

CONTENTS

COVER ARTICLE 4

Cash subsidy for whom?

Dr. Ashwani Mahajan



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LETTERS 2

NEWS
NATIONAL 32



INTERNATIONAL 34



WTO 36

06 COVER STORY-II

Cash subsidy transfer can cause more miseries for the poor
..... **Shivaji Sarkar**

08 COVER STORY-III

Aadhaar: on a platform of myths
..... **R. Ramakumar**

11 ENVIRONMENT

Weak Doha Deal: Betrayal of Global Hopes
..... **Prof. Bhagwati Prakash Sharma**

14 ECONOMY

Is India heading for another economic crisis?
..... **M.R. Venkatesh**

17 REPORT

Swadeshi Mela Jodhpur

21 REMEMBRANCE

Narendra Nath Dutt to Swami Vivekananda
..... **Saroj Mitra**

22 OPINION

Separate electorates for Dalits
..... **Bharat Jhunjunwala**

24 REPORT

'Foreigners have no money to invest in FDI in India': **Gurumurthy**

25 COUNTER VIEW

India Growth: The Untold Story – Caste as Social Capital
..... **Prof. R. Vaidyanathan**

29 BUDGET

Indian budgets and aggravation of socio-economic problems
..... **Anil Javalekar**



'Crony capitalism' in India

Bikramjeet Baneerji needs to be complimented for the well researched write up on Crony Capitalism in India, published as the cover story by Swadeshipatrika in its December issue. In the changed circumstances when technology is helping citizens to access information beyond what was being provided by the government it is essential to make useful information available. Crony Capitalism is a hated term. Realizing its adverse impact Congress party is trying to play dirty old tricks by accusing people like Narendra Modi on one side and deleting the term from official communication on the hand. The Planning Commission, it was reported, may drop reference to crony capitalism in the plan document after protests from some ministers who are of the view that any mention would be a tacit acknowledgment of the existence of the practice.

Swadeshipatrika story, Economic decision making hostage to Cronies, by Bikramjeet Baneerji has lucidly uncovered the background of such a system in India. His reference to The Bombay Plan, published in 1944/1945 by eight leading Indian industrialists that proposed state intervention in the economic development of the nation after independence establishes beyond doubt the continuing links between the Industry and Congress Party. Titled A Brief Memorandum Outlining a Plan of Economic Development for India, the signatories of the Plan were Jehangir Ratanji Dadabhai Tata, Ghanshyam Das Birla, Ardeshir Dalal, Sri Ram, Kasturbhai Lalbhai, Ardeshir Darabshaw Shroff, Purushottamdas Thakurdas and John Mathai. The Plan went through two editions: the first was published in January 1944. This first edition became "Part I" of the second edition, published in 2 volumes in 1945 under the editorship of Purushottamdas Thakurdas.

People of India know how this relationship changed over the years from the Economic Development for India to Economic Development for Corporates.

– Deepak Shah, Baroda (Gujarat)

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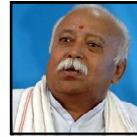
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Quote-Unquote



Accurate demarcation of border with the neighbouring countries is needed to curb the influx of infiltrators, fake currency, drugs and terrorists.

Mohan Bhagwat

Sarsangchalak, Rashtriya Swyamsevak Sangh



Responsible Indian women rooted to culture and contributing to high savings rate, not FDI will put up India on global map of India.

S. Gurumurthy

National Co-convenor, SJM



It's tempting for Prime Ministers of India to think they can solve problems with Pakistan and win the Nobel Peace Prize.

K. Natwar Singh

Former External Affairs Minister



There is a policy paralysis, intellectual bankruptcy and lack of leadership in the country because of which the country was experiencing stagnancy.

Narendra Modi

Chief Minister, Gujarat

Disdain generates exceptional anger

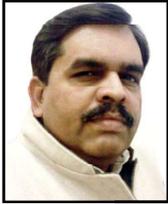
"To revolt is a natural tendency of life. Even a worm turns against the foot that crushes it."

— Mikhail Bakunin

The heinous crime committed by brute inhuman barbarians in a moving Bus in national capital on 16th December has appropriately outraged the country. The level of the people's rage visible on streets everywhere can be gauged by the response across the nation, particularly in Delhi. Furious citizens did not give vent to their passion in cozy comforts of their conditioned drawing rooms. Instead they came out in huge numbers in the chilling cold of foggy December month of cold north India and voiced their irritation and annoyance on the streets including the Rajpath, stretching from India Gate to the Raisina Hills that houses the highest seat of power in the country. Response of the government to the gruesome incident and subsequent protests by the people was as usual that of conceited disregard to put it moderately. This nude display of reprehensible egotism of power in first ignoring, later undermining and subsequently grudgingly accepting the legitimacy of intense anger added to the public outrage. Those who were present on Rajpath were unanimous in feeling that the response and expression of anger was unprecedented. Not only the steep size of the numbers, but the nature of people who were present irrespective of any distinction of age, gender, caste, creed or social status explained the level & intensity of pain and anguish the gruesome incident has caused all over. All these people had come out voluntarily. No one gave a call for the protests. Nobody provoked or controlled them. Aggravation, if any, was the incident itself and lackluster response of administration to it. But in that unstructured characteristic of the protestors the behavior was collectively organized, firm, peaceful and resolute. The message was and in fact continues to be emphatically clear. 'Enough is enough.' Patience has run out of steam. Women participants in particular were explicit in their expression of the accumulated anger.

Monstrous beasts, let us remember, did not commit the crime in any moment of instant antagonism or as a result of some momentary response to any action by the victim. By all the accounts that have surfaced it was a preplanned offense committed to seek sadistic pleasure by inflicting excruciating pain on the innocent victim. That a young woman accompanied by a male friend was gang-raped and beaten to near death on a moving bus and thrown out of the vehicle to die speaks for itself about the mentality of the goons. True, It is neither the first, nor the last crime committed against women in our country. But it surely is one among the rarest of rare cases that has generated intense anger among the people all over the country. This incident worked as a trigger. WHAT IS THE DEMAND of people? These unprecedented protests are aimed to ensure speedy justice for this young woman, and to every victim of molestation. It is infact aimed to make women in this country to feel safer on the streets, at work, in subways, and on public transportation that too without conditions. For decades women have been subjected to disruptive behavior in public as well private places. The sense of insecurity has increased multifold in spite of claims made by authorities about actions taken to chase away the miscreants. Official data pricks these claims by showing that rape cases have jumped almost 875 per cent over the past 40 years -- from 2,487 in 1971 to 24,206 in 2011, it said. Unfortunately the response of the government remains hegemonic. Policing continues to be an alter ego of imperialistic British rule. Used to meek protests within the restricted boundaries of selected areas, the aloofness and indifference of those in government was challenged by the subterranean anger against sexual harassment. Chilling images of policemen brandishing batons, hitting protesters reflected the alienation of an overconfident, impervious government from its people. Adding to the insult was the irresponsible, patronising and biased comments by several people holding responsible positions. They refuse to recognise the change that has taken place in the country. The disconnect though well known stands challenged and it is clear for now that things cannot continue to remain the way they are. Transparency and accountability has to be put in place.

Cash subsidy for whom?



The benefit of transfer of cash based on Aadhaar card may reach the foreigners along with Indians. Thus, a large amount of taxpayers' money may not reach the deserving poor people of the country, underlines Dr. Ashwani Mhajan

Once, a former prime minister said that when the government spends 100 rupees, only 15 rupees reaches the actual beneficiary. In order to provide cheap grains to common people, cheap fertilisers and petroleum products such as diesel etc. to farmers, less expensive kerosene and LPG cylinder to the commoners, the government makes provisions for different kinds of subsidies in its budget. For the last few years, these subsidies have been increasing continually. In 2002-03, the Central government subsidy bill was Rs 43,533 crore which reached Rs 2,16,927 crore by the beginning of

2011-12. An important part of this subsidy, i.e., Rs 72,823 crore is for food items.

It is believed that the subsidy meant for poor people does not reach its correct destination and gets embezzled on its way itself. Not only this, the government has to spend a lot of money to make the subsidy reach its correct destination. According to an estimate by the Planning Commission, the government needs to spend nearly Rs 4 to make the subsidy of Re 1 reach the poor people through its Public Distribution System.

Apart from this, many economists are of the opinion that

though it is important to provide cheap food and fuel to poor, and cheap fertilisers to farmers, the policy of subsidy is not good. We understand that when subsidy is given, the prices of subsidised items get reduced. Due to the reduction in the prices, people start using more of these items. Generally, subsidised items are scarce too. For instance, petroleum products. Our dependence on foreign companies for petroleum products is extremely high and is rising fast. Their prices have also been increasing and in this scenario, when subsidy is given on petro products like diesel, it would encourage misuse of these products, due to which not only government gets burdened with rising subsidy bill but our dependence on foreign countries would also increase.

Today, a large chunk of food subsidy is spent on storage of food and the PDS. The pathetic condition of PDS in the country is no secret. Even after the heavy subsidy of more than Rs 72,000 crore, not all deserving people are able to get reasonable quantity of quality food grains and sugar through PDS. If each BPL consumer gets Rs 1,000 cash, he would be able to purchase these products from the market and if there are 40 crore



BPL consumers in the country, then the total subsidy would be only Rs 40,000 crore and in the process people living below poverty line would benefit too.

A few years back, the thought of cash subsidy was an impractical one, however now the time has changed. In this era of information technology, direct cash transfer is not at all a difficult task. At many places, it is possible to send money directly to the labour's bank account under employment generation programme. At many places, widow and old age pensions are sent directly to beneficiaries' bank accounts. In this scenario, what we need is a strong political will.

This way, giving cash in lieu of subsidy may be a right step. UID Authority of India also submitted a report to the finance minister in this regard. The authority says that the UID number, which is given under the 'Aadhaar' may be used to transfer money through bank, ATM and even mobile banking. In case of fiddling under this system, beneficiary would be able to lodge a complaint directly to the government. In order to stop corruption and leakages in the conventional subsidy policy, the government has made an ambitious plan to transfer the money directly to the beneficiary account. The prime minister has constituted a committee for timely implementation of this policy for 25 per cent households in the country.

Heavy subsidy is still being given on diesel due to which its misuse in luxury cars is on the rise. Latest data published by Delhi government shows that in the year 2011-12, consumption of diesel in Delhi jumped by 15 per cent, while consumption of petrol decreased



There is no generally acceptable definition of poor, and there is no mechanism to identify the poor.

by 1.5 per cent. However, government has made no plan to replace diesel subsidy with cash transfer. On the other hand, heavy subsidy is given on chemical fertilisers by the government through fertiliser companies. Though discussions on giving direct subsidy to farmers has been going on for a long time, yet no concrete plans have been made to give subsidy directly to farmers. It seems the declaration of cash transfers is only a gimmick, devoid of sincerity to deal with inefficiencies across sectors.

The whole plan of giving cash subsidy is based on the Aadhaar Card. Aadhaar scheme was initiated a few years ago and UID Authority was formed for the same. The task of preparing Aadhaar

card was given to companies. Any person residing in the country can get his card prepared and no proof for being the citizen of the country is required for the same. Many people from neighbouring Bangladesh have been residing in India after crossing the border. Due to poverty in Bangladesh, this tendency is on the increase. Therefore, the benefit of transfer of cash based on Aadhaar card may reach the foreigners too along with Indians. Thus, a large amount of taxpayers' money may not reach the deserving poor people of the country. It is important that the proof of citizenship is made mandatory for cash transfers.

It is unfortunate that the government is publicising proposed policy of cash transfers to poor, yet there is no generally acceptable definition of poor, and there is no mechanism to identify the poor. This way, the money targeted for the poor may not really reach them. The basic issue of identifying the poor is forgotten in the political game plan of transferring cash subsidy. □□

Cash subsidy transfer can cause more miseries for the poor



Cash transfer of subsidy scheme would be launched with fanfare, the beneficiaries, whatever little they might be getting, would be the biggest losers. The cash transfers would exclude more poor people, apprehends Shiva ji Sarkar



Cash transfer of subsidy is possibly one of the most ill-thought of measures. It has also hit the first hurdle. Despite the prime minister's intention to implement from January 2013, there are indications from many departments, particularly the petroleum ministry, that it may be delayed by a year. That brings the earliest date of subsidy transfers, if at all, to October next year.

It also appears to be the first step to eliminate subsidies, as apprehended by CPI-M leader Sitaram Yechuri. Other political parties, including BJP has expressed opposition to the scheme. Yechuri says

that subsidy amount would remain fixed but prices of commodities would be continuously increased. Cash transfers would not keep pace with inflation. The subsidies for 2011-12 were around Rs 216,297 crore or 2.41 per cent of GDP and 58 per cent of this did not reach the target group.

Petroleum ministry has the biggest problem also. It has to transfer Rs 73,637 crore a year on petroleum and fertilizer subsidies to the beneficiaries. But for years together it has not received the subsidy. It is marked in the budget but is not transferred. Some of it has been given to it in long-term bonds

as the government did not have that much of cash to give it. Apart government has decided not to transfer fertilizer subsidy under the new scheme.

Many other departments may have similar problems.

In the ultimate, though the scheme would be launched with fanfare, the beneficiaries, whatever little they might be getting, would be the biggest losers. Transferring the money to bank accounts in remote villages is not easy. It has enormous cost on the banking sector. The banking correspondents who move with hand-held equipment in remote areas have faced problems of having cash of up to Rs 20,000 while demands go into lakhs.

There are apprehensions that cash transfers would exclude more poor people. Nikhil Dey of Mazdoor Kisan Sangathan says, "NREGA is a massive cash transfer programme and we have seen that leakages and corruption have not disappeared as a result of wages being credited into the workers' bank accounts".

The government has found that the scheme has virtually failed in Tamilnadu as rural banks don't have enough deposits to make payments to labourers who turn up in large numbers. Apart they lose their

wages the day they visit the banks. One bank branch serves at least 15 habitations. One or two branches located there have to cater to about 15,000 NREGA workers.

Chhattisgarh chief minister Raman Singh has opposed the scheme. He says given the limitations of banking and IT infrastructure, the system of cash transfers will lead to increased inconvenience to beneficiaries. Besides, it also needs to be understood that petroleum subsidies are not just marked for the poor. It has a bigger social purpose of keeping energy prices affordable, transport and cooking costs and inflation in check.

Cash transfer will convolute the basic concept of subsidy. All subsidies are not just targeted merely at the below poverty level people.

Farm subsidies have that primary purpose. That is how the US has been able to have affordable food prices and one of the highest nutrition level for its citizens. Low food prices have been able to keep poverty and inflation at the lowest level in the US.

The new scheme apparently has a design to ultimately do away with all subsidies. Cash transfers would thus become a one-time euphemism, may be more for political purposes to influence the voting pattern in the 2014 elections. It is doubtful that the government would be able to transfer Rs 3.2 lakh crore cash, as announced.

Linking it to Aadhar - UID - card is apparently another folly. The UID has not received parliamentary approval because of apprehension of invasion of privacy of a citizen. Apart it creates a biometrical data base that can be misused.

It is no secret that Adolf Hitler had used such data to eliminate

millions of people. The government is laying too much trust on the UID-AI chairman, Nandan Nilekani's 70-page "Interim Report" presented to the then Finance Minister Pranab Mukherjee in July 2011.

There has been no debate or discussion either in Parliament, with state governments or outside on the merits of the report. The UK, the USA, Australia and The Philippines rejected such schemes as it impinges on the freedom and privacy of citizens. A citizen is not just a number and the Constitution guarantees him freedom of movement and basic privacy. Can any government ever ensure that bio-



The UK, the USA, Australia and The Philippines rejected such schemes.

metrical data like fingerprints would not be misused either by a successive government or by others, including anti-social elements, khap panchayats and terrorists?

It calls for immediate delinking of subsidies from UID. Let us immediately give up UID and save lakhs of crores that the nation is supposed to invest in a scheme which would have the least usage but can open up a Pandora's box for its misuse. The UID's own documents admit flaws in their system.

After cash transfers were introduced in Kotkasim in the Alwar district of Rajasthan, offtake of kerosene came down by 80 per cent.

An IIT, Delhi study found that it came down, not because there was any corru, but because legitimate beneficiaries were no longer able to access their entitlement. Many did not have bank accounts, others had functioning accounts, but the subsidy either came late or never at all, forcing them to give up on kerosene.

It seems the government is in a great hurry. They have not analysed data well on the pilot districts where such schemes were introduced. Instances of 17 Latin American countries, including Brazil, Indonesia and some other countries are often cited to stress on cash transfers. But all those countries

have far less population, far less poor and much smaller geographical area. In India it all takes gigantic proposition with complex social and political problems.

The government of the day with high fiscal deficit, current account deficit, low value of rupee may have reason to cut on its expenses. But subsidies should definitely not be the first to grapple with. Cash transfers have its costs too.

Let it be stopped for the moment so that deeper thought could go into how to benefit the poor. The scheme can ultimately sideline the poor and heap them with more miseries. □□

Aadhaar: on a platform of myths

A democratic government should not undertake a project of the magnitude of Aadhaar from a platform of myths. The lesson from the U.K. experience is that myths perpetrated by governments can be exposed through consistent public campaigns, urges R. Ramakumar

The Aadhaar project, just as its failed counterpart in the U.K., stands on a platform of myths. India needs a mass campaign to expose these myths.

Two countries. Two pet projects of the respective Prime Ministers. Unmistakable parallels in the discourse. “The case for ID cards is a case not about liberty, but about the modern world,” wrote Tony Blair in November 2006, as he was mobilising support for his Identity Cards Bill, 2004. “Aadhaar... is symbolic of the new and modern India,” said Manmohan Singh in September 2010, as

he distributed the first Aadhaar number in Nandurbar. “What we are trying to do with identity cards is make use of the modern technology,” said Mr. Blair. “Aadhaar project would use today’s latest and modern technology,” said Dr. Singh. The similarities are endless.

Mr. Blair’s celebrated push for identity cards ended in a political disaster for Labour. The British people resisted the project for over five years. Finally, the Cameron government scrapped the Identity Cards Act in 2010, thus abolishing identity cards and plans for a National Identity Register. On the oth-

er hand, India is enthusiastically pushing the Aadhaar, or unique identity (UID), project. The UID project has been integrated with the Home Ministry’s National Population Register (NPR). The “National Identification Authority of India Bill” has been tabled in Parliament. Globally, observers of identity policies are watching if India learns anything from the “modern” world.

The experience with identity cards in the United Kingdom tells us that Mr. Blair’s marketing of the scheme was from a platform of myths. First, he stated that enrolment for cards would be “voluntary”. Second, he argued that the card would reduce leakages from the National Health System and other entitlement programmes; David Blunkett even called it not an “identity card,” but an “entitlement card.” Third, Mr. Blair argued that the card would protect citizens from “terrorism” and “identity fraud.” For this, the biometric technology was projected as infallible.

All these claims were questioned by scholarly and public opinion. A meticulous report from the London School of Economics examined each claim and rejected them (see “High-cost, High-



risk,” Frontline, August 14, 2009). This report argued that the government was making the card compulsory across such a wide range of schemes that it would, de facto, become compulsory. It also argued that the card would not end identity fraud in entitlement schemes. The reason: biometrics was not a reliable method of de-duplication.

The Indian discourse around Aadhaar is remarkably similar. Almost identical arguments are forwarded in support of the project to provide a population of over one billion people with UID numbers. I argue that Aadhaar, just as its failed counterpart in the U.K., is promoted from a platform of myths. Here, there is space for three big myths only.

Myth 1: Aadhaar number is not mandatory.

This is wrong; Aadhaar has stealthily been made mandatory. Aadhaar is explicitly linked to the preparation of the NPR. The Census of India website notes that “data collected in the NPR will be subjected to de-duplication by the UIDAI [Unique Identification Authority of India]. After de-duplication, the UIDAI will issue a UID Number. This UID Number will be part of the NPR and the NPR Cards will bear this UID Number.”

The NPR is the creation of an amendment in 2003 to the Citizenship Act of 1955. As per Rule 3(3) in the Citizenship Rules of 2003, information on every citizen in the National Register of Indian Citizens should compulsorily have his/her “National Identity Number.” Again, Rule 7(3) states that “it shall be the responsibility of every Citizen to register once with the

Local Registrar of Citizen Registration and to provide correct individual particulars.” Still further, Rule 17 states that “any violation of provisions of rules 5, 7, 8, 10, 11 and 14 shall be punishable with fine which may extend to one thousand rupees.”

The conclusion is simple: Aadhaar has been made compulsory, even before passing the Bill concerned in Parliament. Under the project’s guise, the State is coercing individuals to part with personal information; this coercion comes with a threat of punishment.

Myth 2: Aadhaar is just like the social security number



Aadhaar, just as its failed counterpart in the U.K., is promoted from a platform of myths.

(SSN) in the United States.

There is a world of difference between the SSN and Aadhaar. The SSN was introduced in the U.S. in 1936 to facilitate provision of social security benefits. A defining feature of SSN is that it is circumscribed by the Privacy Act of 1974. This Act states that “it shall be unlawful for any...government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual’s refusal to disclose his social security account number.” Further, federal agencies have to provide notice to, and obtain consent from, individuals before dis-

closing their SSNs to third parties.

The SSN was never conceived as an identity document. However, in the 2000s, SSN began to be used widely for proving one’s identity at different delivery/access points. As a result, SSNs of individuals were exposed to a wide array of private players, which identity thieves used to access bank accounts, credit accounts, utilities records and other sources of personal information. In 2006, the Government Accountability Office noted that “over a 1-year period, nearly 10 million people — or 4.6 per cent of the adult U.S. population — discovered that they were

victims of some form of identity theft, translating into estimated losses exceeding \$50 billion.”

Following public outcry, the President appointed a Task Force on Identity Theft in 2007. Acting on its report, the President notified a plan: “Combating Identity Theft: A Strategic Plan.” This plan directed all government offices to “eliminate unnecessary uses of SSNs” and reduction and, where possible, elimination of the need to use SSN to identify individuals. It’s quite the contrary in India. According to Nandan Nilekani, Aadhaar number would become “ubiquitous”; he has even advised

people to “tattoo it somewhere,” lest they forget it!

Myth 3: Identity theft can be eliminated using biometrics.

There is consensus among scientists and legal experts regarding the limitations of biometrics in proving identity. First, no accurate information exists on whether the errors of matching fingerprints are negligible or non-existent. A small percentage of users would always be either falsely matched or not matched at all against the database.

Second, errors of matching would stand significantly amplified in countries like India. A report from 4G Identity Solutions, contracted by UIDAI for supply of biometric devices, notes that:

“It is estimated that approximately five per cent of any population has unreadable fingerprints, either due to scars or aging or il-

legible prints. In the Indian environment, experience has shown that the failure to enrol is as high as 15 per cent due to the prevalence of a huge population dependent on manual labour.”

A 15 per cent failure rate would mean the exclusion of over 200 million people. If fingerprint readers are installed at Mahatma Gandhi National Rural Employment Guarantee Scheme (MNRREGS) work sites and ration shops, and employment or purchases made contingent on correct authentication, about 200 million persons would remain permanently excluded from accessing such schemes.

The report of the UIDAI’s “Biometrics Standards Committee” actually accepts these concerns as real. Its report notes that “fingerprint quality, the most important variable for determining de-

duplication accuracy, has not been studied in depth in the Indian context.” However, this critical limitation of the technology has not prevented the government from leaping into the dark with this project, one whose cost would exceed Rs.50,000 crore.

It is said that the greatest enemy of truth is not the lie, but the myth. A democratic government should not undertake a project of the magnitude of Aadhaar from a platform of myths. The lesson from the U.K. experience is that myths perpetrated by governments can be exposed through consistent public campaigns. India direly needs a mass campaign that would expose the myths behind the Aadhaar project.

(R. Ramakumar is Associate Professor with the Tata Institute of Social Sciences, Mumbai.)
(Courtesy: The Hindu)

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Weak Doha Deal: Betrayal of Global Hopes



It is most condemnable that inspite of such severe threats to the nature and mankind nothing new could be achieved even after the two week-long exhausting climate change talks from November 26 to December 7, the 194 nations, have just agreed on a deal to extend the Kyoto Protocol for an eight-year period to be implemented by 2020, thinks

Bhagwati Prakash Sharma

The failure of the two week long talks of the UN Framework Convention on Climate Change (UNFCCC), concluded at Doha, to seek commitment from the industrialized countries including China, for reducing the Carbon dioxide and other greenhouse gas emissions, causing global warming, spells doom for many developing countries of the global south. Temperatures have already risen by about 1.4 degrees Fahrenheit (0.8 Celsius), above the pre-industrial times and are now on the track to rise by 4 degree Fahrenheit (2 Celsius) in the next 40 years, and by up to 7.2 Fahrenheit (4 Celsius) by 2100. The growing temperatures are bound to create severe food crisis, floods and melting of glaciers along with the polar ice, leading to submerging of island nations and many coastal regions. Himalayan glaciers have already begun to melt and the river Ganga may also turn into a seasonal river from the perennial one, if the glaciers would disappear with unabated warming from the green house gases. The Himalayan glaciers that feed most of the major South Asian rivers viz. the Indus, the Brahmaputra and the Ganga are melting rapidly, as revealed in a major new study.



The field data of last 30 years, satellite images and weather records reveal the retreat of 82 glaciers, area reduction of 7,090 glaciers, and mass-balance change - the difference between the accumulation and loss of ice of 15 glaciers in the seven larger regions of the Himalayas, the Tibetan Plateau and the Pamir Mountains. Glaciers in this region give birth to major rivers across Southeast Asia and the Far East, from the Ganges to the Mekong, the Yellow and the Brhamputra, which provide water to 20 percent of the world's population.

Studies reveal that the Himalayan glaciers, which are fed by the

Indian monsoons, and are perennial source of water for the Ganga and Brahmaputra are shrinking more rapidly than those in the Pamir Mountains, which were influenced by the westerlies, the prevailing winds. These glaciers gain from winter snow and are less affected by warming, while in the Himalayas it snows during the monsoon season, in summer, and temperature increases can have a dramatic effect. Rainfall records of the region also indicate that the Indian monsoon is getting weaker while the westerlies are strengthening. Under the present warming conditions, glacier shrinkage might

further accelerate in the Himalayas, whereas glaciers might advance in the eastern Pamir regions. It would cause drought and water crisis in the northern Bharat.

In the East Africa as well, the rising temperatures have begun to cause the melting of ice caps of Mt. Kilimanjaro, Mt. Kenya, the Rwenzori Mountains and the Aka Mountains of the Moon, over an accelerated cycle of droughts and floods to the spread of malaria into the previously immune highlands, spurred by warmer climate which allows the anopheles mosquitoes to now flourish at higher altitudes, too.

The glaciers on Mt. Kenya have been reported to have shrunk by more than half, over the past 30 years. The famous Kilimanjaro ice cap, now is a mere shadow of olden days, and the glacier caps of the Rwenzoris have receded by several kilometers. Here, it is reality already and threatening food production and water sources for tens of millions of people, condemning them to gloom and doom if no major changes take place in the way the world is dealing with climate change right now.

Indeed unabated rise in global temperatures due to global warming from green house gases is expected to cause changes like rise in sea levels, inundation of low lying coastal belts, even leading to many smaller islands being totally submerged. All of Maldives and large parts of Bangladesh are among the regions might submerge and go under Water.

Some of the islands threatened from rising sea levels, and some of which have already disappeared, need a mention here. **Lohachara and Suparibhanga islands** of India, where more than

10,000 peoples lived, have already disappeared into the Bay of Bengal, due to global warming. **Bermeja Island** near the Gulf of Mexico has also disappeared into the ocean, which featured prominently in the maps used between 16th and 19th centuries. **Carteret Islands**, located in the South Pacific are expected to be totally submerged by 2015. **Maldives**, an island nation in the Indian Ocean whose high point is only 8 feet with other places in the island are much lower. If the ocean level rises further, this island will disappear. **Vanuatu Island**, also called as Republic of Vanuatu is another island nation in the South Pacific which may be submerged due to rising ocean level. **Tuvalu Island** is located between Australia and Hawaii in the Pacific Ocean. The high point is 15 feet. Nearly 11,000 people live here. They are noticing that the waterline is moving closer. They have already started evacuating. New Zealand has agreed to grant refuge to 75 Tuvaluans every year. It is estimated that this island will disappear in 50 years from now. **Kiribati Island**, officially called as the Republic of Kiribati is located in the central tropical Pacific Ocean is also experiencing rising water levels. **Marshall Islands** called as Republic of Marshall Islands, in the middle of the Pacific Ocean may become another victim of rising ocean levels. **Tonga Island** known as the Kingdom of Tonga, is located in the South Pacific Ocean. If ocean levels rise, this island is likely to be affected. These are just a few islands inhabited and facing disappearance. But, there are many more uninhabited islands as well, which are facing disappearance and would

thereby cause damage to many plant and animal species.

In Africa, the Seychelles another country is faced with gradually-rising sea levels and threat to the very core of their survival. That is why Seychelles' President Michel has made it a centerpiece in his foreign policy to form a coalition of equally-threatened small island nations to promote more significant measures to combat climate change. Hence, the coalition of those most affected has demanded that the developed world, seen as the primary polluter and cause of climate change, and also the newly-emerging mega polluters like China, and Russia, should make financial contributions to Africa and small island nations, a notion still rejected by the "haves" but eventually inevitable, now that the principle of compensation appears enshrined in the Doha Resolutions. But, it should not be postponed any longer and the industrial nations, including China, which has been emitting highest quantum of polluting green house gases, causing the most of the global warming, need to be compelled to pay the price of it to the rest of the world.

It is most condemnable that inspite of such severe threats to the nature and mankind nothing new could be achieved even after the two week-long exhausting climate change talks from November 26 to December 7, the 194 nations, have just agreed on a deal to extend the Kyoto Protocol for an eight-year period to be implemented by 2020. But the deal left many disappointed as it failed to deliver urgent issues: deep cuts in emissions by rich countries and China (the largest polluter of the day); finance for helping poor countries cope with

the impacts of climate change; and climate-induced loss and damage.

The extension of Kyoto Protocol was also adopted by this U.N. climate conference at Doha, after hard-fought sessions and despite objections from Russia. The package of decisions also included vague promises of financing to help poor countries cope with climate change, and an affirmation of a previous decision to adopt a new global cli-

mate pact by 2015. But it is all in the air without a time bound action plan. The 1997 Kyoto Protocol, which controls the emissions of rich countries, is considered the main achievement of the negotiations, even though the U.S. rejected it because it didn't impose any binding commitments on China, which emits highest quantum of green houses gases. Only 15 percent of the emission is covered by the deal.

Kyoto was due to expire this year, so failing to agree on an extension would have been a much deplorable setback for the talks. Despite objections from Russia, which opposed rules limiting its use of carbon credits, the accord was extended through 2020 to fill the gap until a wider global treaty comes to take effect. It would require strong pressure from the public opinion as well, along with all possible efforts.

Himalayan Glaciers Retreating at Accelerated Rate in Some Regions: Consequences for Water Supply Remain Unclear

Glaciers in the eastern and central regions of the Himalayas appear to be retreating at accelerating rates, similar to those in other areas of the world, while glaciers in the western Himalayas are more stable and could be growing, says a new report from the National Research Council.

The report examines how changes to glaciers in the Hindu Kush-Himalayan region, which covers eight countries across Asia, could affect the area's river systems, water supplies, and the South Asian population. The mountains in the region form the headwaters of several major river systems — including the Ganges, Mekong, Yangtze, and Yellow rivers — which serve as sources of drinking water and irrigation supplies for roughly 1.5 billion people.

The entire Himalayan climate is changing, but how climate change will impact specific places remains unclear, said the committee that wrote the report. The eastern Himalayas and Tibetan Plateau are warming, and the trend is more pronounced at higher elevations. Models suggest that desert dust and black carbon, a component of soot, could contribute to the rapid atmospheric warming, accelerated snowpack melting, and glacier retreat.

While glacier melt contributes water to the region's rivers and streams, retreating glaciers over the next several decades are unlikely to cause significant change in water availability at lower elevations, which depend primarily on monsoon precipitation and snowmelt, the committee said. Variations in water supplies in those areas are more likely to come from extensive extraction of groundwater resources, population growth, and shifts in water-use patterns. However, if the current rate of retreat continues, high elevation areas could have altered seasonal and temporal water flow in some river basins. The effects of glacier retreat would become evident during the dry season, particularly in the west where glacial melt is more important to the river systems. Nevertheless, shifts in the location,

intensity, and variability of both rain and snow will likely have a greater impact on regional water supplies than glacier retreat will.

Melting of glacial ice could play an important role in maintaining water security during times of drought or similar climate extremes, the committee noted. During the 2003 European drought, glacial melt contributions to the Danube River in August were about three times greater than the 100-year average. Water stored as glacial ice could serve as the Himalayan region's hydrologic "insurance," adding to streams and rivers when it is most needed. Although retreating glaciers would provide more meltwater in the short term, the loss of glacier "insurance" could become problematic over the long term.

Water resources management and provision of clean water and sanitation are already a challenge in the region, and the changes in climate and water availability warrant small-scale adaptations with effective, flexible management that can adjust to the conditions, the committee concluded. Current efforts that focus on natural hazard and disaster reduction in the region could offer useful lessons when considering and addressing the potential for impacts resulting from glacial retreat and changes in snowmelt processes in the region.

Many basins in the region are "water-stressed" due to both social changes and environmental factors, and this stress is projected to intensify with large forecasted population growth, the committee concluded. Climate change could exacerbate this stress in the future.

Although the history of international river disputes suggests that cooperation is a more likely outcome than violent conflict in this region, social conditions could change. Therefore, modifications in water supplies could play an increasing role in political tensions, especially if existing water management institutions do not evolve to take better account of the region's social, economic, and ecological complexities, the committee said. □

Is India heading for another economic crisis?



With eighty per cent of our fuel requirements being imported, Rupee depreciation in turns makes (imported) fuel costlier. Coupled with a weak physical infrastructure, this means that we are actually becoming a high cost, inefficient, vulnerable and import dependent economy - just as we were in the late eighties, explains MR Venkatesh

The government thinks that it can buy peace with its own people, not by providing an environment for growth, but by bribing them into silence.

The confluence of two arterial roads - Kodambakkam and Nungambakkam High Roads - in Chennai is a huge bottle neck. At that very junction the Tamil Nadu electricity board had set up a transformer which has been converted into an open urinal by passersby.

Adjacent to this transformer, two small shops had sprung up almost a decade ago robbing the pedestrians of walking space. As walkers climb on to the road at great

personal risk, the already narrow stretch of road gets much narrower, leading to huge traffic snarls.

Strangely, the administration that allowed these shops to come up in the first place has failed to demonstrate spine in removing these encroachment. Government machinery that remains unsuccessful in clearing roadside encroachments in the centre of a metro is supposed to fight against Chinese or Pakistani encroachments in distant Arunachal Pradesh or Siachen!

What is galling is that the Hon'ble Madras high court has granted a stay on this encroachment. With due respects, I am pret-

ty sure that if only the Lordships were compelled to use these roads, the verdict in such cases would obviously be different.

And the UPA leadership assumes that reforms - read FDI in retail, Insurance or Airlines - will widen roads, clear roadside bottlenecks and provide walking space to pedestrians. Crucially, it is also assumed to provide employment to the two shop keepers, provide toilets below the transformers and make our dirty cities look pretty.

The mess at this Chennai-junction epitomizes all that is wrong with our economy. It is all about skewed priorities. It is about poor governance. It is the story of India being beset with a billion such bottlenecks, lack of infrastructure and administrative will.

Contrary to the expectations that our government addresses these issues up-front, from ports to airports, education to electricity, employment to environment, it assumes that foreign capital, foreign technology and worse still foreign initiative that will do the trick.

Fascinatingly, this is packaged as "reforms" by our government! It is indeed surprising that sections of the media and intelligentsia fall for such crass attempts of our government and gulp the nonsense.



Little do we or our government realize that barring tin-pot banana republics, there is no instance in recorded history of foreign capital, initiative and technology becoming the engine of domestic growth. Worse still, this psychology of depending on foreigners to address our internal mess is stifling domestic private initiative too.

It is not out of place to mention that psychology is crucial to investments. Policies that dampen psychology of local entrepreneurs choke domestic private initiatives and investments. That explains why several corporate are sitting on piles of cash (and refusing to invest) while domestic household savings get channeled into gold.

And where local businessmen are loath to do business, why should foreign businessmen invest in India? Elementary Watson!

Worse still, the government thinks that it can buy peace with its own people, not by providing an environment for growth, but by bribing them into silence. It believes in crony capitalism for the rich, slogans for the middle class and subsidies for the poor will do the trick. And that is the crux of the issue.

The net result is that it is no longer an issue of productivity. Rather it all about production. It is no longer about manufacture. It is all about infrastructure. It is no longer about competitiveness. It is all about psychology.

Believe me it is now no longer about fiscal reforms but all about physical side of reforms.

Something has terribly gone wrong

It was not so long ago that economists believed that an eight percent growth in India was sustainable. With bottlenecks as ex-

plained above, forget productivity for the moment, physical production of goods and services has dropped significantly.

These supply side shortages fuel inflationary pressures. That in turn necessitates huge imports into India. That makes Rupee extremely vulnerable. Equally that results in India being dependent on foreign money to fund its imports.

With eighty per cent of our fuel requirements being imported, Rupee depreciation in turns makes (imported) fuel costlier. Coupled with a weak physical infrastructure, this means that we are actually becoming a high cost, inefficient, vulnerable and import dependent economy - just as we were in the late eighties.

Surely all this is bound to have a profound impact on the Indian economy, notably its financial sector. According to well-researched and documented reports of Credit Suisse:

- ❑ Of a sample of over 3,500 companies (with aggregate USD 330 bn debt in FY11-12), earnings of 28% of such loans were insufficient to meet interest liabilities (much less principle) in the fourth quarter of FY12. Moreover, 50% of these corporates had earning lesser than its interest cost for more than 4 quarters in the last 7 quarters.
- ❑ Obviously high interest rates are not the sole cause of this stress. And as press reports suggest, this has only worsened in FY 12-13.
- ❑ Restructured loans in FY12 are estimated to be at a high of 7-11% of total loans. With many of stressed corporates yet to be recognized as one, such levels can rise to over 20% shortly.

- ❑ This is frightening to say the least and can have profound impact on the financial sector, rupee and the Indian economy.
- ❑ Over last five years, Indian banks have witnessed strong (20% CAGR) loan growth. However, this has increasingly been driven by select ten corporate groups; (evidence of crony capitalism?). While the aggregate debt of these ten groups has jumped 5 times in the past five years and now equates to 13% of bank loans and 98% of the banking system's net worth. Therefore, surprisingly now in terms of the concentration risk, Indian banks rank higher than most of their global peers.
- ❑ Economic slowdown has in turn resulted in significant stress to specific sectors (power and metals). Consequently, financials of these groups are also stretched with four of the above-mentioned ten having earnings insufficient to payout interest for their borrowings.
- ❑ Over past three years, bank loans, the reports points out to power sector having grown approximately three times and now aggregate in excess of USD 60 bn. With our thrust on power sector, bank exposure to this sector is now significantly high at 10% of total loans. However with weak physical reforms carried out by the Government, stress on these loans comes from poor off-take, erratic fuel supply and sundry developer risk.
- ❑ If the Plant Load Factor of these new plants falls anywhere below 65% of its rated capacity it would be inadequate to meet

its debt servicing needs. The 54 GW of capacity planned to come up in the next 24 months could be the tipping point for these risks to come to a fore as none of it is supported by appropriate sale agreement.

All these are surely bound to have significant impact on the asset quality with our banks.

In denial mode

While petroleum import is understandable in India, with billions of tons of coal reserves, importing coal (obviously out of a flawed coal mine allocation policy) is sheer madness.

Yet the government is in denial mode. So is our media. Interestingly, the stock market that boasts of several “analysts” is at a high. As is their wont intelligentsia is playing a perfect cheerleader to this hara-kiri.

The government assumes that it can cure psychology of domestic entrepreneurs by announcing “reforms” - one that intriguingly makes India dependent. While surely foreign capital (as is technology) is welcome, let us not forget that foreign capital can at best supplement not replace domestic capital, entrepreneurs and their initiatives.

If the experience of the past two-decades of reforms is any indication, approximately ninety-eight - yes ninety-eight - percent of the total investments made in India has come from domestic savings with the balance two coming from abroad as foreign capital. What is forgotten in the melee is that given the state of global economy, where is the mythical foreign capital?

Given this paradigm, naturally, foreign capital is loath to enter India. If foreign capital has to en-

ter India, there must be a steady assured flow of the same in foreseeable future. For that to happen, Indians must invest in India. And for that to happen, India requires different set of “Reforms.”

We have come to a stage where reforms need no longer directed at an international audience. It can neither be elitist, nor can it be exclusive. It has to be physical. It has to be inclusive. Unfortunately, a government headed by an economist Prime Minister is economical about this fundamental

aspect of economics.

Surely, we are in a catch-22 situation. We need foreign capital to fund our imports, not fund investments. Nevertheless this makes foreign capital wield a disproportionate influence on the domestic economy. Obviously to get even this foreign capital, we are forced to sell our family silver? Even for sloganeering, time has run out. Hasn't it? □□

PS: Given this scenario, the Rupee runs the risk of depreciating sharply and abruptly. Should that happen, the 1991 economic crisis would look, like a walk in a park.

Government lowers FY13 growth forecast to 5.7-5.9 pc

The government has lowered the growth projection for the current financial year to 5.7-5.9 per cent from 7.6 per cent estimated earlier, while pitching for supportive monetary and fiscal policies to improve investor confidence.

“Given ...an emerging scenario, it should be possible for the economy to improve the overall growth rate of GDP to around 5.7 per cent to 5.9 per cent for the year 2012-13”, said the Mid-Year Economic Analysis tabled in Parliament.

The economy, it added, would have to record a growth rate of 6 per cent in second half of the current financial year to reach the desired growth rate. It grew by 5.4 per cent during April-September 2012-13. The Economic Survey had pegged the growth rate at 7.6 per cent for this fiscal. To achieve 5.7-5.9 per cent growth, the Analysis said, “both fiscal and monetary policy, however, would need to be supportive to sustain investor confidence. The government will also have to address the concerns relating to structural supply side bottlenecks”.

The economic growth rate during 2011-12 had slipped to the nine-year low of 6.5 per cent due to both domestic and global factors. Earlier RBI had lowered the growth rate to 5.8 per cent for 2012-13. Referring to inflation, it said, further moderation in price rise is likely to commence from the fourth quarter of the fiscal.

“Inflation at the end of March 2013 is expected to moderate to 6.8-7 per cent level”, it said. The Analysis said there “are reasons to believe” that the slowdown has bottomed out and the economy is headed towards higher growth in the second half of the fiscal. It said agriculture is expected to improve because of better prospects with rabi crops benefiting from greater moisture content in the soil and dominance of irrigated wheat and rice crops.

The document further said that most services, particularly the trade, transport, communication and financial services, being largely driven by the performance of real sectors will also have a better growth. The Parliament was informed that a fiscal consolidation road map announced by the government on October 29 has “considerably improved business expectations and perception of the domestic and global investors”. □



Swadeshi Mela Jodhpur

(23-30 December, 2012)



A massive Swadeshi Mela was organized on the Ratanada Polo Ground in the city of Jodhpur, the largest commercial centre of Marwad Rajasthan from 23rd to 30th December 2012.

Former chief minister of Rajasthan and leader of Opposition in the state Ms. Vasudhra Raje, inaugurated the Mela on 23rd December. Opening ceremony was Presided over by Shree Kashmiri Lal ji, the Rashtriya Sanghathak of Swadeshi Jagran Manch. Former Member of the Parliament Sh. Jaswant Singh Vishnoi was also present. Jodhpur held its 7th Swadeshi Mela in which approximately 20 million participated making it Mahakumbh Drshkon of consumers.

Sh. Nitin Gadkari, the national president of BJP was the chief guest of the concluding ceremony .

The Swadeshi Mela held in Jodhpur excels in Swadeshi-Consumer-Seller dialogue, seminars on problems related to trade & industry and the possible solutions; joint workshops for entrepreneurs, experts & administrators and has emerged as the center of at-

traction because of the various cultural programs every day, national level poetic Conference, State Youth Festival, a national competition of hymns, folk music, etc.

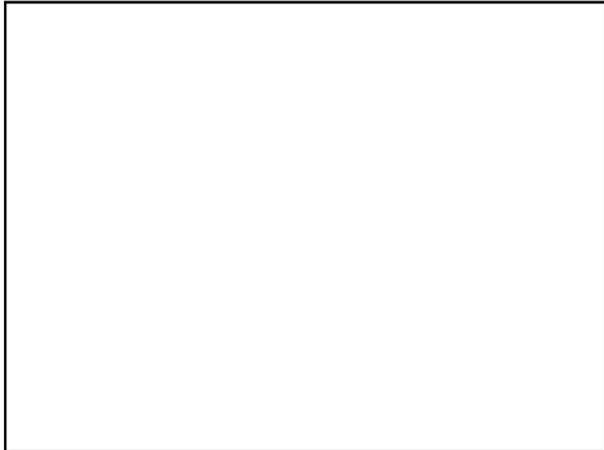
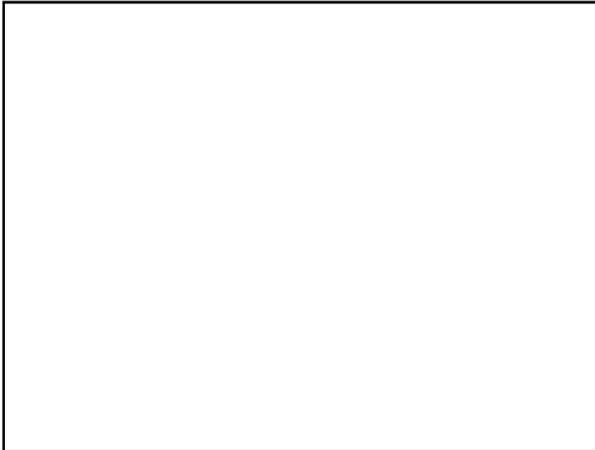
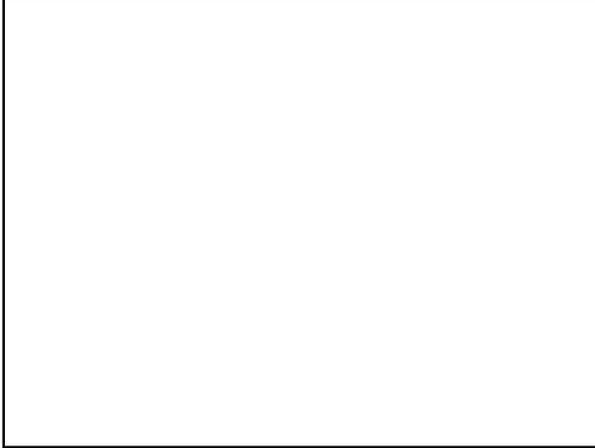
It is noteworthy that the first Swadeshi Mela is held in Jodhpur every year for last several years. It provides ample opportunity to producers and manufacturers of the state to promote and sell their products and at the same time makes Swadeshi products available to the consumers at competitive prices.

Nitin Gadkari blamed economic policy of the central government for poverty and corruption in the country. He slammed government.

Swadeshi Mela in Jodhpur were earlier held as follows:-

1st	22-30 December 2000	550 Stall	7 Lakhs
2nd	12-21 January 2002	700 Stall	15 Lakhs
3rd	22-30 December 2002	700 Stall	15 Lakhs
4th	1-9 October 2003	650 Stall	15 Lakhs
5th	30-6 November 2004	650 Stall	15 Lakhs
6th	31 Oct.-7 Nov. 2007	700 Stall	15 Lakhs
7th	23-30 December 2012	500 Stall	15 Lakhs □





From Narendra Nath Dutt to Swami Vivekananda

 **Saroj Mitra**

Born in a middle class family in Kolkata on 12 January 1863, Narendra Nath Dutt graduated from Presidency College in 1884. He was a singer and a wrestler too. Adjacent to his house the gymnasium called Shimla Club where he practiced wrestling still exists.

Young Narendra was influenced by Brahma Samaj movement. College students were embracing Brahma cult after listening Keshav Sen's fiery speeches. But Narendra was searching for something more. Have you seen God? He was asking those preachers claiming closeness to divine dispensation. No one claimed to have seen God. But he heard that a man at Dakhineswar Kali temple behaved like seeing Kali. Out of curiosity Narendra visited Dakhineswar and met Ramkrishna in 1882. Ramkrishna when asked by Narendra replied that he saw God and could even enable him to communicate with God. No one else till then had said such a thing with so much confidence. Thus Narendra surrendered before Ramkrishna and identified his spiritual path. Ramkrishna taught him what is called "Nirbikalpa Samadhi".

After Mahasamadhi of Ramkrishna on 16th August 1886 Narendra along with his fellow disciples of Ramkrishna took a vow to carry on and propagate messages of Ramkrishna. In 1887 Narendra took Sanyas and assumed the name of Swami Vivekananda.

During that time English edu-

cated Indians serving British Administration had immense inferiority complex that still haunts a section of them for whom anything of Hindu Origin is a taboo. For the first time, Indians heard someone speaking boldly about Hindu Origin at Chicago in 1893 receiving approbation from western audience. A man from India without wearing English dress and compromising with his daily Hindu rituals mesmerized people in west whom a good number of Indians perceived to be more learned than Indians.

Swami Vivekananda travelled through out India from 1867 to 1892 till he reached Kanyakumari. He started meditation from December 25 to 27 in 1892. Here Swami Vivekananda saw mother India with its poor and ill fed children, heard its call and realized his life mission. The Sanyasi at the very glimpse of mother India in that form was transformed to a nation builder. Men making was what he was to do next. Vivekananda took up the cause of character building, national character of Indians who would build India & lead the world.

Wrote Sri. Aurobindo,

"... Sri. Ramkrishna gave to India the final message of Hinduism. A new era dates from his birth, an era in which the peoples of the earth will be lifted from a while into communion with God and spirituality be one of the dominant note of human life. What Christianity failed to do what Mo-

hmedanism strove to accomplish in times as yet unripe, what Buddhism half accomplished for a brief period and among a listed number of men, Hinduism as summed up in the life of Sri. Ramkrishna has to attempt for whole world. This is the reason of India's resurgence, this is why God has breathed life into her once more why great soul are at work to bring about her salvation, why a sudden change is coming over the hearts of her sons the movement of which the first out break was political will end in a spiritual consummation. (Vande Matram - 1908)

Vivekananda awakened the spirit of young India. Revolutionaries derived inspiration from his speeches. His clarion call was "Arise, Awake, Stop not till the goal is reached". Vivekananda was not a traditional Sanyasi oblivious of the realities of this world. Though he did not directly involve himself in freedom movement his spoken words set fire of sacrifices among the revolutionaries. He told Sakharam Deoskar the revolutionary associated with Anushilan Samiti that there would be a revolution in India. He said, "I have travelled all over India for organizing revolution... I have made friendship with Sir Harim Maxim. But India is in putrefaction. So I want a band of workers who would as Brahmcharins educate the people and revitalize the country". (Freedom Movement of India—R.C. Majumdar)□

Separate electorates for Dalits



The challenge is to solve the basic problems of bread and butter of the Dalits and not be content with merely co-opting the leaders of their community while leaving the masses to rot, believes **Dr Bharat Jhunjhunwala**



The issue of reservations for Dalits in promotions has come to the forefront once again. The debate is centered on the question whether decline in standards of governance due to reservation-based promotions is justified. I think it is. We have to choose between two unpleasant alternatives. There may be social unrest and instability if we deny reservations in promotions. There may also be social instability if we give reservations and that leads to poorer governance. More importantly, the basic problems of Dalits are not solved by such measures. Dalit IAS officers are known for their anti-Dalit attitudes. They are more eager to get co-opted and accepted into the upscale society. The fate

of ordinary Dalit will scarcely be improved by such reservations.

The challenge is to solve the basic problems of bread and butter of the Dalits and not be content with merely co-opting the leaders of their community while leaving the masses to rot. At the root of the problem lies the fact that elected individuals start pursuing the interests of the prominent castes and classes and disregard the interests of the Dalits and the poor. This happens because Dalits and Brahmins; poor and rich; workers and industrialists together elect their representatives.

Dr B R Ambedkar was afraid that only such Dalits would be elected from reserved constituencies as in vogue presently who

will toe the line of the upper castes. In his essay *Emancipation of the Untouchables* he wrote: “It is common experience that the representative prefers the interests of his class to that of his voters. And why should it be otherwise? There is a homely saying that man’s skin sits closer to him than his shirt... The proposals for occupational and functional representation furnish proof that there is a great body of opinion against the system of territorial constituencies.” Dr Ambedkar had agreed to reservations in joint electorates under the pressure of Gandhi’s undertaking a fast unto death.

A handful of Dalits are co-opted in the mainstream in this dispensation. These handful Dalits promote the interests of the upper castes while preserving their personal gains. For example a Dalit MP is happy with the money he receives via MPLADS and is content to leave questions of vital interest of the Dalits in the cold storage. As a result main issues relevant for Dalits—such as land reforms, economic policies to promote generation of jobs, restrictions on job-eating technologies, speedy justice and extortion of the poor by the government employees—have not been placed on the nation’s agenda. Naturally there is resentment in the

Dalit community.

The Congress has decided to expand reservations in promotions to diffuse this unrest. Just as a bad doctor administers yet higher dose of antibiotics to a patient who is not responding to lower dose till the patient dies; likewise the Congress is increasing the reservations is expanding the same reservations which are not solving the main problem of bread and butter of the Dalits. Reservations in elections and government jobs are proving inadequate to co-opt the Dalits hence reservations are being expanded though they are fundamentally futile.

This policy is doubly harmful. On the one hand the quality of governance and education suffers. On the other hand the basic problems of the Dalits remain unattended. It should be admitted, however, that a few Dalits do benefit from this dispensation.

It is time that we relook at the proposal for separate electorates for Dalits as suggested by Dr Ambedkar. It is more likely that representatives elected from exclusively Dalit constituencies will be more accountable to the voters. The representative elected from joint constituencies is free to promote the interests of any class that he wishes even if the individual elected is a Dalit person.

For example, a MP elected from a joint constituency of agricultural labourers and landlords is free to promote the interests of either group. But a representative elected exclusively from a constituency of agricultural labourers will be bound to promote the interest of agricultural labourers alone. Majority of people in the country fall into the categories of self-em-

ployed petty businessmen, agricultural labour and small farmers. These three constituencies may account for about 90 percent of the voters. It will not be possible for a government made by these MPs to ignore the interests of this majority if the individuals were elected from these constituencies—excluding the big trading companies, big farmers, and industrialists.

The dilemma is whether to make these separate constituencies on the basis of caste or on the basis of present occupation. Dr Ambedkar had demanded separate constituencies based on caste. The problem here is that a person is forever locked into his caste.

A son of cobbler IAS officer who has graduated from IIM will still cast his vote and contest elections from the constituency of cobblers. Another problem is of creamy layer. It is often seen that Dalit officers are anxious to join the upper caste and look down upon their caste-brothers. Their personal interest are served if their caste-brothers remain backward so that the facilities earmarked for their caste can be more easily appropriated by their family without competition from new claimants.

We should, therefore, consider making separate electorates on the basis of occupation instead of caste. A person born in the caste of cobblers but earning his livelihood as government servant should be removed from the constituency of cobblers and placed in the constituency of government servants. No person will then be locked into his birth caste for generations. The problem of creamy layer too will be solved. Presently an IAS officer born in the family

The basic problems of the Dalits remain unattended.

of cobblers can avail of the benefits earmarked for cobblers for successive generations. This is possible because he changes his profession but continues to be classified according to his caste. This problem will not arise in occupational constituencies: after becoming an IAS officer his family will be placed in the constituency of government officers and deprived of benefits earmarked for the community of cobblers. The issues of bread and butter will spontaneously acquire prominence among representatives elected from occupational constituencies because the representatives will face no conflict of interest in their advocacy.

Further, the present occupation points to the future position of a person. It is like the rising sun which will grow with time. On the other hand, the caste point towards a person's past. It is like the setting sun that will soon disappear. Thus, we should make constituencies on the basis of present occupation despite the problems.

The government will then be forced to make economic policies that enable the majority of voters to earn their daily bread with respect. Time has come to make separate occupational constituencies where the representatives are forced to promote the interests of the voters instead of providing reservations to selected persons from the Dalit community who toe the line of the upper castes and rich. □□



‘Foreigners have no money to invest in FDI in India’

Giving yet another angle to the debate on FDI in retail trade, all India joint convenor of Swadeshi Jagran Manch and well-known chartered accountant S Gurumurthy has questioned whether foreigners had money to invest in India’s retail. Citing various reports, Gurumurthy opined that the country required foreign currency and not foreign investment.

Sh.Gurumurthy was speaking at the concluding function of a debate contest on “FDI in Retail” jointly organized by Rotary Club of Nagpur Ishanya and Swadeshi Jagaran Manch. About 25 educational institutions participate in the debate.

Taking a dig at various sections of the society for not realizing the loss if FDI came in retail, Gurumurthy said the model was just part of the worldwide drive to save the United States.

“Former chief economic advisor to the government of India Shankar Acharya, in an article, had mentioned that he was shocked to find that the country received just 1.20% of total investment through foreign investment in 20 years, from 1991 to 2011. This was despite the fact that we opened sectors like telecom and manufacturing industry to foreign investment. It proves that we were able to increase our GDP without foreign investment. Even we may take the third place after America and China, and also sur-

pass China in future. Debate on FDI in retail should begin from this point which would prove FDI in retail model as unsustainable,” he said.

Gurumurthy said retail sector was the biggest among all in the country and linked with various aspects, including Indian culture and family savings. “Retail contributes 16.70% of our GDP, followed by agriculture at 15%. Right from employment to agriculture and culture to save money, we may lose everything if FDI is allowed in retail. WalMart will be the lone beneficiary by becoming a ‘middleman’ between producers and retailers. The amazing part is that the government is announcing FDI in retail when many foreign cities are either not allowing WalMart or terming it as slow death of retail,” he said.

He further said, “FDI is not going to put up India on global map. It will be done by the responsible women of India rooted to culture who are contributing to high savings rate,” he said. Indian savings rate was in the range of 27 to 30 per cent. “It is the need of hour to alter our foreign dependent mindset. The last 20 years i.e. since 1991, have caused havoc. Most of the think-tanks in India, be it social, political, economic receive money from abroad to open the doors for foreigners,” he alleged.

[Continued on page no. 28]

India Growth: The Untold Story – Caste as Social Capital



Caste has played an important role in the consolidation of business and entrepreneurship in India particularly in the last fifty or so years. It has been a major social capital in our growth process and has not been adequately recognized, believes Prof. R. Vaidyanathan

7. Role of Caste: An Illustration

The World Bank suggests that the remarkable growth of Tirupur [Tamil Nadu] is due to the coordinated efforts of Gounders many of them not even matriculates.

“Since 1985 Tirupur has become a hotbed of economic activity in the production of knitted garments. By the 1990s, with high growth rates of exports, Tirupur was a world leader in the knitted garment industry. The success of this industry is striking. This is particularly so as the production of knitted garments is capital-intensive, and the state banking monopoly had been ineffective at targeting capital funds to efficient entrepreneurs, especially at the levels necessary to sustain Tirupur’s high growth rates.

What is behind this story of development? The needed capital was raised within the Gounder community, a caste relegated to the land-based activities, relying on community and family network. Those with capital in the Gounder community transfer it to others in the community through long-established informal credit institutions and rotating savings and credit associations. These networks were viewed as more reliable in transmitting information and enforcing contracts than the banking and le-

gal systems that offered weak protection of creditor rights”.

The amount of networking and contract enforcement mechanism available with caste institutions are not fully appreciated.. The same is true regarding Nadar community in Virudhunagar area pertaining to matches and printing industry.

8. Clusters and Caste

Clusters occupy a significant place in the economic scene in India. They play a crucial role in the development of the Indian businesses. Their contributions to the national income, employment, exports and innovation is very significant. The United Nations Indus-

trial Development organization [UNIDO] had noted that in India “it is estimated that there are approximately 350 small scale industrial clusters and around 2000 rural and artisan based clusters contributing almost 60% of the manufacturing exports and 40 % of the employment in the manufacturing industry. The ministry of Small scale Industries Government of India has estimated that there are 2042 clusters of which 1223 are in the registered sector in 26 states and another 819 in the unregistered sectors in 25 states/union territories. They constitute significant portions in output, employment, exports in different states. Actually the study



of several clusters spread across several regions of the country points to the role of community is the emerging entrepreneurial development.

The clusters are promoted and run by ordinary persons –most of whom are first generation entrepreneurs. The Sankagiri transport cluster of Tamil Nadu with the second largest lorry traffic in the country more than 80 percent were earlier drivers and cleaners. Similarly in the knitwear industry in Tirupur [Gounders] more than 90 percent were from Agricultural backgrounds.

The descendants of farmers from Palanpur and Kathiawar have created the diamond hub in Surat which provides employment to large numbers in Antwerp and New York. The clusters have entrepreneurs with less formal education and more practical knowledge. There are studies to show that Tirupur Gounders [knitwear exporters] or Sivakasi Nadars [matches/crackers and printing] etc have mostly less than high school education but significant shop floor experience. This experience is gained in the units run by other family members or community members. Hence community becomes a crucible for gaining practical knowledge.

Entrepreneurs build clusters as is seen by Morvi clocks and Surat diamonds. Jamnagar brassware is another example. Actually clusters are not anonymous group of individual entrepreneurs but interconnected extended families/caste and communities.

The important aspect of clusters are that they are relationship based business rather than rule based. They are also not state de-

pendant but self funded and developed. Once the clusters develop the entrepreneurs establish schools, colleges, and other common facilities like marriage halls required for their communities. In almost all the clusters one could notice educational institutions established by the local communities. Clusters develop as full-fledged centers of economic and social / religious activities.

Another important characteristic is the generation of Funds and mobilization of resources from close and local sources; as we already saw significant portion of economic activity is self financing or funded by extended families/ community networks.

This also facilitates dealing with failures due to risk taking. Actually there is risk sharing and failure is not looked down upon. The extended family/community extends its help in the context distress/failures and these acts as a major cushion in undertaking risky activities like exploring newer markets or innovating new product lines. Clusters act as drivers of economic activities facilitated by family/extended family/caste networks.

Of course large amount of literature is available on Marwaris, Sindhis, Katchis, Bhoras, Patels, etc and the nature of global networks some of them have created. In a financial sense caste provide the edge in being a risk taker since failure is recognized and condoned and sometime encouraged by the group. Instead of creating large number of “proletariat” in the fashion of nineteenth century models. For that we need to recognize caste as the natural social capital present in our system.

The clusters are promoted and run by ordinary persons –most of whom are first generation entrepreneurs.

Incidentally one of the arguments given is regarding enhancing “Social Status” of these segments. Social backwardness, it is pointed out, as a valid reason for caste based reservations compared to reservations based on say economic criteria. But as M.N. Srinivas the doyen of sociologists point out that “An important feature of social mobility in modern India is the manner in which the successful members of the backward castes work consistently for improving the economic and social condition of their caste fellows. This is due to the sense of identification with one’s own caste, and also a realization that caste mobility is essential for individual or familial mobility”

It is also assumed that caste is a rigid hierarchical system which is oppressive. But it is pointed out by the renowned sociologist Dr. Dipankar Gupta that “In fact, it is more realistic to say that there are probably as many hierarchies as there are castes in India. To believe that there is a single caste order to which every caste, from Brahman to untouchable, acquiesce ideologically, is a gross misreading of facts on the ground” The truth is that no caste, howsoever lowly placed it may be, accepts the reason for its degradation” Dipankar Gupta ;Interrogating Caste; pp1; Penguin Books 2000].

The metropolitan elite and rootless experts have concluded that caste is bad.

9. Caste and New Capitalists

In his pioneering work on New Capitalists and Caste, Harish Damodaran elaborates on the emerging trends of new businesses and castes. He delineates three general trajectories of industrial transition by communities.

"To further elaborate –The first is the conventional Bazaar-to-Factory route involving the various Bania and Vaishya groups. The second from office to Factory, referred to the Brahmins, Khatri, Kayasthas, The Bengali bhadralog, and other scribal castes with a distinct urban middle class orientation. These sections traditionally dominated the bureaucracy and white collar professions and their entry into business was essentially a post-independence development.

The third pathway; from field to factory covering those communities classified as belonging to other backward castes [OBC's] like the kammas, Reddy, Gounders, Jats, Patidars, Marathas, Nadars, Ramgarihas, who can be classified as "rural middle class" whose political, social and economic empowerment was one of the epochal features of last century. Their journey into corporate boardrooms howsoever uneven across regions paralleled a similar transition achieved by the urban scribal castes. Both these urban and rural middle class led trajectories have undermined the time

honoured association of "business communities" with an exclusive Vaishya [Bania] order

The recent studies by reporters of Mint bring out the issue of caste facilitating the emergence of newer businesses in different locations of the country. The role of extended family and caste has been recognized in the upward mobility of middle castes in commerce and business

10. Dalits Entrepreneurship

We also find that Dalits are increasingly getting into businesses and entrepreneurship. Dalit Indian Chamber of Commerce and Industry [DICCI] is playing an important role in this.

The members were consulted by the planning commission recently as part of the pre-budget consultation. It marks the emergence of a nascent trend in India of enterprising dalits choosing to create independent businesses instead of depending on quotas in government jobs to get ahead.

Some of them have built impressive empires like Kalpana Saroj who heads Kamani Tubes with an estimated turnover of Rs 500 crore and Ratibhai Makwana whose Rs 300-crore Gujarat Pickers is one of the country's largest polymer distributors.

The delegation was led by Milind Kamble saw the invitation from the Plan panel as an acknowledgement that Dalit entrepreneurs are making their presence felt in Indian business circles. "It's a great day for us that the government wants to hear our expectations from the union budget," he said. "We want the government to formulate a policy to help Dalit businesses to grow so that we get out

of the reservation trap. But there's more to the Delhi visit than a meeting with Montek. The presence of such a large group of dalit business leaders in the Capital will also be an occasion to do some image re-engineering by presenting the changing face of these communities. Delegation members will hold an open dialogue with intelligentsia representatives on their plans for 2011 and their dreams and ambitions.

We also find that caste in politics divides but caste in Economics unites. Not only that, castes which have used business as a route for upward mobility has succeeded much better than those who tried to use politics. The examples, which come to mind, are Nadars and Gounders in the former category and Vanniars, Thevars and Dalits in the later category in Tamil Nadu.

It is required for policy planners and experts to work on a road map to calibrate changes in our context.

11. Conclusion

The metropolitan elite and rootless experts have concluded that caste is bad. They have made it into a "four letter" word and so every Indian is expected to feel guilty whenever caste is mentioned and talked about. In international forums caste is used as a stick to beat anything connected to Indian religions, customs, and culture. In other words slowly caste has been made to be for Indians what is "holocaust" for Germans and Austrians.

We have an uncanny ability to self-abuse ourselves in a masochistic way. But more tragic is our enthusiasm to convert all our

strengths to weaknesses since some white men started abusing Indians for having caste system. We fail to recognize that it is a valuable social capital, which provide cushion for individuals and families in dealing with society at large, and more particularly the State. The Anglo-Saxon model of atomizing every individual to a single element in a right-based system and forcing him to have a direct link with the State has produced disastrous effects in the west wherein families have been destroyed and communities have been forgotten. Every person is standing alone in a sense stark naked with only rights as his imaginary clothes to deal directly with the State. The State also does not have the benefit of concentric circles of cushions to deal with individuals. The State has taken over the role of father and mother as well as spouse in terms of social security, old age homes and rights of children to sue and divorce parents!

Caste has been made a curse by the intellectuals based on the half-baked knowledge and acceptance of the Euro Centric model of individual, which is right based rather than duty, based system. Hence one way to overcome it is to have reservations since the euro centric model suggests that. If you decide to carry the cross or burden which others impose then you begin to impose the solution provided by them. In a sense the debate does not distinguish between caste discrimination and caste as a social capital. The cry to abolish caste is to "Semitise" or "homogenize" Indian society which has been attempted by many "reformers" but has not been successful.

Caste has played an important role in the consolidation of busi-

ness and entrepreneurship in India particularly in the last fifty or so years. The economic development has taken place in the "India Uninc" or the partnership/proprietorship activities financed by domestic savings and facilitated by clusters and caste/community networks. Actually caste has been a major social capital in our growth process and it has not been adequately recognized. This paper explores the economic growth constituents and catalytic components. It also identifies the role of caste in the growth process among the emerging entrepreneurial groups.

We need to recollect the important observation made by Swami Vivekananda in one of his famous lectures in response to the welcome address of Hindus of Jaffna in 1897. He says "The older I grow, the better I seem to think of these [caste and such other] time-honored institutions of India. There was a time when I used to think that many of them were useless and worthless, but the older I grow, the more I seem to feel a diffidence in cursing any one of them, for each one of them is the embodiment of the experience of centuries." (Concluded) □□

[Continued from page no. 24]

'Foreigners have no money to invest in FDI in India'

He continued that there was dearth of independent think tanks in India. He said that without any sort of debate, the Companies Bill was passed in Parliament. In 1990, there was competition devoid of any debate when India accepted globalization. "Swadeshi Jagaran Manch was the only movement in the country to oppose globalization," he said. Those who favoured the case for globalization were telling Indian people that globalization would bring 400 billion dollar into the country, which would be utilized for construction of bridges, towers, etc. However, from 1991 to 2011, of the total investment made in India, the share of foreign investment was only 1.2%.

An Inter College debate was conducted in Nagpur on 25th December. In this team event total 22 teams from various colleges comprising of 44 entries were participated. The debate was inaugurated by Dr. Mohan Khedkar, Vice Chancellor of Amravati University. The debate lasted upto 4 pm.

National Co-convener CA Shri S. Gurumurthy was the guest speaker at the concluding function in the evening. It was chaired by Shri Sanjay Meshram, District Governor, Rotary District 3030. Shri Kamal Taori, Shri Tarun Bhatia of Ratary Ishanya shared the dias. Shri Gurumurthy addressed an audience of around 400 on FDI, Swadeshi Jagaran Manch views. The audience listened to Gurumurthy's hour long speech with rapt attention. It was a thought provoking speech for Nagpur audience which included workers of various social & economic organisations. Shri Gurumurthy appreciated the programme as the only one which he knew, as a debate of Inter college students on this subject and responded in such a number of entries and attended by big audience. □□

Indian budgets and aggravation of socio-economic problems



The entire system of budgeting for development needs to be decentralized. Localized governance and localized control of resources and its allocation should be left to local governments. It is necessary that the bottom structures should mobilize resources for their development and prioritize their development needs in consultation with the Economic Development Authority, pleads Anil Javalekar

Indian budgets have played an important role in planned development since independence. The acceptance of India as a welfare state and a democratic republic required government to mobilize natural, human and financial resources and allocate the same judiciously for Socio-economic development of India and its people. Nehruian model of development proposed for mixed economy with public sector at the commanding heights. The main strategy was to allocate resources among the competitive sectors prioritized as per the five year plans. The strategies, however, reversed since 1991 and the economic development was left to private sector with more and more foreign collaborations or to foreign direct investments. Indian government submitted budgets every year

with the intention that its tax treatment and budgetary allocations will lead investments in desired sectors of the economy and will take India towards prosperity and self reliance. More than 60 years have passed and the basic objective of bringing prosperity with social justice remained elusive. It is desirable to check the Indian centralized budgetary system for its status and impact.

Indian Budgets

i Indian government has presented 81 budgets so far including interim and special budgets. Presenting annual budgets in parliament by finance minister is the tradition of British and Indian Government continued that system. After independence, India was under stress of partition and transfer of power as also settlement of accounts with Britain and Pakistan. But slowly moved towards development efforts. Indian leaders believed in industrialization and were impressed by Soviet model. The planned development through five year plans was an important strategy and the annual budgets were the tools to raise and allocate resources for the purpose.

ii The budgetary policies were mainly intended to mobilize financial resources for public sector apart from for meeting other goals such as the reduction of income and wealth inequalities through taxes and transfers, encouraging balanced regional development and fostering small scale industries etc. The industrialization required heavy investments necessitating mobilization of resources even from foreign countries and international financial institutions like IBRD or World Bank.

iii India's emphasis on Public sector helped build base industrial structure with Public Sector Undertakings (PSUs) foraying into capital intensive businesses such as transportation, road, mining, steel, heavy electrical etc apart from building major irrigation projects and important educational and research institutions. Initially, the public sector was confined to core and strategic industries but later phase witnessed nationalization of industries, takeover of sick units from the private sector, and entry of the public sector into new fields like manufacturing consumer goods, consultancy, contracting etc. In 1960s and



thereafter, the government nationalized major banks and established development financial institutions like IDBI/ NABARD. Even RRBs were established to finance weaker sections.

- iv In the beginning, Indian leaders were of the view that the revenue surplus should finance the capital expenses. They even presented budgets with revenue surplus till the year 1979-80. But everything changed in 1980s and thereafter. Revenue deficit was a consistent feature of all the budgets in 1980s and thereafter. The revenue deficit reached to Rs 3504.24 billion in 2012-13. Government resorted to more and more market borrowing to meet the revenue deficit and development expenditure. Government even decided to sell the equities of PSUs in the name of liberalization to meet its own expenses. Indian Government's total expenses reached to Rs 14909.25 billion by 2012-13 (budget estimates). The major components, however, remained revenue and defense apart from interest payments and subsidies. The development expenditure reached to Rs 7767.11 billion in 2012-13. The gross fiscal deficit was at Rs 5135.90 billion and was to meet by market borrowing to the extent of Rs 4930 billion (96% of total).

Aggravation of Socio-Economic problems

The problems highlighted by recent budgets such as resource constraints, fiscal deficit, debt burden, adverse balance of payment, food security, inflation, poverty,

unemployment and likes are there right from first budget and every budget emphasized the need to tackle it urgently. In fact, last 60 years have shown that Indian development aggravated most of Indian socio-economic problems whether of poverty, unemployment and inequality or the fiscal deficit and debt burden. The helpless and hopeless government after leading economic development for 40 years decided to withdraw from its leadership role and initiated handing over of the development efforts to private sector and MNCs in the name of liberalization and globalization.

Failure of Government efforts

i. Failure to Manage government finance

Since independence India starved for self reliance and policies and resources were directed towards that end. However, the system of governance was not trained to handle industrial development or social welfare strategies. The administration trained by British for their law and order and revenue system was more interested in using discretionary powers for self aggrandizement leading to weak and corrupt system. The result was that the government spending was absorbed more by administration as also lost in transit than actual development. More and more resources were going to development but were failing to give results aggravating the economic problems of government finance. Revenue deficit is increasing as also the fiscal deficit. The Government has been consistent in meeting it through market borrowings and or deficit financing. The Market borrowing led to debt

crisis and deficit finance to the price rise. The debt-GDP ratio increased from 29% in 1951-52 to 55 % in 2001-2002 and further to 68% in 2011. India's external debt, as at end-March 2012, was placed at US \$ 345.8 billion (20 % of GDP). There was always a talk to minimize the resource shortfall and keep expenditures within control but no substantial efforts were made.

ii. Failure to address poverty and unemployment problems

The population below poverty line is still 28% or more. The unemployment level has reached to 9% with younger Indians finding it difficult to get a job. The years or decades have shown that the employment generation was not enough. More people entered in job market than the people who got the job. The latest NSS results show that the total employment created, according to the usual status, between 2005 and 2008 was only 2.4 million, which was just 0.8 million per year. The problems of poverty and unemployment were more addressed by ministry wise and department wise subsidy linked social welfare schemes instead of definite development strategies that give a long term income generating livelihood source to poor and or create jobs for unemployed.

iii. Failure to protect the interests of farmers

The government has consistently failed to protect the interests of small and marginal farmers. The green revolution and agriculture development remained limited to certain areas and to certain crops with sporadic and lonely pockets of progressive farmers. Majority

of Indian farmers, who are small and marginal with land holding of less than 5 acres, remained dependent on monsoon and could not benefit from the agro-industrial progress. The agriculture development has not led to prosperity of farmers but increased their indebtedness. Majority of farmers remained poor and indebted with few options including that of committing suicide.

iv. Failure to protect small and village industries

Ancient Indian economy was self sufficient due to its agriculture and village and cottage industrial economy which provided lifelong livelihood source to most. India still resides in villages but Indian emphasis on industrialization has killed self sufficiency model of rural sector instead of developing and supporting it. The urban prosperity has not trickled down to rural sector nor has it helped to eradicate poverty and unemployment. The industrialization has led to building up of big and monopolistic economic structures which are more technology savvy with urban orientation. The new liberalized policies have again opened industrial sector to MNCs and are destroying the village industrial sector in the process.

Need to change the budgetary approach

The present budgetary system entrusts the responsibility of development to central government and most powers of revenue collection and allocation of resources are with central government. This has given enormous power to party in power and the ruling politicians as well as the bureaucrats. The planning for development and exper-

tise are also with centre. The system of sharing the resources through finance commissions has always been disputed. There is therefore, a need to review the entire system of mobilization and allocation of resources through centralized budgetary system.

i. Establish Economic Development Authority like RBI

There is a need to separate development function from the function of governance as is the present monetary function with RBI. For this, it is desirable to decentralize the system of mobilization and allocation of development resources and entrust economic Development to a separate national Economic Development Authority (like RBI). Government should only indicate the intent of policies and all other details should be formulated and implemented by the authority. It should be responsible for economic development and should arrange for execution of all projects and programmes in association with local bodies and local people, commercial and financial sector as well as NGOs.

Recent budgets show that the government has proposed for more and more populist programmes and less for long term plans for eradication of poverty and employment. New direct cash transfer system presupposes continuance of such welfare programmes. Every ministry and every department at center or state is implementing one or other programme, sometimes overlapping the welfare or development aspect. There are again other agencies and institutions like development boards, corporations and financial institutions including banks declaring their own schemes for the ben-

efit of one or other area or section of people. The experience shows that this strategy has not helped. Separation of development function will help the authority to focus on development

ii. Decentralize the mobilization of sources & its allocation system

Presently every bottom structure is dependent on to a higher structure for everything from finance to administration to expertise. It is necessary that the bottom structures should mobilize resources for their development and prioritize their development needs in consultation with the Economic Development Authority. For this purpose, the entire system of budgeting for development needs to be decentralized. Localized governance and localized control of resources and its allocation should be left to local governments. All fiscal powers and fiscal resources need to be decentralized.

iii. Concentrate on agriculture and village industries

The efforts of bringing prosperity to all through industrialization and urbanization have failed. The problems of poverty and unemployment will have to be solved by income generation and its distribution at local level and that is possible only through development of agriculture and allied sector and rural industries sector.

The budgeting that mobilized resources at top and allocated it from above has killed the local initiative and made local structures dependent. The decentralized development budgets starting from bottom must be tried as Indian problems are better solved by local self sufficiency model of development than any other model. □□

Security of ex-army chief withdrawn

The government has withdrawn the security cover provided to former army chief General VK Singh, who had openly spoken out against the central government and even shared the stage with its harsh critics such as Anna Hazare and Baba Ramdev. Singh had been given Z-plus protection for six months after he retired on May 31 this year, a security cover extended to all former army chiefs for the same duration. Government sources said the security cover had been withdrawn according to established procedure after carrying out a review of the threat perception to

him. He, however, continues to stay in a sprawling government bungalow in Delhi Cantt— a privilege extended to all retired army chiefs for a year.

In January, Singh became the first serving army chief to drag the government to the Supreme Court over a dispute on his age. A clandestine military intelligence unit set up by Singh is also on the verge of being disbanded. The unit had faced allegations of listening in on mobile conversations of politicians and bureaucrats at a time when the age controversy was at its peak earlier this year. □

Big role in agriculture for private sector

The 12th Plan will strategise on a greater role for the private sector in agriculture. With 58 per cent of the population dependent on agriculture, the growth of the sector is imperative not only for ensuring food security but to achieve inclusive growth, Union Agriculture Minister Sharad Pawar told the National Development Council in New Delhi. The meeting was convened to discuss the Approach Paper to the 12th Plan. Favouring the private-public partnership model for better extension and marketing services, Mr. Pawar said the need of the hour was “to overcome technology fatigue” by giving an impetus to research efforts in agriculture and intensify extension activities.

Stressing development of markets along with extension services, soil testing and product quality testing facilities, he said an enabling legal framework, by amending the Agricultural Produce Marketing Committee (APMC) Act, would need to be put in place to encourage the setting up of private markets and contract farming. Allaying fears that the APMCs would become redundant with the entry of FDI in multi-brand retail, the Minister said that on the contrary, their role would enlarge from a “regulatory focus” to promotion of grading, branding, packaging and development of markets for local produce.

Annual growth rate scaled down

Taking heed of the weak global economic signals, the National Development Council (NDC) approved the 12th Plan Document after scaling down the average annual growth target to 8 per cent for the five-year period, as suggested by the Planning Commission, even as Prime Minister Manmohan Singh pitched for a phased increase in energy prices to realistic levels to contain the burgeoning subsidy bill.

The day-long 57th meeting of the NDC, comprising Chief Ministers, Union Cabinet Ministers and top functionaries at the Centre, however, was marred by an unprecedented walkout by Tamil Nadu Chief Minister Jayalalithaa in protest against the 10-minute time cap on her address.

At the end of the day, the meeting, chaired by the Prime Minister, endorsed the Plan Document with a lower growth target at 8 per cent, against 8.2 per cent proposed earlier. Dr. Singh justified the scaled-down growth target while noting that several Chief Ministers had recognised that it was only a realistic reflection of the external constraints on the growth. To address the States’ complaints on fuel shortages for power plants, he also asked the Planning Commission to make a quick review of the situation and submit a report in three weeks to resolve the urgent problem.

Power generation at Dabhol plunges

India’s largest gas-fired power plant at Dabhol in Maharashtra has seen power generation plunge to less than 450 mega-watts against the total capacity of 1,967 MW, on falling natural gas supplies. Against allocation of 8.5 million standard cubic metres per day of gas required by Ratnagari Gas and Power Pvt Ltd, the firm that runs the beleaguered Dabhol power plant, it is getting less than 2.9 mmscmd of gas which is resulting in a substantial generation loss, sources privy to the development said.

RGPPL was allocated 7.6 mmscmd of gas from Reliance Industries’ eastern offshore KG-D6 gas fields. However, with KG-D6 output dropping to one-third in two years, Dabhol is getting less than 2.3 mmscmd. Also, the plant is getting only 0.6 mmscmd out of the 0.9 mmscmd that was allocated to it from Oil and Natural Gas Corp’s (ONGC) western offshore

Visa now must for Maldivian tourists

India has tightened visas for Maldives in what is being seen as retaliation for the GMR fiasco in that country. New Delhi has stopped Maldivians from using their visa-free travel facilities to India for other activities like medical treatment, restricting it only to tourism. India revised its earlier “liberal” interpretation of the 1979 bilateral visa agreement with Maldives this month which allowed thousands of Maldivians to use a 90-day visa-on-arrival facility — meant only

for tourism — to travel for treatment in Indian hospitals. The Indian government indulged in Maldivians’ liberal use of the facility. But that will no longer be allowed, reports said. Now, Maldivians will need valid medical visas for treatment in Indian hospitals or face deportation, New Delhi has warned. Foreign minister Salman Khurshid suggested that a lack of reciprocity by Male had forced India to cut down on its largesse in doling out visas. □

fields. Sources said RGPPL has consistently fallen short of meeting the 80 per cent capacity requirement for recovery of full fixed cost and if gas supplies continue to dip, the company will go into red.

IDFC share in Delhi-Gurgaon e-way

Infrastructure Development Financial Company (IDFC) is set to take it over by acquiring at least 74% share in the Delhi-Gurgaon expressway project. While there is no clarity whether the move would bring any benefits to commuters, NHAI officials said a new operator might be more proactive in taking measures to improve efficiency.

Reports say the issue has reached NHAI. As per the model concession agreement (MCA) that governs PPP projects, the contractor can reduce its share from 100% to 26% two years after tolling starts and has to report to NHAI in case of any change in the shareholding. Government sources said there were chances that the concessionaire—Delhi-Gurgaon Super Connectivity Ltd (DGSCIL)—might completely exit the project.

Country head HSBC is FICCI chief

Country Head, HSBC India, and Director, HSBC Asia Pacific, Naina Lal Kidwai took over as the first woman President of the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi. Ms. Kidwai took charge at the end of the 85 annual general meeting from R.V. Kanoria. This lady was installed as the FICCI chief in the presence of Prime Minister. She is the country-head of HSBC Bank.

The HSBC Bank is accused of money-laundering and terror financing operations that pose a threat to the safety and integrity of not only the banking industry but to the security of the country itself. Finance Ministry and the Reserve Bank of India’s (RBI) initiation of investigations into the working of HSBC only confirm its doubtful operations. This was done after a US Senate committee said that the bank’s Indi-

an staff had allegedly mishandled checks to ensure the global banking giant was following norms that guard against money-laundering and terror-funding clearly indicates that there is deep malice in the way the bank operates in India .

New unit to detect corporate frauds

Faced with a growing number of financial frauds, the corporate affairs ministry is setting up a new intelligence unit that will delve into ‘data mining’ from all possible sources to detect any wrongdoings by the companies and their promoters at the earliest possible stage.

“In the ministry, we are setting up an intelligence unit. It is at a nascent stage. We would be putting technical people with lot of experience and expertise on the job and these would be the people who can mine the data,” corporate affairs minister Sachin Pilot has said. “The idea is to have a set of people to do the data mining, collection and checking of records that is available on various platforms, and then link them with the inputs from investigating agencies,” Pilot said.

RBI cautions banks charging high prices

Cautioning banks charging high prices on products offered to customers, Reserve Bank deputy governor K C Chakrabarty said a new set of guidelines would be announced during the coming Ombudsman Conference in Mumbai.

“I am telling you that if you believe that the pricing has become exploratory then we will intervene. We have intervened in the case of micro-finance institutions. What I am saying is, discriminatory pricing (on products offered to customers) should not be there. Pricing should be non-discriminatory,” Chakrabarty told reporters. “Some new guidelines will come on how it (RBI) can be more stringent in pricing the products to customers of banks”, he said. □□

Japan to review zero-nuclear policy

Japan's new leaders set to work on dismantling plans to rid the country of nuclear power by 2040, pledging to review a post-Fukushima policy. The pro-business Liberal Democratic Party-led government also said they would give the green light to any reactors deemed safe by regulators, indicating shuttered power stations could start coming back online.

"We need to reconsider the previous adminis-

tration's policy that aimed to make zero nuclear power operation possible during the 2030s," Toshimitsu Motegi told a news conference. Shinzo Abe, who was elected as prime minister and unveiled his cabinet line-up, appointed Motegi as his economy, trade and industry minister, also in charge of supervising the nuclear industry. Abe's LDP won a landslide victory in the December 16 election, returning to power after a three-year break. □

UBS fined \$1.5bn for fixing Libor

Swiss bank UBS admitted to fraud and accepted a \$1.5-billion fine for its role in manipulating global benchmark interest rates. Dozens of UBS staff rigged the Libor rate, which is used to price trillions of dollars worth of loans, in collusion with brokers and traders at other banks, according to an investigation by authorities in multiple countries.

The controversy is expected to ensnare other big lenders and spark criminal and civil lawsuits against individuals involved. The penalty UBS agreed with US, UK and Swiss authorities far exceeds the \$450 million levied on Britain's Barclays in June, also for rigging Libor, and the second largest ever imposed on a bank. The UBS fine comes a week after Britain's HSBC agreed to pay a record \$1.92 billion to settle a probe in the United States into laundering money for drug cartels.

US lawmakers, Obama on 'fiscal cliff'

US President Barack Obama and lawmakers are launching a last chance round of budget talks just days before a New Year's deadline to reach a deal or watch the economy go off a "fiscal cliff." Obama will meet congressional leaders from both parties at the White House to try to revive negotiations to avoid tax hikes and spending cuts - together worth \$600 billion. The two political parties remained far apart, particularly over plans to increase taxes on the wealthiest Americans to help close the US budget deficit.

The coming days are likely to see either intense bargaining over numbers, or political theatre as each side attempts to avoid blame if a deal looks unlikely. Talks could go down to the wire on New Year's eve. The House and Senate passed bills months ago reflecting their own sharply divergent positions on the expiring low tax rates, which went into effect during the administration of former Republican President George W. Bush.

Toyota agrees to pay \$1 b in recall case

Toyota Motor Corp has agreed to spend \$1.1 billion to settle sweeping U.S. class-action litigation over claims that millions of its vehicles accelerate unintentionally, as the Japanese automaker seeks to move past the biggest safety crisis in its history. Shares of Toyota rose nearly 3 per cent in Tokyo following the news, with some investors saying the settlement removed one uncertainty for the company and looked manageable given its improving sales outlook and a weaker yen.

The proposed settlement will compensate customers for economic losses related to possible safety defects in Toyota vehicles, covering most of the litigation involving unintended acceleration, although it does not cover claims for wrongful death or injuries. About 16 million Toyota, Lexus and Scion vehicles sold in the United States spanning the model years 1998 to 2010 are covered by the action, according to court filings. Thirty nameplates are affected, including the top-selling Toyota Camry midsize sedan and Corolla compact car.

IKEA insists on approval for its products

Swedish furniture retailer IKEA has said that it wants the government to allow it to "retail its entire range of products", including opening of cafes in its stores in India, in the wake of FIPB approving only Rs 4,200 crore investment out of a total of a proposed Rs 10,500 crore. "The IKEA Group must have the ability to retail its entire range of products in India as is being done globally in every country, where IKEA stores are located. This is as per the IKEA concept," a company spokeswoman told PTI.

She said the IKEA Group has clarified to the Indian government on the categories of products that it can sell here based on its global concept and range. In that application the company had proposed to invest Rs 10,500 crore over a period of time by set up

Wal-Mart used bribes in Mexico

Wal-Mart Stores Inc's Mexican affiliate routinely used bribes to open stores in desirable locations, according to a New York Times investigation published Monday, which cites 19 instances of the retail giant paying off local officials.

Wal-Mart had intentionally stifled an internal probe into bribery at its Mexican affiliate Walmex, according to media reports first published in April 2012. In the new reports specific instances in which Walmex allegedly paid off officials to expand in Mexico have been published.

Wal-Mart spokesman David Tovar, as expected said in a statement that the company was already

looking into the allegations regarding the permitting and licensing process for the Teotihuacan store, as part of a broader internal probe that Wal-Mart began over a year ago into potential violations of the U.S. Foreign Corrupt Practices Act. The US Justice department, the SEC, US lawmakers and authorities in Mexico have all been conducting their own probes.

Also, in November, Wal-Mart disclosed it expanded its internal inquiry to cover bribery allegations in Brazil, China and India, and its joint venture in India suspended its finance chief and other employees as part of its inquiry. □

10 furnishing and homeware stores as well as allied infrastructure over 10 years in India. Subsequently, it plans to open 15 more stores.

The FIPB had, however, in its November 20 meeting cleared investment of only Rs 4,200 crore by IKEA and forwarded the proposal to Cabinet Committee on Economic Affairs (CCEA) for consideration as proposals of FDI over Rs 1,200 crore requires CCEA nod.

Goldman asks Gupta to reimburse \$7m

India-born fallen Wall Street titan Rajat Gupta should be ordered to reimburse to Goldman Sachs \$6.90 million of legal fees incurred in his insider trading case, the investment bank has said, telling a court here that it is "entitled" to the amount. The US government has also written to the district court in the Southern District of New York to grant Goldman's request to be reimbursed by its former director Gupta the amount it paid in legal fees and related costs in connection with the investigation of his insider trading case.

In a motion filed in court, Goldman said it has been a "victim" of 64-year-old Gupta's criminal conduct and violation of his duties as the firm's director. Manhattan's federal prosecutor Preet Bharara said in a separate filing that "the government respectfully submits that Goldman, as the 'victim' of Gupta's crimes, is entitled to recover all attorney fees".

Mittal writes down Europe business

ArcelorMittal, the world's biggest steelmaker, is to write down the value of its European business by \$4.3 billion, underscoring gloom about prospects for the region's recession-hit manufacturers. The group, formed in 2006 when India-born Lakshmi Mittal's

steel business bought European peer Arcelor for \$33 billion, said demand had fallen about 8% in Europe this year and there was no sign of a quick recovery. As a result, it will write down the goodwill - the value of intangible assets such as brands rather than physical assets such as machinery - of its European operations by 87%.

Ramanujan's cryptic theory proved right

Mathematicians from a US university have solved a cryptic puzzle that renowned Indian mathematician Srinivasa Ramanujan claimed came to him in his dreams on his deathbed.

While on his death-bed in 1920, Ramanujan wrote a letter to his mentor, British mathematician G H Hardy, outlining several new mathematical functions never before heard of, along with a hunch about how they worked, the Daily Mail said.

Now, researchers say they have proved Ramanujan was right, and that the formula could explain the behaviour of black holes. "We've solved the problems from his last mysterious letters," Ken Ono, a mathematician from Emory University in Georgia, US, said. Ono said Ramanujan spent so much time thinking about math that he flunked out of college in India twice. A devout Hindu, he thought these patterns were revealed to him by the goddess Namagiri. However, no one at the time understood what he was talking about.

"It wasn't until 2002, through the work of Sander Zweegers, that we had a description of the Ramanujan functions that Ramanujan was writing about in 1920," Ono said. With colleagues, Ono drew on modern mathematical tools that had not been developed before Ramanujan's death to prove that his theory was correct. □□

Next WTO head will not be European

The next head of the World Trade Organization will certainly come from somewhere other than Europe, EU Trade Commissioner Karel De Gucht said. Pascal Lamy, a French national who has served two four-year terms as WTO director general, is to step down on August 31, and when his successor is chosen. The EU commissioner said the next WTO head would have to be “a highly qualified man or woman fully aware of the global task of director general.” Candidates for the post have until December 31 to submit applications. Costa Rica, Mexico, Jordan, Ghana, Indonesia, Kenya and New Zealand have already taken initiative to propose their nominees.

SJM urges government to file nomination

Swadeshi Jagaran Manch has written a letter to the Prime Minister urging him to nominate an Indian citizen and file his nomination for the post of Director General of multilateral trade body WTO. The letter says, India must, offer its nominee to lead this body, who can fulfill the aspirations of 1.2 billion population of the country, as well as the vast majority of people of the developing countries. Ever since the Doha Round, India has occupied the fulcrum position among the more than 110 developing-country members of the WTO. Our contribution to the global trade, which used to be less than 0.5 percent, has now risen to 2 percent. Furthermore in the changed circumstance and shift of global trade focus to Asia, coupled with the increasing role played by India in driving global economy, put India in the leading role in global trade matters.

Lamy was first chosen in 2005 and was re-nominated in 2009.

India appeals on rejection of shrimps

India has appealed to WTO for help with its exports, in the light of Japan's rejection of consignments, citing a high level of ethoxyquin. Japan has stalled imports of Indian shrimp and currently holds 150 containers of the frozen product at its ports. Though Japan had lifted the ban, exports have dropped heavily on account of the increase in the number of rejections. This has hit aquaculture farmers and exporters in Odisha and West Bengal. But 60 per cent of the black tiger shrimp produced in these regions is exported to Japan.

Since Japan lowered the acceptable limit of

ethoxyquin, an antioxidant used in shrimp feed, in shrimp, the country had started rejecting containers from June. Japanese authorities found the level of ethoxyquin in some shrimp to be in the 0.02-0.04 ppm range, whereas the newly introduced health standards tolerate levels as high as 0.01 ppm only. India raised the issue with the sanitary and phyto-sanitary (SPS) committee of the WTO, as it feels that the new standards are ‘unscientific and unjustified’.

Subsidies for food stockpiling

A coalition of 46 developing countries led by India has proposed changing WTO rules to lift the limit on subsidised food stockpiling to support poor farmers, according to reports. The proposal by the so-called G33 group of countries, which includes China, Indonesia, Pakistan and Zimbabwe, revives an idea previously contained in the Doha Round of trade talks that collapsed last year.

“Significant progress has already been achieved in the Doha Round negotiations which recognize the serious concerns of food security in developing countries,” said the proposal, which was circulated to WTO members. “This has assumed the character of a global concern in the past few years with a need for urgent action.” Each of the 157 members of the WTO has to agree to limits on its trade-distorting subsidies, known as its “aggregate measure of support” (AMS), when it joins the global trade club. The proposal would amend the WTO's Agreement on Agriculture to permit more exemptions to the limits on such subsidies.

U.S. must comply with meat-labeling ruling

The United States must bring its country-of-origin meat labeling rules into compliance with a earlier World Trade Organization ruling by May 23, 2013, according to a WTO decision, the Canadian government said. The WTO ruled on June 29 that the U.S. country-of-origin labeling program, known as COOL, unfairly discriminated against Canada and Mexico because it gave less favorable treatment to beef and pork imported from those countries than to U.S. meat. That decision gave the United States an unspecified amount of time to comply.

The labeling program has led to a sharp reduction in U.S. imports of Canadian pigs and cattle, because it raised costs for U.S. packers by forcing them to segregate those animals from U.S. livestock. □□