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*Infrastructure Development:*

### The Veiled Narrative

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### Seat-for-Sale scam

*I can tell from my own experience that MCI Is Fully Involved in seat-for-sale SCAM. MCI and other regulating bodies are fully involved hands in glove with private Colleges and educational institutions.*

*Just walk in any hospital of any private medical college any day of the year...you will hardly find any patients or faculty in the college. But every year during the MCI inspection the hospitals are brimming with patients, brought in all over from nearby villages. Poor fellows are lodged in the hospital premises and given free meal for the 3 days that the MCI team stays there. But the bigger SCAM is another aspect. The college administration brings in so many doctors from the nearby towns and during the inspection time the hospital has more doctors than patients. Visiting members of the MCI are not fools and are fully aware of this trend. But each member of the team is paid real huge sum, at times running in Crores to keep their mouth shut and look the other way. The college that pays hefty amount gets the OK from MCI and those who don't pay are troubled in every respect.*

*It is time to take strict action against the MCI and other regulatory bodies first.*

– **Manish Kumar, Rohtak**

### Right to Education

*Right to Education Bill is a welcome step. It may go a long way in enabling disadvantaged sections of the society to prepare for the future. But, in this connection, it may be stated that eradicating poverty should precede the Right to Education Bill otherwise the Bill would have no meaning because poor people, particularly those below the poverty line, would prefer to let their children become Child labourers and add-on the family income. Unless some incentive in the form income supplements is provided to these poor people, they will never send their children to schools. Another obstacle in the implementation of this bill is the begging mafia that would never allow children to get educated. Mafia who get the arms or the legs of the children amputated by unscrupulous doctors so that the children could gain sympathy and could earn more money. Government is launching a number of welfare measures for BPL people but the benefits do not reach the targeted population. This is what is called corruption and it is not only the duty of the Government to announce welfare measures but it is equally its responsibility to ensure that the money or the benefits reach the targeted population.*

– **Bibek Roy, Bhubneswar**

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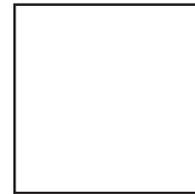
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### Quote-Unquote



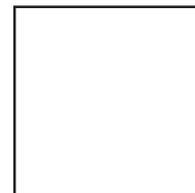
The Congress party has always had a history of ditching people.

**Mulayam Singh**  
Samajwadi Party Leader



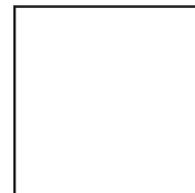
The education reforms have been proposed without any consultation with State Governments. It is a blow to the autonomy of the State.

**J. Jayalithaa**  
Leader, AIADMK



Commissions are made to cool the heat.

**Lalu Prasad Yadav**  
Former Railway Minister



It would be naive to think cricket players are absolutely clean.

**Ian Chappell**  
Former Australian cricketer

## Doha Round: A Road to Surrender?

There was much hype and hope in 2001 when Indian Commerce Minister Shri Murasoli Maran with the support of many developing countries refused to accept the unilateral proposals of developed countries to launch a new round of trade negotiations. After tough talks, WTO member countries agreed to launch the Doha round of trade negotiations that included key issues of interest to developed countries, but which also promised to address the development concerns of developing countries. Close to eight years down the line it is hard to find "development" at the negotiating table. It is blatant deviation from the promises of the "Doha development agenda". Who is guilty? Should the developed countries alone be blamed? While developed countries are pursuing their own self-interest at the cost of key developing country concerns, our government cannot run away from its own accountability and responsibility to its citizens by blaming developed countries. The UPA government, overseeing the Doha Round of negotiations since 2004, has primarily failed to pursue India's critical national interests effectively. Government has incrementally surrendered before developed countries in every key area of concern.

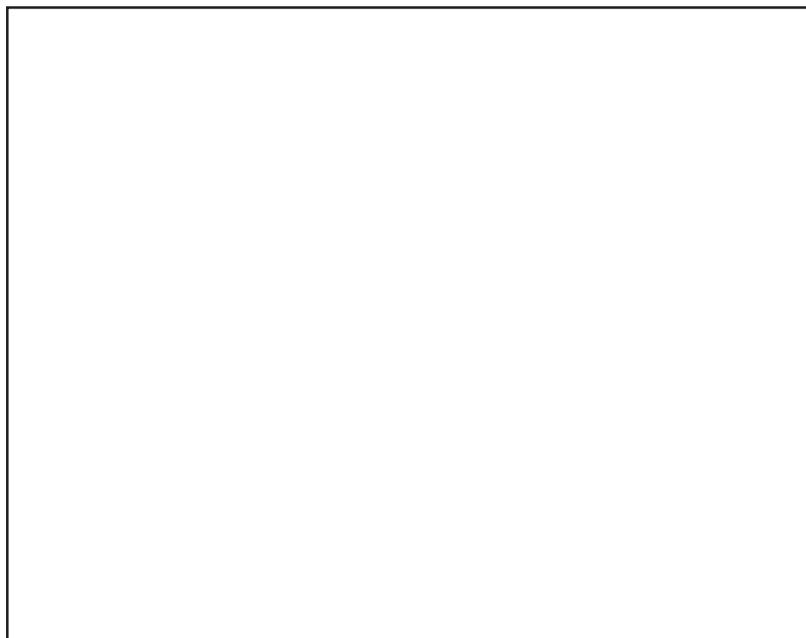
Over enthusiast new Commerce Minister, who had a few rounds of secret parleys with his US counterpart in hurry to conclude the Doha Round has already indicated "impasse has broken" and acceptance of the latest draft proposal known as the December Texts as the basis for further negotiation. A perusal of these December texts shows clearly that it undermines the livelihood security of Indian farmers and fails to protect our small and medium enterprises. It will strangle the growth of Indian industry and make our agriculture sector even more vulnerable. According to these proposals, developing countries are allowed to save only 5% of their tariff lines from import duty cuts under the designation of special products. If accepted, India would be undertaking substantial tariff cuts in agriculture products except in only 35 products against earlier claims that it should be allowed to save at least 140 products from tariff cuts. Till date there is no official opposition to the text proposal on special products, nor is there any proof of involving the states in these discussions even though agriculture is a state subject. Similarly, the December Texts propose that developing countries carry out drastic cuts to their industrial tariffs and thus open up the market for developed country imports. This means that India would reduce its industrial tariff by over 60 % on average as against 12-22% reduction by developed countries. We will have minimal flexibility to reduce cuts. The proposal is complete violation of the Doha Mandate. The December text also introduces new and dangerous elements such as the "anti-concentration clause". This would force developing countries to a minimal cut in each industrial sector even if an entire sector needs to be protected. This will have a long term impact in handicapping further development and upgrading of our various industrial sectors.

But why are we doing this if we have nothing to gain? Till the last mini ministerial meeting in Geneva, India was aggressively pursuing the Services Negotiations expecting to obtain concessions from developed countries with regard to the movement of professionals abroad. However, even here, the gains seem to be an illusion. There is not only little progress but new barriers have been erected in developed countries citing the ongoing economic recession. India also compromised on its stand on the issue of TRIPS -CBD (Convention on Biological Diversity) by accepting the European Union position of voluntary non-compliance remedy in case of wrong and deceit disclosure of geographical origin of bio-materials'. This basically means that if multinational corporations from the West steal our traditional knowledge and herbal medicines etc, that they will not be punished if they fail to accurately say where they got this material from. Government is duty bound to tell its people what exactly India will gain from the completion of the Doha Round. Political parties and public interest groups must rise up and fix the responsibility on the UPA government and force the government not to compromise the development and livelihood concerns of our people, before it is too late.

## *Infrastructure Development*

# The Veiled Narrative

■ G. Raina ■



Infrastructure is crucial for growth oriented modern economy. Besides providing comfortable and proficient environment to undertake economic activity infrastructure projects have multi directional effect on the economic development of the country including creation of employment, development of the industry & service sector and in the process help wealth creation. Wealth thus created is useful for elevating the life standards of people. So development of infrastructure is not only useful but indispensable, particularly during these days of economic slowdown.

Experts feel that had there been the right infrastructure at right place and at the right time growth story of Indian economy

would have been different. With this objective in mind and recognizing the global attention India is receiving efforts are on to move quickly to match world standards in infrastructure and good governance to make investors feel welcome in India.

Bandra-Worli sea link in Mumbai like Delhi Metro is being projected as a shining symbol of new age infrastructure in the country. Laurels are being sung in praise of these engineering marvels. Every Indian feels proud when the images of these wonderful concrete designs are beamed into drawing rooms through ever increasing number of satellite channels prompting viewers to congratulate engineers and government for the achievements. No problem

with that. We would love to hail the effort of any person in any field in this country. People in fact have gone out of way to do their part of job.

But, this is not the complete story. There is another side to it. A part which is not that rosy. It in fact is annoying. Just a cursory look on the other side of the coin irritates beyond limits.

Delay in execution of just 116 infrastructure projects, for example, has seen about Rs 38,000-crore jump in their original cost estimates. As on January 1, 2009 The cost escalation in these projects has gone up by 41% from Rs 91,841 crore to Rs 1,29,560 crore, according a government report.

The report considered implementation of 853 projects by the Central government. Out of them one third have reported delays and nearly half of it reporting cost escalation, it said. The original cost of 853 projects was Rs 422,775 crore while the anticipated cost shot up to Rs 477,756 crore by the end of 2008. The report was compiled by the ministry of statistics and programme implementation (MoSPI). The report monitors projects involving investments of Rs 20 crore or more.

As per the report, a single infrastructure project under ministry of health and family welfare reported maximum cost escalation of over 500%. About 250 projects of railways saw cost escalation by

about 88%.

The situation is same with projects under ministry of water resources and ministry of information technology where cost of projects has escalated by 119% and 34% respectively. The road, port and shipping projects, identified as key infrastructure projects by the government, reported delays ranging from one month to 96 months.

Even the important social sector infrastructure projects have been delayed by over 60 months.

A similar review of 187 Central sector projects, each costing more than Rs.100 crore, by the Department of Programme Implementation (DPI) at the fag end of 9th plan had shown that, as on February, 1997 as many as 118 projects were running behind schedule and the time overrun varied from one month to 200 months. A study of a few major projects indicated that the cost overrun, for reasons other than inflation and changes in the duty/ exchange rate regimes, ranged from 40% to 75% of the original estimates.

Dr Pranob Sen, Secretary, Ministry of Statistics and Projects Implementation, while speaking to Infrastructure Today (April 2009) on the role of Public Private Partnerships in India's infrastructure development, has this to say, "Mega infrastructure projects around the country have reported time and cost overruns owing to a host of reasons. According to a flash report released in February



***In the Railways sector 15 projects reported additional delay of 2-48 months. No specific reasons have been provided by the project authorities.***

2008 by the Ministry of Statistics and Programme Implementation, as many as 123 of the 515 Central sector projects monitored, each costing Rs 100 crore and above, have registered additional delays compared to the position in the previous month.

There have been slippages in the range of 1-48 months in respect of Steel, Power, Petroleum, Road Transport and Railways.

In the Atomic Energy Sector, two projects have reported additional delay in the range of 3-12 months. The Rajasthan Atomic Power Project unit 5&6 (NPCIL) has slipped further by 3 months and Kudankulam Atomic Power Plant (NPCIL) has slipped by 12 months owing to the delay in sup-

ply of equipments and finalisation of drawings.

In the Steel Sector, four projects have reported additional delay in the range of 1-4 months. Two projects namely installation of slab caster, RH degasser and ladle furnace in SMS-II and rebuilding of coke oven battery No 5, Bhilai (SAIL) has slipped further by four months each and up-gradation of blast furnace No 2 (Bokaro Steel Plant) by

two months and augmentation of coking coal facilities in coal handling plant by one month due to delay in supply of equipments and finalisation of drawings.

In the Petroleum sector, four projects reported additional delay of 2-13 months. Lube oil base stock quality up-gradation project at Mumbai Refinery (HPCL) has reported additional delay of 13 months, Dabhol-Panvel pipeline project (GAIL) of two months, clean fuels projects at Visakhapatnam Refinery (HPCL) of three months and green fuels and emission control (HPCL) mumbai refinery of 6 months owing to the delay in supply of equipments.

In the Power Sector, four projects reported slippage of 1-3 months. Kahalgaon STPP of NTPC has slipped by one month, and three Power-Grid projects have marginally slipped due to land acquisition delays but they are to be completed by March-June 2008.

In the Railways sector 15 projects reported additional delay of 2-48 months. No specific reasons have been provided by the project authorities.

In the Road Transport and Highways Sector, 93 packages have slipped in the range of 1-12 months vis a vis the scenario the previous month because of the various reasons in general such as tardy progress by the contractor, termination of contract, law and order situation in the region and late award of contract etc. However, no specific reasons have been provided by the project authorities.

From a perusal of the reports received from the project authorities, it is observed that in the Shipping and Ports sector, deepening of channel at Paradip Port has been delayed as the Dredging Corporation of India (DCI) is yet to submit the required security deposits and mobilise dredgers to commence the work.

Out of 515 projects, 14 projects are ahead of schedule, 140 projects are on schedule and 224 projects are delayed. Of the balance, 38 projects do not have fixed dates of commissioning while 99 projects were sanctioned without any commissioning date but subsequently dates of completion were finalised.

The total cost of implementation of 515 projects when sanctioned, was of the order of Rs. 353482.87 crore but this was subsequently revised to Rs 390639.86 crore implying a cost overrun of 10.5 per cent. The expenditure incurred on these projects till February, 2008 is Rs 142678.97 crore, which is 36.5 per cent of the revised cost of the projects."

Coming back to proud projects like Delhi Metro, the CAG report for 2007 has accused the Metro of compromising quality control procedures on the request of contractors and found

that testing requirements were scaled down in four contracts as the projects were behind schedule adding that the company representatives were not present at tests conducted by contractors.

Deputy CAG A N Chaterjee said, "In order to hasten projects, quality control procedures were relaxed deliberately at the request of contractors."

"The company has not prepared a corporate plan to chart out its goals and strategies for achievement of business development, diversification, technology upgradation, and customer satisfaction."

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### ***The Delhi Metro failed on counts of punctuality in meeting deadlines and in its estimation of revenue generation based on ridership also.***

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The Delhi Metro failed on other counts of punctuality in meeting deadlines and in its estimation of revenue generation based on ridership also.

Delhi Metro Rail Corporation (DMRC), till now perceived to be efficiently run project, had missed its deadlines in all the three lines -- Inderlok-Rithala, Connaught Place-Central Secretariat and Barakhamba Road-Indraprastha -- by between six months and 14 months. The report also came down heavily on the DMRC management for unrealistic estimation of ridership on the mass rapid transit system.

DMRC had estimated 32 lakh

passenger trips per day way back in 1995 when it initiated the project. It revised its initial estimate of daily ridership to 22 lakh in 2003. However, the actual ridership that the Metro got as per records till 2007 was only 6.62 lakh, which was only 21% of the original estimate and 29% of the revised figure.

It is not just these few projects mentioned here. It is the story almost every where and this is proving to be very costly for the country as a whole. This clearly indicates overall inefficiency starting from conceptualization of a project to preparing feasibility report and cost calculation to completion. It in short is deficiency in both planning and implementation of such essential projects. Non existent accountability mechanism is another exasperating feature. Since the trend is too frequent and almost omnipresent, people have come to believe and rightly so that these delays are deliberate & pre-meditated for petty selfish gains.

India we are told is changing. Number of younger electorate is increasingly becoming dominant in determining the out come of elections. One can only hope that GENEXT is not eternally patient and is ready to reward competence and transparency while punishing ineptitude, sleaze and mediocrity.

Efficient Project Monitoring alone can help facilitate early completion of the central projects. Recognising its importance, the Government has laid emphasis on this in its National Common Minimum Programme (NCMP) and has entrusted the Ministry of Statistics and Programme Implementation, the task of coordinating with all concerned departments, to achieve the objectives envisaged. □

# *A Report on Bandra Worli Sea Link*

 **Sathu. Lingamurthy**

Mumbai reached one more destination in the history. The Bandra Worli Sea Link (BWSL) which links Bandra and the Western suburbs of Mumbai with Worli and central Mumbai. The 8 lane cable stayed bridge project of Maharashtra State Road Development Corporation (MSRDC) has been executed by Hindustan Construction Company. Designs and project management is by M/s DAR consultations.

## **Important Information**

The 5.6 km long Cable Bridge was opened on 30<sup>th</sup> June, 2009 by Sonia Gandhi, Chairperson of UPA. The long awaited bridge obviously an engineering marvel is 63 times the height of Qutub Minar and the weight is equivalent to that of 50,000 African elephants. The steel wire consumed is almost equal to the circumference of the earth. It is likely to consume 1000 Kw power a day, enough to meet the energy requirements of 100 households. An amount of Rs. 9 crore was spent only to illuminate the bridge.

2.57 crore Man hours by 3,000 men from 11 countries (China, Egipt, Canada, Britain, Serbia, Switzerland, Singapore, Thailand, Hong Kong, Indonesia and Philippines) worked on the project.

## **Cost Escalation**

The BWSL bridge story be-

gain in 1963, when a US planning company recommended a road through the sea from Versova to Nariman point and it took 46 years to translate that idea into a reality, a clear reflection on our working. The project foundation stone was laid in 1999 by Shiva Sena Chief Balasaheb Thakeray during tenure of NDA Government and was initially anticipated to be finished by 2004. Originally the project was conceived at a cost of 380 crore, but as a result of constant changes of plans and some more public interest litigations it was not only delayed but also the cost mounted more than 4 times to 1600 crores.

Why did Corporations' estimates fail? The government will have to guesstimate all the problems and solutions. The Maharashtra Govt. has to consider the environmental problems and fisher-

man livelihood. But every government keeps on disregarding the middle class and below middle class people. A report of the Comptroller and Auditor General (Commercial) in December had slammed MSRDC for the change in the bridge design favouring cable-stayed technology for crucial section, which has caused an additional expenditure Rs. 70 Cr.

Earlier China has built at least 10 Sea links in fewer than eight years. The Hong Kong – Macau Sea Bridge or the 32 km Donghai Bridge in Shanghai were built in 3.5 years.

International bridge expert's focus globally has been on building long sea bridges in 3 to 5 years, for which HCC has taken an extra five years.

## **Traffic Woes to continue**

The project was conceived

to end the city's transport bottlenecks with an engineering marvel which could rival the best in world. It will be used by an estimated 125,000 vehicles on a daily basis. This when seen with a background of several studies seems to be highly exaggerated. According to the World Bank survey, for example only 5 per cent of Mumbai's commuters use cars, yet the city has spent over Rs.3000 crores on new infrastructure that is primarily for these vehicles. And will it be able to solve the problem is to be seen. The time taken to cross the BWSL and get out at worli sea face will be 15-20 minutes, almost same as that taken by old route. The fuel utilized will be the same on both the sides but the toll money will be extra spent for saving a little above 10 minutes time. In case people, after initial euphoria subsides, travel by the same old road the purpose of the bridge will be defeated.

Absolutely it is a great milestone for Mumbai infrastructure projects. The government of Maharashtra is pleading that traffic problems of Mumbai city will be solved by this project. Is it justified by engineers? The travelers might go vary fast on this bridge, but what about after crossing the bridge? There is no proper traffic management system as a signal is supposed Worli Sea face also off-loads onto a road where a overpass had been built originally for the old plan of the bridge to move traffic but now it will create a huge problem as the cars must move below it where only 3 lanes are available. And one more problem of this project opens out in front of a School which has students coming in at 8:00 am and 11:00

am (peak traffic time), no provisions have been taken for it.

### **Big Loss for Fisherman**

Earlier Mumbai fisherman used to get more fishes at the place of BWSL project location, but now they are not able to get, therefore, they turned unemployed and are facing critical conditions for survival. Govt. of Maharashtra will have to think for their

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## *The travelers might go vary fast on this bridge, but what about after crossing the bridge?*

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employment, right now they are neglecting this aspect.

The fisherman Krishnachand Shantaram said in his own words to the reporters, "we can't travel on it, we will get no benefit out of it but there will be a lot of problems for us because of It.", and one more fisherman points out "You see yourself. Do you see any fish over here? Earlier we used to get a lot. Now there is nothing". Fisherman Ashok Kohli said.

### **Environmental Impact**

BWSL project has adverse impact on environment; Mumbai-kars will have to face more problems due to this project. Environmentalist Grish Raut points out that "The sea tides now cannot enter Mahim creek. They are attacking west coast of Mumbai and entering through storm water drains and moving ahead beneath the surface upto 2.5 kms"

Due to the lack of pre planning and Pro-people planning people approached the courts with public litigations. As a result of constant change of plans and other delays the cost has risen 4 times i.e., 1600 crore. The amount of time recover this cost would be at least 10 years which is pretty normal for an infrastructure project of this magnitude.

### **Anti Pro-people Investment**

India having more than 26 percent below poverty line; even today so many are not able to feed their stomach with a two time meal. No. of child workers begging on Mumbai footpath; many are homeless; we have unemployment problem; Those who are employed mostly earn between three thousand to ten thousand rupees, with this small amount they have to survive with their family. According to government report the Mumbai travelers would save their time from one hour to eight minutes, but, the toll for using the bridge is currently Rs. 50 for each one way trip for four wheelers. The 5.6 km length bridge entry from Mahim causeway is approximately a little more than 1.5 km and the exit to old passport office (Worli) is another 1 km. so the total length from Mahim to Worli is more than 8.2 km addition that a toll fee of Rs. 50/- on the time use.

The total length from Mahim to Worli (old passport office) the old way is 5.2 km. so they have to make new road which is more expensive to travel then the old one and longer too. Was it desirable? Will it solve any of the intended problems? We will have to wait and watch. □□

(The author is a research scholar)

# *Rejuvenate Agriculture to Rejuvenate Village*

 **P. Murlidhar Rao**

According to statistics released by Centre for Monitoring Indian economy on July 28, 2009, crop production in India is expected to fall by 4.7 percent in the year 2009-10. In the year 2008-09, it showed a marginal increase of 0.3 percent. This is not the story of these two years. In the last decade agriculture sector had shown a negative growth. On an average agriculture growth has been less than 2 percent per annum. This poor performance of agriculture has resulted in fast declining share of agriculture in GDP, which went down to nearly 18 percent in 2008-09 from 45 percent in 1970-71.

## **Neglect of Agriculture**

On the one hand government was discouraging farmers to produce food grains; it was taking its hands off agricultural development. Government expenditure on agriculture, rural development and irrigation was reduced from 27 percent in 1987 to only 6 percent now.

If we take expenditure of central government on purely agriculture and allied activities, we find a meager sum of rupees 10629 crores, which is hardly one percent of the mega budget of

10 lakh 20 thousand crores in the propose budget for the year 2009-10. Even subsidies of various kinds were withdrawn or reduced drastically. In the year 2007-08 food subsidy was reduced by rupees 3,000 crores. Government also kept on washing its hands off from its basic duty of making procurement from the farmers at minimum support price. Even minimum support price so declared was too less to cover even the cost incurred by the farmers. Under these circumstances, totally devoid of government support

duction showed a marginal increase but per capita food grain availability declined during this period.

Then started , exploitation game by multinational corporations. Exploited by MNCs, the farmer went into severe debt. Farmers' suicides now have become a routine affair. Farmer's insecurity got converted into food insecurity for the nation. Prices of Wheat, Rice, Pluses, Edible oils, Vegetables etc. all sky rocketed. Worst sufferer was the poor.

## **Cattle Wealth Ignored**

We have to understand the basic characteristics of Indian agriculture. Traditionally our agriculture has never been dependent on remote resources, may it be fertilizers, pesticides or even the seeds. Basic factor which had ensured minimum dependence of agriculture on outside resources was the availability of robust and diverse bovine population. In maintaining soil fertility, local trans-

port needs and also on field agriculture activity the cow and cattle wealth used to be a major stay. With the successive government policies, this relationship has got disturbed. Village commons have

mostly disappeared. As a result, fodder needs could not be fulfilled and consequently both the number and quality of cattle wealth has declined. Ignoring the long term implications for the self reliance of the village economy, various governments also encouraged the establishment of large

mechanized slaughter houses, in order to earn few dollars.

### **Low per capita availability of food items**

Slow growth of agriculture sector has obviously affected the availability of foodgrains in the country. The net per capita food availability was 394 grams per day in 1971. This was just after the onset of green revolution in India. Exactly after 30 years, the net per capita foodgrains availability was 396 grams per day in 2001 – a princely rise of 2 grams! Currently, it is around the same figure of 400 grams per day per capita even now. In effect, for over thirty years our farm growth has merely kept pace with the popu-

***Farmer's insecurity got converted into food insecurity for the nation. Prices of Wheat, Rice, Pulses, Edible oils, Vegetables etc. all sky rocketed. Worst sufferer was the poor.***

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lation growth. This in effect sets up the debate.

Advanced countries as a norm, on a per capita basis, consume anywhere between 500 grams to 600 grams per day. In fact such healthy consumption in these countries is a supplementary to the substantial quantity of meat, fruits, vegetables and milk. On these score too at a per capita level our consumption is far below the world average and significantly below the average of the developed countries. It would seem that, we as a nation seem to have declared food self-sufficiency on virtually empty stomachs.

A reference to China is inescapable here. China, a country with approximately 1.2 times our population produces approximately 450 MT of foodgrains every year – more than double of India. Naturally this comparison with other countries blows the myth of self-sufficiency in India. Situation is no better in case of other food items. Production of pulses for instance is highly insufficient and every year country has to make heavy import of pulses. Same is the situation in case of oil seeds. So this reality explode the myth

of food self sufficiency in the economy.

Other agricultural produce like sugarcane, cotton, jute, tea, coffee, rubber and even potatoes also do not show any significant increase in production.

If we try to go into the details we find that area under cultivation of major crops has been either

near constant or falling over time. Foodgrains, for instance show a decline from 127.8 million hectares in 1990-91 to 123.8 million hectares in 2008-09. Pulses show a decline from 24.7 million hectares to 23 million hectares. Oil seeds so a marginal increase from 24.1 million hectares to 27.7 million hectares in the same period. Sugarcane and Cotton again show a very marginal increase. Whatever increase in production of different crops which has taken place, is due to increase in per hectare yield.

### **Global Scenario of Food Insecurity**

Prices of traditional food grains like wheat, corn and rice have been rising globally. According to FAO data on food prices, cereal price index increase 121 in 2006 to 274 in June 2008. The major factor behind increasing prices of food grains is historic decline in the production of food grains all over the globe. Food and Agriculture Organisation (FAO) has also cautioned that world production of wheat would be only 142 million tonnes by the year 2008, which is 10 percent less than the production in the year

2007. Situation of rising prices has been made even worse by constantly rising international price of crude oil. The price of crude oil reached up to 147 \$US per barrel, which later tumbled down to about 39\$US per barrel. Constantly rising prices of crude oil prompted various countries to shift their crop pattern such that the land previously been used for food grains production is now being used for bio fuel. Apart from this food products are also being used for extracting ethanol.

In the year 2006-07, US utilized 20% of its corn production for extracting ethanol. It is believed that by the year 2016, US would be utilizing 32 percent of its corn production for producing ethanol. In the light of rising prices of crude oil US has set target for itself for producing 25 billion gallons of bio fuel in the next 10 years. Europe has set a target of 5.75% of its diesel needs to be fulfilled from plants by the year 2010.

The China is extracting ethanol not only from corn but even from wheat and rice. Experts believe that this tendency will increase further. Even UN believes that United States of America and European Union are both responsible for this sudden international food crisis, as these nations have reduced their production of food grains in order to produce more bio fuel. These countries have started shifting their land in favour of bio fuel plants.

### **Increase in Food Imports**

As noted earlier, production of food grain per capita has been going down in the country in the last few years, necessitating

large scale import of food grain. For instance in five years from 2002-2003, 2007-08 India's population increased by 8 percent, whereas food grains production could increase by merely 5 percent. But more disturbing is the fact that the country had to import food grain, especially wheat at extra ordinarily exorbitant price. Whereas farmers were being paid only 850 per quintal by the government procurement agencies, later in the same year wheat was imported at effective price of rupees 1300 to 1600 per quintal. Of late the government realised the importance of paying reasonable price to the farmers, that it could procure 230 lakh tones of wheat.

As the result of sound wheat procurement, a reasonable buffer stock would be maintained, resulting in stabilization of food prices in the country. To make available food to the masses at the reasonable prices, we need to maintain reasonable level of buffer stock, which in turn could be ensured by making sufficient procurement.

Thus we can conclude that in view of danger of declining food grain availability at global level looming large, solution lies

*We as a nation seem to have declared food self-sufficiency on virtually empty stomachs.*

in protecting our agriculture in general and encouraging food grain production in the country in particular. We also need to take notice of mass scale migration to big cities, whole young population deserting the villages in search of livelihood. Remunerative agriculture can only arrest this trend. For achieving this objective we need to take bold and imaginative policy initiatives like provision of agriculture credit at 3 percent.

We also need to protect our farmers from private money lenders. Availability of fertilizers at cheap prices and subsidy scheme for organic fertilizers would also be helpful. Provision of cheap electricity, sufficient availability of irrigation, subsidized seeds etc. should not be taken as a matter of grace. In fact this all should be treated a emergency measures to keep agriculture alive in this country. Even the schemes like NREGP would not be able to provide long term solution towards sustainable employment.

Rejuvenation of agriculture and agri based rural industrialization are the twin solutions to address the challenges of food security and vibrant village life.

□□

## Quality of Fiscal Deficit

*Increasing government expenditure greater than its revenues called fiscal deficit is justified under conditions of recession provided the quality of government expenditures is good and if this is resorted to for a short period in exceptional circumstances. It otherwise becomes a curse, believes Dr Bharat Jhunjhunwala*



Finance Minister Pranab Mukherjee has relied on increase in fiscal deficit to break the recession. The fiscal deficit was about 3 percent of our national income two years ago. It increased to 6.2 percent in the last year, 2008-09. Now Mr. Mukherjee has proposed to increase it to 6.8 percent for the coming year.

Expenditures in excess of income of the government are called fiscal deficit. The government has the authority to print notes or borrow from the public or foreign countries in any quantity and incur expenditures greater than its revenues. Such increase in expenditures leads to price rise. Say, 10 kg of

wheat is lying in the market to be sold. Private purchasers have Rs 100 in their hands to buy this. The price of wheat is then settled at Rs 10 per kg and the wheat is sold. Now, the government prints notes worth Rs 50. As a result Rs 150 start chasing the 10 kg of wheat and the price increases to Rs 15 per kg. More importantly, the private people are put to a loss. The Rs 100 in their hands now buys only 7 kg of wheat instead of 10 kg previously. In this way, fiscal deficit transfers purchasing power from public to the government.

Private expenditures are generally considered better than government expenditures because the

latter has a huge problem of leakages. Say, for example, the government prints notes worth Rs 50 and the Minister deposits the money in a Swiss bank. Now the Swiss Bank will lend the money to some buyer who will buy goods from India and take it to Europe. This would be highly harmful for our economy. Thus, it is considered good to keep fiscal deficit in check.

A different policy is suitable under conditions of recession, however. Say, the public is afraid of an impending recession and is unwilling to buy goods from the market. It is more inclined to save its incomes for possible bad times in future. In such situation, goods may lie unsold in the market because people are unwilling to spend. This leads to recession. In such circumstance it is acceptable to increase government expenditures much like a patient is given tonic to jumpstart his digestive system. The increase in demand from the government starts a cycle of consumption, purchase and production. In the light of above discussion, I feel that fiscal deficit is justified if the quality of government expenditures is good and if this is resorted to for a short period in exceptional circumstances.

The budget presented by Mr Mukherjee does not fare very well on the touchstone of quality. Gov-

ernment expenditures can be classified in four categories. The lowest category is that of government consumption. Bigger pay packages given to government employees under the Sixth Pay Commission are of this type. Consumption needs of government employees are mostly already fulfilled. They will mostly buy gold from the additional incomes and this money will find its way to South Africa. The impact on the domestic economy will be like that of sedatives. Second category of expenditures is that towards NREGA and food subsidies. These are of medium quality. The poor mostly spend the Rs 100 wage received by them from NREGA. Consumption by the poor increases as a result. A fortuitous cycle of increased consumption, demand and production is initiated.

Third category of expenditures is investment in capital-intensive infrastructures such as highways. These too are of medium quality. Such expenditures lead to higher demand for steel and cement. Also the highway acts as a lubricant for the economy. But these are not so beneficial for the common man. Fourth category of expenditures is investment in labour-intensive infrastructure. The government can give labour vouchers to departments like PWD, irrigation, forest and highways. This will lead to a spontaneous increase in the budget of these departments. It will become attractive for them to use labour to dig foundations instead of employing excavators because labour vouchers are available for free. This policy is the best in my reckoning. This will be pro-people, it will generate a cycle of consumption, demand and pro-

duction, and it will provide lubricant to the economy in the infrastructure that is made.

Mr Mukherjee has increased expenditures in the lower three categories. More money is provided to government employees under the Sixth Pay Commission. More money is allocated to NREGA and also capital-intensive infrastructure. But there is absence of expenditures on labour-intensive infrastructure. Indeed, increased expenditures on NREGA fall into this category somewhat. But the scope for making truly productive rural infrastructure is limited. It is harmful to build a four lane cemented highway to the village. Therefore, the increases in expenditures that have been proposed by Mr Mukherjee are of low-medium quality. A fortuitous cycle of consumption, demand and production will be established only minimally. Government employees will buy gold, useless works will be undertaken under NREGA and leakage will deplete the expenditures made on infrastructure. Mr Mukherjee would do well to move to the best category of expenditures by giving labour vouchers to investment-oriented line departments.

The second point of assessment of the fiscal deficit is whether it is like a tonic or staple food. The underlying question is whether the present global recession will be short or prolonged. Increased government expenditures will act as a tonic only if the recession is short. They will act as a sedative and pull down the economy if the recession is prolonged. Mr

Mukherjee believes the global recession will be short. I think otherwise. The main cause of the recession is that new technologies are not being created in the western countries which they could sell to us at high prices. They are unable to compete with India and China in goods like clothing, car and football. Therefore, I suspect the economic condition of the developed countries will deteriorate and global recession will worsen. The fiscal deficit will become a curse in this situation. Money provided to government employees under the Sixth Pay Commission will find its way to South Africa for the purchase of gold. Money allocated to NREGA will be wasted in making useless check dams and re-digging the ponds where there is no water. Investment made in highways will not repay itself in absence of demand to ferry containers to the ports for export.

Former Economic Advisor Shankar Acharya writes: "The bulk of the massive expenditure increase is due to interest payments, defense, subsidies, salaries and pensions, and major social programmes such as NREGA and Bharat Nirman. The notion of a temporary fiscal stimulus assumes that it can be readily reversed when the need for the stimulus goes. None of the expenditure categories mentioned above looks very reversible to me." This writer agrees. The quality of expenditures in-built into the fiscal deficit is poor. Yet, it will have a good impact if the global recession is short. □□

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## *Global imbalance*

# ***More cultural, less economic***

*The fall in US household savings is not fully explainable by interest rate or economic rationale. It has more to do with the changes in the very substance of the relations within families and society, says S. Gurumurthy*

Cultural convergence within nations causes economic divergence among them.

As the Council on Foreign Relations (CFR) report [at pp15-18] traces the history and the facts of the imbalance, it ends up discarding almost entirely about the US current account imbalance. A quick look at the statistics of latest current account balances around the world [The Economist, June 30, 2009] shows that the US accounts for more than two-thirds of the total current account deficits.

### **Printer of the dollar**

What the CFR sees as global imbalance is actually the US

imbalance with the rest of the world. The CFR correctly theorises that the principal culprit for the persisting global imbalances is the US itself. As the issuer of the reserve asset - read, the printer of the US dollar - it has been able to finance its own recurring current account deficits without having to face the pressures that a deficit nation has to.

And so long as the surplus countries needed and held their reserves in dollar assets, the US could sell its dollar-denominated securities to them and bring in the needed funds. As the global savings topped the world's investment

needs, the global and therefore the US interest rates actually fell instead of rising as it normally happens for a deficit nation.

The US treasury security yield, which was 8.5 per cent in 1990, halved in 2007; and the US could double its external borrowings to \$5 trillions in 2007 at less, instead of more, interest. More, the US, as a trusted investment destination, also received substantial private investment - from almost nil in 1996 to over \$450 billion in 2006 alone.

### **Who's the culprit?**

The CFR discourse laments that with the fall in domestic interest rates in the US and the entry of cheap global money, household savings plummeted and consumption rose in the US. But, was the culprit low interest rate? Or foreign money? Not exactly.

When Alan Greenspan, who headed the US Fed at that time, dismissed household savings as almost a waste, he was merely endorsing the firm trend among Americans to spend rather than save.

The US household savings as a percentage of their disposable income began falling long before 2001, the zero date in the CFR report. It was 9.6 per cent in 1970s;

9.1 per cent in 1980s; 5.2 per cent in 1990s; 2.1 per cent in 2000-04; and in 2006, it turned minus 0.4 per cent.

The fall in US household savings is not fully explainable by interest rate or economic rationale. It has more to do with the changes in the very substance of the relations, based on deepening individualism, within families and society; also between the state and the society.

### Traditional relations

The traditional family declined due to divorces, unwed motherhood, single parentage, live-in lifestyle and the like, and this forced a rise in state-provided social security. In substance, it meant nationalisation of household functions.

The state take over of homes made it needless, as Greenspan said, for the American households to save for future. The state filling the space the traditional families had vacated clearly indicated that America had matured into largely a contract-based society that derecognised traditional relations in public policy.

These changes also brought about collateral effect, besides fall in savings. In the last few decades, the American households began investing more in risky assets. Just about 6 per cent of the US house-

***The CFR report reduces the whole discourse to interest rates, imbalances, reserve currency, capital inflow, consumption, asset price inflation & the like. But is the American phenomenon fully explainable by only such economic technicalities?***



holds had stocks in 1980s; this rose to 25 per cent in 1990 and to over 50 per cent in 2001.

Not just households, even pension and other funds began accessing stock markets for better returns as the interest rate which was 21 per cent in 1981 was cut to 8 per cent in 1990 and became 1 per cent in 2001.

### Consumption boom

Most Americans had stopped making term deposits in banks. With each interest cut, the stock markets boomed leading to asset inflation. This led to the famous consumption boom in US via borrowing against unrealised stock appreciation. When the stocks collapsed in 2000, the housing boom, that originated in low interest global funds, took over via borrowing against home equity. This resulted in highly leveraged low income households in US.

The advent of the credit card made it easier to spend. The total number of credit cards in use in US now is 1.2 billion - four times the US population. These critical differentials influence the econom-

ic behaviour of the Americans to the effect that the US is facing today. Yet, the CFR report reduces the whole discourse to interest rates, imbalances, reserve currency, capital inflow, consumption, asset price inflation and the like. But is the American phenomenon fully explainable by only such economic technicalities?

### Japan, a contrast

Asia presents a contrast to the US. Take the representative case of Japan which is as developed as, also nearer to, the US from Asia. In Japan, thanks to the huge surplus, the interest rate was nil during the period from 2000 to 2005; now it is 0.5 per cent. There has been no undue asset appreciation; no boom in consumption. The households have substantial accumulated savings. The Japanese banks offer 0.8 per cent interest for five-year deposits, but still have \$7 trillion of such deposits from households. More than 51 per cent of the Japanese household savings are with banks. Their household investment in equities is less than a tenth of their savings. And home mortgag-

es constitute less than 12 per cent of the household liabilities as the Japanese make large down payment to buy houses.

So, the Japanese households are not leveraged like the US households. A paper of Bank of International Settlement [BIS Paper No 46] says that this conservative approach of the Japanese households to debt mitigated the effects of decade-long economic slump [1990s]; household bank-

ruptcies were less because the safe and liquid assets such as bank and postal deposits were greater than debts on household balance-sheets.

The paper adds: "The Japanese household sector far from being a shock originator, is a shock absorber." In contrast, the highly leveraged US households, which had very little savings and which had defaulted on mortgage payments, were the originators of the current crisis.

With the same low interest regimes in Japan and the US, how do the Japanese households act as shock absorbers, and the US households as shock originators?

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***Japan too has instituted social security by pensions. But it is different from the social security in the US. In the Japanese pension model, the present generation sacrifices for itself, not the younger or future one for the present one.***

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The reason is far from economic. The culture of a society does not allow the economic policies or interest rates to change its well-established habits.

### **Social security**

Japan too has instituted social security by pensions. But it is different from the social security in the US. In the Japanese pension model, the present generation sacrifices for itself, not the younger or future one for the present one. It therefore promotes savings; does not eliminate the need for it as does the US model.

The social security in the US is unfunded and future generation is exposed to heavy taxes to de-risk the present. A "notable feature of Japanese public policy is the emphasis placed on minimising the potentially crippling tax burden on the younger and future generation. Current generations, including retirees, appear more than willing to make sacrifices despite the greater hardships involved, in their 'current daily lives'. Perhaps, this is because of the greater social cohesion that is the hallmark of Japanese society" [Jagdish Gokhale and Kent

Smetters, Measuring Social Security's Financial Outlook Within and Ageing Society].

It is the traditional family and the social norms which safeguard it that make the Japanese economy socially cohesive. This social cohesion is non-formal and cultural where an individual yields to the non-formal collective discipline. Here economics works with, and is not destructive of, culture.

Comparing the individualistic Anglo-Saxon West with family-oriented societies, Francis Fukuyama said, in his book Trust, that culture is the missing 20 per cent element in economics. Culture influences the collective behaviour of the people and so matters. Family-oriented cultures have dynastic qualities. Even their savings, says Barry Bosworth, an economist at the Brookings Institution, are dynastic; the savers save, not for themselves, but for generations to come.

Traditional families are culturally continuing units; not terminable contractual arrangements. The economic laws designed in, and for, pure contract-based economies do not seem to work as well in relation-based - read family oriented - societies.

The micro and macro economics of a nation converge via its culture; this cultural convergence within nations causes economic divergence among them. This is what the CFR, like most economic technicians, has missed out. To conclude: Global imbalance is really US imbalance with Asia; the cause of it seems more cultural, less economic. □□

## *Withdrawing army from the valley*

*The slogan of withdrawal of Indian armed forces from the valley raised by separatists and fake secularists in one guise or the other has been among the main priorities of all regimes in Pakistan including the ISI. They are aware that as long as the army is in the valley, the separatists and secessionists find their schemes frustrated and foiled, explains Dr. K.N. Pandita*

Army was deployed in the valley way back in 1990 to combat armed insurgency that is externally sponsored and internally abetted. Deployment of army is ordered to maintain internal law and order and thwart external threat.

Army is deployed in any state of the union on the request of the elected government, which in turn, might need to seek the assent of its law-making body, viz. Legislative Assembly.

This process has been gone through in the case of J&K. The logic is that the army can be recalled to barracks only on the request

and recommendation of the state government, which in turn shall have to seek the assent of the legislative assembly.

In this background, the state assembly will recommend to its government the withdrawal of the army only when it feels that law and order and internal security face no threat from subversives. On that basis the government may or may not take the case to the Union Home and Defence Ministries for follow-up action.

The matter does not come to an end here. The Union Home Ministry has to convince itself that the withdrawal of the army poses no threat to the security of the country as a whole. The President of India, who is the supreme com-

valley on the basis of claptrap of some local political leaders is very unrealistic.

The first voice ever raised in Kashmir for withdrawing army came from the leadership of Peoples Democratic Party (PDP) when

National Conference formed the government following 1996 assembly elections. Since the PDP has been nursing a soft corner towards the armed insurgents in the valley and also the religion-based separatist ideology, the slogan of withdrawing the army suited its constituency. Indirect method of serving religious feelings is the desk-book rule of uncommitted political class in the state.

This and related antics did serve the purpose of the PDP and in the elections of 2002, it man-

***Indirect method of serving religious feelings is the desk-book rule of uncommitted political class in the state.***

aged to secure 22 assembly seats and then form the government in alliance with the Congress, which had about 17 seats mostly from Jammu region.

The irony is that Congress, the largest national level party with cast-iron political philosophy and thoroughly embedded in the history of freedom struggle of the country agreed to share power with a regional rather a local party whose credentials were and continue to be suspect in the eyes of staunch nationalists. This act of lust for power on the part of Congress will remain inexcusable.

During its stint (2002-2008) the PDP, though in the frontline of power for the first three years, did raise occasional cries for the withdrawal of army from the valley, but aware of the cumbersome process through which it had to go, it could not push it hard. After all in the legislative assembly

PDP could not have succeeded in mustering majority vote in favour of a motion recommending the withdrawal of army. As such the matter rested in limbo.

Now that following the results of the election of 2009, PDP has been sidelined; its leadership has again raised the bogey of withdrawal of army from the valley. It has now adopted a more dubious and evidently aggressive stance. A few unfortunate incidents that have happened during past few weeks in the valley are fully exploited by this group to accuse Omar Abdullah government of inefficiency and incompetence to govern the state. A rape here or a murder there are no strong reasons to denigrate a government. Managing to give these minor incidents some media

***Hard pressed by American drone bombers and ground assault may force, the retreating Taliban and al-Qaeda to head in droves towards Kashmir valley where the local population has been traditionally hospitable to guest mujahideen.***

hype is a calculated step of creating law and order situation and thus shoring up embarrassment for the government. Incidentally the so-called Shopian rape case has been probed by Jan Committee and it reports that the culprits cannot be identified though at the same time the finger of suspicion is raised towards the local cops. With this the protestors have slipped into their hideouts.

That PDP leadership has been openly and brazenly protecting the interests of the separatists and insurgents in the valley is no more a hidden thing. The great hue and cry about the "healing touch" ultimately resulted in providing full support to the militants, their families and sympathisers. The PDP had no healing touch for three hun-

dred thousand members of the minority community pushed out of their homes by the militants on the point of gun.

What will be the implications of withdrawal of army from the valley if at all that situation happens? This is a serious question.

I think that this question should first be posed to such separatist leaders in the valley, as are provided Z and other level security by the government. If they have faith in local police or in their beneficiaries among the armed insurgents, then the first thing for them to do is to refuse security umbrella from the government. Then they have the moral basis to ask for the withdrawal of the army from the valley. But no such move has been noticed on their part, particularly stalwarts like Ali Shah Geelani and Maulavi Mirwaiz, the Chief of Hurriyat.

Secondly, the ruling coalition should convince itself that they are able to run the government without the presence of the army in the valley. In other words it means that they should have the confidence that the police and local population will thwart any attempt of infiltration by the Pakistanis on our porous borders in the valley and in Jammu region.

In an event of withdrawal of army, the entire border will become vulnerable to large-scale infiltration not only by Pakistanis but also by all sorts of fundamentalists-terrorists groups now stalking the entire NWFP of Pakistan. Hard pressed by American drone bombers and ground assault may force, the retreating Taliban and al-Qaeda to head in droves towards Kashmir valley where the local population

has been traditionally hospitable to guest mujahideen. These mujahideen will receive unsolicited support from political class like PDP and its alliance partners in a bid to bring down the government, create conditions of chaos and hope for assuming the reins of power. The sense of nationalism on regional or national level is lacking abysmally with him or her and the reason they offer is that Islam knows no state or nation or patriotism.

As we know, during the recent demonstrations in the valley on flimsy pretexts, anti-India slogan has been forcefully raised by the mobs. The dictation is that India and everything Indian in Kashmir is to be maligned and castigated in order to create a deep sense of hatred against India. One would like to know if this is the reality, why then are hundreds of thou-

sands of Kashmiri Muslim students admitted to educational institutions of all sorts in different parts of the country? Withdrawal of army from the valley also means endangering life and security of the local people including the minorities with the dangerous fallout in the rest of the country. In a prospect of withdrawal of army, there will be no mechanism to stop hundreds of thousands of Kashmiri Muslim students from leaving their studies half way and returning to the sanctuary of a small political separatists group.

It needs to be reminded that actually the idea of demanding withdrawal of the army from the valley came from late Benazir Bhutto during her second stint as prime minister of Pakistan in 1990s. This demand has been among the main priorities of all regimes in Pakistan

including the ISI. Interestingly, it was during his visit to Washington that Mufti Muhammad Saeed, the chief of PDP, uncovered his plan for the solution of Kashmir issue in which withdrawal of Indian army from the valley was given the first priority. His plan had takers in the US' pro-Pak lobbies.

This then is the story of the slogan of withdrawal of Indian armed forces from the valley raised by separatists and fake secularists in one guise or the other. They are aware that as long as the army is in the valley, the separatists and secessionists find their schemes frustrated and foiled. Absence of army from the valley will turn it into another Swat where girls will be lashed for opting to go to schools. Can Mufti Saeed or anybody else stem that tide?

(The writer is he former Director of the Centre for Central Asian Studies, Kashmir University)

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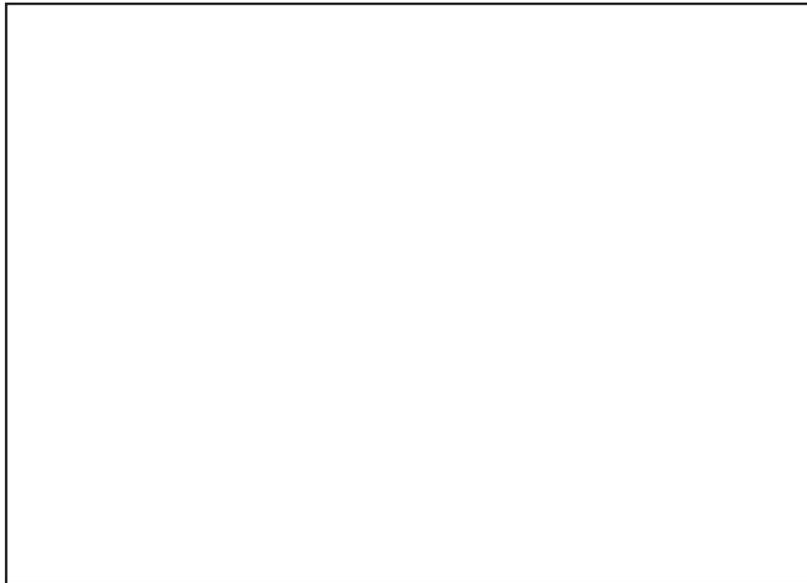
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## *Frisking of Dr. Kalam at IGI Airport*

### **Swadeshi Samvad**

In what is seen as a clear violation of protocol, former President APJ Abdul Kalam, who is exempt from security checks, was treated like an ordinary passenger and frisked by the ground staff of American airliner Continental Airlines at the Indira Gandhi International Airport (IGI) in the Month of April 2009 at the insistence of the company's American boss. The former President was on his way to Newark on Continental Airlines Flight CO 083.

Kalam was reportedly forced to wait on the aerobridge even as the airlines security personnel debated whether to put him under the security scanner or not. Kalam was asked to surrender before the security officials for a complete body check. He was also asked to take off his shoes, despite accompanying CISF personnel protest-

ing to the airline staff that Kalam was an ex-President and exempt from such checks.

However, the Continental Airlines defended the same saying that it was a regular security check as the policy of the company is to frisk everyone. They also went on to add that there is no special rule for VIP or VVIPs.

This clear breach of protocol sparked massive uproar in and out side Parliament. Aviation authorities, under fire, sought an FIR against Continental for making Kalam undergo a humiliating security check before being allowed to the board. In a clear attempt to save its business interests Continental Airlines on 21<sup>st</sup> July issued an apology to former President Dr APJ Abdul Kalam. "We have tendered a formal apology and we sincerely hope he will fly with us

again," Continental Airlines said in a statement. When asked about the apology sent by the airline Dr. Kalam said "I have not yet received it."

Meanwhile US regulatory body Transportation Security Administration (TSA) insists that the airline was not at fault. According to TSA, its regulations require pre-embarkation screening of all passengers, irrespective of their rank or position. In a statement TSA says, "On 21 April 2009, former President A.P.J. Abdul Kalam was traveling aboard Continental Airlines flight 083 from Delhi to Newark. Dr. Kalam was required to undergo pre-board screening in accordance with the Transportation Security Administration's (TSA) regulatory requirements immediately prior to boarding the aircraft. TSA requires that all passengers and their accessible property are screened for any items listed on the prohibited items list.

There are reports that the government of India has an official list of VIP's and their spouses that are exempt from pre-board screening procedures. However, such a list does not mirror U.S. requirements for passengers that are exempted from pre-board screening when traveling aboard U.S. commercial aircraft. While traveling from an international location to the U.S. on an U.S. commercial aircraft, former Heads of State, and other VIPs, are screened according to the same screening procedures as for any other passenger. If requested, private screening can be provided.

TSA has reviewed the circumstances of Dr. Kalam's travel and confirms that Continental Airlines

*[To be continued on page no. 23]*

## *Expert panel giving conflicting IPR approvals*

*Many of the institutions or departments who have sent in applications for IPR consideration to the NBA are also represented on the committee which evaluates the applications, divulges **Kanchi Kohli***

India's National Biodiversity Authority (NBA) has granted over 335 approvals related to research, commercial exploitation, transfer of research results and Intellectual Property Rights (IPRs). But are these all legal?

None of the approvals granted by the NBA have followed a mandatory legal provision of the Biological Diversity Act, 2002 (Section 41 (2)), where it is prescribed that approvals are to be granted only after consultations with the relevant village-level Biodiversity Management Committees (BMCs). Official minutes of meetings have no record of this. With only about 2000 BMCs established in a country of 500,000 PLUS villages, it also does not seem to be a remote possibility that such consultations were carried out!

In 2002, India enacted its Biological Diversity Act in response to its obligations to the international Convention on Biological Diversity (CBD). This legislation puts into place an institutional structure where approvals on access to India's biodiversity, its sustainable use and sharing of benefits arising out of that use are determined. The legislation also puts forth imperatives for conservation through mechanisms of protection of local knowledge, declaration of Heritage sites etc.

The National Biodiversity Authority (NBA) based in Chen-

nai that has been entrusted with most of the decisive role, with some also prescribed for State level Biodiversity Boards and village level Biodiversity Management Committees (BMCs).

Over the last six and half years, foremost on the priority in the implementation of this law has been setting into place the mechanisms for grant of access to biological resources for research and commercial use, third party transfer of material and research as well as permissions for IPRs. A significant conflict of interest-issue has come to light in the grant of such permissions under the NBA. The NBA's Expert Committee for Evaluation of Applications for Access, Seeking Patent, Transfer of Research Results and Third Party

Transfer of Bio-resources handles approvals for access to or transfer of intellectual property rights (IPR). Many of the institutions or departments who have also sent in applications for IPR consideration are represented on the committee itself.

Examples of IPR approvals give by the expert committee:

- CSIR received approval for a new product derived from the fruit of Mangroves *Xylocarpus* species), found in the Sundarbans, Andaman, Orissa coast, Goa, Maharashtra and Pichavaram (Tamilnadu). A former CSIR department head was on the committee when approval was given.
- Syngenta received approval for transfer of imported vip3A

gene from *Baaccillus thuringiensis* (Bt) to Cotton and these were multiplied and utilised for making various crosses. A Syngenta consultant was on the committee when approval was given.

While this committee has been reconstituted three times since October 2005, it has had several meetings since then, with the last one being in January 2009. During this period there have been various applications from government-affiliated bodies such as National Bureau of Plant Genetic Resources (NBPGR), NRC on Medicinal and Aromatic Plants etc., all of which had a representative on the committee even while the recommendation for the approval was given.

For instance, in the 23 January 2009 meeting of the committee, a collaborative research project application for the export of guava fruit cultivars from the Germplasm Exchange Division of NBPGR was considered by the committee when a senior scientist from NBPGR, Dr Pratibha Brahmi, was part of the decision making. An earlier Expert Committee with the tenure from August 2007 to February 2008 had only one meeting. With an emeritus scientist, Dr K V P R Tilak (former Head, Microbiology, of the Council for Scientific and Industrial Research) on the Committee, 126 requests by CSIR for Intellectual Property Rights (IPR) were considered and approved. In yet another instance, an application for third party transfer by the multi national seed giant, Syngenta Inc, was approved when a consultant of the company, Dr Dasgupta, was a member of the committee.

Nor do the minutes of the meetings available on the NBA website indicate that such members on the committee abstained from being part of the decisions.

In May 2009, over 50 organisations and individuals came together and wrote to the NBA and the nodal Ministry of Environment and Forests (MoEF) highlighting this major conflict of interest in the approvals process. The letter brings out the likely bias and lack of independent decision making with regards to this committee. The

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***An application for third party transfer by the multi national seed giant, Syngenta Inc, was approved when a consultant of the company, Dr Dasgupta, was a member of the committee.***

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letter also raises objection to the fact that while Syngenta's consultant finds a place on the committee, there is no representation from local communities, farmers' groups, conservation organisations, political parties or civil society organizations. While concluding, the letter demands actions that range from revocation of the approvals to the reconstitution of the committee.

The composition of these committees is not prescribed in the Biological Diversity Act. The legislation only prescribes the composition of the National Biodiversity Authority, State Boards and BMCs. It allows of the NBA to

set up specialised committees to achieve the legislation's objectives. It is the NBA which decides on the members. Currently, members are primarily from Government of India Departments (GoI). There are several committees set up related to specific tasks of documentation, designation of repositories, and identification of endangered species and so on.

On 14 May 2009, the NBA responded, stating among other things that "the members of every committee of NBA are experts in their respective fields and are persons of high integrity and credibility. All recommendations made by these expert committees are within the parameters of law. All decisions on approvals made by the Authority are in National Interest and the same have not been compromised at any level." This is ironic as the evidence presented in the letter states a clear conflict of interest in the decisions. The letter calls the allegations as "hasty and defamatory" but does not systematically refute them.

Conflict of interest apart, the current approvals process is proceeding without other required bodies envisaged in the law for checks-and-balances. Take for example the approval granted to Kemin Industries Inc, Chennai to collect water samples from paddy fields from ten locations in Tamilnadu and Kerala. The company wanted the water samples for "screening microorganisms, particularly bacteria and fungi from paddy fields in South India having enzyme activity for fiber degradation." In January 2009, the NBA's expert committee met in Chennai and granted approval and also determined the percentage of

the gross sales to be paid to the NBA to be 5 per cent. (This money goes to the NBA fund.) Kemin Industries Inc is a US-headquartered bioscience firm.

Why was it not felt necessary to wait for the BMCs to be set up, carry out the mandatory consultation process and only then grant the approval? This is where the difficulty is: The law mandates that BMCs are to be set up, but there is no clarity on who will set them up. Panchayats, for example, can set up their own BMCs. However the NBA and the state boards are of the view that setting up the BMCs is a facilitative function of

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***While Syngenta's consultant finds a place on the committee, there is no representation from local communities, farmers' groups, conservation organisations, political parties or civil society organizations.***

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the state boards; even the law itself does not explicitly say so.

In sum, it is a worrisome state of affairs. Way back in 1984-85, in an article in the State of India's Environment-1984-85: The Second Citizen's Report, by Dunu Roy had

written: "Why is it that even though a host of data, statistics and experience is mustered to back arguments about the protection of the environment, those in authority pay no attention, and even when they do and policy is framed, it is never implemented in the way the policy is designed?" It is 25 years since that statement was made, and one feels the same despair while continuing to hope otherwise. •" □□

[Author is New Delhi based member of the Kalpavriksh Environmental Action Group. She has been part of a study which put together a status report on the six years of the implementation of the Biological Diversity Act.]

(This article was first published in India Together ([www.indiatogether.org](http://www.indiatogether.org)) & is republished here with permission.)

[Continued from page no. 20]

## ***Frisking of Dr. Kalam at IGI Airport .....***

implemented security measures in compliance with TSA regulations. TSA regrets any inconvenience that Dr. Kalam may have experienced as a result of our standard security requirements."

This issue became a hot topic for bloggers. Just a couple of reactions are reproduced.

'Let us not fret and fume over the former Indian President APJ Abdul Kalam — whom, I believe, every Indian looks up to as a national icon — being frisked like an ordinary US-bound passenger. APJ Abdul Kalam is nationally revered by all Indians worth their salt for what the man stands for — in principle and in practice. But, for Americans post-9/11 there ought to be no exception to the rule when it comes to the security of the nation, its assets and its

people. For them the rule is universal for the person in-flight irrespective of the awe one inspires or the authority one commands. And, rightly so, for national security can not be compromised.

Indians need a little bit of soul-searching on this account. We are a species which is intrinsically prone to bend the rule at the slightest pretext. We have the dubious distinction of flaunting our social, political or legal status to escape the mandatory drill, howsoever easy or tedious, as the situation may demand at any public gathering, traffic intersection, railway station or airport. We not only ask but impudently demand that an essential part of the exercise meant for our own safety and security — and of our fellow countrymen, too — be dispensed with just because we

are the mighty in the establishment or the hierarchy, "writes one.

"What Protocol. If all are equal, why not frisking of KALAM. The answer lies in asking OBAMA to take off his shoes when he enters India or Air India. That is tit for tat. Why go begging for an apology. If you beg then you will get what you got. Why crib, then. If you are so CHUMBU give your ex-president AIR CRAFT, why should be choose Continental, when AIR INDIA is there," opines another.

"The law of the land, on Indian airport, is the Indian law, not American. If Continental thinks it is obliged to follow American law on Indian airports, it is more than welcome to terminate its services to & from India. People, BOYCOTT CONTINENTAL: the democratic way not buying third world treatment," thinks yet another blogger.

***Do you have an opinion on the issue? If yes write to us in any form and any language. □□***

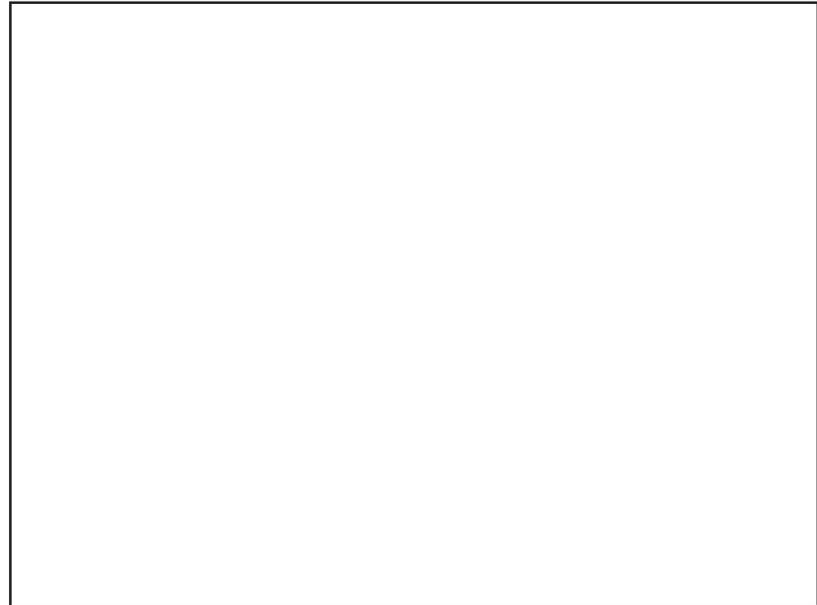
## *Pope looking for Third Economic Alternative*

*Capitalism is now effectively "obsolete" and must be replaced by a new form of market economy whose driving force is not the maximization of profits says Pope Benedict XVI*

Present Pope Benedict XVI has released his recent Encyclical letter on 7th July 2009 to express his opinions and also showing his frustration on the present day capitalism. He also has spelled out his vision of new economic model for the inclusive economic growth of mankind. He timed it such that the G-8 bosses get the right message while debating over the present economic meltdown across the world. It is just three days ahead of his meeting with the President of the USA. It must have created ripples among the G-8 leaders. He puts squarely the blame on the politicians as a class for mismanaging the world economic affairs and creating unlivable conditions for the mankind. Politicians have in the past ignored every Pope's advice, as they do not want to have any link between religion and state's economic management.

### **Looking for economic alternative system**

His frustration with capitalism is clearly seen in his latest 144-page Encyclical. He bluntly says that the capitalism as such is now effectively "obsolete" and must be replaced by a new form of market economy whose driving force is not the maximization of profits. He rightly denounces the modern corporate business model, taking on the



global Wall Street and its super bonuses, which lead to financial speculation and labour out-sourcing. He observes that in recent years, a new cosmopolitan class of managers has emerged who are often answerable only to the non-working shareholders generally consisting of anonymous funds, which de facto determines their remuneration. He rightly states that profit is useful if it serves as a means toward an end. Once profit becomes the objective for the exclusive growth, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and at the same time creating poverty.

He is harsh on the present

exploitative concept of globalization of world economy. He says that we should not be victims of globalization, but rather its protagonists, acting in the light of reason, guided by charity and truth and certainly not exploiting poor by the rich. He shows displeasure on multinational companies' expansion in the world economies through the route of globalization only for the sake of profits and economic and cultural exploitation. He challenges the modern gospel of material progress for the sake of progress. As both capitalism and Marxian socialism have proved utopian for the common man, the Pope is now in search of a new economic order for ensuring welfare of all. He is calling for a

new world financial order as he sees very clearly the exploitative angle of capitalists. In his opinion, the mentality of earning profits at any cost and by exploiting the masses is mainly responsible for the recent day the global financial meltdown. This way, he confirms the link between capitalism and bad ethics.

He further says that today's international economic scene, marked by a grave deviations and failures, requires a profoundly new understanding of business enterprise. He suggests to find a very pluralistic of institutional forms of business giving rise to a market which is not only more civilized and ethical but also more competitive. He is quite aware that the present day 'free market' is nothing but monopoly of some vested, self-centered and greedy capitalists. He denounces the present protected wageworker philosophy ingrained in the

present form of capitalist economic system as well as in Marxian economics. He, on the contrary, insists that the new economic order must enshrine access to steady employment with total mobility for all as a core economic objective. He is angry over the present day excessive zeal for protecting knowledge among affluent nations, through an unduly rigid assertion of the right to intellectual property (IPR). Indian philosophy on the other hand guides by saying: "Let the knowledge come from all

corners of the world for mankind's betterment. Knowledge is free and is not a property of any one". Pope has, however, not mentioned the other monopolistic and exploitative privileges, such as, patents, limited liability companies, copyrights, trademarks, trade unions, etc., which are being used for self-aggrandizement. He now insists that new financial order must be guided by ethics and search for the common good. He shows his awareness that capitalism and ethics do not go together.

Item 38 of the Encyclical explains his thoughts on free market philosophy. While doing this, he is definitely aware of the false marketing of present day "free market" concept, which is nothing but a monopoly market system, but marketed as free market. The capitalist and even Noble laureate economists of the West intentionally spread disinformation while marketing monopoly marketing as free marketing. He says that what is needed is a market that permits free operations, conditions of

equal opportunity, enterprises in pursuit of different institutional ends to take root and express themselves without any fear or favour. Such a free market economy requires shape and structure to encourage those types of initiatives, without rejecting marginal profits. They should aim at a higher goal than the mere logic of the exchange of equivalents. Profit was useful only if it served as a means to brighter future for all the humanity. While clearing this concept of free market in Item 39, he states that

earlier Popes have called for the creation of a model of free market economy capable of including within its range all the people and not just the better offs (monopolists). However, it was ignored by the capitalists and the governors of capitalist economies. Now he clearly blames the present day monopolists by saying that efforts have not been made to build

more human world for all, a world in which "all will be able to give and receive without one group making progress at the expense of the other". There is nothing new in this thought of the Pope as our own visionaries like Mahatma Gandhi, Deendayalji, Dr. Babasaheb Ambedkar all have been talking for decades. Hindu-economics has this message for the mankind.

### Eco-friendly Economy

He is insisting for maintaining just balance of ecology and preserving nature's resource-

es for future generations. This is possible when the consumerism and greedy minds of capitalists are changed to controlled-consumption and using natural resources not as source of unlimited source of raw materials but as Nature's gift of resources for minimum material satisfaction of every human being of this beautiful planet. In Hindu philosophy, it is equivalent to aparigraha.

He is also suggesting decentralized finance functions and adopting the system of micro-finance for helping small entrepreneurs, consumer-cooperatives, socially responsible forms of business-units and the domestic-production-units. This is on the same line of thinking of Mahatma Gandhi and Deendayalji. This will avoid monopolistic structure in handling the financial systems. This thought must have come to his mind after witnessing the recently exploded huge bubbles in the centralized finance systems in the developed countries resulting in the meltdown of global economies. He makes it clear that man ultimately should be in focus and his development should be given highest priority while thinking of any material development. While explaining his thought in this regard, he states that economic activity cannot solve all the social problems through the simple application of commercial logic - laissez faire. He further says that this needs to be directed towards the pursuit of the economic good for which the political community must also take responsibility. This is close to Deendayalji's integral humanism.

He squarely blames capitalism for violating human dignity of human work; either because of low value of input-work and the rights that flew from it. He, however, forgets that human values and dignity could be increased to the highest point only when each of them starts his own productive activity instead of begging for favour of jobs from the capitalists. Mahatma Vidura has mentioned that self-employment is the best status for every human being. To this extent the Pope has not de-linked himself from the monopolistic powers of trade unions, which

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### ***Capitalism and ethics do not go together.***

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is a part of capitalist economic system. He should study the philosophy of Mahatma Vidura for illumination.

#### **Closeness to Hindu Ethos**

Most of the above thoughts expressed by the Pope are close to some of the propositions of Hindu-economics and also to Deendayalji's philosophy of Ekatma Manav Dharma. He must be given some credit for distancing himself from the present day capitalist economic system, which has failed to solve the problems of mankind. Rather he has realized that present system prevailing in developed nations is responsible for pushing the entire mankind to the edge of the deep and dark valley. It is good that he has realized this after associating with capitalism for a very long time. His empire also got benefits from the same capitalist economic system all these years. It is, there-

fore, a right time for all those to unite who think capitalism is incapable of elevating the human beings to higher material and spiritual levels.

The Pope is going to be attacked for his harsh comments against capitalism by all those who are in small number and going to be seriously affected by abolishing the present capitalist economic system. All of them have enjoyed the highest materialistic and luxurious life style. They are bound to lobby against the Pope for such a proposal of discarding capitalism. They are going to warn him to keep off from state's function and do not try to link state and the religion. This will be treated as interference in the state functions. On the other hand, Hindu ideology deduced from the Vedic literature does not connote the state like the one in the West. The king is like state. State is created by God, and the king has been endowed with powers to govern the state. As such the king is not antagonistic to the people. The king has to follow Dharmashastra, i.e. the regulations enjoined by God. Past history shows that de-linking state from religion has proved disastrous in the case of the western economies. The Pope perhaps may be trying to build a bridge between the state and the religion through the Encyclical. This situation was not unexpected as the days of capitalism are now numbered. Hope he sticks to his version of the third alternative of economic system and puts pressures on the greedy capitalists and their well-wishers in governments. □□

DG Bokare, Pune

## *Is the Post-Marx world now turning Post-Market?*

Individual-centric liberal democracy and free market capitalism are eroding the civilisational and cultural assets and unbalancing the society.

To test the validity of Fukuyama's theory, one needs to scrutinize the Anglo-Saxon experience with capitalism. Of particular importance is the intense scrutiny of the fountain-head of Anglo-Saxon world, the US, which is representative of the paradigm of free market economy and liberal democracy and which can thus legitimately claim to be at the very symbol of both. Whatever America says or does, the rest of the world was, and has been, made to believe, is fit enough to be followed by the rest of the world and this is the extent of the power of fountainhead of modern capitalism. Liberal democracy and free market economics which, Fukuyama said, constituted the two pillars of modern capitalism, are premised on individualism as the core value. Individualism is the core social and political value. It is the unchallenged Demigod of west-centric political and social discourse.

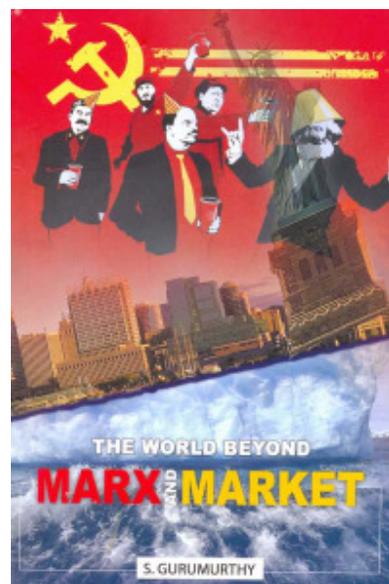
The socio-economic consequences of this new and unchallenged value has immense. Stated briefly now and in detail later, particularly unbridled individualism has tended to undermine families, communities and other

informal institutions based on traditional human relations that have sustained the world for thousands of years. The result is that the sociological balance within the society - which is equal to the ecological balance in nature critical to sustainable development - has been eroded. The unbridled individualism has emerged, in Anglo-Saxon nations, besides as the core political value, as the inevitable economic institution in a free market. The worship of individualism particularly in the Anglo-Saxon nations, as the highest value of human life, subject only to the constitution of a state, has nearly destroyed the universally valued basic unit of family. In the way the society is evolving in the Anglo-Saxon West - which is projected and perceived as the socio-

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***The individualism-based liberal democracy and free market capitalism seem to be leading to far greater internal conflicts than the human race has faced in its entire history!***

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economic model for the Rest - families which had traditionally been known as socio-economic and cultural units are being largely turned into biological units at best, and at worst, just transitory living in partnership arrangements, with attendant issues of single parent families, unwed mothers, uncared for elders and under-cared children and so on. Besides, the formalisation of the idea of privacy, an evolution out of hyper individualism, has undermined normal human relations leaving hardly any family, neighbourhood or community feelings or linkages. It has freed the individuals from interdependence on the near and dear, but, as will be seen in detail later, has made them dependent on the distant state. It is not just a political, social, cultural or reli-

religious transformation or degeneration. The individualism-based liberal democracy and free market capitalism seem to be leading to far greater internal conflicts than the human race has faced in its entire history! Unbridled individualism is also promoting a Frankenstein state and market combine and is eroding all civilisational and cultural assets of the people which used to provide internal balance and harmony through traditional family and community based life. Now we shall see this in some detail.

### **Universalizing material ambition and greed as the legitimate and even sole object of life.**

On the political and socio-economic plane, there is near atomisation of human life and living style in the West, particularly in the Anglo-Saxon or Anglo-American West. This process of atomisation was seen as the inevitable process of social engineering, the process by which the traditional relations got eroded and replaced by new "rational social intercourse". Communism brought this about by invoking

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***Since all religious systems would oppose unrestrained material possession and enjoyment, both capitalism and communism have no place for religion or God***

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political force, free market capitalism, by invoking the God of greed.

There is a harmonious, sequential-link between the object of life, life style, relations, habits, needs, wants, savings, expenditure, production, and this harmonious sequential link defines the economic model. See how this sequence works.

- The object of life impacts on the life style;
- Life style defines human relations and habits;
- These influence one's needs and wants, savings and spending
- They impact on production and supply; and
- Collectively all this would impact on the basic way individuals and families approach their life, their savings and spending, the type of savings and spending define the economic model;

### **The total human life model impacts on nature, ecology and environment.**

Where the object of life is not limited to material enjoyment alone, it moderates the life style and that in turn moderates the entire sequence of human life as catalogued above. But the two materialist systems, capitalism and communism, are agreed that the object of life is pure materialism and there should be no restraint on enjoyment - read consumption; the only difference between them is that while capitalism celebrates unlimited individual consumption, communism prescribes collectively shared individual consumption. However, consumption and enjoyment of life through consumption are

common to both. Since all religious systems would oppose unrestrained material possession and enjoyment, both capitalism and communism have no place for religion or God and in that sense they constitute Godless materialism.

The traditional and pious life models of most ancient civilisations, have universally inspired and encouraged humans to aspire for higher goals of life other than mere pursuit of material gain, and thus ensured that there would be an integral, not exclusively materialist, approach to achieving fulfilment in life. Consequently, greed for material possession and enjoyment was socially and religiously looked down upon. This approach, which had ensured harmony based on moderation in material possession consumption and enjoyment, was disturbed by both materialist philosophies.

Particularly in the capitalist model, moderation based on harmony has been disturbed by substituting, in the place of an integral approach to seeking happiness in life, a singular and sole pursuit of pleasure as the sole object of life; consequently consumption became the sole vehicle for enjoyment of life on the earth. So the object of life, which was largely trans-materialistic, that is it included material goals but was not limited to them, was changed into merely materialistic consumption. In short, greed became the very foundation of the free market capitalism; at least one economist, John Maynard Keynes even counselled that human

greed was not necessarily a bad quality; on the contrary, he said, it could promote economic development! So, he even commended a long holiday from restraint and moderation in consumption and enjoyment, which all religions and traditions insistent. While he made this prescription to get out a crisis, that has become the normal rule for modern free market capitalism!

Questioning and changing the integrated object of life of the people and encouraging every one to aspire for greater and greater material possession and more and more consumption, and making possession and consumption indeed a virtue, does lead to great disruption. It does not call for a seer to foretell that a political and socio-economic model which celebrates possession and consumption becomes unsustainable; while, a trans-material approach to life moderates human life habits, savings and consumption. Take what trans-material approach does to the institution of family. It makes people own and carry the responsibility of families as not just instruments for personal enjoyment, but as a socio-cultural unit that conforms to certain social and religious norms.

A purely materialist approach based on a contractual model of families in individualism dominant societies has led to a situation where, as evident in most modern western economies, more than half the marriages end in divorce, almost half the families are single parent families and almost as much birth is outside wedlock. The disturbance caused by positing pure materialism as

the object of life has released the humans from all natural restraints on life style.

**Cultural degeneration undermines interdependence, leads to state-dependence; and an over burdened State nationalises the families and privatises itself!**

The essence of the harmonious sequential link explained above is the mutual and interdependence among not only humans but also between humans and other elements of nature. Individualism and liberal democracy see this mutual interdependence, particularly among humans, as impeding the freedom of the individual. So they endeavour to release the humans from such inter-dependence as enshrined in the norms of the traditional family, community and society. But this "emancipation" from interdependence on the immediate, intermediate informal institutions has resulted in the undermining and breaking of the very family and informal institutions. And it has rendered the individuals dependent on the distant and remote state, through social security and other forms of security which the individual needs in the absence of family and informal institutional support. So, in seeking liberation from interdependence and shared life model, the individual ultimately becomes completely dependent on the state.

The liberation of the individuals from the family, neighbourhood, community and society, and their dependence on the state in the west, is nearly total. Consequent to the individuals becoming increasingly dependent on

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***Cultural degeneration undermines interdependence, leads to state-dependence; and an over burdened State nationalises the families and privatises itself!***

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the state, the family functions are increasingly nationalised, with the state undertaking, the biggest ever public duty and burden of protecting the social and other security of the people. In short, this distortion is indeed a cultural degeneration with serious economic consequences. Let me explain what it leads to finally.

An over burdened state in turn has privatised the normal state functions including all forms of public utilities. This state of affairs has been achieved through the following sequence:

- atomise the individuals through unbridled individualism;
- undermine the families by making the elders and children orphans;
- nationalise the families by social security to care for the orphaned;
- privatise the government functions lighten the state burden; and
- corporatise the economy and globalise the corporates.

Thus, an overburdened state nationalises the families and privatises itself! *(to be continued)*

# *Government is Preparing to Surrender hard earned advantages at WTO:*

**Muralidhar Rao**

*Dr. Raghuvansh Prasad Singh speaking at SJM Seminar in New Delhi*

SJM Delhi organised a symposium on 3<sup>rd</sup> Aug 2009 on the issues related to ministerial meeting of WTO to be held in Geneva in Nov. 2009.

Dr. M.M. Joshi and Dr. Raghuvansh Prasad Singh, both former union ministers and Sh. P. Muralidhar Rao, Ex-national convener SJM were the main speakers on the occasion.

Addressing a packed hall, Sh. Muralidhar Rao said that several prominent people felt that independence and sovereignty of the country was compromised in Uruguay Round of talks. It was to preserve and protect this hard earned freedom achieved after lot of sacrifices that Late Sh. Dattopant Pant Thengadi organised '2<sup>nd</sup> war of independence' rising above narrow confines of organisational and personal interests. Swadeshi movement was thus reinvented as a resistance to emergence of WTO.

Sh. Rao added that India was able to contain the relentless inundation of Uruguay Round at Doha for the first time under the leadership of Late Murasoli Maran. Now the fear is that government may surrender all those advantages in forth coming ministerial meeting in Nov. It is important to mobilise public opinion both inside Parliament and outside pointing towards Sh. Raghuvansh Prasad Singh, Muralidhar Rao stressed the fact that the fight has to be united beyond party lines. He recalled that

MPs from all parties including congress party have done it earlier on the Forum of Parliamentarians.

Dr. M.M. Joshi in elaborate and imposing speech said that cheap labour and entrepreneurship skills of India, China and other East Asian countries has loosened the grip of Western World over manufacturing sector and trade. To encounter it they discovered other ways like IPR, Trade Mark and Patents to continue the exploitation of rest of the world explaining in simple to understand language, Dr. Joshi said that one of the immediate impacts of patents particularly shifting from process patent to product patent was the rising cost of Medicines. Farmers were other worst affected section of patent regime, he continued. Farmer has been denied the right to save his seed and is being forced to use terminator seeds. Dr. Joshi warned that when farmer and youngsters stand up world will not be able to step them.

Thanking SJM for spreading awareness about such highly intellectually complicated issues; Dr. Raghuvansh Prasad Singh assured his support to this vital issue both inside and outside parliament. Speaking from his heart Dr. Prasad accepted that political parties try to side step these vital issues. Sh. Jeetendra Mahajan convener Delhi SJM presented a vote of thanks. □□

# *In Action Swadeshi Jagaran Manch*



Swadeshi Jagaran Manch is an active public mobilization. Different units are undertaking a variety of programmes throughout the country. Here is a report of just few such activities.

A National Vichar Varga was held in Balasore (Orissa) on 4-6 July. In all 68 participants from 38 places attended it for full three days. A group of dedicated 20 local activists was present fulltime for the proper execution of varga under the guidance of Bhagwandass and Upendra Biswal. Sh. Arun Ojha, national convener SJM and Sh. Saroj Mitra, Dr. Dhanpat Aggarwal, CA, Mohini Krishana Mohini of BKS. were prominent speakers. Besides them Sh. Anada spoke on organisational matters and Bandeshankar Singh on Retail trade. The Principal of the ITI presided over the valedictory function. Dinesh Mandal was in charge of the whole varga.

An impressive Programme of SJM Jhanabad was held on 19th July in local Saraswati School. In this well attended meeting Vibhag

Convener Anirudha ji described the future course of action of local SJM. Sh. Umesh Sharma worked as stage secretary and a large number of women participants' attended it. Sh. Kashmirilal, national Sangathak, was the main speaker. He highlighted the activities of SJM and challenges ahead. Sh. Deepak ji, district Convener thanked the participants.

Dalton Ganj : A seminar on the topic Global Economic crises and Lessons for India was held on 15 July 09 in local Arya Samaj temple hall. Municipal Committee president, Surendra Prasad Singh presided over the programme and Dhanaajay ji gave the introductory speech. Sh. Santosh Makharia, Vibhag Co-convener and Raj Kumar Ujala thanked the audience. More than 100 enthusiastic and eager participants were fully participating in the discussion. Sh Kashmirilal gave the main speech and Prof. Subhash Chand Mishra and Dr, Kanhaia Dyal Mishra, a renowned eye specialist, spoke as Special invitees. □□



## Exports continue to plunge

Exports dipped for the ninth straight month in June 2009 as labour-intensive sectors such as leather, textiles, handicraft and gems & jewellery continued to drag, making the industry raise the pitch for booster measures and tax holidays to be included in the foreign trade policy slated for later this month.

The dip in June stood at 27.7% year-on-year, a tad less than the cumulative drop of 31.3% in the first quarter of this fiscal. Federation of Indian Exporters' Organisations (FIEO) president AK Sakthivel said the situation was alarming with the dire IMF forecast that the volume of world trade will contract by 12.2% in 2009.

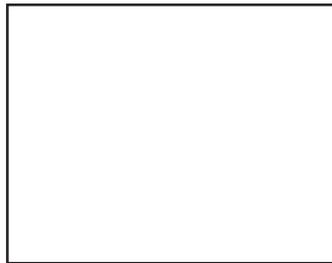
In June 2008, India had exported \$17.73 billion worth of goods, which now has come down to \$12.85 billion.

Imports in June 2009 too came down on a year-on-year basis, but largely on account of the savings in crude oil prices.

Imports registered a sharper decline of 29.3% to \$18.97 billion compared to \$26.85 billion in June 2008 as the oil import bill halved during the month to \$4.9 billion compared to \$10 billion in June 2008. The drop in non-oil import was much lower at 16.5% to \$13.97 billion compared to \$16.73 billion in June last year.

In 2008-09, India's exports were just 3.4% higher at \$168.7 billion compared to \$163 billion in 2007-08. While exports registered a 34% growth in the first 6 months of 2008-09, the global financial downturn hit struck in the second half of the fiscal bringing down the growth rate to below 4%. □

## AAI to be a company by 2010



Airports Authority of India would be turned into a company by amending laws to enable the body raise funds from market for carrying out modernisation of a large number of major airports across the country, according to Civil Aviation Minister Praful Patel. "We are looking at corporatising the AAI, turning it into a company from an authority which it is now... our objective is to list AAI (in the stock market)," he told reporters. This, he said, would be carried out by amending the AAI Act that governs the airports' body to "help them in their financial future". "Funding will become easier if it becomes a company," Patel said. The amendment would be placed before Parliament "latest by March 2010".

The AAI is currently modernising major airports in Kolkata and Chennai and 35 non-metro airports. It has huge properties including land and other assets across the country. On upgrading non-metro airports, Patel said, the AAI had already started upgrading the terminal buildings. Private parties under the private-public partnership model are developing the city-side in these airports. The AAI is also making efforts to increase the non-traffic revenues at airports by better exploitation of the commercial opportunities, he said, adding that the terminal building was "never" decided to be privatised. □

## Pranab to head EGoM on 3G spectrum;



The govt has constituted an Empowered Group of Ministers to look into issues relating to spectrum for 3G telephony that will revolutionise the way data is received and transferred from mobile phones.

Finance Minister Pranab Mukherjee will head the EGoM that will include eight other members.

Deciding the quantum of 3G spectrum to be auctioned, annual spectrum charges and additional administrative charge, number of operators in each telecom circle, the reserve price for 3G and broadband wireless services (WiMax) and the fee to be paid to the auctioneer are among the key terms of reference of the EGoM.

The government had last month decided to auction 3G spectrum at a reserve price of Rs 4,040 crore to at least six private operators besides state-owned MTNL and BSNL. Raja had then maintained that no final decision had been taken and it would be either a Group of Ministers or the Cabinet that would take a call on the spectrum reserve price.

Initially, six private operators, apart from state-owned MTNL and BSNL, are expected to be allowed to offer 3G services that will enable high-speed internet, videos and many other value-added services on mobile phones by the end of the year. □

## Indian activist Deep Joshi chosen for Ramon Magsaysay Award



Prominent Indian social activist Deep Joshi, who has done pioneering work for “development of rural communities”, was named along with five others for the prestigious Ramon Magsaysay Award for 2009, considered as Asia’s equivalent of the Nobel Prize.

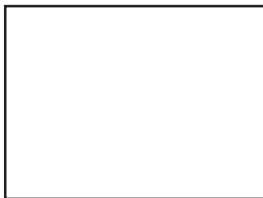
Joshi is being recognised for “his vision and leadership in bringing professionalism to the NGO movement in India, by effectively combining ‘head’ and ‘heart’ in the transformative development of rural communities,” the Board of Trustees of the Ramon Magsaysay Award Foundation said in a press statement from its headquarters in Manila.

“I am delighted to get this honour. But the award is not for an individual, it is for an idea, for the development of rural population. We need the educated people to go to rural areas and work for their welfare,” 62-year-old Joshi told a news agency.

A masters in engineering from the Massachusetts Institute of Technology (MIT) and a Masters in Management from the Sloan School, MIT, Joshi worked with the Systems Research Institute, the Ford Foundation and has nearly 30 years of experience in the field of rural development and livelihood promotion. He also advises the government on poverty alleviation strategies.

Joshi was the co-founder of Professional Assistance for Development Action (PRADAN) and now works as an independent consultant for the NGO.

## Govt identifies 355 foreign employers harassing Indians



Government has identified 355 foreign employers who were found to be harassing Indian workers abroad, the Lok Sabha was informed. “Foreign employers who were found to be harassing the Indian workers are placed in the Prior Approval Category. At present, 355 foreign employers are in Prior Approval Category list,” minister for overseas Indian affairs Vayalar Ravi said.

He said Indian Missions abroad receive complaints of exploitation against recruiting agents and foreign employers and after due enquiry, action is taken. Ravi said India has signed bilateral pacts with many countries including United Arab Emirates, Kuwait, Oman, Bahrain and Malaysia to protect the Indian workers against exploitation and malpractices.

Replying to another question, he said the task of setting up the first PIO (Persons of Indian Origin) university at Bangalore has been entrusted to the Manipal Academy of Higher Education Trust.

He said the ministry was drafting a Bill to enact a legislation for setting up the proposed university. “The first PIO University is expected to start functioning on completion of necessary formalities and procedures prescribed by regulatory bodies,” Ravi added. □

## Court verdict on Games Village has let us down: environmentalists

The Supreme Court’s verdict, allowing construction of the Commonwealth Games Village on the Yamuna banks has come as a “disappointment” to activists fighting to save the river and its floodplains.

A bench of Chief Justice K.G. Balakrishnan gave the verdict while dismissing a Delhi High Court judgement of Nov. 2008.

“The observation and the conclusion of the Delhi High Court that the site in question is on a riverbed cannot be sustained. The high court disregarded and ignored material scientific literature and the opinion of experts and scientific bodies, which have categorically held that the Commonwealth Games Village site is not on a riverbed or the floodplain,” said the bench.

The bench, which also included Justice P. Sathasivam and Justice B.S. Chauhan, added: “Further in view of the change in the land use, which was approved way back in 1997 by the Yamuna Committee and the NEERI permitting the Delhi Development Authority to use the land for the public and semi-public purposes, the contrary conclusion of the high court is liable to be set aside.”

“Waterman” Rajinder Singh, who led a protracted battle against the government’s decision to allow construction on the riverbed, said: “Anything that is not in favour of the people and is against the rivers and the environment cannot be a court’s ruling. This judgment is a disappointment, and we will oppose it.” □

## Indian American appointed to key agriculture post in US

The Obama Administration has appointed Rajen Anand, an eminent Indian American to a key agriculture post giving him the responsibility to improve the nutrition status of the people in the country. Anand has been appointed as executive director of the USDA Center for Nutrition Policy and Promotion. The Center is best known for the development of the Dietary Guidelines for Americans and the MyPyramid food guidance system.

“President Obama and I are firmly committed to improving the health and nutrition of the American people, and I am pleased to welcome Dr Anand back to USDA because he has a deep and broad understanding of dietary guidance, nutrition and how public policy is made,” the US Agriculture Secretary, Tom Vilsack, said announcing his appointment.

“As a former professor and civil servant, Dr Anand will be a huge asset to our management team,” he added. A Democrat and a close supporter of the Clinton’s, Anand had served in the same department during the Clinton Administration. He supported Obama after Hillary Clinton withdrew from the race.

In the Clinton Administration, Anand joined the center in 1995 as its Deputy Director and was promoted to executive director in 1997. In this capacity, Anand will lead a staff comprised of nutritionists, economists, mathematicians, and food and social scientists as well as a new evidence analysis library. □

## Foreign students in Australia victims of economic slavery



Many overseas students in Australia become victims of economic slavery and work for free in dangerous working conditions to sustain themselves, a report said. According to the report in ‘The Age’, students are made to work for free or even sometimes pay to get themselves hired by companies that are exploiting loopholes in immigration and education laws. Even colleges, in which they enroll, charge students thousands of dollars in “placement fees” only to advertise their supply of free labour to local business. There is another condition to spend 900 hours’ work experience in their enrolled course.

According to an immigration agent Karl Konrad who spoke to the publication ‘The Herald’, a trade in fraudulent documents has evolved, with employers and agents selling students verification that they have completed their 900 hours. One agent revealed that he was charging USD 15,000-USD 20,000 for such paperwork.

“They are slaves,” he said adding “They work for free from 11 o’clock to 11 o’clock - no breaks, no nothing. They have to pay the owner for the paperwork. They want to stay here. They will do anything.” “They work with no workers’ compensation, no Insurance. If they are injured at work, bad luck.” he said. Agent Karl Konrad said the system began to go bad when the requirement for 900 hours’ work was introduced.

With the number of foreign students enrolled in the vocational training sector has leapt from 65,120 to 173,432 last year about half of all our overseas students since 2001 the number of private colleges has also enormously grown from 664 to 4892. Many International students enroll in a vocational courses for which they spent over USD 20,000 that make their way to secure residency easily.

## Unemployment in US likely to increase: Obama



US President Barack Obama has declined to predict how high unemployment will climb but made clear he expects it to keep worsening for a while as hiring lags behind other signs of US economic recovery.

“How employment numbers are going to respond is not year clear,” the president said on a day when he was headed to Michigan, home of a particularly battered economy. “My expectation is that we will probably continue to see unemployment tick up for several months.” The unemployment rate stands at 9.5%, the highest in 26 years.

Obama, addressing reporters at the White House, said the stabilization of the financial markets has allowed banks to start lending again and some small businesses to stay afloat.

But he said his administration is aware that most imp factor is whether people are able to get good-paying jobs. More than 2 million jobs have been lost since Congress passed Obama’s USD 787 billion economic stimulus package. Without that government intervention, Obama said, states like Michigan would be even worse shape because they would have had to lay off more teachers, firefighters and other workers. □

## Job loss pain crosses boundaries, sectors



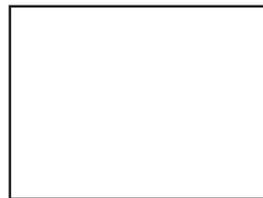
Since the recession began in December 2007, the jobless rate has climbed 4.6 percentage points to 9.5%, the biggest jump since the Great Depression. Worse, the mean duration of unemployment is now almost 6 months, the highest on record. Although Obama frequently points out he inherited the recession from his predecessor, George W Bush, the fallout will frame his legacy, presenting a quandary for a president elected on a slogan of "Yes We Can."

Joblessness typically rises during recessions as weak demand prompts companies to cut production and jobs. Normally those workers are re-hired once the economy recovers.

This pattern has changed in recent years and jobs lost in recessions are much slower to return, if they come back at all. In the 2001 slump, unemployment peaked 19 months after the recession ended, and it was another three years before the jobless rate came close to pre-recession levels. In the current recession, economists say high unemployment is likely to persist at least another four years. The rise in long-term unemployment is a puzzle for economists. The Congressional Budget Office studied it in 2007 and concluded merely that the shift was "hard to explain."

The pain of joblessness extends well beyond the workers themselves, hitting their families and entire communities as home foreclosures mount, neighborhoods decay and crime rises.

## US and UBS reach deal in tax row



The US government and Swiss bank UBS have reached an "agreement in principle" in their dispute over tax evasion by US customers. US Justice Department attorney Stuart Gibson told a federal judge the two parties agreed on the "major issues".

The US had accused UBS of violating US laws and insisted the Swiss bank reveal the names of US clients who had set up Swiss accounts to evade tax. UBS shares in New York rallied 6.1% on the news.

"The share price going up kind of tells you that a settlement would be a big step for UBS," said Teresa Nielsen at Ventobel. But she cautioned that the bank's reputation will not recover overnight. "If the tax issues finally come off the table, there is a basis to rebuild client inflows, but it will take some time," said Ms Nielson.

*Fraud:* The deal looks set to end a stand-off that has lasted months. The US Justice Department has been seeking the names of more than 50,000 US customers with Swiss accounts. But UBS maintained that divulging the names would violate Swiss bank secrecy laws.

In February, UBS admitted to US tax fraud and agreed to pay \$780m (£467m) as part of a provisional deal to settle charges that it helped thousands of US clients use Swiss bank accounts to evade taxes. But US officials argued this was not enough, and asked for the identities of all such account holders. □

## China owns up Nigerian fake drugs cargo

China has promised to take action against its pharmaceutical companies involved in the shipping of fake drugs to Nigeria with 'made in India' labels. The Chinese authorities have admitted that the consignments confiscated by the Nigerian government had originated from China and the manufacturers involved need to be punished, a commerce department official has said.

"The Chinese government has communicated to us that the pharmaceutical companies involved in the fake drugs case were indeed from their country. It has also promised that suitable action will be taken against these companies for selling fake drugs and tarnishing the name of another country," a commerce ministry official, who did not want to be named, was reported to have told a national daily.

The Nigerian Govt. Drug Regulatory Authority (NAFDAC) had confiscated a large consignment of fake anti-malarial generic pharmaceuticals with 'Made in India' tags shipped from China in the month of May. The cartons had labels with names and addresses of the Chinese manufacturers written on them. According to NAFDAC, had the drugs not been seized, it could have affected as many as 6,42,000 adults.

Following the incident, India had put pressure on the Chinese government to act against the rogue companies so that it acts as a future disincentive for other companies to try and pull off a similar misdeed. Since Africa is a very important market for the Indian pharmaceutical industry, accounting for about 15% of India's total drugs exports worth Rs 30,000 crore every year, it cannot afford to get a bad name in the continent. □

## Global trade revival key to recovery: WTO chief

A swift conclusion to a new world trade pact could serve as a powerful stimulus for recovery from the global financial crisis, thinks WTO chief Pascal Lamy.

“Waiting for the crisis to disappear to conclude the Doha Round would mean depriving the world economy of a powerful engine for recovery,” Lamy, told Business Standard.

The Doha Round of trade talks were launched in late 2001 but have been repeatedly stalled by disputes between rich and developing nations on agricultural and industrial products.

Reviving international trade can “act as a stimulus for global recovery,” Lamy said.

The WTO director general said he would use global trade talks to be held in New Delhi on September 3-4 as a platform to “make the case that concluding this round by the end of next year will be in the interest of all.”

The meeting in India is being held as a precursor for a G20 summit of rich and developing nations to be held in Pittsburgh in the United States on September 24-25.

Negotiators almost clinched a deal last year but the talks fell apart in a row between the United States and emerging nations led by India over efforts to assist poor farmers.

## Agriculture Negotiations heading for Rapid Conclusion

Negotiations on Agriculture at WTO are heading for a hurried termination. This is indicated by initiation of technical work on identifying what data will be required for them to eventually draft their schedules of commitments.

The Chair of the Special Session of the Committee on Agriculture, Ambassador David Walker of New Zealand, informed an informal open-ended meeting of the Special Session on 20-21 July that Members have to work under the assumption that the agriculture negotiations are heading for a rapid conclusion.

According to trade officials, Members are only at the beginning of what could turn out to be a lengthy technical process. At this stage, the aim is to identify

questions on what data will be needed and when.

Members can then consider how to respond to these questions and to produce any others they might have missed, a task that has been characterized by the Members as homework for the summer break in August-early September.

A G-20 paper has pointed to three phases for data needs - before modalities are agreed, attached to the modalities, and later when the commitments are drafted.

Members also considered whether to first look at the data that would be needed first for the modalities, but decided to examine all data needs, working through the relevant paragraphs of the draft modalities text (TN/AG/W/4/Rev. 4), and then to decide what would be needed at each stage.

According to trade officials, this gave rise to a range of data issues, which the Secretariat will compile and Members will now consider over the summer break.

## No Pay hike for Pascal Lamy

Members of the World Trade Organisation have turned down a plan for a substantial pay hike for WTO chief Pascal Lamy, according to Japanese media reports.

The secretariat of the Geneva-based global trade body planned to increase Lamy's annual pay by 20 to 30 per cent from around 500,000 Swiss francs (\$468,000) at present and proposed the raise at an informal committee meeting in early July to discuss budgetary and other issues, Kyodo news agency quoted trade sources as saying.

But more than 20 participating countries opposed the proposal on the grounds that large pay hikes for leaders of international organisations should be avoided in light of tough employment and wage conditions worldwide in the wake of the global financial crisis.

“The secretariat's proposal is understandable as the salary of the WTO director general has remained unchanged for a long time, but its timing is not right,” the report quoted one of the sources as saying.

The head of the WTO is believed to receive less than the heads of the World Bank and the International Monetary Fund but more than the chiefs of other international bodies.

Lamy, 62, a French national, was appointed as WTO chief on Sept. 1, 2005 for a four-year term. □

