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Join hands to dethrone the corrupt

Shameless Machiavellian anti-national backed Congress is clearly trying to subvert the Supreme Court using sycophant and hypocrites to defend their loot (Coal, 2G etc.) priceless resources of the nation. No wonder enemy countries like China seeing "banana republic" India as a sitting duck is taking away Indian territory. The most surprising thing is that Manmohan Singh, Salman Khurshid and other Sonia loyalists are busy defending Chinese and Looters instead of defending India.

It is a shame to the nation as a whole and to the youth in particular that Even after telling lies, misleading everyone one again and again and discrediting and destroying every institution the people are tolerating these frauds. Democracy has been reduced to 'mafiacracy' of India. Significantly the imbecile Congreemen and women exhibit there level and stature by making Sonia the longest served president of Indian national congress.

That Sonia Maino deliberately uses CBI to malign and disgrace poltical parties to stay in power is proved now beyond doubt. When it comes to, Robert Vadra,Sonia's hybrid son-in-Law, no one, or no agency touches him, despite wide scale mass corruption. Robert Vadra's rags to riches story is full of nepotism, corruption, involving all kinds of quid pro qo deals with many DLF and other Businesses. Why a Royal treatment for him by not even frisking in the airport, and where as other fellow Indian Citizens were either jailed or raided by government agencies.

For citizens of India with their backbone still intact - Arise, Awake, and stop not till India is ruled by Indians. This discrimination must end, this selective harassment must stop. the mafiasm of protecting her group and eliminating the opponents or defectors must cease and every one rise to the occasion to end this dynastic, fascist, totalitarian rule. Join handss to dethrone the dynastic rule forever and help us manifest an India ruled by Indians for Indians.

– Jaibans Singh, *Ramkrishnapuram, New Delhi*

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Quote-Unquote

First thing we have to do is to liberate (CBI) from political interference, liberate it from external influence, interference and intrusion. This is the primary task now. .

Supreme Court of India

The govt. shoudn't stay even for one minute. There's a situation of total breakdown and govt. is responsible for it.

Sushma Swaraj

Leader of Opposition, Lok Sabha

There seems a total blackout by the Centre in putting our stand forward with firmness or showing our power to our neighbours.

Narendra Modi

Gujarat Chief Minister

It's not easy to fight with the government. It has thousands of hands and can use the CBI and put one in jail.

Mulayam Singh Yadav

Samajwadi Party Supremo

If India doesn't cooperate with our economic development, we too won't help address their security concerns.

Pushpa Kamal Daha

Napal Maoist Chief

GUEST EDITORIAL

Crafting the Swadeshi Model of Economics

"Sukhasya moolam Dharmah, Dharmasya moolam Arthah
Arthasya moolam Rajyam, Rajyasya moolam Indriya Jayah"

Indian economy is in doldrums. Despite frequent fervent pronouncements by political executives in the election year, data released by different agencies of the government itself paint-not dismal but frightening sketch of the economic status of the country. All the fraudulent efforts of the managers of economy to conceal facts are proving inadequate to hide the real state of affairs. Current Account Deficit (CAD) has reached dangerous levels widening to $32.6 billion, or 6.7% of gross domestic product, in the October-December quarter, from $20.2 billion a year earlier. Trade deficits have been on a rising trend since 2003-04 and stood at a phenomenal $190 billion in 2011-12. This is approximately 11 % of the GDP and implies a growth rate of 56 percent over the previous year. 2012-13 Economic Survey indicates a trade deficit of $167 billion for 2012-13 (April-January) indicating an increase of 8 percent as compared to the corresponding ten month period of 2011-12. According to projections for 2013-14 made by the Commerce Ministry in its Report on "Strategy For Doubling Exports in Next Three Years: 2011-12 to 2013-14", India will see a trade deficit of $282 billion under a "business-as-usual" scenario which is expected to be 11.5% of our GDP. Overall revenue of the government is drying up while the obligations are increasing. Government expenditure all over including in the sensitive sectors like defence, social security and poverty alleviation programmes has been curtailed substantially. Still nothing seems to be working for the deceitful incumbents in both, south block and north block in New Delhi. Manufacturing rate has come down to lowest level in the history of free India. Industrial Production increased just 0.60 percent in February this year over the same month in the previous year. Industrial Production was at an all time high of 20 Percent in November of 2006 and a record low of -7.20 Percent in February of 2009.

Historically Indian economy has been driving force of global GDP growth and also in wealth creation. We don't have empirical data to show the comparative performance of different countries in BC era. But the study conducted by Organisation for Economic Co-operation and Development and published under the title, "The World Economy: A Millennial Perspective" by Angus Madison has revealed that India appears to have maintained its position as a pre-eminent economic and cultural world power till around the 11th century. However, thereafter, its relative position steadily declined. India experienced significant per capita GDP growth from 0001 AD to 1700 AD though showing a declining trend after 1700 AD. The records reveal that India was at the top of the comity of nations for a substantially long period of time spread over centuries together. In 0th century its share in global GDP was nearly 33% it continued to almost up to 17th century when its share was 27%. West particularly Europe stared dominating global affairs only 300 years ago, when it developed a model based on exploitation and discrimination. Even a cursory comparison of the two periods during which India or Asia and west dominated the world demonstrates that it was a period of sustainable growth under India while under western dominance the world fears extinction. It is this difference in the two models that provide us ample insights towards the future. Time has come when the western model forced upon rest of the world that destroyed the nature by exploitation almost beyond repair, is dumped lock stock and barrel. As the world recognises knowledge as the overriding element in forward march in 21st century India has to realise its historic responsibility as a skilled, visionary and inspiring leader. But before we claim the position that rightfully belongs to us we have to convince ourselves that We are worthy of the trust of the humanity and competent to discharge the role transparently and with full accountability. We as an ancient civilisation with modern outlook will have to put those guiding principles into action, which our ancestors evolved after remarkable exertion. This model in action will persuade the people across the length and breadth of the world to follow us not out of fear but conviction in the manner they used to do in the past. Just and equitable Bhartiya developmental model interpreted in modern idiom that puts an end to every type of discrimination is the way forward.

India-EU FTA:

A parting kick from UPA?

Once the FTA with EU becomes operational, the EU could flood the Indian market with dairy products, poultry, farm and fisheries, some of which are of strategic importance for India. This will directly compromise India's agricultural sovereignty and its food security, warns **M.R Venkatesh.**

In a way it is stunning, why even unprecedented. In a News Release dated 26th March 2013, the Gujarat Co-operative Milk Marketing Federation Limited – popularly known by its brand name Amul - requested Commerce Minister to be "careful while negotiating in the interest of farmers of India" and "strongly opposed to provide any kind of advantage in import duty on dairy products."

Why should one of India's most competitive, efficient and professional organization be mistrustful of the government, warn it to be careful and oppose its moves?

The answer to this question dates back to 2007 when India and EU launched negotiations for a bilateral trade agreement. Since then several rounds of negotiations have taken place covering various aspects of trade and commerce.

These negotiations are expected to be concluded soon – possibly as early as next week. Though the negotiating texts are secret, broad contours of information available raise significant concerns. That explains our paranoia in the first place.

Let us not forget that for past year or two, experts have been pointing to the debilitating impact of India's trade deficits. This has been on a rising trend since 2003-04 and stands at a phenomenal $190 billion in 2011-12. This is approximately 11 % of the GDP and implies a growth rate of 56 percent over the previous year.

The trade deficit for 2012-13 is no better. The 2012-13 Economic Survey indicates a trade deficit of $167 billion for 2012-13 (April-January) indicating an increase of 8 percent as compared to the corresponding ten month period of 2011-12.

According to projections for 2013-14 made by the Commerce Ministry in its Report on "Strategy For Doubling Exports in Next Three Years: 2011-12 to 2013-14", India will see a trade deficit of $282 billion under a "business-as-usual" scenario which is expected to be 11.5% of our GDP.

India's current account deficit, which nets income from services against such trade deficit, is also rising continuously. Compared to $2.66 billion in 2000-01, it now stands at $78 billion in 2011-12. The current account deficit for 2012-13 is estimated to be in excess of 5 percent of the GDP.

This emerging scenario has belied the assumption held in high-

er echelons of the Indian government that we are an emerging super power in services. In my humble opinion we are not. While that may by itself be a matter of intense debate, the fact remains that service exports are unable to keep pace with our trade deficits.

This makes the government desperate. Consequently, it is constrained to allow volatile and capital flows of doubtful origin to fund current account deficit. Beggars cannot be choosers. Can they? This has added to the financial fragility of the nation and is reflected in rupee exchange rate volatility.

The only way out of the conundrum is to increase exports and simultaneously bring down our imports as a share of our GDP. Elementary economics suggest that to do either we need to improve our competitiveness. Sadly the government is missing this fundamental point. And that is the crux of the issue.

India's Flawed FTA Policy

India's FTA policy seems to be oblivious of this fundamental fact. Barring a few exceptions India has a chronic trade deficit with most of its existing FTA partners as it is with most of its proposed FTA partners.

With the EU, the story is no different. India has a consistent trade deficit over several years with EU. If UPA government foolishly proceeds and consummates the India-EU FTA, the trade deficit will go up significantly in agricultural, commodity and industrial segments with possibly some gains in some usual suspects like textiles, jewelry and leather.

Once the FTA becomes operational, experts opine that the EU could flood the Indian market with dairy products, poultry, farm and fisheries, some of which are of strategic importance for India. This will directly compromise India's agricultural sovereignty and its food security.

It may be pertinent to note that as the WTO negotiations hit a road block we seemed to undertake the FTA route to our trade nirvana. However, experience of the past decade suggests that the plethora of FTAs are not reversing this deficit but in effect aggravating the situation. Needless to emphasize our FTA policy should be revisited.

But does FTA with developed countries make any economic sense? Let us examine.

India has a consistent trade deficit over several years with EU.

The developed countries already have low tariffs in most products. To that extent FTA for India makes little or no sense. And if India can sign one, so can other countries and thereby negate the advantage.

Now let us examine the matter in greater detail. The average applied tariffs in EU range between 1.4 to 13.9 percent in agricultural products and 0.5 to 4 percent in industrial products.

In comparison, India's average applied tariffs, even after significant reductions, are 31.4 and 9.8 percent in agricultural and non agricultural products respectively.

In short, the possibility of a gain just from tariff reduction is huge for the partner but very limited for India. Yet the UPA seems to be insisting on an FTA with EU.

Unchartered Areas

But there is another dimension to this argument. These FTAs are increasingly getting into areas of intellectual property rights commitments, government procurement, and competition policy. Interestingly, these contentious issues have stalled Doha Round of negotiations for years within the WTO.

In short, wherever WTO fails, the route seems to be FTAs. What is forgotten in the melee is that such agreements threaten policy instruments of various developing countries. This in turn erodes our sovereignty.

In contrast to this possibility, the EU is well protected from such external interventions. Let us not forget that even though the EU has low tariffs, it provides very high domestic subsidies to its agricultural producers which work both as a protective barrier in its domestic market, as well as a competitiveness enhancing instrument for its exporters.

Our negotiators fail to under-

stand that these subsidies are trade distorting, affect international prices and thus reduce competitiveness of our producers. Indian exports also face high non-tariff barriers (NTBs) like sanitary and phyto-sanitary [read hygiene] standards as well as technical barriers in EU, making exports to EU extremely difficult.

Given the tariff and NTB structures between the two partners, the EU obviously has much more to gain in terms of tariff reduction while India's gains lie in sorting out the NTBs and in the removal of EU subsidies – a fact lost on our negotiators.

However, EU negotiators have repeatedly argued that the issues of NTBs [being multilateral] are not to be discussed under any bilateral agreement. Consequently, they opine that these can be negotiated only at the WTO level. Interestingly, India opposes such policies at a multilateral level!

Why is India embarking on this suicidal mission? What are its compulsions?

In case of manufactured products the story is no different. We will continue to be handicapped by market access into the EU – not through the tariff barriers but because of NTBs which we are incapable of even comprehending much less negotiating at a bilateral level with EU. Of course, there could be some gains, but these will be marginal. Crucially, the loss outweighs the gains.

Since infrastructure in India including that of marketing, storage and transportation are weak, entrepreneurs feel their competitors in the developed countries have huge advantage in terms of basic facilities. In addition they get significant support from the government. Unless this is set right, it is futile to talk of FTA.

And precisely to mask this failure the UPA is embarking on such adventures.

There is another yet another critical point that remains unanswered. As India contemplates legislating the Food Security Act, experts point to the lack of farm production to meet its target. In such a scenario, where is the question of exporting? In the alternative is the success of this legislation depending on benevolence of Europeans to export subsidized farm products into India?

Either way, a disaster waiting to explode in our faces!

Interestingly, a Report of the European Commission on the EU-Korea FTA concludes "the first signs are promising" and "the EU has benefited significantly and its exports to Korea are on the up." [EU Exports to Korea increased by 37 percent while EU's imports have marginally increased by 1 percent]

Remember, Korea is no underdeveloped country. And if this can happen to Korea, what could be the fate for an underdeveloped, under prepared and under governed country like India?

Trade, as we all understand, is between equals. Put differently, if there is a theoretical chance that trade may bring in some benefits to both the parties; it is surely a worthwhile try. Unfortunately the EU-India FTA is doomed to fail even at the hypothetical level. Why then go through this elaborate charade?

Naturally questions arise. So why is India embarking on this suicidal mission? What are its compulsions? Whose interest is our government trying to protect? Is this a parting kick of a government on the way out?

Let us watch out for the next Amul advertisement.

Barring a few exceptions India has a chronic trade deficit with most of its existing FTA partners as it is with most of its proposed FTA partners. ❑❑

An India-Europe free trade agreement must benefit both

The Prime Minister needs to reverse course and defend Indian interests abroad rather than foreign interests in India, supplicates **M.D. Nalapat**.

Someone forgot to tell Manmohan Singh that the European Union is in crisis, with its banking system effectively bankrupt, and being prevented from visible collapse only by constantly feeding creditors the notion that the EU's financial worries are solvable when they are not. German banks in particular have been the victims of the country's propensity to believe that the EU offered a safety net sufficient to throw to the winds all canons of prudent lending. Their exposure to Greek and Italian debt, in particular, threatens the existence of many of them well before the next 18 months.

In such a context, to spend precious rupees on an expensive junket to Berlin would be laughable, if it were not yet another indication of the fact that time appears to have stood still for the Prime Minister and his economic team, who persist in the belief that the US and the EU are the solution to India's lack of capital, when in fact the answers are these days to be found in West and East Asia. A visit to Kuwait or Tokyo would have been much more profitable for India than the current rush to Germany. Certainly Manmohan Singh has the right to be sentimental about a continent in which he has spent so many happy years as a student, but sentiment has seldom been a sufficient foundation for sound policy.

Since his stint as Union Finance Minister during the Narasimha Rao period, Manmohan Singh has concentrated his considerable intellect on ways of making it easier for foreign businesses — predominantly those based in the member-states of NATO — to do business in India. Or, in other words, to compete with their Indian counterparts. The high bank interest rates favoured by his economic adviser, C. Rangarajan, who as RBI governor in 1994 slowed down a nascent economic boom by a similar policy has been combined with a slew of new regulations passed by the myriad arms of a government harking back to 1970s style control of private industry.

Overall, the effect has been to drain Indian industry of much of its global competitiveness during the nine years that he has been in office, with obvious consequences for the balance of payments. Given the government's penchant for unilateral (and unreciprocated) trade concessions to the EU, it is no surprise that Indian industry is looking nervously at the Prime Minister's foray into a country that has made overpriced manufactures almost an art form.

India being considerably poorer than Europe, it is only fair that the bulk of concessions ought to flow towards this country rather than away from it, as is so often the case. In particular, there needs to be tangible progress on efforts to ensure better access to Indian skill pools, IT and pharma into the European market, rather than simply industries such as textiles, which are rapidly giving way to more modern lines of manufacture. Thus far, the European side has remained committed to ensuring that its people pay extortionate prices for medicines, by blocking access to much cheaper substitutes from India. In the case of manpower flows, services and IT as well, the proffered concessions by EU negotiators have been derisory.

In exchange, what they are asking for is the destruction of the automobile industry in India through a flood of imports from Europe, mainly Germany, as well as unrestricted access to other manufactures and services, all without any corresponding benefit to India. Certainly Manmohan Singh's gesture of gifting the EU more than $10 billion via (an EU-controlled) IMF indicates the PM's generosity towards that particular entity. However, he needs to be

reminded that those who voted him to office are in India, not in the EU, and that it is their interests that he has sworn to protect.

Should Manmohan Singh succeed in ensuring better access to Indian medicines — and the chances for this appear minuscle, given both the PM's propensities and the hold that Big Pharma has over EU policymaking — he can have the satisfaction of knowing that the biggest beneficiaries will be the Europeans themselves. At present, they are being forced to pay very high prices for drugs in a context where equally effective (and far cheaper) substitutes are available.

Shamefully, the EU has not merely blocked the flow of drugs from India into its own territories, but has sought through vexatious litigation and police action to stop them from going to countries in Africa, where the price of medicine is often a matter of life or death. Hopefully, someone in the PM's large delegation will whisper a complaint about this to the Germans, who have been the most aggressive in creating a Fortress Europe that demands concessions from much poorer countries such as India than it is willing to concede in return. An India-EU Free Trade Agreement (FTA) ought to be signed only if it is truly beneficial to both sides and not the one-sided agreements that policymakers in India so often return with. Rather than going about the futile task of begging the EU for capital that it does not any more have, the Prime Minister needs to reverse course and defend Indian interests abroad rather than foreign interests in India.

(Courtesy: sunday-guardian.com)

Author holds the UNESCO Peace Chair and is Director of the Geopolitics and International Relations Department at Manipal University. Prof. Nalapat writes extensively on security, policy and international affairs, and is a columnist for the Sunday Guardian and the Pakistan Observer.

India buckles before European Union

India is ready to sign a 'no-win' free trade agreement that benefits EU mainly. With pressure mounting from European Union, Australia and New Zealand for opening up the dairy sector, India is giving in, divulges **Dr. Devinder Sharma**.

Some years back, a top Indian negotiator for the Indo-Asean Free Trade Agreement (FTA) shared with me an interesting insight. As is the normal practice, the negotiating team went to meet Prime Minister Manmohan Singh, before leaving for the talks. The underlying idea being to get the final limit – where to draw the *Lakshman Rekha* – to which India can agree to on several tricky issues during the negotiations.

The Prime Minister listened to them, and finally said: "***Just go and sign***."

The negotiators were shocked. But I wasn't even surprised. The little that I know of Manmohan Singh, our ever obliging Prime Minister has been too ignorant (or is it deliberate?) about the dangers of acceding India's interests at international trade negotiations. At the time of the Uruguay Round discussions of the World Trade Organisation (WTO), I recall his statement in Parliament (as the country's Finance Minister) that *those who are concerned about the negative fallout of WTO have actually not read the WTO documents.*

I bet if Manmohan Singh had ever read the WTO papers. I doubt if he even knows what is being negotiated at the FTAs. All he knows for sure is which Head of the State has been wanting what kind of concessions from India. And he has been more than willing to oblige.

We are now in 2013, and the Doha Development Round has failed. Even now, there is so much of mistrust in what is going on at the WTO talks, where the rich industrialized countries have still not given up on the grip, that many believe the talks have reached a dead end. In any case, the United States and European Union, the two prime pushers for an unjust and unequal trade regime, have meanwhile shifted gears to focus

on bilateral and regional trade agreements. Free Trade Agreements therefore are part of the Plan B and are being pursued aggressively.

While India is in an undue haste in signing an FTA with European Union, reports have now started appearing that most of the signed FTAs have turned out to be a win-lose proposition – win for the trading partner, and loss for India. The Economic Survey 2013 observes: *"Trade deficit (on customs basis) reached a peak of US$ 184.6 billion in 2011-12 from US$ 118.6 billion in 2010-11 with the highest growth of 55.6 per cent since 1950-51." (Page* 156 para 7.18). This itself should be a cause for greater worry.

In a report entitled: **Foreign trading partners getting more out of free trade agreements** (*Times of India,* April 15, 2013. http://bit.ly/129rTqO): *"Experience with half-a-dozen pacts that India has signed since 2004-05 shows that usually, it is the trading partner that ends up being the winner. Be it Thailand, Asean, South Korea, Japan, Singapore or Malaysia, in almost all cases, imports have grown at a faster pace than exports after the government agreed to slash tariffs. In case of Singapore, where the spurt did not take place in the first year, the growth in imports from the island nation in the second and third years more than made up for the absence of the trend at the start."*

The EU-India free trade agreement is no exception. The trade agreement is being signed to boost employment and prosperity in both the EU and in India. But the way the negotiations are going about, with the EU making it abundantly clear that the hiking of FDI in insurance from 26 to 49 per cent is an absolute must, and with the

concerns being expressed by the domestic auto industry in India, the Gujarat Cooperative Milk Marketing Federation (GCMMF) and the Indian Pharma Alliance, it is quite clear as to whose interests the EU-India FTA will serve.

In reply to a question (**E-009465/12** and **E-009466/12**) in EU Parliament, the European Commission's response was: *"A comprehensive coverage for the EU would imply a meaningful package on tariffs (industrial and agricultural goods), high level of ambition in services, public procurement, sustainable development etc. India has an average applied tariff rate of 14.1% (wines & spirits: 150% and cars: 60% to 75%) and a substantial reduction in these tariffs would be necessary. In services, India will need to take commitments in sectors of EU interest such as retail banking and insurance. Legal certainty for EU companies is invaluable as they contemplate investments in these sectors which are just opening in India. As regards public procurement and sustainable development, this is the first time India is including these issues in a Free Trade Agreement. Public procurement could be a significant opportunity as India has forecast an expenditure of 1 trillion USD in the next five years, a significant portion of which will be spent by public authorities."*

The Indian Pharma industry is therefore rightly worried about the introduction of an IPR clause that leads to seizure of a generic manufacturer's bank accounts and immovable property on mere suspicion of a patent infringement. Such a step can imperil local industry. At the same time, imports of highly subsidised and cheaper dairy and poultry products from EU, the Indian dairy industry, employing 3.2 million farmers, will be hurt. India is the biggest producer and consumer of milk and dairy products. So far India has been protecting its dairy industry. But with pressure mounting from European Union, Australia and New Zealand for opening up the dairy sector, India is giving in. Similarly, the sharp cut in import duties for cars will impact job creation in the automobile sector. These are just broad three concerns that India cannot afford to overlook. ❑❑

National Council Meeting of SJM

Imbecile government is succumbing to foreign pressure

National Council of Swadeshi Jagaran Manch that met in Indore Madhya Pradesh has accused the Union government of succumbing to external pressure. The two day meeting was held in Vigyan Nagar of Indore and was Chaired by the National Convener of SJM Sh. Arun Ojha. National Council adopted three resolutions on issues of national Importance.

These resolutions where passed on the issues like escalating food insecurity, EU-India FTA and Boycotting China. A Statement was also issued on recent judgment of the Hon'bl. Supreme Court on patents and affordable medicines.

A brief presentation on the Supreme Court decision on "Gleevic" Novaratis was made by Sh. Vikramjit Baneerjee. He said that victory in the court was limited as the dispute was section 3D of Patent Act that says patent can't be forever (20 years period prescribed). We and Cipla demanded that "Better" must be defined. Court has not defined it. Court only stopped Novaratis. Saying its case does not fulfill conditions. We must be ready for future fight as pharmaceutical. Companies will come back to court. So essential fight is going to happen again.

2013 being the National conference year it was decided that same will be held in Kerala in December.

Prof. B.M. Kumarswamy , National co-convener spoke about the Swadeshi Model of development. He stressed the need to debate the issue threadbare at all levels. In his talk prof. Kumarswamy pointed out that Whole world is following western model of development based on consumerism and exploitation. In its 300 years of existence the western model created a lot of problems. Some countries become rich others poor. Military strength is being accumulated to dominate. Environmental stands degraded It is in this background that SJM alternative is being sought. We at SJM also feel a need to develop Bharatiya Model of Development that should be:

1. Agro based and rural centric oriented.
2. Industry should play supplementary role and productions should be by masses not mass production.
3. Decentralisation of economic activity no concentration in hands of selected few.
4. It should be Employment centric with key role for self employment.
5. Emphasis on organic farming.
6. Economy should be subservient to the Dharma/ Ethics. Ethics can't be thrown to wind.
7. Conservation of environment along with nature not at its cost.
8. Development today means economic only; In our model it is social, cultural, political, family – totally comprehensive & integrated.
9. Domestic market oriented not export dependant welfare

Sh. Arun Ojha further pushed the debate with his brief but clear exposition. Debate needs to be taken to grass roots level , he said and then a Chintan Baith with sister organization will be held to fine

Resolution

Stop FTA with European Union

The WTO agreement has been detrimental to the interests of India is very well known. Small scale industry, agricultural sector, financial and other service sectors have all been detrimentally affected by this agreement which had been signed behind the back of the people of this country by the then Congress government, giving unilateral concessions at the cost of the people and the "aam admi" .

Even after signing of the WTO, the western and developed countries have not lived up to their commitments for instance reduction in subsidies, reduction in industrial tariff and movement of natural labour, however they have been constantly pressuring India to make further concessions.

Today after almost two decades of signing the WTO agreement, sadly it seems that 15 % of our traded equities have gone into the hands of FIIs. Foreign dominance in sectors like Pharmaceuticals, Cement, Automobile, Electronic Industry, Telecom manufacturing is now increasing everyday and in many other sectors they have spread their wings.

Along with such expansion of dominance by foreign firms, their unethical practises which they cannot conduct in their home countries are being conducted in India, taking advantage of poverty and ignorance of our ordinary people and the corruption and connivance of the government which rules the country today.

Under these circumstances the government is succumbing to foreign pressure for reasons best known to it and keeping the people and the parliament in the dark and often misleading the nation on vital issues especially regarding the new terms of trade which is being signed surreptitiously by this government with the EU. It may be noted that if more concessions are accorded to EU under the proposed agreements, Indian industry would be debarred from legal recourse against any ill practices of foreign multinationals.

The EU on realising that it would fail abysmally to live up to the meagre commitments which it had made under the WTO and that it was not possible to get further concessions without implementing the earlier commitments and fulfilling the earlier concessions has started discussions on a new EU Free Trade Agreement to overturn the rules of the game.

The EU in its internal documents is claiming that it would much more benefits than India and also what it gained under the WTO contrary to the interests of India under the proposed EU FTA.

It is very unfortunate that the biggest victim of the proposed EU FTA, the dairy sector is not even being heard let alone being consulted and, its pleas are falling on deaf ears.

The government dangerously seems to be succumbing to EU pressure in the automobile sector.

Needless to say, all the sectors which are being affected have been created by the hard work of the people of the country and the government in order to shore up its own vested interest is attempting to bail out the miserably ailing EU by conceding it's desperate demands by unilateral concessions without reciprocity.

Under the circumstances the National Council of SJM demands that:

(1) That there should be full disclosure of the terms of negotiation and proposed agreement of the EU FTA forthwith;

(2) That there should be wider consultation with all stakeholders , including farmers , industry – specially pharmaceutical and automobile, services and the dairy sector specially cooperatives;

(3) That there should be no signing of the EU FTA without debate on its terms in Parliament since the elections are very close and the effect of signing the agreement would amount to bind the hands of subsequent governments without having the mandate to do so ;

(4) That there should be no agreement on agriculture without reduction in subsidies by the EU , both hidden and open in all sectors , especially in farming;

(5) That reduction in tariffs should be rejected forthwith to safeguard Small scale and cottage industries ;

(6) That further concessions should not be given beyond that which has been committed in the area of patent protection. ❑

tune same.

Prof. BP Sharma spoke about Bills pending in parliament. He also stressed the need to prepare for WTO Ministerial meeting being held in Bali on 3, 4, 5, 6 December 2013. He was of the opinion that this WTO meeting will be decisive in several ways.

Dr. Dhanpatram Aggarwal in his exposition said developed countries face worst economic situation and asked what root cause of these problem was. Why are rich countries facing serious problem.

Resolution

Boycott China

After Independence the Government of our country tried to find the path of progress in Western model of development in the light of the western glamour.

Historically the G.D.P. of India that is Bharat was 25% of the whole world. Due to the path adopted by government our country started lagging behind and China has been progressing rapidly. Today china has become manufacturing hub of the world. Right from small items like cosmetics, gift items to highly technical communication and electronics equipment, China brand has encroached Indian market. As much as 30% items in market are made in China. The trade deficit with china has reached 40 billion US dollars. Our country is passing through the period of severe trade deficit. In 1990-91 India had a worst financial situation during which domestic gold reserves were required to be kept as security for getting loan. During that period the balance of payment deficit was 3 to 3.5 % of G.D.P. Today it is 6.7% to G.D.P.and has reached 100 billion dollars out of which 40% is due to trade deficit with China alone.

The rupee is under pressure today and may fall to any extent. Government has given enormous concessions to the foreign investors and despite the same there seems no possibility of any improvement in the situation. Govt. is blaming economic crisis in European countries and the rising oil prices and is expressing its helplessness to solve this situation. However reality is that the Government is adopting anti people policies and their nexus with the corrupt people and criminal negligence is resulting in the trade deficit.

China is an Atomic power and is a source of trouble for all the nations of the world and as a neighbour of India, for us in particular. In 1962 China invaded India and waged war against us. In last 50 year there have been 469 cases of intrusion by China. It has constructed dams on Brahmputra river at number of places which has resulted in regular flood / drought. threat to Assam. China is helping in drug trafficking which is ruining our young generation .China is also indulging immorally and unethically in cyber terror thought out the world by disrupting and discrediting IT field with the help of over 10000 professional hackers named 'cyber warriors' .China is regularly indulging in intrusion and tress passing activities on Leh and Ladakh border, along with other border too. Thus China is challenging India's sovereignty. Negligence of such vociferous activities of china would cost India heavily. Hence national council of S.J.M. demands the following -

1. There should be a total ban on Chinese goods which are used in different projects (Government and Private) in India.
2. Strong steps should be taken by the government and it should start different projects to make the tribes (vanvasis) self dependent to deny China an opportunity to exploit.
3. Govt. should impose restrictions on exports of minerals &exploitation of our natural resources.
4. Govt. should take immediate steps to promote the small scale industries.
5. Expenditure on research an development be increased to tough competition to china.
6. Chinese companies be debarred from entering in areas of strategic importation find Chinese companies be disallowed from entering into defense production.
7. Lastly the S.J.M. strongly appeals to the Indian public to boycott the Chinese goods & items to defeat the Chinese conspiracy. ❑

In 2007-08 what began with USA and later in European countries US crisis or Euro zone crisis. It has resulted in global slowdown. It impacts India also.

1991 economic liberalisaton has failed to solve our problem. We need to focus on alternative Swadeshi model, he stressed. I have a triangular model of developed economic model that needs to be debated, he added.

Thanking MP unit of SJM for successful conduct of the National Council meeting, sh Arun Ojha ji announced several new organizational responsibilities. In his concluding remarks he asked SJM activists to put in all r efforts to take the issue to people. He cautioned people over China, saying it is behaving as enemy country and govt. is acting as cowardice.

Sh. Kashmiri Lal ji, Dr. Ashwani Mahajan also spoke on organizational and economic issues in different sessions of the meet.

Following organizational responsibilities were announced:

A. Akhil Bharatiya Seh Vichar Mandal Pramukh
   1. Sh. Ajay Bharati – Delhi
   2. Sh. Vikramjeet Baneerji – Delhi
   3. Dr. Ajay Patki – Nagpur

B. Committee on Rivers

Resolution

Mounting food insecurity and rush to acquire land for companies in the country

Today the country is facing the brunt of the government's apathy to farming. In 1990-91, the per capita availability of food grains was 510 gms which now is only 427 grams per day. The per capita availability of pulses has declined to less than half. In terms of edible oils also we have become dependent on foreign countries. All this is a result of the government's apathy towards agriculture. According to official figures, 1,850 hectares of agricultural land has declined to a mere 1830 million hectares. Farmers are being displaced. Because of the lack of reasonably priced agriculture has become loss making proposition.

The government objective to pass food security bill in hurry is to garner votes. Non availability of sufficient food grains has increased the risk of dependence on imports. In such a situation it is important to make farming profitable by providing suitable price for the farm products. Snatching of Farm lands must also stop forthwith.

But nearly for over a decade, farmers are being deprived of land sometimes in the name of SEZ; sometimes for industrialization, sometimes in the name of public-private partnership projects, and sometimes in the name of universities. Based on satellite images it is clear that green land in the country is constantly declining.

Government in such a situation has come out with Land Acquisition Compensation and Rehabilitation Bill. The growing food insecurity is neither mentioned nor any solution suggested. This bill has been changed several times. Government is patting its back for compensation and rehabilitation associated with land acquisition bill. But, is silent on the food security issue. In older version of the Bill it was clearly mentioned that in the states where cultivable land is less than 50% of the area not more than 5% can be acquired. But in the new legislation decision is left to the State governments. Similarly, it was said in the earlier bill that only one cropped land will be acquired. But the new bill opens the way for acquisition of multi-cropped land.

According to the Land Acquisition Act 1894 land could be acquired for the public purpose only. The new Bill has expanded the definition of public purpose. The government seems to be working to acquire land for companies as their agent.

National Council of SJM demands that-

1. New Land Acquisition and Resettlement Bill should not be passed in hurry and it should have adequate provisions for ensuring food safety.
2. acquisition of agricultural land should not be allowed and multi cropped land shall not be acquired under any condition.
3. Unused land lying with industrial houses and public sector undertakings should be returned to the farmers, or the land may be made available for other industries.
4. Land requirement for industries and other functions need to be properly fixed and no land be acquired for non-essential functions.
5. Government must ensure that all the land owned by farmers is cultivated.
5. The compensation to landless laborers in case of Land acquisition be ensured.
6. Forest land should not be acquired at any cost.

Statement of Swadeshi Jagran Manch, on the occasion of National Council Meeting on the issue of recent judgement of Supreme Court on patents and affordable medicines

The Swadeshi Jagran Manch while acknowledging the complete vindication of its stand regarding Section 3 (d) of the Indian Patents Act, and the proviso therein in the Novartis case and while being glad that the Hon'ble Supreme Court has upheld it's stand that the Novartis claim to the protection of Glivec an essential drug for the treatment of cancer needs to be rejected, is however disconcerted by the Supreme Court not conclusively deciding on the issue of the need to interpret Section 3 (d) by reading the provision for allowing the production of generic variations of drugs whose patent period have expired but for whom the multinational patent owner wants to maximise its profit by extending the patent protection period by adding qualities which do not enhance the efficacy of the drug.

However the Hon'ble Supreme Court has lost the opportunity to decide the matter once and for all by deciding the case on facts. The SJM recognises that there may be further mischief by multinational pharmaceutical companies and states that it is important that all forces which are keen to ensure that medicine in the country is kept at affordable prices continue the battle and be vigilant about developments in the future.

For a country like India, expensive western style health care is not sustainable. It is a country where the majority of the people cannot afford to have access to expensive medicine and life saving drugs which are so costly that it is out of the reach of the common man. It is essential that life saving drugs and other medicine be made available to the middle class and the poor at a price at which they can afford. Therefore it is important that generic drugs be made widely available in the market. The attempt of Multi National Pharmaceutical Industries attempt to extend patents of its "block buster" drugs by attempting to evergreen the drugs in the name of incremental research has to be fought both politically and legally and on all forums. Needless to say that the war is not over with the present Novartis judgment, it is neither the beginning of the end of the war, it is in many ways the end of the beginning. There is a long way to go.

SJM therefore also welcomes the Supreme Court initiative to ensure that the government notifies drugs which are essential and therefore would fall outside the patent pricing regime. The SJM deprecates the attempt of the drug companies to suggest that such pricing of essential drugs be made on market pricing basis, when such an interpretation would be inherently against the spirit of the TRIPPS exception for essential drugs, besides being against the right to life enshrined under our Constitution as expounded by the Hon'ble Supreme Court. SJM says that it will commence it's struggle against the arbitrary market based pricing methodology which is being suggested by the government at the behest of multinational pharmaceutical companies, because it would result in the benefits of the people being deprived of the right to have essential, affordable medicinal drugs as part of their right to life. ❑

Akhil Bharatiya Samanvyak – Sh. Ashish Gautam – Haridwar

C. Uttar Pradesh Kshetra Sanyojak – Sh. Sanjeev Maheshwari – Agra
Uttar Pradesh (West) Prant Sanyojak – Dr. Rajeev Kumar
Sah Prant Sanyojak – Sh. Manish Aggarwal – Bareli

D. Kashi Prant–Seh-Kshetra Sanyojak– Sh. Yashowardhan Tripathi
Kashi Prant Sanyojak – Dr. Niranjan Kumar Singh

E. Madhya Pradesh – Dr. Raghvendra Singh Chandel –kshetriya Sampark Pramukh
Sh. Devindra Vishavkarma-She-Prant Sanyojak(Mahakoushal)
Sh. Inder Dutt Tripathi- Jabalpur Vibhag Sanyojak

F. Maharashtra – Sh. Amod Pusadkar- Seh Prant Sanyojak (Vidharb)

G. Akhil Bharatiya Prakashan Pramukh – Dr. Ranjeet Singh – Rajasthan

H. Kerala – Sh. M. Gopalan – Prant Sanyojak
Sh. Praveen Chanderan – Seh–Prant Sanyojak

I. Jharkhand–Sh. Gyandev Hudu –National Council Member. ❑❑

We need small farmers, shandies

The centuries-old shandies, entirely the show of small, marginal and medium farmers, are going strong. Yet, the government has little use for shandies or small farmers. **S. Gurumurthy**

Recall two well-known facts about Indian agriculture. One, the share of agriculture in the nation's GDP has come down from 56 per cent in 1950 to 14 per cent in 2011-12, but still, lot more than half of the nation's working population lives on agriculture. And two, more than a quarter million farmers have committed suicide in the last 15 years. The policymakers are unable to face these two facts.

But the third fact — less known one — that even by 2051, less than half of India will live in urban areas [*Twenty-first century India*. Oxford University Press] makes a laughing stock of the current policies that assume rural India to be a passing phase. India will then be a strange nation — an emerging global super power with majority rural population.

So, agriculture will continue to sustain more than half of India even after four decades from now. These facts are a mere trailer. A closer look at the anatomy of the Indian agricultural economy will show how the policymaking, budgeting and national economic discourse are disconnected from reality.

Labour Shortage

It needs no seer to tell that Indian farming is fundamental for the food security of 120 crore Indians — projected to rise to 170 crore by 2061. No country in the world has the land or labour to supply even a fraction of the food that India will need if it falls short in food production.

And, now look at how we are handling this critical segment of the economy. Discussion Paper No 2 of National Commission for Agricultural Costs and Prices [December 2012] says that cost of production of rice and wheat has gone up by 45 per cent for three years to 2012-13 — average of 15 per cent every year. The reason, says the paper, is the 'sharply rising labour and energy costs', adding that 'acute shortage of labour has cropped up in the last three years'.

The paper says that labour costs have gone up 100 per cent in the last three years and margins of farmers have been declining for wheat and rice. This has led to average annual rise in procurement cost by 11 per cent for paddy and 8.6 per cent for wheat for five years from 2007-08 to 2012-13.

According to credible studies and reports, the rural employment guarantee scheme of the UPA government has contributed to labour shortage and high labour costs in agriculture, besides also in SMEs and construction sectors.

See how this scheme hits government finances twice over. First, employment guarantee handout costs the government over Rs 40,000 crore a year and it creates shortage of agriculture labour and pushes up cost and, next, that leads to higher procurement costs, which pushes up food subsidies.

But the Ministry of Rural Development [March 2012] gloats over the labour shortage saying that it will lead to "technology advances in agriculture like it happened all over the world". Just a look at the Report of the Working Group on Agriculture to the Planning Commission [January 2007] would demonstrate how absurd is such a comparison of Indian agriculture with the world's.

Small is Indispensable

This is how the working group report presents Indian agriculture. Some 60 million small and marginal farming households [with over 33 crore dependents] cultivate 34 per cent of the land and produce 49 per cent of rice and 40 per cent of wheat and over half of fruits and vegetables. That is, they cultivate less land but produce more. Their productivity is 44 per cent more in rice, 18 per cent more in wheat and 47 per cent more in fruits and vegetables.

Their incremental contribution

to national food production during the period 1971 to 1991 was 68 per cent for rice and 48 per cent for wheat — the incremental production of the rest, medium-large farms, being just 32 per cent for rice and 52 per cent for wheat.

Global studies [Dietrich Vollrath May 4, 2004] confirm that economies of scale do not operate in farming — small farms being more efficient than large ones. The Working Group says, "the small and marginal farmers are certainly going to stay for a long time in India — though they are going to face a number of challenges. Therefore, what happens to them has larger implication for the entire economy and people's livelihood." It is this small farmer who is hit by labour shortage and high labour costs caused by employment guarantee. He cannot go for mechanisation. He can only give up farming.

Imagine that all small farmers are replaced by large ones; theoretically, rice production will instantly fall by 15 per cent; wheat, by 6 per cent; and fruits and vegetables by over 16 per cent. Where will the nation go for food?

QED: nation needs small farmers. They are no waste — contrary to the popular view that they are wasting their life on small farms.

Never Heard of MSP

More. The basic facts about agricultural marketing in India will shock the urbanites. Out of the food production the farm family keeps 44.5 per cent for own consumption; sells 13.5 per cent within the village; and keeps 3.5 per cent in stock — all adding to 61.5 per cent. Therefore only 38.5 per cent of the production moves outside villages — which is the marketable surplus. See how this is marketed.

Nation needs small farmers. They are no waste — contrary to the popular view that they are wasting their life on small farms.

Some 90 per cent of the marketable surplus [38.5 per cent] is sold through some 47,000 *haats* [village shandies]. A study of 27,000 shandies shows that three-fourths of them meet once in a week; one-fifth, twice a week; one-twentieth daily. Half of them are held in villages with 5,000 plus population. Two-thirds of them are situated 16 km from the villages; a quarter of them 5-15 km; and a tenth of them within 5 km. Only a tenth of the market surplus [38.5 per cent] is directly taken to 6,359 wholesale markets.

According to Parliament's 19th Standing Committee Report [April 2007], an NSSO Survey has revealed that some 71 per cent of the farmers were unaware of the Minimum Support Price [MSP] which the governments announce with great fanfare and 81 per cent of those who have heard of MSP do not know how to use it. It is on the basis of these facts the Standing Committee recommended a ban on futures trading in foodgrains, as the farmers who are unaware of MSP could hardly benefit from the price determination by futures market.

Disconnect Complete

For decades, government has been trying to wipe out the wasteful shandies through the wholesale marketing system and MSP mechanism. But the centuries old shandies, entirely the show of small, marginal and medium farmers, are still going strong.

Why? Says the Planning Commission working group, the farmers exchange social information at the shandies and also settle marriages. Far from being just markets for goods, they are a social and cultural institution.

With the shandies proving their durability, the Planning Commission working group suggests that the government work with, rather than ignore, them. It says that "with requisite technical support weekly shandies can also be efficient credit delivery, input marketing, procurement and other socio-economic activities", adding that "by bringing such services to the rural and tribal *haats*, rather than waiting for the people to come, much more effective servicing can be provided".

It concludes: "Under the changed economic environment rural and tribal market can be financially supporting unit and source of income to finance further developmental activities". The nation needs shandies as much as it needs small farmers.

Yet, not a word on shandies and their intimacy with small and marginal farming brought out by the Planning Commission working group or in the Standing Committee report appears in any of the Budget speeches from 2008-09 presented after the working group report. Instead, the discourse is about connecting the farm-gate with the shop-gate through FDI in retail. The disconnect between the reality and discourse seems complete. ❑❑

(The author is a commentator on political and economic affairs, and a corporate advisor)

Congress won't crack down on illegal money

Going back to the earlier issue of the deafening silence of our business media, both print and electronic, we can surmise that hedge funds etc. have invested in many of these TV companies and it could be through or from these tax havens. That might explain the eloquent silence, assumes **prof. R Vaidyanathan**

Leaked documents reveal how the rich, crooks and politicians use offshore banking havens to protect their money, a journalism group in Washington said on Thursday.

The International Consortium of Investigative Journalists collaborated with *The Guardian* and the *BBC* in Britain, *Le Monde* in France, *Suddeutsche Zeitung* and *Norddeutscher Rundfunk* in Germany, *The Washington Post*, the *Canadian Broadcasting Corp* and 31 other news organisations to analyse the data from 2.5 million documents related to more than 120,000 offshore companies and trusts.

"The leaked files provide facts and figures – cash transfers, incorporation dates, links between companies and individuals – that illustrate how offshore financial secrecy has spread aggressively around the globe, allowing the wealthy and the well-connected to dodge taxes and fueling corruption and economic woes in rich and poor nations alike," the ICIJ said in its report, "Secrecy for Sale: Inside the Global Money Maze."

The major findings so far are–

» Government officials and their families and associates in Azerbaijan, Russia, Canada, Pakistan, the Philippines, Thailand, Mongolia and other countries have embraced the use of covert companies and bank accounts.

» he mega-rich use complex offshore structures to own mansions, yachts, art masterpieces and other assets, gaining tax advantages and anonymity not available to average people.

» Many of the world's top's banks – including UBS, Clariden and Deutsche Bank – have aggressively worked to provide their customers with secrecy-cloaked companies in the British Virgin Islands and other offshore hideaways.

» A well-paid industry of accountants, middlemen and other operatives has helped offshore patrons shroud their identities and business interests, providing shelter in many cases to money laundering or other misconduct.

» Ponzi schemers and other large-scale fraudsters routinely use offshore havens to pull off their shell games and move their ill-gotten gains. (Source: ICIJ)

There are "612 Indians in this list include two Members of Parliament — Lok Sabha Congress MP Vivekanand Gaddam and RS member Vijay Mallya — and several industrialists such as Ravikant Ruia, Samir Modi, Chetan Burman, Abhey Kumar Oswal, Rahul Mammen Mappillai, Teja Raju, Saurabh Mittal and Vinod Doshi." (Source: Indian Express)

The list also includes businessmen who have had a brush with

authorities such as the Income-Tax department and the CBI. Several of the offshore investments were made in possible violation of RBI and FEMA rules.

For instance that substantial amount of our money is stashed illegally in tax havens. For a long period of time there have been discussions on the black money stashed by Indians in Swiss banks. It is not only Swiss banks but various other off-shore banking centres like Lichtenstein, Luxemburg, and Channel Island etc. At the outset let us be clear that Swiss bank is only a generic name given to many such locations which are called tax havens. There are presumably more than 70 tax havens in the world. At least forty countries used to market themselves aggressively as tax havens — even on the internet.

The common characteristics of these tax havens are no or low taxes, not much of Know Your Customer (KYC) norms, no transparency and confidentiality about the account and in some cases these small countries give asylum in case the originating country goes after a customer. Tax havens do not consider tax evasion a crime.

Anywhere between $500 billion to $1.5 trillion of our money is stashed abroad. Most of this has gone abroad due to trade mispricing that is under invoicing and over invoicing of trade items and commissions on major contracts like Bofors stashed abroad.

President Pratibha Patil, in her address to the joint session of the 15th Lok Sabha on June 4, 2009, had clearly enunciated: My Government is fully seized of the issue of illegal money of Indian citizens outside the country in secret bank accounts. It will vigorously pursue all necessary steps in coordination with the countries concerned.

Anywhere between $500 billion to $1.5 trillion of our money is stashed abroad.

Even though the issue is not part of the agenda for the first 100 days of the new Government, it is refreshingly different from the election rhetoric of the ruling party which initially denied the existence of such illegal wealth stashed abroad. Later, it questioned the estimates and timing of the revelations etc. Fortunately, after the elections, the issue has not been brushed under the carpet.

Then there was a case by Ram Jethmalani and others about our illegal money abroad and the then Supreme Court wanted a Special Investigative Team under retired Supreme Court Justice Jeevan Reddy be constituted to probe the entire issue. Basically the court enlarged the existing coordinating mechanism between RAW/IB/ED/FIU etc. to be supervised by the SIT. The Government of India has not shown any interest in probing the issue.

The case of Hasan Ali is well known and he is supposed to have had several million dollars in Swiss bank accounts. The Government slapped an Income-Tax notice on him based on its findings. Interestingly the response of the Union Government in the Supreme Court indicates that tax demands of Rs 71,848 crores have been raised against the said person, his wife and other associates. If this were the tax demand then the income on which this would have been raised, may be more than 1.5 lakh crore taking into account compounding, penalty etc. This is a mind-boggling figure pertaining to just one case! Our national income for the current year is of the order of Rs 50 lakh crore. But something even more interesting has been reported.

Swiss authorities have told an Indian news magazine that Indian authorities submitted in the case of Pune-based stud farm owner Hassan Ali Khan, who has a Swiss bank account, a request in January 2007 for legal assistance to the Federal Office of Justice. Swiss authorities, upon domestic inquiry, found that the banking information provided with the request for legal assistance contained "forged documents." Last week, the Centre, in an affidavit to the Supreme Court, had detailed the action it had taken against Hassan Ali Khan, his wife Rheema and Kolkata-based businessman, Kashi Nath Tapuria, who allegedly were holding about $ 8 billion in an UBS account in Switzerland. In a communication from Folco Galli, Information Chief of the Swiss Department of Justice and Police, Berne, the magazine *Hardnews* was informed that the Indian authorities had submitted "forged" documents to seek assistance in the Hassan Ali Khan case. In its May issue, the magazine said the Swiss sought more information. "Swiss authorities want to provide further assistance in that case if the Indian authorities could satisfy the Swiss government's demand to establish

dual criminality – what is crime in India is a crime in Switzerland. The Swiss also wanted to know whether the offence was an object of Indian money laundering. Since April 2007, the Indian government has not responded."

The whole issue is becoming curiouser and curiouser. But later the Government, in a brazen manner says the recovery of tax arrears of about Rs 91,000 crore from stud farm owner Hassan Ali Khan is not possible. "InHassan Ali Group, the recovery is not possible though all known immovable and moveable assets belonging to the group have been attached," the Finance Ministry said in its submission before the Standing Committee on Finance.

Not only that, the list of illegal money holders from Lichtenstein Bank (provided by German Government) is available with the Government of India along with the major list of depositors from HSBC Geneva. As far as the list provided by the German authorities is concerned, the Government maintains that it cannot reveal the names since they have been obtained under the double taxation treaty from Germany. The Government also says that it is proceeding against the account-holders under tax laws. A report in *The Economic Times* suggests that out of the 50 names in the LGT list, 25 belong to Mumbai. It also says that none of the 25 account holders are big industrialists or well-known individuals. As if big industrialists and politicians are going to hold it under their names! It will be held under *benami* names.

At last the Government says there are names — from Liechtenstein.

» Why did the Government of India ask information under Double Taxation Treaty with Germany when the issue – Liechtenstein Bank stolen Data by Germany — does not have any link to that.
» Did the Government think that Germany will not respond if it is asked under the Double Taxation treaty?
» Where is the issue of Confidentiality vis-vis criminals? Germany has released their own list. How can they ask India to not release it?

Finance Ministry says it has names but will not reveal and the affidavit suggests that the petitioners should go the RTI way – perhaps only to be denied information.

There are categories of culprits. Some are traditional business leaders who have been accumulating from the fifties, some are new rich entrepreneurs, politicians and bureaucrats who influence decision-making for large global purchases. The third category is money launderers who do it for nefarious purposes including financing terrorism.

The business groups would be more than willing to bring it back. Already they are suspected to be doing it using the participatory note process in the stock market. The returns in India are very attractive and India is one of the few countries which growing at more than six per cent even in the midst of global meltdown. Plus the severe actions contemplated against the tax havens by the OECD countries will also be a cause of concern for Indian holders of illegal funds.

Hence, Government should think of providing a window of opportunity for the business / bureaucrat / politician groups to bring the money back with suitable grace period and penalty on the quantum of funds and also specifying the instruments (like infrastructure bonds) where the funds should be invested. Beyond the moratorium period of, say, six months, Government can decide to completely nationalise any funds kept abroad – that is those funds will be frozen into a Government account as and when the facts about them come to the Government's knowledge.

Government can decide to completely nationalise any funds kept abroad.

As far as the illegal funds kept for nefarious purposes are concerned, it is imperative that the Government raises the issue in multilateral forums like G-20 and even UNSC and get common legislation enacted to get in to the funds of tax havens. Bilateral treaties have limitations since many of these jurisdictions are non-transparent and to start with created with a purpose of holding illegal wealth.

Government of India can also create a 'Truth and Reconciliation' commission which would facilitate distinguishing between the funds and the holders. It will also help in voluntary confessions with penalty for those who have accumulated funds abroad to evade taxes. It can distinguish between shades of crim-

inals and recommend to the government for acting accordingly.

Also, the persons who have accumulated funds abroad should be barred from holding any public office and getting loans from banks etc. as a form of punishment. If all the fund-holders are treated only as tax evaders, as is currently done in the case of LGT bank list, then they will continue to have privileges like access to bank funds etc. and the criminal nature of their actions will never be known.

Our clean political leaders have to gather the courage to act now. There is a report in *India Today* dated February 18, 2008 regarding the foreign travels of the Ministers of the Central Cabinet states that large numbers of them have visited Switzerland including side personal trips not definitely for skiing in Alps. Hence we can say that there are three issues – the total amount of illegal money stashed abroad, the amount of illegal money kept by Indians in various tax havens and the amount kept in Switzerland. On the first issue, developed economies are taking appropriate actions. On the second and third issue we are debating about the need to provide exact pin code address and pan number of the culprits before even we debate!

Going back to the earlier issue of the deafening silence of our business media, both print and electronic, we can surmise that hedge funds etc. have invested in many of these TV companies and it could be through or from these tax havens. That might explain the eloquent silence. But as the proverb goes in Tamil, can a pumpkin be completely hidden in a katori of curd rice? The Swiss vaults will be opened up with or without India's role. If it happens as a 'Collateral benefit' to India, then it will make us a banana republic worse than Sani Abacha's Nigeria. The money kept abroad can be fruitfully employed in developing our infrastructure and to that extent it is a beneficial inflow for India if it is brought back.

The choice is ours. Either we play our necessary role in the global forums and by domestic actions are a facilitator to get our money, or we become a laughing stock when the India list is published in some American or European news portal. ❑❑

(This is the second of a two-part article. The writer is Professor of Finance and Control, Indian Institute of Management, Bangalore. The views are personal and do not reflect that of his organisation.)

Sliding rupee & CAD wrecking Indian economy

The forex is now just enough to repay 78.6 per cent of the borrowings. Till 2009-10, the country did not have problem. But the gulf is now increasing. India is facing rating crisis. Already the country is just above the junk grade. A further fall has tremendous impact, predicts **Shivaji Sarkar**

It is ticking. Current account deficit is leading to a severe balance of payment situation. The rupee is losing its sheen every day. India's forex reserves have shrunk. It would be just enough for imports of less than seven months.

It is slightly better than June 1991. Then the country had reserves for three weeks only.

Solutions are simple but not plausible. It would have been easy had it been possible to make payments in rupee. That is not only not possible but western measures against Iran is closing option for such payments that it was making for its oil imports. Even the western measures have stalled oil pipeline that was envisaged as a way for easy import and possibly cheaper than international rates.

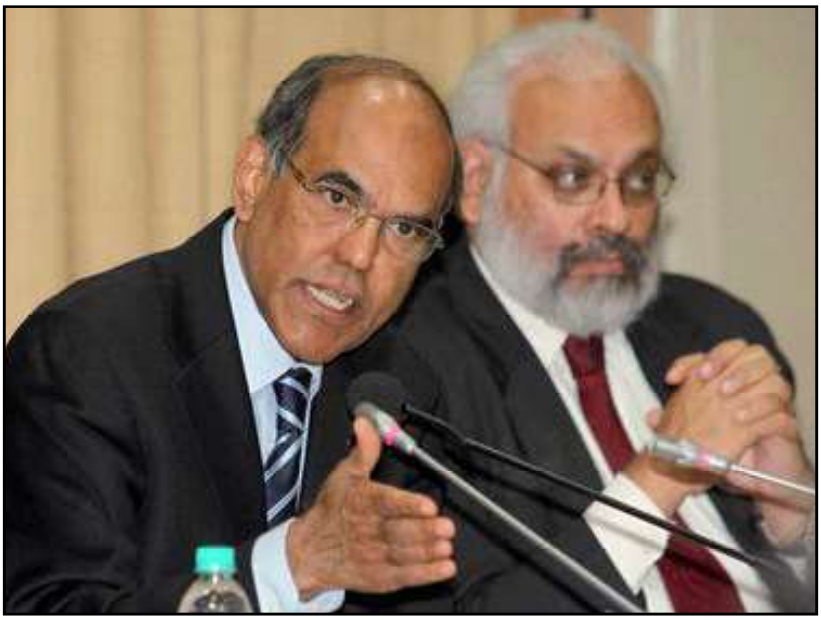
India is in a critical situation. It needs to study whether the step against Iran is not aimed against Indian progress. It appears so because Europe and the US are not imposing such strict conditions for Pakistan, which is going ahead with a pipeline with Iran. It needs to be read in the backdrop western assessment of growth forecasts of India. It tom toms about the two Asian giants but apparently the West does not want India to progress much. It has a larking fear that if it is allowed to go free it sooner than later could overtake the western economies.

Except for moving to institutionalise BRICS and developing closer ties with ASEAN, so far India has not shown much initiative to create a system that could counter the West. So it has to depend on dollar and pound for its international transactions. Shrinking exports to Eurozone and the US since 2010 has today led it to the difficult situation. Foreign exchange earnings are falling every day.

Export growth has slowed down considerably. Based on GDP data from the expenditure side, the year on year real exports of goods and services has decreased from a peak of 36 per cent in 2011 to about 4 per cent by end of 2012 and merchandise exports have slowed down to minus six per cent

India's exports have not earned much of the forex even during the best of days. It remains exporter of low-end goods – raw materials like iron ore and other metals, handicrafts and some engineering goods. Most of these are products which could expect demand in the West, if the economy had been booming there.

Since 2008, Euro zone is in



severe crisis, unemployment is rising, new jobs are not being created and banks are subsisting on trillion dollar stimulus – loans. Protectionist moves are creating barriers for exports from countries like India.

India's hope to emerge as a giant automobile exporter has been dashed. It was expected to become the global hub of automobile manufacture. Every foreign automobile company opened its unit here with a promise to export a major of their products. It has not happened. They reveled in a growing domestic market. Since many of the components are imported from their home countries, instead of bringing in foreign exchange they have only accelerated forex outgo.

It calls for a review of the automobile policy. Oil and gold imports are the other major reasons for forex outgo.

It is just not the imports. Many corporate took heavy borrowings from foreign sources in hard currency. Many of these are short-term borrowings and are considered unhealthy. In late 1990s and early 2000, many south-east Asian countries had faced severe crisis due to high exposure to such loans. According to Reserve Bank, short term loans have increased by 17.5 per cent during March-December 2012. These comprise 24 per cent of the total external borrowings.

The forex is now just enough to repay 78.6 per cent of the borrowings. Till 2009-10, the country did not have problem. But the gulf is now increasing.

The forex position had never been very comfortable. It was being managed by RBI through purchases of dollar in the open market. Till the rupee was in the range of around Rs 45 to 48 to a dollar, RBI found it somehow easy to create a kind of a stockpile. This had created what is now termed as a comfortable forex reserve. It was helped by the flow of foreign direct investment (FDI) and short-term foreign institutional investment (FII).

But as rupee slid beyond and now touches around Rs 55 to a dollar, it has become a difficult operation. The FDI flow has also come down critically and FII flow has remained stagnant.

The reserves around $ 290 billion would be just enough to sustain imports for seven months. The annualized rate of return on the multi-currency, multi-asset portfolio of RBI has shown declining trend over the years. It declined from 4.8 per cent in 2008-09 to 2.1 per cent in 2009-10, 1.7 per cent in 2010-11 and below 1.5 per cent now.

The depletion of reserves is also caused by RBI steps to sell $ 20 billion worth hard currency to stem the rupee slide in 2011-12. The pressure on rupee continued in 2012-13 because of the ongoing euro-zone crisis. The import cover for forex reserves as a result has declined from 14.4 months in 2007-08 to less than seven months now.

It has further hit the rupee. Some estimates say if the situation does not improve it could go to Rs 60 and beyond. The RBI is scared of intervention. It has a cost. It leads to further dwindling of reserves. The liquidity of rupee also increases. It may stoke inflation, which already remains high. It impacts every aspect of the economy.

It is leading to rating crisis. Already the country is just above the junk grade. A further fall has tremendous impact on FDI flows for which finance minister P Chidamabaram is trying hard. He is even keen on opening up defence, energy, insurance, banking and other strategic sectors. The problems is if inflation and rupee are not controlled theFDI flow which of late has reduced to $ 14 billion, may not move up.

Unless it moves up, the rupee would not appreciate. It is a vortex. It may help in the short-term, if the policy succeeds. There could be more problems in the long run.

Should then the government go market stabilization scheme (MSS)? It has been effective in draining excess liquidity from the system Countries like China and Turkey have used cash reserve ratio (CRR) for this purpose. The cost of a particular policy has to be weighed against the benefits.

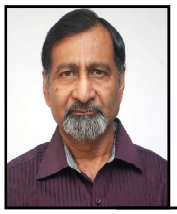
In a scenario of high trade and current account deficit (CAD) reaching over 6 per cent allowing the rupee to appreciate could have further negative fall-out for the balance of payment by making exports less competitive and imports cheaper.

Managing budget or fiscal deficit is much easier. However, unless imports could be reduced the solution to CAD is not easy. Production is not increasing.

The western crisis is unlikely to abate. The government alone is not in a position to solve it. The new government in 2014 would also not find it easy to tackle it.

The remedy has to be found. All stakeholders have to wrack their brains together to steer the country out of this crisis. That effort is sadly missing. So would we be going back to 1990 and once again pawn our gold to strive through? ❑❑

Where are we, the people of India?



It is true that our economic progress has helped some of us to become rich. However, most of us remained poor and unemployed and still live in villages with meager facilities. Our government is run on borrowings and the status of law and order is so bad that even our leaders don't feel safe and secure as most carry gunmen with them, laments **Anil Javalekar**

India is our beloved country and our Indian economy is stated to be prospering to become an economic power in the world. But we, the Indians, still struggling to find a place in this prosperous country. Since independence, Indian leaders of ruling elite have been assuring us a good living standard and secured happy life through economic prosperity, Industrial progress, agriculture development, poverty alleviation, employment generation and above all good governance. More than 60 years have already passed and, we, the people of India, are still waiting this to happen. Basic necessities like food, cloths, housing, health, education, clean water and electricity remained out of reach for most of us. Small infrastructures like roads and communication connectivity to every village is also remained a dream. Even the feel of safety at home and on street is not there. Thus this may be the right time to check what happened to us during last six decades and search where we, the people of India, are.

Our past

We, as Indians, have a known history right from the days of Mohenjo daro and Harappa dating back at least to 8000 years. We are known to world due to our spiritual life philosophies and our spiritual leaders like Gautama Buddha, Swami Vivekananda and many more including Mahatma Gandhi. We have achievements to our credit like giving 'Zero' to world and we are proud for showing world the path of integral humanism. It is said that when other people were wandering in jungles and living a beastly life, we had a civilized life. And that life was stated to be of material prosperity and of peace. Alexander the great was the first known important foreigner king who invaded us. Arya Chanakya took cognizance of this defeat and professed for Indian unity and built a strong India. No foreigner invaded India thereafter at least for another 800 years. However, we remained negligent thereafter and became slave of this or that foreign power. Our last freedom was from British Empire in 1947.

Major initiatives after independence

After independence, we initially dealt with large scale refugee camps, poverty, illiteracy and many socio-economic problems. Our first Prime minister, Panditji, declared in his great speech-tryst with destiny- that 'future is not one of

ease or resting but of incessant striving so that we may fulfill the pledges we have so often taken and the one we shall take today. The service of India means the service of the millions who suffer. It means the ending of poverty and ignorance and disease and inequality of opportunity'. We stood by Panditji in everything he dreamed and supported all his initiatives required for Indian Progress. Last 60 years and more have seen initiatives to make India a prosperous democratic country with just Society. Some are as under:

1. First initiative was towards making India a democratic country. Indian constitution was framed under the leadership of Dr Babasaheb Ambedkar and we, the Indians, enacted, adopted and gave it to ourselves in the hope that India will progress with all its strengths and we, the people of India, will get social, economic and political **Justice, Liberty** of thought, expression, belief, faith and worship and **Equality** of status and of opportunity. All the constitutional agencies and their systems were set up for the purpose.
2. The second initiative was on economic front. Panditji gave a call for socialistic pattern of society and proposed for mixed economy with public sector at commanding heights. Planning commission and its strategies through comprehensive five year plans were to make India a great industrialized and prosperous country. This saw the birth of large scale Public Sector Undertakings (PSUs). Government also built major irrigation projects and established important educational and research institutions.
3. Third initiative was towards decentralized system of governance. This led to formation of states on the basis of language and creation of its bottom line administration at district and taluka level. The district was considered as unit for most of administration and DRDA like agencies were created to facilitate the implementation of development programmes. There were initiatives to empower Panchayat raj system as well.
4. Fourth initiative was to create a support system for weaker sections and weaker sectors of society. Reservations and priorities in allocation of resources for these sections and sectors so as to get the equal opportunity for progress. Nationalization of major commercial banks, lead bank scheme and directed credit through Priority sector lending were important initiatives in this regard. Multi agency approach to development was propagated as Cooperatives were given importance along with other government agencies.
5. Fifth initiative was to empower SC/ST/OBCs and minority sections of population by way of reservation in educational institutions and employment. Priority support was also given in welfare strategies of government.
6. Sixth initiative, though in later years of 1960s, addressed the issue of food shortages by way of green revolution. This has made India surplus in food grains. Similar initiatives were taken for white and blue revolutions to increase the productions of agriculture allied sectors.
7. Seventh initiative in the 1970s was in the form of a direct attack on poverty and unemployment by way of subsidy linked programmes like IRDP for creating self employment opportunities as also by way of welfare and socio-economic security schemes for poor. In the same era, Maharashtra state initiated Employment guarantee programme to create rural employment opportunities during agriculture crisis. Later on, similar scheme was implemented by Central government under MGNREGS. Latest addition to these efforts is the financial inclusion methods to reach to poor.
8. Eighth initiative in1990s, though controversial one, is of economic globalization and liberalization of policies to integrate Indian economy with that of world economies. International trade and foreign capital along with their new and innovative technology were considered as important sources of development and progress. This led to privatization of PSUs and acceptance of Public private partnership model for infrastructure development. This was the era of government withdrawal from interventionist approach to development.
9. Ninth initiative was to empower women and end the gender discrimination in socio-economic life of society. These include the efforts of reservation for women in democratic set up and allocation of more resources for women and children development.
10. Tenth initiative, a recent one, was to bring transparency in governance by way of citizen charters and right to information etc.

India progressed

The initiatives were important to us and were expected to take us to the era of prosperity and socio-economic equality. It is not that our country has not progressed. After 60 years we are proud to have everything from cement and steel to the engineering capabilities to build big towers and dam to bridges; an organized Industrial sector ready to exploit every possible source of nature; a food surplus economy; an agriculture sector diversified enough to feed not only Indians but cater to the needs of rich and affluent in foreign countries; an army ready to defend us from any attack; modern satellites in space and spread of educational institutions in every corner of the country. Above all, we have human resources competitive enough to do miracles in world technology.

But no place for us

It is true that our economic progress has helped some of us to become rich and find a place in the list of world's top rich. Some of us could become members of the ruling elite by way of socio-political entrepreneurship. However, most of us remained poor and our children remained unemployed. Majority of us still live in villages with meager facilities. We are still dependent on agriculture sector and seek help under various government sponsored welfare schemes for our survival. Our major source of employment is MGNREGS. We still live on low income and need subsidized food, petrol, diesel, gas, electricity, transport, education and health. Even our developed industrial and service sector, including rich companies and corporate, have not grown up and need tax concessions and subsidized support from government. Our government is run on borrowings and within 60 years of governance, we have no choice but to spread red carpet to foreign capital. The status of law and order is so bad that even our leaders don't feel safe and secure as most carry gunmen with them.

Why no place for Us

1. Representatives are not representing us: Our democracy is appreciated world over. Our elections are held regularly and are comparatively free and fare. The election system however, is unable to give righteous candidates to represent us. Many elected representatives were selfish and mostly working for self aggrandizement. Dynastic mode of representation has undermined the character of representative democracy and the ruling style of our representatives remained same as was in period of Rajas and Maharajas.

2. Administration and police failed us : The Indian administration, including police, followed the legacy of British. The basic characteristic of British administration was its subservient nature and its commitment to protect interests of power or rulers. Indian administration remained subservient to ruling masters and not shown commitment towards democratic principles enshrined in our constitution. The legal system also delayed the justice most of the time.

3. We missed Swadeshi spirit : 'Swadeshi' was the spirit behind the freedom struggle and for first thirty-forty years, Indian development strategies were for socio-economic self reliance. This helped us to become self sufficient in food and to build industrial and research and technology base. However, these policies reversed in the name of globalization. We increased our consumption not only of foreign technology but oil and coal and high end luxury goods leading to an unaffordable foreign trade deficit. This again necessitated opening of country's gate for foreign capital.

4. Unaffordable Governance : Indian governance has become a costly affair. Our government is run on borrowing. Revenue deficit, fiscal deficit and current account deficit in foreign trade are the sources of our planning and development as well as welfare strategies. Lots of ministries and committees and foreign tours apart from high pay outs and luxuries are matter of concern. Our governance system is Corrupt and inefficient leading to increase in cost.

5. Progress excluded us : The high economic growth has led to prosperity of few and socio-economic inequality has increased. The growth beneficiaries are accumulating properties and maximizing their profits just to get luxurious lifestyle for themselves and their families. We or majority of us are excluded from this economic prosperity.

Our hope

It is good that some of our institutions like judiciary and media apart from CAG, Election commission are trying to give justice to us. However, reforms in administration and governance, Election system, Policing, legal and judiciary and above all economic policies are overdue. We, the people of India, may hopefully find some place in this country only after such reforms. ❑❑

Surge in Gold Imports:

Is it really hurting the Economy?

Instead of worrying his head over curbing gold imports Chidambaram should give top priority to bring back Rs.25 trillion of Indian illegal Black money hoarded in Tax havens urges **Prof.B.M.Kumaraswamy**

P Chidambaram, the finance minister has been raising a hue and cry these days, that the surge in gold imports in the last 2-3 years is hurting the economy. He says that huge imports of gold into the country is causing heavy drain of valuable foreign exchange and gold is the second main cause of Current Account Deficit (C.A.D.). So the government is taking many measures including raising import duty on gold from 4% to 6% to curb the demand for gold. This article tries to analyse whether there is any truth in the F.M.'s stand.

Gold Imports

Since time immemorial, India has a very strong preference for gold. It is stored for religious as well as economic purposes. There is strong economic wisdom in the Indians' strong preference for gold.

The World Gold Council presented a report in 2010, whose title was **'India, Heart of Gold'.** It said that India has worlds' largest private stock of gold. The report pointed out that the private stock of gold with Indian families is estimated at 18,000 tons, which formed about 13% of the global stock of gold – 1, 40,000 tons. The 2010 report further pointed out that this estimate does not include the huge stock of gold with temples and religious institutions. That means the huge gold stocks recently discovered in the underground vaults of Lord Padmanabhaswamy temple at Thiruvananthapuram – Kerala is not included in the World Gold Council Report – 2010, estimate.

India's domestic production of gold is miniscule, at only 2 tons (The only operating mine of the country is Hatti gold mine in Karnataka) that means almost the entire gold demand of the country is to be met by only imports.

According to World Gold Council, India is the world's largest importer of gold. As per the World Gold Council, during the period 2004-09 the total gold imports by India was 4004.8 tons. So the annual average import of the gold during this period was 667 tons. Since then gold imports of the country have rapidly risen. The peak was reached in 2012.

Year	Gold import in Tons
2009-10	871
2010-11	975
2011-12	1079

The global economic recession and the slump in the capital markets, have resulted in shooting up of International gold prices. The continued depreciation of the Rupees vis a vis the U.S. Dollar, has further resulted in the shooting up of gold price in the Indian market. In spite of all these the Indian demand for the yellow metal has continued to rise defying the celebrated Law of Demand.

Midyear economic review for 2012-13 was tabled by P. Chidambaram in the parliament on 17-12-2012. It estimated the cost of gold imports as follows,

Year	*Value of gold imports (bn U.S.$)*	*Value in Rupees-crore (At Rs.52 per $)*
2009-10	$28.6	Rs.1,48,720
2010-11	$40.5	Rs.2,10,600
2011-12	$56.2	Rs.2,92,240
2012-13 April-sept	$20.2	Rs.1,05,040

Finance Minister P. Chidambaram's argument is that gold im-

port is leading to huge drain of precious foreign exchange and a very important cause of India's Current Account Deficit which in the recent years has widened to 4.2% to 4.5% of G.D.P., which is quite alarming. This is one side of the truth which is well publicised in the media. Now let us look at the other side – less known side of the truth.

Growing N.R.I./worker Remittances

One of the very important but least recognised sources of foreign exchange for the country is N.R.I/worker remittances. 27 million Indian workers are spread out in 190 countries of the world. They include, not necessarily, highly paid and technically trained doctors and software engineers, but to a great extent, less educated and low paid manual workers. These Non Resident Indian workers who love their families back home, send every year a portion of their earnings. This is an important source of foreign exchange for the country. In official records this is mentioned as N.R.I./Workers remittances. This is different from N.R.I. deposits. These are loans given by NRIs (often well to do) to the government of India. These are to be returned to the depositors along with interest in terms of foreign exchange. Therefore N.R.I. deposits are burdensome on the economy. In contrast N.R.I. remittances are not only regular but also do not entail any repayment burden on the economy.

As per the World Bank, of all countries of the world India has been the largest recipient of worker remittances. For example in 2010 India received $54 billion where as China received $51billion, Mexico $22 billion and Philippines $21 billion.

In the year 2011, the World Bank reports that India was the largest recipient of worker remittances with 58 billion $, where as China received $57 billion.

The report of the World Bank for 2012 is also out, which says that India is again on the top of the world with $70 billion.

N.R.I. Remittances Year	Billion $
2006	28
2007	37
2008	50
2009	49
2010	54
2011	58
2012	70

R.B.I. Report for 2006-07 points out that in that year N.R.I. Remittances amounted to 29 billion dollars, whereas the F.D.I and F.I.I. together contributed only $14.5 billion.

According to a study published by the Kerala Institute of Development studies, Kerala state received Rs.43, 288 crore of N.R.I. remittances in the year 2008 and in 2011 it amounted to Rs.49, 695 crores. The Report says that N.R.I. Remittances forms 60% of Kerala government's state revenue.

Putting the two things together

NRI Remittance is a sort of bonanza to the Government of India. Gold import leads to outflow of foreign exchange for the Government of India. N.R.I. Remittances result in inflow of foreign exchange. We will put these two aspects together and see the net impact on the country's foreign exchange resources.

Year	Forex outflow due to gold imports Rs.Crore	Forex inflow due to NRI remittances Rs.Crore	Excess of inflow Rs.Crore
2010-11	2,10,600	3,01,600	91,000
2011-12	2,92,240	3,64,000	71,760

In 2010-11 as per the F.M.'s statement country lost Rs.2, 10,600 crore ($28.6 billion) worth of foreign exchange on account of gold import. But during that year the country received Rs.3, 01,600 crore worth foreign exchange in the form of N.R.I. Remittances. So foreign exchange inflow through N.R.I. Remittances exceeded outflow of foreign exchange by Rs. 91,000crore.

In 2011-12 outflow of foreign exchange due to gold import was Rs.2,92,240 crores and inflow due to N.R.I. Remittances was Rs. 3,64,000 crores. Again inflow exceeded outflow by Rs. 71,760 crores.

Conclusion of this analysis is very startling.

1. In both the years 2010-11and 2011-12 the Government of India has not spent a single dollar on gold import. The entire bill on gold import has been met by Indian workers abroad.
2. In fact it may be concluded that in a macro sense Indian workers abroad have gifted 2054 tons of gold to the country during the two years 2010-11 (975 tons) and 2011-12 (1079 tons).

Instead of worrying his head over curbing gold imports the F.M. should give top priority to bring back Rs.25 trillion of Indian wealth hoarded in Tax havens. Black money deposits in Tax havens are illegal, a menace and criminal whereas gold imports are legitimate and legal. ❑❑

Sarkari Economists' crocodile tears

'Sarkari economists are least concerned about incurring a debt and mortgaging future of the country. Their eyes are focused on raising monies for enabling bleeding of the nation's coffers through corruption and unproductive populist schemes. Thus they cry about the increasing CAD while actually enjoying every bit of it, believes **Dr Bharat Jhunjhunwala**

The buzz among sarkari economists these days is that India's current account deficit (CAD) is getting dangerous. Our exports are less and imports are more and the gap is widening. We need to attract more foreign investment to bridge the gap. It is forgotten though that more foreign investment necessarily means an increase in CAD.

The straightforward way to deal with increasing CAD is to devalue the rupee which would make our exports competitive and imports expensive. Such devaluation would happen in normal course whenever CAD increases. Increase in CAD means that demand for dollars for imports will be more than the supply of dollars from exports. The high demand for dollars would translate into an increase in price of the dollar, a corresponding decline in price of the rupee. This, in turn, would lead to an increase in exports. A balance between imports and exports would be reestablished at a new level. High demand for potatoes in the wholesale market leads to an increase in price and balance is soon reestablished between arrivals and sales. The shortage is wiped out. The same should happen in the forex market and CAD should be wiped out in normal course of business.

Pray! Why should they we be worried about the CAD? The market will ensure that CAD is wiped out. We must be worried because the matter is intertwined with foreign investments and liquidity in our money market. Dollars come into our forex market not only from exports but also from foreign investments. It is not necessary for the shortfall in export earnings to be met by an increase in exports. It can also be met from increased inflows of foreign investments. The simple formula is Exports + Foreign Investments = Imports. The above formula can be rewritten as Imports – Exports = CAD = Foreign Investments. This means that CAD is inevitable as long as we have foreign investment inflows.

To go back to the potato example, it is not necessary that daily receipts of potatoes from the farmers be equal to daily sale. Stocks held in the cold storage can also be sold. In that case, the 'deficit' between daily receipts and sale will be equal to the withdrawals from the cold storage. It will not be possible to wipe out shortage in daily supplies as long as sales from cold storage take place. Similarly, the CAD arises only because there is inflow of Foreign Investments edge out export earnings.

We must understand the mainstream concern with increase in CAD in this background. If we

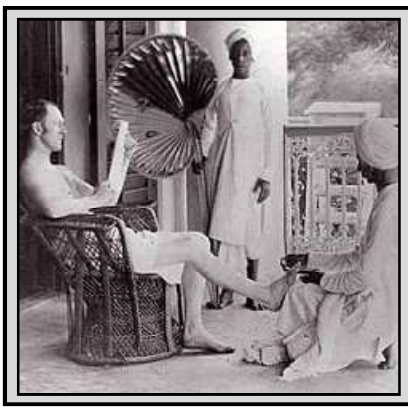
are really concerned about increasing CAD, we should put the spanners in the inflow of foreign investments. Reduced inflow of dollars will lead to a decline in the price of rupee vis-à-vis the dollar. That will translate into increase in exports and wipe out the CAD. The interesting part is that our sarkari economists also want to maintain high inflows of foreign investments. Now, this is contradictory for, as shown above, CAD = Foreign Investments. Increase in Foreign Investments has to necessarily lead to an increase in CAD. We cannot have the cake and eat it too!

It seems to me that the sarkari economists are only shedding crocodile tears on the increase in CAD. The truth appears to be quite different. They are actually happy with inflow of foreign investments and increase in CAD. They are mainly concerned about hiding the impact of increasing CAD on the domestic economy—exporters in particular. The consequence of increase in CAD in normal course of business is that the rupee will devalue. That would boost our exports. This far is fine with them. Their problem is that a devaluation of the rupee will scare away the foreign investors. Say a foreign investor buys a share of Rs 55 in an Indian company and pays a dollar for this purchase at the current exchange rate of Rs 55. Now the rupee devalues to Rs 70. The sale of this share in the NSE will still fetch him Rs 55. But this will translate into only 80 cents because the rupee has devalued. The foreign investor will take a hit of 20 cents. The sarkari economists do not want this to happen because inflows of foreign investments increases the liquidity in the money markets and make it possible for the government to borrow larger amounts at low interest rates. Note that the Government has recently increased the ceiling on amounts of government bonds that can be purchased by foreign investors.

The sarkari economists' main concern is to garner monies for supporting corruption and buying votes. They are following Charvaka's philosophy: "Take a loan and make merry." The ability of the Government to take loans at low interest rates is dependent upon inflows of foreign investments hence they are loath to let the rupee devalue. And, CAD has to necessarily be large if rupee is kept at an artificially high level. It seems to me they are mighty happy with the increase in CAD. But they do not want the public to know of their intention because that will raise a hue and cry by the exporters. Hence they are shedding crocodile tears to befool the people of the country that they are 'worried' about CAD; while actually they are quite happy about it. Analysts' assessment, including my own, is that the correct value of the rupee today will be about Rs 70 to a dollar considering the differential rate of inflation in the USA and India. The sarkari economists are trying to artificially keep the rupee high so as not to scare away foreign investors.

There is no gainsaying that it is dangerous for the country to use money received from foreign investments for supporting corruption and purchase of votes. Foreign investments are capital receipts in form of a loan. These have to be repaid. This liability on the country will stand but the money would have gone in current consumption. This like taking a loan on one's future incomes to splurge in a foreign vacation.

What should be done? The solution is to increase investments in infrastructure and research. Let us say we receive USD 10 billion of foreign investments. Let the Government make same amount of investments in infrastructure with imported capital goods. That will leave the balance between our exports and imports undisturbed. The capital receipts from foreign investments will be used to finance capital expenditures in infrastructure. But the sarkari economists are least concerned about incurring a debt and mortgaging future of the country. Their eyes are totally focused on raising monies for enabling bleeding of the nation's coffers through corruption and unproductive populist schemes. Thus they cry about the increasing CAD while actually enjoying every bit of it. ❑❑



There is no gainsaying that it is dangerous for the country to use money received from foreign investments for supporting corruption & purchase of votes.

Rahul tells the real Congress story

Congress scion'while arguing that even if all power is given to one individual, he would be incapable of changing things, was referring to his own father who actually came charging on a white horse of political cleanliness, enunciated dreams and fanciful projects, had all the powers of a massive parliamentary majority and yet ended his term with a whimper having made a Grand National mess of things, points out **Anirban Ganguly**

I have been asked by some of my readers not to criticise too harshly the Gandhi Family and in it especially the young scion who gave a stellar display of his talents and thought yesterday at the CII meet. Having heard him I could not, however, desist from penning a few observations.

His allusion to beehives, dragons, elephants and chargers on white horses pressed my mind into a mythological mode and being an avid storyteller myself I silently rejoiced that we had at last found an indigenous version of Tolkien, or CS Lewis. Their legendary trilogies and its mystic contents had, as some of its dominant elements, the very characters that the Gandhi scion described at the business meet. It was moving to see how seriously he had taken on the role of the local Kathakar who, in the days of yore, travelled from village to village empowering the common folks, the gentry and nobility by explaining to them, through a repertoire of song, dance and anecdotes, the essential truths of life and living.

The principal Opposition party, the BJP has, methinks, been too hard on the princeling's performance by terming it 'childish.' I would beg to differ because I discerned in his, at times, vacuous peroration, a certain philosophical depth and direction which we had long thought extinct in our public life. It is essentially through that that the performance needs to be judged.

Between the *'bhaiyas'* and *'bosses'* one saw the image of an emerging political philosopher who expanded the ontological and hermeneutical horizons of the vision of a future India by dilating on the essentialities of being and non-being, becoming and un-becoming and self and non-self. Being a student of philosophy I was especially touched by that; hadn't our sages predicted the advent of the philosopher-king species who would end the woes of our lives for all times to come. Hadn't they foreseen that it was such a class which would eventually uplift India to towering heights?

A political philosopher always functions and enunciates, not within the constrictions of quotidian politics and its push and pulls but formulates positions and visions within an epochal dimension keeping in mind eons, civilisations and generations. He invariably leaves the interpretation, the shaping and implementation of that philosophy to lesser minions over the ages. He finds a dedicated and dogged band of interpreters who categorise his thoughts, contextualise his

positions, render them simple and lucid and then dish them out to a larger audience with the hope of improving the philosophical-social dimensions of collective living. Find no fault thus, with the young Congress scion, he has begun to shape up into the exact mould of a political philosopher and politics in India will henceforth never be the same. His party and those in the media who keep singing paeans to his multifaceted intellect may well do to set up a unit wholly dedicated to interpreting the 'Philosophical Musings of Rahul Gandhi. The published musings will, I am sure, when distributed, enthuse the young generation no end. It could indeed be a uniquely Congress way of empowering the entire country right from the grassroots.

All faults that bother him, have been institutionalised during years when members of his family dictated national direction.

There were issues galore with which the scion found fault. For example, he complained that when he went to universities abroad in 1991, "Nobody thought of India" and they asked him, "Do you have elephants on the road." He pointed out how that has changed today. Interesting isn't it, that by 1991 his late father had finished a term as one of the youngest Prime Ministers of India with the largest majority and yet people asked his son whether he rode elephants! Strange isn't it that the change he talks about today was initiated after 1991 by another Prime Minister who did not belong to his family and whom his mother treated very badly!

Vigorously gesticulating, the scion argued that even if all power is given to one individual, he would be incapable of changing things and a section of the media, displaying a puerile sense of politics, thought he had referred to the Gujarat Chief Minister. The naïve lot could not fathom that the scion had referred to his own father who actually came charging on a white horse of political cleanliness, enunciated dreams and fanciful projects, had all the powers of a massive parliamentary majority and yet ended his term with a whimper having made a Grand National mess of things.

Like his father before him, *Monseigneur le philosophe*, attacked the education system, "Today we are mortgaging our future because large parts of our education and training are based on defunct ideas. Ideas that are no longer relevant", conveniently forgetting that it was his great-grandfather, the first charger on the white horse, who continued with defunct colonial education systems and theories without even as much as caring to debate the need for an Indian education suited to the Indian mind, ethos, vision and aspirations. In fact, all faults that so bother him, have been institutionalised and regularized during years when members of his family dictated national direction.

If the empowering of people really bothers him, the Congress scion could perhaps take up a neglected village in the distant Himalayas and dedicate his life to turning it into a model, instead of a 36 hours cross-Indian journey he might perhaps consider making a 36 month long journey across the country and then pen his experiences into a Discovery of India 2.0, he might also, if he is deeply attached to the sanitized comforts of Lyutens Delhi, consider taking up a full time assignment at the family run and government supported Rajiv Gandhi Foundation, it would give him ample scope for experimenting with grassroots empowerment.

As for the common people of India, the ones he himself described as, "millions and millions and millions of youngsters, struggling every day, with optimism", they have had enough of philosophising and yearn for a dose of leonine realism in the governance of the country. Their preference seems to be clear; the airy philosopher stands no chance against the striding Lion of Gir! ❑❑

CBI's independent position must be restored: SC

In a big embarrassment to the government, the Supreme Court termed as "very disturbing" the CBI affidavit on sharing its report with the law minister and others and slammed the agency for having kept the court in the dark on the issue. Hearing the coal blocks allocation scam case in a packed courtroom, the bench said "suppression" of the fact that CBI has shared its probe report with the government is "not ordinary".

A bench headed by Justice R M Lodha observed that there was a "very disturbing feature" in the affidavit filed on April 26 by CBI director Ranjit Sinha and the agency must be restored to its independent position. Sinha, in his two page affidavit filed in the apex court, had said that the agency's status report on coal allocation scam was "shared" with law minister Ashwani Kumar and senior officials of PMO and coal ministry "as desired by them".

The apex court said that sharing of information with the government about the probe into the scam has "shaken the entire process" and CBI need not take instructions from "political masters" on their probe. ❑

Pranab Mukherjee hits out at MNCs

President Pranab Mukherjee slammed multinational companies saying they only looked for overseas locations with an intention to dodge taxes. Addressing a function at the National Academy of Direct Taxes (NADT), Mukherjee said more than three-fourths of business transactions nowadays took place through the units of MNCs. "Their basic objective is to locate a unit in countries where the rates of tax are the lowest. Many are not physically located in a country but operate with an objective to evade and avoid tax in the tax havens," Mukherjee said.

During his stint as finance minister, Mukherjee had scared MNCs to the sidelines after making retrospective changes in tax laws and unveiling the General Anti-Avoidance Rules (GAAR) to fight tax evasion. Mukherjee, as finance minister, had linked the Vodafone tax issue to the government's fight against black money. The I-T department has slapped several tax demands over transfer-pricing issues on several MNCs such as Shell India and Vodafone. Shell India has challenged the tax demand in Bombay High Court.

Unilever to raise stake in Indian unit

Anglo-Dutch consumer goods giant Unilever Plc will pay as much as $5.4 billion to raise its stake in its Indian unit, Hindustan Unilever, to up to 75 percent in a bet on fast-growing spending power in Asia's third-largest economy.

Unilever said it would acquire up to 487 million shares, or 22.52% of the equity, of Hindustan Unilever in an open offer. The bid sent shares in Hindustan Unilever, India's largest consumer goods maker, surging 20%." Indian law requires a minimum public shareholding of 25% for a publicly listed company. The offer, payable in cash, is expected to begin in June 2013 and at $5.4 billion would be the largest equity offer ever in India.

Last November, GlaxoSmithKline Plc offered to buy an additional 31.8% stake in its India consumer products business for about $940 million.

'Relieve Army from Counter-Terror Duties'

The Army should be relieved from counter-insurgency and counter-terrorist operations within the country as the deployment is straining its resources at the expense of its conventional war fighting potential, Parliamentary Standing Committee on Defence said in its report tabled in Parliament.

Endorsing the Defence Ministry's point of view that internal security situations should ideally be handled by State and para-military forces, the Parliamentary panel said, "If it is decided to relieve the Army from counter-insurgency operations, the personnel will be available to undertake their regular duties along the boundaries."

The Ministry said that the army should be deployed in such counter-insurgency operations only as a last resort when the State or para-military forces have proved to be ineffective. Incidentally, the Army is deployed in various parts of the country for such operations for last many years including Jammu & Kashmir and North-East.

The Committee asked the Ministry to discuss the "matter with higher echelons in light of the recommendations and relive Army from counter insurgency operations so that the personnel deployed in operations are available to undertake their regular duties."

The Parliamentary panel pulled up the Government for "lackadaisical attitude" in filling the deficiency

75 Lakh Children Deprived of Immunisation

India may be a leading producer and exporter of vaccines, but an estimated 28 per cent of total infants born in the country are still missing out on basic vaccines. Being unvaccinated keeps them at the highest risk of catching life-threatening but preventable childhood diseases such as diphtheria, measles, pertussis, pneumonia, polio, rotavirus diarrhoea, rubella and tetanus.

According to the latest Government data tabled in Parliament recently, in as many as 17 States including Andhra Pradesh, West Bengal and Odisha, immunisation coverage is below the national average of 72.71 per cent in 2012-13 as on April 15.

Each year full immunisation prevents approximately 4 lakh under-five deaths from vaccine preventable diseases in India. But close to 75 lakh children every year miss the benefits of childhood vaccinations. A majority of those missing the opportunity are from among underserved and marginalised populations in rural and tribal areas.

There is a large interstate variation in the coverage of the immunisation programme. Except Mizoram which has shown a way by reporting higher immunisation coverage of 107.76 per cent, none of the States have even managed to ensure immunising all infants. ❑

of 1.86 lakh bullet proof jackets for soldiers engaged in counter-insurgency operations.

Fire razes DRDO ammunition store

A blaze of fire gutted an underground ammunition store of Defence Research and Development Organization (DRDO) at Chandipur, off the Odisha coast. The fire, noticed at around 4 am, triggered a series of explosions. However, no loss of life was reported.

"The fire was noticed around 4 am and was promptly brought under control. There was no harm to any individual. We are estimating the loss of property," DRDO director (public interface) Ravi Kumar Gupta told TOI over the phone. The store belonged to the Proof and Experiment Establishment (PXE), a DRDO laboratory that conducts tests and proofing of arms and ammunition. There was no damage to the surrounding buildings and facilities, Gupta said.

The entire complex, located near the Integrated Test Range (ITR) missile testing centre, was sealed after the fire. Established on May 30, 1895, PXE is the oldest establishment under DRDO. It was brought under the DRDO fold in 1958. It mainly works for design and development trials of guns, mortars, rockets, tank guns and their ammunition besides periodic proof check of ammunition held in the army and naval depots, DRDO sources said.

Panel for deferring NCTC decision

The Parliamentary Standing Committee on Home Affairs, headed by M Venkaiah Naidu, has asked the Centre to put on hold its move to set up the controversial anti-terror hub NCTC till all State Governments and political parties come on board. "The Committee suggested to the Government to keep the decision in abeyance until discussions were held with all the State Governments and all political parties and a consensus was arrived at," it said. The panel said due to the prevailing circumstances, it "would like to impress upon the government that the matter be sorted out to the satisfaction of all the State Governments and Union Territories and decision may be taken with the consensus of all the concerned"

Delay in submitting report IRKS PAC

The Public Accounts Committee (PAC) has expressed concern at the inordinate delay of as much as a year in submitting test reports by the Government drug testing labs, fearing that it might result into administering sub-standard/contentious/spurious drugs to the beneficiaries.

In its report submitted to Parliament, the panel has called for incorporating amendments in the Drugs and Cosmetic Rules in this regard, so that a definite uniform but speedy timeline for submitting the test report is laid down and scrupulously adhered to by all the Government to evade negative results.

Headed by Lok Sabha MP Murli Manohar Joshi, the panel was shocked at the casual manner in which the time lines followed by Central Drug Laboratories (CDL), Kolkata was 60 days for HPCL testing, 45 days for normal chemical testing and 90 days for biological products. The Government has admitted that it was difficult to prescribe a definite time frame for the Government labs to furnish the test reports under the Drugs and Cosmetic Rules. ❑❑

India Concerned over Pro-Khalistan Group's Access to us Lawmakers

A marginalised Sikh group, which in the past had known supporters of Khalistan, have once again gained access to the powerful corridors of the Capitol Hill, raising concerns for India — this time piggybacking on the issue of hate crime that the community is facing in the US. When more than two dozen lawmakers announced formation of the first-ever Sikh American Congressional Caucus last week at the Capitol Hill, it was the presence of quite a number of individuals and representatives of organisations, who in the past have openly supported Khalistan, raised eyebrows among the friends of India in Washington.

"Sikhs who were present in the Sikh Congressional Caucus event in Washington were of the ideology of pro-Khalistan," said Dalwinder Singh Dhoot, chairman of California-based North America Punjabi Association (NAPA) said in a statement.

A number of eminent Sikh American organisations including NAPA were not invited either to the announcement ceremony on April 24 or at the reception held at the Capitol Hill. Neither was there any representation from the Indian Embassy.

The Indian Embassy in Washington, which was "conspicuously not invited" to this important event, what many term as a historic one, has said it has always stood for the protection of the interests of all Indian Americans including members of the Sikh American community. ❑

India conveyes its concerns to Saudi

India conveyed its concerns to Saudi Arabia over possible job loss to a large number of Indians in the Kingdom due to its new labour law. A delegation led by Overseas Indian Affairs Minister Vayalar Ravi met Saudi Arabian Labour Minister Adel Fakieh to convey India's concern over the Nitaqat programme.

Minister of State for External Affairs E Ahamed and Advisor to Prime Minister TKA Nair were also part of the delegation. The 'Nitaqat' law makes it mandatory for local companies to hire one Saudi national for every 10 migrant workers. There has been widespread perception that the new policy will lead to denial of job opportunities for a large number of Indians working there. Over two million Indians are currently working in Saudi Arabia. The Saudi Government was implementing the Nitaqat law to cut unemployment in the country. Earlier India had said that new Saudi labour policy will affect only illegal immigrants and not genuine workers employed in the Kingdom.

Musharraf sent to judicial custody

Former military ruler Pervez Musharraf will spend Pakistan's general election day under lock and key after a court extended his house arrest over the murder of Benazir Bhutto. An anti-terrorism court in the garrison city of Rawalpindi, next to Islamabad, put Musharraf on 14-day judicial remand over the death of the former prime minister, who was assassinated in a gun and bomb attack in 2007.

Musharraf returned to Pakistan last month to stand in the May 11 general election, vowing to "save" the country from militancy & economic collapse but he was barred from running and will now spend polling day in his Islamabad villa, which has been designated as a jail. The retired general was already under a two-week house arrest order set to expire on May 4, over the sacking of judges when he imposed emergency rule in Nov. 2007, & did not appear in court in person.

Iraq revokes licencies of Al-Jazeera

Iraqi authorities announced that they had revoked the operating licences of pan-Arab broadcaster Al-Jazeera and nine other satellite TV channels, alleging that they are promoting a sectarian agenda as the country grapples with a wave of violence. The move, effective immediately, comes as Baghdad tries to quell rising unrest in the country following clashes at a protest camp last week. More than 180 people have been killed in gunbattles with security forces & other attacks since the unrest began on Tuesday. The violence follows more than four months of largely peaceful protests by Iraq's Sunni Muslim minority against the Shiite-dominated Government. Al-Jazeera, based in the small, energy-rich Gulf nation of Qatar, said it was "astonished" by the move.

The channel has aggressively covered the "Arab Spring" uprisings across the region, and has broadcast extensively on the civil war in neighboring Syria. Qatar itself is a harsh critic of the Syrian regime and a leading backer of the rebels, and is accused by many supporters of Iraq's Shiite-led Government of backing protests in Iraq too.

Corruption in China

China's prosecutors handled 3,657 corruption cases, and 1,481 cases involving dereliction of duty and rights violations during the first quarter of 2013, the Supreme People's Procuratorate (SPP) said. All these violations had directly infringed upon peoples' interests, according to an SPP statement, which added that 5,102 people as well as a total volume of 540 million yuan ($87.5 million) were involved in the corruption and bribery cases, state-run Xinhua news agency reported.

The first three months saw 2,054 people found culpable of dereliction of duty or rights violations, including five municipal-level cadres.

The SPP statement said it will continue focusing on such cases that have a direct bearing on people's interests, namely cases in such sectors as food and drug safety, agriculture, education, employment, social security, medicine, housing, the environment, safe production, public security and law enforcement. ❑

Iraq and other Governments across the Middle East have temporarily shut down Al-Jazeera's offices in the past because they were disgruntled by its coverage. The other nine channels whose licences were suspended by Iraq's Communications and Media Commission are al-Sharqiya and al-Sharqiya News, which frequently criticise the Government, and seven smaller local channels–Salahuddin, Fallujah, Taghyeer, Baghdad, Babiliya, Anwar 2 and al-Gharbiya. In a statement posted on its website, the commission blamed the banned stations for the escalation of a sectarian backdrop that is fueling the violence that followed the deadly clashes at the Hawija camp on Tuesday.

China plans more aircraft carriers

A top navy commander says China plans to operate more aircraft carriers in the future that will be even larger and carry more aircraft than the initial one launched last year. The comments from deputy navy chief Song Xue reported by the official Xinhua News Agency marked the clearest indication yet that China plans to expand its carrier program. Song didn't give a specific number, saying only, "We won't have just one."

China spent a decade refurbishing a derelict Soviet-era carrier bought from Ukraine before commissioning it as the Liaoning last year. The carrier is part of a major expansion of the Chinese navy that is equipping it with sophisticated new surface ships and submarines, prompting China's neighbors to upgrade and enlarge their own navies.

India appeals for Sarabjit

India appealed to Pakistan to release critically injured Sarabjit Singh on humanitarian grounds but a Pakistani medical board ruled that the Indian death row prisoner would continue to get treatment in that country. India's ministry of external affairs (MEA) asked Pakistan to take a "sympathetic and humanitarian" view on Sarabjit, who is battling for life after being attacked in jail in Lahore, while ministers asked opposition parties not to play "petty politics" and cooperate to help Sarabjit.

Sarbajit suffered severe head injuries and surgery was not possible at this stage, according to the medical board. Sarabjit was admitted to the Lahore hospital after a vicious attack on him by some of the prisoners at the Kot Lakhpat jail April 26. He is in coma. His family has arrived in Pakistan on a special visa issued by the Pakistani government. A Pakistani daily in its editorial said that the attack on Sarabjit could have serious implications for Pakistan-India ties. Sarabjit Singh's "fate has been caught between India and Pakistan's problematic relationship that hardly saw smooth and steady sailing all these years. His mercy petition remains pending", said an editorial in the Daily Times.

US to honour two Indian-Americans

Marking the community's heritage month this May, the White House has announced to honour 15 Asian American & Pacific Islander (AAPI) women including two Indian-Americans as "champions of change" in recognition of their significant contribution to the community. The two Indian-American women recognized by the White House are Aparna Bhattacharyya from Atlanta & Pramila Jayapal from Washington state.

"These fifteen women represent the strength and diversity of the AAPI community. These leaders — in business, advocacy, philanthropy, sports, the arts, and academia–are wonderful examples for young women across the country," said Valerie Jarrett, senior advisor to the president and chair of the White House Council on Women and Girls. ❑❑

India takes US to WTO

Two months after it was taken to WTO by the US government on the renewable energy (RE) sector, the Indian government has done likewise. It has made a complaint to WTO's dispute settlement body, alleging the US, both at the federal and state levels, is offering subsidy programmes in the sector for local content requirements, making the entry of Indian companies difficult and breaching global trading rules. In a report to WTO's Subsidies and Countervailing Measures Committee, India named the four US states - Connecticut, Delaware, Massachusetts and Minnesota - where such a programme was on to promote local firms. The complaint says such subsidy programmes violate WTO's TRIMS (Trade Related Investment Measures) agreement.

India has also asked the US to provide details of "which state or regional or local-level renewable energy programmes provide subsidies... contingent upon compliance of domestic content requirements". It has also sought a clarification on the various state and regional RE programmes that provide incentives in the forms of rebates and credit to domestic solar equipment makers.

In February, the US had complained to WTO against India on similar grounds. It had said India was offering subsidies to local firms for solar cells and solar modules under the Jawaharlal Nehru National Solar Mission, hampering US firms. Japan and Australia have since raised the same issue.

Little support for pharma MNCs

Multinational drug companies that are complaining against the Indian government and patent authorities using flexibilities under WTO's Agreement on Trade Related Aspects of Intellectual Property rights are finding little support in the international community.

WTO director in an interview termed the judicial decision as "independent" review and a decision taken by the judiciary. The flexibilities are there and they have never been questioned by anyone in the WTO. In fact, after the decision including one related to grant of compulsory licence or waiving the patent rights for Nexavar, a renal cancer medicine, produced by Bayer Corporation rightly justified by the Patents Office and the government saying local player Natco Pharma will sell the same medicine for as low as Rs 8,000 compared to Bayer's patented drug that costs over Rs 2.8 lakh, there is demand for issuing compulsory licence for at least three other cancer drugs.

India to back Brazilian for WTO top job

India is set to back Brazil's Roberto Azevedo for the top job at the World Trade Organisation after Indonesian minister Mari Elka Pangestu was surprisingly knocked out of the contention, leaving Mexico's Herminio Blaco as the second candidate in the fray.

Facilitators overseeing appointment of the next WTO director general, shortlisted Azevedo, Brazilian- ambassador to the multilateral body, and Blanco, a former trade negotiator- after the 159 members disclosed their preference in a secret exercise. But it makes the task easier for India as it will go with Brazil, instead of having to decide betweenBRICS (Brazil, Russia, India, China and South Africa) and Asean (that has Indonesia). So far, India has refrained from making public its position and it is unlikely to do so in the future as well. But given that Brazil has been a close ally, not just at the WTO, India is inclined to back Azevedo. Besides, he has made the right noises about resuming the dialogue to clinch the Doha Round, although his views on discussing the trade links with some of the new issues, such as currency and investment, may not be to India's liking.

WTO Ministerial Conference

The Ninth Ministerial Conference will be held in Bali, Indonesia, from 3 to 6 December 2013. The Opening Ceremony will b e held on the afternoon of the first day, Tuesday 3 December, followed by two working days, 4 and 5 December, with the Closing Ceremony on the final day, Friday 6 December.

The Ministerial Conference is the topmost decision-making body of the WTO and usually meets every two years. It brings together all members of the WTO, all of which are countries or customs unions. The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements. Bali conference is both challenge and an opportunity for the poor and developing countries to force Developed world to live upto their side of the commitments or expose their neo- colonialist and imperialist tendency to exploit third world. ❑❑