmirilal@rediffmail.com)

But Sundaramji was exhorting repeated also that for this miracle to happen, consistent and persistent efforts for at least 10 to 15 years are required. Well said.

Prof. Kumaraswami's lecture was marvelously interesting and informative on the sub-

ject of Third World. It was of course different from his formal sermon-type essay on this topic which we find in swadeshi site. Such a tough and serious topic was able to garner clapping every three or four minutes consecutively from that youthful audience, was a freshening experience for me. Krishi Prayog Parivar's PP on organic farming was also interesting, which Shrivastha was giving with full confidence. Last but not the least I remember the brief but vivid presentation made by Shrinivasan on the topic of Hind Swaraj. He added that centenary celebrations of great men and great events are organized from time to time, but it is perhaps the first occasion that the centenary of a book is being celebrated. If Thengadi's book Third Way is a tree, the seed is Hind Swaraj. Quoting briefly certain anecdotes of Gandhi's life he was able to delve deep the respect and curiosity of this book. He has not only completed his Ph D in Gandhian Studies recently, he has got very good relationship with several eminent Gandhian and Sar-

**Dear Readers,**

1. The Moving Pen column started last month is a way of dialogue with you. and you know, it covers the time span of 15th of the previous month upto 14th of this Sept
2. You know on 17th August was celebrated as the Centenary year of Martyrdom of Madanlal Dhingra and a book released by Shailendra Sainger. Please memorise also his bold words spoken at the trial time about the economic plight of the country, quoted here..
3. On 2nd Sept a joint rally in Delhi by SJM and BMS against the ministerial meeting was really inspiring. It was widely covered in different countries. Moreover on every district headquarters such rallies etc, were held. To illustrate, only in MP such programmes were held at least 15 places!
4. Two National Seminars were held in Jaipur and Mangalore in this duration and you will read my comments in these columns.
5. Agitations: You will like to read about the Dark Agrarian Bill of TN govt. and bowing before the mounting public pressure, and how Mangalore University has accepted Kannada as a language for science theses, and about the plight of Bundelkhand's famine-like position and SJM arranging a Seminar on this topic in Mahoba. In Orissa Vedantam company is suspiciously starting a University and about one thousand acres of precious land of Bhagwan Jagannath ji is being given at throw-away price by the State Govt. A big agitation is expected to take place there, and on 27th Sept an agitation is to be launched against Wal-mart in Amritsar, and for both topics next issue is awaited.
6. Hind Swaraj: Being the Centenary Year of the book and Gandhiji's birthday falling in the present span, you will find its touch in these column. □

vodayi leaders. He can be contacted for queries on subject through email: vaigaimahal@yahoo.com. But I am not mentioning here the informative lectures of Sh. Gurumurthy ji and Murlidharrao, which are well known for their qualities - par excellence. I talked to most of the young participants and was overwhelmed to know their views which can be summarized in Santosh's word, a young participant from Bangalore – 'a lifetime experience.' Anyhow would you like to know who persuaded most of students to come here from Bangalore, please read the next write up on Shankaranarayana.

### Meet the Man – Shankaranarayana from Bangalore

He is a practicing advocate in Bangalore court, and it is due to his efforts that most of Students from Mangalore came to participate in this Seminar. He is in the habit of always practicing in life, what he is saying. Let anything impress his mind and lo, he will leave no stone unturned to make it a reality. He was swayed by the book of Sh. Gurumurthy's -Marx and Market and he distributed 400 copies of it within a short span of time. He completed with enthusiasm DB Thengadi,s epoch making book Third Way and he single-handedly circulated 2000 copies of it, yes two thousands! With the same fervor he is busy nowadays in enlisting subscribers for Swadeshi Patrika. Do you want to talk to him on cell phone, sorry he has not any! Oh, then we will talk on his landline phone? Again very sorry, that too he has not!! He generally uses the public transport systems for moving here and there in the city. This State level

functionary of SJM has his arguments for his simple living, which are usually given by everybody - that these are artificial demands created by advertisement world. But praiseworthy aspect of this all is that he is strictly practicing all these things and still yielding results, oh, marvelous results. Then how to contact him, either meet him at his house or email on his ID swadesh@earthling.com which he has created after much persuasion from a great personality.

### Obama Sharing meals with Gandhi

There was an interaction of school children with US President Barrack Obama. A ninth standard girl Lily asked Obama to name the person, living or dead, with whom he would like to have a dinner with. When I was reading this news I stopped reading further. I too started guessing whom he would name. First I thought that he would name Michael Jackson. As you know, not only whole of America but the world at large is drowned in his grief, and all our Bollywood heroes and heroines are so busy here paying dancing tributes to him with bouquets and garlands. So I guessed he will definitely also name MJ. Secondly, the name of Mother Teresa flashed instantly in my mind. I have heard so many times

that at the time of beauty contests, all the contestant name her reverently on being similarly questioned on the glittering ramp. Besides these two names, I had a dozen other names at my finger tips out of which Obama will surely answer.

But to my utter dismay Obama failed me altogether. He unhesitatingly uttered the name of Mahatma Gandhi! He also added that he was his really hero and also the hero of Martin Luther King. As if this was not sufficient to humiliate me, he went on saying among laughter from all sides that eating with Gandhi: "would probably be a really small meal because he didn't eat a lot." What was he talking! A country which has been preaching the whole world that 'Greed is the best, indeed', and is considered a 'Mecca of consumerism', and here its President is respecting as a role model Gandhiji – 'who ate very small' and was and was half clad and considered 'Greed is a Sin'. Strange thing! Perhaps Misery is the best teacher and the recent American economic crisis has taught many new lessons to Americans as well as to its President too! Jai Ho!!

Here let me mention that International Brand Expert Harish Bijoor wrote a month ago that a survey was conducted in 200 countries. Brand Gandhi was juxtaposed to international brands like Lux and Colgate. Only residents of 40 countries had somewhat familiarity with these top multinational brands like Lux and Colgate, whereas people of 183 countries were more acquainted with Gandhiji's name. So he concludes that Gandhi is still a father of all



Brands in the world. Similarly, Google Insight Search on 63rd Independence Day of India, declared Gandhi as the top Brand. So he concludes that Gandhi is still the father of all Brands in the world. Anyhow, I personally don't take Gandhi as a brand, he was simply Grand!

But it seems the UPA Government is interested only bringing back the spectacles of Gandhiji from the World level auction through a Whisky King, but not interested the least in understanding what he had envisioned in Hind Swaraj from these glasses even in this centenary year of the Book.

**Tamil Nadu Dark Bill on Agriculture put on Hold – Good News**

When our National Council Meeting met on 28-29 August all the representatives from Tamil Nadu seemed worried about the draconian law which has been passed by the TN State Assembly. It was against the traditional farming practices including the organic farming. On 9th this month all the leading farmers association came together and held programmes against the Bill. Prof



Nammalwar and Devinder Sharma were explaining to the farmers that 'if we allowed this legislation, ten years from now on, there would be no single farmer in the State'. And the very next day, that is exactly after 24 hours CM Karunanidhi says in the press conference that 'in order to protect the traditional farming and respect the sentiments expressed by the farmers and the media, the Bill will be put on hold till further orders. Really it is a matter of congratulation for all those who were agitating against this Bill.

Let me tell you the dark story of the other side. The CM Karunanidhi was disclosing to the press that when the Bill was passed nobody including the opposition raised any single voice against this Bill. It took them full three months to rise from the deep slumber and echo their voice with the Farmers association against the Bill. I have before me the copy of the Bill which bears the date of passing: June 23, 2009. Though it is temporarily withdrawn, it is a warning for the farming community and organization to keep a constant watch against this Bill. So take a sigh of relief and say: Better Late Than Never!

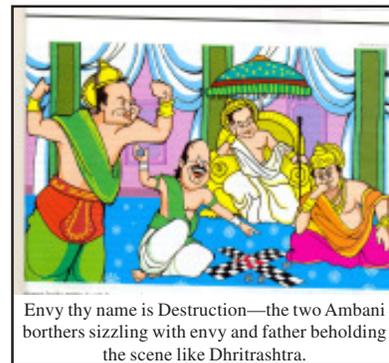
**Science Theses could now be presented in Kanadda : VC Declares**

There is good news from Karnataka. VC of Mangalore University KM Kaveriappa said on Tuesday that his varsity will accept PhD theses on science topics written in Kannadda. Speaking at an inaugural function of the State chapter of Swadeshi Vijanana Andolana explained that there is a constraint in this, because when such theses would be

evaluated by the foreign experts that would force the University to get such theses translated into English. And that the University will do it on its own, he added amidst clapping from the audience. He, however, appealed to the science writers in Kannadda that they should shed their rigidity and open themselves to accept science jargons from other languages also. It should be added that this is not the solitary victory of the Swadeshi Vijanan Andolan, but it is a very popular movement in the southern states and is getting momentum throughout the country to popularize science in the rural and remote areas.

**Gurcharan Das 's new book on Economics soaked in Mahabharat Colours**

Do you know something about this Management Guru and renowned economic columnist Gurcharan Das? I have read with



Envy thy name is Destruction—the two Ambani bothers sizzling with envy and father beholding the scene like Dhritrashtra.

interest some of his articles appearing regularly in English papers. But I always read him after activating my anti-virus mental apparatus, as I knew that he was a former CEO of Proctor and Gamble and an ardent votary of free market economy, read, American model. Of late I feel elated to find a subtle change in him. May be the failure of this American economic model has added to his

prudence or I am simply beguiled by his Osho like writing style, quoting profusely from Indian scriptures and especially Mahabharat.

Anyhow after going through the excerpts of his recently published book - outwardly on Mahabharata and internally a saga of day-to-day happenings in the economic field, I was swayed by the adeptness of his brush mixing epic and economics very beautifully. While depicting Duryodhana he is reminded of a comparison 'which many think was responsible for bringing the global economy to its knees in 2008'. From Kauravs he immediately rushes to depict in darkest colour the IT Czar Ramalinga Raju who owned a thousand designer suits, 321 pairs of shoes and 310 belts. While sermonizing on Envy, Gurcharan

jumps to Ambani brothers, their rags-to-riches story and fraternal feuds, with latest data and analyses. The name of the book is *The Difficulty of Being Good – On the Subtle Art of Dharma*. Patrick Olivelle seems right when he writes:

“The recent global economic crisis has revealed deep corruption and lack of moral insight at the highest echelons of the economy....showing that it is difficult to be good, a constant moral struggle exemplified in the characters of the Mahabharata and the stories and moral tales narrated with such charm and force by Gurcharan Das.”

Tempted to know more about him I searched his official site and felt nearer to him after reading the following anecdote.

When he explained to a retired civil servant about his desire to study Mahabharata, he exclaimed: Good Lord, man, you have not turned saffron, have you?’ Anyhow he goes on writing unhesitatingly: “The epic has given me great enjoyment in the past six years and I have become a Mahabharata addict. I feel sad that so many boys and girls in India are growing up rootless and they will never have access to these forbidden fruits of pleasures.’ Anyhow I have got his book, (not purchased) and started reading with good interest.. The book is certainly worth purchasing (when its paper back edition comes) and reading somehow now. Even after all this writing, my anti-virus equipment is still active about his motives! □□

# **SWADESHI PATRIKA**

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## 46% Indian kids suffer from malnutrition: Study

Despite India's recent economic boom, at least 46% of its children up to the age of 3 still suffer from malnutrition making the country home to a third of the world's malnourished children, a study said.

Noting that the country is an "economic powerhouse but a nutritional weakling", the report by the British-based Institute of Development Studies (IDS), which incorporated papers by more than 20 India analysts, said "at least 46% of children up to the age of 3 in India still suffer from malnutrition."

"It's the contrast between India's fantastic economic growth and its persistent malnutrition which is so shocking," Lawrence Haddad, director of the IDS told media.

The UN defines malnutrition as a state in which an individual can no longer maintain natural bodily capacities such as growth, pregnancy, lactation, learning abilities, physical work and resisting and recovering from disease.

The report said India will not meet the UN Millennium Development Goal of halving its number of hungry till 2043 though it had committed in 2001 to reach it by 2015. The report also highlighted the Government's failure to improve basic living standards for most Indians despite its unprecedented economic growth since 2004. □

## No Forceful acquisition of land for railway projects

The Ministry of Railways has decided that there shall not be any forceful acquisition of land for the railway projects. Accordingly, it has been decided to comprehensively review Railway's Land Acquisition policy to ensure that forceful acquisition of land, including agriculture land, is completely avoided. The focus of this review will be to facilitate transaction/purchase/acquisition of land directly from the land owner with complete transparency. All existing land acquisition cases shall be critically examined in the light of the above review within a period of one month.

## CVC posts names of 123 corrupt officials on website

Complying with the provisions under the Right to Information Act, the Central Vigilance Commission has for the first time has made public the name of 123 government officials against whom it had suggested prosecution or imposition of penalty for alleged corruption.

The Commission earlier gave out only the numbers of officials, along with their departments, against whom it suggested prosecution and penalty proceedings in its monthly report. But for the first time, names have been posted on the CVC's website.

The list for July included names of 101 officials against whom the Commission has suggested imposition of major penalty. Of them, 17 are working in nationalised banks, 13 in Delhi Development Authority and 11 in Municipal Corporation of Delhi. (PTI)

## RBI brings small enterprises under priority sector lending

Banks will now on have to set aside a certain portion of their annual advances for small service providers in areas like consultancy, advertising and legal services as the Reserve Bank today brought the segment under priority sector lending.

In terms of lending by banks, priority sector is one to which banks have to give loans amounting to 40 per cent of their total advances. However, there are further breakups of within this category. For example, agriculture will have to be given 18 per cent of total bank credit. But many categories do not have the specific target within 40 per cent.

"It has been decided to include loans granted by banks in respect of following activities under Micro and Small (Service) Enterprises within the priority sector," RBI said.

## India—Now a popular destination for Foreign Film Shoots

More than 90 foreign film productions have been cleared for shooting in different locations in India over the last three years. Permission was granted to 22 foreign film productions in 2006, 27 each in 2007 and 2008 and 17 already in 2009. Of these, 33 productions are of UK based organizations, 17 of US origin. The other productions relate to France, Canada, Netherlands, Germany, Japan, Russia, Georgia, Italy, Israel, Bangladesh and Pakistan among others.

Among recent productions are proposals from M/s Mashorba Films Ltd; UK titled "Indian Summer", "Eat Pray Love" from M/s Waveland Pictures Ltd; London, UK featuring Julia Roberts. The Oscar winning

film "Slumdog Millionaire" was granted permission in the year 2007 under the original title of "Q&A". The celebrated movie "A Mighty Heart", featured at the Cannes Film Festival, was approved for shooting near Pune in 2006 with the star cast of Angelina Jolie among others.

Goa, Jaipur, Ludhiana, Pune, Panchmarhi, Mumbai, Thane, Madh Island, Versova, Hyderabad, Ahmedabad are some of the preferred locations for foreign film shoots in India. The Indian Economy has been benefiting with the spin-offs of such foreign productions in India which provide an employment opportunity to locals, giving a fillip to hotel industry as also contribute export earnings of goods & service remittances.

The Ministry of Information & Broadcasting has streamlined the procedure for granting requisite permissions for shooting in India. The permission process normally takes not more than three weeks. The production houses are required to apply for permission of feature films/tele films in India to the Ministry of Information & Broadcasting with details of their chosen locations and the script of the production.

### India's own MIP detects water on moon: Nair

India's own Moon Impact Probe (MIP) on board the country's maiden unmanned lunar craft had also detected evidence of water on the moon in a finding confirmed by US space agency NASA which too had an instrument onboard Chandrayaan-I.

The NASA meanwhile thanked ISRO for enabling the discovery of water on Moon through Chandrayaan-I. "We want to thank ISRO for making the discovery possible. Moon till now was thought to be a very dry surface with lot of rocks," NASA director Jim Green told reporters in Washington. In Bangalore, a beaming ISRO Chief G Madhavan Nair said the MIP while descending from Chandrayaan-I to the moon surface about a fortnight after it was launched in October picked up strong signals of water particles. Nair's remark has triggered speculation whether an Indian space mission was the first to discover water on Moon.

### Wockhardt hospitals to get re-branded as Fortis group

Wockhardt's 10 healthcare facilities acquired by Fortis Healthcare would be re-branded as Fortis Hospitals. "Eventually, all the hospitals acquired by the Fortis group, including those under construction, would be rebranded as Fortis Healthcare Hospitals," according to Wockhardt Hospitals Group CEO Vishal Bali.

Earlier in August, Fortis Healthcare acquired 10 hospitals from the Wockhardt for Rs 909 crore, making it the largest buyout deal in the Indian healthcare sector. Under the deal, Fortis will take over eight operating hospitals and two that are under construction adding 1,902 beds to the company's hospital capacity. As a part of the deal, Fortis had agreed to continue with the existing management.

Bali said it would take around nine months to complete all transactions and by this time some of the company's greenfield projects would also get completed. "Once the transactions and other formalities are completed, these hospitals (acquired from Wockhardt) would get re-branded as Fortis Hospitals," Bali said. □□

### Extension of the term of the Thirteenth Finance Commission

In pursuance of the provisions of Article 280 of the Constitution of India, the President vide Order published with the Notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) S.O.1937 (E) dated the 14th November, 2007 constituted the Thirteenth Finance Commission which shall hold office upto 31.10.2009 and was also required to submit its Report by 31st Oct., 2009.

The Commission has requested for extension of term upto 31st January, 2010 due to postponement of some State visits because of the general elections to the 15th Lok Sabha and certain State Legislative Assemblies resulting in delay in the presentation of the Union Budget as well as the Budgets of some of the State Governments for the year 2009-10.

The Cabinet has agreed to extend the term of the Thirteenth Finance Commission upto the 31.1.2010. Further, the Commission has been requested to submit its Report by 31st December, 2009 so that Government's decision on their recommendations could be given effect to in the Budget 2010-11 as its recommendations will cover the period of five years from 1.4.2010 to 31.3.2015. □□

## China opposes Iran nuclear sanctions

China on Thursday reiterated its opposition to sanctions on Iran over its nuclear programme, as Tehran came under mounting pressure from world leaders at the United Nations to stop uranium enrichment.

“We always believe that sanctions and pressure are not the way out,” foreign ministry spokeswoman Jiang Yu told reporters.

“At present, it is not conducive to diplomatic efforts.” Iran’s suspect nuclear ambitions were atop the agenda at the UN General Assembly on Wednesday, and even Russia signalled it could back sanctions if Tehran failed to make concessions in talks with six major powers next week.

But Jiang called for renewed diplomacy on the issue. “We hope relevant parties will... redouble diplomatic efforts,” she said.

The West suspects Iran is trying to acquire a nuclear weapons capability under the cover of a civilian atomic programme.

But Tehran denies the charge and maintains that it will instead discuss proposals to promote global nuclear disarmament at next week’s meeting in Geneva. □

## Differences remain at Major Economic Forum

The two-day Major Economies Forum (MEF) meeting on Climate Change concluded here today with differences remaining on critical issues among members of this 17-country grouping including India.

“I think there was some narrowing of differences. There are plenty of differences that remain,” Special US Envoy for Climate Change Todd Stern said.

“But it was a pretty full ventilation of views in a way that the MEF is designed to promote,” he told reporters after the meeting at the Foggy Bottom headquarters of the State Department.

Responding to a question, Stern said the narrowing of differences had to do with issues of adaptation, technology, the way you reflect mitigation actions and the nature of measurement, reporting and verification. “Again, the narrowing doesn’t mean the differences have disappeared.

## Basmati contaminated: Iran

Dealing a blow to basmati export and loss to Punjab and Haryana farmers, Iran has stopped import of Indian basmati after a government laboratory detected high contents of arsenic, cadmium and lead in the rice exported to it a few days back.

This development has resulted in steep fall in basmati prices in the export and domestic markets. The Union government has lowered the minimum export price for basmati rice from \$1100 per tonne to \$ 900 per tonne. Despite this 40,000 tonnes of basmati has accumulated at various ports in the country.

The price of 1121 basmati has been most affected, as this is the rice variety , said to be having unwanted metal content. The price has come down from Rs 110 a kg to Rs 85 .The price of ‘sela’ rice has fallen from Rs 75 a kg to Rs 60. Basmati rice is being traded at Rs 45 per kg in the ‘satta’ market.

Meanwhile reports reaching here said the Standard Institute of Industrial Research of Iran has disclosed Indian and Pakistan rice is contaminated with chemicals and have no nutritive value. It claims the consumption of this rice is likely to have harmful effects on human health. The report also disclosed the increase in length on cooking of this rice was not natural but due to contamination by chemicals.

The issue can have international ramifications with the Agricultural and Processed Food Products Export Development Authority (APEDA), attached to the Commerce Ministry, deciding to get basmati in Punjab, Haryana and western Uttar Pradesh, tested for metal contents. A high-powered team is also likely to visit Iran soon to look into the issue.

The Indian basmati rice exporters, who have been badly hit by the ban, has urged the government to take up the issue at the political level also. According to exporters Indian basmati, particularly the 1121 variety and the Pakistan copy of the same, which has been named ‘kaynaat’, had caused steep fall in traditional ‘sadri’ rice variety of Iran. The exporters claims the tests are politically motivated.

Meanwhile experts said the depleting ground water and the intermixing of water pools due to over-exploitation could be responsible for the present situation. Ground water quality in Ferozpur belt in Punjab as well as Tohana, Ghanaur and Sonapat areas in Haryana is questionable.

The Indian Agriculture Research Institute (IARI), which developed the 1121 variety, feels the samples tested in Iran need to be brought to India to validate these. IARI senior scientist Dr A K Singh said though arsenic was found in Bengal it was not a problem in Punjab, Haryana and western Uttar Pradesh.

Punjab Young Farmers Association general secretary Bhagwan Dass Gupta said steps should be taken to clear the air as other countries could also stop taking Indian basmati. He said traders and farmers would meet on September 30 at Rakhra near Patiala to discuss the issue.

Farmers in Punjab increased the area under basmati from 3.75 lakh hectares to 6.5 lakh hectares this year. In Haryana the area under basmati is around 3.25 lakh hectares.

### WB and Pak announce trust fund for conflict areas

The World Bank and Pakistan have announced the establishment of a trust fund to improve infrastructure, services and livelihoods in the country's conflict-affected areas.

The initiative was announced at Friends of Democratic Pakistan Summit meeting held in New York, co-chaired by US President Barack Obama along with his Pakistani counterpart Asif Ali Zardari and British Prime Minister Gordon Brown.

The Multi Donor Trust Fund (MDTF) will support a comprehensive reconstruction and development strategy in Northwest Frontier Province (NWFP), Federally Administered Tribal Areas (FATA), and also parts of Balochistan, the World Bank said in a statement.

The work will be guided by a post-conflict needs assessment currently being prepared by the World Bank, Asian Development Bank, United Nations, and European Commission.

### China opposes protectionism by developed countries

Opposing protectionism by developed countries, China said such practices would not help the world overcome the financial crisis, which needs greater cooperation by all global players.

China's Assistant Minister for Foreign Affairs, Hu Zhengyue, said major economies should shoulder "greater responsibilities" in the time of the economic meltdown.

"Overcoming the global financial crisis calls for international cooperation among major economies to shoulder greater responsibilities? Trade protectionism cannot solve the issues," Hu told a group of visiting foreign journalists in Beijing.

Earlier this month, China had accused the US of "rampant protectionism" after the US President ordered to impose heavy duties on imported Chinese tyres. China also threatened reciprocal action against US poultry and vehicle imports. China said it had also approached the World Trade Organisation over the issue. □□

### NATO chief endorses US commander's grim report

NATO Secretary-General Anders Fogh Rasmussen has said he agreed with a grim assessment of the war in Afghanistan by the US commander there but stopped short of calling for more troops.

"Basically I share the views presented by General (Stanley) McChrystal," Rasmussen said when asked about a leaked report by the commander of US and NATO forces in Afghanistan.

The general's analysis recognises there is no military solution to the war and calls for a "more comprehensive approach" that seeks to safeguard the population, Rasmussen said after a speech at the Atlantic Council, a Washington think tank.

He said he was not ready to comment on McChrystal's request for tens of thousands of additional troops to reinforce efforts to counter Islamist insurgents.

"It would be premature to make any judgement here and now as regards a resource request," he said. □

## China takes complaint over U.S. tire tariffs to WTO

Beijing has lodged a complaint with the WTO to protest the Obama administration's announcement that it would levy duties ranging from 25% to 35% over the next three years on Chinese tires for cars and light trucks. That decision came after the U.S. International Trade Commission determined that a surge of Chinese-made tires had disrupted the domestic market and cost the U.S. thousands of jobs.

Beijing accused Washington of protectionism, which could force the WTO to rule on the issue if the two nations fail to reach an agreement after 60 days of negotiations. One day earlier, China said it would launch anti-dumping investigations into imported U.S. chicken and auto products.

Chinese govt. & industry officials have sternly criticized the tire tariffs in recent days, saying they would cost 100,000 Chinese jobs & \$1 billion in exports. Yao Jian, a spokesman for the Chinese Ministry of Commerce, in a statement has termed the US action an abuse of trade remedy measures. Chinese tires account for about 17% of the U.S. market. Imports have tripled in the last few years to nearly \$2 billion in 2008.

## WTO rules against U.S. cotton

Following a lengthy dispute, the WTO Arbitration Panel has issued a ruling in favor of Brazilian claims that U.S. government payments to cotton farmers have been excessive. As compensation, Brazil is able to immediately impose \$295 million in sanctions on U.S. imports with the possibility for even more. The amount is the second-largest ever allowed by the WTO.

In a case filed in 2002, Brazil claimed excessive U.S. cotton subsidies caused over-production & depressed world cotton prices. In 2004, a WTO panel supported Brazil's claims and the United States (US) appealed. When its appeal was denied in 2005, the U.S. was required to implement policy changes – something the U.S. cotton industry insists happened. Aiming to play up a positive in the ruling, U.S. cotton interests pointed out the award was only a tenth of the \$2.7 billion Brazil originally sought.

## WTO deal: India for all-round talks

In order to expedite progress on the Doha Development Agenda (DDA) under WTO, India has proposed simultaneous negotiations in services along

with issues on agriculture and non-agriculture market access (NAMA). Addressing two-day mini-ministerial meeting on Re-Energising Doha commerce and industry minister Anand Sharma said, "Since time is of the essence and in order to maintain a balance within the single undertaking, we can consider moving the other issues on the agenda forward."

The two-day informal meeting of trade ministers of 35 WTO-member countries deliberated on the timeline to conclude negotiations on the Doha development agenda by 2010 and not trying to resolve the contentious issues.

WTO negotiations have been facing a roadblock since December 2008, when Lamy made a strong push for convening another ministerial in Geneva to finalize modalities for agriculture and NAMA following the failure of talks at ministerial meeting in July last year at Geneva. On December 6 last year, WTO brought out revised draft modalities for agriculture and NAMA. As the texts are yet to be discussed at the WTO, the DG decided against convening a ministerial. Lamy proposed resumption of negotiations early in 2009, using the revised draft as a starting point.

But the negotiations have not resumed since then. It was in this context that India took the initiative to restart the process again. The Delhi meeting was the first occasion since July 2008 when the ministers representing practically all major blocs such as the group of 10 (G-10), G-33, G-20, NAMA 11, Least Developed Countries, Small and Vulnerable Economies, African Group, Cotton 4 and others participated.

## "Indian Farmers more important than WTO"

India's recent softening stance on WTO has come in for criticism from various quarters including that of renowned agriculture expert Prof M S Swaminathan.

He said that the UPA govt. must insist on ensuring a livelihood security box to protect the small and marginal farmers. The main function of the livelihood security box as conceptualized will give market access for the crops produced by low income farmers with higher levels of domestic support. Swaminathan said it is imperative to protect the interests of the farmers.

"Democracy is all about majority, and that way India is a country of farmers. Most problems with regard to the farming community like reasonable prices for their products, doing away with middlemen are manmade," he said adding these ought to be addressed in the right perspective. □□

