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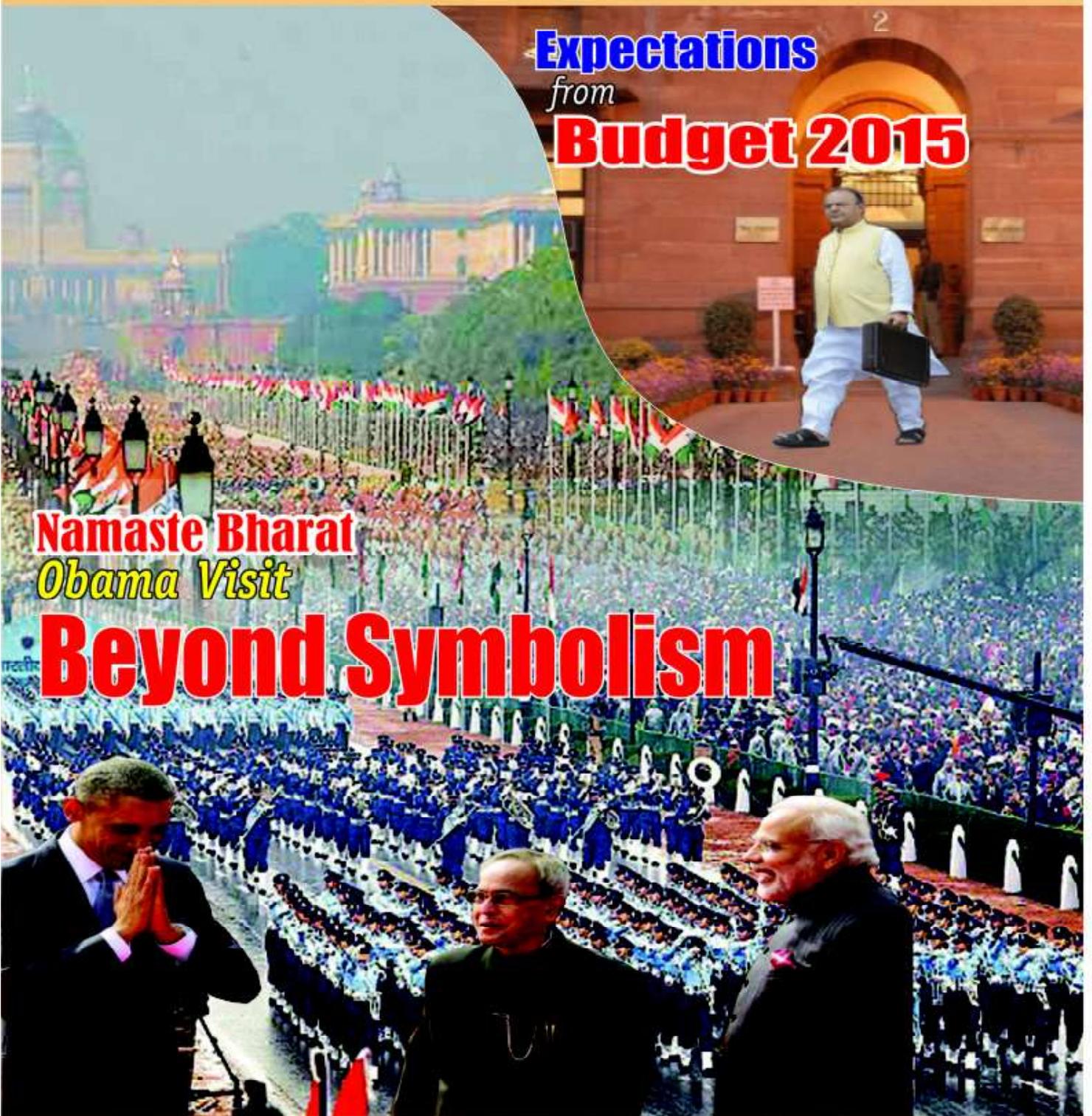
PATRIKA

FEBRUARY 2015

Expectations
from
Budget 2015

Namaste Bharat
Obama Visit

Beyond Symbolism



CONTENTS

COVER ARTICLE 4

Obama Visit and the Future of India-US Relationship

Rajiv Nayan



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EDITOR
Ajey Bharti

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Sudama Bhardwaj

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

LETTERS 2

NEWS NATIONAL 32



INTERNATIONAL 34



WTO 36

6 COVER STORY

Hurdles Remain in Nuclear Deal

..... Dr. B.B. Singh

8 COVER STROY-II

Budget 2015 : Will it ensure Make in India?

..... M.R. Venkatesh

It is time to reinforce foundation of Swadeshi Economy

..... Swadeshi Samvad

14 SPOT LIGHT

Respect Indian economic federalism

..... Anil Javalekar

17 SCRUTINY

Chinese Hostilities and Our Trade & Investment Access

..... Prof. Bhagwati Prakash Sharma

19 VIEW POINT

Agenda for Revitalization of Ayush

..... Bharat Jhunjunwala

21 FOCUS

Come Clean on Telephone Exchange Row, Mr Maran

..... S. Gurumurthy

24 ANALYSIS

Let's bank on the sun, not on coal

..... Dr. Ashwani Mahajan

26 OPINION

Pool CSR to make corporate partner in progress, cut govt costs

..... Shivaji Sarkar

28 REPORT

HLC Report : A Recipe for Climate Disaster and Silencing People's Voice

30 HISTORY

The Freedom Movement (Untold stories)

..... Saroj Mitra



Constitution Preamble Controversy

After failing to identify any meaningful issue Congress has demanded an apology from the Prime Minister over the use of the original Preamble of the Constitution that did not have the word 'secular', in its January 26 advertisement. After suffering a series of electoral defeats in recent months, with another staring in face in Delhi- the Congress needs the oxygen of petty, meaningless controversies to remain relevant. It on the contrary get more bombshells like Jayanti Natrajan which damage it further. Congress spokespersons were not satisfied with the official explanation that the advertisement marked the anniversary of the original Preamble of the Constitution, declaring India a "sovereign, democratic Republic".

The makers of the Constitution had implied that with its great values of tolerance, 'Sarva Dharma Sambhav' (equal respect for all faiths) and 'Vasudhaiva Kutumbakam' (the world is a family), secularism was deeply embedded in India's ethos. But, due to her vote-bank considerations, Indira Gandhi had inserted the words 'secular' and 'socialist' in the Preamble. The present NDA regime has not challenged the additions that were actually an insult to our great personalities who framed the Constitution.

- M. Ratan, New Delhi

RIP RK Laxman; The Cartoonist of India

RK Laxman was probably India's only chronicler of history in terms of smiles who had a pan-Indian appeal and was appreciated by all sections of society. Laxman's cartoons, featuring a bald bespectacled man, widely referred to as the 'common man', was an invention that patented how people managed to survive despite the troubles they were surrounded by. Laxman was a political cartoonist par excellence, and his creativity was inexhaustible. He was not just a cartoonist drawing fine lines; he was a commentator on contemporary affairs too.

Most politicians were quite put off when they were featured in his cartoons. From the Shiv Sena to the BJP to the Congress, his cartoons spared none. His cartoons were a must for every Indian reader to have a look on in the morning. His wit, understanding and depiction of complex issues including economy in a language easily understood by common man distinguished him from all his contemporaries.

R.K. Laxman may not be with us anymore. But he will be remembered for a long time even after he has left for his heavenly abode. Rest in peace Mr. Laxman, the perfect cartoonist of India.

- K. Jayendra, Bangalore

EDITORIAL OFFICE

SWADESHI PATRIKA

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

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

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Quote-Unquote



Anyone who dares that nation gets a befitting reply. People across the world learn from Israel the art of doing agricultural and vegetable farming. On the contrary, India has 5,000 km land, population in crores, powerful leaders but Israel has marched way ahead of us.

Dr. Mohan Bhagwat

Sarsanghchalak, RSS



They (RSS) are very nationalistic. I would think here is an organisation which kept India together, which has kept India neat.

Kiran Bedi

BJP Leader



Judiciary is never upset with what the Government does. The incumbent Government has so far met all demands judiciary has made.

HL Dattu

Chief Justice of India



The sanctuary some terror groups enjoy in Pakistan has long been an issue of concern for us. It has been a topic of discussion.

Rear Admiral John Kirby

Pentagon Press Secretary

Indian Economic Flavor 'The Change' that will change India

"Thoughtless imitation of West must be scrumptiously discarded We must take into consideration the basis of various economic and political doctrines of the west and their present position" said Pt. Deendayal Upadhyay way back in 1965 in his famous integral humanism. That integral humanism and Pt. Deendyal Upadhyay are fundamental to BJP is to be reminded to the younger generation of the party particularly those in government, was clear to a Swadeshi Jagran Manch delegation during a pre-budget consultation meeting with Ministry of Finance. SJM delegation was there to present its views and suggestions on various issues of immediate importance that too within the scope of budget. Delegation underlined some of these issues like importance of tackling fiscal deficit without over reliance on FDI and disinvestment; Enhancing expenditure on social sectors like health care and education; strengthening of indigenous manufacturing particularly in defence and telecom sectors; Publishing a white paper on experiences of India with FDI post-liberalisation/globalization and; Role of foreign firms in e-commerce and need to plug legal loopholes being exploited by them. In what was a very cordial and informative exchange the Minister desired to know about the economic model that Swadeshi Jagran Manch would like to be adopted by the government. Members of delegation in their own way tried to explain Swadeshi Model. Unable to fit "Swadeshi" model not into the various text book models studied by students of economics, the Hon'ble Minister insisted on describing the idea in a language he understands; by asking whether "Swadeshi" was close to capitalist model, Marxist Model or any other such model. When a member of the delegation in all his sincerity tried to make it easy for him by saying that it could be said that Swadeshi is somewhat close to oriental model, the Minister without losing a second, retorted "which flavor". It was clear that people in government are not able to comprehend/ understand existence beyond textbook economics. There innovation will remain restricted to experimenting within the four walls of western understanding. For them nothing meaningful exists outside. India in their estimation has nothing consequential to enrich economic understanding of the world.

It is in this background that SJM expresses its apprehensions on ability of the present government, inspite of all the desire and sincerity, to ensure a paradigm shift badly required in this country. The unprecedented mandate, we must remind even at the cost of sounding repetitive, given by the people of India to BJP and Prime Minister Narendra Modi is to make a real change in the governance and policy planning in its entirety. It needs to be underlined here that cosmetic changes will not satisfy the people of this country anymore. Symbolism has its importance in public life but a lot of time has been wasted on trivializing issues that includes much hyped words like "change". Governments inherently have a habit of shifting responsibility by asking people to change. Yes we agree people also need to change. Their attitude and behavior has left much to be desired. But the "Change" that will change India has to come from above. Foremost thing that SJM pleads is that the government must learn to believe India and capability of Indians to transform India. India as a nation has resources to manage its future and uplift its population from poverty to a decent standard of life. It is not mere rhetoric. Indian people including Diaspora was responsible for bailing out NDA government led by Atal Behari Vajpayee post Pokhran, when US-EU led world community imposed sanctions on us. Talented India has made its mark in almost every sphere of human activity be that science, technology, sports entrepreneurship management medicine trade, so on and so forth. It is now well established that India is lacking a government that works for India without succumbing to pressure/ manipulation of foreign powers. Inefficiency led mismanagement by previous regimes over decades pained people across the country. Their pain, anguish and suffering coupled with a strong desire to transform India and help it reach its potential in consonance with its civilizational ethos was the force at display during this Lok Sabha election. Prime Minister Narendra Modi effectively articulated this desire into hope and was trusted by millions by voting him to power. This positive energy cannot and should not be betrayed. Nothing can justify perfidy. While we appreciate several steps taken by the government that can become game changer, the real challenge is at the policy planning level. Changing planning commission to Niti Aayog will remain a simple symbolic step unless people managing it display their desire to understand strengths of India and utilize them to its advantage instead of blindly imitating western "failed" models. Prime Minister Narendra Modi and his colleagues have necessary qualifications and capability to transform India. Entire world, not just Indian people are eagerly waiting for that transformation to happen.

Obama Visit and the Future of India-US Relationship

The President of the United States (US), Barack Obama, was the chief guest of the Indian Republic Day Parade. With his arrival on 25th January 2015, he became not only the first US president to come twice but also the first US President to become the chief guest of the Indian Republic day parade in the 66 years of history of new Indian Republic. Indeed it was a great occasion because before a leading and powerful democratic country championing democracy in the world-like the US somehow missed to come to the great festival of the world's largest, the most populous and the most ancient republic. Even in the ancient period, India had the experience of the republican form of government.

Although Obama's visit was basically for attending the Republic Day Parade, yet the occasion was used to reiterate emerging frontiers of the comprehensive and deepening India-US relationship. The nature and potential for the relationship got articulated in the joint statement as well as in other statements made over three days. The visit also witnessed both the countries reviewing several initiatives taken in the past and deciding to take up the follow-up action. The two leaders looked determined to transform the relationship to bring about changes touching the common people in both the countries.

The Obama visit was emphatic on geo-strategy and security. The joint statement recorded the sharing of US rebalancing policy. Generally, the US-India statements have been cautious of articulating sharing the American 'pivot to Asia' or its 'rebalancing strategy', though broadly the Indian strategic community sees a great potential in it for the India-US strategic partnership. The earlier Indian government looked engaged to the idea but did not want to be seen openly siding too much with this so-called new shift in the US government.

The reasons for the cautious approach were many. First, rebalancing or its predecessor 'pivot to Asia' was not a clear and consistent policy for the Obama government to re-engage Asia. On different occasions, different American officials and leaders kept adding ambiguity to the idea or policy. It meant different things to



India needs to have a clear road map of the US rebalancing grand strategy before it; otherwise, it will struggle to maintain its position in Asia, especially its neighbourhood, cautions Rajiv Nayan.



different policy analysts in India and even in other countries. Second, this is perceived as a policy for encircling China, and in fact, China has been treating this policy as such. However, the original document written by Hillary Clinton that subsequently generated a worldwide debate on US new grand strategy designated as 'pivot to Asia' had a greater role for China as an Asian partner of the US to counter several challenges and consolidate trade and economic growth. India was not in favour of unnecessarily antagonising China. Third, as in conception so in practice, the international community struggled to locate the operation of pivot to Asia policy. Admittedly, some deployment of American forces did take place for Australia. But again the US—Australia security partnership pre-dates pivot to Asia or re-balancing policy.

Is the path or roadmap clear? The Modi government, it seems, has made its intent clear that it wants to partner with the US walking an extra mile. Even if the Indian government is restrained to talk about the Asian century in the US, the governments of both the countries know it fully well that the fulcrum of the world is fast moving to Asia. It is already an Asian century, and the Asian region has serious conflicts in areas like South China sea and the management of Indian ocean is vital to trade and security. To manage the region, the statements, during Obama's visit, pledged to deepen the cooperation on maritime security, and work together in Indian Ocean. It is an interesting development, yet India needs to have a clear road map of the US rebalancing grand strategy before it; otherwise, it will



The India-US security partnership appears to have received an extra thrust

struggle to maintain its position in Asia, especially its neighbourhood.

The statements and speeches talked counter terrorism, establishment of hotlines between the National Security Advisors, defence and security relating technology development and so on, but in these areas as well India needs to be careful. The hotline should not become a channel for restraining India when Pakistan keeps indulging in terror or proliferation activities. The past history has demonstrated so.

The India-US security partnership appears to have received an extra thrust in searching multiple areas of cooperation in advanced defence technologies along with the idea of co-development and co-production of specific advanced defence projects. The Indian government believes that it is necessary for upgrading of India's 'domestic defence industry' and expanding 'the manufacturing sector in India'.

In fact, the then foreign secretary, Shrimati Sujatha Singh, announced on January 25, 2015: "On defence and security, we have finalised the Defence Framework Agreement for the next ten years. Under the Defence Technology and Trade Initiative (DTTI), four projects have been agreed on as pathfinder projects: (1) next generation Raven Minis UAVs, (2) roll on roll off kits for C-130s, (3)

mobile electric hybrid power source, (4) Uniform Integrated Protection Ensemble Increment II." In the same briefing, she also informed setting up of 'a working group to explore aircraft carrier technology, sharing and design, and also development of jet engine technology.'

One of the SIPRI publications notes: "The five biggest exporters in 2009–13 were the United States, Russia, Germany, China and France and the five biggest importers were India, China, Pakistan, the United Arab Emirates (UAE) and Saudi Arabia." India and the US appear to have changed the paradigm. The most important element in the paradigm should be technology sharing. Both the countries should aim at developing cutting edge technology through either projects in India or transferring it to India from the US in those areas where India is an urgent need and the US have already developed it. However, India should be careful of procuring outdated or discarded American defence products, which have no security value. Any transfer must add to indigenous defence.

The joint defence cooperation is an indicator of improved business climate which stresses on innovation through development in

[Continued on page no. 13]

Hurdles Remain in Nuclear Deal

For almost two weeks prior to president Barack Obama's visit to India, the negotiators from both the countries had been burning the midnight oil to operationalise Indo-US nuclear cooperation but hurdles seem to be emerging one after another.

The first and the most talked about hurdle arose from Section 17 (b) of the Civil Liability for Nuclear Damage Act 2010, giving the right of recourse to the operator of the nuclear installation if nuclear incident resulted as a consequence of an act of the supplier or his employee which includes supply of equipment or material with patent or latent defects or sub-standard services.

This provision was introduced to ensure that the suppliers took utmost care since they would be liable even for "latent" defects that may exhibit their appearance in their equipment later on after extended exposure to nuclear related stresses. This problem seems to have been solved by India's proposal for an insurance cover of `1500 crore out of which 50 per cent would be government contribution and the remaining from a pool of insurance companies which are public sector units. Oddly, it would mean victims compensating victims.

The next conflict has arisen in respect of Section 46 of the Act which provides that its provisions shall be in addition to and not in derogation of any other law for the time being in force. It further provides that nothing contained in this Act shall exempt the operator from any proceeding which might, apart from this Act, be instituted against such operator or the suppliers directly or through the operator.

The victims of nuclear incidents are thus entitled to file tort suits for unlimited damages and even criminal proceedings against the operator as well as suppliers. This is perceived as a double jeopardy. It has been claimed that during the Obama-Modi "chai pe charcha" on January 25, some "understanding" has been reached but details are not disclosed. Considering that the nuclear liability law of India was passed by Parliament, it would be interesting to know how the provisions of Section 46 have been circumvented without amending the law.



Under the Hyde Act, the US president is required to submit to an appropriate Congressional committee any significant changes in the nuclear activities of India. In view of these requirements, the Indian negotiators are likely to face still tougher uphill tasks ahead, finds Dr. B.B. Singh.



The next deadlock was the demand of the US negotiators for full lifetime flagging and tracking of the equipment and materials supplied by US companies used in nuclear reactors set up by American companies and others as well. India held this demand to be unnecessary and superfluous since all Indian civil nuclear facilities are already adequately covered under IAEA (International Atomic Energy Agency) Safeguards and the Additional Protocol.

Furthermore, such a demand is highly intrusive and unacceptable in view of the fact that India is likely to import only nuclear fuel from many other countries like Australia and Kazakhstan which are already under international inspection by the IAEA. It is reported by the Indian Press that at the “chai pe charcha”, the US president agreed to get the “flag and track” clause deleted by using his executive powers. Surprisingly, Obama had to use his executive powers to delete a clause in a document which was still being negotiated.

The “flag and track” clause was incorporated actually to facilitate implementation of the Hyde Act 2006. It is time to recollect that India is not a signatory to the NPT (Non-Proliferation Treaty) and the US Atomic Energy Act 1954 strictly forbids nuclear trade with any such country. Under the then politically pressing circumstances warranting Indo-US cooperation in nuclear energy, an exemption to the above restriction had to be granted. Consequently, the Henry J Hyde US-India Peaceful Atomic Energy Act 2006 was passed by the US Congress on December 18, 2006. This is a unique legislation specific to India whereby the US



president was enabled to negotiate nuclear cooperation with a non-NPT country. The events that followed are still fresh in memory. The 123 Indo-US Civil Nuclear Agreement of 2008 was hailed as an achievement in the US but it was touted as pro-America and anti-India. It was passed by the Indian parliament by a thin majority with accusations of bribes & corruption.

The US demand for “flagging and tracking” emanates from Article 104 of the Hyde Act 2006. It specifically mandates that the US president shall submit to the Congress an analysis of whether American cooperation is in any way assisting India’s nuclear weapons programme through the use of any US equipment, technology or material in an unsafeguarded nuclear facility or in any other nuclear weapons related complex. It is a requirement of US law and the negotiators will now have to find some other way to achieve this objective if the “flag and track” is deleted.

The story does not end here. There is still some more to come. Under the Hyde Act, the US president is further required to submit to an appropriate Congressional committee any significant changes in the nuclear activities of India

Flagging & Tracking Demand is highly intrusive and unacceptable

including construction of nuclear facilities, production of nuclear weapons or changes in nature and amount of fissile material produced and the purpose and operational status of any unsafeguarded new nuclear facility. Still further under the Hyde Act, the US president shall have to inform the Congress an estimate of the amount of uranium mined and milled in India and amount of such uranium that has likely been used or allocated for weapons; the rate of production of nuclear devices and the material used therein. Some procedure will have to be worked out in the administrative arrangements to achieve this objective and procure such information on India’s non-civilian nuclear activities for information to the US Congress. In view of these requirements, the Indian negotiators are likely to face still tougher uphill tasks ahead. □□

The author is a practising lawyer & a retired scientist formerly with BARC, Mumbai & IAEA, Vienna.

Budget 2015

Will it ensure Make in India?

Economics is a simple subject complicated by economists. Economics, as a reader would know involves production of goods and services for consumption. Nevertheless production must exceed consumption to allow savings. Savings must in turn convert into investments. Again investments must ensure production.

This cycle needs to flow unhindered. And whenever the flow of goods and services [the aggregate of which is called GDP] gets derailed - and often it does we need intervention from Government. In turn, the Government has to get its policy mix correct at the right time. Going by the historical evidence one must hasten to add that Government often does too little, too late.

Theoretically, Government intervention is often through a range of economic policies - monetary and fiscal. This manifests through investment, interest, taxation, export, import and a range of other policies which are spelt out during the annual Budget of the Government.

Notwithstanding this Indian economy faces shortage of goods and services in some sectors while facing a glut in others. There is excess capacity in some sector and none in others. To add to the confusion we import some products at times which are already in excess supply and export those in short supply.

The Union Budget is thus expected to cognise all these and address the entire range of economic distortions! And given the horrendous track record of the UPA Government let me hasten to add that the Finance Minister has a huge task of addressing the distortions that has crept in over the past decade.

Thus contrary to the popular belief, a Budget of the Government is not merely a simple statement of its income and expenses. Rather it is much more. It



Government needs to devise a comprehensive plan with great attention to details & implementation to enhance share of manufacturing in national GDP. It also must revisit its targets once in three months and present a progress report to the nation, suggests
M.R. Venkatesh.



is the pithy expression of its overall economic policies of course laced with usual dose of politics.

A Blast from the Past

One of the major policy initiatives of the NDA Government since assuming office has been "Make in India." At a philosophical level it is designed to facilitate investment, foster innovation and enhance skill development. While seeking to protect intellectual property it seeks to build best-in-class manufacturing infrastructure.

Naturally it is expected the Budget will lay emphasis on this policy.

It may be recalled that the share of manufacturing has been stagnating at approximately 16 percent of our GDP since 1980s. Everyone within the Government is aware that inadequate infrastructure, complex regulatory environment and inadequate availability of skilled manpower have been its bugbear. Yet not much has been done.

It is in this connection the National Manufacturing Competitiveness Council [NMCC] had come up with a "strategy" in February 2006 seeking to increase the share of manufacturing to a minimum of 25-35 percent of the GDP. That called for a growth rate of 14-16 percent annually in the manufacturing sector alone.

"Though in the recent past, the growth of the manufacturing sector has generally outpaced the overall growth rate of the economy, at just over 16 percent of GDP, the contribution of the manufacturing sector in India is much below its potential."

Now that was not the NMCC stating the obvious. Rather it was yet another report of the Govern-



ment of India - this time in November 2011.

"Inadequate growth in manufacturing has had its adverse impact on employment generation. The current mismatch between distribution of workforce and value added in agriculture is one of the main reasons for the large number of poor. This needs urgent correction."

No. This is not from the 2011 report of the Government of India. Rather it was the Foreword penned by the then Prime Minister Dr Manmohan Singh to the NMCC strategy document in 2006.

"Over the next decade, India has to create gainful employment opportunities for a large section of its population, with varying degrees of skills and qualifications. This will entail creation of 220 million jobs by 2025 in order to reap the demographic dividend." Now this is not Dr Manmohan telling us in 2006. Rather this is from the 2011 Report of Government of India.

In short, between 2006 and 2011 [in fact during the entire period of UPA] not much was done for manufacturing. Consequently, the share of manufacturing has stagnated at 16 percent of the GDP for the past several years. The world meanwhile, notably China, has whizzed past us.

There are several challenges before Indian manufacturing emerges on top

What needs to be done?

There are several challenges before Indian manufacturing emerges on top of its global peer. And pundits both with the Government and outside have proffered plethora of solutions. But there is a crucial catch - most of these pundits have managed a factory for a day, much less, set it up? Is that why manufacturing has been languishing at 16 percent of the GDP?

Whatever be it let us look into the net impact on Indian economy. The net import of capital goods into the Indian economy between 2007-08 and 2013-14 was approximately USD 568 billion. Likewise the aggregate trade deficit [Exports less imports] was approximately USD 950 billion.

What adds fat to the fire is that the imports from China alone during the corresponding period aggregates to USD 290 billion. It may be noted that we do not have a Free Trade Agreement with China. Yet, Chinese imports account for a sig-

nificant portion of our imports.

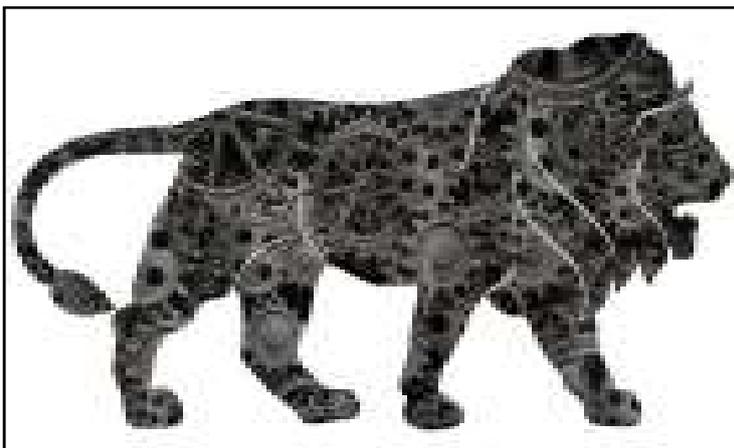
But why? The answer for the same is not far to seek. Success of a nation in [manufacturing] globally is a culmination of several factors. It depends on skilled labour, low cost capital, access to technology,

infrastructure, weak currency and of course the availability of raw materials.

It is in this connection it is to be understood that several East-Asian countries between 70's and 90's have witnessed a surge in their growth by increasing share of manufacturing in national GDP by getting the above-mentioned matrix right.

Chinese growth was basically adopting the South-East Asian growth model adjusted for global scale. And the beginning was made by first significantly devaluing Yuan - their Currency - in early 90's but holding it steady for well over a decade to a dollar. And believe me during this period Chinese did not bother about global criticism of adopting mercantilist policies.

Now that China ends up with a trade surplus [Exports minus Imports] close to USD 300 billion [while our annual exports are approximately USD 300 billions] and has emerged as the world's largest exporter it has begun to allow appreciation of its currency. Put pithily Chinese did not bother about how the world perceives it till it emerged as a global winner. Significantly, it charted a unique path for its economic success and pursued it with missionary zeal.



The idea of Make in India has not come a day too soon.

The idea of Make in India has not come a day too soon. However, concerns arise on account of several factors - notably power. And wherever power is available it is uncertain and of questionable quality. Power is indicative of all our infrastructure woes - port, railways, road, airports, effluent treatment, pollution control et all are in shambles or simply non-existent.

Skill development is another area of concern. How do we make world class products when most of our engineers are unemployable? How do we produce world class engineers from universities that are not world class? And how do we produce world class universities unless we overhaul the entire educational system including primary education?

Importantly, even the best of companies in the organised sector end up paying 12 per cent interest on working capital when foreign companies pay far lesser rates. Naturally, all this add to their competitiveness.

Added to all this is our archaic labour laws, extortionist tax en-

actments and lethargic bureaucracy. Remember we are ranked 142nd in the ease of doing business. The net result is for all to see - India manufacturing is defeated not abroad but even within India.

The problem for the Finance Minister is that if he raises

the import duties or restricts imports of such products prices shoot up. On the contrary if imports are allowed unrestricted, manufacturers in other countries on account of an overwhelming competitive advantage will never allow Made in India initiative to succeed.

Put pithily, the FM has a Hobson's choice. To allow this initiative to succeed he has to bite the bullet and the nation has to pay a price for this initiative. Implicit in the argument is that the FM needs to prepare the nation for the long haul.

For starters, he must spell out areas where India enjoys competitive advantage and can succeed. Similarly, he must lay out a road map with appropriate check points.

It is easy for the FM to say [as did the UPA] that the share of manufacturing in national GDP in 2025 would be in excess of 25 per cent. But as UPA realised it is easier said than done for what is required is a comprehensive plan with great attention to details and implementation. Crucially, he must revisit his targets once in three months and present a progress report to the nation.

The Billion Dollar question - Will Budget 2015 provide us the comprehensive plan to ensure Make in India initiative is a success? □□

Budget 2015-16

It is time to reinforce foundation of Swadeshi Economy

Appreciating toughness of the task that the government has to deal with, like difficult fiscal situation arising due to gross mismanagement of the economy by the previous regime and also due to highly volatile global scenario, SJM underlined areas that require immediate attention for long term benefits to the country in general and economy in particular.

Tackling Fiscal Deficit

Agreeing that Fiscal Deficit was a serious concern for the government, SJM questioned the manner in which it has been handled so far. Governments have tried to finance the deficit by printing of more currency note, borrowing from the public and sale of equity of public sector undertakings.

SJM delegation conveyed its firm belief that the ever deteriorating fiscal situation in the country is result of undue appeasement of the corporates, both domestic and foreign. Despite huge doles given to the corporate sector, their wish list continues to increase, burdening the country with debt, inflation, miseries of poor and deteriorating conditions of government funded social sectors, especially education and health. If we have a look at the revenue foregone on account of concessions given to corporates in corporate income tax, excise duty, custom duty etc. in the last few years, situation would be very clear.

Despite huge amount of doles given to the corporates, we are told that aggregate debt has jumped several times. They also claim that due to the economic slowdown many of them did not earn enough even to pay their interest.

While it is a fact that fortunes of our corporates sector is at stake, but our banks and economy is at much graver risk. As these corporate have borrowed heavily for setting ports, airports, roads, power plants water treatments and others projects without even having required managerial bandwidth to ensure timely execution of these projects. A lax administration, corruption and an incompetent bureaucracy ensured project delays and consequent cost overruns.

Budget proposals must hence ensure that the guilty are punished. Banks also

Swadeshi Jagran Manch in its pre-budget discussions with Ministry of Finance stressed the need to strengthen indigenous industry in tune with Swadeshi Model of development. A delegation of SJM suggested to the government several steps about the overall approach of the budget and also about the sectoral allocation and other fiscal arrangements. Swadeshi Samvad compiles following report on the interaction.

Revenue Foregone (2009-10 to 2013-14)

	2009-10	2010-11	2011-12	2012-13	2013-14
Corporate Income-tax	72,881	57,912	61,765	68,720	76,116
Personal Income-tax	45,142	36,826	39,375	33,536	40,414
Excise Duty	1,69,121	1,92,227	1,95,590	2,09,940	1,95,679
Customs Duty	1,95,288*	1,72,740	2,36,852	2,54,039	2,60,714
Total	4,82,432	4,59,705	5,33,582	5,66,235	5,72,923

* Custom duty foregone less export credit related.

Source: Statement on Revenue Foregone, Budget Documents (various years)



Budget proposals must hence ensure that the guilty are punished.

should not be allowed to claim to have funded a “willful defaulter” and pass their responsibility. They too must be made accountable.

Swadeshi Jagran Manch urges upon the government to start receding the doles in the form of tax concession. As his clear from the above table that if we reduce these concessions (revenue foregone) by even 20 percent, we can more than double our social sector expenditure. In the name of dream of growth, the government should not cut down social sector expenditure or not increase the same, for giving tax concessions to the corporates (domestic and Indian). Other issues raised in the interaction are as follows:

Affordable Medicines to All

The Government of India, SJM pointed out, has been spending 1.2% of its GDP on health which is lowest in the world. Now

the new Government has announced its commitment to increase health budget to 2.5% of GDP in near future. It has also announced ‘National Health Assurance Mission’ having ambitious plan to provide to all citizens a right to comprehensive healthcare for critical ailments. This mission is expected to involve a huge expenditure.

On the other hand, Union Government has slashed 20% of its planned outlay of Rs. 30600 Crores for 2014-15 to limit its fiscal deficit to below 4 % of GDP which was promised by the Finance Minister in his Budget Speech in July, 2014. This cut shall also adversely impact other health related programmes of the Ministry.

It appears that the Government is relying more and more on private investment in healthcare sector, and we must understand that the same may lead to costlier healthcare and deprivation of masses from the healthcare services. Private investment shall be forthcoming but with a rider that healthcare shall be a substantially costlier affair.

Telecom sector

SJM believes that Telecom sector is not simply manufacturing of mobile handsets only. It is a vast sector and Government must follow telecom policy of creating a healthy eco system that includes creation of products with Indian IP. Expenditure on R&D needs to be increased sufficiently.

Indigenous Defence Manufacturing

Policy makers need to plan to achieve the goal of a strong, R & D based indigenous high-tech Industry. Government needs to:

- create original technology, indigenous R & D and IPR and stop copying / leasing from the West under licensed production (although a transition phase during which we can fully absorb foreign technology can be expected).
- Support from the policy and fiscal angle to Indian Industry for the next 10-20 years.
- Provide level the playing field for Indian Manufacturers vis a vis (i) Imports & Foreign OEMs, (ii) Indian Service Sector Behemoths and even (iii) Indian Public Sector. It is ironical that the situation is exactly the reverse.
- Include dual use areas relevant to national security such as electronics, telecom and aviation under Defence Industrialisation incentives.

FDI

SJM has been demanding a white paper on the experience of the country with FDI particularly during last 24 years.

This government will benefit from an honest and in-depth study of the foreign investments that have come into the country and its impact, both positive and negative on our economy.

The ill effect of policy of globalisation and FDI are now very apparent, and the outflow of foreign exchange on account of royalty profit and dividends and interest, salary etc. has now exceeded the inflow of FDI in a single year. For instance total inflow of

FDI into the country was US\$ 27 billion and US\$ 21.5 billion in 2012-13 and 2013-14 respectively, whereas outflow of foreign exchange on account of these items was US\$ 31.7 billion and US\$ 34.4 billion; and this outflow has been continuously increasing. The policy of FDI if taken further may lead to increasing perpetual burden on our future generations. The country cannot afford to allow increasing imports of goods which can easily be manufactured at home. In this context heaviest import tariff possible should be imposed, apart from preferential procurement from domestic pro-

ducers, especially telecom, machinery, power generation plants and project goods.

Foreign e-commerce firms

It is notable that when previous regime introduced FDI in retail, whole nation including BJP fought against it. We wish to draw your attention to the same, and urge upon the government to withdraw FDI in retail. These e-commerce firms have been indulging in wrong business practices that include predatory pricing.

Foreign e-commerce firms, despite the fact that they are not allowed to do business in the coun-

try, as FDI in e-commerce is not allowed in the country, foreign e-commerce firms have been expanding their business. They are not only circumventing the law of the land, but also a drain on our resources, including fiscal revenue. **Immediate ban on foreign e-commerce firms is the demand of SJM. Grey areas in the law are needed to be plugged.**

Swadeshi Jagran Manch sincerely believes that in the name of Make in India policy foreign giants should not be encouraged and all out efforts be made to encourage domestic industry, especially small and micro industries. □□

[Continued from page no. 5]

Obama Visit and the Future of India-US Relationship

skills, infrastructure and resources. The visit underlined 'a climate that encourages investment and rewards enterprise'. Civil nuclear energy cooperation also moved forward. Both the countries used the newly emphasised approach of problem solving through an innovative method. The Modi government rightly asserted that the Indian nuclear energy law is compatible to international law and agreements. The US is also a party to most of these conventions.

The US accepted the Indian position because it is the US that is in the forefront of campaigning for universalisation of nuclear safety and security relating agreements and conventions all over the world. The nuclear insurance pool is a good idea, but only further work will bring out its real worth. Here we must remember that we are already making nuclear reactors of

700 MW, and we can easily make 1000 MW reactors. The Modi government must show some patience, and should not cut funding for the three-stage nuclear programme.

The US has been supporting the Indian membership for the four multilateral export controls regimes. These regimes regulate and greatly control high technology and defence commerce by providing guidelines and technology and defence items lists. These guidelines regulate the high technology commerce of the countries which are the members of the regimes and even those countries, which have not joined the regimes. Non-members refer these regimes for guidance. The Indian membership of all the regimes will ensure that no adverse decision against India is taken in these regimes.

The statements also recognised that "U.S. companies are trans-

ferring advanced skills and technologies to India. And, Indians are powering U.S. businesses." During Obama's visit, it was also recognised that Indian Information Technology companies are imparting skills in the US and creating jobs through such an imparted skill. Indian companies are also transferring new skills to American veterans so that they are able to reorient themselves.

Actually, the US can play a role in energising the youth, and exposing it to new skills which it possesses. The leaders acknowledged the presence of 100,000 Indian students and thousands of American students coming to India. However, Indian students need to contribute to the Indian society after coming back. This may really lead to the development of science, technology, innovation, agriculture, health, education and skills. Other areas of the bilateral cooperation could be for better connectivity and the US may play a role in revolutionising Indian railways. □□

(Author is a Senior Research Associate at the Institute for Defence Studies & Analyses, New Delhi.)

Respect Indian economic federalism



There have been major changes in the public finances of the Union and the States over years. Union government started sharing more and more of its resources with states. However, the issues of decentralisation and assigning of more revenue resources completely to states and lower tiers of governance are still debated and not acted upon, argues

Anil Javalekar

BJP government is determined to get the centralised tax system implemented at national level with the introduction of controversial GST (Goods and Services Tax), particularly when India, though governed by one political system, is known for its diversity. Indian economy cannot be said as one as its geography is vast and differ with natural resources and environment. Historically, Indian unified culture is adjusted to these different geographies and environment and has evolved different lifestyles with suiting localised production and consumption systems. It

was the British Empire that preferred centralised system of administration to fulfil their ulterior motives of exploitation of Indian natural resources and transfer the loot to their country. Indian political leadership, instead of reversing, continued this centralised governance system after independence though talked lot about decentralising governance and working out of welfare policies for the benefit of local economies and local people. Not only that, it adopted centralised planning for Indian economy, considering it as one, and, planned for its development with one administrative set up and keeping most important revenue sources with centre. The states and local governance remained dependent on central allocation of resources including grants and aid for most of their needs of planned development or to meet crises -natural or manmade. Implementing GST is another attempt to centralise revenue system. This centralisation may be administratively convenient and may benefit corporate sector and increase revenue and efficiency of revenue system. But then that is not the idea of welfare state and federalism and definitely will not help strengthening of local governance. Moreover, this cannot be considered good for local economies that are functioning within Indian economy and are sometimes totally different from each other. Therefore, it is necessary that the resource management including the allocation and mobilisation of resources for development remain with those many governments that are part of Indian federalism and allow them to make it beneficial to local economies that are functioning within Indian economy. Each need a freedom and justified local treatment not only for its development but for its survival as well.

Indian socio-economic systems were localised

India is a different country with its unique and ancient unified culture. For long time, Indian societies were guided more by its ancient philosophies and its interpretations by enlightened minds (Rushis) than the ruling monarch or kings. Not only that, there were many kings and many kingdoms within Indian territories and each followed the socio-economic systems prescribed by these philosophies and all kings respected 'rushis' and 'munies' irrespective of their locations.

The territorial borders of kingdoms were never a problem for Indians as their lifestyles and systems of production and distribution were governed more by local experiments and wisdom of ancient scripts. The best part of it was the localised resource management. Most of the time it was the local governance mobilising and sharing the revenue with kings or rulers and managing their common assets for their betterment of socio-economic life.

Muslim and British rulers changed Indian systems

Muslim rulers and British disturbed Indian stable system of local resource management and modified it for their own purpose consequently making the system more and more centralised. The Muslim rulers and British were outsiders and always considered themselves as representatives of foreign religion or foreign authority and followed their own systems of governance to suit their interests. Muslims ruled Indians to spread Islam and used revenue system as a tool; British simply looted India and spread its colonisation using revenue tools for the purpose. The system of Local resources for local development was thus got modified and started serving the rulers and their cronies instead of resident Indians.

Indian governance remained centralised

After independence, India remained centralised in its governance and its development strategies and gave no choice to states as regards to their formation and alteration. This is good that the country and the people can be divided into different states for development purposes without disturbing its inte-

gration and centre remains politically and administratively strong particularly with reference to international relations and defence. True, as a nation, it is necessary to frame protective policies in general for ensuring fair treatment to Indian producers and consumers as also benefit from new and innovative technology, foreign capital and foreign trade. However, the states and local governments are important and more important is their right to manage their resources and help local economies to prosper. Indian centralised governance has ignored this right and made local economies dependent on central policies and central allocation of resources.

Indian economy is federal

Indian economy is simply not integrated at national level and is basically federal with its localised components. Each one is in fact integrated with socio-economic lifestyles of local people and adjusted to local environment and each need localised treatment for its development and survival. **First**, there are regional economies. India is divided in to many territories with different geo-socio-economic characteristics and different production systems and consumption lifestyles. The resources of regional economies are different and requires regional treatment. **Second**, there are rural and urban economies that clash with each other for resource allocation. Again, this divide is not same at national level and differ with regional and cultural pluralities of production and consumption. **Third**, there is an economy of small entrepreneurs, small traders and small consumers which is more wide spread and more important to local econ-

omies. This economy is struggling for survival and is being killed by growing national corporate economy. **Fourth**, agriculture economy of small land holdings and small farmers with low productivity that gives no income but debt to the agriculturists. This economy is very much diversified at regional and local level with soil and environment differentiations and need localised treatment. **Fifth**, most important, is the economy of unemployed and poor, where one aspire for everything and other possess nothing. Their problems can be solved by localised solutions.

Revisit National resource management

Indian centralised planning for development has strategized for urban industrialisation first through public sector and then through organised corporate sector that has not helped to reduce poverty and unemployment nor helped farmers and rural areas to prosper. The system of resource management at national level and sharing the resources with local governments has also not helped central or local governments as they took more interest in spending than mobilisation of resources and mostly relied on deficit filled by borrowings. More serious, the state and local governments look towards centre for every of their crisis and every of their development plan and escape the responsibility of managing resources sustainably. This has increased their dependence on centre and endangered sustainability of resources. No or marginal involvement of the states and local governments in framing of national policies allowed them to be ignorant of implication of national policies that affected their local

economies, local culture, local resources and local environment. More important, Indian centralised system allowed corporate and organised sector to gain on the government policies of concessions and facilities, subsidies and exemptions from revenue and regulations at the cost of local economies, local small entrepreneurs, small traders and small farmers.

National corporate economy is not all

National management of resources only help national agents, mainly organised corporate sector and last six decades have shown that local economies remained deprived and exploited. The corporate sector and their national and international linkages have not solved Indian problems of development or of poverty and unemployment. The national management of resources and National economic systems have mainly helped organised corporate sector to monopolise industrialisation and prosperity leading to increased inequality in every sense. Their prescription of urban industrialisation with high technological input, free domestic and foreign trade and capital investments for profits have not helped local small economies to grow and prosper. Indian small local economies were locally managed since ages and provided stable livelihood to majority Indians. The management of national resources for the benefit of national corporate economy therefore need rethinking.

Indian local economies are important

Indian local economies and their utility to local people is still intact due to presence of strong family relations and their staying together

for generations at one place. The ambition and needs of local people are not to become rich and richer but happy and happier. This lifestyles with spiritual base has helped limit the undesirable damage to natural resources and environment. Sacrificing rights of local people and their long sustained lifestyles for the illusory gains of high life standards propagated by western thinking and giant corporate led urban industrialisation is thus dangerous. The growth and stability of local economies is important for that alone help increase income of local people and benefit local areas and help solve many of survival problem of majority of Indian population. Protecting this local economy through local resource management is thus crucial.

Only sharing of resources will not help

Indian Constitution assigned taxes with a nation-wide base to the Union. Major sources of revenue are thus with centre and the gaps in the finances of states are filled by centre with the help of finance commissions. There are finance commissions to transfer resources from centre to states and even there are finance commissions to recommend transfer of resources to the Panchayats and Municipalities in the states. True, there have been major changes in the public finances of the Union and the States during the period of over 65 years covered by the Finance Commissions and Union government started sharing more and more of its resources with states. However, the issues of decentralisation and assigning of more revenue resources completely to states and lower tiers of governance are still debated and not acted upon.

Indian local economies and their utility to local people is still intact.

Decentralise management of resources

Indian economy is basically a federal economy. Local resource management need not be considered as challenge to political unity of India. The power to centralise or decentralise will remain with centre. Issues that are nationally important and that need national management of resources can still be with centre and all required policies of interventions for the purpose can be centralised. However, the thinking that organised corporate sector need centralised favourable treatment and good governance means addressing only their problems by simplifying systems of governance and resource management is questionable. This has led to framing central policies of taxation and regulation mainly keeping in mind the development and growth of national corporate sector. The growth and development of local economies of small entrepreneurs, small traders and small farmers left to subsidies and such supporting welfare policies through local governments. This has helped organised corporate sector to monopolise their power through technology and capital might but killed local economies of local entrepreneurship. Therefore, it is desirable to allow local governments to protect local economies with their discretionary resource management systems than make them rely on centre for every assistance. □□

Chinese Hostilities and Our Trade & Investment Access

The ongoing legacy of offering unilateral investment opportunities to China in the vain hope of buying peace and bartering an illusory diplomatic intimacy with them, ever since the formation of the UPA Government 10 years back, is the most fateful political mistake being deliberately perpetuated by India against the nation's security and economic interests. Our fresh deal with the Chinese offering them investment opportunities in the country to the tune of \$ 20 billion, along with facilities for the Chinese to set up two industrial parks on the Indian soil on the pretext of bridging the widening trade deficit between the two countries is a total misnomer for acting as a surrogate mother to provide an opportunity to the Chinese for profiteering via 'Make in India' would defeat the very purpose of bridging the trade deficit, and might even create a much worse problem of crisis in the Balance of Payments (BoP) of the country, which is bound to prove irreversibly fateful. The offer of investment opportunities to China, to remedy the widening trade deficit would prove worse than the ailment, as the deficit in the trade can be curbed any time, by restricting imports or by raising effective barriers against the imports. But, restricting the repatriation of profits on their investments would be beyond our sovereign rights, in the context of the present regime of multilateral trade agreements, and would also spell a death knell for many small and medium enterprises in the country, besides, inflicting a severe Balance of Payments (BoP) crisis, due to unabated repatriation of profits by the Chinese on these investments. Further it needs no explanation that investments once made, can not be ordered to be rolled back. To the contrary, reinvestment of part of profits would help them in ever expanding their manufacturing base to repatriate more and more profits.

Therefore, in view of the recent Chinese enemy overtures, in Arunachal Pradesh and Chumar, coupled with entry of Chinese submarines in the palk straits to scare us, inspite of our explicit displeasure, and the recent warnings being raised against our taking up of oil exploration in Vietnamese territory, India should rethink before furthering the trade and investment relations with China. The recent offer of India to China for a fresh investment opportunity of \$ 20 billion as a unilateral gesture of goodwill to enable them to exploit an opportunity of making profits in India, without quit-pro-quo is strange. India, already has the highest trade deficit of \$ 40 billion with the Chinese in a total trade turnover of \$70 billion which has no precedence in the rest of the world, and that too with a hostile country. China already has 108 ongoing projects in the country worth \$ 60 billion (Rs. 3.8 lac crores).in addition to the investment opportunities in the country now they are also being provided land with enhanced road access for setting up industrial parks in the country near vadodara in Gujarat and near Pune in Maharastra. They are also being engaged in the modernization in railways and in several other respects. In all sixteen agreements (vide table-1) have been signed with them during the visit of the Chinese President in September, 2014. Majority of these agreements are for economic cooperation, meant to provide the Chinese, unidirectional trade and investment facilities.

For the industrial parks to be developed at a cost of US dollar 6.8 trillion (Rs. 40,800 crores) on the Indian soil, China has identifies 400 acres of land near vadodara and another area of 1250 acre has been proposed to be provided near Pune.



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Prof. B.P. Sharma

List of Documents signed during the State Visit of Chinese President Xi Jinping to India	
Name of Agreement/MoU	Remarks
Memorandum of Understanding between the Ministry of External Affairs of the Republic of India and the Ministry of Foreign Affairs of the People's Republic of China on Opening a New Route for Indian Pilgrimage (Kailash Mansarovar Yatra) to the Tibet Autonomous Region of the People's Republic of China.	The MoU provides for conducting the annual Kailash Mansarovar Yatra through Nathula Pass in Sikkim addition to the existing Lipulekh Pass in Uttarakhand. The route through Nathula will augment the capacity & reduce the hardship & journey time enabling many more pilgrims in particular aged pilgrims to undertake the Yatra.
Memorandum of Understanding between Ministry of Railways of the Government of Republic of India and the Government of People's Republic of China on strengthening cooperation in Railways.	Under the MoU, both sides have agreed to enhance cooperation in the Railway sector in following areas: (i) speed-raising, (ii) studying feasibility of cooperation in High-Speed Railways, (iii) Heavy-Haul transportation training of Indian Railway personnel, (iv) Redevelopment of Railway stations, (v) setting up of a Railway University in India, etc.
Action Plan between Ministry of Railways of the Government of Republic of India and the National Railway Administration of the Government of People's Republic of China on strengthening cooperation in Railways.	It provides specific projects for cooperation in railway sector.
Five year Trade and Economic Development Plan between Ministry of Commerce and Industry of the Government of the Republic of India and the Ministry of Commerce of the Government of the People's Republic of China	It lays down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between China and India, on the principle of equality and mutual benefit. The main objectives of the plan are: (i) reduction of bilateral trade imbalance; (ii) strengthen investment cooperation to realize US\$20 billion investment from China in 5 years; (iii) a transparent, stable & investor friendly business environment; and (iv) enhanced cooperation between Chambers of Commerce and financial sectors.
Agreed Minutes of the Tenth Session of India-China Joint Economic Group.	The tenth Session of the India-China Joint Group on Economic Relations, Trade, Science and Technology (JEG) was held in Beijing on 2nd September 2014. Both sides held detailed discussions on issues to promote broad and deep bilateral trade and economic cooperation between India and China and agreed to undertake measures to achieve sustainable and balanced trade. Specific measures to enhance market access to Indian products such as agricultural, pharmaceutical and export of services will be expedited.
Agreement on Audio-Visual Co-production between The Ministry of Information and Broadcasting of the Republic of India and the State Administration of Press, Publication, Radio, Film and Television of The People's Republic of China	The Agreement would enable the producers from both countries to get an opportunity to pool their creative, artistic, technical, financial and marketing resources to co-produce films. It would help Indian audio-visual products to gain greater market access.
Agreement between the Government of the Republic of India and the Government of the People's Republic of China On mutual administrative assistance and co-operation in Customs matters	The Agreement will help in enhancing cooperation to fight trans-border economic crimes and custom offences through sharing of information. It would also facilitate trade through enhanced customs cooperation.
Memorandum of Understanding between Indian Space Research Organisation and China National Space Administration on Cooperation in the Peaceful use of Space	The MoU enables both sides to encourage exchange and cooperation in the exploration and use of outer space for peaceful purposes, including Research and development of scientific experiment satellites, remote sensing satellites and communications satellites.
Memorandum of Understanding between the Ministry of Culture of the Republic of India and the Ministry of Culture of the People's Republic of China on Strengthening the Exchange and Cooperation between Cultural Institutions	This MOU is intended to foster long-term collaboration between various cultural institutions of the two countries. These cultural institutions include museums, archaeological organizations and performing art centers.
Memorandum of Understanding on Cooperation between National Book Trust of the Republic of India and the State Administration of Press, Publication, Radio, Film and Television of The People's Republic of China	Both sides have agreed that China will participate in the New Delhi World Book Fair 2016 as the Guest of Honour Country. The Agreement will help provide greater access to their nationals of publications of the other side.
Work Plan on Drug Administration and Cooperation Between China Food and Drug Administration of the People's Republic of China And Ministry of Health & Family Welfare of the Republic of India	Under the work plan, the two sides will carry out cooperation in fields of drug standards, traditional medicine and drug testing, etc. Both sides will exchange delegations to enhance cooperation in this area.
Agreement on establishing Sister City relationship between Mumbai and Shanghai	Establishes Sister-City relations between Mumbai and Shanghai. It will enhance people-to-people exchanges fostering greater mutual understanding.
Agreement on establishing Sister City relationship between Ahmedabad and Guangzhou (Signed in Gujarat)	Establishes Sister-City relations between Ahmedabad and Guangzhou. It will enhance people-to-people exchanges fostering greater mutual understanding.
Agreement on establishing Sister Province/State relationship between Gujarat and Guangdong (Signed in Gujarat)	Establishes Sister-Province/State relations between Gujarat and Guangdong. It will enhance people-to-people exchanges fostering greater mutual understanding.
Memorandum of Understanding between Maharashtra Industrial Development Corporation and Beiqi Foton Motor Co.Ltd. on supporting the setting up of industrial parks in Maharashtra	The MoU would lead to setting up of a 1250 acre Industrial Park near Pune, Maharashtra, providing cluster-type development & generation of employment for a large number of people.
Memorandum of Understanding between China Development Bank Corporation and iNDEXTb on supporting the setting up of industrial parks in Gujarat (Signed in Gujarat)	The MoU would lead to setting up of Industrial Parks in Gujarat with the support of Chinese enterprises and provide a platform for cluster development and generate employment for a large number of people.

Development of industrial plots, sheds, power resources, water supply and other civic facilities, multi-story commercial and residential buildings, telecom etc, all the high-level infrastructure facilities being proposed to be developed by China in the integrated industrial parks can be developed by indigenous developers as well.

Such access to the Chinese to be business in India would destabi-

lize many small, medium and large enterprises. Such trade and economic access to Chinese, who have been committing more than 400 aggressive incursions. They even could not restrain their army from transgressing into our territory during the visit of their president in September. Probably to exert pressure upto us to yield in the negotiation held with the Indian side. In spite of such **enemy** acts we have been provid-

ing huge trade and investment access to them and getting converted into a market for Chinese goods even at the cost of large scale industrial closures due to cheap dumping of goods by the Chinese. Should we empower, economically at such a scale to China? Should not people stop buying Chinese goods? Should we not suspend the trade and investment access, till China stops such incursions? □□

Agenda for Revitalization of Ayush

The NDA Government has placed the draft National Health Policy, 2015 in the public domain for discussion. It is stated that efforts would be made to revitalize the alternate systems of medicine known as Ayurveda, Unani, Siddha and Homeopathic, “AYUSH” in short. The step is welcome.

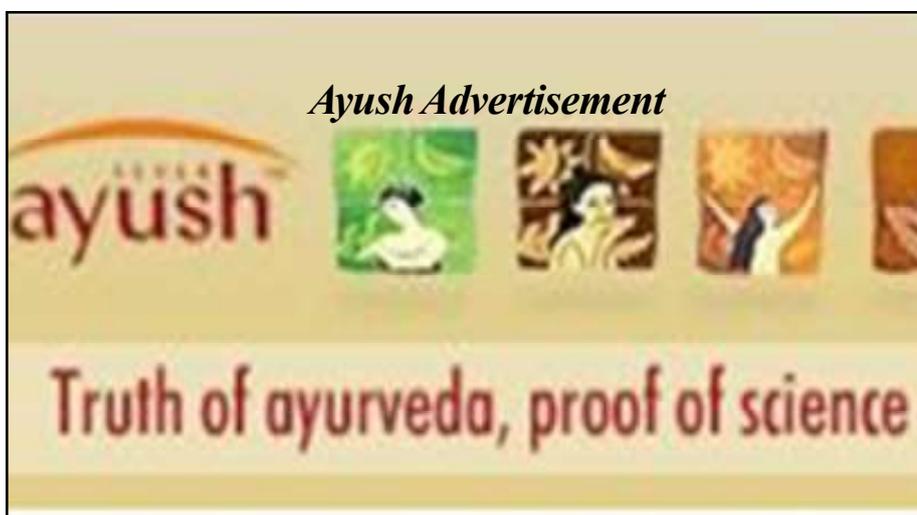
The Policy has stated that a “phased integration” of Ayush with the dominant Allopathic system of medicine will be undertaken. It is also said that efforts will be made to make India the world leader in the discovery of new drugs based on AYUSH systems. This task would require promoting joint research with the Allopathic systems. Ayurveda, for example, excels in the treatment of certain diseases like those relating to the stomach; while Allopathic system excels in infectious diseases and surgery. There is a huge area in between where both systems have contributions to make. There is a need to undertake an ambitious programme to undertake joint studies for treatment of various diseases by the two systems so that a new approach can be formulated that integrates the best of both systems.

The Policy has also committed to standardization of AYUSH practices and medicines. Presently, many patients suffer due to the use of substandard AYUSH medicines. The cost of AYUSH medicines is often high because certified raw materials are not easily available especially to small manufacturers. The cost of certification of small batches of raw materials is exorbitant leading to the use of uncertified inputs of poor quality. The Government could provide certified raw materials in small lots to enable small manufacturers to compete. There is also a need to undertake cost effectiveness studies of the alternate treatments. For example, certain Ayurvedic medicines are prescribed to be taken with honey. But that is expensive. So there is a need to study its effectiveness when taken with water.

There is a need to go beyond the “health” systems, however. The target of the Government should be to integrate the good practices of AYUSH into the overall lifestyle management. The basic premises of the AYUSH and Allopathic systems are different. AYUSH focuses on lifestyles—food, exercise, mental makeup, etc. It believes that health problems arise because of imbalance in lifestyle. The



The cost of AYUSH medicines is often high because of the exorbitant cost of certification of raw materials especially to small manufacturers. The Government could provide certified raw materials in small lots to enable small manufacturers to compete, propose
Dr. Bharat Jhunjunwala and Narendra Nath Mehrotra



role of medical treatment is limited to providing immediate relief. For example a person who wakes up late, does no physical exercise, eats heavy food and is always fighting with others is likely to suffer from BP or other psychosomatic diseases. The AYUSH practitioner would prescribe early rising, morning walk, yoga and light food. That would be the basic treatment. This approach is codified in the “Vata, Pitta, Kapha” classification of the bodily processes in the Ayurvedic system. For example, if the veins have got blocked, the AYUSH practitioner would check the Vata, Pitta and Kaf and try to recreate a balance between them. Effort would be to eventually correct the bodily processes that led to blocking of the veins instead of merely removing the blockage. Assumption is that removal of blockage will not be successful if the underlying processes for their occurring are left unattended. The allopathic system focuses more on the anatomy. A stunt is placed in the veins and the blockage is removed even though the veins may soon get blocked again.

The difference between AYUSH and Allopathic system is similar to the difference between International Standards (ISO) and British Standards (BS). The ISO focuses on the processes. An ISO certification for paper factory, for example, will look at the systems in place in a factory for measuring variations in weight and colour; and the control systems for determining the amount of chlorine added for bleaching. It is assumed that the paper will be of good quality if these processes are in good shape. This is like the AYUSH focus on Vata, Pitta and

Kapha. The BS, on the other hand, focuses on the physical measurements of the paper such as weight, colour, and strength. This is like the Allopathic system that focuses on the physical parameters of anatomy. World over there is a movement from BS to ISO. As a corollary we may expect a movement from Allopathic medicine to AYUSH for achieving ‘Holistic Health.’

There is a difference in the underlying purpose of life in the two systems. The objective according to AYUSH is “inner” peace. Ayurveda is best practiced along with the disciplines of astrology, vastu, and yoga. The inner desires of a person may be indicated by astrology, for example, and vastu and yoga may help in attainment of those inner desires. The role of Ayurveda gets limited to providing stop gap treatment until the deeper realignment takes place. The objective of life according to the Allopathic system, on the other hand, is increased consumption. A person drinking expensive wines is considered to be great even if he is tense and suffering from several diseases. Therefore, the area of joint studies should be limited to the positive contributions of allopathy.

How do we then explain the huge improvement in average life expectancy that has come about due to the use of Allopathic medicine? There is no doubt that the inventions of Penicillin and Antibiotics have made a great contribution in controlling diseases. However, we have simultaneously seen the emergence of new diseases like AIDS, Mad Cow Disease, Sars and Ebola. Therefore, while recognizing the seminal contribution of Allopathic medicine, there is need to be cautious in becoming

The anatomical problems are only a symptoms of the underlying malfunctioning of the processes.

dependent on Allopathic medicine alone. There is a need to take the dimension of physical processes and inner happiness on board.

The agenda for the Government has to be made in this backdrop. The main point is that Government should focus not merely on the treatment of the ailments but on the holistic redirection of the individuals as well as the society in its various dimensions. Health must not be looked at in a stand-alone way but as a part of the larger human predicament. The Government should work with the Information and Broadcasting Ministry to make a policy to educate the viewers that disease arises mainly to the wrong lifestyles and processes. The anatomical problems are only a symptoms of the underlying malfunctioning of the processes. The Government should work with the Sports Ministry to introduce Yoga as one of the streams in games competitions. The Government should work with the Ministry of Human Resources to introduce the different principles of AYUSH and Allopathic medicine in the curriculum at the High School level. The Government must work with the Ministry of Urban Development to adopt the principles of Vastu in city planning. The benefits of AYUSH will accrue only if these various messages are given to the society to move towards a healthy lifestyle.

Come Clean on Telephone Exchange Row, Mr Maran

Responding to the challenge for public debate on the 323-line telephone exchange he stole from BSNL to his home for use by Sun TV, Dayanidhi Maran said he was ready for it but subject to two preconditions. One, he wants see the meter reading of the telephone lines for the bill of Rs 400 cr mentioned in the article in the New Indian Express on June 2, 2011 exposing the scam. Two, he wants the technical operation of the 300 telephone lines through single “ISDN PRI” connection demonstrated before the debate. He concluded: “Let Gurumurthy do these two things and fix a date and time. I am ready for a debate with him”. Simply stated, he will come for debate only if the two preconditions are met. Now see how fake is his offer to face the debate.

First, he wants to see the meter-reading for Rs 400 cr when he knows that the fraudulently installed lines were kept outside the billing system. The core of the CBI case against Maran is this: Maran smuggled out a 323 line ISDN telephone exchange capacity from BSNL’s cable assets off the record. He surreptitiously installed it in his Chennai home fraudulently the name of Chief General Manager Chennai Telephones.

And secret cables were laid from his home to Sun TV network to enable the rich TV outfit belonging to his brother Kalanidhi Maran and his wife to use the 323 lines for commerce, free of cost. The CBI says 323 high-speed telephone lines which bore the first numbers as ‘2437’ constituted Maran’s exclusive home telephone exchange. These lines can carry voice, data and video. Now some technical discourse is inevitable. There are two types of ISDN connections - Basic Rate Access [BRA] and Prime Rate Access [PRA]. The BRA lines are of lower capacity. They can carry voice/data/video on two channels [measured technically as 64kbps each]. The PRA lines are of higher capacity and can carry telephone/data/video [64kbps each] in 30 channels simultaneously.

The first batch of 23 of these lines were separately numbered BRA lines. The 23 BRA lines have 46 Channel telephone/internet/video programming capacity each. Two of these lines [24372222 and 24372233] were also ISD lines capable of



The core of the CBI case against Dayanidhi Maran is that he smuggled out a 323 line ISDN telephone exchange capacity from BSNL’s cable assets off the record and covertly installed it in his Chennai home fraudulently , explains S Gurumurthy





***Confessing to
the existence of
his 323-line
secret home
exchange, the
BSNL note nails
Maran.***

international transmission. The second batch are 300 PRA lines bearing consecutive numbers 24371500 to 24371799, with ISD facility, which can simultaneously carry telephone/internet/video transmission in 30 channels. Thus, in all there are 32 ISD lines for international internet/video transmission and 21 STD lines for inland telephone/internet/video transmission- constituting 76 BRA/PRA channels for telephone/internet/video transmission. Did Sushma Swaraj and Pramod Mahajan install such huge fraudulent private telephone exchanges in their homes, Mr Maran? Even Maran would have had no use for this huge tele capacity.

With underground cable linking the 323 lines to Sun TV, it was clearly intended for the giant TV's national and international cable video and data transmission.

The CBI says that the installation of the 323 lines were "programmed in such way that no one other than the authorised BSNL staff was aware of" the existence of this private telephone exchange. The BSNL file note corroborates this. It says that the lines starting with '2437' were not traceable in its records. Only the conspirators within BSNL who secretly installed the 323 ISDN lines knew of their existence. After Maran ceased to be the telecom minister in May

2007, other BSNL officials began searching for where these secret numbers were installed. Why did they begin searching for these numbers? Here is that interesting story.

Maran resigned as Telecom Minister on 13.5.2007. Two weeks later, on 28.5.2007, on his behalf, a request was made to BSNL to convert the two numbers, 24371515 and 24371616 "working for the former Minister" Maran - to MP quota. It is this request that forced the BSNL to record on its file the explosive fact of the secret 323-line home exchange. The BSNL note was published by the New Indian Express on 9th June 2011 [article titled "Will you accept it as Wrong, Mr Maran?"]. This is what that article brought out.

The BSNL note says that "no information" was "available about these numbers" - 24371515, 24371616 - with "Public Grievances Cell or computer cell". This gives clue to the fraud. It meant that the entire 323 lines, which constituted a separate exchange with the common code '2437', had been kept out of the exchange system itself.

The officers had therefore, "to contact" the local Mambalam exchange "for details of these numbers". This was how Maran hid his home tele-exchange. If local Mambalam BSNL subscribers needed attention, they would dial '1191'

after the exchange code '2431'. For the Maran home exchange, all calls for attention would have to be made to the exchange code '2431', keeping the existence of the exchange and the code '2437' secret. Next, Confessing to the existence of his 323-line secret home exchange, the BSNL note nails Maran. "It is learnt", the BSNL says, that the numbers "24371515 and 24371616" [which Maran had asked to be converted to MP quota] are "auxiliary numbers" of the "main number 24371500 with 300 extensions". The Note adds that this main line [24371500] "is working in 3/1 Boat Club Road...in the name of CGM Chennai Telephones".

The Note confirms more crucial facts. One, the 23 BRA lines and main PRA line 24371500 conceal within the 323-line illegal exchange including nos 24371515 and 24371616; two, the fraudulent exchange was in the name of CGM Chennai Telephones, not in Maran's name; and three, the illegal exchange was operating till 21.6.2007 - that is for six months and three weeks since January when it began; and four, the charges for this exchange were borne by the government - the words "under the DTISD [Dept] category" in the Note implicitly admits the fact that the 323 lines were provided free of cost. The Note makes two more devastating admissions. First, it says, "for effecting the conversion of the above numbers" into chargeable MP quota lines as requested by Maran, the main line "24371500 has to be suppressed" and "24371515 and 24371616 have to be created as ordinary numbers with STD facility and MP category". Why suppress the number 24371500? Simple. The existence

of the No 24371500 would expose that it was the main line with 300 auxiliary connections continuously numbered from 24371500 to 24371799. It had to be suppressed. And it was. Second, the Note confirms the existence of further 23 lines at Maran's home. Maran first claimed on June 2, 2011 that he had only two lines 24371515 and 24371616. Now he says on after thought that he had only one line - that was 24371500 - treating the entire 300 auxiliary lines as one line!

Now come to the meter-reading for Rs 400cr bill which Maran is asking as condition precedent for debate. When the entire 323-line facility is provided free of cost in "DTISD [Dept] category" and is made un-billable, how could the calls be metered and bills generated? The CBI found, in just for the month of March 2007, 4.8 million units of calls had emanat-

ed from just one number 24371515 out of the 30 PRA channels in the 300 lines consisting of nos 2437500 to 24371799.

This alone means a loss of Rs 1.2 cr mentioned in the FIR against Maran, which he is holding on to as if it is the final figure of loss. It does not include the use for 24371515 for five more months and for other numbers for all six months. The real loss is what the BSNL would have lost by installing the facility and not billing for it, estimated in the first article in NIE on June 2, 2011, at Rs 400 crores. If the CBI asks the BSNL for evidence of the loss, they would have to assess the real figure of loss. With penalties which could be several times the actual bill amount, it could be much more.

The CBI has reportedly got evidence that BSNL which installed underground cable from Maran's home to Sun TV office got ap-

proval from Chennai Corporation by antedating its application. This proves the installation of the underground cable to connect the secret exchange to Sun TV. More. Behind a PRA line there can be any number of auxiliary lines - like 300 in this case. It can be much more.

All 323 lines can be simultaneously used to transmit voice/data/video subject to the over all 76 channel capacity at any given time - like hundreds of cycles, cars, heavy vehicles all can go on a road simultaneously subject to the capacity of the road. How much traffic the PRA lines can carry may be a point for the debate, but not a condition precedent to it. The CBI can let in expert evidence on this point in court.

No seer is needed to say that both the conditions set by Maran for debate are just alibi, calculated to avoid the debate. Come clean, Mr Maran. □□

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Let's bank on the sun, not on coal

Though the immediate danger of another power crisis due to coal miners' strike is over, a major challenge continues to haunt policy makers ~ how to meet the ever-growing demand for electricity.

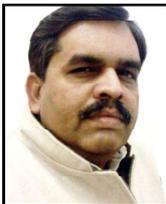
With the Supreme Court scrapping the allocation of 214 coal blocks that it ruled had been illegally allocated by successive governments since 1993, putting coal-based thermal power plants on the brink of closure and forcing import of coal to somehow keep power plants working; the energy sector has been going through a huge crisis.

After the subsequent issue of an ordinance by the government for the reallocation of coal blocks through the auction route, thermal power plants are seemingly overcoming the worst. However, the coal-based thermal power sector does not seem to be out of the blues.

It is notable that erection of several thermal power plants with an investment of not less than Rs 10 lakh crore is pending. In the post-ordinance scenario, when auction of coal blocks would start, these projects are expected to see the light of day. However, a major question is whether these thermal power projects would be economically viable.

It is true that despite several problems, coal is the cheapest option for producing electricity in the country; and coal-based production is advocated for various reasons. India has the third largest coal reserves in the world. Mining, transportation and usage of coal are much easier in the country. However, in future coal-based energy production may face various hurdles. One such hurdle may come from the international community; due to the dangers of global warming, India may face pressure to limit use of coal.

Recently, the USA and China reached a bilateral agreement according to which China will peak its emissions of greenhouse gases and later it would start reducing these. In such a scenario, India would also face pressure to reduce its greenhouse gas emissions. Coal-based thermal plants emit huge amounts of greenhouse gases, which lead to rise in the earth's temperature. Thermal power plants



The demand for electricity is bound to increase with growth in incomes and would be difficult to fulfil from thermal power. Future power needs should be met by giving preference to non-conventional sources, especially wind and solar, opines Dr. Ashwani Mahajan



work for many decades; any new thermal power plant, if erected now, may face pressure to close down sooner rather than later, to help reduce global warming. Due to this reason, even availability of finance would be a major issue.

Secondly, price of coal may rise in future, as there is an upward trend in transportation cost of coal. Despite the government's best effort to avert a coal crisis, prices are bound to increase in future. We should also learn from our earlier experience that when coal supply is affected, forced import of coal leads to worsening of our current account deficit and the weakening of the rupee. Thirdly, thermal power plants require huge amount of water, which is becoming scarcer day-by-day.

It is an open secret that the cost of thermal power is Rs 4 to 5 crore per megawatt, whereas the cost of a solar plant is nearly Rs 7 crore per megawatt. But solar power plants can produce electricity at nearly zero running cost. Apart from this, it is not practical to construct small captive coal-based thermal plants; however, solar power plants are possible in any size and capacity. Now, when it is possible to send electricity produced by solar plants to the grid, solar power is set to give tough competition to coal-based power.

Today, distribution of power in the country is a big problem. Whether it is theft of power or inefficiencies in transmission, a huge amount of electricity goes waste. Transmission and distribution losses in the country range between 13.5 per cent and 58.5 per cent in different states. By installing solar panels on rooftops we can provide electricity in a decentralised



manner. This would end inefficiencies in distribution, and commercial establishments, institutions and even households could meet their requirements.

As we feed electricity to the grid from thermal plants, we can feed solar power also into the grid. States like Karnataka, Tamil Nadu, Andhra Pradesh etc. have already started net metering system in which one can feed electricity produced by solar panels and in case of need, power can be drawn from the grid. Customer is then billed on the net electricity drawn from the grid.

On the one hand, cost of producing electricity by conventional sources like coal and oil is becoming costlier, on the other cost of solar panels has been going down. In the past solar panels cost \$5 per watt which has come down to less than a dollar. At the same time, capital cost of conventional power plants has been rising. The cost of thermal power plants, which used to be Rs 2 crore a megawatt, has increased to Rs. 4-5 crore a megawatt now. Therefore, even if cost of producing conventional power may be slightly lower, for various reasons solar power will become relatively cheaper in future. In distant places, where electrifica-

India is far behind the developed countries in terms of per capita consumption of electricity.

tion is yet to take place, solar power could definitely turn out to be a cheaper alternative as transmission and distribution expenses can be avoided.

The most important fact is that generation of solar power has "zero effect" on the environment and therefore ever-rising demand for electricity in the nation can be easily met without causing pollution. Today India is far behind the developed countries in terms of per capita consumption of electricity. Per capita consumption of electricity currently is just 574 kilogram equivalent of oil in India, whereas it is equal to 7069 kilogram per capita equivalent of oil in the USA. The demand for electricity is bound to increase with growth in incomes and would be difficult to fulfil from thermal power.

There should be rethinking on giving go-ahead to pending thermal power projects. Future power needs should be met by giving preference to non-conventional sources, especially wind and solar. □□

Pool CSR to make corporate partner in progress, cut govt costs

The profiteering corporate culture has shown little responsibility towards society. The corporate during the past many years is only pressurising the government to succumb to its demand for giving more and more. The corporate itself has given little. The CSR – corporate social responsibility - has not helped the society but it has increased their profits through setting up so called foundations.

The corporate bodies have not shown the concern to uplift the condition of the people. Their exercise during the so-called slowdown, which apparently, as per their phenomenal profit figures, did not hit them, helped them earn bounties. Not a paisa was transferred to the people but they got government incentives (subsidies) of over Rs 1.5 lakh crore at the least during the past five years.

They cartelised and went on increasing prices of all commodities. Now with the onset of change in political and economic climate they are neither prepared to help the government nor the people by reducing prices. The car companies despite fall in many input costs do not reduce ex-factory prices, which could automatically reduce taxes. They thrive on excise duty cuts and rue when it is withdrawn.

The proposals of all their organisations are aimed at having further incentives through tax and interest cuts – each of it levies direct burden on the common man. He pays higher taxes both direct and indirect and higher prices and toll.

The corporate now have to change their tack and come out with proposals to come to the aid of the government. They are using CSR funds to set up “foundations” that employ their kith and kin. It gives them tax benefits as also build up reserve. Some piecemeal showpiece activities do not help the society. It gives them mileage in terms of publicity. A big tea firm has boosted its sales through so-called efforts to “strengthen democracy”.

It has to change. They are diverting the government efforts from helping the people and initiating schemes for their welfare. Even the MNREGA was forced by them. They cut on jobs forcing the government to take on the responsibility.



The corporate bodies show no concern to uplift the condition of the people. Not a paisa was transferred to the people but they got government incentives of over Rs 1.5 lakh crore at the least during the past five years. The companies behave as if they are the only ones who need help in perpetuity, explains Shivaji Sarkar



This helped them expand to the rural market as average income grew.

Again they did not pay back to the society. The corporate now has to come up with concrete proposals for the untapped CSR funds. They must come up with proposals to be a direct partner in government efforts to reduce prices, create jobs and boost the economy.

There is anger in the society as jet fuel cut of 12 per cent that brought prices to a four-year low of Rs 52.4 a litre did not make airfares cheaper. Similarly the crude prices touching a low of \$ 57 did not reduce fuel prices as the government had to increase excise duty to fund Rs 10,550 crore road construction a year – that also benefits the corporate raise toll rates.

The corporate are losing no opportunity. The higher fares and toll rates boost their profits. People expect them to reduce increase in cost of living by coming out with proposals and steps to reduce prices and inflation.

The industry bodies have to think out of the box. They cannot depend on the government in perpetuity at the cost of the people. The corporate are raking in the largest benefits from the society and giving little back.

The time for pay-back has come. They have to pool out their CSR resources to help the government cut expenses in highway and rural road-building, irrigation, railways, education, health, infrastructure funding, maintain public sector bank profits and consequent elimination of toll and other cesses that increases cost of living.

The car companies have been earning huge profits, much higher than their parents could earn in their



The corporate now has to come up with concrete proposals for the untapped CSR funds.

countries of origin. Pharmaceutical and health care companies' profits have soared even higher. The FMCG companies have virtually been riding on over 500 per cent profits. The education shops raked in untold profits through increase of fees and other charges by over 100 to 200 per cent during the past five years. Except small entrepreneurs, who were not paid on time by the large corporate, none suffered.

The consumer at all levels had only to lose. This led to fall in the savings rate that had been lubricating the economy over the last six decades. Now the onslaught on interest rates is a dangerous move to erode the value of the poor man's wealth to increase profits of the corporate.

Each time the government has to take blame for their lure of profit. They do not give a farthing back to the government. The companies behave as if they are the only ones who need help in perpetuity. The latest report of global financial services firm UBS says, "India is among the best corporate sector stories. India is the poster child for structural reforms".

It only means the corporate are buoyant but the society is in tatters – a huge disparity if not corrected could cause a severe social and economic upheaval. The story could turn turtle.

The corrective steps now have to come from the corporate. They should not expect the government to dole out the sops they want. The government has shown its resolve to ensure a low-tax regime. But initiative is possible when they come out to help out in real terms. The least, as suggested, they could is to come out with proposal that could reduce government borrowings, increase funding of railways, health care and all people-oriented services.

The ancient Marwaris had been giving back to the society in the name of "dharmada". The modern-day high profile corporate has to emulate but modernise the instruments. If together they take responsibility to reorient CSR much of it could be achieved.

The Indian corporate had always belied hopes if not betrayed them. They had not responded to the call of first prime minister Jawaharlal Nehru. The country is looking towards them to usher in a new culture to help the latest one, Narendra Modi, tide over a severe economic crisis.

This is an opportunity for the corporate. If they do it they would set global example and set India apart for ushering in the real new economy, where corporate would no more be seen as exploiter but a partner in progress. Will they?

□□

HLC Report

A Recipe for Climate Disaster and Silencing People's Voice



The Report of the High Level Committee to review Environmental Laws will now be considered by the Department Related Parliamentary Standing Committee on Science, Technology, Environment and Forest headed by Congress Member of Parliament Dr Ashwani Kumar. The report if accepted will spell doom for both the environment and infringe on people's constitutional right to a balanced ecosystem, clean air and water. In the name of reducing and eliminating the 'inspector raj', the Committee reposes

complete trust on the Industry and views people's voice with suspicion.

The High Level Committee (HLC) was set up to by the Ministry of Environment, Forests and Climate Change (MoEF&CC) and comprised of former Cabinet Secretary T.S.R Subramanian as Chairperson, with former Secretary to Government of India Vishwanath Anand, former Judge of the High Court Justice (retd) A.K Srivastava and former Additional Solicitor General of India K.N Bhat as members.

The Report is against the Constitution: It violates Article 21, since interest of business and industry has been given paramount importance and overrides the right to clean air, water and balanced ecosystem. If the HLC recommendations are accepted, the State will abdicate its protective role mandated under Article 48 (A) of the Constitution and will rather rely on 'Utmost Good Faith' on the part of the industry. The fundamental duty of every citizen to protect environment, forest and wildlife as provided under Article 51 (a) g of the Constitution will be viewed with suspicion, since the HLC requires that the bona fide of those who intend to protect the environment be subjected to scrutiny with threat of exemplary punishment. The HLC report violates India's International commitment under the Rio Declaration of 1992 and other International Treaties. Public Participation and Public hearings: the essence of democracy is sought to be removed for a range of projects and would render people voiceless. The HLC report is out of tune with the current environmental realities: the report is totally blind to climate change concerns. There is no discussion or analysis on climate change at all. India's 12th Five Year Plan specifically gives importance to climate change when it acknowledges that India will be one of the countries most severely affected if global warming proceeds unchecked and as such appropriate domestic action is necessary.

Most disturbingly, the HLC aims to defang the National Green Tribunal: A quasi judicial body that has emerged as the most effective grievance redressal

HLC report has nothing to do with identifying the vulnerable populations and giving affected people any effective say in decision making process. Absence of such role for people is one of the key reasons for current environmental problems, point out environmentalists

mechanism on environmental issues. The HLC limits the role of the NGT to the narrow confines of 'judicial review' as opposed to a comprehensive 'merit review'. It is therefore a clear attempt to insulate the Government decision from judicial scrutiny. It has recommended that power to review the decisions should vest with a body comprising of serving and retired secretaries to the Government. The basic constitutional scheme of separation of powers is thus planned to be disturbed.

The recommendations of the Committee reflects are tailored primarily towards introducing changes to environmental laws with the primary purpose of 'doing business easier in the country'. While occasionally, cursory references are made to laudable objectives transparency', 'accountability', 'inter generational equity' and 'sustainable development', there is little connection between the stated philosophy and the recommendations. Rather, the recommendations are primarily aimed at relaxing standards and procedures for projects, reducing spaces for public participation in environmental decision-making.

The Committee, constituted on 29th of August, 2014, submitted its report in less than three months, on 20-11-2014. Prepared in great haste, it is replete with factual inaccuracies, wrong and misleading conclusions and the incorrect interpretation of the laws it was meant to review. The Committee also oversteps its terms of reference and suggests changing the framework of environmental justice (like the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest

HLC on GM Technology

The Committee also would like to sound a note of caution that while utilising science and technology their limitations as well as the need for appropriate human intervention should not be lost sight of. The potential consequences of mindless use of science and technology could possibly be illustrated by referring to the potential for medium/long-term adverse affects through unprepared introduction of Genetically Modified (GM) food crops. While other Ministries naturally would aggressively push for early field trials and induction, the role of the MoEF&CC may have to be one of being a Devil's Advocate to advise due caution. Noting that Europe does not permit field trials, and that the average Indian farm is of very small size (which could lead to severe adverse impact on biodiversity through gene-flow) also noting that there are no independent expert agencies in the country, perhaps the MoEF&CC may ask for greater assurance in respect of potential adverse effects in the medium and long run. This is not to argue that use of science or technology should be limited; more to highlight the fact that appropriate caution needs to be taken. Recommendation: Use of science and technology, wherever possible and appropriate should be encouraged; approval and enforcement agency should use latest technology to the maximum possible. □

Rights) Act, 2006 and the National Green Tribunal Act, 2010), and even recommends a brand new piece of legislation to be strangely called as the Environmental Laws (Management) Act or ELMA, which would prevail over all contrary judgments issued in past decades or the provisions of any environment law promulgated till date.

The recommendations, if accepted, would dismantle the foundation of environmental rights in India and only lead to an increase in environmental conflicts, and should therefore be rejected in its entirety.

The HLC recommendations of include faster and single window clearances with advocacy for utmost good faith in the project developers; relaxing the environmental governance on several counts, for fast track clearances for mining, power, line projects and large number of other projects; recommending relaxation of public consultation process in most of the projects, for in-

cluding the officials and the ministers (the executive) from environmental responsibility; delaying the legal challenge process to clearances and also for debarring the legal challenge on merit. These HLC recommendations will relax the environmental governance and hence invite greater environmental disaster and by implication, climate disaster for India.

In sum, the Report of the HLC is regressive, is aimed at dismantling the legal framework which exists for protection of environment. It recommends for new law, Rules and procedures which is solely aimed at ensuring that environmental quality as well as peoples voice is silenced.

There can be no piecemeal acceptance of the report. The report deserves to be rejected. □□

(Excerpts from Summary note Prepared by
Ritwick Dutta, Lawyers Initiative For Forest & Environment
Debi Goenka, Conservation Action Trust
Manoj Mishra, Yamuna Jiye Abhiyan
Himanshu Thakkar, South Asian Network for Dams,
Rivers & People.

Calcutta Congress 1917

In the Congress session in Calcutta in 1917 Annie Besant was elected as President. She thundered, "India demands Home rule... because freedom is the birth right of every nation." It was an echo of Tilak's, "Swaraj is my birthright, I shall have it." Soon Besant, Arundale, Wadia, Karrnadi Kar and Marathe were interned which caused great resentment among the Indians. Sir Subramania Ayyar renounced his Knight hood and Dewan Bahadur requested President Wilson of USA to pressurise England to grant Home rule to India. Lajpat Rai, Hardikar and K.D. Sastri left for USA to garner support for India.

On 19 September 1918, Tilak left for London to fight his defamation case against Sir Chirol.

While Tilak, the father of Indian unrest was in London, contacting members of the Labour party and others, Govt. of India passed the Rowlatt Bill based on the report of Sedition Committee to suppress the revolutionary movement.

Gandhi Era in India - 1919

Gandhi who arrived in Natal in 1893 as a Lawyer for Muslims of Porbunder in South Africa, despite facing insults supported the British during Boer War and later during Zulu rebellion in 1906. When the South African Govt. asked Indians to get registered by their finger prints Gandhi opposed it through Satyagraha and underwent imprisonment. With Indian Relief Act of 1914 Satyagraha came to an end in South Africa and Gandhi arrived in India in 1915. Gandhi though earlier said that the British empire existed for the welfare of mankind called Hartal

The Freedom Movement

(Untold stories)

— Saroj Kumar Mitra —

against Rowlatt Act under his Satyagraha Sabha with Vallabh Bhai Patel and Sarojini Naidu. Gandhi called for Hartal on 30 March, 1919 and then changed it to 6 April. Gandhi was arrested on 10 April, 1919, Violence erupted in Puniab, Delhi and Ahmedabad.

In the Jalianawalla Bag, O' Dyer killed one thousand persons consisting of children, women and men and caused injury to an equal number on 13 April 1919. While Rabindranath Tagore renounced his Kinghood as a protest, Gandhi suspended his agitation on account of the good-will shown by the govt. as he put it. O' Dyer was hailed as a hero in London by the Englishmen Besant though condemned massacre at Jaliwanawalla supported Rowlatt Act.

In reply to the Royal proclamation seeking co-operation for constitutional reforms (Montague Chemsford), Tilak sent one telegram to the king drafted by Baptista which read, "Responsive co-operation."

On 23 November 1919 Gandhi was made president of Khilafat conference in Delhi. M.N. Roy attended the Second International at Moscow as a delegate from Mexico. In 1920 Khilafat movement started in India by Indian Muslims which received unconditional support from Gandhi. Tilak refused to attend Hindu-Muslim conference held in 1920 but allowed Gandhi to manouvering. Rajgopalachari, Nehru, Patel

and others in Congress at that time were too weak to raise their voices. Only Sankaran Nair and Ambedkar differed with Gandhi.

Tilak died on 1 August 1920. Earlier Tilak sent Baptista to Aurobindo at Pondicherry, inviting him to join his Newspaper. Aurobindo declined the offer. With Tilak's demise the Congress came under Gandhi's mystic spell.

Dr. Munje Dr. Hedgewar, Aurobindo

In a special session of Congress in Calcutta in September 1920, resolutions adopted supporting Non-Co-operation and Khilafat. The regular session of Congress was held at Nagpur in December 1920. On behalf of the Reception Committee constituted at Nagpur for the ensuing Congress session Dr. Hedgewar and Dr. Munje were being sent to Pondicherry to invite Aurobindo to lead the Congress. Both Munje and Hedgewar met Aurobindo at Pondicherry in September. But Aurobindo expressed his inability to move out of Pondicherry. Aurobindo told that India would get independence soon but the country had to pass through such stages.

Though C.R. Das opposed boycott of Legislatures before coming to Nagpur, he softened his stand after meeting Gandhi at Nagpur. Under Vijay Raghavachariar's presidentship the Congress passed resolution on Non Co-operation. B.C. Pal, Jinnah, Besant and Malaviya opposed it. G.S. Khaparde

pointed out that resolution passed on Non-Co-operation (NCO) in Calcutta Congress would, “...divert the energies of the Congress into direction of attaining soul force and moral excellence and loose sight of the political aspect of affairs.” The autocratic personal rule in the guise of NCO was imposed on Congress as opposed to democratic collective decision.

In the working committee meeting of Congress at Vijaywada the following targets were fixed.

1. Tilak Memorial Swaraj Fund to raise One Crore rupees.
2. One Crore Membership.
3. Introduction of 20 lakh charkha.

All the above targets were achieved which consolidated Gandhi's leadership.

While Civil disobedience movement was continuing supporting Khilafat agitation in 1921, its non-violent character was lost as Ali brothers encouraged Muslims for communal violence. Muslims were encouraged to loot Hindus, resort to rapes etc. by Ali brothers the two disciples of Gandhi. Ali brothers were thus arrested. Gandhiji requested Ridding the Viceroy of India to release Ali brothers. Ali brothers were released by tendering apology in writing to the Viceroy. This incident lowered Gandhi's image in the public esteem.

In May 1921 Subash Chandra Bose resigned his ICS and joined the freedom movement. In Kerala, Moplas (Muslims) encouraged by Khilafat movement indulged in the most uncivilized torturing of Hindus. Hindus faced rape, loot and murder and had to flee from their villages. The Congress remained a mute spectator and Gandhi supported the Moplas in 1921.

In Bengal C.R. Das's wife Basanti Devi led batches of Volunteers to court arrest as part of Civil Dis-obedience movement. Everyday batches of volunteers started courting arrest. Soon Jails of Bengal were filled with volunteers.

Prince of Wales was to visit Calcutta On 24 December, 1921. The Govt. sent a proposal to C.R. Das that provided Congress withdraw boycott of Prince of Wales in Calcutta, Punitive action against volunteers would be stopped by the govt. C.R. Das did not accept the proposal and was arrested. Motilal Nehru and Lajpat Rai were also arrested.

But Ridding soon realised that arrests had aggravated the situation. He came down to Calcutta and through Azad and Madan Mohan Malaviya sent proposal to C.R. Das that if Congress withdraw boycott of Prince of Wales, Govt. would withdraw all repressive measures and convene a Round Table Conference in December for deciding the future of India. C.R. Das being in prison sent telegram containing the above proposal to Gandhi to consider. Gandhi put a condition that boycott of the Prince would not be withdrawn so long Ali brothers were not released. Gandhi who earlier declared Swaraj to be achieved put Ali brothers above the nation's interest. The Govt. refused to release Ali brothers.

While C.R. Das, Motilal Nehru, Lajpat Rai along with 40,000 volunteers were in the prisons the Congress session was held at Ahmedabad on 21. December 1921. Gandhi got a resolution passed in his favour to fully control and regulate Congress. Though a resolution for complete Indepen-



Manabendra Nath Roy

dence got full support Gandhi rejected it.

On 1 February 1922 Gandhi sent an ultimatum to the Govt. to release all prisoners languishing in Jails within a week or face Civil disobedience which he would start at Bardoli in Surat. Gandhi's ultimatum to the Govt. created tremendous enthusiasm among the people. But it was like a thunder not accompanied by cloud as the great Gandhi's action would prove.

On 5 February at Chauri Chaura people resorted to violence and burnt some police men. This incident did not occur due to Gandhi's call.

Malaviya, Natarajan, Jinha and Jaikar were not in favour of Civil Disobedience movement from the beginning and wanted a Round Table Conference instead. These leaders met Gandhi on 9 February 1922 and Gandhi withdrew his ultimatum to the Govt. The Congress was to stage one man show hence after. People were shocked. Wrote Roma Rolain from France, **“if ultimate power is handed to one individual what disgrace it brings, is revealed by this incident:”** Gandhiji was arrested.

[To be Continued]

Jaishankar is new Foreign Secretary

S. Jaishankar took charge as Foreign Secretary, replacing Sujatha Singh. He will have a two-year tenure as per rules. Before his sudden appointment as Foreign Secretary, the 60-year-old diplomat was India's Ambassador to the US. He had also been posted as Ambassador to China, Singapore and Czech Republic. The decision to appoint Jaishankar, who played a key role during Prime Minister Narendra Modi's visit to the US in September and US President Barack Obama's just concluded visit here, was taken by the Appointments Committee of the Cabinet chaired by Modi. Singh had taken over as the third woman Foreign Secretary in August, 2013 and had eight more months to serve. Jaishankar, son of late K Subrahmanyam, one of India's leading strategic analysts, was a key member of the Indian team which negotiated the landmark Indo-US nuclear deal. □

Govt not to appeal against Vodafone

Centre has decided not to appeal against the Bombay High Court's verdict in the Vodafone tax case. Briefing media after a Cabinet meeting, Telecom Minister Ravi Shankar Prasad said Attorney General Mukul Rohatgi's advice to not move the higher court has been accepted. "The Government wants to convey a clear message to global investors. We have tried to give a positive message," he added. Vodafone, in a statement, said: "We welcome the Indian Government's decision not to appeal the Bombay High Court ruling. Stability and predictability in tax matters are important for long-term investors such as Vodafone."

The tax authority had issued a show-cause notice to Vodafone on January 17, 2014, for a transaction that took place in fiscal year 2010. Later, it passed an order asking the company to pay an additional Rs.3,200 crore in tax for allegedly undervaluing the shares of its Pune BPO.

Editor held over reprint of Cartoon

The editor of an Urdu newspaper, Shirin Dalvi, was arrested by the Mumbra police in the adjoining Thane district for reprinting a controversial cartoon of Prophet Mohammed originally published by French satirical weekly magazine Charlie Hebdo.

Dalvi, who was arrested and booked under Section 295 A of IPC for outraging religious feelings of any class by insulting its religion and religious beliefs, was later produced before a local court, which granted him bail. Acting on a complaint lodged by one Nushrat Ali, the Mumbra arrested Dalvi, the editor of Avadhnama, for reprinting the controversial cartoon in her publication's January 17 issue. Avadhnama had carried the image printed originally on the Charlie Hebdo cover issue which was published after the terrorist attack that killed the magazine's editors and cartoonists.

In his complaint lodged with the Mumbra police station, Nushrat Ali had said that the controversial cartoon of Prophet Mohammed reprinted by the Avadhnama had hurt the religious sentiments here and create enmity among different communities.

The Paris-based Charlie Hebdo magazine office in Paris was attacked on January 7 2015 by extremists who shot dead two policemen and 10 journalists, including four famous cartoonists of the magazine and its editor Stéphane "Charb" Charbonnier.

No cut in Rail fare

Railway Minister Suresh Prabhu has hinted that there may not be any cut in train fares despite the fall in diesel prices. The Railway Minister told the media in Bengaluru after flagging off four new trains in the city through remote signaling.

Actually, the Railways recover only 50 per cent of the passenger cost they bear. So, there is already a huge element of subsidy (and passengers are getting benefits as passenger fare is subsidised)," Prabhu added. Prabhu said the Government was serious about the introduction of Bullet Trains in the country.

The Minister said feasibility studies had been initiated on the first route and the study on the second will be taken up soon. To a query on high speed trains, Prabhu said the Government is making efforts to define high-speed trains, but certainly the Railways is focusing on increasing the average speed of both passenger and goods trains.

Pension scheme deficit

The findings of the latest valuation report of the pension scheme managed for Employees Provident Fund subscribers mean there would be a deficit of Rs 7,833 crore if all the 3.49 crore active subscribers come forward to claim their pension dues (there are also 8.3 crore inactive members). After falling for

Rape survivor files lawsuit in U.S. court

The 25-year-old woman victim, raped by an Uber driver in New Delhi last month, has filed a lawsuit against the taxi service company in a U.S. court arguing that it does not adequately screen its drivers and its “negligence and fraud” lead to her being sexually assaulted and humiliated. The woman has not been named in the 36-page lawsuit filed in the California federal court against the San Francisco-based firm and has been identified only as ‘Jane Doe’

She is seeking an unspecified amount of damages that should be determined at a jury trial and compensation for the “physical and monetary” harm and for harm to her “professional and personal reputations” the assault caused her. She is also seeking a permanent injunction directing that Uber take all affirmative steps necessary to remedy the effects of the unlawful conduct alleged in the lawsuit and to “prevent repeated occurrences in the future.”

Following the filing of the lawsuit, the victim’s lawyer, prominent New York Attorney Douglas Wigdor said Uber’s focus on its “bottom line over the safety of its passengers has. □

two straight years, deficit in the Employees’ Pension Scheme rose again and reached close to the Rs 8,000 crore mark at the end of 2013-14, although it is still seen to be within manageable levels.

Gap between the assets and liabilities is sufficient to prompt the actuarial valuation report — which was discussed by the Pension Investment Committee — to suggest a review in the investment norms to enhance returns and ensure that benefits are not increased without getting an expert view. A review of the investment norms has been on the cards for years but the labour ministry as well as trade union representatives are not in favour of a change and have in fact sought more benefits under EPS.

With the pressure on EPS going down, the issue has been pushed to the backburner. There were loud calls for reworking the scheme when the valuation report had said that by end of March 2009, EPS faced a deficit of Rs 61,608 crore, an estimate which was later described as incorrect as EPFO had not provided the entire data to the actuaries. Subsequently, on March 31, 2012, the deficit was estimated at Rs 10,855 crore, which dropped to little over Rs 6,700 crore a year later.

NHRC faults policy draft

The National Human Rights Commission’s core group on health has observed that rights perspective is missing from the draft National Health Policy, 2015. The group also said the public health system needs to be made accountable and participatory and that the 2015 draft does not talk about community action.

The views were expressed while reviewing the draft National Health Policy, 2015 of the ministry of health and family welfare at a meeting of the com-

mission’s re-constituted core group on health. The meeting was chaired by NHRC member S C Sinha. He said health was one of the most basic and essential asset of a human being and therefore, it was a fundamental human right that enabled one to live a life with dignity.

The group also said that public-centered universal health care found no mention in the 2015 draft policy, and added that it should look into national action plan on health prepared by the NHRC in collaboration with Jan Swasthya Abhiyaan and the ministry and that it should also reflect the budget that the government will invest in the health sector.

Govt plans to assist pharma companies

Union health ministry has proposed a regulatory pathway for pharmaceutical companies conducting clinical trials and planning to launch products in the country. The ministry has proposed ‘pre-submission meetings’ to enable technical deliberations between the drug regulator and stakeholders to address concerns even before companies make formal application seeking product approvals or permission for clinical trials.

The idea is to facilitate speedy approvals, while bringing in transparency, accountability and predictability, a latest notice by the Drugs Controller General of India (DCGI), proposing the move, said. DCGI, operating under the health ministry, is the drug quality regulator with a mandate to approve new drugs, clinical trials and medical devices. It also monitors the quality and efficacy of pharmaceutical products sold in the market.

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White House posts fun video trip

A video that has popular Indian-American actor Kal Penn riding an auto rickshaw incognito on Delhi streets while sharing his impressions of President Barack Obama's India visit has been posted on the White House website. Kalpen Suresh Modi or Kal Penn as he is popularly known as, was part of the US delegation to India led by Obama, but took time off from official engagements to drive down to some parts of New Delhi in an auto rickshaw.

The video in which Penn, who is on President's Committee on the Arts and Humanities, has been posted on the White House website. It also narrates his impression about Obama's historic visit. In the video, running into 2.52 minutes, Penn whose parents are from Gujarat, explains why the US President was in India to attend the Republic Day Parade as its Chief Guest at the invitation of Prime Minister Narendra Modi. Penn explains that Obama accepted the invitation as this was a unique opportunity and that the US President and Modi have developed a very close relationship after the September 2014 meeting between the two at the White House. □

Alibaba accused of oversight

Alibaba Group Holding Ltd has a "credibility crisis" fueled by a failure to crack down on shady merchants, counterfeit goods, bribery and misleading promotions using its online malls, the Chinese government said. The scathing report by the State Administration for Industry & Commerce accused Alibaba of allowing merchants to operate without required business licenses, to run unauthorized stores that co-opt famous brands and sell fake wine and handbags. Alibaba employees took bribes, and the e-commerce giant didn't fix flaws in customer feedback or internal credit-scoring systems, it said.

"For a long time, Alibaba hasn't paid enough attention to the illegal operations on its platforms, and hasn't effectively addressed the issues," the report said. "Alibaba not only faces the biggest credibility crisis since its establishment, it also casts a bad influence for other Internet operators trying to operate legally."

Bob Christie, a spokesman for Alibaba, said the Hangzhou-based company couldn't immediately comment. The report was released a day before the Hangzhou-based company is expected to release earnings from its first full quarter since the initial public offer.

Qualified couples to have second child

Facing a sharp decline in work force, Shanghai authorities have appealed to "qualified young couples" to have second child as 30 per cent population of China's biggest business hub will be aged 60 or above by this year's end, official media reported. As the world's most populous nation struggles to grapple with the surging numbers of the old, the demographic crisis were more pronounced in Shanghai,

China's biggest city with over 21 million people struggling to find work force.

In a rare public call, an official at Shanghai's Population and Family Planning Commission which oversees the city's birth control, appealed for "qualified young couples" to have two children. The comment came on Sunday during a consultation as part of the annual meeting of the Shanghai people's congress, Hong Kong-based South China Morning Post reported. The official was quoted as saying the benefits of having a second child including family stability and social development. Shanghai is one of the first big Chinese cities to face this population dilemma.

Greek government reverses policies

Greece's new hard-left Prime Minister Alexis Tsipras sent the Athens stock market diving after his government scrapped key privatisation projects and pressed home its demand for debt relief. In sweeping announcements two days after taking power, Tsipras began reversing many of the unpopular measures that underpin Greece's 240-billion-euro (\$269 billion) bailout programme. His "national salvation" government said it was putting on hold the previous administration's plans to sell a majority stake in the ports of Piraeus and Thessaloniki, and would also halt the privatisation of the top electricity and petroleum companies. China's giant COSCO group is among the bidders for Piraeus, one of Europe's busiest ports.

The announcements sent stocks on the Athens exchange tumbling, with the main index losing over 9.0 percent and the main banks tumbling by a quarter. Yields on Greek 10-year bonds also rose above the symbolic 10-percent barrier, and ratings agency Standard and Poor's put the country's 'B'

UN chief asks Pakistan to combat terror

Condemning the deadly bombing of a Shia mosque in Pakistan, UN Secretary-General Ban Ki-moon has called on the country to step up efforts to protect religious minorities and combat terrorism. In a statement issued by his spokesperson, Ban said he is appalled by such vicious targeting of people on account of their religious affiliation.

He condemned the bombing of the Shia mosque in Pakistan's Sindh province on Friday, which killed at least 61 people gathered for prayer. The Secretary-General "calls upon the authorities to redouble their efforts to protect religious and ethnic minorities in Pakistan and to combat terrorism in all its forms". He extended his condolences to the families of the victims and sympathies to the government of Pakistan. □

credit rating on watch for a possible downgrade, warning that some of the government's policies were sending the country into a confrontation with its international creditors.

Fed upbeat on US economy

The Federal Reserve has said that the US economy is expanding "at a solid pace" with strong job gains in a signal that the central bank remains on track with its plans to raise interest rates this year. The Fed repeated it would be "patient" in deciding when to raise the benchmark borrowing costs from zero, though it also acknowledged a decline in certain inflation measures.

After a two-day meeting of the Federal Open Market Committee on Wednesday, policymakers struck an upbeat tone on the US economy's prospects and held to their view that energy-led weakness in inflation would dissipate. In making its announcement, the Fed largely skirted slumping economies in Europe and Asia, saying only that it would take "financial and international developments" into account when determining when to raise rates, adding a reference to global markets for the first time since January 2013.

Long-term US bond yields fell as some investors focused on the Fed's reference to international developments and weak inflation, potentially widening the gap between the central bank's language and what markets expect policymakers to do. The dollar strengthened against a broad basket of currencies.

China's yuan in top 5 global currencies

China's yuan has become one of the five most widely used currencies in global payments, an international financial transactions agency announced. The yuan passed the Canadian and Australian dollars in popularity in December, according to the Society for Worldwide Interbank Financial Telecommuni-

cation, which provides communications between financial institutions and companies. It said the yuan now ranks behind the dollar, the euro, the British pound and Japanese yen.

The change is an "important milestone," and confirms the yuan's transition from an emerging to a "business as usual" currency, said Wim Raymaekers, Swift's head of banking markets, in a statement. Beijing is gradually easing controls on the yuan and encouraging its use abroad in an effort to reduce costs for its traders and increase Chinese companies' role in the global economy. The yuan's exchange rate is set by China's central bank and the currency doesn't trade freely on global markets. But Beijing has signed agreements with a number of foreign financial centers including London to become hubs for clearing yuan transactions.

The yuan, also known as the renminbi, accounted for 2.17 percent of global payments in December, behind the yen's share of 2.69, according to Swift. The U.S. dollar's share is about 45 percent. Global payments in yuan increased by 20.3 percent in December, outpacing overall payments growth of 14.9 percent, according to Swift.

World backs India against 'bully' US

Apprehensive of the US exerting pressure on India to dilute the public health safeguards in its patent laws, organizations from across the world have signed a global petition supporting India's patent law and urging India to stand strong in the face of "US bullying".

Along with over 77,000 individuals and 10 organizations working on public health issues in India, the signatories of the petition initiated by the non-profit Oxfam India include 11 organizations from Thailand, where there is strong civil society mobilization on public health issues, two from Malaysia and several coalitions from South Asia and the Asia Pacific. □□

Textile export subsidy under scanner

Export subsidies for textiles and garments — the fourth-largest product group in India's outbound shipment basket — is under scanner due to concerns raised by nations, including the US and Turkey, at WTO. These Countries contend that India's "textiles and clothing" (T&C) exports first breached the threshold in 2005 and remained above the level in 2006 also and it should, therefore, end its export subsidies for these items by January 2015.

They cite WTO's Agreement on Subsidies and Countervailing Measures, that says when the share of a developing country — with per capita income below \$1,000 a year — in global exports touches 3.25% in any product category for two straight years, thereby gaining "export competitiveness", it has to phase out export subsidies for the items eight years from the second year of breach. India, however, refers to the WTO rule book to counter this and insists it has time until January 2018 as the multilateral trade body asked the country to consider phasing out the subsidies for T&C only in 2010. India offers export subsidies for T&C under certain heads such as the Focus Market Scheme, Focus Product Scheme (FPS), market-linked FPS, Export Promotion Capital Goods Scheme, interest subvention on pre- and post-shipment export credit as well as tax breaks for special economic zones. The sector employs over 35 million people and accounts for over 12% of its total exports.

India appeals WTO panel

India has appealed to the Dispute Settlement Board of WTO for a panel decision on its issues with the US over agricultural imports. India had in 2012 imposed some prohibitions with regard to importation of various agricultural products from the US because of concerns related to Avian Influenza. This import prohibition is maintained through India's Avian Influenza (AI) measures, mainly, the Indian Livestock Importation Act, 1898. The US contended that India's AI measures amounted to an import prohibition that was not based on the relevant international standard or on a scientific risk assessment.

The dispute settlement panel ruled that India's AI measures are inconsistent with the Sanitary and Phytosanitary (SPS) agreement because they are not based on the relevant international standards. India claims that the panel committed several legal errors in its interpretation and application of numerous arti-

cles of the SPS agreement.

India's support "vital"

WTO DG Roberto Azevêdo, in his address to the Partnership Summit of the Confederation of Indian Industry in Jaipur on 16 January 2015, said: "It is in the interest of developing countries that the WTO is seen as an organization that delivers. So we must succeed in these efforts—and, as ever, India's leadership will be vital."

Claiming WTO has achieved a lot and has made a major contribution to the strength and stability of the global economy, he added the global system of transparent, multilaterally-agreed trade rules that it embodies, has helped to: – boost trade growth, – prevent protectionism, particularly in response to the 2008 financial crisis, – and, crucially, it has helped support developing countries to integrate into global. But I want to be clear that there is no complacency here. We face some real challenges as an organization and I am determined that we should do everything we can to tackle them — starting now, during this anniversary year.

India to appeal against WTO ruling

India has decided to challenge a ruling by WTO against a ban it imposed on imports of chicken legs and other farm products from the US. India had banned these imports on fears that they could result in spread of the bird flu. The WTO's dispute settlement body, ruling on a petition filed by the US, found the restrictions violative of global trade rules. The Commerce Ministry, following discussions with the Department of Animal Husbandry (which had notified the ban), has concluded that there is enough ground to appeal against the WTO dispute body ruling. In last October, a WTO panel ruled that India's import curbs on farm products, including poultry, from the US – on fears that "low-intensity" bird flu can affect public health – were not in line with multilateral trade rules. It ruled that the restrictions were not based on scientific principles and maintained without sufficient scientific evidence.

The ruling has implications for the domestic poultry sector as the Union Government can no longer restrict import of cheap chicken legs from the US on the basis of reports of low-intensity bird flu in that country. The poultry industry had urged the Government to appeal against the rule as removing the ban would hit farmers, still recovering from the effects of bird flu. □□