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Ajay Bharti

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EDITORIAL OFFICE
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R.K. Puram, N. D.-22
E-MAIL : swadeshipatrika@rediffmail.com
WEBSITE : www.swadeshionline.in

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Economic situation of India

Dear Mr. Prime Minister; As per the information passed to me, Total Tax Paid by Indians for the financial Year is 2013-2014 is Rs. 11,58,906/- (eleven lakhs fifty eight thousand nine hundred rupees). Just a view of How The Government of India spent its total income. Interest on Loan Paid: Rs. 3,80,066/-. Subsidies towards Petroleum Products , Fertilizers is Rs.2,55,516/- Crores. Social services: Rs. 2, 54, 838/-. Total Revenue is Rs.13 Lakh Crore and expenditure is Rs.9 Lakh Cores. Different of Rs.6 lakh Cores is borrowed by the Government.

It is clear that The Government of India has been pursuing wrong Economic Policies that has resulted in Fiscal Deficit of 6 lakh Crores. The Government must adopt Economic Policies as per the Preamble of the Constitution of India that SOCIALIST SOCIETAL CAPITAL inviting Shares, Debenture From Public by floating Government Companies under the Companies Act, 2013 and then the Government Will be able to Pay back its Loans and will be able to reduce Fiscal Deficit.

– Kolla Gangadhar, Hyderabad, AP

(Kalla Gangdh has addressed this letter to Hon'ble PM Sh. Narendra Modi)

Minimum Government - Maximum Governance

I personally feel that Monsanto is looking to enslave all the third world countries. I hope you are able to convince the BJP ministries & agriculture institutes & scientists to promote & go in for massive organic farming.

Pesticides & fertilizers are a big scam running into lakhs of crores, which was exposed during the National Fertilizers Ltd. scam during Narsimha Raos time.

Nowadays the entire country watches all the news channels, & are seeing the BJP tripping up on many issues,--- one of them being the Secretaries wanting VVIP status going against Shri Narendra Modijis Minimum Government - Maximum Governance.

Coming from Singapore I would personally like to see a clean & lean (small) govt machinery having criteria of merit & zero tolerance to corruption.

– Kishore Jagtiani, though email.

EDITORIAL OFFICE

SWADESHI PATRIKA

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

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

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Quote-Unquote



A modern military, armed with state-of-art weaponry, is a guarantee against war. When we are capable, no one can dare challenge us.

Narendra Modi

Prime Minister of India



A society where individuals feel shy to deviate from norms is shy Society Where individuals challenge "prove my deviance at law" is shameless.

S. Gurumurthy

National Co-Convener of SJM



The reason India is trailing in its once-strong higher education is not that it's doing things differently but not doing things differently.

Kaushik Basu

Chief Economist of World Bank, on higher education in India



PM has to take the last call which sometimes he did, sometime he didn't.

Vinod Rai

Former CAG, on the Manmohan Singh Government & scams

Manufacturing Sector Revival ?

*"When an idea exclusively occupies the mind,
it is transformed into an actual physical or mental state."*

— (Swami Vivekananda)

Prime Minister, Narendra Modi in his maiden Independence Day speech from the ramparts of historic Red Fort in the national capital highlighted the need to position India as a manufacturing hub in the near future. Prime Minister devoted considerable part of his speech to underline his priorities and expectations from this crucial sector of the economy. He invited manufacturers to manufacture in India and sell anywhere in the world. It was followed by asking the youth of the country to take 'Made in India' to every corner of the world. The areas of focus identified by the Prime Minister in his speech rightly included the urgency to put an end to the over dependence of India on imports. He invited youngsters to conduct research, find out as to what type of items are imported by India and then resolve that, through may be micro or small industries only, he or she would manufacture at least one such item so that we need not import the same in future. Instead "We should even advance to a situation wherein we are able to export such items" he added. It no doubt is a welcome thrust from the Hon'bl. Prime Minister on a sector that was completely put to test by the previous regime. But this urgency needs to be backed up by the action from all concerned. We need to identify the challenges faced by the manufacturing industry at present. The most significant challenge being, the ability to deal with the intense global competition that has worsened because of Globalisation. Globalization, we all know, has allowed manufacturers from developed economies increasing access to developing markets. Companies can move production anywhere in the world in search of materials, expertise, and low labor costs. Firms from the developed countries have immensely benefited from this arrangement because they are not only able to purchase materials and labor at lower prices but have manipulated rules in such a manner that has led to significant reduction in barriers to trade, particularly with respect to manufactured goods. Developed countries have the added advantage of the cutting edge technology that has revolutionised the manufacturing sector by raising the productivity on one side and reducing the production costs on the other. It is very difficult for manufacturers from developing countries particularly the MSME's to withstand this onslaught. It is not the question of mere capabilities of the youth only. The government needs to step in and ensure that the inherent disadvantages of a non-level-playing field are minimised considerably to ensure some sort of fairness in the competition. Manufacturing Zero defect goods as was enunciated by the PM is possible with active and collaborative government interventions only & not by an inspector Raj that stigmatises the entrepreneur. Similarly to stem the erosion of investment in R&D that has had the most direct effect on manufacturers' efforts to recruit and fund high-caliber scientists, engineers, researchers, and other staff will require the government to play an important role to usher an era of co-operative R&D that shares costs and distributes rewards evenly among the stakeholders. It will go a long way in creating and nurturing intellectual property (IP) in this country. It will also be in tune with what HH the President of India Sh. Pranab Mukherjee's advise to the directors and Chairmen of 16 IITs to collaborate with industries to channelize corporate social responsibility (CSR) funds into research. "The council of IITs should focus on how IITs can become a source for meeting technology needs of government and become a harbinger of the vision-'Make in India' and 'Made in India'," the President said in his address. Indian Industry also need to shed its complacency of catering to huge & guaranteed domestic market only. They can no more ignore the need to innovate and become efficient on a constant basis.

Government also needs to shed its over enthusiasm for increasing exports for what they say 'much needed Forex reserves'. We need to realise that India is an 'attractive' market because of its size, potential, divergence and easy access. It is one of the greatest advantages we as a country have. Our thrust must be to ensure that our requirements are met within the country. Similarly FDI inflows and outflows need to be studied in proper manner to understand how much we have gained from FDI in real terms. In short while the thrust on manufacturing sector is much awaited and welcome step. Government needs to be cautious not to repeat the mistakes of the previous UPA government.

Inflation in India, the worst ever challenge

Indian Economy has been experiencing worst ever challenge of inflation, almost unprecedented in the preceding three decades. The unabated inflation has compelled the Reserve Bank of India (RBI) to keep on raising interest rates in last 4 years, ultimately setting a negative pace of growth in the manufacturing sector and fall in the rate of rupee, due to widening trade deficit. Though, of late the Wholesale Price Index (WPI) has relented from 8.94 in 2011-12 to 5.98 in 2013-14. Yet, it is much higher to the global standards, as well as for the comfort of the RBI. But, the Consumer Price Index for Industrial Workers (CPI-IW) is still 9.68 percent and the Consumer Price Index-New Series (CPI-NS) is 9.49 percent. Therefore, a large number of readers may be genuinely inquisitive about the mechanics and dynamics of inflation. So, a detailed article on the pattern of a class-room note is being given here.

The rate at which the general level of prices for goods and services keep on rising, and leads to subsequent fall in purchasing power of the currency, is often referred to as inflation. So, when inflation rises, every Rupee spent by us would buy a smaller Quantity of goods and/or services. Central banks i.e. Reserve Bank in case of India, therefore attempts to stop severity of inflation.

In India the Inflation is measured as the percentage change in the value of the Wholesale Price Index (WPI) of a basket of goods and services on a year-on year basis.

According to Economic Times, Inflation is the percentage change in the value of the Wholesale Price Index (WPI) on a year-on year basis. It reflects the change in the prices of a basket of goods and services in a year. In India, inflation is calculated by taking the WPI as base. But, to the contrary, in the majority of other countries, it is measured as retail or consumer price index.

Formula for calculating Inflation in India is:

$$\frac{\text{WPI in the month of current year} - \text{WPI in same month of previous year}}{\text{WPI in same month of previous year}} \times 100$$

Implications of Inflation

Inflation affects lives of the consumers or the public much adversely. High prices of day-to-day goods make it difficult for ordinary consumers to afford even the basic necessities of life. This leads to poor standard of living and compell them to ask for higher incomes. Inflation also makes, the exports non-competitive. Therefore, in a state of price rise, the exports of the country decline. This creates deficit in the foreign trade, leading to current account deficit and decline in the value of the currency i.e. of Rupee in case of India. On a decline in the exchange rate of the currency, the imports become more costly and this leads to further price rise and so on. If it goes on continuously, the economy may face severe crisis. Hence, the government and the central bank i.e. RBI always tries to keep inflation under control. The central bank also does the same.

However a very moderate level of inflation may be called good for an economy, as it encourages people to invest more, facilitates rise in money supply,



Inflation has emerged as a major policy headache for the government as well as RBI. Rise in inflation with a slump in industrial output worst is not over, explains.

Prof. Bhagwati Prakash Sharma

for investment and demand creation by enhancing income level. Therefore, some rise in money supply leading to enhanced demand, followed by increased demand and production to off-set the increase in money supply by the higher level or supply of goods and services leads to sustained economic growth.

Measurement of inflation, or Price Index in India

Changes in the level of prices over a period of time are measured by means of index numbers. This index of prices includes a wide variety of goods and services which are essential for life. In India, till recently there had been five indices for measuring inflation or changes in the price level. Four of these are the Consumer Price Indices (CPIs), which are specific to a group, or class of consumers and the fifth one is the Wholesale Price Index (WPI), which has an economy wide coverage. These indices cover a vast variety of products and services, being consumed. Further, to overcome the weaknesses of these 5 indices, three new indices have been launched since 2012. Thus, in India we used five major national indices for measuring inflation or price levels in the economy till 2012. These were

- A The Wholesale Price Index (base 1993-94), the official headline inflation indicator of India.
- B The four different consumer price indices, used to assess the inflation for different sections of the labour force.
- C The GDP deflator as an indicator of inflation for the economy as a whole and its different sectors, and available on a quarterly basis

The current series of WPI at

a base of 2004-05 has 676 commodities. There are three consumer price indices (CPIs), officially released regularly at the national level to reflect the fluctuations in retail prices of goods and services pertaining to the specific segments of population in the country. These are:

- i Consumer Price Index for Industrial Workers (CPI-IW),
- ii CPI for Agricultural Labourers (CPI-AL)
- iii CPI for Rural labourers (CPI-RL).

The basket of CPI for Industrial Workers (CPI-IW) is based on 2001 as the base year and includes 120-360 items. The CPI for Agriculture labourers (CPI-AL) and CPI for Rural Labourers (CPI-RL) both have a base year of 1986-87 include 260 items. In addition, to this a new series of CPI-(U+R), based on the year 2010 for both rural and urban areas combined has been introduced in the country from January 2011 and includes 456 items.

Wholesale Price Index (WPI)

India is among very few countries, which uses the Wholesale Price Index (WPI) to calculate or to decide the inflation rate in the economy. Most developed countries use the Consumer Price Index (CPI) to calculate inflation, also called as the Retail Price Index. The WPI is said to have been first published in 1902, and was one of the most referred economic indicator available to policy makers worldwide, until it was replaced in most developed countries by the Consumer Price Index in the 1970s. WPI is the index that is used to measure the change in the average price level of goods traded in wholesale market. In India, a total of 676 items', data

on price level is tracked under the WPI which is an indicator of movement in prices of commodities in all trade transactions. It is also the price index which is available on a weekly basis for reference at the shortest possible time lag i.e. only two weeks. The Indian government uses WPI as an indicator of the rate of inflation in the economy.

In India WPI is extensively used for short term policy interventions because it is the only index that is available on a weekly basis with a two weeks' lag only. In principle, inflation requires to be managed with respect to changes in prices of final goods or consumer prices. So, now it is also under consideration to substitute WPI by CPI in India as well.

This index (WPI) is the most widely and officially used as the inflation indicator for most of the policy decisions in India and is regularly published by the Office of Economic Adviser, Ministry of Commerce and Industry. All important monetary and fiscal policy decisions of the government are based on WPI movements. In India it is in use since 1939 and is being published since 1947. With the changing scenario and changes in consumption pattern, the composition and the base year of WPI has been revised several times. The current series of Wholesale Price Index has 2004-05 as the base year and 676 items for calculating index. Latest revision of WPI has been done by shifting base year from 1993-94 to 2004-05 on the recommendations of the Working Group set up with Prof Abhijit Sen, Member, Planning Commission as Chairman for revision of WPI series and has been launched

Table No. 1.
Wholesale Price Index (WPI): Historical Evolution since 1939.

Base Year for calculating index number	Year of Launching the Index	Number of Items Included in Index	No of Price Quotations used
Week ended on 19 August 1939	1942	23	23
End August 1939	1947	78	215
1952-53 (1948-49 as weight base)	1952	112	555
1961-62	4 July 1969	139	774
1970-71	January 1977	350	1295
1981-82	July 1989	447	2371
1993-94	April 2000	435	1918
2004-05	September 2010	676	5482

on 14th September, 2010 in the country. A brief on the historical development of this WPI is given in table 1.

According to the International Monetary Fund (IMF) statistics, only 24 Countries in the world use WPI as the official measure to track inflation, whereas 157 countries use CPI for the same purpose.

Consumer Price Index (CPI)

As already aforesaid a number of consumer price indices like Consumer Price index for Industrial Workers (CPI-IW), for Agricultural Labourers (CPI-AL), and for Urban Non-Manual Employees (CPI-UNME) are being compiled only on a monthly basis. The Labour Bureau of Government of India compiles the CPI-IW. It compiles changes in the retail prices of fixed baskets of goods and services being consumed by the target group (namely the average working class family). Based on the Income and Expenditure survey being conducted by the National Sample Survey Organisation of the Central Govt. (NSSO) in 78 selected centers, this index is constructed on a monthly basis. It is constructed on the basis of average monthly family expenditures on items of consumption groups: food, Pan, Supari and Tobacco, fuel and light, housing, cloth, bed-

ding and miscellaneous (including medical care, education, recreation, transport, communication etc.). This index is used by the government for determining the dearness allowance to be paid to Central and State Government employees and to industrial workers besides fixation and revision of minimum wages.

Another more comprehensive measure for inflation is the implicit price deflator of GDP. This is an annual series, which is available with a lag of two years. More recently, the quarterly series of GDP is also available.

The CPI measures price changes of a basket of goods and services from the perspective of the retail buyers. So, It is the real index of prices for the common public. It reflects the actual inflation borne by the individuals. CPI is designed to measure changes over time in the level of retail prices of selected goods and services in the proportion, on which consumers of a defined group spend their incomes. Till January 2012, there were only following four CPIs compiled and released on national basis in India. In some countries like UK, Malaysia, Poland it is termed as Retail Price Index. The four CPIs used till 2011 are for the following 4 categories of workers.

- 1 Industrial Workers (IW) (base 2001),
- 2 Agricultural Labourer (AL) (base 1986-87) and
- 3 Rural Labourer (RL) (base 1986-87)
- 4 Urban Non-Manual Employees (UNME) (base 1984-85),

The New Series of CPI started Since 2012

The first three indices stated here above and compiled by the Labour Bureau in the Ministry of Labour and Employment, and the fourth one compiled by the Central Statistical Organisation (CSO) in the Ministry of Statistics and Programme Implementation reflect the effect of price fluctuations of various goods and services purchased and consumed by the specific segments of population in the country. These indices do not reflect the true picture of the price behaviour for the country as a whole.

Therefore, now Central Statistics Office (CSO) of the Ministry of Statistics and Programme Implementation has started compiling a new series of CPIs. These are -

- a CPI for the entire urban population i.e. CPI (Urban);
- b CPI for the entire rural population i.e. CPI (Rural)
- c Consolidated CPI for Urban + Rural will also be compiled based on above two CPIs

These indices reflect the changes in the price levels of various goods and services consumed by the Urban and rural populations. The new series, having 2010 as the base year, also includes services, which are not there in the WPI series. However, this new series has become relevant only in 2013 when the data for 2012 are available for comparison.

COVER STORY

Producer Price Indexes (PPI) versus WPI: Many countries use Producer Price Index instead of the WPI. The Producer Price Index (PPI) measures the average change over time in selling prices by producers of goods and services. Majority of the OECD countries measure inflation based on Producer Price Index (PPI) while some others OECD countries use WPI. The OECD Countries like Japan, Greece, Norway and Tur-

Period	Average Inflation	Range
1951-52 to 1955-56	-2.75	-12.78 to 6.51
1956-57 to 1960-61	6.3	3.03 to 13.79
1961-62 to 1965-66	5.8	0.0 to 11.1
1966-67 to 1970-71	6.7	-0.91 to 13.95
1971-72 to 1975-76	12.0	-1.1 to 25.2
1976-77 to 1980-81	8.5	0.0 to 18.2
1981-82 to 1985-86	6.5	4.4 to 9.3
1986-87 to 1990-91	7.8	5.8 to 10.3
1991-92 to 1995-96	10.6	8.1 to 13.7
1996-97 to 2000-01	5.0	3.3 to 7.2
2000-01 to 2009-10	5.4	

Source: *Economic Survey 1981-82, 1991-92, 2001-2002 and 2010-11*

Year	All Commodities	Primary Articles	of Which		Fuel, Power, Light & Lubricants	Manufactured Products
			Food	Non-Food		
1	2	3	4	5	6	7
(Base year: 1952-53=100)						
1953-54	4.6	-	6.7	-	-0.8	-1.0
1954-55	-6.8	-	-11.3	-	-2.1	1.6
1955-56	-5.2	-	-8.5	-	-2.0	-0.9
1956-57	14.0	-	18.1	-	9.5	6.6
1957-58	2.9	-	4.1	-	8.8	1.7
1958-59	4.1	-	8.2	-	1.8	0.3
1959-60	3.8	-	3.3	-	1.0	3.0
1960-61	6.6	-	0.8	-	3.0	10.9
1961-62	0.2	-	0.1	-	1.7	2.2
(Base year: 1961-62=100)						
1962-63	3.8	-	6.5	-	3.2	3.1
1963-64	6.2	-	8.4	-	14.4	2.5
1964-65	11.0	-	17.3	-	1.9	3.9
1965-66	7.6	-	6.8	-	3.2	7.7
1966-67	13.9	-	18.3	-	8.4	8.0
1967-68	11.6	-	21.4	-	5.6	3.2
1968-69	-1.1	-	-5.2	-	4.6	2.3
1969-70	3.7	-	-0.1	-	4.4	6.0
1970-71	5.5	-	3.6	-	4.3	7.9
(Base year: 1970-71=100)						
1971-72	5.6	0.9	1.1	-1.4	5.9	9.5
1972-73	10.0	9.7	10.1	9.0	4.0	11.3
1973-74	20.2	28.1	22.7	36.4	18.6	14.4
1974-75	25.2	25.2	26.0	11.7	51.8	21.0
1975-76	-1.1	-6.6	-4.9	-14.6	10.5	1.4
1976-77	2.1	0.8	-5.1	19.7	5.3	2.3
1977-78	5.2	9.9	11.8	6.3	1.5	2.3
1978-79	0.0	-1.3	-0.7	-4.3	4.4	0.2
1979-80	17.1	13.8	8.2	14.2	15.7	20.2
1980-81	18.2	15.0	11.4	11.9	25.2	19.2
1981-82	9.3	11.3	13.1	10.5	20.7	5.2

key use WPI. Broader coverage is provided by the PPI in terms of products and industries and the consistency of PPI with the national account. PPI may be considered to be more relevant and technically superior compared to one at wholesale level. But, in India we are still continuing with WPI.

Cost-of-living indices (COLI)

This is different from CPI and better reflects of the incidence of prices. This index helps to measure the effects of price changes on the cost of achieving or maintaining a constant standard of living from the point of view of welfare of people as distinct from maintaining the purchasing power to buy a fixed consumption basket of good and services. Maintaining a constant standard of living does not imply continuing to consume the same fixed basket of goods and services. The COLI facilitates the households to maximize their welfare from a given expenditure by adjusting their expenditure patterns, to in response to changing relative prices by substituting relatively cheaper, for goods for those which have become relatively dearer. The use or preference for a particular goods may also change.

(Base year: 1981-82=100)						
1982-83	4.9	6.7	11.1	0.8	6.5	3.5
1983-84	7.5	10.8	13.9	11.5	5.6	6.1
1984-85	6.5	6.2	4.2	10.9	4.3	7.0
1985-86	4.4	0.2	1.7	-3.4	10.7	6.0
1986-87	5.8	9.1	10.2	11.4	6.8	3.8
1987-88	8.1	11.3	9.0	21.6	3.4	7.2
1988-89	7.5	4.9	9.9	-1.7	5.5	9.4
1989-90	7.5	2.2	1.2	3.6	3.6	11.3
1990-91	10.3	13.0	11.9	17.0	12.3	8.4
1991-92	13.7	18.1	20.2	18.0	13.2	11.3
1992-93	10.1	7.5	12.4	-0.2	14.1	10.9
(Base year: 1993-94=100)						
1994-95	12.6	15.8	12.8	24.2	8.9	12.3
1995-96	8.0	8.2	8.3	9.0	5.1	8.5
1996-97	4.6	8.4	12.4	-0.9	10.4	2.1
1997-98	4.4	2.7	3.0	2.5	13.8	2.9
1998-99	5.9	12.1	12.7	10.4	3.3	4.4
1999-00	3.3	1.2	3.8	-5.8	9.1	2.7
2000-01	7.2	2.8	3.0	2.4	28.5	3.3
2002-03	3.4	3.3	1.8	8.2	5.5	2.6
2003-04	5.5	4.3	1.3	12.6	6.4	5.7
2004-05	6.5	3.6	2.6	0.7	10.1	6.3
(Base year: 2004-05=100)						
2005-06	4.4	4.3	5.4	-3.3	13.5	2.4
2006-07	6.6	9.6	9.6	5.8	6.5	5.7
2007-08	4.7	8.3	7.0	11.9	0.0	4.8
2008-09	8.1	11.0	9.1	12.9	11.6	6.2
2009-10	3.8	12.7	15.3	5.5	-2.1	2.2
2010-11	9.6	17.7	15.6	22.3	12.3	5.7
2011-12	8.9	9.8	7.3	9.6	14.0	7.3

Source: (i) RBI, Handbook of Statistics on Indian Economy 2011-2012-<http://rbidocs.rbi.org.in/rdocs/publication/PDFS/232>
(ii) RBI, Handbook of Monetary Statistics of India 2006- <http://rbidocs.rbi.org.in/rdocs/publication/PDFS/690>

Inflation in Post Independence Period in India

Inflation has been moderate to high in the post independence period. A yearly statement of inflation rates based on WPI is given in table number 3. The yearly rates of inflation, based on CPI since 1970s is also given in table number 4. The 5 yearly average rates of inflation since 1950s with the range of inflation is given in the table number 2.

Inflation in the Pre-Reforms Period (1951-52 to 1991-92): In the initial years after Independence inflation was moderate. The inflation begun to rise rapidly only during the 1960s due to the two wars fought with China in 1962 and with

Pakistan in 1965 and also due to crop failure of 1965-66, when agricultural output fell by more than 16 percent. It crossed 20 percent level in the early 1970s due to twin reasons of setback in agricultural production and an unprecedented hike in international oil prices. Prior to that, immediately after independence in the 1950s average inflation was less than 2 percent, but with vast yearly inflation in the rates of inflation. The percentage change in prices varied from a negative (-) of 12.8 percent in 1952-53 to the highest rate of inflation at 13.8 percent in 1956-57. The deflation of 1952-53 was due to the higher agricultural production in that year. During the 1950s, two more year

Table No. 4: Consumer Price Inflation in India (Average). [1970-71 to 2011-12 (upto March 2012)]			
<i>(Per cent)</i>			
Year	Industrial Workers	Urban Non-manual Employees	Agricultural labourers
1	2	3	4
(Base year: 1960=100)			
1970-71	5.1	4.2	2.1
1971-72	3.2	3.4	1.0
1972-73	7.8	6.7	10.7
1973-74	20.8	15.1	21.2
1974-75	26.8	22.2	34.6
1975-76	-1.3	2.6	-4.0
1976-77	-3.8	0.0	-13.8
1977-78	7.6	6.9	10.6
1978-79	2.2	3.4	-2.2
1979-80	8.8	7.8	9.1
1980-81	11.4	11.8	14.2
1981-82	12.5	11.9	12.4
1982-83	7.8	8.0	5.2
1983-84	12.6	10.3	11.3
(Base year: 1982 = 100 for IW) (Base year: 1984-85 = 100 for UNME)			
1984-85	6.3	8.7	0.2
1985-86	6.8	7.0	4.8
1986-87	8.7	7.5	4.8
1988-89	8.8	9.6	10.0
1989-90	6.1	6.6	5.4
1990-91	11.6	11.0	7.6
1991-92	13.5	13.7	19.3
1992-93	9.6	10.4	12.3
1993-94	7.5	6.9	3.5
1994-95	10.1	9.7	11.9
1995-96	10.2	9.3	10.7
(Base year: 1986-87= 100 for AL)			
1996-97	9.4	9.3	9.1
1998-98	6.8	6.9	3.4
1998-99	13.1	13.3	11.0
1999-00	3.4	4.5	4.4
2000-01	3.8	5.6	-0.3
2001-02	4.3	5.1	1.1
2002-03	4.0	3.8	3.2
2003-04	3.9	3.7	3.9
2004-05	3.8	3.6	2.6
2005-06	4.4	4.7	3.9
2006-07	6.7	6.6	7.8
(Base year: 2001= 100 for IW)			
2007-08	6.2	5.9	7.5
2008-09	9.1	8.9	10.2
2009-10	12.4	13.0	13.9
2010-11	10.4	11.3	10.0
2011-12	8.4	9.2	8.2

Source: Handbook of Statistics on Indian Economy: 2011-12

viz, 1954-55 (-6.71 percent) and 1955-56 (-5.23 percent) also witnessed negative price Movement. However, inflation was in the range of 3 to 7 percent during the last four years of this decade (1957-58 to 1960-61).

In 1960s, average inflation increased to 6.2 percent. Price changes were the lowest at a negative of

0.91 percent in 1968-69 as a result of bumper agricultural harvest in the previous year. It was highest at 13.95 percent in 1966-67, followed by inflation of 11.56 percent in the following year.

The decade of the 1970s was the most turbulent period for India in terms of inflationary pressure emanating from agricultural and oil prices. Highest inflation has occurred in September 1974 when it reached 33.3%. Country's worst inflationary episode was from November 1973 to December 1974 when inflation never receded below 20% and was above 30% for four consecutive months starting June 1974. A hike in oil prices and poor agricultural production led to reappearance of high inflation in 1979-80 (17.1 percent) and 1980-81 (18.2 percent)

Inflation averaged 7.2 percent per annum during the 1980s with a noteworthy reduction in inflation variability. Inflation varied between 4.4 percent in 1985-86 and 10.1 percent in 1990-91.

Inflation in the Post-reforms Period From 1991-92 to 2000-01: Since 1992-93: Between end March 1991 and end-March 1992, the Indian rupee was devalued by nearly 37 percent with respect to the US dollar, under pressure from the IMF and world Bank for the purpose of seeking a \$7.2 billion loan from IMF. It was done by the then Finance Minister Dr. Manmohan Singh. A sharp increase in inflation was therefore witnessed during the Four out of the first five years of the 1990s which registered a double digit inflation due to reforms launched under Washington consensus by the Narsimha Rao Government. From 1995-96 onwards, there had been

a continuous deceleration and the average inflation for the period 1996-97 to 2000-01.

Average trend in inflation from 2000-01 : The range of inflation was wide and fluctuating varied sharply in the beginning of new millennium, from a low of 3.3 percent in 1999-2000 to a high of 7.2 percent in 2000-01. In 2002-03 inflation moderated at 3.4 percent. In 2005-06, WPI inflation eased to 4.3 percent as compared to 6.5 per cent a year earlier. The ten-year average of headline WPI inflation in the first decade of new millennium was around 5.4 percent between 2000-01 to 2009-10. In this decade 2000-01, 2003-04, 2004-05, 2006-07 and 2008-09 had higher inflation relative to the decadal average. The years 2003-04, 2004-05, 2006-07 and 2008-09 also witnessed high inflation in manufactured products mainly on account of high prices of raw materials such as basic metal alloys and metal products, nonmetallic mineral products, and machinery and machine tools.

Trend since 2010-11 & 2011-12

The year 2010-11 of the second decade of new millennium was marked by strong inflation due to hike in vegetable prices with unseasonal rains post-monsoon and rising global commodity prices that resulted in significant cost-push and demand-pull pressures since December 2010. Food products were the main drivers of price rise during April-July 2010, accounting for about two-fifths of increase in WPI. These price pressures spilled over to manufactured non-food products during December 2010-March 2011. The wide of 2010-11 was marked by inflation persisting with headline

inflation averaging 9.6 percent.

During 2011-12, the WPI continuously increased and slowed down only during the latter half of the year. The financial year started with a headline inflation of 9.7 per cent which even touched double digit in September 2011 before coming down to 6.6 per cent in January 2012. In spite of decline in growth during 2011-12. Inflation persisted due to rupee depreciation and high global commodity prices. In the mid-year analysis in 2012-13, inflation (WPI) was reported to have averaged 8.9 percent for 2011-12.

Inflation in 2012-13 and 2013-14: The inflation decelerated to 7.7 per cent in first half of (April-September) of 2012-13. WPI inflation was 8.07 per cent in September 2012, which was 8.01 per cent in August 2012. It has fallen to 7.32 per cent in October 2012, 7.24 per cent in November, 7.18 per cent December 2012 and stood at 6.62 (provisional) for the month of January 2013.

Highest rate of inflation in Asia in end 2013 : As per the Times of India Dec. 13, 2013 The Indian economy, Asia's third-largest one, had a difficult situation where the economic growth slowed to a decade low and price pressures have shown an upswing. It had one of the highest inflation rate in the world, and the highest in Asia. Weak growth and high inflation also complicated the policy choice for the central bank. According to the Central Statistics Office, industrial output had slumped 1.8% in October compared with an annual growth of 8.4% in the same month last year. It was also lower than the 2% expansion in output reported for

September 2013.

In rural areas retail inflation was at 11.7%, while in urban areas it stood at 10.5%, highlighting the extent of pain for households, especially those with low incomes. The increase in retail inflation also affected the ruling Congress party, in state elections. Rising prices, particularly of food, was identified as one of the factors, which had angered voters in elections. High inflation has been affecting manufacturing sector and overall growth in the economy as well. Since the RBI has raised the interest rates 14 times, since March 2010, to control inflation. So, the economic growth in severely affected.

Inflationary Trends in India in Comparison to World

India has been a moderate inflation country in aggregate, In the preceding six decades since 1950-51 average annual inflation rate based on the wholesale price index (WPI) increased at a rate of 6.7 per cent per annum. In the 1980s and 1990s, the world inflation averaged around 17 per cent per annum. But, thereafter, in the new millennium i.e. in the 2000s, there was a sharp moderation in global inflation. In the eight year period from 2000 to 2007, the world inflation averaged 3.9 per cent per annum But, India had a higher average in this period. The

High inflation has been affecting manufacturing sector and overall growth in the economy as well.

Table No. 5:
India's inflation rate has been higher than world average in recent years

(year-on-year in per cent)							
	2000-07	2008	2009	2010	2011	2012	2008-12
	Average	Annual					Average
Global Inflation							
World	3.9	6.0	2.4	3.7	4.9	4.0	4.2
EDEs	6.7	9.3	5.1	6.1	7.2	6.1	6.8
Inflation rate in India							
WPI	5.2	8.1	3.8	9.6	8.9	7.6	7.6
WPI-Food	3.8	8.9	14.6	11.1	7.2	9.1	10.2
WPI-NEMP	4.3	5.7	0.2	6.1	7.3	5.2	4.9
CPI-IW	4.6	9.1	12.2	10.5	8.4	9.9	10.0

Indian inflation data pertains to financial year, EDEs: Emerging and Developing Economies, WPI: Wholesale Price Index, NFMP: Non-food manufactured products, CPI-IW: Consumer Price Index for Industrial Workers.

emerging and developing economies (EDEs) which traditionally had very high inflation also showed moderate annual inflation at 6.7 per cent. India's inflation performance was better at 5.2 per cent as measured by WPI and 4.6 per cent measured by the consumer price index (CPI-IW) then this average of EDEs. But, In 2008 the global financial crisis struck following which inflation rose sharply both in advanced countries and EDEs as commodity and oil prices rebounded. Thereafter, inflation rate moderated both in advanced economies and EDEs. In India the inflation rate rose from 4.7 per cent in 2007-08 to 8.1 per cent in 2008-09 and fell to 3.8 per cent in 2009-10 (See Table). However, the inflation rate shot up and stayed near double digits during 2010-11 and 2011-12 before showing some moderation in 2012-13. This led the RBI to raise interest rates, 14 times, to the displeasure of the Finance Minister. Table number 5 gives rates of inflation in India vis a vis world, in the recent years, which are quite high.

Measures Adopted to Contain Inflation in India

Inflation has been a major cause of concern for both the Government and Reserve Bank of

India who are taking a number of measures to curb price rise. They are as under:

Fiscal & Administrative measures : The Central government has taken following steps to curb inflation

- Govt. has Reduced import duties to zero on food items like wheat, onion, pulses, crude palmolein and to 7.5 per cent for refined & hydrogenated oils & vegetable oils. In this connection duty-free import of white and raw sugar was also extended up to 30.6.2012; however, import duty of 10 per cent was instituted in June 2012.
- Govt. also banned export of edible oils (except coconut oil and forest based oil) and edible oils in blended consumer packs upto 5 kg with a capacity of 20,000 tons per annum and pulses (except Kabuli chana and organic pulses and lentils up to a maximum of 10000 tonnes per annum).
- Stock limits have been imposed to stop hoarding from time to time in the case of select essential commodities viz. pulses, edible oil, and edible oilseeds and in the case of paddy and rice for specific seven states upto 30.11.2012.

- Ban on export of onions was imposed for short periods, whenever the onion prices rose. Exports of Onion were properly calibrated through the mechanism of Minimum Export Prices (MEP).
- Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) have been maintained since 2002.
- Futures trading in rice, urad, tur, guar gum and guar seed, has been suspended to check speculation.
- Adequate availability of sugar for the households covered under Targetted Public Distribution System (TPDS), has been ensured by the levy obligation on sugar factories was restored to 10 per cent for sugar season 2011-12.
- Government allocated rice and wheat under Open Market Sales Scheme.
- Scheme is resumed for subsidized imported pulses through PDS in a varied form with the nomenclature "Scheme for Supply of Imported Pulses at Subsidized rates to States/UTs for Distribution under PDS to BPL card holders" with a subsidy element of Rs.20/- per kg to be paid to the designated importing agencies upto a maximum number of BPL card holders for the residual part of the current year and extended the scheme for subsidized imported edible oils w.e.f. 1.10.2012 to 30.9.2013 with subsidy of Rs.15/- per kg for import of upto 10 Lakh tonnes of edible oils for this period.



Monetary measures by RBI: The Reserve Bank of India (RBI) had announced 14 consecutive increases in interest rates from March 2010 till March 2014.

Inflation Remained Unabated in 2013-14:

Inflation has emerged as a major policy headache for the govt. as well as the RBI, as has the manufacturing sector is on rapid decline and unabated price rise has inflated public anger against the govt. Industrial output data show that the manufacturing sector contracted 2% in October, compared with a 9.9% growth in October 2012, while mining fell 3.5% compared with a decline of 0.2% in the year-ago period. Electricity was the only sector which notched up growth, rising 1.3% in October compared with an expansion of 5.5% in the year-earlier period. The consumer goods sector fell 5.1% compared to a growth of 13.8%, underscoring the fragile consumer sentiments. Consumer durables registered a bigger decline, contracting 12% in October compared with a 16.7% expansion in October 2012. Rising inflation was the most recent ticklish political issue that hit the UPA government as well.

RBI still considers price stability a necessary condition for economic revival

Even in March, 2014 the Rising food prices drove up inflation in India up more than expected in leaving the RBI with less room to support the economy amid fresh signs of slowing growth. The rise in inflation in 2013-14, coupled with a slump in industrial output and merchandise exports and the risk of less-than-normal monsoon rains this summer, indicates that the worst is not over. Higher prices for fruit, vegetables and milk have pushed the annual retail inflation rate up to 8.31 percent in (March 2014), from a 25-month low of 8.03 percent in February This is what the data from the ministry of statistics, revealed on Tuesday, the April 15, 2014. Annual wholesale price inflation, has also hit a three-month high of 5.70 percent in March, 2014 on higher food and fuel prices. Therefore, the RBI still considers price stability a necessary condition for economic revival and aims to bring down retail inflation to 6 percent by January 2016. □□

Illicit trade, bazaars thrive

It's a murky economy that thrives in West Bengal, bordering the large stretch of Bangladesh border. The daily turnover of illicit trade – arms, fake currency, drugs and goods of daily usage – is stated to be a few thousand crore every day and at least Rs 4 lakh crore a year.

The porous border in reality extends much beyond the marked boundaries or the fences where it has been built. Neither the local administration nor the Border Security Force (BSF) has the capacity to check the contraband flow. Half of Bangladesh border is along West Bengal.

The West Bengal administration in Murshidabad, Malda and Birbhum is well aware of the movement of goods. If you ask them they would readily provide the dossier on the trucks, vans and other vehicles or men involved in the illicit trade. According to them, every fifth vehicle moving around in the area is a courier of contraband.

The destination of arms is specifically to Jharkhand, where Maoists reportedly make purchases for their all-India operations. These sophisticated arms find their way into Bangladesh from various sources, including Myanmar, Pakistan and China.

The administration states that since the year 2000, a large influx of minorities from Bangladesh has changed the demography of the region. The organized gangs operate day and night with tact, might and brazen force to keep the administration, of all sorts, at bay.

As you move along the region, your vehicle is marked. None disturbs it but is watched closely lest you go off the mark to have a brush with their activities. The lush rain-soaked paddy fields conceal the reality. To a visitor it's a pleasant scenario and one enjoys it till your local friend tells you that the hay-stacked truck that passes by is carrying arms and drugs!



The India-Bangladesh border runs through rivers, ponds, agricultural fields, villages and even houses where the entrance is in India and the backdoor in Bangladesh. That is why for nearly three decades this long stretch of the border remains the hub for illegal migration, human trafficking, smuggling of narcotics, guns and ammunition and essential supplies, explains Shivaji Sarkar



As you trudge some more miles another van is reportedly said to be carrying fake currency. Seizures do place at times. In June and July, fake Indian currency worth Rs 19 lakh has been seized in Murshidabad. There had been smaller seizures by the State crime branch from one Jiyarulislam Shaikh of Mursidabad of fake Indian currency worth Rs 41,000.

This is considered a mere tip of the iceberg. On February 11, 2014, the then Finance Minister P Chidambaram said fake currencies worth Rs. 107.33 crore were seized in three-and-half years till June 2013. Fake currencies with face value of Rs. 23.66 crore were seized in 2010; Rs 31.46 crore in 2011; Rs. 34.57 crore in 2012; and Rs. 17.64 crore until June 2013. "In terms of available estimates, the volume of fake currency recovered and seized in India is not more than 0.003 per cent". Though there are many points through which fake currency is smuggled in, the administration in West Bengal does not mind admitting that the largest flow is through their State be it from Bangladesh or Nepal border.

The India-Bangladesh border runs through rivers, ponds, agricultural fields, villages and even houses where the entrance is in India and the backdoor in Bangladesh. It is perhaps the most complex land border anywhere in the world. That is why for nearly three decades this long stretch of the border remains the hub for illegal migration, human trafficking, smuggling of narcotics, guns and ammunition and essential supplies. The ease with which smugglers can bring in arms and ammunition and terror infiltrators to cross over into India is, perhaps, not adequately

understood in the corridors of power in New Delhi.

The BSF has identified 46 places prone to infiltration. Fencing of the border has helped partially. It has, however, not stopped flow of all that is illicit including millions of Bangladeshis. The local saying is that coming up of a new place of worship means more money is flowing in and more murky activities are on the rise.

But the latest census figures show that the demography of the six border districts of West Bengal have dramatically changed because of illegal migration. It is changing the economy of the region. Some ruling Trinamool Congress party leaders are also allegedly helping all these illicit activities.

The organized gangs are also indulging in "tolabazi" – extortion – on the isolated points at roadsides. They are seen doing day and night. Each passing vehicle has to pay Rs 10 to 100, sometimes more. A stretch of 100 km would have two to three such extortion points and business alone from it is worth a billion rupee a year. The administration is not oblivious. It is said that a share of the "tolabazi" goes to various points in the police, local administration even some political parties.

Trinamool leaders say these activities from Bangladesh increased during the Left Front regime. But on its part too, the TMC government seems to do precious little to check it. Since it is considered a sensitive "communal" issue, the administration has been advised to act with "caution". In reality it means: "Do not act".

The situation is turning volatile every day as the volume continues to increase. It is not that the

The BSF has identified 46 places prone to infiltration.

contraband flows in from the other side only. From the Indian side too lots are sold to Bangladeshi couriers at borders. They carry sacks of phensydl cough syrup, drugs, rice in the daylight. The smugglers in the region just walk in and out of India and Bangladesh as if these are not two separate countries.

A large number of people's livelihood depends on this "illicit" trade. It is possibly the longest bazaar that exists anywhere in the world. Senior officials say large volume of money, men and materials are involved and calling it sheer illegal activity doesn't stop it. Its ramification on security is also well-known. The solution they say is not in carrying out raids, indiscriminate arrests or seizures.

The problem, officials say, is that neither New Delhi nor Dhaka understands the magnitude of the human problem of a shared legacy, porous borders and continuous interaction. The simple solution is to legalise the border bazaars. It would reduce law and order issues and might help the economy of both countries. Besides, it would end the dominance of the mafia.

This possibly is the bitter truth. A Rs 4-lakh crore a year business cannot be wished away by terming it illegal. Both Prime Minister Narendra Modi and his Bangladeshi counterpart Sheikh Hasina need to sit together to create the great bazaar that dots their borders.

—INFA

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Popularising RuPay, the Swadeshi Card



It is notable for domestic sector that RuPay fee is merely one third of Master and Visa cards & is cost effective. Private Banks are still not cooperating in adopting it. Though private Indian and foreign banks know that in the long run RuPay would prove to be beneficial, they are not ready to adopt new card looking at their short term interests, finds

Dr. Ashwani Mahajan

In India, 90 per cent of credit card transactions are domestic; however, the cost of transactions is high due to monopoly of foreign gateways like Visa and Master cards. If this process of transactions is made India-centric, cost can come down drastically. In the last 3-4 decades, the usage of credit and debit cards — what we call the plastic money — has increased manifold.

Their usage has actually multiplied in the past one decade due to emergence of e-commerce. We can not only make purchases of our needs from a big store by swapping our credit or debit card, we can even purchase air, train, bus ticket; or any commodity from e-commerce websites using this plastic money.

Though banking is no new business in India and credit and debit cards have been issued since long ago; however, these credit and debit cards had essentially been issued in partnership with international gateways like Visa and Master card. It is notable that Visa and Master cards make huge bucks from this business.

According to world Line India, a leading agency providing services in the field of electronic transactions, there are nearly 20 million credit cards in the country; and HDFC Bank, State Bank of India, ICICI Bank and Axis Bank are the main banks issuing most of the credit cards. Apart from this, there were 389 million debit cards in the country in March 2014.

During the last one year (2013-14) 58 million new debit cards were issued. It is notable that after the ATM machines were started being used, all banks have been issuing debit cum ATM cards to their customers, which can be used not only for withdrawing money, but also for making transactions at stores and e-commerce websites.

Foreign gateways like Master and Visa cards charge fee in lieu of their services and huge sum of foreign exchange gets transferred abroad by these companies. Due to monopoly of Master and Visa cards, a hefty fee is charged by them.



Their business in India has been increasing leaps and bounds in the last 10 years. According to RBI, credit cards transactions were Rs 1.56 lakh crore and debit cards transactions Rs 20.22 lakh crore during the year 2013-14.

Foreseeing the importance of an Indian Card, Reserve Bank of India, desired to start an Indian card and National Payment Corporation of India (NPCI), realised this desire and an Indian card in the name of RuPay was started on March 26, 2012.

Today in---creasingly the transactions of a majority of Indian banks and financial institutions are being facilitated by RuPay and it is giving a tough competition to Visa and Master card. NPCI has also tied up with Discover Financial to give RuPay an international acceptance.

International acceptance

RuPay global card is now accepted at 'Discover Global Payment Network' internationally. RuPay was dedicated to the nation on May 8, 2014 by the President of India, Pranab Mukherjee.

RuPay card is accepted on all ATM machines under national financial switch of NPCI. According to the NPCI data there are 1,45,270 ATMs and 8,75,00 points of sale which come under RuPay platform. In addition to this RuPay is accepted on nearly 10,000 e-commerce websites.

Banks recognised by NPCI for this purpose can issue RuPay credit and debit cards which are accepted in ATMs, Points of Sale (PoS) and e-commerce websites. As of now about 240 banks have been issuing RuPay cards. Along with this 200 cooperative and rural banks are also issuing RuPay



RuPay global card is now accepted at 'Discover Global Payment Network' internationally.

cards, giving a boost to financial inclusion.

Kotak Mahindra Bank has started a new initiative on financial inclusion; whereby farmers of 75 cooperative societies can get payment for their milk directly to their bank account.

This model is destined to be implemented in Gujarat, where 3 lakh farmers of 1,200 societies will benefit.

It is notable for domestic sector that RuPay fee is merely one third of Master and Visa cards. Though RuPay is cost effective private banks are still not cooperating in adopting RuPay.

Around 150 lakh RuPay cards in circulation now have so far been mostly issued by public sector banks. Argument of private banks is that since they have long period tie-ups with Master and Visa Cards, they cannot adopt RuPay till these agreements expire.

Though private Indian and foreign banks know that in the long run RuPay would prove to be beneficial, they are not ready to adopt new card looking at their short term interests.

The State Bank of India, the largest public sector bank has started issuing RuPay card only three months back and has realised the benefits of the same. According to SBI officials, though it has long term

agreement with Master and Visa cards, still it would be good for the bank to pay money to them and switch over completely to RuPay.

Experts believe that if only SBI adopts RuPay fully, the scheme would be a success. Although for international operations, fee of RuPay is yet to be decided, the NPCI says that it would be better to keep it low to maintain its attractiveness in international business also.

In the first week of July 2014, the secretary, department of financial services of the Union ministry of finance has written to CEOs of all the public sector banks urging them to issue RuPay cards to all new customers and the existing customers who have not been issued debit cards so far.

Banks have also been asked to install RuPay card terminals in commercial establishments. So far there is a system of issuing only one type of debit card; however if one desires to get Master and Visa card, he/she can be issued the same along with RuPay card.

Those who are used to Master or Visa card need to be lured gradually towards using RuPay as it will prove to be a win-win situation for all, as it would not only reduce cost of transactions significantly, but also increase the card penetration in the country, especially rural areas. □□

Why do we need GM crops?



Gilles-Eric Serilani is a professor at the University of Caen in Normandy in France. Two years back, in 2012, he published a research paper that created a scientific uproar across the globe. In this landmark study, he fed rats for two years, which is the normal lifespan of rats, with genetically modified corn treated with a popular weed killer Roundup. The result was shocking. These rats developed mammary tumours, much bigger in size than what we normally see, and also liver and kidney diseases.

This was the first time a study had been conducted on rats for their full

lifespan, which corresponds to about 80 years in human life. Normally, scientific feeding trials are conducted for 90 days, like in India, which corresponds to about 20 years of human life.

The path-breaking study was vociferously contested by pro-GM scientists. All kinds of charges were framed against Dr Seralini so much so that he was even accused of tampering with the results. This study was subsequently withdrawn by the scientific journal which first published it. But the catch here is that it was retracted only after a Monsanto person joined the top editorial team. Nevertheless, the study has since then been republished by another scientific journal Environment Science Europe.

At a time when studies now show that the harmful impact of chemical pesticides are passed on from generation to generation, I have never understood how could the regulatory bodies feel satisfied with feeding trials lasting for only 90 days in rats, which means about 20 years in a human life. A more recent study now tells us that your kidney problem can be related to the pesticide exposure your grandmother had.

In a study: <https://news.wsu.edu/2014/07/24/pesticide-linked-to-three-generations-of-disease/#.U-C5lKOJWRM> researchers say ancestral exposures to the pesticide methoxychlor may lead to adult onset kidney disease, ovarian disease and obesity in future generations. Michael Skinner, Washington State University professor and founder of the Center for Reproductive Biology at the University, and his colleagues document their findings in a paper published online in PLOS ONE (<http://dx.plos.org/10.1371/journal.pone.0102091>). The study was funded by the National Institutes of Health.

If this is true with pesticides, shouldn't longer feeding trials be held in case of GM crops to be doubly sure? Why are the scientists therefore in a hurry to push GM crops to unsuspecting populations?



GM industry does not allow human clinical trials to be conducted. So far there has been only one human clinical trial in which GM created problems for lab rats. After that the GM industry has ensured that no human clinical trials are conducted, reveals
Dr. Devindra Sharma

The argument that I hear in the print media and TV channels is that if we don't allow GM crop field trails how will we know of the performance of these crops? But what is not being told is that all across the globe it is through field trails that GM contamination has spread in the wild. GM plants carry an alien gene that can escape into nature by wind or by cross-pollination. In America, because of the GM contamination 'super weeds' have erupted in 100 million acres requiring more potent chemicals to kill these weeds. 'Super weeds' become resistant to all kinds of chemicals and often require hand weeding.

Shouldn't India therefore first conduct long-term feeding trials of GM seeds before these are tested in crop fields? No one is against scientific testing, but considering that GM genes escape into nature and also in the absence of tight regulatory control, the GM crops do get mixed up and get into the food chain, why can't Environment Minister Prakash Javadekar first direct the Genetic Engineering Appraisal Committee (GEAC), the nodal inter-ministerial body that approved the GM crops for cultivation, to conduct long-term trials to know the impact on human beings. After all, in a country where combating disease and health disorders remains a challenge why add on to the prevailing crisis?

But the moment you bring up the question of the need for long-term impact on human health, you will find a chorus that is often repeated ad nauseam is that the Americans have been eating GM foods for almost 20 years now and there have been no fatalities. What is however not being told is that



GM industry does not allow human clinical trials to be conducted.

since the GM industry does not allow human clinical trials to be conducted how will we ever get to know the health impacts of GM foods. So far there has been only one human clinical trial in which GM created problems for lab rats. After that the GM industry has ensured that no human clinical trials are conducted.

Ever since the first GM crop – a GM tomato – was introduced in the United States in 1994, there has been a remarkable spurt in diseases. There is a 400 per cent increase in allergies; 300 per cent increase in asthma; 1500 per cent increase in autism to name a few diseases. I have been often saying that the US is the sickest nation among the developed countries. There is certainly no evidence of a direct link, but also there is also no evidence that this may not be linked somehow.

And finally, let us look at one of the tall claims of the GM industry. These crops were supposed to reduce the use of chemical pesticides and thereby make environment much cleaner. Washington State University researcher Charles Benbrook has shown that between 1996 and 2011, farmers in US are applying an additional 400 million pounds of pesticides. In 2012, on an average 20 per cent more pesticides were applied by GM farm-

ers as compared to farmers not growing GM crops.

In Latin America, Brazil and Argentina are two major cultivators of GM crops. In Argentina, the application of chemical pesticides has risen from 34 million litres in the mid-1990s when the GM soybean crops were first introduced to more than 317 million litres in 2012, roughly a ten times increase. On an average, Argentine farmers use twice the quantity of pesticides per acre than their American counterparts. In Brazil, which has recently taken over Argentina as far as the spread of GM crops is concerned, pesticides use has gone up by 190 per cent in the past decade.

In China, which has been promoted as a silver-bullet case, the bubble burst when a 2006 joint study conducted by Cornell University and the Chinese Academy of Sciences showed that seven years after the introduction of Bt cotton, Chinese farmers were spraying 20 times more pesticides to control pests. Why then do we need GM crops, especially when they don't even produce more than the existing crop varieties. According to US Department of Agriculture, crop yields of GM soya and corn are lower than the non-GM crop varieties. □□

(Some portions of this article have appeared elsewhere also)

Changing of Indian Welfare Policies – BJP's Choice



Recent Indian development strategies have relied more on the concessions to rich & organized sector and more and more grant and aids to poor and marginalized. This perception of welfare needs to be changed to facilitating economic policies for self reliance through proper legislation along with efficient and non corrupt institutions meant to implement welfare and other socio-economic strategies, suggests Anil Javalekar

BJP government presented its first budget in a routine manner and promised long term changes only in future. Congress policies have affected India and Indians adversely and BJP got the mandate to change it. The adverse impact of Congress policies is not limited to slowing down of growth rate and or high fiscal and current account deficit. It in fact endangered future capabilities of Indian economy that are important for survival and progress of India as a nation. The main among were reversal of Indian economic policies of self reliance and of socialistic pattern of society. First increased Indian dependence on foreign countries and second led to high inequality and marginalization of weak- people and sectors. Congress government tried to redefine the poor and marginalized as excluded from growth and proposed for their welfare through more and more subsidy linked direct assistance programmes. Neither high economic growth benefits nor welfare measures with manipulative subsidies reached to these people and these sectors as was expected. The result was high fiscal deficit and high debt apart from unmanageable corruption. BJP, therefore, need to revisit all these welfare strategies and plan for good days to poor and marginalized.

Travel of economic welfare strategies

India was a country of poor people at the time of independence and is still a country of poor people even after 66 years of independence as is evident from the food security bill that intend to provide food to majority of Indian population at subsidised price. It is not that Indian government has not tried to make India prosper and eradicate poverty. First batch of Indian leaders (1950s) aspired for industrialized India and planned for Indian socio-economic development through direct government action everywhere. Second batch of Indian leaders (1970s) thought that this planed industrialization has not helped reduce Indian poverty and considered it necessary to attack the problem directly. They proposed for poverty alleviation programmes-IRDP was most important. Third batch of leaders (1980s) felt that these direct programmes are also not reaching to the poor and thought of involving NGOs and voluntary associations. Fourth batch of leaders (1990s) reached to the conclusion that government cannot alone bring prosperity and eradicate poverty and proposed to take a course of liberalization, privatisation and globalization. The fifth batch (2000 onward) has the opinion that the poverty eradication is not possible and considered it sufficient if some food and minimum subsistence level life support is given to poor and excluded. Therefore, the travel of Indian welfare strategies was from helping people to stand on their won economically through expanding government and public sector development to treat poor and helpless simply as excluded and help them survive with food assistance. The programmes initiated before 1970s and after were to make poor stand on their own economically and rise above poverty. The programmes in 2000s and after were to treat them excluded from economic growth and help them survive by direct survival assistance including food.

Revisit economic welfare concept

First is the need to review the welfare concept and revisit all welfare strategies. The emergence of powerful state in the last century expanded its interventions almost in all the areas of human life in the name of welfare state and to ensure rule of law. It was expected that the state will protect the interests of weak and make their life comfortable by helping them to have equal opportunities for socio-economic progress. Indian state, after independence, intervened, controlled and regulated socio-economic life of citizens with more legislation, more institutions and more government departments so to increase welfare. The government, however, in the process, became as an ultimate source of progress and happiness and made Indian citizens more dependent on government. Recent Indian development strategies relied more on the concessions and facilities to rich and organized (corporate) on the one hand and more and more grant and aids to poor and marginalized on the other. The status is that the rich and organized now wants more and more concessions/exemptions and facilities (from revenue and regulations) and poor and marginalized want more and more grants and aid (subsidies). BJP government needs to change this perception of welfare. Welfare is not simply to control and regulate to favour by grants and aid or revenue exemptions and or create facilities with public money or give exemptions from laws. It means ensuring of minimum livelihood source to all by promoting economic development that allows grooming of localized free enterprise and self employment. Facilitating economic policies for self

reliance on the one hand and planning for socialistic pattern of society on the other are the priority conditions for such a welfare state. The other condition is to have proper legislation along with efficient and non corrupt institutions that are meant to implement welfare and other socio-economic strategies.

Minimise government for maximum welfare

Expanding government is now affecting welfare negatively with its increased spendthrift attitude and increased needs of revenue. Over the years, governments world over have increased in size, scope and power and Indian government is no exception. Price, wage, and rent controls; physical allocations of raw materials and commodities; industrial takeovers and public enterprise; rationing of consumer goods and transportation services; financial and exchange controls; welfare measures and subsidies; currency management; defence and law and order system etc are some of the areas that have increased government's size, scope and power leading to increased government spending and government employment. Indian state expanded with more controls and more regulations along with more subsidy linked programmes necessitating more spending. More revenue has thus become inevitable and deficits are met by borrowings. This cycle of more expenditure—more revenue—more deficits—more borrowings ultimately led to debt crisis necessitating liberalisation and selling of public assets. It is, therefore necessary for BJP to minimise government and its expenses. The idea of 'Minimum government and maximum gov-

ernance' has to be given a chance in its true sense to ensure maximum welfare.

Welfare is to make citizens independent and entrepreneurial

The idea of minimum government is essentially of devolving powers to lower levels and reducing the discretion available to ministries and bureaucrats. The governance on the other hand is strengthening and institutionalising the socio-economic system with clear policy intents and supportive legislations. Government system should be supportive and facilitative to make citizens self reliant and not make them dependent either on revenue concessions or grants or on common facilities with public money or exemptions from laws. Measuring success of government in terms of dependency level of people on government should be the first important criterion for welfare strategies. More the dependency level more should be the failure of government. Similarly, allowing citizens to breathe and enjoy their life and their hard earned income by liberalising and rationalising the revenue system and its compliances is another policy thrust area. It will reduce harassment of citizens and save their expenses on revenue compliances ultimately increasing welfare.

Change policies that displace people or let industries bear the cost

Development policies initiated in the last century for industrialisation have led to many of present crises and allowed emergence of many new deprived classes of people. The policies of unbalanced urbanisation and exploitative industrialisation displace and

deprive people from their age old familial socio-economic safety and security zones and make them dependent on outside support system. Their resettlement has remained one important task of government. However, this displacement and deprivation can better be solved with policy changes and not by simple welfare programmes. The corporate and private parties are real beneficiaries of liberalisation and privatisation as also of concessions/exemptions from revenues and regulations or of facilities created with government money. It is thus not desirable to give concessions and exemptions or facilities and also borne the cost of rehabilitation and welfare. BJP need to revisit all policies that displace people and make the industrial class (corporate and private parties) responsible for rehabilitation and welfare of deprived. If required, one long term fund with contributions / special tax from this industrial class may be created and used specifically for such identified purposes.

Match welfare programmes with right policies

Presently government is running various welfare programmes meant for BPL or such families right from mother-child care and mid-day meal type schemes to health care and age old pension apart from supporting schooling, housing, skill development and employment. Government also help disabled and backward as also intervene and support farmers, weavers and other craftsmen with direct or indirect financial assistance under varied schemes. There is no denying that government cares for many weak sectors of the economy and tries to help them through



It is not desirable to give concessions and exemptions and also bear the cost of rehabilitation and welfare.

grants/subsidies and other tax concessions including providence of common facilities with public money. However, these efforts seem unending and have become a life time support to these people and these sectors with no tangible results. It may be simplified reasoning to treat these programmes as bad or its implementation as total failure. The limited success is because the programmes are not matched with right policies. Change in policies and recasting the criteria for assistance and reorienting welfare strategies are more important.

Reorient welfare programmes and strategies

First is the need to review the policies of modern profiteering industrialisation that displaces people from their livelihood source. Additionally, it is necessary to make the beneficiary (industrial class) to share the burden of welfare programmes. **Second**, stop planning from above and let local government take the responsibility of welfare strategies. Lastly they know more of their needs and their resources and should learn to live within their capabilities. Localised welfare strategies through local budgets and local mobilisation of resources will discipline the welfare spending. Central or state Government should maximum limit its

role to fill the outside support gaps that are essential for successful implementation of such strategies along with devolving revenue powers to local governments. **Third**, make welfare measures induce beneficiary to work hard and participate in asset building and not become lazy or dependent. Assistance should be conditioned and for limited period. Exceptions can be only aged, ill, disabled and deprived women. **Fourth**, poverty alleviation is not simply of direct survival assistance but of creating opportunities of income, protecting self employment opportunities, saving and nursing of small enterprises from the competition and encroachment of corporate and of technology and market support. All policies and programmes should match this strategy. **Fifth**, revisit and restructure all socio-economic institutions that are created before or after independence to run the welfare strategies or regulate and control such strategies so to make them more people oriented.

The priority should be to treat poor and marginalised not as vote banks but a deprived class that emerged due to unbalanced industrialisation. Ensuring and protecting their livelihood source will thus prove more fruitful than direct assistance programmes. □□

LIC a time bomb left by UPA for NDA

The financial assistance to Unitech was provided by LIC way back in 2008 even as the 2G spectrum scam was unfolding.

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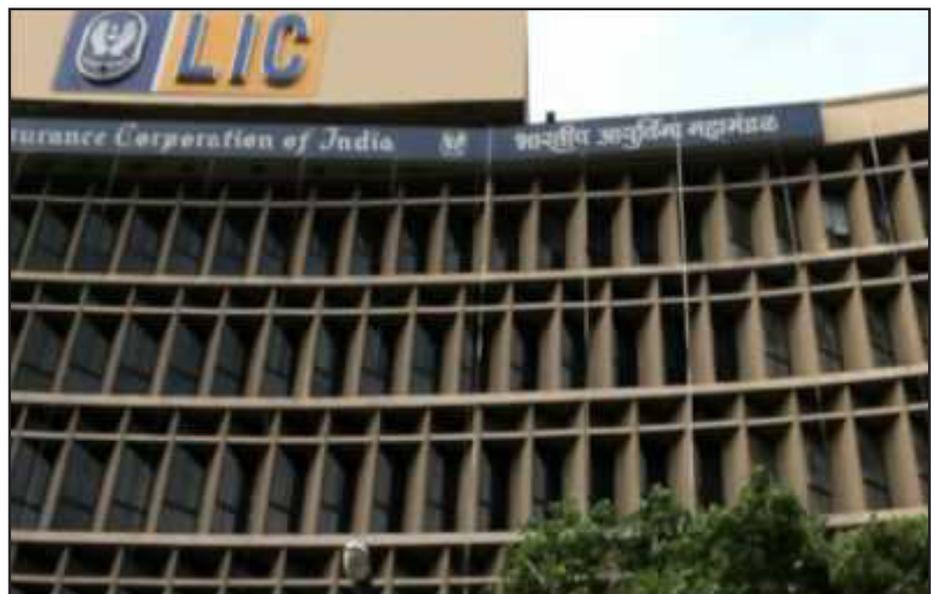
This is the observation of a senior official within the Finance Ministry (who incidentally demitted office on March 31, 2014) on a note on Assistance provided by LIC to a private Company and submitted by Anna Roy, Director Vigilance to Finance Ministry on March 26, 2014.

The senior official goes on to add, “Strong disciplinary action leading to inflicting of major penalty is clearly attracted in this case at all involved levels” and observes despite “repeated defaults by the private company” senior officers of LIC “went on to provide undue relief.” As a parting kick he concludes, “The involvement is clearly established at the levels mentioned in the note right from the beginning of the case from its sanction till 2014.”

Well, who is the alleged beneficiary from this largesse by LIC? Unitech – the very same company that is one of the accused in the 2G spectrum case. Impor-



All is not well in the world of investments made by LIC. This needs to be fixed at the earliest. The vigilance team has already done the basic investigations. A quick follow up through decisive action is required, pleads M.R. Venkatesh.



Records available indicate that LIC was aware that company was willfully defaulting.

tantly, the financial assistance was provided by LIC way back in 2008 even as the spectrum scam was unfolding!

Interestingly, there are several parallels with the 2G scam. For starters, the vigilance note observes several irregularities relating to this transaction at various stages including appraisal, approval, sanction and post sanction/disbursement. In short, from beginning to the very end, the vigilance note observes gross violation at every level as in the 2G scam.

What is galling is that the vigilance note observes that records available clearly indicate that LIC was aware from the very start that the company was regular in its payment to other lenders while defaulting on its dues to LIC. LIC in several of its communications had also raised this issue pointing out that the company was wilfully not meeting the dues of LIC. However, no action was taken to declare the company as a wilful defaulter.

Shockingly, as per the statement of the Executive Director to the vigilance team, it appears that LIC has no monitoring mechanism to review status of such accounts! And remember all this is being lent in such reckless manner and without appropriate systemic checks and balances is the money of innocent policy holders of LIC.

The case in brief

LIC had sanctioned Rs 200

crore term loan to Unitech in 2008. The facility was restructured when the outstanding term loan was Rs 160 crore by allowing extension in repayment schedule from 01.03.2010 to 07.06.2015. In August 2013 Unitech made another request for restructuring even as the proposal was not supported by the Investment Committee.

Incidentally, after the original sanction was provided several terms and conditions of the loan, including identified project was revised with the approval of the then chairman even as IC was “informed” about these changes. Such unilateral decision of the Chairman dynamited the very idea of an IC and had the calculated effect of converting the Rupee Term Loan into a corporate loan even as it compromised on the payment security mechanism of LIC.

Simultaneously LIC purchased Non-Convertible Debentures [NCDs] issued by Unitech to from LIC mutual fund in a secondary market transaction. Since these were non-approved securities such purchases required approval of the IC which was not obtained and thus violated the IRDA guidelines and SOP of LIC. Therefore the Chairman violated the terms and conditions relating to the investment operations of LIC.

Put pithily, the vigilance note brings about the following lapses / violations / malpractices by various officials of LIC including Board level appointees at different points of time:

- Undertaking secondary market transactions without prior approval of the IC.
- Post sanctions by IC, major modifications were made in sanction terms and conditions

without approval of IC.

- Did not insist with the company to execute Escrow Agreement.
- Did not initiate legal action against the borrower when the post-dated cheques issued by the borrower were dishonoured.
- Did not resort to foreclose the assets pledged as collateral with LIC to recover its dues.
- Did not attempt to declare the company a wilful defaulter even when there was evidence that the company was meeting the dues of its other lenders, declaring dividends etc.
- Seeking the approval of IC for restructuring without presenting all facts to the IC.
- Did not take necessary action under the SERFASI Act leading to a delay in taking action.
- Delayed in declaring the borrower a wilful defaulter.
- Delayed action to revise the SOP of LIC to address extant lacunae in the extant procedures and practices of LIC.

A rule not an exception

If you thought that the loan to Unitech was an exception, you could be wrong. If you thought LIC was lax in sanctioning loans, again you could be wrong. It would seem that LIC virtually was completely lax in the issue of investments – Loan or equity, primary or secondary market.

Another vigilance note issued by Anna Roy, Director Vigilance on March 31, 2014, observes several inconsistencies in the daily mandate given by various fund managers. It concludes that the financial delegation exercised by Chairman LIC with respect to purchase and sales of equity related instruments was beyond the powers delegated by the Board.

Further, on examining a sample of the purchase and sale of shares of companies during January 31, 2014 to February 7, 2014, it was observed that there were several instances where LIC has purchased and sold shares of the same company either on same days or consecutive days.

It was further observed that in several cases, a substantial number of shares of a single company have been purchased over a period of one week, even though the approved mandate for purchase of such shares was valid for one month. At times, there were purchases at higher prices and sales at lower prices which adversely affected the interest of LIC and policyholders. Moreover, the note rightly observes that “significant purchase of shares of a single company over a very short period has the potential to impact stock markets.”

Most of the irregularities on investments pertain to period between 2008 and 2014. It is obvious, given the observations of the vigilance team that in the world of investments carried out by LIC, much of the actions are suspects. But much of what is stated here has taken place quite a few years back and even at this stage we are yet to name the suspects.

One is sure given the observations contained in the note of by the vigilance team, several loans and equity purchases made by LIC are suspects. In the alternative, the borrower has immensely benefitted by the reckless or casual approach of LIC. Either way it is the innocent policy holder who has been at the receiving end.

Rs 500 crores may be small number in the context of Rs 17 Lac crores balance sheet size of LIC.



But such Halal of its fund cannot continue endlessly. Remember that LIC's policies are backed by sovereign guarantee. And any crisis within LIC is bound to have an impact on India's financial sector.

It may be recalled that in a two part series titled ‘Shunned for LIC, Selected for IRDA’ and ‘A splendid example of Congress nepotism’ in NitiCentral, I exposed how the present chairman of IRDA, TS Vijayan was originally found to be unsuited to be even the MD of LIC.

In fact, the Finance Ministry's internal note pointed out that pending a vigilance clearance, it would be inappropriate to even consider him to the position of MD but would have to be reverted to the position of ED/ZM.

Strangely, a person who was considered unfit in 2011 to be Chairman of LIC, and the Ministry of Finance considered him inappropriate to be appointed even as the Managing Director of LIC was short-listed in late 2012 for the post of Chairman IRDA – the insurance regulator which ultimately controls LIC! Shockingly, the then Finance Minister in January 2013 goes on to select TS Vijayan in view of his “splendid record.”

Needless to emphasise, the appointment of Vijayan continues

LIC is a ticking time bomb left behind by the UPA.

to haunt the insurance industry. Emboldened by such appointments, I understand that some of the decision-makers with a suspect track record in LIC are now queuing for an appointment as a member of IRDA.

Importantly, all is not well in the world of investments made by LIC. This needs to be fixed at the earliest. The vigilance team has already done the basic investigations. All it requires is a quick follow up though decisive action.

How about beginning with an action on all those who were at the helm of affairs at LIC with dodgy track record? How about suspending such persons pending an enquiry? How about postponing any decision on appointing such persons to any regulatory appointment pending outcome of such enquiry?

The new Finance Minister must realise that LIC is a ticking time bomb left behind by the UPA. The earlier it is acted upon the better for him and the NDA Government. □□

Reform the whole Government; not Planning Commission alone

Prime Minister Narendra Modi has declared that the Planning Commission will be disbanded in its present form and a Think Tank will be created instead. The Commission was set up in the fifties by Nehru to give direction to the developmental activities. The Commission was to ensure that policies implemented by different Ministries should not work at cross purposes. The Power Ministry, for example, wants to cut the forests for generation of electricity while the Environment and Forests Ministry does not want to cut them for conservation of biodiversity. The Planning Commission was expected to synchronize such policies. The Commission has generally been successful in doing this as seen by the strides the country has made since Independence. Indeed, the Commission may have exceeded the scope of its authority by exercising undue influence on the allocation of funds to the state governments. But such exceeding the scope should not be read as failure; rather it may be a product of overreach fostered by personal equations that the likes of Montek Singh Ahluwalia enjoyed with Manmohan Singh. The Commission has become progressively cut off from the people and deeply connected with invisible bureaucratic and corporate interests. The world, however, is moving in the opposite direction.

At the annual Central Economic Conference in 2012, Xi Jinping, General Secretary of the CPC Central Committee as he was then, demanded establishing decision-making consulting mechanisms and developing think tanks that are capable of assisting decision-makers and researching topics before practical needs emerge. Just one month after he was elected president, Xi expressed his approval to a proposal of building think tanks with Chinese characteristics. The Third Plenary Session of the 18th CPC Central Committee in November 2013 decided to establish a complete consulting system for decision-makers.

The National Planning Commission of South Africa released its vision state-



Mere changing names will not do. A robust system of public participation in all facets of the Government has to be put in place. The country wants deeper and tangible changes in the way the government runs, asserts
Dr Bharat Jhunjhunwala



ment and plan on its website, and then invited people to participate in the Plan's formulation online. The Commission set aside 72 hours to interact with members of the public. Minister Trevor Manuel sat at the laptop answering questions and taking on discussions with people.

Looking backwards, this demand for increased consultation is a new stage in development of governance. In 1750 only England and the Netherlands had placed limits on the powers of the king. All the other rulers of Europe, the Muslim Empires, and China had absolute power. The situation changed dramatically with the oncoming of the Industrial Revolution. The economic changes lifted the standard of living and education of the masses. People began to question the assumptions of absolute governments. The new idea was that people can figure things out, and they can come up with better decisions. In the 1600s John Locke wrote that a ruler's authority is based on the will of the people. He also spoke of a social contract that gave subjects the right to overthrow the ruler if he ruled badly. The worldwide spread of democracy was this directly an outcome of the technological changes that came with the Industrial Revolution.

Today we are moving onto the next plane due to the development of Information and Communication technologies. People can now download and read government policy documents and they have the mind and the energy to respond to it. They want to be heard and their concerns and ideas to be taken on board. It is here that our Planning Commission has miserably failed.

I had written a book on *Eco-*

nomics of Hydropower. I had made a cost-benefit analysis of the Kotlibhel hydroelectric project. I met Shri Kirit Parikh, Member of the Planning Commission. He promised to commission a study on the Run-of-River Dams being made by the hundreds in the Himalayas. Then he went silent and would not even give an appointment. The commercial interests of hydropower companies were more powerful. In another incident, I along with Swami Gyan Swarup Sanand had filed a case in the National Green Tribunal challenging the findings of studies done by IIT Roorkee and Wildlife Institute of India regarding impact of hydropower projects on environment. The Tribunal directed the Government to give a hearing to us. Member, Planning Commission, Shri B K Chaturvedi called us for discussion. But that was a sham. Not one point made during the discussion was accepted or even rebutted in the report. The Commission had totally delinked with the people.

Scrapping the Commission and establishing a Think Tank will not serve any purpose. The Think Tank is likely to remain as isolated from the people. The Energy Research Institute (TERI) is one of the Indian Think Tanks that is mentioned in the top 100 non-US Think Tanks worldwide. Yet it is happy to misstate facts when project money is involved. TERI assessed that people were willing to pay about Rs 7 per unit of electricity. Later the National Hydro Power Corporation gave a contract to TERI to evaluate the costs and benefits of two hydropower projects. TERI now concluded that the benefits of electricity were Rs 100 per unit. The benefits were in-

creased from Rs 7 to Rs 100 when prompted by a hydropower company. This is the sad state of our globally-ranked "Independent" Think Tanks. One can only imagine the state of a Think Tank established by the Government.

The fundamental problem is that the Government is being run by a combine of foreign-, business- and bureaucratic interests. They have no interest or concern for the people. The need is to change this mindset of the bureaucrats in particular. A robust system of public participation in all facets of the Government has to be put in place. I have two suggestions. One, a department of social audit must be established. This department would appoint a Committee consisting of elected representatives, independent professionals, NGOs, and public representatives to make a social audit of all government departments. The promotions of the concerned official and fund allocations for ensuing years would be made contingent on this audit report. Indeed, many of these Committees will be co-opted and sign on the dotted line. But there will be others that will resist and give a correct picture. Second suggestion is that the Government should enact a "Right to Reply" Act along the lines of Right to Information Act. It should be made obligatory for government officials to give a reasoned response to suggestions given by the public. I should be obligatory for the Executive Engineer, for example, to give reasons for rejecting a suggestion like increasing the capacity of a transformer. Mere changing names will not do. The country wants deeper and tangible changes in the way the government runs. □□

Modi's Japan visit: Restructuring a civilisational agenda

When his ship reached Nagasaki in July 1893, Swami Vivekananda was deeply impressed by his first glimpse of Japan. This short sojourn would awaken in him a deep yearning for exploring and re-kindling the lost civilisational link between his country and Japan.

“The Japanese are one of the cleanest peoples on earth,” exclaimed the Swami in a letter to his young Indian disciples, “Everything is neat and tidy. Their streets are nearly all broad, straight and regularly paved. Their pine-covered evergreen hills form the background of almost every town and village. Their movements, attitudes, gestures, everything is picturesque — Japan is the land of the picturesque.”

Vivekananda's instant emotional bonding with Japan, however, did not cease with a praise of its aesthetics alone. It would be interesting to recall in the present climate when Japan is being widely discussed in India, that in order to have a detailed understanding of Japan.

Vivekananda left his ship at Kobe and took the land route to Yokohama. It was the height of the Meiji period, when, as Carol Gluck in her detailed study of the Meiji era noted, the entire effort was to establish Japan as a ‘nation among civilised nations — *bunmeikoku no ikkoku*’, an era when a ‘growing number of young Japanese were exposed to a wide diversity of opinion and when travel broadened...’ and new intellectual discourses took shape.

It was this national effort, then being made in Japan, of ushering in an era of modernisation with indigenous directions and roots which must have impressed Vivekananda. Having visited Osaka, Kyoto and Tokyo, what struck the Swami most was Japan's ‘modern rage for progress, which was spontaneous in every department of knowledge’. He expressed as much when he wrote how ‘fully awakened to the necessities of present times’ the Japanese seemed to be and that they were bent ‘upon making everything they [wanted] in their own country’.

Vivekananda saw re-evolving Japan as a model for Indian regeneration: “I want that numbers of our young men should pay a visit to Japan...Especially to the Japanese, India is still the dreamland of everything high and good.”

“Come see these people,” he exhorted the youth of India who, he complained, were busy then “promenading the seashores and repeating undigested stray bits of European brainwork...”

Towards the end of his life, Vivekananda would often refer to the Japanese love of their country: “Their country is their religion; the national cry is *Dai Nippon Banzai*! Live long great Japan! The country, before and above everything else. No sacrifice is too great for maintaining the honour and integrity of the country.”

For a subject people that rousing cry of patriotism was indeed deeply moving.

When the well-known Japanese intellectual and artist, Kakuzo Okakura (1862-1913), in his widely read *Ideals of the East* declared that “Asia is one”, he was essentially pointing at the possibility of recovering a lost civilisational concert in which the continuing Asiatic civilisations could play a renewed role in shaping a global order.



The Prime Minister's outreach to Japan is a recognition of the civilisational potential that the two nations hold and can wield in evolving an era of 'Asianism' in global politics, says Dr. Anirban Ganguly

Okakura's exhortation, and his visit earlier to India, which saw Vivekananda meticulously plan his cultural tour with the conviction that it would open up new vistas in India-Japan relations, galvanised Indian nationalists, they saw in Japan an ally in their struggle against colonial — read Western hegemony.

Sister Nivedita (a disciple of Swami Vivekananda), in her introduction to Okakura's work, essentially argued for the need to realise an underlying Asian unity hitherto dismissed by a dominant Western world order. It was, Nivedita argued, of 'supreme value to show Asia not as the congeries of geographical fragments that we imagined, but as a united living organism, each part dependent on all the others, the whole breathing a single complex life.'

For the Indian nationalist, Japan and India were to form one of the most vibrant unities within this greater Asian unity.

In fact, one of the most intrepid revolutionary of the pre-Gandhian era, Rash Behari Bose, escaped to Japan, nearly a century ago, and carried on the Indian struggle from Japanese soil with help from some of the leading intellectuals of Japan.

A staunch advocate of Asian unity, Bose saw it as an 'ideological foundation' to overcome Western dominance. In laying this ideological foundation of Asian unity Bose saw India and Japan as crucial pivots.

The visit of the Indian prime minister to Japan, thus, is in a sense, a renewing of that ideational link laid long back by some of our most prolific minds.

Prime Minister Narendra Modi's watershed visit to Japan, his



The visit is an opportunity for establishing an "Asian Concert"

reaching out to one of our natural civilisational allies, his proposed visit to the Toji temple in Kyoto, the reference to "India-Japan civilisational commonalities" and a dynamic agenda to actualise it in the present geopolitical context and his inaugurating the Vivekananda Cultural Centre, in many ways, indicate the advent of a *nouvelle direction* in India-Japan relations.

It is a recognition of the civilisational potential that the two nations hold and can wield in evolving an era of "Asianism" in global politics.

It is perhaps unique in Narendra Modi's handling of foreign relations that the civilisational-cultural aspect is emphasised in equal measure with the commercial-strategic — in fact it points to a stark understanding of the fact that in the context of external relations the civilisational-cultural dimension should essentially form the overarching or primary texture for weaving geopolitical strategies and effectively deliverable relations for our times.

The visit is an opportunity for establishing an "Asian Concert" which can invite like-minded countries in the region to get involved in the effort to create a more balanced and equitable Southeast Asian and Far East Asian region.

India's reaching out to Myanmar and Vietnam in the last hundred days is indicative of her earnestness to evolve such a functional "Asian Concert."

The Prime Minister's visit shall further the possibilities of laying a framework for enhanced cooperation among countries of the region and India in safeguarding mutual security interests.

Especially in the context of the South China Sea a "coalition of like-minded countries including the members of the ASEAN" and other maritime entities may perhaps be emphasised. An enhanced India-Japan security cooperation framework, civil-industry to industry cooperation, civil-nuclear cooperation and cyber-security cooperation are some of the other issues that are on the table.

Leading scholar of geopolitics, Kishore Mahbubani, has recently observed that "Modi must now lay the foundations for India's emergence as a global economic power".

Modi's Japan trip is an early step towards that emergence of India, not only as a global economic power, but as a civilisational power with global aspirations.□□

[This article by Dr. Anirban Ganguly was published by Rediff./com before The Visit of Hon'bl. Prime Minister Shree Narendra Modi.]



Prime Minister Narendra Modi's Japan Visit

Prime Minister Narendra Modi has arrived back in Delhi after concluding his historic visit to Japan during which Japan promised to give USD 35 billion to India over the next 5 years for developmental projects.

The two countries also decided to enhance cooperation in defence and other strategic areas and also signed five pacts covering defence exchanges, cooperation in clean energy, roads and highways, health-care and women while vowing to take their relationship to newer level.

Japan also lifted ban on six Indian entities including Hindustan Aeronautics Limited (HAL) which had been imposed in the aftermath of 1998 nuclear tests. During the five-day visit, his first outside the sub-continent since becoming PM in May, Modi invited Japanese investments while hard-selling India as a conducive destination for business particularly for the manufacturing sector.

He told the Japanese businessmen that India was awaiting the investments with a 'red carpet' and not 'red tape' as rules and procedures have been eased by his government.

Winding up his official programme Modi expressed gratitude to Japan for reposing "trust" in India and demonstrating its friendship with a quip "yeh fevicol se be zyada mazboot jod hai (this bond is stronger than that of fevicol)".

"This visit has been very successful," Modi had said at the Indian community reception hosted in his honour in Tokyo earlier.

"There has been talk about billions and millions. But there has never been talk of trillions," he said, referring to 3.5 trillion Yen (USD 35 billion or 2,10,000 crore) promised by Japan to India through public and private funding over the five years for various works, including building of smart cities and cleanup of the Ganga river.

During the talks between Modi and Japanese PM Shinzo Abe, the two sides agreed to enhance their defence and strategic cooperation to a new level and also decided to speed up negotiations on civil nuclear deal that could not be concluded now.

Striking good personal chemistry, the two leaders had "very fruitful" exchanges.

Abe also went out of his way to receive Modi in Kyoto when he went there on August 30 in the first leg of his 5-day tour.

In Kyoto, a pact was signed under which Modi's Lok Sabha constituency Varanasi would be developed on the pattern of Kyoto 'smart city' with the help of Japan.

Abe also announced that as an example of Indo-Japan Cooperation, Tokyo will help India in providing financial, technical and operational support to introduce Bullet trains, a project that Modi has been actively pursuing.

"This is not just raising the relationship from one category to another... Our relationship is not only regional in its framework, but will have a global impact," Modi, who concluded his five-day visit to Japan, said. □□

Central Working Committee of SJM Meets in Delhi

“Central Working Committee” of SJM met in Radhakrishna Vidya Niketan, Sector 4, Pushap Vihar, New Delhi on 30-31 August 2014 under the chairmanship of National Convener Sh. Arun Ojhaji.

Dr. Krishna Gopal ji, Seh-Sarkarivah Rashtriya Swyamsevak Sangh attended the meet on 30th August 2014. Issues concerning the economy of country were discussed in depth.

Report of events and major programmes undertaken by different units of SJM was presented to the participants. The major decisions taken in two day meet are as follows:

Swadeshi Week

Swadeshi week will be observed as usual from 25th September to 2nd October 2014. Prabhat Pheri, Street plays, Padyatra, Pandal on Dusshera and programmes in universities will be undertaken during this time to spread the message of Swadeshi.

Dattopant Thengdi memorial lecture

Rev. Dattopant Thengdi memorial lecture will be held in New Delhi, Rajkot, Jabalpur and Agra.

Boycott Chinese Goods

Shree Arun Ojha ji will issue an appeal to boycott Chinese made goods particularly during Deepawali celebrations. A letter to this effect will also be sent to Dharamacharyas to rope them in this campaign.

FDI in Defence

SJM stands firmly against FDI in defence and will try every method to convince government about its adverse impact.

12th Rashtirya Sabha

12th Rashtirya Sabha of SJM will be held in KIIT Campus, Bhubneshwar Odish on 25-28 December 2014, shulka for this is Rs. 200 per head.

Swadeshi Sangam

Swadeshi Sangam, a two day caucus of leaders, activists, intellectuals, research scholars, NGOs and socio-political leaders of weavers, fishermen, transporters, farmers, traders, MSME entrepreneurs, labourers and owners of Rehdis, patriwal-

las, will be held on 11th & 12th October 2014 at Jaipur, Rajasthan.

Dr. Krishna Gopal ji in his address to the participants of central working committee members meeting stressed the need to spread the message of Swadeshi more vehemently. He was of the opinion that Swadeshi is more relevant in present circumstances.

He stressed the need to orient more and more activists in this campaign. He also appreciated the Role of SJM in ensuring the change in government at centre and stressed the need to work hard to change the thinking and attitude of bureaucracy also. It may take time but we need to be patient and consistent.

CWC meeting was attended by Mohini Mohan Misra of Bhartiya Kissan Sangh, Sh. Laxmi Narayan Bala from Hindustan Samachar and Gopal Sharma of ABVP besides others. □□

Swadeshi Sangam

11-12 October 2014

Jaipur (Rajasthan)

Leaders, activists, intellectuals, research scholars, NGOs and socio-political leaders of weavers, fishermen, transporters, farmers, traders, MSME entrepreneurs, labourers and owners of Rehdis, patriwallas, are cordially invited.

Convener

**Prof. Bhagwati
Prakash Sharma**
(9829243459)

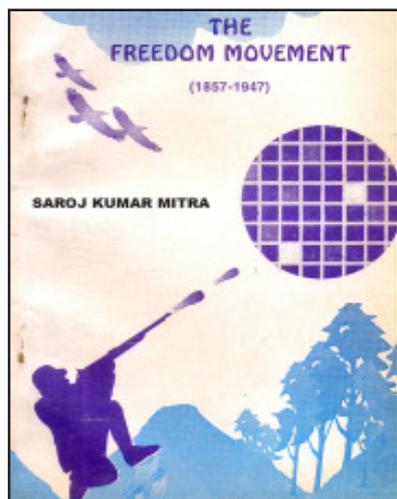
Co-Convener

Sh. Satish Kumar
(9915714309)

**Sh. Bhagirath
Chaudhary**
(9413369367)

Co-ordinator

**Sh. Deepak
Sharma
'Pradip'**
(9810454566)



Swadeshi and Muslims

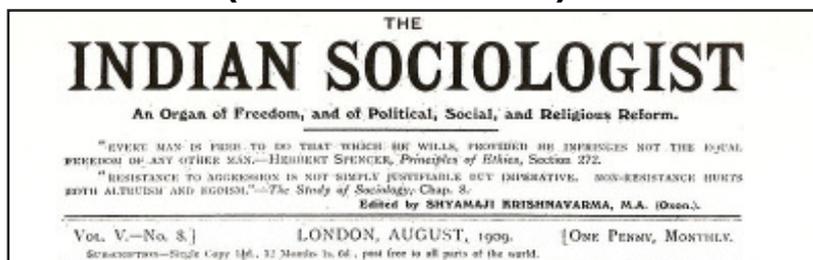
While nationalist leaders like Tilak, Gokhale, Aurobindo etc. were making all out efforts to instill patriotism among the masses in India, Sir Sayed Ahmad, the founder of Aligarh Muslim University (1877) and Amir Alli, the founder of National Mohmeddan Society backed by Beck, the Principal of Anglo-Oriental College at Aligarh were sowing the seed of two nation theory among the Muslims which fitted well into the “divide and rule” policy of British government. Pakistan was born out of this policy as later events would show.

Swadeshi Through Education - 1876

In 1876, the Decan Education society was formed with Balgan-gadhar Tilak. Surendranath Banerjee facing dismissal from his service (ICS) founded Rippon College in Calcutta to preach nationalism among the students around 1878. In Punjab, Lajpat Rai advocated for technical education in 1901. Satish Chandra Mukherjee, the Editor of “The Dawn” started one students organisation “The Dawn Society” was the most successful organisation to spread national feeling among the students. It

The Freedom Movement

(Untold stories)



opened up Swadeshi stores in Calcutta and sold indigenous goods worth Rs. 10,000/ with a year.

In 1903, during his secret visit to Calcutta Aurobindo told revolutionaries of Bengal that some Sadhus on the Bank of Narmada had a spiritual vision that by 1906, the fire of revolution would emerge from Maharashtra to engulf whole of India; so why timid Bengalees were not rising out of their sleep?

Movement against partition of Bengal (1903-1905)

The post Ramkrishna period in Bengal was the period of Bengalee Renaissance. But it was partition of Bengal which ignited the dormant nationalism that spread like wild fire. The literary outburst during this period was unique. No other movement in the Indian history can claim such distinction when poets, dramatists and novelists contributed so much through their creative works.

Lord Curzon proposed partition of Bengal in 1903 which inflamed whole of Bengal with Swadeshi spirit. A mass movement evolved from the soil of Bengal which finally ended in 1947. Ideas and methods of agitation evolved during this period was so effective that these were to be adopted later on in the long drawn freedom struggle. Picketing, non-cooperation,

boycott, hartal and ex-communication etc. were the types of agitations adopted by the masses during this time.

Curzon’s intention was to reduce Bengalees into minorities through partition. Apprehending revolts from Bengalee Hindus Curzon bribed Salimullah, the Nawab of Dacca to keep Muslims in his favour by injecting hatred towards Hindus among the Muslims.

It was an irony in history that what Curzon failed to achieve, Jawaharlal Nehru accomplished it in 1947 through partition of Bengal and Bengalee Hindus like mute cattles ran out of East Bengal (now Bangladesh) without any protest.

Wrote Curzon to Brodrick in 1904, “... if we are weak enough to yield to their clamour now, we shall not be able to dismember or reduce Bengal again ... a force almost formidable and certain to be source of increasing trouble in future.” In 1911, Lord Hardinge, the Governor General wrote to Secretary of State in London, “... the desire to aim a blow at the Bengalees overcome other considerations in giving effect to that laudable object.”

The Congress passed resolutions against partition in 1903 and 1904. Rabindranath published two volumes, “Swadeshi Samaj” in 1904 and “Avstha O Vyabastha” in 1905 detailing out the action plan for the

movement.

Though through protest meetings and memorandum signed by 50,000 people opposing partition was sent to the Secretary of state in London, the Govt. declared its partition plan on 19 July 1905 at Simla which was published by the Newspaper next day. At Barisal (now is Bangladesh) Ashwini Kumar Dutt who termed the Congress session as "Three days Tamsha" circulated a signed appeal to people to boycott British goods and purchase indigenous goods. The great Calcutta meeting at the Town Hall on 7 August 1905 was quite unprecedented as shops remained closed and students in thousands paraded the streets shouting "Vande Mataram". The crowd was so large that two more meetings were conducted with the overflowing crowd in addition to the one at Town hall.

Boycott of foreign cloth and goods was done by picketing at shops selling these goods. In villages persons using foreign goods were ex-communicated and Curzon's effigy was burnt. Pandits refused to conduct social functions with foreign goods. Cobblers refused to mend foreign shoes. Oriya cooks refused to serve their masters using foreign shoes. Oriya cooks refused to serve their masters using foreign products. At Puri in the Sri Jagannath Temple Sadhus and Pandas conducted meetings to boycott British goods and the message was spread among pilgrims. Zamindars spread the message of boycott and Swadeshi through their Naibs and Amins.

On the occasion of Mahalaya, 50,000 persons taking bath in Ganga assembled at the Kali Temple in Calcutta where a Homa cer-

emony with a huge fire was conducted. The grandest function ever done anywhere in India was started when Brahmins invoked in Sanskrit, **"Worship the Motherland before all other Deities ... give up sectarianism... devote your lives to relieve her distress."** Then assembled persons entered the Natmandir in batches and took the vow in the name of Mother Kali to boycott foreign goods.

On 16 Oct, 1905, the day on which partition was to be effected was declared as Rakhi Bandhan Day by Rabindranath. Rabindranath along with the luminaries of Calcutta and 50,000 people took a holy dip in Ganga and walked barefooted tying Rakhi with each other's hand and shouting Vande Mataram. A meeting was conducted where Rs. 70,000/- was collected for promotion of Swadeshi. Rabindranath revived Shivaji festival in Bengal which was earlier introduced in Maharashtra by Tilak.

At Bankura Confectioners declared a fine of Rs. 100/- against anyone using foreign sugar. At Birbhum, foreign Cigarettes were burnt in the streets. The Statesman published a story by its Representative who narrated how a big cloth merchant could not sell his imported Dhoti at one rupee five annas per pair though country made Dhotis at one rupee fourteen annas were being sold.

Within one year the foreign cloth though cheaper than Indian mill made cloth could not be marketed in Bengal. So the Marwari Chamber of Commerce cabled to their counterpart in London to ask Secretary of State for India to annul the partition of Bengal to save the trade.

Added to Boycott agitation

industrial strikes at Burn and company, Govt. of India Press, the Bengal Govt. Press and Fost Gloster Jute mill aggravated the situation.

In 1906, Tilak was taken in a procession in Calcutta with a huge portrait of Bharat Mata drawn by Abanindranath Tagore heading the procession. The processionists were in a militant mood bursting crackers while marching. This was the first procession publicly exhibiting aggressiveness.

The Swadeshi and Boycott movement spread outside Bengal in Rawalpindi and Mandalay. Three Regiments of sepoy at Barrakpore and Fort William refused to wear England made clothes. Vande Mataram became the war cry.

To prevent students from joining the movement the Acting Chief Secretary of Bengal, R.W. Carlyle issued a circular to all Collectors in October 1905 to take disciplinary actions against students and teachers joining the movement and shouting Vande Mataram. Both students and teachers defied Carlyle-circular. Satish Chandra of Dawn Society addressed large number of students to boycott official universities and joint Swadeshi Movement. Similar circular banning shouting of Vande Mataram was issued by Risley in Bombay Presidency.

To appose Carlyle-circular one Anti-Circular Society was formed in October 1905 with Rabindranath Tagore as its Chairman and Sachindra Prasad Basu, a student of B.A. Class as its Secretary. The Anti-circular society forced Businessmen to sell cloths of Bombay and Ahmedabad Textile mills at a fixed price stamped on the cloths by its volunteers.

[to be continued]

Government accepts demand for "Select Panel"

Government has agreed to refer the controversial Insurance Bill to a Select Committee of Parliament, which will have 15 members. The Government agreed to the Opposition's demand amidst receding hopes of being able to convince it to support its first major economic reform initiative. The major Opposition parties had joined hands on the issue and demanded that the Insurance Bill be sent to a Select Committee. The Bill, which proposes to hike the FDI limit in insurance sector to 49 per cent, has been caught in a logjam with the Congress-led opposition insisting that it be referred to a Select Committee. The Government was confident of getting the Bill passed in the Lok Sabha but was wary about the Rajya Sabha, where the ruling NDA has fewer numbers.

Although the Government earlier listed the bill in the Rajya Sabha, it was deferred and, strategically, not listed later as consultations were carried on with various parties for their support. With a view to gaining support, the Government has made it clear that it is amenable to amendments in the Bill. Congress, which had supported a hike in the FDI cap when it was in power, now wants the bill to be referred to a Select Committee for threadbare examination of the issue since the Government has brought in some amendments to it. The committee, headed by BJP MP from Madhya Pradesh Chandan Mitra, has been asked to submit its report by the first week of Winter Session of Parliament. □

Khadi in line for GI tag

Khadi, famous as the fabric of the Swadeshi movement, is in the queue for the Geographical Indication (GI) tag. An association of intellectual property rights attorneys has applied for the GI status for khadi, to be recognised as a India-originated product, before the Geographical Indications Registry, Chennai.

The association had applied for the GI both for the khadi product and the process on behalf of all manufacturers of khadi in various states in order to protect their interests. The GI status has been sought under Class 24 of goods categorised as 'textiles and textile goods (handicraft).

The application states that khadi products made all across India need to be protected as distinctive Indian hand-woven cotton fabrics to safeguard against fake claims. GI tag is a legal protection for products unique to a particular region, and it aims to prevent exploitation of the uniqueness of the product.

Khadi – the fabric of freedom struggle is the only fabric that can be used for making India's National Flag, as per the Flag Code of India, 2002.

SC on cutting price of essential drugs

The Supreme Court has sought responses from the Centre and states on a PIL alleging that non-implementation of National Health Policy, 2002, had resulted in non-availability of cheap generic drugs in primary health centres and district government hospitals. Petitioner Reepak Kansal told a bench of Justices Dipak Misra and V Gopala Gowda that in India, nearly 40% of the population had a marginal existence, being below the poverty line and living in rural areas which lacked adequate healthcare facilities.

To avail medical assistance, poor people were forced to go to private hospitals in urban areas and buy costly branded medicines, which inflicted a huge financial blow on them, Kansal said. The bench made Medical Council of India (MCI) a party in the proceedings after Kansal pointed out that though there was a policy to make cheap generic medicines available, it had not been implemented. It sought responses from the governments in six weeks.

The National Health Policy, 2002 said, "India enjoys a relatively low-cost healthcare system because of widespread availability of generic drugs and vaccines. There is an apprehension that globalization will lead to increase in the cost of drugs, thereby leading to rising trends in overall health costs. The policy recommends measures to ensure future health security of the country." The petitioner said, "India spends approximately 1.2% of its GDP on health sector, which is among the lowest in the world. Other countries in the region such as Sri Lanka, China and Thailand spend approximately 1.8%, 2.3% and 3.3% of GDP, respectively on the health sector."

Pilot asleep Jet flight drops 5,000 feet

A Jet Airways aircraft winging its way from Mumbai to Brussels suddenly dropped 5,000 feet in the Ankara airspace over Turkey. The commander of the Boeing 777 aircraft was taking 'controlled rest', which means a nap as per rules. The aviation regulator is now probing if the co-pilot too had dozed off. The co-pilot, who was supposed to hold fort in the cockpit, claims she was busy on her tablet and did not notice that the aircraft had lost altitude. It took a call from an alarmed Ankara ATC, asking why 9W-228 had moved away from its assigned flight level of

■ UPA pressured me to drop names from CWG, coal reports: Rai ■

In fresh embarrassment to the erstwhile UPA regime, particularly to former Prime Minister Manmohan Singh, former CAG Vinod Rai has claimed that coalition functionaries had deputed politicians to get him leave out names from the audit reports in the Coalgate and Commonwealth Games scams. He has also claimed that UPA functionaries had roped in even his colleagues in the IAS, to which he belonged before his appointment as CAG, to persuade him to leave out names.

Rai is penning his views in his forthcoming book "Not Just An Accountant" to be released in October, that will be critical of the UPA regime. Rai, who had demitted office last year after several run-ins with the UPA government and had estimated a "notional" loss of Rs. 1.76 lakh crore in the 2G spectrum allocation and Rs. 1.86 lakh crore in Coal Block allocations, was severe in his comments to Times of India on Singh. He has said he would provide details of how sheer considerations of survival led Singh to acquiesce to decisions which caused huge loss to the exchequer.

"See the prime minister is the first among equals. He has to take the last call which sometimes he did, sometimes he didn't. Everything cannot be sacrificed only to remain in power. Governance cannot be sacrificed at the altar of compulsion of coalition politics. I have said it in the book," he said. □

34,000 feet, for the situation to be rectified.

Jet confirmed the incident to Lalit Gupta, who is in charge of flight safety in DGCA. DGCA summoned both the commander and the co-pilot on Wednesday to initiate a probe into what has been termed as a "serious incident". The two have been grounded pending investigation.

Indigenous Naval Ship commissioned

Prime Minister Narendra Modi commissioned 15,000 km range INS Kolkata. It has been constructed by the Mazagon Dockyards Limited and has been designed by the Navy's design bureau. The 6,800-tonne warship will showcase a giant leap in shipbuilding technology in the country. INS Kolkata will be a part of the Kolkata Class destroyers of the Indian Navy which will include follow-on ships by the name of INS Kochi and INS Chennai respectively.

Terming military might as the biggest deterrent to war, Prime Minister said the defence forces will be modernized to ensure that "nobody casts an evil eye" on the nation. Stressing the importance of maritime security in fast expanding global trade and commerce, the Prime Minister said India, with its vast coastline, was playing a major role in it.

"In the coming days, INS Kolkata will inspire confidence to those involved in maritime trade," he said. India is also building an over 40,000-tonne indigenous aircraft carrier INS Vikrant. Shri Narendra Modi emphasized that with changing times, the importance of prowess which came out of "Buddhi Bal" (scientific and technical intelligence) is as important for the armed forces as physical prowess (Baahu Bal). The Prime Minister remarked that being in Maharashtra, and talking about the Navy, one could not

but remember Chhatrapati Shivaji, the great Maratha King, who conceived the navy as a means for securing India's maritime trade interests. The Prime Minister said that today, maritime security was a vital aspect of global trade, and India was playing its part in securing global trade.

PM 'Jan Dhan' Yojana launched

The government rolled out its ambitious financial inclusion programme, the Pradhan Mantri Jan Dhan Yojana (PMJDY), and said about 1.5 crore accounts were opened through thousands of camps, exceeding the firstday target of 1 crore accounts.

The programme is Prime Minister Narendra Modi's first blockbuster social upliftment scheme and is aimed at improving the lives of millions of India's poor by bringing them into the financial mainstream and freeing them from the clutches of usurious moneylenders, while giving them a modicum of insurance cover. Buoyed by the performance on Day 1, Modi shortened the time for achieving the 7.5 crore new accounts to five months from six, urging the finance ministry to complete the task by January 26.

"In order to eradicate poverty we have to get rid of financial untouchability," the prime minister said, adding that inclusion will also act as an important tool in the fight against corruption. He also said the programme would break the vicious cycle of poverty and debt and boost the economy, which slowed to decadal lows in the past two years.

The Prime Minister topped up each account with life insurance cover of Rs 30,000, adding to the Rs 1 lakh accidental insurance benefit already available under the account that will come bundled with a RuPay-enabled debit card. □□

Obama vows long battle to destroy ISIS

President Barack Obama has vowed to wage a long battle to “degrade and destroy” the militant Islamic State outfit by building a regional coalition. “We will not be intimidated,” he said, telling the ISIS that its horrific acts only unite the Americans and stiffen their resolve, adding: “Those who make the mistake of harming Americans will learn that we will not forget, and that our reach is long and that justice will be served.”

The United States would continue to lead the regional and international effort against the “barbaric and ultimately empty vision that ISIL represents”, Obama said in the Estonian capital of Tallinn while on his way to Wales for the NATO summit. His comments came even as US intelligence agencies concluded that the video on the brutal killing of 31-year-old Steven Sotloff was authentic, just like the one two days ago that showed the beheading of James Foley.

However, even as demands grew for decisive direct action by the US military against ISIS strongholds in Syria, Obama declined to indicate how soon the American strategy would be finalised or how soon his regional coalition would be ready. □

Putin unveils Ukraine ceasefire plan

President Vladimir Putin outlined plans for a ceasefire in eastern Ukraine but Ukraine’s prime minister dismissed the proposal, while France expressed its disapproval of Moscow’s support for separatist forces by halting delivery of a warship. After speaking to Ukrainian President Petro Poroshenko by phone, Putin said he believed Kiev and pro-Russian separatists could reach agreement at planned talks in Minsk. US President Barack Obama also voiced caution, saying the conflict could end only if Russia stopped supplying the rebels with weapons and soldiers, a charge Moscow has denied.

In a further sign of the West’s growing mistrust and disapproval of Moscow over its conduct in Ukraine, France said it would not go ahead with the planned delivery of the first of two Mistral helicopter carriers to Russia. Moscow has said scrapping the 1.2 billion-euro (\$1.7 billion) deal would harm France more than Russia and the Defence Ministry described the decision as “no tragedy”, but the move is likely to anger the Kremlin and underlines Russia’s growing isolation over events in Ukraine.

Political storm ebbs in Pak

After weeks of turmoil, the political storm that has engulfed Pakistan seemed to be ebbing as protesters returned to talks with the Government and a mediator between the two warring sides said a “concrete solution” is in sight.

The positive development came after a war of words in the Parliament between lawmakers of the Imran Khan-led Pakistan Tehreek-I-Insaf (PTI), who had quit but their resignations have not been accepted by the Speaker, and pro-Government leaders. In a

significant development, an opposition ‘jirga’, a committee of Opposition politicians led by Jamaat-i-Islami (JI) chief Sirajul Haq, held talks with the PTI leadership. Both Khan and cleric Tahir-ul-Qadri of the Pakistan Awami Tehreek (PAT) agreed late last night to talk to the opposition ‘jirga’ that is mediating between the embattled Nawaz Sharif-led Government and the protesters who have been demanding the Prime Minister’s resignation over alleged vote rigging in last year’s general election.

Heated exchanges between opposing camps that have regularly figured in the political discourse during the three-week impasse moved inside the Parliament. Impassioned speeches continued to be made in the Parliament with PTI leader Qureshi leading the party’s reply to countless accusations made by pro-government leaders.

Tesco rocked by New Crisis

British supermarket giant Tesco plunged deeper into crisis after issuing yet another profits warning, cutting both its dividend and capital expenditure, and rushing in its new chief executive. In reaction to the dire trading update, Tesco shares plunged by more than 8.0 per cent in early morning deals on the London stock market to strike an 11-year low point.

The company is Britain’s biggest retailer and describes itself as “one of the world’s largest retailers”, with activities notably in China, India and eastern Europe. The group, which has struggled on its main market in Britain in the face of stretched household budgets and fierce competition from German-owned discount chains, blamed challenging trading conditions and high investment costs for today’s announcement.

Trading profit was forecast at between 2.4 bil-

Pakistan, Sri Lanka defense cooperation

Chief of Air Staff, Pakistan Air Force, Air Chief Marshal, Tahir Rafique Butt Staff called on Sri Lankan Secretary Defense and Urban Development, Gotabhaya Rajapaksa at the Sri Lankan Ministry of Defence in Colombo and discussed ways to strengthen defense cooperation between the two countries. During the meeting discussion was held between Secretary Defense and Air Chief Marshal Butt on matters of bilateral cooperation and mutual interest. Mementoes were also exchanged between Secretary Defence and Pakistan's Air Chief to mark the occasion.

Commander of the Sri Lankan Air Force Air Marshal Kolitha Gunathilake, Air Commodore Hamid Rashid Randhawa and Defence Attaché of Pakistan in Sri Lanka Colonel Muhammad Rajil Irshad Khan were also present at the occasion. In a subsequent development Air Chief Marshal Tahir Rafique Butt also held meetings on matters of professional interests with Commander Sri Lankan Army Lieutenant General Daya Ratnayake and Commander of Sri Lankan Navy Vice Admiral Jayantha Perera at their respective services headquarters. Talks that followed with the Sri Lanka Army Commander largely centered on bilateral cooperation and matters of mutual interest to both organizations. □

lion pounds and 2.5 billion pounds (\$4.0 billion and \$4.2 billion) in the 2014/2015 financial year. That was well below market expectations of between 2.7 billion pounds and 2.8 billion pounds, and was down on the 3.3 billion pounds reported in the prior year. Tesco also slashed its interim shareholder dividend by 75 per cent to 1.16 pence per share, while expenditure was cut by 400 million pounds to no more than 2.1 billion pounds.

Al-Jazeera to be taken off-air in Egypt

Egypt has banned two channels, including Qatari-owned Al-Jazeera for inciting "hatred and sedition" and "undermining national unity" by airing pro-Muslim Brotherhood views. The State Council, which is a judicial advisory body, banned Al-Jazeera and privately-owned Rabaa channel after a law suit was filed with it.

The suit alleged that the channels were violating the rules set by the Council of Arab Ministers of Information that call on media outlets to maintain public unity and order, state-run Ahram newspaper reported. The State Council found the channels made violations and encouraged crimes against the Egyptians by "inciting hatred and sedition" against Coptic Christians and "undermining national unity", presiding judge Hasouna Tawfiq said. Al-Jazeera is perceived to be biased towards the Brotherhood by Egypt's army, which overthrew Islamist president Mohamed Morsi last summer in a military-led ouster and banned the organisation subsequently.

Malaysia Airlines to cut 6,000 staff

Malaysia Airlines will cut 6,000 workers as part

of a \$1.9 billion overhaul announced recently to revive its damaged brand after being hit by double passenger jet disasters. The staff reduction represents about 30 percent of its current workforce of 20,000. A search for a new CEO is underway but there is no move to change the airline's name, which some branding experts had said was necessary for a successful makeover.

Khazanah Nasional, the state investment company that owns 69 percent of the airline, said the overhaul includes the establishment of a new company that will take over the existing Malaysia Airlines business and its reduced staff.

The revamp and new investment in the carrier will cost about 6 billion Malaysian ringgit (\$1.9 billion). Analysts say the substantial staff cuts suggest the airline will reduce flights to Europe and China.

The twin disasters and ongoing financial woes "created a perfect storm for the restructuring to take place," said Khazanah Managing Director Azman Mokhtar. "We need to have a fresh start."

The plan aims to "strike a balance between Malaysia's desire to revive a national carrier against the prudent use of public funds," he said. The airline will be removed from the Malaysian stock exchange and taken completely under the wing of the government. Khazanah, which previously announced that it plans to take 100 percent ownership, aims to restore Malaysia Airlines to profitability by the end of 2017 and then relist its shares on the stock exchange by the end of 2019. Analysts have been predicting the airline will cut unprofitable routes to China and Western Europe, where many of the passengers in the two disasters were from. □□

WTO Trade Deal Can Be Salvaged

A senior official at the Indian commerce ministry has said that the government's position on a global trade pact hasn't changed since the country thwarted an attempt to ratify the deal last month. Speaking to reporters at a briefing in New Delhi, the official said India still won't sign off on the WTO agreement until the country receives "greater certainty" that WTO rules will be changed to give governments like India's more freedom to stockpile food and subsidize farmers. The official declined to say, however, what specific actions or statements by the WTO or other member states would provide this certainty. Talks are due to resume in Geneva next month.

India is sparring with the WTO over its right to buy and stockpile crops for distribution to the poor. Because India's food procurement is done at above-market prices, it is at risk of exceeding WTO ceilings on trade-distorting subsidies. The trade deal on the table, which would streamline logistics and customs procedures, was approved by the WTO's members last December in Bali, Indonesia. But during last month's talks on adopting the agreement, India withdrew its support, citing inadequate progress on parallel proposals for exempting support for subsistence farmers from subsidy limits.

WTO can 'resolve differences' — China

China regretted WTO members failure to reach an agreement on simplifying global customs rules, a breakdown it said could damage multilateral trade. "China hopes all parties can quickly resolve differences and find a way out of the impasse," Chinese Commerce Ministry spokesman Shen Danyang told reporters at a monthly press briefing, adding it was "worried" about the possible negative impact on multilateral trade and Doha round negotiations, referring to the latest round of talks.

"China ... has called for all related parties to push forward the implementation of the Bali ministerial conference and work out a balanced, practical work plan within this year to lay a foundation for wrapping up the Doha round," Shen said. India has said it believed it could convince other members that its need for more leeway on food subsidies was legitimate, and has said a deal could be signed as early as September if its concerns were addressed.

Most diplomats had expected the pact to be rubber-stamped, marking a unique success in the WTO's

19-year history which, according to some estimates, would add \$1 trillion and 21 million jobs to the world economy. India calls these estimates highly exaggerated. India blocked the text because it wanted more attention paid to its concerns over WTO limits on stockpiling of food which will ultimately hit its subsidized food distribution program, the world's largest, targeted at nearly 850 million people.

India files notice of appeal

On 8 August 2014, India filed a notice of appeal regarding the panel report in "United States – Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India" (DS436). Parties to a dispute can appeal a panel's ruling. Appeals have to be based on points of law, such as legal interpretation — they cannot re-open factual findings made by the panel. India seeks review by the Appellate Body of the errors of law and legal interpretation by the Panel in its Report and requests findings by the Appellate Body as the Panel erred in its finding that Article 14(d) does not require an assessment as to 'adequacy' of remuneration actually received by the 'government' provider of goods prior to determining the quantum of benefit and incorrectly interpreted that government transactions can be completely ignored by investigating authorities in assessing the "prevailing market conditions" under Article 14(d) and instead, can be presumptively rejected.

G20 ask India to relook at its stance

G20 countries are expected to impress upon India the benefits of easier trade facilitation for global food security, when Prime Minister Narendra Modi attends the G20 leaders' summit in Brisbane this November, where India's vetoing of the WTO Bali trade deal would be high on the agenda. A coalition of G20 countries' business communities, working together as B20, has pointed out that 30% of the world's food is wasted due to trade barriers so the WTO pact is important for food security reasons as well.

G20 Sherpa Heather Smith and Milliner were in New Delhi earlier this month for meetings with top government and industry officials and both left with the impression that the Modi government's focus on spurring economic activity could help seal a first-of-its-kind pact among G20 nations, under which they commit to specific domestic reforms and new budgetary measures to boost growth by 2%. The G20 countries account for 80% of the world's GDP. □□