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Playing with people's life

D.G. Bokare



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Electoral reforms

Chief Election Commissioner S Y Quraishi seems to suggest that the inclusion of clauses like 'Right to Reject' or 'Right to Recall' in election rules is not possible in a country like India. May be he is correct as it involves a complicated process and we may have to incur a lot of expenses without any tangible result. This, however, does not mean that we must not stress on the need to carry out electoral reforms at all. It needs to be mentioned here that after former Election Commissioner of India T N Seshan carried some electoral reforms, Indian election system gained credibility and appreciation from the world community. The impact was such that some foreign countries sought Election Commission of India's assistance in holding elections in their countries.

The present political scenario in the country warrants further electoral reforms. Once that happens, our political system too would gain respectability in the eyes of the nation, and would re-affirm people's faith in electoral system. The poor turn out during elections clearly states that electoral reforms in the country is need of the hour.

– Vipin Kotwal, Jammu

Protect forests

The Indian constitution's Art. 51A(g) states that it shall be the fundamental duty of every citizen of India to "Protect and improve the natural environment including forests, lakes, rivers and wild life and to have compassion for living creatures."

Forests are a most precious gift of nature to mankind. It has rightly been said that there is a balance on earth between air, water, soil and plant. Forests have natural growth of herbs which provide cure for diseases. Our ancestors knew that trees were friends of mankind and forests were necessary for human existence and civilization to thrive. In ancient times trees were worshiped as Gods and prayers for upkeep of forests offered to the Divine. Artharva veda says "Man's paradise is on earth; This living world is the beloved place of all; It has the blessings of nature's bounties; Live in a lovely spirit." But unfortunately man himself today has become most dangerous and cruel enemy of his real friend "Nature". We are destroying mercilessly the lush green forests, natural beauty and animal life in the nature's bosom. The all-round forest destruction is adversely affecting ecology, polluting air and leading environmental disorder and imbalance. As the forests destructions by one way or the other have become a regular feature as well as routine work of some vested interests, the areas should be divided into small closures and handed over to the local youths, preferably educated, for protection and promotion against some wages. They would protect the closures from any kind of damage and sell grass, dry wood etc to the local populace and earn their livelihood. In other words local community must be involved in the protection of this natural wealth.

– Kishan Dev Singh, Bijnor

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Quote-Unquote



Did Abraham Lincoln allow the southern states of USA to secede? He went to war.

Justice Markandey Katju

Chairman Press Council of India
on Prashant Bushan's views on Kashmir.



The points made by Prashant Bhusan on the Kashmir conflict are not good. We will decide whether to keep him or not.

Anna Hazare

Anti-corruption activist



The CBI raids against Maran and his associates appear to be mere eyewash. It seems to be an exercise in cheating the public.

J Jayalalithaa

Chief Minister of Tamil Nadu



It would be wrong to say that I have everything. But I am satisfied with what I have.

Amitabh Bachchan

Veteran thespian



Pakistan's two major parties take turns looting the nation. But now, it is turn of youth to take charge.

Imran Khan

Pakistani Politician

Wall Street Protests & Significance of the “Third Way”

"We must conceive of our model of progress and development, in the light of our own culture, our past traditions, present requirements and aspirations for the future."

— (Rashtra Rishi Dattopant Thengdi)

Occupy Wall Street movement, the month-old protest being carried out on Wall Street, the financial district of New York City, we are told, is against the social and economic inequality, corporate greed and the influence of corporate money and lobbyists on the government, among other concerns. The choice of Wall Street as the major target of protestors is an indication of increasing hostility towards the cooperation between the government and big corporations. The distrust and resentment visible in the protesters towards the western, particularly U.S. financial system is threatening. It is not for the first time that the western economic model has been questioned. The internal self-contradictions were evident very early. The deteriorating western system found it extremely difficult to sustain so called oil price shock. It could not benefit much from the collapse of communism. Consequently they evolved, to quote Rashtra Rishi Dattopant Thengdi, 'an elaborate strategy to crush Southern countries for somehow maintaining their own economic structures intact'. This Uruguay strategy which after Dunkel Draft has become "globalization" under WTO is in fact culmination of the process of exploitation and near extinction of poor nations. Swadeshi Jagaran Manch under the capable leadership and supervision of the thinker, philosopher Reverred Thengadi Ji was quick to understand the mischief and mobilize public opinion at least in this country against it. Subsequent developments on this front is, as they say, history and surely not a subject under discussion here. Dattopant Thengdi did not stop only at criticising the west. He, being a visionary statesman, argued that Western political and economic philosophies were not acceptable as a blueprint for society because of their "preoccupation" with materialism, and their overlooking of the social wellbeing of the individual. He predicted that, both capitalism and socialism will collapse under the weight of its internal contradictions as these are essentially flawed - stimulating as they do greed, class antagonisms, exploitation and social anarchy. No one from the self-proclaimed 'professional' intellectuals who thrive on smuggled and poorly imitated ideas believed him and was almost ridiculed as backward looking person. These people were not even ready to have a look on dissenting voices from west itself. Wall Street Journal, for example on the occasion of its centenary asked: "will America's Children be better off in 2005 than their parents are now? And answered, not long ago, just to ask that question would have been heresy. Faith in the promise of the future is as fundamental to the American character as the bill of rights is to its democracy. But now that faith is being tested." And after just a couple of decades of predicting the Wall Street has become testimony the fact that America has failed in the trial. Communism has become irrelevant decades earlier. Now the capitalism is on its way out. This is clearly evident from the protests that have spread to different continents and has already reached far flung areas including India. The fast expanding list of billionaires and aspirants from India may refuse to accept the possibility of witnessing a similar movement here saying that the issue in India so far is not so much about corporate greed as it's about corruption. That however, does not mean the corporate greed and growing inequality does not exist here and in near future we also may not witness a revolt against this discriminatory and unjust model of development.

Today when the world seems to be at crossroads once again. The old system is crumbling down. Global financial architecture, is crying for reform it seems clear that the time for Hindu understanding of socio-economic order and institutional framework to take centre stage has come. Integral humanism propounded by Indian thinkers and seers is capable of addressing inadequacies, lopsidedness, imbalance and futility of compartmentalized thought system of the west. Under the Western system the gulf between private affluence and public poverty has widened, the gap between the rich and the poor has virtually doubled, the Earth has been polluted and things far more precious to humanity--such as children, families, personal values and clean air and water--have been threatened. The approach paper forwarded by Dattopant thengdi in "Third Way" needs to be taken forward as this is the best way to protect the humanity. The responsibility lies on the shoulders of the followers of this system to make it relevant to the contemporary world.

Playing with people's life



*Urban poor cannot buy even essential food stuff in just Rs. 32/day, leave aside the other essentials. It only proves that the government intends to 'manage' the poverty line to meet the targets given to it by the masters from the West. This is to defend globalization imposed by multinational corporations through World Bank & IMF, believes **D G Bokare***

Recent controversy on people under poverty line in India has created an embarrassing position for the central government as well as for the Planning Commission. It is, however, not surprising. Such anti-people working is a common place now a day. 2G, CWG, Adarsh building, Ali Hasan, etc have already put the government on defensive. BPL is another working to expose the sinister game of the government. The government has been playing this game of numbers of poverty reduction to impress the West on its performance (sic) in respect of GDP progress. Why has the government become

a slave of the West? It only clearly shows that the economists and experts working for the government have no independent mind to frankly express themselves. They toe the line of official direction given to them by the ruling party just to keep their posts and perquisites intact. Paul Samuelson has called such economists "Kept men" for such loyalty to the benefactors for their studies, research and also jobs.

Why hide the facts from our own people? Why fool the people about their standing in the BPL position when the government cannot remove the poverty itself, not-

withstanding the popular slogan of Indira Gandhi "Garibi Hatao". Why the Supreme Court has to educate the government on such sensitive issues? This only reflects the arrogance and slavery of the ruling party.

What is poverty?

"If you want to do something and have no power to do it, it is poverty" – Narayan 2000.

"Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and lack of freedom" – Narayan 2000.

Catherine Barber says, "...statistical measures alone do not take into account the myriad social, cultural and political aspects of the poverty. Poverty is not only deprivation of economic or material resources, but a violation of human dignity too. The UN provides a broader definition of poverty: "a human condition characterized by the sustained or chronic deprivation of resources, capabilities,



choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural economic, political and social rights". (UN 2001)

Planning Commission's task force had defined the poverty way back in 1979. It said: "Inability to feed the stomach and maintaining minimum standard of living means poverty". It indicates both the things i.e. food requirement to live and minimum standard of living requiring to stay in a civil society. Today, the chief of Planning Commission is talking only about food and not a single word about other economic needs of a person to stay with dignity in a civil society. Drawing a simple line of poverty based on only food items worth of Rs. 32 or 26, for urban and rural people respectively, cannot be called the poverty line. It may be called as starvation line, at most.

Compared to the conditions in 1979, the economic conditions have now been substantially changed. Those goods considered as slight luxury in 1979 have now become essentials for any family staying either in cities or villages. Considering this material change, the Planning Commission or the Tendulkar Committee should have revised the economic values to be considered for drawing a poverty line afresh. But they have miserably failed in upgrading the earlier task force workings. Tendulkar Committee fits appropriately in Samuelson's definition of 'kept men'. If we study the percentage of income spent for merely on food intake, it is about 55-60 in rural areas and about 50-55 in urban areas. Taking an example of urban area poor, one cannot buy



even essential food stuff (tea, roti, vegetables, dal, milk, sugar, fuel, spices, transport costs, energy costs, rent for staying in jhuggis, rising cost of medicines, etc) in just Rs. 32/- per day, leaving aside the other essentials as defined by Narayan above. It only proves that the Committee had been given a target by the Planning Commission, and possibly by the government, to 'manage' the poverty line with these costs (Rs. 32/26). This will meet the targets given by the government to their masters (World Bank, IMF, etc) from the West. How we have reduced the poverty during the period of twenty years of globalization, was the obvious intention in taking care of only starvation aspect of poverty. They have intentionally ignored other aspects as defined by United Nations. This is just to defend globalization imposed by multinational corporations through World Bank and IMF.

Based on the 1955 Household Food Consumption Survey in the USA, it was known that families of three or more persons spend about one-third of their after-tax income on food alone. In order

to assess the family's total income per year, this cost on food is multiplied by three to arrive at the cost of food as required by the Department of Agriculture of the USA to design their plans for expenditures and budgets. This is a very common method to arrive at the poverty line in any economy. Each year, the Census Bureau updates the threshold to account for inflation. This takes care of other aspects as per the definition of United Nations. How can our West-trained bureaucrats as well as economists be so ignorant of the broader definition as used across the world? Reason is very clear to fool the common people of this country.

Catherine Barber very categorically says, "Perhaps more important than academic definitions of poverty is the lived experienced of people in poverty. At its most basic, poverty is experienced as a source of pain.....There is often a perception that people in poverty are to blame for their circumstances – even if they are striving hard to overcome them – which can lead to a sense of stigma or shame. If people in power refuse to listen



A hard working man in rural area needs minimum 2400 calories. In case of urban man, he needs 2100 calories.

or respond to the needs of people in poverty, as happens to all too often, there may also a sense of helplessness. People in poverty do influence the course of their own lives; but poverty makes them harder to do so.”

Dr. V. M. Dandekar had critically examined as to how we should define the poverty in India. This was in 1971. He said that considering a hard working man in rural area needed minimum 2400 calories. In case of urban man, he needs 2100 calories. He too should have added extra expenditure required to lead a comfortable life style. Somehow in India, we are trained to take the cognizance of only food requirement of a family and nothing else. Will the Planning Commission formula of Rs. 26/32 buy the food and other needs of the people at least to meet these calories? The Planning Commission has to also compare the cost incurred for each prisoner in judicial custody as well as in police custody. This cost is bound to be much more than Rs. 32/26 formula. Why then the difference between the poor citizens and criminals in judicial or police custody?

Why does poverty exist in a civil society?

The problem of poverty in a civil society is of structural nature

and certainly not of systemic nature. When the Constitution ensures equality among all the people of our country, every citizen has a fundamental right to equally share the wealth and progress of the nation with other citizens. Why then it is not happening in our civil society? What creates classes and exploitative forces in our democratic society? Why certain people or a class of people within our civil society enjoys certain special privileges, benefits, concessions, special treatment, exploitative powers etc? This clearly goes against the very principle of equality as laid down in our Constitution. This is what Dr. Babasaheb Ambedkar was concerned about at the drafting stage of the Constitution. His proposal to include the economic equity was thwarted by members representing the rich class. That is the reason equity in the Constitution is meant to serve only the political purpose (one-man-one-vote) and not the economic equity. In the industry sector, the norm is one-share-one-vote, which can also be used by appointing proxies. One of the reasons of poverty is this separate economic constitution i.e. company act.

Who has introduced such privileges in our society? Who is responsible for dividing the peo-

ple into classes as rich/privileged and poor? The obvious answer is the legislation itself. If we are keen to abolish poverty, present laws must be evaluated from the standpoint of inequality. No one raises a question as to how the Constitution of India has been modified to meet the greed of privileged people of our society. Poverty is the product of these changes in our Constitution. Our Constitution is so careful in preserving all kinds of equalities in the non-economic aspects of our living have, however, allowed inequality in economic activities.

Karl Marx held doctorate degree in law. His remarks on the law of the state are perhaps relevant to understand the reasons for poverty in any economy. This is relevant also in knowing the theorem of equality. He says: “The law against the frame of mind is not a law of the state promulgated for its citizens, but law of one party against another party. The law which punishes tendency abolishes the equality of the citizens before law. It is a law, which divides, not one which unites, and all laws which divide are reactionary. It is not a law but privilege”. He further says, “Laws that divide the people are against the laws of Nature. Such laws are immoral and, therefore, not immortal”.

There are laws that endow more to make some people rich and others poor. Such laws under the Constitution of India are not justified. Poverty is thus the result of such unjustified laws in the constitution. The laws that cannot be applicable for all our citizens to enjoy economic equality are obviously against the principle of equality enshrined in the Constitution.

Pandit Jawaharlal Nehru once said: If there is economic inequality in the country, all the political democracy in the world cannot bring about real democracy....The ultimate aim is economic democracy.

Effects of rising poverty

The present capitalist economic development model itself is designed to create poor people in any economy. It suits the industry sector to get cheap labour to amass wealth. After the globalization programme, India has seen rise in poverty across all sectors and more specifically the agriculture sector. The result is experienced by all in respect of farmers' suicides exceeding two lakhs in just a period of twelve years. Globalization has also seen rise in poverty in the so called most developed nation of the world, the USA,

where presently the number of poor people has reached a historical figure of more than four and half crores in a population of about thirty crores. About 25 percent children in that country are categorized as poor. If we take the norm of \$ 2 per head set by the United Nations, in India, we may have poverty visible in more than seventy percent families.

The answer to this problem of poverty is in the change in economic development model for our country. Sadly, both the principal political parties have distanced themselves from any change in the present capitalist model of economic development. As long as this model continues, we should not expect any reduction in poverty in our country. Rather it will always show a rising trend in future years. I am sure that the existing capital-

ist economic development model is not sustainable. It has already developed serious cracks in developed countries. Shall we wait till it falls on its own or we initiate actions to intentionally and systematically demolish the same to achieve zero-poverty? This is to be decided by the people of this great country. Even in the USA, we are seeing a revolt against the exploitative corporations by peaceful sit-in strike by common people in Wall Street since 17th September of this year for an indefinite period. The agitators are calling a fight of 99% common people against 1% rich people. We too have recently witnessed a similar demonstration in India under the banner of Action Against Corruption. Now we need to mobilize the common people to fight against the government policy of creating poverty. □□

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Imperative to Have a Proper Definition of Poverty



Analysing the findings of various committees, the Parliamentary Committee recommended that it is imperative to adopt a uniform and apt criterion to assess poverty for the assessment of poverty and identification of poor by concerted and coordinated efforts of Central and State government & local authorities, recalls **Dr. Ashwani Mahajan**



In connection with a PIL, the Supreme Court expressed surprise over the government's definition of poverty, which is not only extremely impractical it also manifests complete insensitivity of the government in wake of widespread poverty and hunger in the country. Government through Planning Commission has filed an affidavit in Supreme Court stating that according to the official definition of the Planning Commission; only 37 percent people in the country were poor in 2004-05. According to this definition, if a person earns more than rupees 32 a day in urban areas and rupees 26

a day in rural areas, he would not be considered as poor.

Planning Commission' Affidavit: Emerging Issues

In the context of current inflation a debate has started in the country that whether the government of the day is sensitive to the poor and poverty alleviation? Even within the government, various departments are not prepared to accept this definition. Rural Development Minister Jairam Ramesh has already ridiculed this definition and he says that his department would not bound by the limit of Rs 32.

Nevertheless Planning Commission is adamant and it is saying

that there is no possibility of any change in the definition or for that matter in the affidavit. Due the dogma of the Planning Commission, the hopes for any betterment have been dashed. However, Jairam Ramesh and Montek Singh Ahluwalia told in a joint news conference that a new Expert Committee would be constituted and it would try to ensure that no poor is exempted from government schemes.

The totally insensitive approach of the government and the Planning Commission have sidelined the suggestions of the Parliamentary Committee under the stewardship of Dr. Murli Manohar Joshi, in which the Committee had favoured a multidimensional and comprehensive definition of poverty, so that poor are appropriately identified. The definition

Adoption of accurate definition of poverty would hinge upon the government to make food available at affordable rates to at least 80 percent of population.

presently being adopted has widened the gap between government's assessment about the poverty and actual incidence of poverty. Parliamentary Committee found that assessment of poverty varies with different definitions, as suggested by different expert groups/ committees. For instance according to definition suggested by Expert Group headed by Prof. Tendulkar, based primarily on calorie intake (along with minimum expenditure on education and health), only 37.2 percent population was thought to be living below poverty line, while Saxena Committee, constituted by Ministry of Rural Development, put this figure at 50 percent. Arjun Sen Gupta Committee constituted for Unorganised sector was of the opinion that more than 77 percent people in our population were forced to live with less than 20 rupees a day, and they are actually poor, based on work conditions and livelihood. Analysing the findings of various committees, the Parliamentary Committee recommended that it is imperative to adopt a uniform and apt criterion to assess poverty for the assessment of poverty and identification of poor by concerted and coordinated efforts of Central and State government and local authorities. Recently even the Chief Advisor of the Planning Commission, Dr. Pronab Sen also conceded that there is no uniform definition of poverty in the country and different departments/ ministries have been following different criterions for estimating poverty and deprivations of various types.

Implications of the Definition of Poverty

A new Food Security legisla-

Deputy Chairman of Planning Commission, Montek Singh Ahluwalia seems to be worried by the fact that if more funds are allocated for poverty alleviation the process of economic growth may get derailed.

tion is proposed to provide food security to needy households. The new law would provide legal provision for poor people to get food at affordable rates. Accurate and practical definition of the poverty is imperative to adopt judicious approach towards elimination of hunger from the country. Adoption of accurate definition of poverty would hinge upon the government to make food available at affordable rates to at least 80 percent of population. But due to the present definition of poverty, which assumes barely 37 percent people to be living below poverty line, the National Advisory Council headed by UPA chairperson recommended that only 40 percent of the population would be entitled for 35 kilogram of food grains at very subsidized prices. These households, which are considered to be very poor (priority households) will be entitled to cheap food grains; wheat at Rs. 3 per kg, rice at Rs 2 per kg and millet at Re.1 per kg. This means that only 40 of the population would be entitled for food security. In addition to this 35 percent of household (general households) who are poor would be entitled to get food

grains at price, which would be half of the price at which these food grains are procured from the farmers. But their entitlement would be limited to only 20 kg. An ex member of the NAC, Jean Drez had said at that time that the government does not intend to give anything more than the present entitlement. Therefore the approach of the government towards definition of the poverty is putting a question mark on the very intention of the government to find a lasting solution to the problem of poverty and hunger.

Poverty Alleviation Programs in Dock

This situation about the confusion / mala fide intentions is primarily stemming from the approach of our policy makers, who give priority to economic growth over any action towards alleviation of poverty. Deputy Chairman of Planning Commission, Montek Singh Ahluwalia does not seem to be worried from large incidence of poverty, and he seems to be more worried by the fact that if more funds are allocated for poverty alleviation the process of economic growth may get derailed. Though some of the departments of the government want to give preference to poverty reduction, they are helpless due to inadequate provisions in the budget.

Though the government claims to pass this legislation on Right to Food this year, there is no provision in the budget 2011-12, in this regard. In addition there is no sufficient food available in government's stocks. Therefore there are sufficient reasons for doubting government's intention to fight the menace of poverty and hunger. □□

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Don't save Greece



Greece is on boil. The Government cannot bridge the deficit in a quiet manner through printing of notes because that power has been taken away by the European Union. The solution is to break up the European Monetary Union and the common currency-euro, suggests **Dr Bharat Jhunjhunwala**



Brazil, Russia, India and China are commonly referred to as BRIC nations. Their clout in the world economy is growing. Their Finance Ministers have said that they are willing to provide assistance to Greece and Europe to overcome the present economic crisis. Economies of Greece, Ireland, Italy, Portugal and Spain are in various stages of crisis. Greece leads to pack. Income of the Government is less and expenditures are more. Greece is meeting the deficit by continually borrowing more money. European countries led by Germany and the International Monetary Fund (IMF) have provided loan of about 110 bil-

lion dollars in the last year but deficit of the Greek Government does not show any signs of receding. Now the developed countries are seeking assistance from BRIC nations as their own ability to bail out Greece is coming under stress.

The European Union had

A surgery is required to shift the global purchasing power from the developed- to developing countries so that there is balance in global consumption.

imposed condition that the Greek Government will impose new taxes, cut the number of government employees and reduce the salaries of the remaining to reduce its budget deficit. However, the people of Greece have balked. Strikes by government employees as well as private groups like taxi drivers have made it impossible for the Government to meet its commitments of deficit reduction.

Roots of the problem lie in the very structure of the European Union. Member countries of the Union have accepted a common currency. This means that individual countries have lost their ability to print notes, which is known as monetary policy. Member countries are in only control of their tax and expenditure policies, known as fiscal policy. But it is difficult to impose new taxes and cut expenditures hence the Greek Government is helpless.

Budget deficit can be bridged both by monetary and fiscal policy. Say, a government's income is Rs 100 and expenditure is Rs 110. Monetary policy can be used to bridge this deficit. The Government can print notes of Rs 10. Goods available in the market were previously being sold for Rs 100. Now the same goods will be sold

for Rs 110. This will lead to an all-round increase in price of 10 percent. This price rise will affect people of the entire country. Just as the sun lifts water from the pond, so also the government will quietly transfer income from the people to itself. There will be no need to impose taxes on any particular group or to dismiss any particular group of government employees. It is this quietness of monetary policy that makes it an effective tool when people are restive. We in India had seen this happen when the rupee was devalued in 1991 due to the balance of payments crisis. The economy attained and stabilized at a new equilibrium without much discontent because the impact was gradual and diffused.

The impact of fiscal measures is direct and harsh. The government will have to impose new taxes or cut expenditures to the extent of Rs 10 in order to balance its budget. Taxes will be imposed on some particular group of people. A tax on petrol, for example, will affect the taxi drivers directly and they may go on strike as has happened in Greece recently. Dismissal of government employees or a cut in their salaries will again hit a particular group of people directly and they may go on strike and bring the economy to a standstill. Thus Greece is on boil. The Government cannot bridge the deficit in a quiet manner through printing of notes because that power has been taken away by the European Union. The only weapon in hands of the Government is that of fiscal policies. This directly hits some people and they indulge in strikes or cripple the economy and government in other ways. This can be understood by an analogy. People

bear the heat quietly if the sun is strong and the temperature rises. But the same people will shout and make a ruckus if the ceiling fan is switched off. Similarly, people bear the impact of monetary policy but they balk at fiscal measures.

The solution is to break up the European Monetary Union and the common currency-euro. Member countries can still maintain a common market as if they had a free trade agreement, they can have common standards of health and weights and measures, they can allow citizens to migrate from one country to another but their governments need the freedom to play with the monetary policy. Greece can then print notes and bridge the budget deficit. There will be inflation and the currency will be devalued but there is likely to be much less civil unrest because the impact will be slow and diffused and not be targeted at any particular group.

Finance Minister Pranab Mukherjee and Finance Ministers of other BRIC countries must reconsider their offer to help Greece and other European countries in this backdrop. The developed countries are saying that the BRIC nations must bail out Europe so that their conventional markets remain intact, their exports are not affected and their economies continue to grow. This is like the King telling the poor villagers to help out the Zamindar so that the latter continues to buy the milk and vegetables produced by them. The King forgets to tell the villagers that they will be ever mired in poverty in this process.

Many diseases cannot be treated by administering medicines. Surgery is required at times. So is the situation of the world economy

***The reform of the
IMF, World Bank and
the United Nations
Security Council will
not happen by sweet
talk.***

today. A surgery is required to shift the global purchasing power from the developed- to developing countries so that there is balance in global consumption. Presently, 25 percent of people living in the developed countries are consuming 75 percent of the world resources. The need is not to maintain this ugly imbalance in consumption but to allow the economies of the developed countries to collapse. The bush growing under a big tree will be protected from the harsh sun and storm but will ever remain a bush. The only way it will grow is to cut the tree and bear the harsh sun. Similarly, the BRIC countries must bear the problems arising out of the collapse of Europe. Then only they will grow in stature in tune with their real role in the world economy.

Finance Minister Mukherjee has expressed dissatisfaction with the slow pace of reform of the global financial institutions like the IMF and the slow pace of fund flows to the developing countries. Mukherjee must understand that reform of the IMF, World Bank and the United Nations Security Council will not happen by sweet talk. Only weakening of the economic clout of the developed countries will force them to cede place to the developing countries and lay foundations of a new world economic order that is just and equitable. □□

Refurbish Water conservation, flood damage control and mitigation without delay

*A holistic environment and people friendly flood control and mitigation and rain water and moisture conservation approach is required, feels **Bhanwar Dan Bithu***

Ground surface and river floods caused by heavy rainfall in excess of what is infiltrated into the ground have been very damaging and painful with huge men, cattle and material losses. The ad hoc fire brigade bureaucratic management approach of disaster management has not been helpful in controlling and alleviating the recurring calamity damages occurring when nature retorts against excessive interference with land surface, soil and rivers and predatory deforestation. These problems require a holistic environment and people friendly structural and non structural flood damage control

and mitigation and water conservation approach in place of the traditional piece meal flood damage management populist approach.

The floods are generally caused on excessive rainfall or cloud burst when percolation of the rainfall water into the ground is less than the rainfall and rainfall runoff, natural rainfall infiltration into the ground is impeded, surface and subsurface drainage is restricted, river inflow on excessive rainfall in the water sheds increases due to excessive deforestation and natural river basin retention basins are usurped for other purposes. Land surface

flooding has also been caused when lower depressions are used for houses construction. The natural rainfall infiltration and percolation of rain water into the ground may be impeded by natural or man made surface and subsurface vertical and horizontal hydrological barriers.

The Aeolian or loessial wind blown medium to fine sands of the desert plains and sand deposits between the sand dunes in the arid and semi arid sandy regions of western Rajasthan with hydrological barriers at varying depths have poor long term drainage. The loessial wind blown sand deposits over the underground hydrological barriers at varying depths develop liquefiable sinking quick sand conditions on saturation and vibrations or vibratory loading. The saturated sinking stratified loessial sand conditions developed in a few villages around Kawas village in Barmer district of Rajasthan a few years back where a few people and many cattle sank and died was such a dangerous and risky situation developed in stratified aeolian sandy soils with deep brackish ground water table on saturation caused by heavy downpour of rain and vibratory loading. The crust forming loessial sandy soils of western Rajasthan produce bigger



rainfall runoff from the sloping sides of the dunes and field micro catchment rain water harvesting system. The infiltrated rain water is stored in the bed of the micro catchment rain water harvesting system and at the toes of the dunes over the underground hydrological barrier layers. The thin dry loessial sand mulch layer inhibits evaporation making the stratified loessial sand deposits good rain fall harvesting and conservation candidates. (Bithu 1994). The sudden and heavy rainfall in stratified loessial sandy soils and clayey soils, for example in Thar desert region of western Rajasthan and south eastern region of Rajasthan, can be managed and manipulated using sand gravel back filled vertical drain wells in geo-textile filter bags draining on to underground permeable or semi permeable layers.

The river basin alluvial sandy soils of Punjab and Hariyana are generally permeable but are likely to develop secondary natural and artificial drainage impedance like plow pans, hydrological barriers by the deposition of percolated canal water silt, clay and organic humus, decrease in rain water infiltration because of the break down of the soil structure by deep tractor plowing, excessive chemical fertilization, excessive insecticide and pesticide sprays, vertical hydraulic barriers below the seeping canals and other water bodies and physical man made vertical obstructions. This way the alluvial sandy soils of Punjab and Hariyana river basins are likely to develop impeded surface and subsurface drainage which may lead to ground surface flooding and inundation on excessive rainfall. The roads, canals, railway tracks- and other obstructions ob-

struct free surface flow of rain or flood water and also form secondary macro and micro subsurface drainage water sheds inhibiting surface and subsurface drainage and causing flooding and water logging. These surface and subsurface hydraulic drainage impedance may be managed through construction and installation of open or covered drains going to outfall drainage channels, structural recharge wells to store flood water into the ground water storages sealing the leakages by artificial vertical hydraulic barriers and construction of once skipped cross drainage structures using, where necessary, horizontal pipe drilling. The flood water storage into the underground water storage space or aquifers through well investigated and designed recharge wells is structurally and environmentally safer and more economical than the flood absorbing ground surface reservoirs.

The river flooding has generally been from excessive rain fall in the catchment areas and watersheds triggered by deforestation and destruction of the forest trees and perennial shrub plantations. The trees and shrubs make the rainfall runoff path longer and more circuitous thereby increasing rainfall water infiltration into the ground. Besides this the root systems of the trees and shrubs provide natural rain water provisioning mechanism and increase rain water infiltration into the ground. Studies in western Rajasthan has shown that ground water and subsoil moisture increase with the increase in the intensity of tree and shrub vegetation and decrease with destruction of the trees, shrubs and perennial grasses. (Bithu 2007). The preservation of the natural forests and intensive trees and

shrubs plantations in the recharge catchments and water sheds increase rain fall water infiltration into the ground and thus control and mitigate river floods.

The river water pollution from sewage and factory effluents pollute ground water. The injurious chemical salts of the factory effluents tend to damage and break down the soil structure, contaminate food and fiber production, decrease food and fiber yields, decrease water infiltration into the soil and increase flooding. The sewage water river and ground water pollution increases incidence of water borne diseases.

River and ground surface flooding can also be mitigated through inter river basin transfer of surplus flood water from one river to other river by river interlinking for irrigated agricultural and livestock production under micro catchment rainwater harvesting system and also for ground water recharge and thereafter ground water irrigated agricultural development. The small seasonal rivers and streams on both sides of Arawali hills in central, south eastern and north eastern Rajasthan are ideally suitable for field rain water harvesting and ground water irrigated agricultural and livestock develop-

***The injurious
chemical salts of the
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to damage and break
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fiber production***

ment. (Bithu 2010).

Flood Mitigation

The land surface flooding on excessive rainfall and excess rainfall in the catchment areas may be controlled and alleviated by increasing the surface and subsurface drainage outflow through (i) gated or un-gated openings in the over ground obstructions and dikes and construction of



once skipped cross drainage structures below the canals, roads and railway tracks to drain away the newly formed macro and micro drainage water sheds, (ii) increasing rain water infiltration into the ground by preserving and integrating the soil structure by discouraging intensive deep tractor cultivation practice, discouraging use of salinity causing excessive chemical fertilizers and insecticide and pesticide sprays which damage soil structure and contribute to production of unwholesome food and fiber and preferably adopting animal driven or improvised small balloon tired light tractor cultivation practice which preserves the soil structure and the natural soil structure integrating and synthesized plant nutrient providing perennial shrubs and grasses, (iii) removing vertical hydraulic barriers below the seeping canals and drains through construction of open or covered perforated geo-textile wrapped pipe drains, (iv) installation of sand gravel back filled vertical drain wells in geo-textile filter bags connecting the upper less permeable soil layer to underground permeable layer for improved hor-

izontal drainage and horizontal soil salt leaching in the stratified sandy and clayey soils, (v) field rain water harvesting cultivation practice under structural and nonstructural micro catchment rain water harvesting system aided by the preservation of organic matter and synthesized biological plant nutrient providing natural perennial shrubs and grasses, (vi) installation of suitable number of well investigated (geological, hydrological and surface and subsurface drainage investigations) and designed recharge wells and where technically and hydro-geologically feasible recharge-cum production ground water wells to enable storage of rainfall runoff and flood waters into the ground water storages and aquifers with minimized subsurface drainage outflow losses for safe under ground water storage and when required ground water irrigated agricultural and livestock production and (vii) discouraging flood water absorbing over ground surface reservoirs which may be environmentally unfriendly and structurally risky.

The river floods are generally caused by excessive rainfall in

the river catchment areas. The river flood problem is further compounded by predatory deforestation and destruction of the natural perennial trees, shrubs and grasses. The preservation of the natural forests and development of intensive forest trees, shrubs and perennial grasses are potentially effective, sustainable and environ-

ment friendly river flood control and mitigation measures.

Thus the adoption of well investigated structural, nonstructural and biological flood control and mitigation measures including surface and subsurface drains with necessary cross drainage structures in the flooded and water logged drainage water sheds and proper number of ground water recharge and recharge-cum production wells and moisture conservation under subterranean dam system, ground water irrigated and rain-fed agricultural and livestock production under organic farming and field rain water harvesting and preservation and development of good forest trees, shrubs and perennial grasses are very useful. These measures should be taken up by the technologists, scientists and subject matter specialists with the onus of quality, efficiency and accountability to the public. A holistic environment and people friendly flood control and mitigation and rain water and moisture conservation approach is required in place of the traditional calamity management and money spending populist approach. □□

Can Domestic Pharmaceutical Manufacturing Industry resist the strain?

Fair business practices, not too much of FDI is needed to safeguard the domestic Pharmaceutical manufacturing industry, explains G.Raina

The strong multinational lobby engaged in influencing the decision makers at the Centre to maintain the status quo and have no check on FDI into the ailing pharmaceutical sector seems to have succeeded in their nefarious designs. Prime Minister Manmohan Singh accepted the Maira committee's recommendations and decided the Competition Commission of India would scrutinise all mergers and acquisitions in the domestic pharmaceutical sector. The ministries of commerce and industry and health and other experts had expressed reservations over the recommendations.

Maira Committee, it may be recalled was constituted after the health ministry had raised concerns on the impact of a series of takeovers happening since 2006 in the domestic drug industry. Subsequently, it urged the ministry of commerce & industry to entwine the FDI policy. Maira Committee headed by Arun Maria, member Planning Commission was formed to examine the current policy on pharma.

The Maira Committee draft recommends the rules guiding 100 per cent FDI in pharma through the automatic route should not be changed, but the Competition Commission of India (CCI) should vet all mergers and acquisitions (M&As).

However, four of the eight



panel members, representing the ministries of health (two members), commerce, and science and technology (one each), opposed the report.

The Department of Industrial Policy & Promotion (DIPP) and Planning Commission member Arun Maira are sticking to their guns on FDI in the pharmaceutical sector. This necessitated Prime Minister Manmohan Singh to hold a meeting with the stakeholders to sort out the differences.

Prime Minister's decision to accept the Maira committee recommendation came after a meeting he had with the Committee head and Planning Commission member Arun Maira, Finance Minister Pranab Mukherjee, Health Minister Ghulam Nabi Azad, commerce &

industry minister Anand Sharma & Planning Commission deputy chairman Montek Singh Ahluwalia.

The meeting took place, as mentioned earlier, under the backdrop of growing concern on "health security" and the "strategic" importance of the pharmaceutical sector in keeping medicines affordable in the country threatened by a spate of acquisitions of local drug-makers by foreign companies.

The MNCs, as is evident, are aggressively pursuing a policy to capture the vast domestic market of the country by acquiring top Indian pharma companies. Acquisition is the quick & easy route to capture the market and earn unrestricted profits. It is a universal experience that once MNCs achieve a 50% market share in any country

Once MNCs achieve a 50% market share in any country, they easily control domestic pharma market and continuously raise prices.

through acquisition route, they easily control domestic pharma market and continuously raise prices. India can be and will be no different. Currently, MNCs have a 30% share in the local market. Once this crosses 50% mark the prices of essential drugs will shoot up and go beyond the reach of even middle class, not to speak about poorer sections of society that is almost excluded from health care responsibility of the government.

The acquisitions of the Indian companies by multi-national firms that have already taken place consists of takeovers of Ranbaxy Laboratories by Daiichi Sankyo of Japan, Shanta Biotech by Sanofi Aventis of France, Piramal Health Care by Abbott Laboratories of US. Furthermore, Matrix Lab and Orchid Chemicals have been acquired by Mylan Inc and Hospira of the US, respectively. Dabur Pharma has been bought by Fresenius Kabi of Singapore.

Several other Indian companies, including major and large ones, are showing keen interest in selling off their companies to MNCs due to increased anti industry policy of the government. Thus we are in actual danger zone and may see the threat become real very soon. India cannot allow such a situation to arise when several life

saving drugs are already expensive and are unaffordable to the common man. National Health Mission objectives will remain confined to paper only and will never be translated into reality, if the present policy continues.

The press note issued by the commerce Ministry after the meeting raises several questions and hardly answers any. "India will continue to allow FDI without any limits (100 per cent) under the automatic route for greenfield investments in the pharma sector. This will facilitate the addition of manufacturing capacities, technology acquisition and development," the note said.

"In the case of brownfield investments in the sector, foreign direct investment would be allowed through FIPB for six months. Thereafter, the requisite oversight will be done by the CCI entirely, in accordance with the competition laws of the country," the note said further.

The note, however, did not reveal why PM's nod came despite strong opposition by several members in the committee to continuing 100% FDI under the automatic route. It also did not mention the status of CCI and its capability to perform the role it is expected to play. Just a promise to strengthen CCI in six months is meaningless.

"The government has not revised the drug policy since 1994 with more than 500 drugs remaining outside price control. Apart from this, a number of high priced patented drugs are being imported and marketed by MNCs after India's patent law was amended in 2005. National Pharmaceutical Pricing Authority under the chemicals ministry has not been able to enforce price discipline in this in-

dustry even in the case of 74 controlled drugs. The fact that NPPA is yet to recover Rs.2500 crore as overcharged amounts from various pharma companies is a living testimony of its ineffectiveness" ask industry watchers.

Under the current system, 100 per cent FDI is allowed in the sector. Members representing the ministries of commerce and health wanted a distinction between greenfield and brownfield M&As in the pharma space. While they were not against 100 per cent FDI in new greenfield projects, they wanted it limited to strict FIPB scrutiny in the case of takeovers of existing Indian drug companies and facilities.

Social activists and health sector experts are unanimous in their opinion that the pharmaceutical sector being strategic and affecting the health-security of the country – its M&A activity needed to be governed more closely and firmly.

This is also because of publicly-funded research or Government sops given to domestic companies – they should translate into benefits for the local people, rather than go into the hands of foreign owners, they explain. They cite Chinese example to show how that country is framing industry friendly policies. With the poverty line debate indicating the level of deprivation of a large section of population of this country, helping Multi national Corporates in their greed for unrestricted profits will endanger the health security of the country. And this in the process will lead to a situation where political sovereignty gets affected adversely. Pressure of public opinion needs to be mobilised to stop the government from taking these anti *Aam Aadmi* policy decisions. □□

2G scam: Some questions without answers



The incompetence within government is giving way to paranoia. No wonder, an innocuous note, prepared by a low ranking official in the finance ministry and “seen” by the finance minister was enough to paralyse the government for a week, explains MR venkatesh.

And that is where the incompetence within government is giving way to paranoia. No wonder, an innocuous note – office memorandum dated March 25, 2011 – prepared by a low ranking official in the finance ministry and “seen” by the finance minister was enough to paralyse the government for a week.

It is now free-for-all. It is the prime minister versus the finance minister versus the home minister versus the PMO versus the CBI versus the CAG versus the bureaucracy versus the corporates versus the political parties.

In fact, the list of protagonists who seem to be at each other’s throat seems to be increasing by the minute. And it is a bitter fight,

a fight to the finish, as it were.

Or is it the other way around? Given the levels of judicial activism, notably the Supreme Court on such matters, one suspects that each one is attempting to save oneself. In the process, is the damage to their colleagues merely collateral and not diabolical as it is widely perceived?

Whether one is doing all this under some covert political compulsions or implicitly attempting to defend oneself is left to the imagination of the reader.

The net result: confusions, contradictions and conflicts.

In the process, several questions remain unanswered to this day on the 2G scam. For instance, even after approximately two years

after the First Information Report was filed on this matter, we do not know for sure even to this date as to what is the official policy of the government.

Was it to auction spectrum? Or was it to allot spectrum on a first-come, first-serve (FCFS) basis? If so, was it to be done at prices determined in 2001?

Simultaneously, to this day we are unclear about FCFS. First come yes, but where — to the minister? And first serve whom? The minister’s interests?

If allocation and not auctioning of spectrum was the policy of the government, why then was it subsequently changed to auction for 3G? If spectrum for 2G can be allocated at 2001 prices why





not allocate the same for 3G using it as a benchmark?

Such a shift in the policy is akin to allotting three-tier berth in trains on FCFS basis and AC two-tier berths through auctions.

What is interesting is that we are repeatedly told that the government did not go in for the auction of spectrum for 2G to improve tele-density in the country.

If improving tele-density was the avowed objective, what is the benchmark? At what level of tele-density will the government auction spectrum? And that is the crux of the issue.

Bizarre facts, panic reaction

Can the logic of allocating spectrum in 2001, when the tele-density in the country was a mere 4 million, be cast in stone and held to be the correct one even in 2008 when the tele-density of the country was 350 million and growing at 10 million every month?

Crucially, why does the government hesitate to file an affidavit in the Supreme Court putting forth its policy? Surely, in Telecom Minister Kapil Sibal (and also TRAI) they have an excellent resource

who had originally propounded the zero-loss theory?

If indeed it is zero loss to the government, why is it that the former telecommunications minister, A Raja, is behind bars for the past eight months? In contrast, if it is a mere issue of procedural lapses in allocation of spectrum and licenses, where is the criminality?

In such a scenario, the issue boils down to allotting to EFGH instead of ABCD. Importantly, there would be no revenue loss to the government should the former be allotted instead of the latter.

If that be so, why then has the Central Bureau of Investigation (forget the CAG for the moment) filed documents in courts suggesting revenue loss in excess of Rs 30,000 crore (Rs 300 billion) to the revenue and arrested several people in connection with the scam?

And finally, why did the Enforcement Directorate issue notices for violation of FDI (foreign direct investment) policies?

Let me hasten to remind the reader that despite two years of intensive and extensive investigation by the CBI, there are seemingly no direct evidences of mon-

ey changing hands involving the former minister.

Yet, why is A Raja behind bars? Remarkably, why is he refusing to even move bail for himself?

Incompetence compounded by paranoia

It all began on November 1, 2007 when the then law minister, H R Bharadwaj, noted on a query from DOT on the subject “in view of the importance of the case and various options indicated” that the “whole issue is first considered by an empowered group of ministers.” This was sent to the PMO (prime minister’s office).

Yet the PMO ignored this advice of the law minister. Why? Significantly, was Bharadwaj eased out of active politics and made the Governor of Karnataka simply because he dared to suggest something inconvenient?

Subsequently, Dr Subramanian Swamy petitioned the prime minister and sought his sanction to prosecute A Raja as early as November 29, 2008. Yet, the PMO chose to remain silent and did not act till matters were precipitated by Swamy through the intervention of Courts. Why?

Strangely, on November 2, 2007, the prime minister wrote to Raja requesting him to be fair and transparent and “to let me know of the position before you take any further action in this regard.”

Subsequently, there were several correspondences between the two on the subject in the next 2 months.

Further, on December 26, 2007, in a letter to the prime minister, Raja refers to “several discussions” with the then external affairs minister, Pranab Mukherjee, and with the prime minister himself, and

provides a detailed note of his proposed decisions on the vexatious subject of spectrum allocation.

Extraordinarily, Raja claims that “he was enlightened by the external affairs minister (Pranab Mukherjee)” to take such pre-emptive and pro-active decisions to avoid any further confusions and delay.

By a remarkable coincidence on the very same day, Pranab Mukherjee too wrote a top secret note to the prime minister stating the obvious — policy formulation revision and change is the prerogative of government. Nevertheless, he too cautions that this should be done in a transparent manner.

But these are fundamentals of governance. Why then market it to the prime minister? Was the prime minister oblivious of these fundamental issues? Why then mark it as top secret? Or was Mukherjee cautioning the prime minister against Raja? Crucially, what did the PMO do after receiving this communication?

One would have thought that the prime minister and the PMO were sufficiently warned by end of December 2007 on the possible moves by Raja and the resultant consequences.

Yet, they chose not only to remain silent but as a document released by PMO on an TRI petition reveals that the prime minister wanted to be kept at “an arm’s length” on this issue.

Little do we realise that despite their best efforts the prime minister, his ministers and the UPA government are getting increasingly sucked into the vortex of 2G scam.

And that is where the incom-



petence within government is giving way to paranoia.

No wonder, an innocuous note — office memorandum dated March 25, 2011 — prepared by a low ranking official in the finance ministry and “seen” by the finance minister was enough to paralyse the government for a week.

Mercifully the ‘crisis’ was blown over by an equally insipid statement made out by the finance minister. However, what is crucial to note here is that the finance minister, while distancing himself from the note, has not disapproved the contents or its conclusions.

And therein lies the rub. The Department of Economic Affairs (DAE) in the ministry of finance (MoF) had argued way back in November 22, 2007 that “it is not clear how the rate of Rs 1,600 crore (Rs 16 billion) determined as far as in 2001, has been applied for a license given in 2007 without indexation, let alone current valuation.”

What is so spectacular about the MoF note of March 25, 2011 is that the unsaid portion seems more potent than what it actually said. If one goes through the dense language, ignores the leap in logic and tolerates the usual incoherence associated with a note of a bureaucrat, it is apparent that several forces were working in tandem and si-

multaneously at cross purposes on this matter.

The questions raised here and the latest revelations made through the above mentioned note make it apparent that several high ranking persons — perhaps, even at the level of the PM and his cabinet colleagues — were in the know of these developments, not

post facto, not even on real time basis but even before the drama unfolded.

It is indeed a tragedy that everyone claims now that he was not in the know of what was happening in the telecom ministry when all that is stated above was in public domain since January 11, 2008. It requires a complete suspension of our sense of disbelief to hear these arguments.

Whatever be it, increasingly the former chief minister of Tamil Nadu, M Karunanidhi, is probably getting vindicated by the day. At the height of the debate leading to the arrest of A Raja in February 2011, he said it is impossible to believe that a scam of this magnitude could have been orchestrated by Raja alone.

Karunanidhi is spot on. Raja was not alone. Events over the past few months have demonstrated that there were several actors in the entire saga — some actively conniving with Raja, some passively.

But given the high positions ‘they’ occupy, it is impossible to believe from now on that the probe will be free and fair, and taken to a logical conclusion unless of course the Supreme Court decisively intervenes on this matter. □□

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Is Indian real estate becoming a bubble?



The real estate Industry in India, forecasted to grow to almost 100 billion US Dollars, is functioning under no singular authority. There are no benchmarks and set standards & Builders with support of government carry forward the business, as it presumes good for the society. Nevertheless, common man is still hoping for getting affordable dream house. Government finds **Dr. Deepak K. Srivastava**



Is Indian real estate becoming a bubble? This question is being asked by almost everyone looking for buying property in major cities of India where real estate prices have spun out of control.

In the years following 2001, availability of home loan at the low interest rate had fuelled the property boom in India and lulled people into thinking that there is huge scope for profit making in property investment. Housing boom is being propelled by some other factors also like emergence of double household income pattern, change in family structure, relatively

better employment prospects in private sector and permission to FDI in real estate.

Sensing favorable response from market, real estate prices are skyrocketing beyond affordability in almost every city of India. Most of the properties are being purchased while under construction, then being sold for a profit without the seller ever having lived in them. Investors-cum-speculators are snapping up properties on the expectation that prices will continue to rise that makes buying house merely a dream for common Indian man. Builders

buy land at exorbitant price and would aim to make quick money and more money that led to use of black money also in properties transactions. Concerns about a property bubble have led the Reserve Bank of India to rise the risk weight age on real estate loans extended by banks.

The experience of housing bubble in different countries acts as an example for India to learn.

Thailand was severely affected by property bubble-led economic crisis in 1997. The bursting of this bubble affected not only the Thailand economy but world economy also. Thailand had a burden of foreign debt. Financial Institutions had borrowed capital from abroad in foreign currency denomination to take advantage of interest rate differential and disbursed loan to developers at cheaper rate that led bubble in property market. When developers failed to get customers for apartments because of excess supply, they had become bankrupt and bubble had busted.

China is also concerned about property bubble. Easy credit has led to China's hyper development. According the New York Times, last year a record \$560 billion of residential property was sold in

China, an increase of 80 percent from the year before. Prices here have risen more than 150 percent since 2003, pushing the price of a typical 1,100-square-foot apartment up to \$200,000. It makes housing increasingly unaffordable for the masses migrating to big cities.

The subprime crisis of United States was triggered by a dramatic rise in mortgage foreclosures. Speculative borrowing in residential real estate has been a major factor to the subprime crisis. According to CNNmoney.com, in 2006, 22% of homes purchased were for investment purposes, with an additional 14% purchased as vacation homes. During 2005, these figures were 28% and 12%, respectively. It shows, about 40% of homes purchases were not intended primarily for the residence purpose... Speculators left the market in 2006, which led the market fall. In India also, people may be worried what will happen to housing market if it collapses.

The property market in Latvia, a Baltic country, was once among the strongest in Europe, with prices more than doubling from 2004 to 2006. According to Baltic times, during this period the national average price of housing in Latvia rose 150 percent from 211 euro per square meter in 2004 to 529 euro per square meter in 2006. The housing bubble was fuelled by an explosion in the supply

Problem in Indian real estate industry is fragmented regulatory framework that led to scope of Mafia Raj.



of cheap, easy credit. By 2007, a third of those who had purchased property through credit were unable to meet monthly installments. As a result, property prices in Latvia stared fallen.

The crash of the Japanese asset price bubble in 1990 damaged the economy. In the recent past, real estate bubbles had existed in many parts of the world, especially in the, Argentina, Ireland, Spain, France, Poland, Russia, Ukraine.

Indian economy has to be insulated from any foreseeable property bubble. A real-estate crash is usually a slower process, given fact that is real estate market is less liquid than the others like stock market. Therefore, real estate sector has to be monitored constantly. RBI has set up an Expert Group on Asset Price Monitoring System and has recommended collection of real estate property price data (sale/resale) directly from banks and housing finance companies at transaction level from different cities of the country.

Nevertheless, problem in Indian real estate industry is fragment-

ed regulatory framework that led to scope of Mafia Raj. Raghuram Rajan, professor at the University of Chicago in his recently published book *Fault Lines — How Hidden Fractures Still Threaten the World Economy* has pointed out that how the license-permit raj has given way to the raj of the land mafia in India. According him, the central source of wealth today in the Indian economy is land.

The real estate Industry is functioning under no singular authority. Ironically, there are no benchmarks and set standards for an industry, which is forecasted to grow to almost 100 billion dollars in size in coming future. Builders with support of government carry forward the business, as it presumes good for the society. Nevertheless, common man is still hoping for getting affordable dream house. Government has to speed up the process to set up a regulatory authority on the pattern of SEBI, TRAI etc. to ensure transparency in real estate sector. □□

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Who is govt shielding in HSBC, Liechtenstein tax-haven lists?



In the midst of the Anna movement, one important thing – namely, black money abroad – has been pushed to the background. But this is really the Gangotri of corruption and we are doing little about it. argues Prof. R. Vaidyanathan

Barack Obama is concerned about it, Angela Merkel is furious about it and Nicholas Sarkozy wants to regulate it. But the leaders of one of the countries most affected by the phenomenon of tax evasion and black money in safe havens – India – don't want to do much about it.

Tax havens and offshore financial centres are where tax evaders and criminal elements hoard their ill-gotten wealth. In the midst of the Anna movement, one important thing – namely, black money abroad – has been pushed to the background. But this is really the Gangotri of corruption and we are doing little about it. Consider the following two examples:

The Liechtenstein affair: Liechtenstein is a tiny country and a convenient “letter box” for moneyed people all over the world to hide their illegal wealth. Germany's intelligence agency seems to have paid an unnamed informer more than US\$ 6 million for confidential and secret data about the clients of LGT group, a bank owned by the Liechtenstein Prince's family.

The German government has announced that it will share information on accounts held in the tax haven with any government that asks for it. Finland, Sweden, Norway, UK, France, the US and Australia have expressed interest in the data obtained by Germany.

Now, the interesting and in-

triguing part is this: the Indian government was initially very reluctant to get that data from Germany. It finally got the data under public pressure in 2009. More than 100 names are presumably in that list. But the results have not been shared with Indian citizens, though some newspapers and TV channels have it.

Headquarters of the Liechtensteinische Landesbank bank Reuters

It is common knowledge that billions of dollars of Indian money is in various tax heavens like Antigua, Switzerland, Bahamas, Liechtenstein, Isle of Man, and St Kitts. But all our leaders – be they in business, politics, films, sports or bureaucracy – are keen on keeping a conspiratorial silence.

The government is not releasing the names obtained from Germany and claims it is due to the double taxation treaty with that country. The data stolen by Germany from its neighbour is nowhere linked to our treaty since it does not pertain to any misdemeanor by Indians vis-vis Germany. But the government is intransigent. Who is it trying to protect?

Illegal money with HSBC:

A few months ago, the Indian government got data on nearly a thousand accounts of Indians allegedly



holding illegal wealth with HSBC Bank in Switzerland. This data was obtained by France from people who had stolen the data – more than 15,000 accounts – from HSBC's data files. The French have given the full data set to us. The government of India is not telling the citizens what action it is taking. It does not want to share the names.

When quizzed about it, the finance minister chants the same mantra about double taxation treaties when those treaties take only prospective effect. What is needed is the political will to bring back the illegal funds accumulated abroad. From Bofors to CWG to 2G to Hasan Ali – all illegal money takes us to tax havens. The size of the illegal stash abroad by Indians is estimated anywhere between half a trillion (\$500 billion) and one-and-a-half trillion (\$1,500 billion).

Why black money held abroad is dangerous for India: The issue of black money held abroad is of paramount importance for four reasons.

Every two-bit expert on the Indian stock markets knows that our markets are moved by external flows – both inflows and outflows. Such flows may be the ill-gotten wealth of Indians kept abroad in tax havens or domestic funds sent out and brought back to facilitate these activities.

In other words, the destabilisation of our stock markets can be done using the black money in tax havens. The movement of the Sensex may not be related to the performance of our economy but to the actions of these black money holders.

The second concern is: are we adequately sterilised in terms of know your customer (KYC)? This

is in the context of the concern expressed by our former National Security Advisor (MK Narayanan) regarding the possibility of terror funds coming through the financial markets.

Third, there is a question-mark about our ability to formulate policies without being blackmailed by foreign governments. For instance, many may not know that De La Rue Giori – the owner of more than 90 percent of the world's currency printing business in Switzerland – was one of the passengers in the Indian Airlines plane hijacked to Kandahar. (*Time* magazine, 17 January 2000). It is easy to imagine the type of pressure that could have been applied by the Swiss on our government at the time of the hijack.

If a large number of our elites hold illegal money in foreign countries like Switzerland, then we will be prone to manipulation in terms of policy formulation. It is not clear what role was played by various foreign agencies in the Kandahar hijack. Even now it is not clear if our foreign minister handed over dollars or Swiss currency to the hijackers. The true history may come out sometime in the future.

The same is the case with the Bofors funds. The Swedish authorities knew the names of beneficiaries and accounts since the bribe originated there. The Swiss government also knows the identities, since the money went into Swiss banks. The British government also has some idea, since some money was kept with Barclays by Ottavio Quattrochi and defrozen by our government from London.

The fourth issue is about getting arm-twisted in our economic and foreign policy formulations. It

To protect & preserve our republic we need to insist on exposing and bringing back this black money.

is pertinent to note that if the CIA knows about our leaders holding black money in tax havens, then there is a strong possibility that the ISI can also have that data. This is the danger faced by our republic. Our national policies may not be formulated in Delhi, but in Washington or Islamabad – if they have the data and can use it to pressure our leaders.

To protect and preserve our republic we need to insist on exposing and bringing back this black money. Is there political will among India's ruling class to put the issue of tax havens on the global agenda and compel other developed countries to facilitate the closure of these accounts? If not, we are doomed to be indirectly ruled by western spy agencies who have enough information to blackmail our policy-makers.

The tiny island absurdities had their place in the sun in the 20th century. But in the 21st century, integrity is the motto and transparency the mantra. India should pass a law making all the illegal wealth held abroad as part of a new national trust. We should, along with other emerging markets, arm-twist these tiny islands to give back our money.

India should bring sanity to the global financial markets and joy to millions of pauperised persons in Latin America, Asia and Africa. Let us be proactive and not be ruled by outsiders by cleaning up the global financial system. □□

Economic highlights; India ignoring hard realities

The Planning Commission has come out with a painful approach to poverty by stating that someone earning over Rs 32 in a city and Rs 26 in rural areas is above the poverty line. This imaginary line certainly does not tell the reality, explains Shivaji Sarkar



India needs to learn from the US tragedy and listen to the IMF for putting politicians in the forefront. Clearly the country's obsession with mere GDP growth is ignoring many wayside developments. The US, at a critical phase, is taking it cool and avoiding knee-jerk decisions. But India is going on prescribing policies to heat up the economy, hardening interest regime and taking no step to bring down the inflation.

Significantly, the US in a far worse scenario is trying to address the real issues by softening interest rates, cautiously considering tax options and does not mind telling the world that the number of poor, by US standards, has increased to 15 per cent from less than ten per

cent a decade ago.

India on the other hand is playing a game of see-saw with the number of its poor, the jobless, high inflation and trying to unrealistically harp on growth figures, which are plummeting every day. Finance Minister Pranab Mukherjee says growth would be over 8 per cent, others are far less hopeful and now the IMF avers it might be around 7.8 per cent this fiscal. In reality, it could be less than that.

The Planning Commission has come out with a painful approach to poverty by stating that someone earning over Rs 32 in a city and Rs 26 in rural areas is above the poverty line. This imaginary line certainly does not tell the reality. The panel might be drawing a 'misery line'!

The Plan panel's out-of-the-box approach to poverty does not take into account its own standards set decades back. It states that if one consumed less than 2200 calories in rural areas or 1800 calories in urban areas, he would be considered to be below the poverty line (BPL).

With a compounded food inflation of 15 plus per cent a year for the last over three years, possibly only an "economist" sitting in its corridor could expect to have all those calories for Rs 32. One needs to know that even a foot-path vendor does not sell a bowl of 'dal' for less than Rs 30 and four chapattis for not less than Rs 15 — a minimum of Rs 45 a meal even though that would not fill his stomach. The panel does not explain how it reached this wonderful figure.

Obviously, it had a different consideration. It wanted to reduce Government expenses and decrease the benefits for the poor. In absolute terms this figure would reduce the number of poor to less than one-third it estimated at 26

The Plan panel's out-of-the-box approach to poverty does not take into account its own standards set decades back.

per cent of the population some-time back. Though there were simultaneously other figures that suggested that those living below the poverty level constituted over 42 per cent - about 50.4 crore people of 121 crore people.

The US has done just the opposite. It has estimated that economic recession that started after 2000, has added to its number of poor. It did not bring down the bar for the sake of statistics or political consideration. It has put the bar at \$ 22000 a year for a family of four. In a country where the average monthly wages are at \$ 4500-5000, it is quite a high bar.

The IMF's latest warning in its Global Financial Stability Report (GFSR) possibly gives the clarity on the difference of approach by India and the US. It calls upon the politician to take charge of the situation to wriggle world economy out of "danger zone". The US despite many of its problems is still being headed by politicians and so their decisions have a tinge of pragmatism. They know that if hard decisions were taken and more miseries were heaped on the people it would lead to a disastrous situation and volatile reactions from the people.

The Plan panel being headed by economists does not have such considerations. The figures were more important & so they play on it.

Interestingly, for the first time the IMF finds politicians more useful for their pragmatism and understanding the pulse of the people.

The UPA II Government needs to heed to the advice and put a politician in charge of the Planning Commission so that it could take pragmatic and not impractical decisions. The new yard-

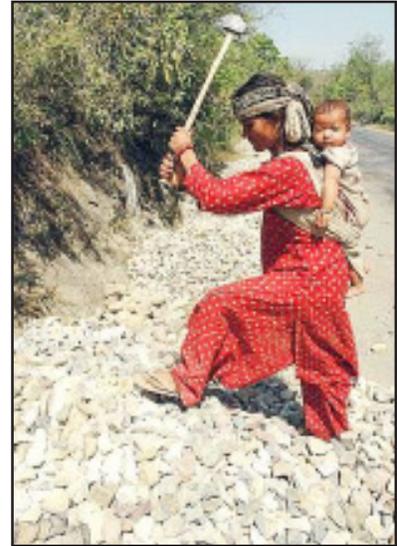
stick, if that could be called so, for deciding the poverty line does not even consider that the poor need to travel, educate their children, and require shelter and health care. If all these costs are included even those earning Rs 7000 a month would qualify to be in the category of extreme poor. How could the economists say that those earning above Rs 960 in a city or Rs 780 in a village are not poor?

The IMF has given another onerous prescription for countries like India. It has stressed that controlling inflation should be the priority. It also says that the high cost of economy and pause of growth could lead to reversal of capital flows as foreign investors might look for more cost-effective options.

Is the US doing that? Implicitly IMF suggests that for its domestic economy, Washington has shown more concern. The US Federal Reserve Chairman Ben Bernanke is examining whether to adopt more explicit economic targets to lower unemployment without fuelling inflation. The Fed is also considering steps it might take to boost the ailing economy in the short-run.

The RBI Governor D Subbarao has also struck more caution of the financial scenario but he is peeved by the quality of data pro-

The new yardstick for deciding the poverty line does not even consider that the poor need to travel, educate their children, and require shelter and health care.



vided to him by Govt. organisations, which he says are away from reality. Undeniably, a comment on the Plan panel's approach.

While, the RBI accepts the country is in a crisis, the Planning Commission seems to ignore that as it is obsessed by imaginary growth figures. Shockingly, it is unconcerned about the 9 per cent unemployment, same as the US, but in absolute terms almost three times more do not have jobs here. Neither does it take into account the number of under-employed, stagnation in wages and increased cost of living.

This is where the onus has to be taken by politicians, the IMF says, for accepting realities and course corrections.

Importantly, India's approach is far from reality. The country has to modify its policies at all levels. Plainly, euphoric decisions or figures will not bring the growth trajectory back. It has to take decisions to reduce taxes, interest rates and evolve a pro-people marketing strategy to lower prices. Growth is impossible to achieve if people are not partners in progress. — INFA □□

Perspectives on Standards in Public Life & Swaraj

The debate on the standards in public life and on the nature of true Swaraj must necessarily be a continuing one – only then can the imperative of linking ethics and politics be felt uninterruptedly in the national life, writes Anirban Ganguly, a Research Associate in VIF



Of late the debate on standards in public life, of probity in public life and of the use and abuse of power in a democratic framework has been occupying the centre stage. While the debate has often developed to no-holds barred level it is nevertheless heartening to see that it is taking place and that too with full gusto and participation from the people and their representatives. Democracy is all about discussion and the freer, more vocal and varied the discussion the more resilient is the texture of democracy. Our founding fathers, leaders of the independence movement, were all concerned with defining and upholding standards in public life, they were concerned about the working out of true Swaraj and quite early into the

movement began applying their minds to the issue and to setting the parameters of the debate. A look at some of their thoughts, concerns and observations on the subject may perhaps provide some indicators in the presently surcharged atmosphere and in the animated debate that it has generated.

I. When power outstrips ability...

Jawaharlal Nehru's, now legendary 'Tryst with Destiny' speech on the night of 14th August 1947, was followed by another speaker who had already earned world distinction as a leading Indian philosopher and thinker. Dr. Sarvepalli Radhakrishnan, while speaking after his high-profile colleague in the Constituent Assembly, made two points that he hoped would serve

as pointers to the fledgling republic in the making and its first batch of leaders. He saw great opportunities before the newly liberated nation but sounded a note of caution as well. 'Let me warn you', he said, 'that when power outstrips ability, we will fall on evil days. We should develop competence and ability which would help us to utilise the opportunities which are now open to us.' He asked all to get rid of the general habit of damning the colonizers for all the ills, 'From tomorrow morning, from midnight today we cannot throw the blame on the Britisher. We have to assume the responsibility ourselves for what we do. A free India will be judged by the way in which it will serve the interests of the common man in the matter of food, clothing, shelter and social services. **Unless we destroy corruption in high places, root out every trace of nepotism, ...profiteering and blackmarketing which have spoiled the good name of this great country in recent times,** we will not be able to raise the standards of efficiency in administration as well as in the production and distribution of the necessary goods of life.' In this first part, the philosopher-statesman was making a case for the dominance and lead of the

ethical spirit in all matters of governance. He saw the triumph of such a spirit as enabling the fruits of governance to percolate to the grassroots. Dr. Radhakrishnan was speaking in support of a pledge that all members were to take at the stroke of midnight and the final point he made before putting the resolution to vote, was concerning 'humility' – a key attribute that he felt all members of the Assembly ought to exude. 'I support with very great pleasure this Resolution which asks us as the representatives of the people of India to conduct ourselves in all humility in the service of our country and the word 'Humility' here means that we are by ourselves very insignificant. Our efforts by themselves cannot carry us to a long distance. We should make ourselves dependent on that other than ourselves which makes for righteousness. The note of humility means the unimportance of the individual and the supreme importance of the unfolding purpose which we are called upon to serve.' Through that pledge thus the members dedicated themselves in 'all humility to the service of India and her people to the end that this ancient land attain her rightful and honoured place in the world and make her full and willing contribution to the promotion of world peace and the welfare of mankind.' The key words here then were 'humility' and the 'unimportance of the individual and the supreme importance of the unfolding purpose'. And what would be the sustaining attitude in this new state of Swarajya? Dr. Radhakrishnan was clear on that as well, - it had to be an attitude and an approach of concord – 'Swarajya is the

development...of [a] tolerant attitude which sees in brother man the face Divine. Intolerance has been the greatest enemy of our progress. 'Tolerance of one another's views, thoughts and beliefs is the only remedy that we can possibly adopt.' The speaker was not a self-abnegating monk but one who eventually rose to occupy the highest office of the land.

II. Needed persons with true public spirit: Rajendra Prasad's concern

Radhakrishnan's speech is hardly remembered today – his statesman identity has in the course of time been deftly merged into his philosopher and teacher identity which continue to be comfortably perpetuated. In his address to the Constituent Assembly that night, Radhakrishnan was simply restating in the modern context the traditional Indian injunction to the ruler in his state of power. In fact, the necessity of formulating an ethical guideline and the requirement of a higher standard of comportment among those endowed with the responsibilities of governance and legislation had exercised many a front ranking minds in the early period after independence as well as during the rough and tumble of the struggle for freedom. In a statement dated 13th February 1949 made on the issue of 'qualifications of representatives to the State Assemblies and the House of the People' Dr. Rajendra Prasad, soon to be the republic's first President, made certain deeply insightful observations that to this day keeps setting in perspective the issue which itself remains as yet unresolved. Rajendra Prasad's fundamental question was as to why one who 'formulates the policy and is-

Tolerance of one another's views, thoughts and beliefs is the only remedy that we can possibly adopt.

sues the orders or who makes the law is not required by the Constitution to possess any moral or intellectual qualifications.' He saw this as a 'serious lacuna' that would lead to serious consequences unless removed and expressed apprehension that under these circumstances 'an unscrupulous demagogue without real knowledge and character' could always impose himself on the electorate. Elaborating the point further, Prasad made some very relevant observations; perhaps he had an inkling of future political situations, formations and attitudes. 'When parties and groups are formed', wrote Prasad, 'based not on principles but on narrow parochial, sectarian or even personal and selfish considerations, the presence in legislatures of persons with true public spirit, wide sympathies and appreciation of the requirements of the country as a whole becomes apparent and essential. This requires both intellectual and moral equipment of a high order which must be ensured in the candidate who seeks election.' While setting such high standards for legislators he also realised the unusual difficulties in ascertaining and evaluating such qualities in them – qualities that he felt were essential prerequisites for clean politics and people-centric governance. 'The most difficult although the most essential to lay down is a test which will ensure in an ascertainable form the moral and spiritual qualities of a leg-



islator. Honesty, public spirit and such other qualities are impossible of measurement and ascertainment. The only measuring rod which can be employed in judging whether a person possesses them is his own life and experience of his past activities, but even these are difficult measures.' By placing these arguments Rajendra Prasad hoped that a larger debate would be generated on the issue. He saw the resolution of this as indispensable for the future well being of the state and its various organs of governance.

III. Gandhian real Swaraj: acquisition of the capacity by all to resist abuse of power

The ideal of Swaraj, as envisaged by our founding fathers laid down stringent criteria for governance, the wielding of power and for public activities. Our founding fathers hoped that the succeeding generations of national leaders would prepare themselves to fulfil these. Gandhi was his usual uncompromising self when it came to standards in public life and especially on the need to devolve real power to the people in a democracy – in Swaraj. 'Real Swaraj', he wrote in the columns of his

Young India in the early 1920s, *'will come not by the acquisition of authority by a few but by the acquisition of the capacity by all to resist authority when it is abused. In other words, Swaraj is to be obtained by educating the masses to a sense of their capacity to regulate and control authority.'* (Young India, 29.1.1925). Earlier while discussing the capacity and the way of maintaining a hard earned Swaraj, the Mahatma argued that 'Swaraj can be maintained only when there is majority of loyal and patriotic people to whom the good of the nation is paramount above all other considerations whatever including their personal profit.' The meaning of Swaraj, he continued, is 'government by the many [but] where the many are immoral or selfish, their government can spell anarchy and

Gandhi's vision of the 'Ramraj' was thus based on a deep and effective 'moral authority.'

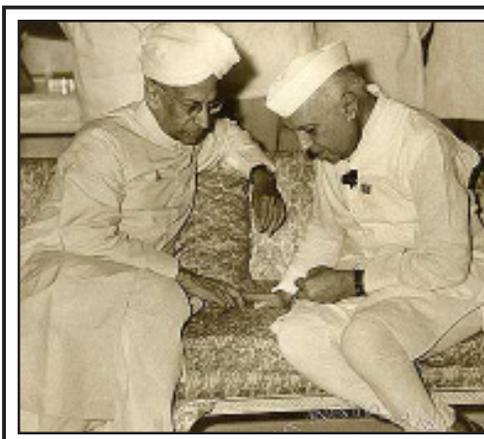
nothing else.' (Young India, 28.7.1921) Gandhi's vision of the 'Ramraj' was thus based on a deep and effective 'moral authority.'

IV. Not Self-seekers but seekers of public welfare

But Gandhi was not the only one to be worked over this issue of standards in public life, of the use and abuse of power, and of probity and transparency while holding public office. Around the same time there were two other stalwarts – now obviously forgotten because they refused to perpetuate themselves and instead indefatigably focused on national welfare and cohesion – who in fact, in their own way, gave much thought to the issue. Rajendra Prasad in his statement of 13th February 1949, interestingly, took care to refer to their work and vision. In 1923, C.R.Das (1870-1925), the once celebrated *Deshbandhu* (Friend of the Nation) and his equally versatile and erudite colleague Dr. Bhagavan Das (1869-1958) presented before the nation *'An Outline Scheme of Swaraj'* drawn up by them. The Congress in its 1923 annual session adopted the scheme as party policy. The plan recommended decentralization of government after independence with the 'higher centres of government being reduced and the organ of administration becoming the panchayat, organised into village, town, districts, provincial and all India units of government.' C.R.Das in his presidential address to the Congress in its 1922 session argued for the 'organisation of village life and the practical autonomy of small local centres' as a requisite for Swaraj. He maintained that real Swaraj could only be attained 'by vesting the power of

government in these small local centres.’ In short, Das advocated a massive decentralization that would, he hoped, enable the fruits of democracy to reach to the grassroots and to bring about an effective socio-political transformation there. What is of interest to us however in the present discussion is that the ‘Outline Scheme of Swaraj’ discussed, at some length, the standards of people’s representatives. It advocated that *‘every possible care should be taken to ensure that the people’s elected representatives, who will constitute the chief authority for each grade of centre, local and higher, with power to make laws and rules, shall be, not self-seekers, but seekers of the public welfare.’* [Italics as in the original] In its Chapter five the document discussed ‘The Qualifications of the Choosers and the Chosen’ and made certain perceptive suggestions, far ahead of its time.

What should be of interest to us, are not the details or the semantics of the formulations but rather the spirit and the deeper perception of the suggestions, perhaps made in anticipation of a deeper malaise that would eventually set in the national body politic. It laid the criteria that the people’s representatives should have ‘retired from competitive business or other professional life of bread-winning or money making...’ and in its note on the chapter five as regards the ‘qualification of the elected’ it noted that ‘the condition for election should be such as would make it humanly probable that the elected may be seekers of public weal and not self-seekers’ and are the ‘outward symbols of [an] inward grace.’ The scheme called for ‘exceptionally selfless men for this



The legislator required ‘not brilliance but wisdom.

essential and highest kind of public work.’ ‘Twenty-one persons in ten thousand’, it argued, ‘are not too many to expect. If the country cannot provide even so much self-denial, it may as well give up all attempt at Swaraj. The essential outlook of the legislator had to transmute itself from that ‘of selfish taking to that of unselfish giving.’ In its conception the legislator required ‘not *brilliance* [sic] but *wisdom*. Brilliance comes and goes, and plays false and proves tinsel, and makes messes, but wisdom lingers. Wisdom is mature knowledge *plus* philanthropy, patriarchal benevolence.’ The other qualification that it wanted was that the member ‘should have done outstandingly good work in *some* walk of life – whether literary, scientific, educational, priestly, medical, artistic, etc., or as a labourer and manual worker;’ and having done these the representative should have at the same time also acquired ‘a reputation for uprightness and honest dealing and sympathy for fellow creatures.’

In its following argument it also anticipated the contention that the poorly qualified or marginalized shall never be able to raise themselves to the level of legislators or policy makers. ‘An aged agriculturist’, it contended, ‘who

has tilled his few acres successfully, has raised up a good family, is respected and trusted in his own and neighbouring villages, and can express his views clearly, is a wise village-elder, in short, may be a more useful member of legislature which has to deal with agricultural interests like those of India, even though he may be only just able to sign his name, than may brilliant speakers or writers with only a college education that has little touch with reality.’ The legislator, it said, ‘should stand in the position of Trustee and Elder to the people’ and spoke of the necessity of such an approach in a dedicated spirit in order to actualize the ‘idea of spiritualising politics by changing the whole culture and civilisation of society from its present *mercenary* [sic] to a missionary basis, even as the work of the elder in a family is done for the youngsters, not for mercenary motives, but out of “missionary” benevolence.’ It did finally warn that ‘if this atmosphere cannot be purified by the introduction of the missionary and patriarchal spirit in the Panchayats, the legislators and the Courts of Arbitration, then there is no hope of true Swaraj.’

... (to be concluded)

(Courtesy Vivekanand International Foundation)

Get Kashmir off the Indo-Pak agenda

Mr Prashant Bhushan committed a grievous error by advocating plebiscite, when most Pakistanis too don't think the issue can be revived, opines Chandan Mitra

Had controversial lawyer Prashant Bhushan participated in the annual India-Pakistan Peace Process Dialogue organised by the German think tank FES last week in Dubai, he may not have said some of the things he did on plebiscite in Kashmir. That would have spared him and subsequently a few of his sympathisers, physical assault at the hands of hoodlums as well as a tongue-lashing by his leader Anna Hazare. In turn, question marks about his continuance as a high-profile member of Team Anna may not have arisen either. Mr Bhushan's obnoxious suggestion that a plebiscite could be held in the State of Jammu & Kashmir and that if its people did not wish to stay on with India they should

be allowed to go, has pitchforked him into the category of professional India-bashing self-promoters like Arundhati Roy, who is universally hated by most right-thinking Indians.

I say that Mr Bhushan would have thought twice before uttering seditious tripe if he had merely observed the tone and tenor of last week's deliberations at Dubai, which I attended. FES has been hosting this Dialogue for the last nine years and I have participated in four of them. On this occasion, there was a remarkable change in perceptions both among Indian and Pakistani delegates. Most importantly, there was recognition on the part of Pakistani opinion-leaders and academics that both coun-

tries had to go beyond shibboleths of the past. Despite their dislike of former President Pervez Musharraf, they agreed that the 1948 UN Resolution calling for plebiscite (a move endorsed by Jawaharlal Nehru — one of the many policy disasters he scripted), was now passé and unenforceable and thus best dumped in the trash can of history.

Last July I visited Lahore for two days for a symposium and a TV debate. As I wrote in these columns upon my return I noticed a refreshing absence of belligerence on Kashmir despite continuing emotional attachment to the issue. The frightening spread of *jihadi* tentacles inside Pakistan has caused sufficient alarm in the country's intellectual Establishment and civil society to recoil from any action that would further strengthen the Taliban or *jihadi* terrorist. I observed the same reasonable trend in the Pakistani intellectual elite at the Dubai conference.

In other words, Mr Bhushan, like many of his compatriots in the Arundhati Roy League, is hopelessly out of touch with reality. Also ironic that Roy has emerged as big-time Anna-basher because the Gandhian's Lokpal campaign has taken the wind out of the sails of Sonia Gandhi's "sarkari" *jholawalas*, ensconced in the NAC. Roy though not officially part of that coterie has always hobnobbed with this 10



Janpath-sponsored group. It must be particularly galling that Ms Medha Patkar, whom she tried very hard to upstage over the Narmada issue, has become a candidate member of the Team Anna core, while Roy languishes on the receding shores of self-importance.

To get back to Mr Bhushan, an intelligent, articulate activist-lawyer who is capable of being reasonable on occasion. Being a tolerant society, Indians may shake their heads in despair when they hear the likes of Mr Bhushan talk subversively on Kashmir, but nobody was outraged in the past because he did not really matter. But today he does, thanks to the surge of popular support for Anna Hazare's Lokpal campaign. This agitation has catapulted people like Mr Arvind Kejriwal and Bhushan who hitherto resided on the intellectual fringe, centre-stage. As a people, Indians abhor extremism, which is why ideologies such as Maoism have never found acceptability among the masses, notwithstanding the apparent support they claim to command among sections of the rural underprivileged. Mr Bhushan should have realised that in his new role, what he says or does makes headline news, unlike the past. Team Anna is under public scrutiny 24/7 and its members are expected to conform to people's expectations. They do not have the luxury of expressing opinions that run counter to middle-class convictions any more. As Team Anna steadily drifts into a quasi-political role, they have to be extremely mindful of how their actions are interpreted.

Even the usually circumspect Mr Kejriwal, the Team's lead strategist, has invited criticism from Mr Santosh Hegde for seemingly giv-

ing Anna Hazare's Hissar foray a trenchantly anti-Congress direction. They also need to recognise that the Congress's dirty tricks department is a past master at defaming its opponents, regardless of its indifferent record of success. It may have eventually boomeranged, but the meticulously planned campaign to derail VP Singh for his son's fictitious bank account in St Kitts on the eve of the 1989 election, should have been recalled at least by veterans like Mr Bhushan's father Shanti Bhushan, a former Law Minister. In this case, the Congress spin masters only had to deflect Mr Bhushan's ill-considered hook to the waiting hands of fielders—namely the media. I have no direct evidence of this but there are strong suspicions that Mr Bhushan's attackers, rogue ex-sympathisers of BJP-minded front organisations were also aided and abetted by various undercover agents of the ruling dispensation. Anna Hazare, an ex-serviceman, has expectedly reacted with robust rage, denounced his Team member's comments, reaffirmed that Kashmir is and will remain an integral part of India. So Mr Bhushan is out on a limb, hanging on to the Team, but barely.

On the concluding day of the Dubai meet, Khurram Dastagir Khan, MP of the PML(Nawaz) observed that India should recognise that for Pakistan, Kashmir and river waters were emotional issues and had to be approached with sensitivity. He is right, but Pakistanis often forget that Kashmir is an equally emotional issue with Indians. Our soldiers have died in four wars defending the State. A large part of India's religious and cultural heritage is associated with the

Congress's dirty tricks department is a past master at defaming its opponents

State. The passions aroused by the issue also reflect India's innate secular mindset. Despite the ethnic cleansing of Pandits in the early 90's, nobody can get away suggesting that the Valley, almost exclusively Muslim today, should be bartered away in the hope of achieving permanent peace with Pakistan.

Given these bluntly conflicting realities, both countries must gradually reconcile to the impossibility of either getting complete possession of the State of Jammu & Kashmir as it existed on the map in August 1947. Much as those who indulged in despicable violence against Mr Bhushan deserve to be unambiguously condemned, Bhushan himself must recognise that he has violated the nation's sensibility by his irresponsible, almost seditious remarks. Just as Pakistan can never hope to annex Kashmir, India can never agree to hold a plebiscite there. So, the issue must remain in deep freeze as we grapple with new threats in our neighbourhood, emanating from a common enemy—*jibadi* terrorists. With the focus fast turning to post-US withdrawal Afghanistan, New Delhi and Islamabad need to apportion their respective roles in that country's stabilisation and economic progress. Kashmir is probably no more the "core issue" that Mr Musharraf used to claim. Any attempt to bring it back to the top of the agenda, either in Pakistan or in India, amounts to trying to turn the clock of history back. □□

Army needs Rs 41,000 crore to make up current deficiencies

Navy and IAF may be on the modernization track, albeit much slowly than desired, but the Army seems to be floundering. The 1.13-million strong force needs as much as Rs 41,000 crore to even meet its existing shortages in equipment and ammunition.

Army has painted a grim picture in its 11th Plan (2007-2012) review, pointing at operational gaps in fields ranging from artillery, aviation, air defence and night-fighting to ATGMs (anti-tank guided missiles), PGMs (precision guided munitions) and specialized tank and rifle ammunition, say sources. Holding that the "hollowness" in ammunition and

equipment is "still critical", the 11th Plan review to the defence ministry says around Rs 41,000 crore will be required "to make up current deficiencies".

This when both China and Pakistan, are rapidly modernizing their forces. Incidentally, Indian Army itself has projected the remote but nevertheless plausible eventuality of a simultaneous "two-front war" in a worst-case scenario.

But the force is nowhere near reaching its 100% operational capability, which an earlier projection held would be possible only by end of the 14th Plan in 2027. □

Sarpanch denied audience of Rahul Gandhi

Upset over not getting an appointment with Rahul Gandhi, the sarpanch of Anna Hazare's village and his colleagues decided to return home saying now even if they get an appointment, the village will decide whether to meet the Congress leader or not. Congress MP T Thomas, who had interacted with them and had reportedly fixed the much-talked about meeting, however apologised for the "communication gap" that led to the confusion.

"We have come here after being told that we have an appointment with Rahul Gandhi on October 18 at 9 am. We came here believing the words of the MP. Now the MP says there was a communication gap. We are returning home.

"We have said in our letter seeking appointment with Gandhi that we want to meet him as suggested by the MP. We were contacted by Thomas' office several times. Even Rahul Gandhi's office called the sarpanch several times," Suresh Pathare, a close aide of Hazare, told reporters.

He said now they are not meeting Gandhi as it appeared that there were some "ego problems" and "the village panchayat will decide whether to meet him if an appointment comes in the future".

Govt tries to fill Rs 50,000 cr revenue gap

The government is looking at a Rs 50,000 crore hole in its accounts due to a faltering disinvestment programme and prospects of missing out on fresh mop-up from sale of spectrum, prompting it to scrape the bottom to plug the gap.

Against the disinvestment target of Rs 40,000 crore, the government has so far managed to get Rs 1,144 crore from the stake sale in Power Finance Corporation. Although it has been forced to indefinitely postpone the ONGC follow-on offer in the face of volatile markets, officials said there was still hope of taking it to market by March as the public sector company's shares have not seen a steep decline.

But they admit that there is no clarity on other PSUs on the disinvestment list of the year - from Bhel to SAIL and IndianOil. "Disinvestment is tough this year," said a senior finance ministry official, who did not wish to be identified.

Similarly, there is no word on the Rs 15,000 crore that the government had budgeted from auction of spectrum in the current financial year. To begin with, the department of telecommunications was not too eager on the issue given the controversy surrounding the 2G scam. The finance ministry pushed hard but is now realising that spectrum across the country is not in the government's possession.

Ministry bows to BCCI

Bowing to the BCCI's objections, the Sports Ministry has decided to exempt cricketers from some World Anti-Doping Agency rules, including the contentious 'whereabouts clause', in the revised National Sports Development Bill. Sports Minister Ajay Maken told a press conference that the revised Bill has allowed the national bodies to follow the rules of their international federations which are in conflict with the WADA norms.

Last year, the ICC had decided not to follow the contentious 'whereabouts' clause of WADA, which

CAG not exceeding jurisdiction: Pranab

Finance minister Pranab Mukherjee has backed the Comptroller and Auditor General (CAG) in the context of reports on various scams, saying the government auditor has not exceeded his jurisdiction. "I am making it clear that I do not think that CAG is exceeding its jurisdiction or things like that, because basic responsibility of the CAG is to identify, if there is any, lapse," he said during a question-answer session at the Economic Editors conference here.

The statement is significant in view of the

attacks from some quarters in the government criticising the CAG for exceeding its mandate. CAG's reports on 2G spectrum allocation & Commonwealth Games had evoked sharp reaction from the govt. functionaries.

"So far as the role of the CAG is concerned, it is a constitutional role. As far as my knowledge about the functioning of the CAG is concerned, the job of CAG is only to find out financial irregularities...in context of rules, laws and regulations as laid down by the government," Mukherjee said. □

required the cricketers to provide information of their availability for test for few hours in a day for three months in advance, on the objection of Indian cricketers and the BCCI.

The revised Bill, which will be re-sent to the Cabinet after it asked the ministry to rework on certain provisions, retained other contentious provisions including the age and tenure limitation of the Indian Olympic Association and National Sports Federations officials.

The offices of the Sports Ombudsman and the National Sports Development Council have been removed from the earlier Bill. An exclusion clause has also been inserted in the Right to Information Act to protect certain information pertaining to selection and appointment of athletes and coaches, performance of an athlete and relating to health, fitness & doping issues.

RBI warns of another global financial crisis

Reserve Bank of India has warned of another financial crisis brewing, as global liquidity becomes a concern amidst central banks pegging their lending rates at near zero levels, leaving scope for another asset bubble to take down the global financial system.

"There is, thus, incontrovertible evidence that there is yet again a huge under-pricing of risks in the financial system and, therefore, it is not a question of if, but when, the generic asset bubble caused by manifold increases in balance sheets of central banks will burst," said RBI, executive director, VK Sharma in his address in Singapore on 'Identifying Systemic Risks in the Global Markets - Lessons Learnt from the Crisis'. He spoke about what has been done by Asian central bankers in detecting and mitigating risks of

future crises similar to the one in 2008-09.

One of the major worries this time around, which did not exist back then, is global liquidity, Sharma said. Balance sheets of major banks have grown by almost three times from pre-2007 levels, while near-zero policy rates have added \$4 trillion in incremental central bank liquidity. Sharma mentioned that the US has been keeping excess reserves of about \$1.5 trillion with the Federal Reserve rather than lending it to small businesses and households.

Experts panel on Kudankulam power plant

The Centre has set up a 15-member expert group for interaction with the local people in and around Kudankulam nuclear power plant as part of an exercise to allay their apprehensions over the project. The panel consists of experts from a range of disciplines including radiation safety, reactor safety, oncology, fisheries and nuclear waste management.

The panel includes well known oncologist and Chairperson of Adyar Cancer Institute, V. Shantha, Vice Chancellor, Nurul Islam University, Nagercoil, A.E. Muthunayagam, retired Director of Division of Radiation Safety at Vienna-based International Atomic Energy Agency, M.R. Iyer, and Associate Professor & Surgeon at Mumbai's Tata Memorial Hospital, C.S. Pramesh.

The panel also consists of retired Professor of Mangalore University, M.N. Madhyastha (expert on thermal ecology), Director, School of Life Sciences at VELS University, Chennai, N. Sukumaran, Professor at the Central Institute of Fisheries Education, Mumbai, A.K. Pai, and earthquake expert and Professor at the National Geophysical Research institute, Hyderabad, Harsh K. Gupta. □□

China surpasses US as EU's top trade partner

Trade between China and the European Union (EU) totalled 35.6 billion euros (\$49.4 billion) in July, allowing China to overtake the US as the EU's largest trade partner, authorities said. The overall value of China-EU trade in July exceeded that of the EU and the US by 800 million euros, accounting for 13.4% of the region's total imports and exports, according to data released by the EU's statistics office. However, bilateral trade shrank for a second consecutive month in July, falling 0.8% from the same period last year, the ministry of commerce said, citing

the latest statistics from Eurostat.

Xinhua reported that China remained the EU's second largest export market. EU exports to China totalled 11.7 billion euros in July, up 12.3% year-on-year, which is higher than EU's total export growth rate of 4.1%. The EU imported 23.9 billion euros in Chinese goods, down 6.2% from the previous year. But China still held the top spot as the region's import source, making up 17.4% of the EU's total imports. The EU reported a 12.2-billion-euro trade deficit with China in July. □

Wal-Mart China head steps down

The head of Wal-Mart's China business has quit, the US retailer said, after Chinese authorities temporarily shut down over a dozen stores found to be selling pork falsely labelled as organic.

Ed Chan left "for personal reasons," Wal-Mart said in a statement, adding that another senior China executive, Clara Wong, has also resigned. Their departure comes after authorities in the southwestern city of Chongqing detained Wal-Mart staff and ordered the company to pay more than \$420,000 in fines and other penalties.

The statement made no mention of the so-called 'green' pork incident, which was widely reported in Chinese media. Wal-Mart said it had shut 13 Chongqing stores for 15 days "so as to concentrate our efforts on completing corrective actions and taking all necessary steps to ensure this does not recur". Wal-Mart opened its first stores in Chongqing in 2006 and has so far been punished 21 times for various problems, including selling food past its expiry date and false advertising, according to Chinese media reports. The company entered China in 1996 and had 189 outlets in 101 cities by August last year, according to its website.

Swiss banks summoned to hearing

Swiss banks accused of helping Americans to dodge taxes have been summoned to a parliamentary committee hearing at which they will be asked to explain their actions, according to media reports. Credit Suisse, Julius Baer and Basler Kantonalbank have all been called to answer questions, the newspaper re-

ported, citing documents from the Foreign Affairs Committee of the lower house. Representatives from the banks will be asked to explain which rules they used for their business with private US clients in America and Switzerland. The United States has been pushing for Switzerland to supply information on bank clients who may have evaded taxes.

Credit Suisse is the target of a formal US investigation. US authorities are also looking into whether smaller Swiss private banks and cantonal banks, including Basler Kantonalbank and Julius Baer helped wealthy Americans dodge taxes.

US corporate lobbying hard to enter India

Aiming to grab a pie of India's robust economic growth, at least a dozen US-based corporate giants are lobbying hard with their lawmakers to help them enter or expand further in this fast-growing market. The issues on which these companies are lobbying with the US Government range from facilitating the market access to easing of foreign investment rules in India to help further expansion of their businesses here, show the lobbying disclosure reports filed by them with the US Senate.

These large US-based multinationals include the likes of the world's largest retailer Wal-Mart Stores, the coffee shop giant Starbucks and financial services majors Morgan Stanley, New York Life Insurance and Prudential Financial.

Besides, technology major Intel, chemicals major Dow Chemical, pharma giant Pfizer, telecom majors AT&T, Alcatel-Lucent, as well as defence and aerospace giants like Boeing, Raytheon and Lockheed Martin are soliciting the support of the US

US signaling shift from G-2 to G-3

As strategic signaling goes, this one is fairly direct and uncomplicated. President Obama sending his National Security Advisor Tom Donilon to China and India on a two-nation visit, indicating that his administration has moved past the G-2 idea involving only the United States & China to a G-3 formation that includes India.

“Donilon’s visit underscores this administration’s commitment to growing US leadership in Asia, and our work with emerging powers, such as China and India, as a core component of this commitment,” the White House said while announcing the visit. The statement accentuated Washington’s resolve to boost its primacy in Asia while treating China and India on a similar footing, formally sidelining a school of

thought that sought to bracket US and China in a G-2 tie-up while consigning India to a subsidiary regional role. The G-2 idea was first introduced by the American economist C. Fred Bergsten in 2005, primarily as an economic relationship because the US and China were the two largest economies and biggest trading partners in the world.

In fact, the schedule and agenda for Donilon’s travels makes this quite clear. In Beijing, Donilon will meet Chinese leaders and policymakers, including Vice Premier Wang Qishan and State Councilor Dai Bingguo, and “discuss a wide range of bilateral, regional and global issues of mutual concern,” according to the White House. □

Government for furthering their Indian business interests.

In addition to these large corporates, there are numerous other smaller size companies seeking support from the US lawmakers to help them enter or expand further in India.

Together, these companies are estimated to have spent millions of dollars on their lobbying activities on various issues, including those related to their Indian interests.

Gen Kayani warns US

Pakistan’s army chief General Ashfaq Pervez Kayani has warned Washington to “think 10 times” before launching any unilateral offensive in the restive North Waziristan tribal region even as an angry and frustrated US is lining up its artillery on the Afghan border facing Pakistan.

The Obama administration is also initiating fresh diplomatic efforts to persuade Pakistan to reel back its “self-destructive” policy of seeking strategic depth through terrorism before more aggressive military action. US secretary of state Hillary Clinton is heading for Islamabad this weekend in a trip that is officially secret but is being discussed animatedly in diplomatic circles because it is said to represent last-ditch US efforts to address Pakistani concerns and change its mindset.

A growing number of US analysts, including Bruce Riedel who led a review of the Af-Pak policy for the Obama administration, are urging Washing-

ton to adopt a “hostile”, if not punitive, stand against a recalcitrant ally if it does not reverse its sponsorship of terrorism.

But in a defiant riposte Kayani told Pakistani lawmakers at a rare briefing that the country would go for a military action in North Waziristan-home to the Haqqani group that his army is said to sponsor-keeping in view the situation and capabilities, not under any pressure.

China resorts to biggest cut of US debt

China divested USD 36.5 billion or 3.1 per cent of its holding in the US treasuries in August, its biggest sell-off of dollar assets since 2000. The move came as a surprise as China had bought over bonds worth USD 8 billion weeks before that. Downgrade of US credit ratings by Standards & Poor’s, in early August, had created a major crisis of confidence over US treasuries all over the world.

The August move was the biggest sell-off of dollar assets by Beijing despite surge in foreign demand for US financial assets as investors sought a safe heaven amid the European Debt crisis, state run China Daily reported. China, Washington’s biggest creditor, holds USD 1.137 trillion of US treasury debt.

The August reduction was the first time that China had trimmed its US debt holding in five months. It had made a net purchase of USD 8 billion in July, to show its confidence in US debt even as America struggled with its financial troubles. □□

US drags India, China to WTO

The United States dragged China & India to the WTO over subsidy programmes implemented by the world's two fastest growing economies. Obama Administration official terms the situation as intolerable. "The situation was simply intolerable," US Trade Representative Ron Kirk said. Noting that every member of the WTO is required to come clean on their subsidy programmes on a regular basis, Kirk said China has not notified its subsidy programmes in over five years. "India only recently filed its first notification in almost ten years & even then, notified only three of the many subsidy programmes we know to exist," he said.

Kirk announced that the US has submitted information to the WTO identifying nearly 200 subsidy programmes that China has failed to notify as per WTO rules. Information was also submitted on 50 subsidy programmes in India not previously notified, he said. Through these actions at the WTO, the United States is seeking the prompt provision of detailed information and data from China & India regarding the operation of these subsidy programmes, the USTR said. Under WTO rules, every member is obligated to submit information about all of its subsidy programmes on a regular basis. This information is required so that members may assess the nature & extent of the subsidy programmes of others.

IBSA Trade Ministers to Coordinate in WTO Ministerial

In a meeting of the three Trade Ministers from India Brazil and South Africa in Pretoria on 18 October it was decided to hold an annual trilateral meeting of the Trade Ministers from the IBSA members to further enhance the intra- IBSA trade. Commerce and Industry & Textiles Minister, Shri Anand Sharma, offered to host the first annual trilateral meeting in New Delhi in early March 2012. The dates are to be decided through diplomatic channels.

Intra IBSA trade has done very well despite the economic slowdown of 2008 and its aftershocks including the prevailing uncertainties in the Eurozone. The three nation's trade is already close to USD 20 billion, having crossed in 2009 the target of USD 15 billion set for 2012. India's trade with its trade partners in IBSA accounts for a majority of this trade. The Leaders at the IBSA Summit felt that the trends indicate that the target of 25 billion USD trade by 2015 will be achieved early, and this gave reasons to be optimistic and more ambitious. The Leaders mandated the Working Group on Trade and Investment to examine all is-

ues related to trade holistically including issues relating to non-tariff barriers, maritime and air links and opportunities for investments.

The three Ministers also agreed to seek an opportunity to meet before the WTO's 8th Ministerial conference (MC8- 15-17 December, Geneva) to coordinate their position on all issues relating to the WTO negotiations and to discuss the possible outcomes of MC8 as well as the way forward on Doha Development round.

India to support Pakistan in WTO

Pakistan Commerce Minister Makhdoom Ameen Faheem has said India will support Pakistan on some issues at the WTO. Talking to Pakistan state television, he said that Pakistan will benefit from India's support at WTO. The Minister claimed that Indian Prime Minister Manmohan Singh has accepted the invitation to visit Pakistan. He also emphasised that trade talks would be constructive. To a particular question, he said Pakistan and India target to increase trade volumes. It will be increased up to 6 billion dollars in the next three years, he added. He also said India wants stable and prosperous Pakistan. He expressed hope that barriers in bilateral trade will be removed and a golden era in trade relations between the two countries will begin. The Minister said India and Pakistan have made preparations to allow banks to open branches in each other's countries and routes for the promotion of trade. To another question, he said that business activities will soon be increased between the two countries and all the hurdles in this respect will be removed.

WTO rules against US in tuna-dolphin dispute

A dispute panel of the WTO has ruled that "dolphin-safe" measures taken by the United States concerning the importation, marketing and sale of tuna and tuna products from Mexico are inconsistent with its obligations under the WTO. In a ruling the panel recommended that the Dispute Settlement Body (DSB) request the United States to bring its measures into conformity with its obligations under the Technical Barriers to Trade (TBT) Agreement.

The panel found that the US dolphin-safe provisions were inconsistent with Article 2.2 of the TBT Agreement because they were "more trade-restrictive than necessary to achieve a legitimate objective", but ruled that these provisions were not inconsistent with Articles 2.1 & 2.4 of the TBT Agreement. The panel also exercised judicial economy with respect to Mexico's claims under Articles I: 1 & III: 4 of the GATT 1994. □□