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Counter-Terrorism

Tamil Nadu Chief Minister Madam Jayalalithaa's apprehensions that the far-reaching powers assigned to the planned "National Counter-Terrorism Centre" can be misused are not ill-founded. She is not the only person to doubt the Centre government move. Several other Chief Ministers have also flayed the move on counter-terror hub. The contention of those opposing such an important move to counter terrorism in the country is that the Centre is out to violate the federal structure of the State. These fears are not without any basis and are well understood. These apprehensions are further strengthened by the Hindu Terror remark of Home Minister Sushil Kumar Shinde and the manner in which Congress party responded to it.

No one, including the people who oppose powers being assigned to planned "National Counter-Terrorism Centre" are denying that unless drastic measures are instituted to curb acts of terror, we will be rendered helpless in the long run. But we cannot ignore certain facts. It was the Congress led UPA government that allowed POTA to disappear. It was again the Congress and its important leader who communalized fight against terror by supporting accused openly and questioned the sacrifice of security personnel like Mohan Chander Sharma. Also with the history of using official agencies like CBI for electoral advantages and corrupt practices on one side and attacking other independent agencies like Comptroller and Auditor General of India & Public Accounts Committee it becomes very difficult to believe that government is sincere.

The UPA government needs to ponder over the fact that whatever initiative it undertakes always ends up stirring up a hornets' nest. While there can be no two opinions on the urgent need to form a centralised agency on the lines of the Homeland Security' service in the U.S., the high-handed approach of not taking into confidence the State governments on such a vital measure smacks of arrogance. There is no guarantee that such an agency with Draconian powers will not be abused by the ruling party to target its political opponents. The misuse of the CBI is a pointer.

– S. Krishna, Trivendrum

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Quote-Unquote



Yes the dissidents have won. Gadkari did the right thing by quitting. Now there should be no dissenting voice.

MG Vaidya

Senior RSS Leader



Will Walmart care about the poor farmer's sister's marriage.

Sushma Swaraj

BJP Leader



I was shocked that the Delhi Police Commissioner got a pat on the back by the Home Secretary. I was so shocked.

JS Verma

Former Chief Justice of India



If, after 66 years of freedom, the most common election platform is 'we stand for the poor' something is wrong with our development model.

Shekhar Kapur

Film Maker

Subversion of Institutions

"May we never confuse honest dissent with disloyal subversion." — Dwight D. Eisenhower

Appropriate democratic institutions are vital to building an enduring and peaceful society. Democratic structures, as is universally known, offer effective means for the peaceful handling of deep-rooted differences through inclusive, just and accountable frameworks. Credible institutional mechanism to greater extent eliminates the risk of opportunistic behavior of political and economic players. Importance of healthy and vibrant institutions and practices to such basics needs of people like shelter, food, livelihoods, education public Health etc., particularly in a developing country like India is immense. Prioritizing utilization of scarce resources according to the needs of general masses and not as per the whims and fantasies of ruling elite is sufficiently dependent on these institutions, both official and societal. These institutions belong to all the four wings of a democratic set up and include legislature, executive, Judiciary and Free Press. Subversion of constitutional bodies has, regrettably, been the hallmark of the working of the Congress party in this country from the very beginning. The grand old Party has continual history of opportunistic behavior when it comes to Public Institutions. From the days of Jawaharlal Nehru to the latest criticism of CAG and undermining of the Public Accounts Committee the story goes on unabated. Nehru who is given credit for democracy succeeding in India used undemocratic way to ascend to the position of Prime Minister even when the then entire Congress Committee was unanimously in favour of Sardar Vallabhbhai Patel. Nehru's insistence on undemocratically and unconstitutionally elevating his friends like Sheikh Abdullah in the state of Jammu & Kashmir to positions of importance has resulted in hurting the interests of the country to unimaginable proportion. He was in fact first to misuse Article 356 to dismiss an elected government. Subversion of these institutions during the time of Indira Gandhi reached its zenith when she imposed internal emergency in the country. Misusing the post of governor to dismiss the democratically elected governments in Andhra Pradesh and J&K under Article 356 was naked subversion of democracy. As S.Gurumurthy ji, writes , "Indira Gandhi soon substituted political power for political morality. She blatantly used political power and discarded political morality. . . . She amended the constitution to acquire more power to the ruling party (read herself)". In the words of Nani Palkhivala, she "defaced" and "defiled" the Constitution. She made political success, not political morality, as the ultimate test.

There is a renewed effort to subvert the remaining institutions to ensure favourable results in the 2014 Parliamentary election. Congress party understands that due to inefficient governance, Policy Paralysis, rampant Corruption and incompetent leadership its popularity has nosedived to lowest point in its history. Its image in the eyes of public is damaged beyond repairs. Congress has become synonymous with Corruption and mis-governance. Party has no effective leader who can change its electoral fortunes. Rahul Gandhi, who has been elevated to Number 2 position in the party in what it called as Chintan Shivir, has become a liability as electoral reverses under his stewardship refuses to stop. He in fact is the least in demand for campaigning from the party candidates. Well, all this may be an internal matter of the Party. But the manner in which party has begun to aggressively follow its divisive agenda and in the process is completely ignoring the implications of such a strategy for the country as well as its people the situation in the country may become explosive in coming days. For democracy to succeed it is essential that all the stakeholders adhere to norms and principles espoused by the constitution. Renewed offensive against every pillar of democracy be that Constitutional bodies like CAG, PAC, Judiciary, opposition parties or the media or ex Army chief the party is demonstrating its frustration. However in the process is inviting serious trouble for the nation and its people. The party definitely will lose its credibility further if it continues to follow this suicidal path. But it is time for the mindful citizens of this great country to act in time and put the party in its place.

Vivekananda, The Most Charismatic Youth Icon



The 150th birth anniversary of the patriotic monk- Swami Vivekananda is the occasion to reconnect the Indian youth to him. Posthumously, the young monk, still living in the hearts of Indians, is the most charismatic youth icon, says S Gurumurthy



‘Sisters and brothers of America’. These five words that issued from the lip of the young Hindu monk Swami Vivekananda set the 6,000 strong audience of academics, intellectuals and spiritualists on fire at Chicago on September 11, 1893 at the first World Parliament of Religions. Rev John Henry Burrows, Pastor of the First Presbyterian Church of Chicago and a chief organiser of the parliament, recorded that the audience went into rapture with ‘a peal of applause that lasted for several minutes’.

After silence was restored, he delivered his historic address, comprising exactly 471 words, in two minutes. Vivekananda unveiled the Hindu view of universal validity of all faiths — an idea unknown to religions born outside India. He demolished the hidden agenda to get the parliament nod for Christianity as the superior, universal faith. Burrows was explicitly committed to the superiority of Christianity as the universal religion, to the Bible as the universal book and to Jesus Christ as the universal sav-

our. Admits James Ishmael Ford, of the First Unitarian Church as late as on February 22, 2009: “For many of the Christian and Unitarian organizers the barely hidden agenda was to show the superiority of Protestant Christianity. But that show was, by universal acknowledgment, totally and completely stolen by the swami from Calcutta.”

Unparalleled in elegance and eloquence, the young Hindu monk proudly thundered before the Parliament of Religions that Hindus ‘not just tolerate’ but ‘accept all faiths as true’; their ‘nation has sheltered persecuted peoples of all religions and all nations of the earth’; ‘gathered in its bosom the purest remnant of the Israelites who took refuge’ when their holy temple was shattered to pieces; ‘sheltered and still fosters the remnant of grand Zoroastrian nation’. He concluded that ‘sectarianism, bigotry and its horrible descendant, fanaticism’, ‘have filled the earth with violence, drenched it with human blood, destroyed civilisation, and sent whole nations to despair’; let the parliament be ‘the death-knell of all fanaticism, of all persecutions with the sword or with the pen’. Vivekananda was just 30-years-old then. With no text or notes on

hand, he spoke from within. He mesmerised the parliament. Burrows wrote: “Swami Vivekananda’s three speeches undoubtedly drew most attention from the American public.” A media comment was: ‘Vivekananda’s address before the parliament was broad as the heavens above us, embracing the best in all religions, as the ultimate universal religion’. Another comment was: “‘That man a heathen!’ said one, as he came out of the great hall, “and we send missionaries to his people! It would be more fitting that they send missionaries to us (America)”. The Swami’s historic speech changed the global religious discourse forever.

He lived a little over eight years after he stormed America and spent half that period in India and the other half outside. In that short time, what he achieved for India, Hindu spiritualism and India’s Independence is immeasurable. His nationalist exhortations deified the nation, seeded the freedom movement and inspired great leaders. Mahatma Gandhi said that reading Vivekananda had made him love the country ‘hundred fold’. Jawaharlal Nehru saw the Swami as one of the great founders of the national movement, who inspired freedom fighters. Subhash Bose saw in Vivekananda “the spiritual father of modern nationalist movement”. Rajaji said that but for Vivekananda we would have lost our religion, not have gained our freedom; we owed everything to him”. Rabindranath Tagore said ‘if you want to know India, study Vivekananda’. Mystic nationalists like Maharishi Aurobindo and Subramanya Bharathi too were inspired by

him. The British police, which repeatedly found Vivekananda literature in the possession of freedom fighters and revolutionaries, even mulled action against Ramakrishna Math. Vivekananda was the spiritual trigger for national freedom.

A rishi that he was, Vivekananda foresaw the rise of India a century before it began. When the world had written off the Hindu religion as worthless, Indian civilisation as dead, and Indians were slaves, the young seer said, “I do not see into the future; nor do I care to see. But one vision I see as clear as life before me is that the ancient mother has awakened once more, sitting on her throne more glorious than ever. Proclaim her to the entire world with the voice of peace and benediction.” The young sanyasi’s vision then would have been dismissed as brain disorder. Today as the nation is preparing for his 150th birth anniversary, like many other think-tanks have prognosticated, the National Intelligence Council of the United States said last month that, by 2030, India will overtake China and will emerge as one of the three world powers, with the US and China.

Turning to America that was fast rising then, Vivekananda prophetically told the Americans that they should import spiritualism from India to handle the ill-effects of their material prosperity. The rich America did not listen to the Indian mendicant. The result is that today half the American families are broken, 41 per cent of the US babies born are for unwed mothers, and 55 per cent of American first marriages, 67 per cent of the second and 74 per cent of the third marriages end in divorce — all in-

stances of the huge spiritual crisis in the US. When Eleanor Stark wrote in her book *The Gift Unopened* that Vivekananda was the unique gift for the mankind that was still not opened, she was particularly true of the US.

Vivekananda repeatedly asserted that the core of India is religion and spirituality. A materially rising India needs to turn even more spiritual. The Supreme Court (in the Ayodhya case) approvingly referred to the Zakir Hussein Memorial Lecture of Shankar Dayal Sharma (President of India then) in which Sharma had said that ancient Indian thought provided for “developing Sarva Dharma Samabhav or secular thought “which enlightenment is the true nucleus of what is now known as Hinduism.” However, vote-bank politics of secularism is increasingly repudiating Hindu spiritual content. This threatens to de-Hinduise and de-spiritualise India.

The nation that Swami Vivekananda loved, breathed and gave his life for, is under great moral stress, with stinking corruption and shameless debauchery by public office holders. Today’s youth is angry, but directionless. A desperate nation is now recalling, and looking to, Vivekananda and his great thoughts for course correction. Today is the 150th birth anniversary of the patriotic monk. This is the occasion to reconnect the Indian youth to him. Posthumously, the young monk, still living in the hearts of Indians, is the most charismatic youth icon. Did he choose to die young at 39 to remain youthful ever, to inspire and guide the youth of India eternally? □□

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Swami Vivekananda: The Context of Women Emancipation

The young of India have shown readiness to shoulder their responsibility to create a new India. They may like to ponder over seriously on what the great Swami had said to his followers when he was training them at Belur centre after his return from abroad in 1900, believes J.S. Rajput

India begins its celebrations of the 150th birth anniversary of Swami Vivekananda at a juncture of history that would have caused him immense pain and anguish. The last fortnight of 2012 shamed India - how inhumanly we treat our women! Not only this, more shocking were a good number of statements that came from politicians and even self-styled and corporatized God-men. They brought to the fore how shortsighted our 'educated' and 'enlightened' leaders are! Over hundred years ago, Swami Vivekananda had forcefully articulated the

cause of India's downfall: "In India there are two great evils, Trampling on the women, and grinding of the poor through caste restrictions". Those who ascribe the crimes against women to the influence of western culture may like to recall Swamis' admiration of the way west treated their women;"

Here (America) men treat their women as well as can be desired, and hence they are prosperous, so learned, so free, and so energetic. But why is it that we are slavish, miserable, and dead? The answer is obvious". He goes on to elabo-

rate that though our scripture describe women as Shakti; our treatment of them is just a shocking example of giving them dishonor and disrespect. That is the reason why 'our country is the weakest and the most backward of all countries! Known to call a spade a spade, he pointedly asked how sex discrimination could be practiced by those who accept that the same conscious 'Self' is present in all beings. He was very clear that 'there is no chance for the welfare of the world unless the condition of woman is improved'. In the Indian context he knew it clearly and repeatedly reiterated that the only key to improve their lot was the expansion of education.

Indian women have many and grave problems but 'none that are not to be solved by that magic word 'education'. That alone would be the path to prepare them 'acquire the spirit of valour and heroism'. How prophetic were his words when he said 'in the present day it has become necessary for them also to learn self-defense'. In the present times, it appears to be the most critical lesson that has to be imparted to every girl and every woman. He wanted Indian women be taught sciences and other things which would be of ben-



efit not only to them but to others as well. In his times it was a bold statement as girls were found suitable to read science and mathematics only after the 1968 National Policy on Education based on the recommendations of the Kothari Commission was implemented. Even at that stage, many state governments were unwilling to implement it citing various reasons. Madhya Pradesh government conducted its first class ten examinations under this scheme only in 1986. Such delays and reluctance indicates how tough it has always been to change the age-old perceptions on education and intellectual capabilities of women.

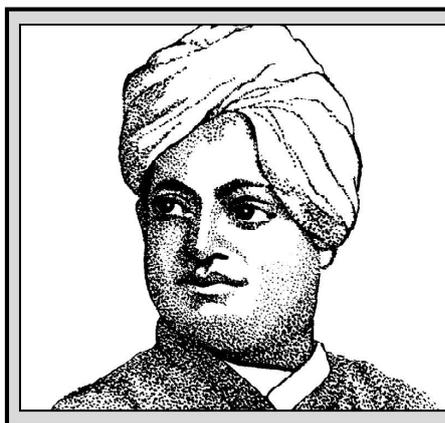
Addressing the American audience he said 'I should very much like our women to have your intellectuality, but not if it must be at the cost of purity'. Chastity and purity he emphasized but it was not only for women but for both men and women. He wanted the priestcraft to be removed. It may be relevant to recall his experiences in America which appear relevant in this context. Once he became known in America, there was no dearth of admirers of all age groups. It included young women charmed by his mental strength and attractive appearance. He was pursued by hoards of them practically all the time. Many of them offered huge wealth inherited from their parents with one simple request: accept me also with it! The lady host was worried that the learned monk, furiously being pursued by the young ladies may fall for their charm. 'If you could resist this challenge, you would be just God' she is supposed to have told him. To Vivekananda, they all were embodiments of mother force! He

was convinced that the prosperity of United States was because of the contribution made by their women who were not shackled by the domination of men. He wanted women world over treated as equals, unfettered by social restrictions and religious taboos. His solution: 'Educate your women first and leave them to themselves; then they will tell you what reforms are necessary for them.'

What made education uppermost in his mind? It was the key to transform the lot of the suffering millions of his suffering countrymen, women prominently in-

its women against all possible odds.

The young of India have shown readiness to shoulder their responsibility to create a new India. They would need 'tremendous perseverance and tremendous will'. They shall not permit despair to arise even in the worst of conditions and situations. He advises young to be ever strong, 'strength is life, and weakness is death'. Every young person may like to ponder over seriously on what the great Swami had said to his followers when he was training them at Belur centre after his return from abroad in 1900: "Tell me what you



'Educate your women first and leave them to themselves; then they will tell you what reforms are necessary for them.'

cluded. His concern for the weak manifests in the words that the present-day management Gurus would find golden: "Material civilization, nay even luxury, is necessary to create work for the poor. Bread! Bread! I do not believe in God who cannot give me bread here, giving me eternal bliss in heaven". To him "These common people have suffered oppression for thousands of years- suffered it without murmur, and as a result have got wonderful fortitude". Further, these people 'have got strength that comes of a pure and moral life, which is not to be found anywhere else in the world'. In India that has been sustained by

have done. Couldn't you give away one life for the sake of others? ...Let this body go in the service of others – and then I shall know you have not come to me in vain." His vision, imbued with his concern, manifests so clearly in the following words: "A hundred thousand men and women, ... nerved to Lion's courage by their sympathy for the poor and fallen and downtrodden, will go over the length and breadth of the land, preaching the gospel of salvation, the gospel of help, the gospel of social raising up – the gospel of equality."

Will the young of India rise to that expectation? □□

Respect for womanhood: Cherished value in Bharat

Difference between 'India' & 'Bharat' is pointed out by greatest historian of the 20th century Dr. Radha Kumud Mukherjee as early as in 1954 in his book titled "Fundamental Unity of India, says Justice Rama Jois

Difference in meaning of 'Bharat' and India and marriage as a sacrament and contract.

It is really surprising that statements of Mohan Bhagwat on the above matters are being misinterpreted. The first statement when Bhagwat pointed out that rape takes place in 'India and not 'Bharat', he only meant that women are worshipped as mother in Bharat as is evident from the words used in the convocation address to students in 'Taittiriyaopanisad as 'Matru Devobhava' to which mother is God incarnate who provides everything and gives protection to her children. Thus, women in Bharat is 'Poojya Vastu' [object of worship] whereas under western materialistic life style when Bharat becomes India she becomes 'bhoga vasthu' i.e., object of sexual pleasure and therefore rape or sexual onslaught on women takes place there which is a stark truth.

There is such a difference between 'India' and 'Bharat' is pointed out by greatest historian of the 20th century Dr. Radha Kumud Mukherjee as early as in 1954 in his book titled "Fundamental Unity of India" thus:

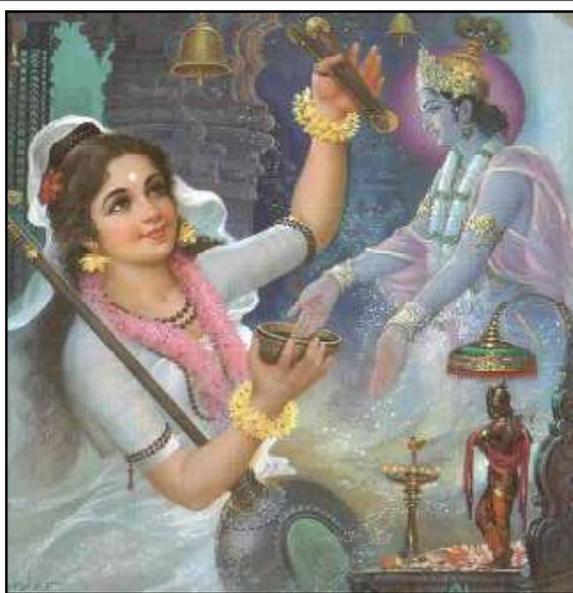
The name Bharata Varsha is not a mere geographical expression like the term 'India having only a physical reference. It has a deep historical significance symbolising

a fundamental unity.

The Rig-Veda, one of the oldest literary records of humanity, reveals conscious and fervent attempts made by the rishis, those profoundly wise organisers of Hindu polity and culture, to visualise the unity of their mother-country, nay, to transfigure mother earth into a living deity and enshrine her in the loving heart of the worshipper.

Respect for womanhood has been the most cherished value of Bharat from times immemorial and therefore the very mentioning of that word conveys that feeling which may not be the position when the word India is used which at present is more influenced by western materialistic life style.

Then coming to the second statement of Mohan Bhagwat, he was only pointing out that marriage in Bharat is sacrament and not a contract which can be revoked or severed at any time according to the choice of husband or wife as the case may be. As far as the status assigned to women in Bharat, what he meant was the same as the eminent English author Kerry Brown



in her celebrated book 'Essential Teachings of Hinduism while answering the adverse comments made against the verse in Manu Smriti where it is said that at every stage of the life of a woman, it is the responsibility of males as father or husband or sons as the case may be, to protect her having regard to the fact that she is a woman. No answer or argument can be more forceful as made by Kerry Brown at para 238 of her book thus:

In Hinduism a woman is looked after not because she is inferior or incapable but, on the contrary, because she is treasured. She is the pride and power of the society. Just as the crown jewels should not be left unguarded,

[Continued on page no. 11]

License Raj is dead. Licensor is not



The near decade of India under Dr Singh has convinced most that India is an Absentee State, where governance is grossly missing and rule of law virtually non-existent, asserts MR Venkatesh

The days of denial by our government are certainly over. Successive economic data shows up that something is structurally flawed within our economy. The government may be reluctant to admit it. But the fact remains we are now heading for another economic crisis. And the root cause? Government and lack of governance.

More to the point, India is no longer regarded as a soft state - a term invented by Gunnar Myrdal, the noted Swedish Nobel Laureate. Myrdal used this term in his classic Asian Drama to describe a general societal "indiscipline" prevalent in South Asia.

That was in a distant past, within a decade or two of India attaining her independence where the Indian government could well have been probably soft, but importantly did exist. Now consider the present.

The near decade of India under Dr. Singh has convinced most that it is no longer a case of a soft state. Rather, it is an Absentee State, where governance is grossly missing and rule of law virtually non-existent. And even in a case where law exists, order does not. That explains my conclusion that the Government of India is the cause, not solution, to most ills plaguing

the Indian economy.

At the root of the present economic crisis is lack of governance to the point that it is impacting us at every level. Governance deficit - as it is popularly called - has come to a pass that it is no longer the cause of a lower economic growth; it is no longer the difference between an 9 per cent potential growth rate and an actual 6 per cent growth rate.

Governance deficit, let us not forget, adversely impacts production of ordinary goods (and even in some cases services). This lack

of production is the fundamental cause of inflation in India as more money chases lesser goods. Now to control inflation, government is forced to import. This leads to higher trade deficit and consequential current account deficit.

As current account deficit increases, pressure mounts on India's perennially weak external sector. This in turn puts the rupee on a downward spiral. Basic economics tells us that a weak currency is a cause, not antidote, for inflation.

As inflation increases, the Reserve Bank of India (RBI) is forced



to intervene with the instrumentality at its command viz., by increasing interest rates. Experiences of the past few years demonstrate that this (feeble) attempt by RBI to control inflation is akin to applying pain balm when chemotherapy is the need of the hour. Nevertheless, increased borrowing adversely impacts Indian economy.

Interestingly, elevated interest rates - the cumulative effect of UPA (United Progressive Alliance) rule is held to be the villain of the piece. Crucially, mal-administration - under an economist Prime Minister - the genuine villain of the piece is forgotten in the melee. And that is the crux of the issue.

The Financial Stability Report of the RBI

The sixth issue of the Financial Stability Report (FSR) of the RBI was issued on December 28th 2012. This report brought into sharp focus the structural weakness of our economy accentuated by certain unsound economic policies of the UPA government, heightened by its failure to uphold the majesty of law and of course compounded by corruption.

Chronic inflation, the net result of all this, over the past few years has taken its toll on our economy as it robbed people of their savings. As savings rate declined, domestic investment increasing became to depend on foreign capital flows. The intellectual dishonesty of our government began to be exposed as a necessity of such flows was converted into a virtue and passed as reforms!

That is not all. Lending rates were sufficiently raised to deter growth but borrowing rates were not raised in tandem to improve savings, notably financial savings. As

inflation outpaced interest rates, savings got channeled into gold, which as we all know is substantially imported into India. This widened trade deficits and put additional pressure on the Rupee.

A depreciating rupee automatically makes gold attractive - a fact lost on most in our establishment. In contrast, an appreciating rupee could possibly make gold unattractive. But that is easier said than done for reasons explained above. That explains the country's fixation to gold.

Yet, the FSR innocently states that external sector imbalances remained a worry. It adds that rising gold imports have worsened the current account deficit, little realising that gold imports are not the cause, but effects of a larger malaise within the economy. No wonder, a lower proportion of household savings is now channeled towards financial products.

Further, lower economic growth has significantly stressed out some of our leading corporate to service their debt. Some industrial groups with greater exposure to key infrastructure sectors like power have witnessed higher leverage in recent years.

Naturally, asset quality of the banking system has come under unprecedented stress making loan portfolios of banks risky. This has made our financial sector vulnerable. Simultaneously, lower growth has the calculated effect of dynamiting the finances of the government on account of lower revenues. Surely, we run a risk of potential downgrade by international rating agencies. And should that happen, a financial Tsunami is bound to hit us.

There is yet another dimen-

A depreciating rupee automatically makes gold attractive - a fact lost on most in our establishment.

sion to the debate - the subsidy conundrum. Government borrowals to fund deficits leaves very little of savings within the domestic economy. This crowding out by the government is yet another cause of our economic under-performance. The issue once again is not subsidy per se but the manner in which we (inefficiently) administer our food, petroleum or fertiliser subsidies.

Under this paradigm, as the government contemplates controlling subsidies, vested interest within the system ensure that subsidies are neither controlled nor are they administered efficiently. Surely an unenviable position for Indians!

Mal-Governance-the rot within

Gurucharan Das in his recent work titled "Grows at Night - A liberal Case for a Strong State" points out that a power plant in a "liberalised" India and with an economist as a head of its government required 118 - yes 118 - approvals. This is where India needs to reform-reforming Babudom.

Press reports point out that over two dozen projects of the government in key areas of infrastructure had been struck after permission had been given by the government. Obviously, the Government buckled to some groups - possibly a handful of people, potential competitors or other extraneous pressure. A buckling state (or is it a conspiring state?) inspires

no confidence from any investors, foreign or domestic.

Similarly, the Economic Survey presented to the Parliament in February 2012 tracked the progress of 583 projects in different sectors. Of these, only 7 were reportedly ahead of schedule, 166 were on schedule, & 235 were delayed. Interestingly, 175 projects were sanctioned without specifying any commissioning schedule. So no question of any delays in such cases!

The delays also imply a cost overrun in excess of 15 percent. The maximum number of projects delayed belong to road transport and highways (90), followed by power (45), petroleum (29), railways (26), & coal (17) [Source Para 1.29 of Economic Survey 2012].

Apparently, the rot is fairly deep. Primary deficits, revenue deficits, fiscal deficits, current account deficits, trade deficits, inflation, interest rates and other negative macro-economic parameters are all symptoms of a larger malaise. The real issue is governance deficit - the mother of all deficits. What is lost in the debate is the impact of an Absentee State on our economy.

The 118 approvals provide a context to our discussions. And any one of the 118 government officer has the potential to derail a multi-billion dollar project on one pretext or the other. Remember, discretion and insensitivity are the soul of our bureaucracy. In the alternative he needs to be bribed to provide the necessary approvals. Either way a disaster.

To improve our infrastructure we need to professionally evaluate crucial projects, take unbiased administrative decisions and quickly bring them to financial closure. That explains why we need

sweeping administrative reforms.

For stalling the nation's progress we also pay them through our nose. Remember that India's bureaucracy is one of the most well paid globally and possibly the least accountable with highest levels of collective inefficiency.

Economists repeatedly tell us that improving our infrastructure would put production of goods back on track. That would instantly curtail inflation and lower imports. This in turn would bring down trade deficits and improve finances of governments. But the billion dollar question remains: If the deal were that simple, why is

our government not in a position to improve our infrastructure?

The answer to this question is not far to seek. For nearly two decades since reforms – we have actually not reformed our administration and thereby limited the interference of our government! The day we reduce 118 approvals into simply 1 and get it (or get rejected) within a week we can claim to have liberalised sufficiently.

Till now we have only created a charade and deluded ourselves on reforms. License Raj may be dead. The licensor is definitely not. The time for administrative reforms is just now. □□

[Continued from page no. 8]

Respect for womanhood – Cherished value in Bharat

neither should a woman be left unprotected. No extra burden of earning a living should be placed on women who already bear huge responsibilities in society; childbirth; child care, domestic well being and spiritual growth. She is the transmitter of culture to her children.

Marriage and family life have always been an integral part of spiritual growth, not a means of self-gratification. It is the second stage in the four stages of life leading to perfection, following that of the celibate student and preceding retirement and full renunciation. Therefore, the romantic view of marriage is not accepted. The couple are spiritual partners, each supplementing the other as they proceed towards the ultimate goal. Marriage is lived in a spirit of discipline, duty and service.

No one not even those who

are opposed towards RSS can deny that RSS respects every woman as equal to mother and marriage as a sacrament and a permanent bond as declared in Manu Smriti that “Mutual fidelity and love is the Dharma to be observed by husband and wife throughout their life”. [Manu Smriti.9-101]

I have been in RSS since when I was aged 13 years and I am fully conversant with the principles and ideals of RSS and no amount of misinterpretation can mislead me or those who know what is true about RSS.

What Mohan Bhagwat meant was that these fundamental or basic structure of Bharatiya family life which constitute the foundation of our National life should be kept intact notwithstanding the important role of women in every sphere of National activity at present. □□

Should we bailout the Western countries?



*The fiscal stimulus being given by the Western countries is being funded by monies borrowed by Indian people by deposits in Swiss Banks through hawala. **Dr Bharat Jhunjhunwala***



Two mutually contradictory news are emanating from the Western countries. On the one hand industrial production is rising, share markets are stable if not moving upwards, numbers of claims for unemployment compensation are declining and expectation is that the global crisis is behind us. On the other hand a condition of the common man appears to be deteriorating. A psychologist working for the British Government told of elderly people dying in their houses because they did not have the money to buy oil for heating their

houses. Teachers are complaining that reduction in size of the mid-day meal is depriving students from poorer households of their only full meal of the day and affecting their learning abilities. The caretaker of a tourist windmill in the Netherlands told that number of visitors had declined because groups of students are not coming because of cut in the school budgets. Employees of a telephone company in that country are facing layoff because the bookkeeping work is to be outsourced to Philippines to reduce costs.

These mutually contradictory news are rooted in the fiscal stimulus packages implemented by their Governments. They have taken loans or printed notes and provided easy loans and tax reliefs to their banks and companies to tide over the present economic crisis. These reliefs are leading to reduced costs and higher profits for the companies but the underlying economy continues to be weak and the jobs and living standards of the poor continue to be under strain. Earlier these Companies were making hi-tech goods like jet airplanes and semiconductors and exporting them at a huge profit. They have started producing these goods in the developing countries like India, China and Vietnam nowadays because labour is cheap here. As a result Western countries are able to export fewer goods. Their factories are closing down. Governments have fewer revenues with which to provide mid-day meals to the students. The Companies are doing well but the people are suffering.

Question is whether these good conditions will be sustainable or the Western economies will again be faced with recessionary conditions? Many analysts consider the present uptrend to be for real. I am not convinced. The present improvements in the

growth rates and buoyancy in the share markets are artificially induced and will prove to be temporary. Say, a person is suffering from malnutrition because he lost his hi-paid job and refused to accept a lower-paying one. He is taken to a hospital for treatment. The doctor gives him glucose and he feels well again. This improvement in health is not sustainable because the patient still does not have the money to buy food. Similarly, the Western economies are suffering because they have lost their hi-tech advantage and are refusing to adjust to lower levels of income. This hard truth is being covered up by providing a fiscal stimulus. They are feeling well again at the present. This improvement in health, however, is not sustainable because they do not have the means to compete with cheap goods produced by the developing countries. This reality will clearly hit them after the stimulus packages come to an end. For this reason my assessment is that the economic crisis in the Western countries will soon come back with a vengeance. We have to decide our policies in this backdrop.

The main issue from India's point of view is that the fiscal stimulus being given by the Western countries is being funded by monies borrowed from us. The money sent by Indian people for deposit in Swiss Banks through *hawala*, for example, is being used by the Swiss Banks to buy bonds issued by the governments of the Western countries. The Western countries are using that money to give tax reliefs to their companies under the stimulus package. Also, China and few other countries are directly buying bonds issued by these countries. The developing

countries have to decide whether to continue to provide monies to the Western countries or to turn off the tap and use that money to increase consumption of their own people. For example, the Western countries will not get easy funds if the Indian Government takes effective measures to bring back the black money stashed abroad.

Prime Minister Manmohan Singh is of the view that we must assist the Western countries, especially the European countries presently facing distress so that the world economy does not weaken, our exports remain buoyant and we continue to get FDI from them. In my assessment we will not get these benefits even if we bail-out the European Governments. The Western Governments will be increasingly burdened by debt if we lend to them. The interest rates at which they will be able to sell bonds will rise. This will lead to increase of interest burden and worsening of their fiscal situation. Soon they will have to raise taxes and that will erode the ability of their citizens to buy carpets from India and also erode the ability of their companies to make FDI in India. We can see this happening presently. New bonds issued by the Government of Greece are being required to pay interest of 22 percent, those issued by Portugal 13 percent and those issued by Hungary 9 percent. The presently stable countries like Germany and United States will also face increasing difficulties as the weakness of the developed countries spreads from the periphery to the center. Manmohan Singh should understand that health of a rich man who has fallen on bad ways due to not taking a less-paying job can-

The economic crisis in the Western countries will soon come back with a vengeance.

not be improved by giving him glucose. He will necessarily have to start working again even if it pays lower wages. The Western countries have attained their present high standards of living by selling hi-tech goods and extracting natural resources of the poor countries by military conquest. Now they have got few goods to sell to the developing countries and they do not have money to wage wars either. Their Multinational Corporations have dug their own grave by transferring their frontier technologies to the developing countries in the quest of cheap labour. Western countries cannot be saved by providing easy loans. They have to necessarily adjust to lower standards of living.

Manmohan Singh wants to save the Western countries from the coming hard times. This is okay from the standpoint of the principle of *Vasudev Kutumbakam*—the whole world is one family. But they will have to produce cheap goods to revitalize their economies. Manmohan Singh should not mislead them by providing cheap loans and hiding the necessity of adjusting their wages downwards. He should tell them that one logical consequence of globalization is global equalization of wages. He should ask them to lower their standards of living instead of helping them maintain their present high standards. □□

Why India needs to prepare for the decline of the West



The reality, that the west is in decline and many of its institutions are failing, has still not struck us and we will continue to try and imitate them – including dysfunctional family systems. Today funds are in search of markets and not the other way round. Instead of heading global institutions, we should acquire them, pleads Prof Vaidyanathan

Two reports released in the US will have significant and far-reaching implications for countries like India. These reports are: *Global Trends 2030: Alternative Worlds*, by the US National Intelligence Council, and *US Strategy for a Post-Western World: Envisioning 2030*, by the Atlantic Council.

These reports should be read and digested by countries like India as we need to prepare strategies to deal with the post-Anglo-Saxon era. The reports are available.

In an earlier article, *Decline of the West*, we had expected the decline to accelerate in the coming years. The decline stems not only from the shift in economic power, as the above two reports suggest, but from a fall in societal values.

Massacre of school children in Connecticut is yet another indi-

cator of the loss of sovereignty of the family. The gunman could have come from a dysfunctional family system and gun culture is destroying the US social fabric.

In the earlier article, we had recalled the pioneering study of Angus Maddison for the OECD, in which he demonstrated that till 1820 India and China had nearly 50 percent of the global GDP before their decline started. From that point of view, we are “re-emerging markets” and not emerging markets. Nearly 200 years of western dominance are coming to a close, and, as predicted by Sri Aurobindo, “India will rise from the ruins of the western civilisation.”

The above mentioned two reports tell us something we always hesitate to believe till someone from the west confirms it for us.

The reports indicate how China and India will be more powerful than the US by 2030. One of the reports also suggests that Asian cultures will supersede America’s and Europe’s in 20 years as the global middle class grows. But it also predicts that competition for resources, including food, space and water, will be fierce.

Five trends which will have far-reaching implications for the west and us are the

following:

- The west’s problems are related to the decline of the family as an institution and household savings.
- Demography is increasing the proportion of old people in the population.
- Rising longevity is leading to a social security crisis which will bankrupt governments.
- The decline of the church and belief systems – both in Europe and US – could have major implications
- The Westphalia consensus about the sovereignty of nations which are not western/white is over.

These trends have not been adequately dealt with in the main reports possibly because they are focused more on economics, energy, etc. But the building blocks of any civilisation start with the family, and this has gone for a six in the western world without alternate institutions emerging.

During the early nineties, more than 50 percent of global GDP, adjusted for purchasing power parity, was with the G7 countries (predominantly white/western), with the major emerging markets like India and China accounting for 36 percent. But this has already reversed. It is expected that the original G7 countries will have less



than 30 percent of global GDP by 2020. Also, the forecast for growth rates in the coming years is either negative or a very low number.

The unemployment rate in many European countries like Spain and Greece is more than 20 percent and among youth (aged 16 to 24 years) it is nearing 50 percent. Europe had nearly 25 percent of the world population during World War I and now it is around 11 percent and expected to be 3-4 percent in another 20 years.

Britain has fallen out of love with marriage. The 2011 Census shows that the number of married people has fallen to 20.4 million, nearly 200,000 less than a decade ago. A quarter of the people in England and Wales are single, while the number of those cohabiting has risen from 9.8 percent of the population to 11.9 percent. Growing numbers of people are also choosing to divorce.

The breaking up of the family has put tremendous pressure on the state to sustain single parent/single women families and also the elderly. This has put their social security schemes – if at all funded – under strain.

Europe has become secular, which is a euphemism for renouncing or ignoring the church. For instance, the recent census in the UK has revealed that there has been a decline of 12 percent in people belonging to Christianity and 25 percent of the population said they had no faith – an increase from 15 percent a decade earlier.

The UK is also exhibiting tendencies in societal behaviour more typical of third world countries. For instance, urinating in the streets is becoming a major issue and the town of Chester is using

innovative ways to punish offenders like asking them to maintain local heritage sites.

The French are grappling with the issues of illegitimacy and failure of the family system. An ex-French law minister had simultaneous relationships with eight men and it is becoming difficult to ascertain who is the father of her kid. In another decade, many French kids may be able to identify their fathers only through DNA tests.

The USA is facing similar issues. In 2010, more than 50 percent of children were born out of wedlock and illegitimacy is the new norm. Among blacks, it is 75 percent and among Latinos more than 55 percent.

The US faces an unprecedented crisis since families have been nationalised and businesses privatised. Society has become dysfunctional. This year, more than half the births are of non-white children, giving rise to the possibility of the US becoming a non-white majority country in another 30 years when Spanish and Chinese could become major languages. This could have a tremendous impact among Mid-West and Southern Bible-thumpers like Rush Limbaugh. This could give rise to sharper social conflicts and open up the old civil war fault lines.

According to a report in *The Wall Street Journal* last year (10 October 2011), nearly half of US households received some form of government benefits like food stamps, subsidised housing, cash welfare or Medicare or Medicaid (the federal-state healthcare programme for the poor) or social security. The US is also a stock market economy where half the households have investments, and

recent bank and corporate failures have hit them hard.

Under the circumstances India needs to strategise for the future.

We should recognize that for most of the Indian elite, their umbilical cords are linked to the west. Many of them are/were educated in the US or Europe, and most of them have their children studying or working there. Due to colonial genes, acceptance/recognition by the west is critical for average middle class Indians.

The danger is that we are going to buy their failed models when they are in decline. They will try to sell us everything they have, and we will buy because of our colonial genes. They will hire more Indians to head global companies as showpieces in order to penetrate our markets.

The reality, that the west is in decline and many of its institutions are failing, has still not struck us and we will continue to try and imitate them – including dysfunctional family systems. We should recognize that we are a civilization and not just a market. Today funds are in search of markets and not the other way round. Instead of heading global institutions, we should acquire them.

Civilisationally, we are nearer to the East than the West. We should take the lead along with others in the East to create alternative institutions to the World Bank, the IMF and the UN. The need is to recognize that the old debate about big business or big government is passe. Our ability to look beyond Marx and market into our thriving communities and bazaars will provide us answers to many issues.

Will India, as Aurobindo mentioned, rise from the ruins of the West? □□

Ever thing is not Good for Developing Countries in Global Economic Scenario



*More than Four years have passed when Global Financial crisis disturbed not only the developed country but developing countries also seriously. Situation has not changed. High income countries have so many fronts to address their problems but developing countries generally fail to readdress the issue at its own level. The Human Development Report 2013 has focused on vibrant south globe. But path ahead for developing countries is full with bumpers and challenges. A summary of latest report of World Bank related to the issue is primed by **Vidyanand Acharya***

Last year developing countries recorded among their slowest economic growth rates of the past decade, partly because of the heightened Euro Area uncertainty in May & June of 2012. Since then, financial market conditions have improved dramatically. International capital flows to developing countries, which fell 30 percent in the second quarter of 2012, have recovered and bond spreads have declined to below their long-term average levels of around 282 basis points. Developing-country stock markets are up 12.6 percent since June, while equity markets in high-income countries are up by 10.7 percent. However, the real-side of the economy has responded modestly. Output in developing countries has accelerated, but is being held back by weak investment and industrial activity in advanced economies.

“From hopes for a U-shaped recovery, through a W-shaped one, the prognosis for global growth is getting alphabetically challenged. With governments in high-income countries struggling to make fiscal policies more sustainable, developing countries should resist trying to anticipate every fluctuation in developed countries and, instead, ensure that their fiscal and monetary policies are robust and responsive to domestic condi-

tions,” said **Kaushik Basu**, Senior Vice President and Chief Economist at The World Bank.

The World Bank estimates global GDP grew 2.3 percent in 2012, compared with last June’s expectation of 2.5 percent. Growth is expected to remain broadly unchanged at 2.4 percent growth in 2013, before gradually strengthening to 3.1 percent in 2014 and 3.3[1] percent in 2015. Developing-country GDP is estimated to have grown 5.1 percent in 2012, and is projected to expand by 5.5 percent in 2013, strengthening to 5.7 percent and 5.8 percent in 2014 and 2015, respectively. Growth in high-income countries has been downgraded from earlier forecasts, at 1.3 percent for 2012 and 2013, firming to 2.0 percent in 2014 and 2.3 percent by 2015. Growth in the Euro Area is now projected to only return to positive territory in 2014, with GDP expected to contract by 0.1 percent in 2013, before edging up to 0.9 percent in 2014 and 1.4 percent in 2015. Overall, global trade of goods and services, which grew only 3.5 percent in 2012, is expected to accelerate, expanding by 6.0 percent in 2013 and 7.0 percent by 2015.

“The weakness in high-income coun-

tries is dampening developing-country growth, but strong domestic demand and growing South-South economic linkages have underpinned developing country resilience – to the point that, for the second year in a row, developing countries were responsible for more than half of global growth in 2012,” said **Hans Timmer**, Director, Development Prospects Group, the World Bank.

Downside risks to the global economy include: a stalling of progress on the Euro Area crisis, debt and fiscal issues in the United States, the possibility of a sharp slowing of investment in China, and a disruption in global oil supplies. However, the likelihood of these risks and their potential impacts has diminished, and the possibility of a stronger-than-anticipated recovery in high-income countries has increased.

Although fiscal sustainability in most developing countries is not an issue, government deficits and debt are much higher today than in 2007.

“To assure resilience to downside risks, developing countries need to gradually rebuild depleted fiscal and monetary buffers, and improve social safety nets and food security,” said **Andrew Burns**, Manager of Global Macroeconomics & lead author of the report.

Growth in the **East Asia and**

Pacific region slowed to an estimated 7.5 percent in 2012, from 8.3 percent in 2011, largely due to weak external demand and policy actions in China to contain inflation. Growth in the region, excluding China, slowed less quickly due to robust domestic demand. Economic activity throughout the region accelerated toward the end of the year as global financial markets stabilized and policies in China became more accommodative. Regional GDP growth is projected to pick up to 7.9 percent in 2013 before stabilizing at around 7.5 percent by 2015, with China's economy expanding at 8.4 percent in 2013, before easing to 7.9 percent by 2015. Ex-China, regional growth is forecast to average 5.9 percent over 2013-2015 on strong domestic demand and intensified global trade flows.

GDP growth in **Europe and Central Asia** is estimated to have slowed sharply to 3 percent in 2012 from 5.5 percent in 2011 as the region faced significant headwinds, including weak external demand, deleveraging by European banks, summer drought and commodity-price induced inflationary pressures. Growth slowed most in countries with strong economic linkages to the Euro Area, while it was relatively robust in resource-rich economies that have benefited from high commodity prices. GDP growth in the region is projected to rebound to 3.6 percent in 2013 and 4.3 percent by 2015. Medium-term prospects for the region will critically depend on progress in addressing external (large current account deficits) and domestic (large fiscal deficit, unemployment, and inflation) imbalances, lack of competitiveness, and

structural constraints.

In the **Latin America and the Caribbean** region GDP declined to an estimated 3 percent in 2012 (from 4.3 percent in 2011) because of a marked slowdown in domestic demand in some of the largest economies in the region and a weak external environment. Growth in Brazil, the region's largest economy, expanded only an estimated 0.9 percent in 2012. A more accommodative policy environment, stronger capital flows (notably FDI) and more robust external demand are expected to lift regional growth over 2013-2015 to an average of 3.8 percent. Labor and tax reforms underway in some of the larger economies, and a drive to boost infrastructure investment should help address some of the structural issues that have constrained growth in the region.

Growth in the **Middle East and North Africa** region continues to be affected by political uncertainty and unrest in several countries. Regional GDP is estimated to have grown by 3.8 percent in 2012 (following a 2.4 percent decline in 2011), mostly due to a pickup in Libyan oil output and continued robust expansion in Iraq. Growth among regional oil importers, however, remained sluggish at an estimated 2.5 percent in 2012 (2.4 percent in 2011) due to weak exports and tourism, together with country-specific problems, including a poor harvest in Morocco, fiscal difficulties in Jordan, and continuing uncertainty and weak reserves position in Egypt. Regional GDP growth is projected to slow to 3.4 percent in 2013, rising to 4.3 percent by 2015, assuming an easing of the current uncertainty and domestic unrest, a strengthening of

tourism, and a recovery of the region's exports as global demand continues to firm.

In **South Asia**, growth weakened to an estimated 5.4 percent in 2012 (7.4 percent in 2011), mainly due to a sharp slowdown in India, where GDP growth (measured at factor cost) is forecast at 5.4 percent in the fiscal year ending March 2013. Weak global demand exacerbated region-specific factors, including subdued investment growth, electricity shortages, policy uncertainties, and a weak monsoon. Regional GDP is projected to grow by 5.7 percent in the 2013 calendar year, and by 6.4 and 6.7 percent in 2014 and 2015, respectively, driven by policy reforms in India, stronger investment activity, normal agricultural production, and improvement in export demand. Growth in India (at factor cost) is projected at 6.4 percent in the 2013 fiscal year, rising to 7.3 percent by 2015.

Growth in **Sub-Saharan Africa** remained robust at 4.6 percent in 2012. Excluding South Africa, the region's largest economy, GDP output expanded 5.8 percent in 2012, with a third of countries in the region growing by at least 6 percent. Robust domestic demand, still high commodity prices, increased export volumes (due to new capacity in the natural resource sector) and steady remittance flows supported growth in 2012. However, the expansion was curtailed by domestic factors, including earlier monetary policy tightening (Kenya and Uganda), protracted labor disputes (South Africa), and political unrest (Mali and Guinea Bissau). The region is projected to grow at its pre-crisis average of 5 percent during 2013-15. □□

Akash-2: Deplorable *Techno-Paralytic* Dependence on China



It is indeed the most sinister a design that the country is being pushed into the dark age of 19th century by rendering it externally dependent in most fields of technology one after the other, in the name of liberalization and globalization, cautions Dr. Bhagwati Prakash Sharma

The big bang of claims of the government, from down-town streets up to the UN headquarters, to showcase an altogether outsourced Akash-2 tablet PC as the nation's frugal innovation has once again exposed the growing techno-paralytic dependence of our government upon China. The beginning was made with the outsourcing of telecom hardware leading to total sublimation of manufacturing as well as R&D in that area of vital technology, of crucial dual-use for the economic growth and security of the nation. Now, this wave of rendering the nation externally dependent in most fields of technology, including electronics, power equipments and power plants; largely upon China which is also a security threat of first order for the country, is spreading across the sectors.

The Akash 1 unveiled earlier by the then HRD minister Mr. Kapil Sibal as the flagship of frugal innovation of the country in the field of IT hardware had proved to be a hoax, as the touch screen was altogether resistive to any touch and battery was too shortlived to allow one to operate the device purposefully. The buyers could get nothing except repentance for having chosen that product.

Now, the Akash-2 i.e. second

version of the tablet PC launched after the failure of the Akash 1 was assigned to be developed and tested by the IIT Mumbai. The IIT Mumbai has just passed over the order for the same to the Datawind, a London head-quartered company, registered in Montreal, Canada. The Datawind people then, landed into china, purchased an 'A 13' tablet PC, designed by All Winner Tech of China, and available off the shelf at \$42 (Rs. 2260) per piece there and supplied it in India. These were shipped to India by Kalong Technology Co. Limited and Dasen International Electronics Co. Limited. It is worth mentioning here that the IIT Mumbai is being alleged in the media reports, to have issued a certificate dated October 29 for importing about 20,000 tablet PCs into India and recommended import duty waiver, just day before the launch of the Akash-2.

This ready-to-buy ultra-cheap table PC, available in China off the shelf for \$42, was then launched by nonetheless than the President of India on November 11, and was also showcased in the UN on November 28 as India's innovation-pride, aimed at revolutionizing the education sector. As this product would be made available

to the students at 50% subsidy, the government would thus be subsidizing a technology-development for China, from the Indian Tax-payers' money, at a time when it (the government) is showing its utter inability to subsidise the poor farmers & household consumer in the country.

Moreover, how the government or the IIT Mumbai can claim innocence in this fraud of claiming this ultra-cheap tablet PC available off the shelf in China as an innovation pride of the country, when the government itself has exempted customs duty on its import from china, at the recommendation of the IIT Mumbai ? Had some Indian entity (any firm or an R & D organization or any institute of repute) been subsidized to develop this tablet PC indigenously, India could really develop its technology in this area, which was quite feasible.

It is indeed the most sinister a design that the country is being pushed into the dark age of 19th century by rendering it externally dependent in most fields of technology one after the other, in the name of liberalization and globalization. India was well on the track in most fields of concurrent technology prior to import - liberalization and foreign-investment pro-

motion pursued under the guise of economic reforms. India was well competitive in the field of 1st generation of telecom technology in 90's, pertaining to the development of fixed line electronic exchanges. Our technology was comparable with the concurrent world leaders like Motorola (an American Company) and Siemens (a German Company), the twin world leaders in telecom technology. But, thereafter we did not decide to invest in the development of 2nd generation, 3rd generation and 4th generation of telecom technologies through-out the last more than two decades. Instead, we preferred to promote import of telecom hardware in the post-reforms period. Now, we have become fully foreign-dependent and have been importing most of the telecom hardware for 2G, 3G and 4G, from China at the cost of indigenous technology development and national security. Likewise, in electronics and electrical products as well, our increasing foreign dependence is worrisome.

In electronics, our imports are touching \$ 60 bn mark per annum, second largest after petroleum, and soon it might surpass even the petroleum imports. In electricals as well, in almost all categories of electrical products production is decelerating and there is a sharp decline now, in most categories of electrical products, first time after independence. In electronics, due to elimination of the manufacturing, out of our total dependence upon imports, largely from china, the talented youth is dithering away from opting electronics in B.Tech. and M.Tech. programmes because of drying out of the placement opportunities into that sector in the country. Therefore, India would

not be able to revive R & D and product development in the fields of electronics and telecom even in next couple of decades.

The Indian Electrical and Electronics Manufacturers Association (IEEMA), the apex Indian industry association of manufacturers of electrical, industrial electronics and allied equipment recently released the Q1 FY13 performance of the Rs. 1,10,000 crores (USD\$22 billion) Indian electrical equipment industry is highly alarming. The result shows that for the first time in 10 years the Indian electrical equipment industry has witnessed a negative growth of 2.4% in Q1-FY13 compared to the corresponding period of Q1 FY12 (14.10%).

The transformer industry has seen a negative growth of 7.6% in Q1 FY13 against the growth of 6.6% for the corresponding period Q1 FY 12. The capacitor and cable industry has witnessed a double digit negative growth of 24.8% and 12.9% respectively compared to the positive growth of 20.9% (capacitor) and 44.6% (cable) in Q1 FY12. The routing machine industry has witnessed a negative growth of 2.6% in Q1 FY13 against the growth of 9.6% for corresponding quarter last year.

Unfortunately, in the field of power plants as well, most of the orders for power plants are going to the Chinese companies. Total orders with Chinese companies are for more than 48,000 mw vis a vis for 20,000 mw with BHEL and 5000 mw with L&T, the two major indigenous players. Unfortunately, the order for latest technology based super-critical power plants (thermal) are going mostly to the Chinese companies and the Indian power major BHEL does not have

Serious Downtrend in the Electrical Equipment Industry

<i>FY13 (Y-O-Y growth in % in Q, Final Year 2012-13)</i>	
Transformers	-7.6
Capacitors	-24.8
Cables	-12.9
Motors	-2.6
Switchgear	2.4
Overall	-2.4

any order for Super - Critical Power plants, at a time when the world is moving towards 'super-critical power plant technology' vis a vis sub-critical one, as the former category helps to generate power at less than the 50 percent cost with less pollution and lesser coal consumption vis a vis subcritical technology. The subcritical power plants would soon be outdated. If the Indian power plants sector would not get orders for this new (super-critical) technology - based power plants, India would become fully foreign dependent for power plants as well, like the telecom and electronics sectors, mainly on China, all - through the ensuing decades. In that case, hundreds of vendors supplying components to indigenous power majors would also turn sick, including the main equipment suppliers like BHEL and L&T, leading to total dilution and even dissolution of power plants sector in the country. China is almost on the verge of acquiring 80 percent of the power equipments market in India.

Therefore, it is high time for India to focus on **techno-nationalism**, for product development, R&D and high-tech manufacturing and **economic patriotism** in all purchasing & procurement decisions at the individual and national levels, including a check on irrational imports and foreign capital. □□

Politics of alliance and good governance



There is a need to look and improve the basic components of this election system so that the system gives the righteous candidates for representation, thinks Anil Javalekar

The parliament debate on FDI in multi-brand retail trade and government's win by numbers have brought one thing to forefront and that is the importance of smaller parties and their decisive role in major national policy issues. Recently, it is observed that the democratic principle of simple majority has been forcing majority party in power to compromise and fall in line with minority party/parties having a small number in parliament. In this case of FDI, what has happened is that the decision to allow foreign investors has been taken not by majority parties representing in parliament, Congress, BJP or Communist for that matter, but by smaller parties like BSP and SP with their small number of representatives. This can be described as a great tragedy of Indian democracy where majority par-

ties fail to reach an understanding and leave the decisions to small parties. This is affecting the governance by minority government as also ruling Party's ability to implement their declared manifestoes for which they got the mandate. This may be the right time to revisit the simple majority principle of our democracy particularly when major legislations or policy issues are brought in for discussion or voting in Parliament. There is also a need to do something to reduce the decisive role of smaller parties, regional or otherwise, representing with small numbers in parliament.

1. Politics of Alliance and formation of minority government

It is true that the formation of government with political alliances has gained importance because of split election mandate

where no political party gets clear majority in Loksabha or state assemblies. This alliance politics has raised deeper questions of good governance as well the governance by righteous representatives. The importance of self interest over the national interest has made present political alliances opportunistic. Moreover, small and minor groups are trying to take political mileage by influencing the decisions affecting national interest. Indian representative democracy and its formation of minority government with support of small parties just to get simple majority thus need rethinking.

2. Allow minority government to perform

It is true that the political formation is the convenient form to shape the organized representation of similar thinking at state and na-



tional level and help to build a better system of governance. However, the concept of counting heads to prove majority is hampering the good governance. The good governance is possible only when the political formation has the confidence that they can bring the intended changes and complete its tenure. It is desirable that the majority party with minimum defined numbers forms the government and implements the policies and programmes envisaged in manifesto. This may however, require clear and definite manifesto. It is necessary that major parties adopt some conventions for floor management in Parliament.

One convention can be to take consent from opposition party for the issues not reflected in manifestoes or for major policy decisions affecting long term interest of the nation. This will reduce the role of minor groups apart from making such decisions binding on other opposition parties who are likely to come to power and form the government. This will also restrict the regional parties and their representation influencing the national issues and international positions or their bargaining power.

3. Need reforms in Indian election system

The issue however, goes beyond the political alliances as good governance also expect righteous people representing in parliament and in government. The issues of election reforms are important along with the adoption of some conventions for floor management in parliament by majority parties.

The base of Indian democracy is in its representative character and its system of regular, free and fair elections. The elections are

expected to determine the character and composition of the government, the membership of the two Houses of Parliament, the State Legislative Assemblies, and the Presidency and Vice-Presidency apart from the representations to all other democratic institutions throughout the country. The system of elections has, however, become simple and easy to manipulate by influence of money, muscle and dynastic mode of representation.

There is a need to look and improve the basic components of this election system so that the system gives the righteous candidates for representation. The components that need improvements are the political parties who nominate the candidates, the electorate who vote and the constituencies that form the base of representation. First, there should be strict criteria of personal integrity and clean character as regards to the public life of the candidates desirous of contesting elections as party nominee or independent. Second, The Political Parties should follow some conventions for nominating clean image candidates for elections. Third, the size and shape of the parliamentary or state assembly constituencies should be such that no one group with its block voting should be able to influence the results of election.

4. Righteous representation is must for Good governance

First thirty–forty years of Indian independence saw the good work and social entrepreneurship with personal sacrifice and clean character helping people become politicians. The political parties and national leaders were also supportive for such representations. The

liberalization and globalization mode changed everything. Now there is no need to go for a social entrepreneurship mode to become state and national leader. Loyalty to high command, money and muscle power, capabilities of winning elections and above all some dynastic connections have become main characteristics that can make a person a politician or a leader. Indian politics is now based on winning the elections so as to join the ruling elite class and reap benefits for self and family. Thus there is a need to improve the election system so as to absorb good people with social entrepreneurial background and righteous mindset.

The political parties, national or regional, should also nominate the righteous persons for contesting the elections. It should be remembered that the opportunist representatives pressurize their opportunist parties to take flexible positions and support for alliance keeping their interest in mind with no special position on national or international issues.

5. Reduce the importance of regional political parties

The Indian representative democracy and good governance are affected by one more factor and that is 'state' and its localized political parties. India has adopted the concept of linguistic states and these states have given different identity for representative democracy. The cultural differences and abstract concepts like 'Asmita' played an important role in the division of Indian democracy and the representative character of political parties as also their base of electoral politics and the politics of alliance.

It is important to note that

India, after independence, framed one national constitution but shaped many institutions at national level including that of judiciary and planning process that centralized powers with union government. Many important legislative and economic powers of mobilization and allocation of resources are given to central government leaving only implementation part of most policies and programmes with states. This made the states dependent on centre for most of its resources. The emergence of state level political parties has its roots in this dependence on center that led to the filling of injustice. Therefore, the need is to decentralize the powers to mobilize and allocate resources so that states concentrate and solve most of their development issues at their level. This will reduce chances of local political parties clamoring for justice and also reduce their need to bargain for special packages in lieu of support to national parties at center.

6. National consensus on basic national issues is a must

The political parties have become important component of election system though Indian freedom fighters and constitution makers believed in righteous representatives making righteous choice and taking righteous positions in regard to the national interests and hoped that their loyalty to political or business masters will not clash with national interest. The expectations were that the representatives will work with commitment to the nation and its people and not become victims to cast or class politics. However, this is not happening. The political parties are also taking dif-

Nation and national interest are important as the concept of 'Nation' is still valid and relevant.

ferent positions on many of important policy issues that affect the long term interest of nation and its people. Most of the time, their approach to international trade and finance is also different. This is affecting India's positions and international relations. Nation and national interest are important as the concept of 'Nation' is still valid and relevant. All other nations and their political parties support and protect their national interest. There is therefore a need to have political understanding on many of issues concerning national interest and development model suitable for India. There should be consensus on international positions in regard to international politics as also broad areas of international trade and role of foreign capital.

7. Redefine the role of national and regional political parties

There is no denying that the growing importance of small parties and their decisive role in deciding the national policies have negative impact on governance. In fact, their influence actually devalues the role of majority representations or major national political parties. Therefore, there is a need to redefine the role of national and regional parties particularly in decision making. When it is very clear that the intent of formation of regional parties and con-

tent of their policies are limited to state or region, there is no purpose to allow them to play a decisive role at national level. This has allowed representation of limited vision to play with national vision and damage the national policies and national legislation formation. It is desirable that regional parties concentrate on the development aspect of their state and allow national parties to concentrate on national and international issues. The national level or state level political parties should be very clear in their approach to national issues and India's international positions in all respects before entering into political alliances.

Lastly, it is important to understand that the opportunistic political alliances will serve no national interest and are hindrance to good governance apart from a compromise on democratic principles. This will lead to a deeper crisis in future. First, it is necessary that the election system should be able to give the righteous representatives. Second, the development issues of states and regions should be addressed on priority basis by way of decentralization of mobilization and allocation of resources so that the idea of regional parties loses the arguments of injustice. Third, there is a need to have consensus on national and international issues among the national parties. Fourth, the party in proportionate majority should be allowed to govern for full term to implement its manifesto and take consent of major opposition party on crucial national and international issues. The survival of representative democracy in its true spirit is necessary and for that the survival of 'Good governance'. □□

Patriotism, Congress style, for yet another generation

Rahul's elevation is no game changer but routine Congress protocol sealing the fifth dynastic change within the political conglomerate. The Congress has seen many such routine shifts in the past, the present one is the least sensational of them all, recalls Anirban Ganguly

Whoever said that the Congress 'Chintan Shivir' at Jaipur was meant to do any chintan! That particular activity the party had long outsourced to the Nehru-Gandhi family. The entire Jaipur rigmarole was a planned tableau, with meticulous care taken to push in at the right time – into the CWC meeting venue – white capped Seva Dal minions carrying readymade garlands & bouquets for the faithful acolytes to greet the newly anointed changer of games. Some faithful analysts of course took this 'momentous' opportunity to do what they are best at – pointing at the 'disarray in the Opposition ranks'.

Assuredly, like his Lok Pal speech in the Lok Sabha last August, Rahul's elevation is no game changer but routine Congress protocol sealing the fifth dynastic change within the political conglomerate. The Congress has seen many such routine shifts in the past, the present one is the least sensational of them all.

Between 1920 and 1947, there existed Gandhi's Congress — 'a movement to generate political consciousness' and aspiration to freedom. From 1951 to 1964 it was Nehru's Congress – a party 'intended to capture and retain political power' and to introduce dynastic habits in the Indian body-politic.

From 1967, or more rightly, from 1969 to 1984 there was the Indira Congress which further institutionalised sycophancy and dynastic pae-an-singing. While Rajiv's Congress was an example in how to squander away a massive democratic mandate through an adherence to that sycophantic culture, Sonia's Congress essentially hastened the process of turning the party into a family conglomerate and has been the interlude when the business of politics had to be managed till the heir was ready for the eventual takeover.

But it would not do to see the dynastic baton change as a phenomenon of the last three odd decades. The grand patriarch Jawaharlal Nehru cannot be absolved of his share in setting the process in motion. He outmaneuvered the venerated Purushottamdas Tandon to hold the dual posts of party president and Prime Minister despite being privy to the Mahatma's caution to Rajendra Prasad that he could not hold the posts of a Minister in the central cabinet and continue to remain Congress president.

Egged on by a sycophantic coterie even then, Nehru coyly admitted that though he was 'unhappy' that he 'should be chosen once again as Congress President' he felt that for him to 'go on saying 'no' in spite of the advice of his valued colleagues 'would not be prop-

er.' And even after 1954 he ensured that none of the presidents he selected would challenge his stranglehold on the party in any manner.

After the Mahatma's exit and Patel's early demise, Nehru the democrat began concentrating all party powers in himself. The tendency of turning every regional leader into the family's errand boy took root then with Nehru taking utmost care not to give any opportunity to State leaders to develop themselves into 'powerful potentates.' While humbly accepting for himself a second successive term as Congress president in 1953, Nehru ensured that the Congress pass a resolution barring Chief Ministers from holding office in the 'Pradesh Congress Committee.' His justification was typical of what his descendents would master later, 'the work of the Chief Minister was, indeed, a very hard one and the merger of the two important positions would weaken both offices.'

Thus in tune with his habit, Nehru's daughter became an adept at dismissing and replacing Chief Ministers, and while his grandson indulged in the habit of treating them as his personal attendants his grand daughter-in-law has forever vested in her all powers of selecting and rejecting them in States

[Continued on page no. 25]

FDI in Insurance, Pension No gain for aam aadmi



Government has not taken note of the IRDA report. It has also not so far stated whether the minimum guarantee of return, as suggested by the Standing Committee, would be ensured or not. This is a basic necessary safeguard the Committee has considered not only for ensuring a return but also to protect the principal amount, recollects Shivaji Sarkar

The slew of reforms introduced by the Government has caused euphoria and at the same time raised a basic question whether it is a decision to shore up political fortunes or economics. The Opposition parties are slamming the decisions saying that these have been taken under the influence of large corporate and some western powers. At its end, the UPA-II maintains that these are only to give the economy a push and invite the much-needed investment.

The decisions to clear the 12th Plan target of 8.2 per cent growth,

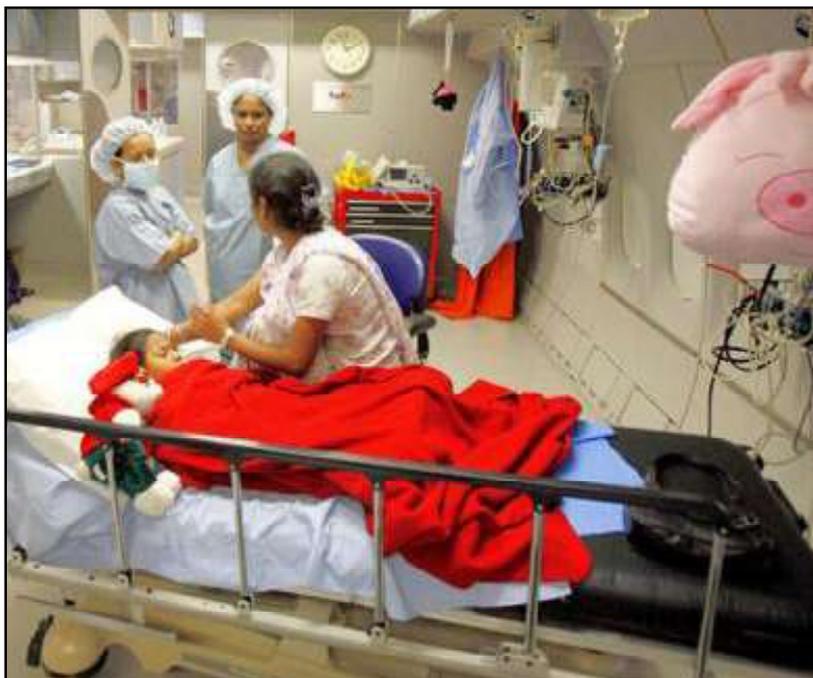
creation of infrastructure debt funds, Companies Bill amendment, and increase in powers of Competition Commission are being projected as the Government's serious intent to give the right direction to the economy. The Cabinet's decision on Thursday last, to raise stake of foreign direct investment (FDI) in insurance and pension sectors to 49 per cent against the Standing Committee of Finance's advice of 26 per cent has raised a storm as it comes soon after increasing the limit of FDI in retail.

The Left Parties led by the

CPM have rejected it. The principal opposition party, the BJP, against the usual expectation has not announced any unequivocal support and the Trinamool Congress is gearing up to table a no-confidence motion. Even Congress ally, the DMK is circumspect.

Insofar as the industry is concerned, it is not as euphoric as it should have been. FICCI Vice President Naina Lal Kidwai, who is also country head of HSBC Bank, responded with "It's not euphoric yet. We have only turned to be hopeful". Many others too from the industry are sceptical. The reason being that except for FDI in retail, each of these decisions needs Parliament's nod.

The industry apprehends it would lead to pandemonium and whatever the UPA-II is proposing would remain on paper. In fact, it might create the base for acrimonious political exchanges in the run up to the State and 2014 parlia-



There are 200-odd insurance amendments and many of these may be deadlocked in Parliament.

mentary elections. In all, there are 200-odd insurance amendments and according to Ashvin Parekh of Ernst and Young, many of these may be deadlocked in Parliament.

All this, raises a basic question whether the country is in need of investment or not. Most industry experts answer in the affirmative and that FDI is more than welcome. The money is required for infrastructure projects and is not easy to come by. The Government's creation of infrastructure debt tools are cited as the basis of requirement for ports, airports, roads and other development projects.

However, as both the industry and Government feel happy about the developments, the country has yet to take lessons from the failure of the western economies and the unethical practices of the private insurance in the 1950s, which forced the Government to take over the insurance business at a time when it was not even prepared for it. Crores of people had lost their investments with the insurance firms, which gobbled up the poor investors' money those days.

However, it is argued that with regulators this is no more possible. But only recently the IRDA has come out with a study to virtually state that it has limitations. How else can one explain the insurance companies in a short span of operation would appropriate over Rs 1 lakh crore funds of the common insurers?

Obviously, the Government has not taken note of the IRDA report. It has also not so far stated whether the minimum guarantee of return, as suggested by the Standing Committee, would be ensured or not. This is a basic necessary safeguard the Committee

has considered not only for ensuring a return but also to protect the principal amount.

Further, there is another flip side. These businesses rake in huge profits through siphoning and book management. The repatriation of funds would be at a high level. The money that is being sought for infrastructure through these funds may possibly never come for the purpose except in some isolated cases. It is a high risk investment for India. This apart, the insurers are supposed to reinsure with public sector insurance companies. This would result in their losses being virtually hedged by the Indian insurance sector.

The supposed benefits are more for mass consumption. Every single individual would have to check the credentials of each of the companies and their schemes. The benefit to the country would be minimal, if at all. The argument that the companies need higher stakes is not based on firm realities. They are expected to raise more funds here. But as they would

As the MNCs would have 49 per cent stake officially, they would be able to repatriate funds at a higher level.

have 49 per cent stake officially, they would be able to repatriate funds at a higher level.

In such a scenario, expecting a higher growth during 12th Plan would not be easy. It is also necessary to understand that many private insurance companies have reduced their exposure as their businesses are not growing as per their expectations. The companies abroad are obviously watching these moves. Thus, in reality the extent of investment may not be as high as is being projected. The common man even otherwise has little to gain. The FDI is an expensive proposition and may well add to the cost and inflationary tendencies. What use then. □□

[Continued from page no. 23]

Patriotism, Congress style, for yet another generation

where her writ runs large.

Witnessing this rapid decline of norms in public life and the growth of this culture of dynasty-appealing sycophancy, the widely respected socialist leader Acharya Narendra Deva once helplessly remarked on this transition, 'Before August 1947, the Congress was a broad-based national front. It was an idea, ever-evolving, ever-growing and all pervading. But today it has become a party. All sorts of

people have found their way into the Congress [and] the definition of patriotism has undergone a complete change under' it.

It was that patriotism which was at display at the Chintan Shivir in Jaipur – a loyalty to the family first and to the self next. It is that which essentially defines Congress politics today and the anointing of Rahul Gandhi has simply ensured the perpetuation of that trend for one more generation. □□

Are information commissioners killing the RTI Act?

Information commissions are increasingly being lenient in penalising Public Information Officers (PIOs) for not providing information that they should, or being absent at hearings at the information commission. If so, are the information commissioners making PIOs and Appellate Authorities unaccountable, asks Vinita Deshmukh

Pune-based RTI (Right to Information) activist Vijay Kumbhar has triggered off a controversy through his column in the Marathi daily Pudhari that despite information commissioners being empowered to penalise Public Information Officers (PIOs), they do not do so even if they do not provide information to the applicant or remain absent for hearing at the information commission. Kumbhar states, “Information commissioners are responsible for the worrying trend of government employees not being serious about the RTI anymore as they are often not held accountable.”

He cites two recent decisions of State Information Commissioners in Maharashtra on New Year’s Day, as examples. In the first decision, the applicant who had filed a RTI in July 2011 did not get the required reply and the First Appellate Authority (FAA) did not bother to conduct any hearing. This compelled the applicant to file second appeal with the information commission.

However, when the matter was heard at the state information commission, the commissioner merely ordered that information be given within a specific period by the PIO but he did not levy any



penalty on the PIO or question the absence of both the PIO and FAA. Says Kumbhar, “in this case, the PIO or FAA did not bother about the RTI application or appeal filed before them. They even did not have the courtesy to attend the hearing of an appeal before the information commission. But the Commission in its order has not dealt with some basic questions like, what was the information the applicant had sought for? What were the reasons behind not furnishing the information by the PIO? Why didn’t the appellate au-

thority conduct hearing on the first appeal? Why was the PIO and the appellate authority not present for the hearing before the information commission?” The least the information commissioner could have done, says Kumbhar is to issue a show-cause notice as to why they remained absent.

In the second case, says Kumbhar, the applicant did not receive the information that he had asked for from the PIO but the FAA dismissed his appeal by stating that the required information was provided to him by the PIO and that

too, 10 months after the applicant had filed his first appeal. During the second appeal hearing, the information commissioner did not go into details as to what information was asked for by the applicant? In such a case, the information commissioner has the power to impose fine on the PIO and reprimand the FAA for conducting the hearing after 10 long months but they were not pulled up. If the information commissioners are so lenient, then why should PIOs bother about applications they receive under RTI?

So, are information commissioners advertently or inadvertently killing the power of the RTI Act? Moneylife asked a cross-section of RTI activists:

RTI activist Maj Gen SCN Jatar (retd)

Information Commissioners cannot afford to be lax: Kumbhar's observations set out in reality how RTI commissioners are set to kill RTI. They do not realise that such decisions are taken as examples of superficiality and laxity in penalising errant PIOs. PIOs are apt to then follow the same methods again and again. The basic criteria that should govern good judgments are a) They should be well-reasoned so that these can be cited in future judgments and ii) they should give a clear message to the errant PIOs that avoiding or evading giving information, which should be in public domain, will not be tolerated. The two cases quoted by Kumbhar do not meet both the above criteria.

Former Central Information Commissioner and RTI activist Shailesh Gandhi

Faster disposal of cases and

reasonable threat of penalty required: Most Information Commissioners use the penalty provision as if it was a death penalty to be imposed in the rarest of cases. I do not see any problem with who attends the hearing. The Commissioners should give orders for information irrespective of whether the PIO attends or not. The hearing is an opportunity to present one's views or argue on required matters. If the appellant or PIO does not attend, they may not want the opportunity of hearing. To believe that when either side is not present, a Commissioner must rule in favour of one who is present does not appear correct or desirable.

I had levied 521 penalties totalling Rs.92 lakh in the 20,400 cases which I decided in three years and nine months. The rest of the Central Information Commissioners collectively imposed penalties in about 330 cases in the Commission and had decided about 80,000 cases. There is no doubt that there is a link of penalty imposition with compliance of the law. If cases are decided fast, and there is a fear of penalties, the PIOs and First appellate authorities become more alert and try to meet the requirements of the law. The total cases received by the Central Commission rose by about 50% in a two year period from 2009 to 2011. The cases for Municipal Corporation of Delhi—which I handled throughout my tenure rose by only 15%. This indicates that faster disposal and a reasonable threat of penalties would get better compliance of the law.

RTI activist Subhash Chandra Agrawal

Each order of Information commission should be compre-

hensive: It is usually observed that generally penalties are not imposed by Information Commissioners thereby making Public Information Officers (PIOs) lethargic towards complying with provisions of the RTI Act. There should be a practice whereby each order of Information Commissions may carry all the relevant dates like filing a RTI petition, reply of PIO, filing first appeal and of appeal-order. There should be auto-calculation of penalty in each verdict of Information Commissions making penal-provisions under Section 20 of the RTI Act mandatory rather than discretionary as at present. Reasons for waiving or reducing applicable penalty should be specifically mentioned in verdicts of Information Commissions. Information Commissions should maintain record of penalties imposed. Non-payment of penalties in specified time should be reported once in a month to Cabinet Secretary/Chief Secretary who should be duty-bound to initiate disciplinary action against defaulting officers apart from taking steps to recover penalty-amounts from salary/pension payable.

RTI activist Commodore Lokesh Batra (retd)

Applicants should be innovative, interactive with PIOs: Every applicant must realise that it is only after the RTI Act that citizens have become participative in governance. RTI has given us a chance to be an integral part of public accountability so we should not take an adverse stance against PIOs as far as possible. Every RTI applicant should make untiring efforts not to take the case up to the Information commission level as he or she would face inordinate de-

lays, even up to two years. I use innovative methods to interact with the PIOs to extract information in case they hesitate to provide it. Today, I have developed good relations with many public authorities and they sometimes call me for suggestions or advice. Also, after the 2G scam it has been observed that every single reply under RTI at least in the Prime Minister's Office (PMO) goes to the top bureaucrat so what is the use of blaming or penalising PIOs who are at the mercy of their bosses? Also, in the information commissions, it is the bureaucrats who create more hurdles than the information commissioners themselves.

Researcher and RTI activist Venkatesh Nayak

Public Authorities should take implementation of RTI Act seri-

ously: I agree that to make government employees take RTI seriously PIOs should be penalised but that is just one of the solutions. Penalty cannot be the only deterrent as much as vigilance by higher authorities can be. It is the responsibility of public authorities to clearly push for policy of transparency and that should be visible in action and not by merely issuing paper orders. Serious implementation of RTI cannot be only a PIO's headache. The top brass of every public authority should regularly monitor and be vigilant about transparency. Mechanisms to check it should work efficiently and should be given top priority. Targets should be set for accountability. Every office has a Monthly Monitoring Report (MMR). It is also called the Monthly Progressive Implementation Calendar in Kar-

nataka. It requires reporting physical and financial progress to superiors who in turn give guidance on the basis of the report. There should also be scrutiny at the highest level, which is legislature. Such professional monitoring has not been seen for RTI. It is only when the government employees know that someone is seriously watching over them, that everyone down the line will take RTI seriously. Perhaps some incentives like increased funding or an award to the Public Authority which implements RTI diligently could help. □□

(courtesy Moneylife)

(Vinita Deshmukh is the consulting editor of Moneylife, an RTI activist and convener of the Pune Metro Jagruti Abhiyaan. She is the recipient of prestigious awards like the Statesman Award for Rural Reporting which she won twice in 1998 and 2005 and the Chameli Devi Jain award for outstanding media person for her investigation series on Dow Chemicals. She co-authored the book "To The Last Bullet - The Inspiring Story of A Braveheart - Ashok Kamte" with Vinita Kamte and is the author of "The Mighty Fall".)

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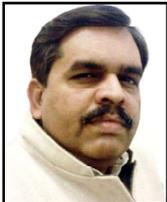
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Fare hike good for railways development



*Although the Railway in India is the cheapest mode of transport than any other mode, Indian Railways has never incurred massive losses, finds **Dr Ashwani Mahajan***

To take Railways out of near bankruptcy, the Government has made 7 to 40 percent hikes in rail fares from January 21, 2013. This decision of the Government would provide Rs. 6600 crore in the next fiscal and Rs. 1200 crore in the remaining part of the present fiscal year. Out of Rs. 6600 crore, hardly Rs 1000 crore are expected to be collected from AC tickets, as smaller hike has been made in AC fares. It may be interesting to note that a much lower hike was made in the Railway Budget by the then Railway Minister Dinesh Trivedi, which had to be rolled back by the

Government due to stiff opposition from Trinmool Congress supremo Mamata Banerjee. With this doors for railways to save from the imminent bankruptcy were virtually closed and a loan of Rs. 2100 crore was also sought by the Railway Ministry from the Central Government.

Indian Railways has generally been a profitable venture, even contributing to the exchequer significantly, despite the fact that railways has been the cheapest mode of transport in the country. But in the recent past, news has been coming out that railway finances are in

doldrums and that the railways is heading towards bankruptcy, as the deficit was getting unmanageable.

Railways had cash reserves of Rs 19,000 crore in 2007-08, a major portion of which got depleted with time and railways was left with only Rs 5,000 crore in May 2010. Financial results of railways in 2011-12 were again not very encouraging, and the revenue targets were not achieved, and by September 2011, cash reserves of railways had completely vanished. All this shows that railway's health is already very poor.

Presenting Railway Budget, the then Railway Minister Dinesh Trivedi very honestly conceded that Indian Railway is passing through a very difficult phase. Background of the crisis of railways is that in the last 10 years, there has not been any major hike in the passenger fares and goods freight. During this period, operating cost of railways has increased manifold. Five years ago operating cost of railways was only Rs. 41033 crore, which rose to Rs. 75,650 crore in 2011-12 (Revised Estimates). During this period, outgo on pension alone has increased from Rs. 8000 crore to Rs. 16000 crore.

It is worth noting that in the



last one-decade cost of living has increased by about 100 percent. However, Railway Ministers one after another, had shown utmost stubbornness by not increasing the fares and freights and have been patting their back for the same. An indicator of Railways' health is its 'Operating Ratio'. By Operating Ratio we mean how much money railway needs to spend to earn rupees 100. This ratio in 2008-09 was 90.5 and 94.7 in 2009-10, which had risen to nearly 125 in the first half of 2010-11. Though it has again fallen to 95 in 2012, it is still less than the target of 91.5. Rising operating ratio is a cause of major concern.

The major reason for increase in Operating Ratio is constantly increasing costs, namely fuel, salaries (especially due to implementation of 6th Pay Commission) and other costs on the one hand and stagnant fare and freights on the other. Plans for modernization of railway stations of Delhi division could not make head way due to paucity of funds. There is an urgent need to modernise more than 7000 railway stations in the country. Even the plans to modernise railway stations of Delhi division, requiring Rs. 240 crore could not be implemented due to shortage of funds. Under these circumstances there is big question mark about the role of railways in achieving 9 per cent growth of the economy. Though operating ratio of railways could improve to 95, thanks to increase in freights in the last one year. But there is an urgent need to improve it further. Railway Minister is his budget resolved to reduce this operating ratio to 84.5 by the end of the year 2012-13 and further to 74 by the end of 12th

Five Year Plan. This implies that at present railway's has to spend Rs. 95 to earn Rs. 100, which is destined to be reduced to 74, had Railway Minister was allowed to implement his plan to increase fares and freights.

Financial crunch in railways has nearly stalled development and modernization plans of railways. It is unfortunate that whereas at the time of independence, length of railway line was 54000 kilometres. It could increase to only 64,000 kilometres till date. During this period, total length of roads has increased from 4 lakh kilometres to 44 lakh kilometres (that is, an increase by 11 times). Indian Railway provides travel facility to 230 lakh passengers daily. Apart from this 2650 lakh tonnes of goods are carried by Indian Railway annually. Any short fall in development of railways could adversely affect transport development in the country. The Government should realise that healthy development of railways is key to the development of the country and provision of affordable transportation for goods and passengers. It has a promise to reduce the transport cost significantly.

Railway goods freight is approximately one third of road freight. For long distance journeys, there is no alternative to railways. Even for short distance journeys, railway fares are nearly half of bus fares. Development of railways can go a long way to reduce transport costs in the country.

There is no substitute to railways in providing cheap transport facilities. According to the Minister railway needs Rs 5.6 lakh crore for its modernization. During 12th Five Year Plan, Rs. 7.35 lakh crore

are to be invested for railway development. Rail Budget expects Rs. 2.5 lakh crore of budgetary support during 12th Five Year Plan. We must understand that the Central Government is already under severe strain to keep expenditure under check. Railway cannot depend upon general budget for its development and therefore it has to raise its own resources.

Although the Railway in India is the cheapest mode of transport than any other mode, Indian Railways has never incurred massive losses. In the past more than a decade, it turned out to be a profitable venture, even contributing to the exchequer significantly. But in the past few months, news were coming that railway finances were in doldrums and that railway was heading towards bankruptcy as deficit in railway was getting unmanageable. Railways had cash reserves of rupees Rs 19,000 crore in 2007-08, major portion of which got depleted and railways was left with only Rs 5,000 crore in May 2010. The situation worsened after that and cash reserves vanished completely. All this shows that railway's health is already very poor.

Populist orientation of the Government(s) has been hampering the growth of railway and improvement in the facilities for the users. Despite increase in cost of operations, fares have not been allowed to increase. Though, the Government is being rightly criticized, to some extent, for not waiting till Railway Budget 2013-14, and thus bypassing the parliament. However, there is no denial to the fact that the Government has to give up populist approach and rationalize the fare and freight structure of the railway. □□

Is FDI in retail a gimmick?: Supreme Court

The Supreme Court will test the constitutional validity of the Centre's decision to allow foreign direct investment (FDI) in multi-brand retail. The Honourable Court asked the UPA government to spell out the safeguards put in place to protect small traders from possible onslaught of multinationals in future.

Parliament's approval of the policy decision was cited by Attorney General GE Vahanvati to clinch the issue before a bench of Justices RM Lodha and SJ Mukhopadhya, which was hearing a PIL filed by advocate M L Sharma alleging that permitting FDI in retail was in breach of FEMA Regulations.

The bench asked whether the government has received FDI proposals since Parliament approved the policy decision. "It is now six-seven weeks since Parliament approved the decision. Now the policy is in place. What has happened since then? Have you received some investment or was it just a political gimmick," it said.

Taken aback by the terse comments, the AG said receiving FDI in retail would take some time as it was a part of series of reforms that would slowly transform the country's investment scenario to make it lucrative enough for the foreign investors and, more importantly, beneficial for the consumers and small traders.

"FDI in India has already registered a substantial increase. The whole outlook for India as an investment decision has undergone a positive change," Vahanvati said and stuck to his argument that it was a policy decision approved by Parliament after a detailed debate and hence the courts could not go into the necessity of such a move by the executive.

But, the bench said, "it is a policy decision alright but its legal validity is challenged. The government must satisfy the court on this count." It said the petitioner alleged that the decision posed a serious threat to the existence of small traders. "We want to know what steps had been taken by the government to alleviate these fears?" the bench asked.

Vahanvati said these were the concerns Parliament debated before approving the decision permitting FDI in retail. But, the bench was firm to examine the decision to permit FDI in retail not only from the small traders' point of view but from all angles and asked the government to file an affidavit in three weeks giving a detailed response to all apprehensions and legal challenges specified in the PIL.

To explain its mind, the bench gave an illustration on elimination of competition by big players in India where small traders have traditionally played the role of friend-

ly shop next door where one could bargain a good deal on virtually every consumable item.

The bench said, "Once the big players come in, they artificially so bring down the price that the small traders fail to match the price tag and are forced to shut shop. Once the competition is eliminated in this process, the big players jack up the price leaving the consumer no option but to pay."

Vahanvati said there was adequate legal framework to protect small traders from unfair means meant to kill competition and pointed out the setting up of Competition Commission. But, the bench asked, "How many small traders can move the forum?"

On October 16, the court had said the permission to allow FDI in multi-brand retail appeared to be at variance with the FEMA Regulations. Two weeks later, the Reserve Bank of India (RBI) amended the regulations and the amendments were approved by Parliament.

Petitioner had said that Regulation 5 read with provisions of FEMA strictly prohibited FDI in retail trading (except in single brand product retailing), atomic energy, lottery, gambling and betting, business of chit funds, Nidhi company, trading in transferable development rights (TDRs) and activities/sectors not opened to private investment. □□

China is trying to encircle India

India should counter China's move to build and run communication networks in its neighbourhood countries such as Nepal and Maldives, the telecom ministry and the national security establishment have cautioned, following an alarm raised by intelligence agencies.

The Research & Analysis Wing, India's external intelligence agency, raised an alarm in early December about China's growing partnerships in the region, which could potentially compromise the integrity of telecom and Internet communication between India and its neighbours.

The communications ministry now wants New Delhi to take up the issue with neighbouring countries and also make competing offers for tech-

nological expertise and financing.

In a December 10 note, R&AW reported that the Maldives foreign affairs ministry had approached China for "concessional financing" of \$60 million from its Export Import Bank to develop the island nation's IT infrastructure. The agency also reported that Chinese telecom giant Huawei had signed an MoU to develop the IT infrastructure of Maldives under the 'Smart Maldives' project.

The development in Maldives come months after the agency had warned of a similar move in Nepal, where Chinese vendors Huawei and ZTE were installing next-gen networks for Nepal Telecom. □

Chidambaram for more tax on the rich

The government should consider charging the very rich more tax, Finance Minister P Chidambaram said in an interview with a news channel, but emphasized that he believed in "stable tax rates."

"We should consider the argument whether the very rich should be asked to pay a little more on some occasions," Chidambaram told the news channel. His comments in the lead up to his 2013/14 budget, due to be presented to Parliament on Feb. 28. The Prime Minister's economic advisor recently recommended higher tax rates for the very rich at a time when India is trying to reduce a wide fiscal deficit.

Govt hikes import duty on gold, platinum

The government hiked the import duty on gold and platinum to 6 per cent from 4 per cent with immediate effect - a move aimed at curbing imports of the precious metals to check the widening current account deficit. "Government has decided to increase import duty on gold and platinum from 4 per cent to 6 per cent with immediate effect," Department of Economic Affairs Secretary Arvind Mayaram told reporters.

He further said the government will link Gold Exchange Traded Fund (ETF) with gold deposit scheme, which will enable mutual funds to unlock their physical gold and invest in gold-linked schemes offered by banks.

"The changes proposed to the Gold deposit scheme will make it attractive for individuals to deposit their idle gold with the banks under the Gold deposit scheme," Mayaram said. He said the changes would help moderate import of gold and help in

bridging the current account deficit (CAD).

Gold imports in 2011-12 amounted to USD 56.5 billion and in the current financial year, till December, they are estimated at USD 38 billion.

Verma panel for amendments to AFSPA

Taking strong cognizance of sexual offences committed by armed forces personnel in conflict zones, Justice JS Verma committee report has not only recommended amendments to the Armed Forces Special Powers Act (AFSPA) but even questioned its continuance in such areas. The report has recommended that the Act's provision of seeking sanction from the central government before initiating any legal action against an armed forces personnel should be done away with in case of sexual crimes. These would include crimes such as outraging the modesty of a woman and rape.

While making this recommendation Justice Verma has observed that "There is an imminent need to review the continuance of AFSPA and AFSPA-like legal protocols in internal conflict areas as soon as possible. This is necessary for determining the propriety of resorting to this legislation in the area(s) concerned."

Auto driver's daughter tops CA exams

Surmounting all odds, Prema Jayakumar, daughter of a Mumbai-based auto-rickshaw driver, has topped the all India Chartered Accountancy examination. Residing in a crammed one-room chawl in suburban Malad with her parents and brother, the 24-year-old secured the first rank in the examination conducted in November 2012 by the Institute of Chartered Accountants of India. Her family, originally from Tamil

RBI panel for 30yr fixed rate loans, reasonable prepayment fine

In a slew of borrower-friendly suggestions, an RBI committee has favoured introduction of fixed rate loans for a period of up to 30 years and asked banks to look at charging "reasonable" pre-payment penalty on the outstanding amount only.

Fixed rate long-term loan products with periodic interest reset (say every 7-10 years) may be offered by banks in addition to plain vanilla fixed rate loan products, it said.

On deposits front, it recommended banks should popularise the fixed deposit schemes with tenure of above 5 years as the same are eligible for tax exemption. This would to some ex-

tent meet long-term funding needs of banks, the committee headed by K K Vohra, RBI Chief General Manager for internal debt management department, said.

At present, long-term credit, including home loans, are offered for a period of up to 25 years. On the pre-payment penalty issue, it said: "... the pre-payment penalty should be levied only on the outstanding amount on the date of pre-payment and not on the loan amount initially sanctioned.

Further, the pre-payment penalty should be reasonable so that it does not act as a disincentive for the fixed rate loan borrowers.

Nadu, is settled for the last several years in Mumbai.

Prema, who secured an impressive 60.7 marks out of 800, credits her parents for the success and now wants them to live a life of comfort. Her 22-year-old brother has also cleared the tough CA examination with her. Showering praises on Prema, Shipping Minister G K Vasanth announced an award of Rs five lakh for her, noting that the girl's father Jayakumar, a native of Villupuram in Tamil Nadu migrated to Mumbai in search of a livelihood two decades ago.

Appearance for FEMA related cases optional

The Reserve Bank has said personal appearance before the compounding authority in FEMA cases is not mandatory and has no bearing on the penalty imposed. "Appearing for a personal hearing before the compounding authority is optional and the applicant can choose not to appear for it," RBI said to clarify on personal hearing for compounding under Foreign Exchange Management Act (FEMA).

The applicant, RBI said, may enclose full information relating to the case with the application or thereafter and exercise his discretion with regard to appearing for hearing.

It also clarified if the applicant opts for appearing for the personal hearing, RBI would encourage the applicant to appear directly for it rather than being accompanied by legal experts or consultants. This is because, it said, compounding is only in cases of admitted contraventions.

ING exits life insurance in India

Dutch financial services group ING has exited its insurance business in India selling its 26% stake in ING Vysya Life Insurance to its joint venture

partner Exide Industries in a deal that valued the company at Rs 1,100 crore. Exide is now looking for a foreign insurer who will buy the 26% stake.

Although a minority shareholder, holding the maximum permissible 26% stake, ING group controlled the life insurance operations for over a decade even as Indian shareholding changed several hands. A statement issued from Amsterdam said that ING's exit from the Indian life insurance joint venture is part of the previously announced intended divestment of ING's Asian Insurance and Investment Management businesses. The valuation of the deal has surprised industry insiders. "Prima facie a valuation of Rs 1,100 crore seems to be less considering that this is a 10-year old company where the promoters have invested more than Rs 1,000 crore," said an industry official.

17 BCs to be listed as SC in UP

As many as 17 backward castes would be included in the list of Scheduled Castes in UP very soon. Indications to this effect were given by Samajwadi Party Supremo who held that the previous government didn't do justice with the people. Addressing reporters, Yadav said that his government had issued a notification for declaring these castes as SC. But the order was cancelled by the BSP government. He assured that the Akhilesh government would soon issue the notification of inclusion.

Those to be included are: Rajbhar, Nishad, Malah, kahaar, Kashyap, Kumhar, Dheemar, Bind, Pranjapati, Gheevhar, Bhar, Kevat, Baatham, Machchua, turaha, Manjhi and Gaur. This may play a significant role in the caste equations in the 2014 Lok Sabha elections. The reason is that all dalits do not favour for BSP or Mayawati. □□

Pakistani Taliban vow to attack “BJP-backed terror camps in Kashmir”

Pakistani Taliban have said the UN bodies and the United States should stop the “BJP-sponsored state terrorism in Kashmir,” otherwise the TTP has the ability to strike inside Indian-administered Kashmir.

TTP spokesman Ehsanullah Ehsan said that the Indian Home Minister’s statement regarding BJP-backed terror camps is an open confession that Hindu extremists are being patronized under the state’s authority for killing innocent Kashmiri Muslims.

“The US and UN should also order drone strikes and coalition troops invasion, to target these terror camps, which are mentioned by the Indian minister of fanning Hindu terrorism,” said Ehsan.

“If the US and the UN could not take care of the state-sponsored-terrorism in Kashmir and the BJP/RSS terrorism against Muslims in India, then TTP has the ability to strike and take care of it.”

Indian Home Minister Sushil Kumar Shinde had accused the main opposition Bharatiya Janata Party (BJP) and its ideological mentor the Rashtriya Swayamsewak Sangh (RSS) on Sunday of promoting Hindu terrorism, which in turn was responsible for the fatal bombings of the Samjhauta Express among other Muslim targets.

To a query, Ehsan declared the present jihad in Indian-administered Kashmir as “merely a drama” and talked about a “practical jihad” for freedom of the Kashmiri Muslims. □

Korea plans nuclear test aimed at US

North Korea says it planned to carry out a nuclear test and more rocket launches aimed at its “arch-enemy” the United States in response to tightened UN sanctions, but offered no timeframe.

“We do not hide that the various satellites and long-range rockets we will continue to launch, as well as the high-level nuclear test we will proceed with, are aimed at our arch-enemy the United States,” the National Defence Commission said.

The mention of the test, which would mark the North’s third detonation of a nuclear device, came towards the end of a commission statement carried by the official Korean Central News Agency. The statement was entitled: “Enter all-out confrontation to safeguard the sovereignty of the nation and people.” It gave no indication of when the test might be carried out, or explain the meaning of “high-level”. The North’s two previous nuclear tests were held in 2006 & 2009.

Islamists execute 9 Japanese in Algeria

Islamists holding foreigners hostage at a gas plant in the Algerian desert executed nine Japanese captives during a 72-hour stand-off with the military, an Algerian witness said.

“In all nine Japanese were killed,” one witness identified as Brahim told AFP a day after special forces swooped on the In Amenas facility to end the deadly siege. In Tokyo, a foreign ministry official said: “We are in a position not to comment on this kind of information at all. Please understand.”

The first three were killed after they tried to es-

cape from the bus that was carrying them to the In Amenas airport, in the initial moments of the crisis, when al-Qaida linked militants attacked at dawn, the witnesses said. The gunmen, carrying nail-wrenches, then took the others, who were aware of all the safety procedures, to the Japanese rooms at the residential compound, where they had seized hundreds of hostages, said Riad.

UN observer group on LoC

With India suggesting that the UN observer group’s presence on the LoC was not required anymore, the world body’s chief says the force can only be terminated by a decision of the 15-nation Security Council. “The Secretary-General’s position has always been that UNMOGIP can only be terminated by a decision of the Security Council,” Ban Ki-moon’s spokesperson Martin Nesirky said in an email to PTI.

He noted that the United Nations Military Observer Group in India and Pakistan (UNMOGIP) was established in 1948 by the Security Council. The Indian envoy had also suggested that it would be better to spend the resources allocated for UNMOGIP in other areas or missions to ensure the finances are better utilised elsewhere in times of austerity.

Rejecting any suggestion of winding down the UN mission in Jammu and Kashmir, Pakistan’s Permanent Representative to the UN Masood Khan said UNMOGIP continues to monitor the ceasefire in accordance with Security Council resolution and its mandate is “therefore fully valid, relevant and operative”.

India has ruled out any intervention by the UN in settling issues, including Kashmir, with Pakistan.

British Airways in talks with IndiGo

British Airways is in talks with IndiGo, over a ticketing and baggage sharing agreement, says a media report. Known as an interline agreement, it allows customers from two airlines to buy connecting flights on one ticket. Such pacts are often precursors to code-share agreements, in which carriers sell tickets on each other's airline.

The arrangements increase revenue because airlines can offer more destinations, while keeping a lid on costs, as they don't need to service all the planes themselves. The Wall Street Journal reported a potential alliance between Brit-

ish Airways, owned by International Airlines Group, and IndiGo, and said the two airlines also discussed a possible investment by IAG into IndiGo's parent.

Based outside New Delhi in Gurgaon, IndiGo was founded by Rahul Bhatia's InterGlobe Enterprises, an aviation and travel services firm, and former US Airways CEO Rakesh Gangwal.

Jet Airways, India No. 2 carrier, is in talks with Abu Dhabi's Etihad Airways to sell a stake, while smaller rival SpiceJet is also talking to foreign carriers over a potential investment. □

Developing nations on top in FDI index

Developing countries overtook their traditionally wealthier counterparts in attracting foreign direct investment for the first time last year, as industrialised nations bore the brunt of an 18 per cent plunge in FDI flows, the UN's trade and investment think tank UNCTAD said.

Last year, global foreign direct investments—when a company in one country invests for instance in production facilities or buys a business in another country—came in at USD 1.3 trillion, down from USD 1.6 trillion in 2011, UNCTAD's Global Investment Trend Monitor showed.

In a dramatic shift on the global investment scale, developing countries reaped USD 680 billion of that, or 52 per cent of the total. "For the first time in history, developing countries have attracted more investment than developed countries," James Zhan, who heads UNCTAD's investment and enterprise division, told reporters in Geneva.

The shift was largely prompted by evaporating investments in crisis-hit developed economies like the United States, European nations and Japan, which accounted for 90 per cent of the USD 300 billion decline in global FDI last year, Zhan said.

Rajat Gupta seeks conviction reversal

Lawyers for former Goldman Sachs Group Inc board member Rajat Gupta are urging a federal appeals court to reverse his insider trading conviction, arguing that a judge shouldn't have allowed wiretaps to be heard at trial.

In a brief filed at the 2nd US Circuit Court of Appeals in New York, Gupta's lawyers argued wiretaps of now-imprisoned hedge fund manager Raj

Rajaratnam amounted to "hearsay statements" and should not have been presented to the jury.

Gupta, who was at one time head of management consultancy McKinsey & Co, was sentenced by US District Judge Jed Rakoff to two years in prison. The 2nd Circuit in December said Gupta could remain free on bail while he appeals his conviction.

A trial is scheduled to begin on Feb 11 in a separate civil lawsuit by the US Securities and Exchange Commission.

3-month reprieve for Obama Admin

Obama administration has received a three-month reprieve of sorts from House Republicans who have decided to extend the US debt limit up to May 18 instead of its February deadline. The Republican action, which comes in the form of a new Bill, will permit the US Government to continue to borrow money up to the new May 18 deadline.

There are serious differences between President Barack Obama and the Republicans over government programmes, but their move of giving three more months to stave off a default on US obligations is being viewed more as strategic than conciliatory.

While the current debt limit is \$16.4 trillion, the upcoming legislation does not set a specific limit but would allow automatic increases to meet US government obligations up to May 18.

Fiscal matters are not the only issue to bedevil the relations between the two sides. Besides insisting on smaller government by cutting down many of the spending and entitlement programmes, Republicans also plan to wage a bitter battle over other issues such as Obama's plans for gun control, gay rights and climate change. □□

India rejects US charge

Rejecting the US allegation that developing countries are seeking significant concessions for pushing the global trade deal under WTO, India retorted that it was rich nations which are hampering the conclusion of Doha Round, stalled since 2001.

“The US and other developed nations are again bringing those issues which were agreed earlier and are also pushing new agendas like trade facilitation, international services agreement and information technology,” a senior government official said. The official was responding to the comments made by US Deputy National Security Adviser for International Economic Affairs Michael Froman, who is tipped to be the next US Trade Representative.

Froman is reported to have said that “a small group of middle income countries particularly India is standing in the way (of concluding Doha Round of talks) because they want to be ‘paid’ by developed countries for agreeing to something that is beneficial to the global trading system, especially poorer countries”.

India out of WTO talks in 3 sectors

India has decided to opt out of negotiations for agreements between select WTO member countries for liberalizing foreign direct investment and visa regimes in service sectors and for lowering import duty on 357 information technology products and 54 environmental goods, saying the talks were against its interests. Senior government officials said the so-called early harvest scheme, meant to thrash out a deal on a select set of sectors, would impact the ability of developing countries such as India to strike a bargain with trade in farm goods, where the developed countries boost exports through heavy doses of subsidies, and industrial products.

“What the US and European Union are trying to do is cherry-picking without addressing the core concerns of developing countries, which is at the heart of the Doha Round which is a development round,” said a top-ranking official, who did not wish to be identified. Early harvest was pushed by developed countries as they were unwilling to open up farm trade, a domestic hot potato, even as countries such as India were not very keen on the plan.

WTO & dream of global free trade?

WTO looks doomed to be fatally undermined by new global carve-ups. Doha round has dragged

on for 10 years, failing to resolve a split between the developed and developing worlds, mostly over agriculture. WTO Director-General Pascal Lamy, who vowed in 2005 to make them his “first, second and third priority”, finally declared an “impasse” in 2011.

The WTO’s first head, Peter Sutherland, wrote in an op-ed published on December 31 that it was “a unique failure in the history of multilateral trade negotiations”. The stalemate triggered a scramble to arrange preferential trade terms outside the WTO - regional deals such as the U.S.-led Trans-Pacific Partnership and bilateral agreements such as the one the European Union is pursuing with the United States.

“If either ever comes to pass, which I doubt, a huge share of world trade would be conducted within a discriminatory framework,” wrote Sutherland.

WTO agreement not acceptable: India

India will not accept any agreement on IT and environmental goods which is being proposed by a group of developed nations at WTO, as it would adversely impact the domestic industry, a top official said. Rich nations, including the US, want India and other emerging economies to be part of the four major sectoral pacts - trade facilitation (TF), information technology (IT), environmental goods and international services agreement.

“On IT and environmental goods agreement, India has clearly showed its reluctance. We are against this approach. On TF, we have not said no, but we are viewing the situations and on international services agreement, we will continue to observe it from a distance and later on take a view,” the official said. On these four matters, developed countries wants to go plurilaterally. In other words, the trade benefits arising out of such an agreement will be shared only by signatories.

Indian WTO moves on S Africa

India has instigated moves with WTO against South Africa’s anti-dumping duties on pharmaceutical imports, including ampicillin and amoxicillin products sold by Ranbaxy Laboratories of New Delhi.

Media reports quoted a WTO report as saying that India had asked in April for consultations with South Africa under the WTO dispute settlement mechanism. Both countries would have to come to an agreement within 60 days of consultations, failing which India could request the establishment of a WTO dispute settlement panel. □□