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### Global Economic Integration Leading to Asymmetries

Prof. Bhagwati Prakash



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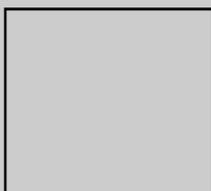
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### Communal riots

*The communal riots in any country are nothing but a curse which endangers the sovereignty of a country. Communal riots keep on recurring in India time and again, taking in their stride precious human life and reducing property of people to ashes.*

*We cannot tackle these riots by enacting harsh laws or by giving sweeping powers to police to contain them. The only way these can be controlled is by asking politicians of the country not to play politics with religion.*

*The vote bank politics in the country is a great cause of these riots. The Election Commission and the Judiciary is the only hope which may check these riots. The politicians found directly or indirectly responsible for these riots should be debarred from participating in the elections, besides imposing heavy penalty on them. In India people belonging to different religious denominations usually love to live in communal harmony and believe in universal brotherhood. India's greatness lies in the famous saying 'unity in diversity.'*

– Santosh Singh, Jammu

### Price Rise

*This is the second time in recent years that onion price rise has held the country in its grip. The Union government does not think of banning export of onion. Some officials have claimed that there is no real shortage of supply of onion in the country. Actually supply has been delayed owing to unexpected rains in late September. This boils down to the theory of onion dealers' hoarding the tuff and creating artificial scarcity. The price of onion has soared to 100 rupees per kilogram on an average which ordinary consumer is unable to afford. Most of the 32.70 per cent of India's population being below the line of poverty are surviving on a loaf and a slice of onion as one time meal. Now even the slice of onion becomes unreachable commodity for a poor man. It is since three months that onion price has skyrocketed and the Government, claiming that rise in price is because of hoarding, is unable to control hoarding and punishing anti-social elements. What kind of Government do we have? Who will answer this question?*

– Rajesh Tomar, Vaishali, Ghazjabad

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### Quote-Unquote



No nation has become prosperous ever by burying its domestic manufacturing sector. Self reliance propounded by Gandhiji should be invoked.

**P. Muralidhar Rao**

National General Secretary, BJP



UPA Government's anti-national policies allowing forward trading in agricultural commodities responsible for shooting up of onion prices.

**Dr. Subramanian Swamy**

President, Janta Party



Rahul Gandhi's stance on convicted leaders is commendable, but bit like a chef coming out in a restaurant and screaming 'I hate the food here!'.

**Chetan Bhagat**

Writer, on the congress vice-president's outburst against the ordinance shielding convicted politicians



It's hard for me to imagine a life without playing cricket because it's all I have ever done since I was 11 years old.

**Sachin Tendulkar**

Cricketer, announcing his retirement from Test cricket after his 200th match in November.

## *PM's China Visit* **Hype without substance**

Prime Minister Manmohan Singh's three-day visit to China as expected remained in media focus. In spite of the hype people in general feel disappointed at the outcome of the visit. The Border Defence Cooperation Agreement (BDCA) inked in the wake of repeated incursions by PLA into Indian territory is being projected as major highlight of the visit. Prime Minister Manmohan Singh, who signed nine agreements during this visit, hailed it as the bedrock of harmonious relationship, without which the bilateral relationship may come unstuck. Even this agreement has invited little applause and more disdain. Critics denounce it as yet another case of India's meek surrender to China. The agreement, they insist, reflects New Delhi's inability to stand up to the growing Chinese military pressure. The agreement clearly looks like yet another border pact that adds to the process & changes nothing on the ground. The agreement seeks to enhance the lines of communication between the two armies, improve border coordination mechanisms and not use force or threaten to use force against each other. An assertive China with new found power is stretching itself very far not just with India but also with Japan, Philippines, Taiwan, US and others. Assuming that China will respect the Indian sensitivity is hard to believe. And some self proclaimed opinion makers have started suggesting that India must take 'gratuitous' steps like abandoning its claim on Aksai Chin to remove what they call "irritants in bilateral ties" and hope Beijing could give up its claims over Arunachal Pradesh. These discredited advisors refuse to learn from the past and continue to mislead public discourse. On most other matters the two sides hardly achieved anything during this visit. The end result has been incommensurate with the attention that the visit received in Indian media.

It was more of hype only on the trade front also. A joint statement issued after Dr. Singh's talks with the Chinese leadership said that the leaders recognised that India and China are poised to enter a new stage of economic engagement based on pragmatic cooperation and mutually advantageous policies and practices. It says nothing about the India's trade deficit with China likely to surpass even last year's record \$28 billion. After nine months of this year, the trade imbalance in China's favour has reached \$24.7 billion, with India's exports to China down by as much as 22.5 per cent last month. The imbalanced trade - largely driven by Indian imports of machinery, and power and telecom equipment, and Chinese appetite for iron ore - reached \$73 billion in 2011, before falling to \$66 billion last year. Government claims that Prime Minister Manmohan Singh raised India's concern over the "unsustainable" imbalance in trade, as the two countries agreed to explore avenues to bridge the widening trade gap. "We are taking forward the suggestion made by Premier Li in New Delhi for a Chinese industrial park to act as a magnet for Chinese investment in India," Singh told reporters after meeting his Chinese counterpart. So it is again Chinese investment in this country and no word on India's demand for opening up of Chinese markets in areas like IT and pharmaceuticals. Strategic Economic Dialogue during its meeting in November/December 2013 is supposed to work out specific projects and initiatives in areas that have already been broadly agreed upon. The two sides also agreed to look into the prospects of a bilateral Regional Trade Arrangement (RTA). Foreign Secretary Sujatha Singh said India brought up the issue of terrorism emanating from Pakistan, and Chinese infrastructure-building in Pakistan Occupied Kashmir, as well as Indian concerns about China issuing stapled visas to people from Arunachal Pradesh. This ought to have been part of agreements or the joint statement. We have seen the Chinese love of Indians before and later let down? It is time to be prudent. If the Chinese keep up to their promise and promote good relationship then we will reciprocate. For China even pragmatism means what suits them the best and emotions cannot be something known to them. So much engrossed in expansionist ideology with little respect for its neighbors, China in its intense urge to become the world leader might make any sort of deals with India only to break once its goal is achieved. Indian leaders have to be very careful, not mesmerized by China's new found love to show us a friendly face. Aligning countries unfriendly with China in single front will help India better in the long run! This is better strategy available!

# Global Economic Integration Leading to Asymmetries



*Leaving aside the corporate clout of top 7-10 countries in the global output of secondary and tertiary sectors, the poor state of corporate performance in around 170-180 countries necessitate, redressing of the rules of trade and investment in the emerging global economic order, stresses Prof. Bhagwati Prakash*

Rapid economic integration being attained by eliminating geopolitical barriers, coming in the way of cross border trade and investment, appear to be leading to economic asymmetries across the globe. The onset of neoliberal economic policies, followed by the signing of the Uruguay Round Final Act, creating the World Trade Organization (WTO) and embodying various multilateral trade agreements (MTAs) have enhanced unprecedented free mobility of goods and capital across the globe, creating a seamless market across the world. The free trade agreements signed thereafter, have helped in further economic integration of the globe, with several WTO-plus provisions.

The three free trade and investment agreements, being negotiated now would further integrate the global economy. The 'Trans Atlantic Trade and Investment Partnership' likely to be concluded by 2015 would help to achieve, further free mobility of capital and goods between the EU and the U.S. The 28 members of EU and the US account for half of the world GDP and 30 per cent of the world trade in goods and services. The Trans Pacific Partnership (TPP) being negotiated among the 12 countries, including the U.S., Australia, Canada, Mexico, Malaysia, Singapore, Vietnam etc and, quite recently now Japan also, is already under way since three years and is due to be concluded this year.

These countries too, contribute around 38 percent to the world GDP and 25 percent to the global trade. The third such deal under way is "The ASEAN-10 plus Six" wherein the new dialogue partners are the Australia, China, India, Japan, Korea and New Zealand. They have already held their first round of negotiations for the 'Regional Comprehensive Economic Partnership Agreement' (RCEP) to be concluded by 2015. Covering almost 45 percent of the world population and a third of world GDP, this too is quite a formidable economic grouping to emerge. Hopes are also high from the ensuing ninth biannual ministerial conference of the WTO, being held at Bali from December 3-6 this year.

As a consequence of every trade and investment deal, the world GDP is getting confined more and more among ever fewer numbers of the corporates of select countries making the top-line in the global economy, thereby driving out the vast and infinite number of smaller players across the globe. In the field of manufacturing, already the china has emerged as the global hub, leading to widespread closures of a vast number of manufacturing capacities across the world, in the organized as well as in unorganized sec-



tors in several countries, including India, US, EU and so on. The corporates making top-line in the global economy, by their turnovers or market capitalization too have been fast changing to lead to quick realignments in the national wealth and incomes of the select top ranking countries. Yet, these corporates making the topline are all confined with major economic powers only.

The corporate turnovers appear to be occupying an ever increasing space in the global and national GDPs. The share of corporates in the \$71.67 trillion global GDP is more than two thirds and the top 2000 companies alone have more than 50 percent share with a \$37.4 trillion turnover. The top 500 companies of the world are confined into only 17 of the 200-plus countries of the world, and the top 400 companies are confined to just seven nations only. US alone has 132 companies in the fortune 500 global companies followed by China with 89, Japan 62, France 31, Germany 27, UK 27, South Korea 14, and India, the second most populous country and the largest democracy, has just 6 companies. India the second most populous country with the highest number of youth population does not have a single company among the top 120 corporates of the world. The manufacturing sector growth rate in India is decelerating fast in the post-globalization era, especially since 2011. The manufacturing sector growth rate has now slipped to less than 2 percent which was more than 5.6 percent even in the 1950s and 1960s.

Indeed, leaving aside the primary activities of agriculture, animal husbandry, mining and quarrying, most of the secondary and



tertiary economic activities, constituting the growing core of the global GDP are now getting centralized with the top corporate performers of 7-10 countries. These asymmetries have kept on sparking series of crises, earlier in Latin America, Asia and Africa, and of late, even in the U.S. and Europe. Only a couple of decades ago, the Euro-American companies were alone to figure in the top 100 corporates of the world. But, at the peak of the stock market crisis of October 2007 the Chinese companies have made the bee-line to top 100 as well as to top 10 corporates of the world. The Chinese state-owned enterprises namely: Petro China Company limited, China Mobile Limited, China Petroleum & Chemical Corporate, China Construction Bank Corporate were among the top 10. The American companies were almost on the verge of vanishing thereafter. In September 2009, American companies were mostly sidelined, and only three of the American companies Exxon Mobil, Microsoft and Wal-Mart were able to retain their positions among the top 10 companies of the world. The ninth slot among the top 10 in September 2009 was occupied by

***Only 10 months back there were only two American companies which were among the top 10***

the Brazilian Petroleum Chemical company Petro Brass. Today nine of the 10 most valuable companies are again American. Only 10 months back there were only two American companies which were among the top 10, the Wal-Mart and Exxon Mobil were from Arkansas and Texas respectively. However of top 10 in the list, there is only single manufacturing company, the Volkswagen of Germany with a revenue of \$ 254 billion. Otherwise, all are oil or service provider companies. Wal-Mart a super market chain has a turnover of \$469 billion which is higher than the GDP of Switzerland, and 150 other countries too have a GDP less than this.

Thus, leaving aside the corporate clout of top 7-10 countries in the global output of secondary and tertiary sectors, the poor state of corporate performance in around

170-180 countries necessitate, redressing of the rules of trade and investment in the emerging global economic order. Populous countries like India, accounting for almost 16% of the global population has only 2.56 per cent contribution in the nominal world GDP on exchange rate basis, and does not have a single company in the top 120 companies of the world. The asymmetries emerging in the world economic order would fur-

ther lead to more skewed development of the global trade, commerce and industry, as well as employment and economic development in most parts of the world, unless the rules of cross border trade and investment undergo a sea change. Hence, rules of cross-border trade and investment have to be re-tuned to ensure a fair share for all countries and vast populations of these countries, in the aggregate global output. The

trade and investment deals in existence, need to be redressed and those being negotiated concurrently need to incorporate provisions for protecting domestic capacities everywhere to ensure much wider participation of all nations and sections, in the aggregate turnover of global trade, commerce and industry, for a better scene on employment front along with balanced trade and decent lives, across the globe. □□

## Global Wealth is growing, so is Inequality

**Global** wealth has hit a record high, but a new report shows that although wealth has increased globally so has inequality. As more millionaires and billionaires emerge, their swelling ranks only emphasize the disparity in certain developing economies, according to the Credit Suisse Global Wealth Report for 2013.

In Russia, just more than 100 millionaires account for more than a third of the country's wealth. About 94 percent of Indian adults are worth less than \$10,000. China is slightly more balanced, and is set to keep growing with gusto over the next five years — accounting for half of all future growth in emerging markets. Global wealth has hit an all-time high — up 60 percent since 2003 to a total of \$241 trillion, the Swiss bank's report, released Wednesday, said.

"Average wealth hit a new peak of \$51,600 per adult," the report says, "but inequality remains high, with the top 10 percent of the world population owning 85 percent of global wealth, compared to barely 1 percent for the bottom half of all adults."

The United States saw the greatest increase, especially when it comes to very rich people. While China has 4 percent of the world's billionaires, and Japan has 8, they both pale in comparison to the U.S.

Between 2011 and 2012, the U.S. added 1,682 new millionaires for a total of 13, 216 making 42 percent of the world total. Though the number of "high-wealth individuals" is important, it's not necessarily indicative of a country's success in terms of economic disparity. For example, 110 billionaires in Russia account for 35 percent of the country's total wealth.

"Russia has the highest level of wealth inequality in the world, apart from small Caribbean nations with resident billionaires," the report says.

India's wealth has been growing steadily with a

strong middle class. Credit Suisse predicts that its wealth will grow at a rate of 9.3 percent annually for the next five years. But most of the population isn't feeling the benefits. While 2.8 million people in India now have a net worth of over \$100,000 this accounts for just 0.4 percent of the total population. Meanwhile, 94 percent are worth below \$10, 000.

Interestingly, China is more balanced in this sense. Just 58 percent of Chinese adults rank at the lowest level of wealth. China, which accounts for 9.2 percent of global wealth, now has over a million millionaires, and more residents with wealth above \$50 million than any other country besides the U.S. The researchers hope that China will lead other nations in helping to stem inequality.

"Over time, this may change," the report says, "particularly if enough low-wealth countries experience rapid growth, and if China and India fulfill their potential to be major catalysts of global metamorphosis." Analysts expect that China will account for nearly 50 percent of the increase in the total wealth of all emerging economies in coming years. Since 2000, emerging economies have nearly doubled their share of global wealth. By 2018, these countries will account for 29 percent of global wealth growth. Emerging market wealth is expected to grow at an average rate of 9.1 percent each year, compared to just 6.1 percent for developed economies.

The report's authors are optimistic for the future, hoping that fast-growing economies will set an example to aid development in the rest of the world. Over time, the inequality levels will change, but only "if enough low-wealth countries experience rapid growth, and if China and India fulfill their potential to be major catalysts of global metamorphosis." □

# Modernity has failed to stop deviance



*The modern West is constructed on the principle of unbridled individualism propounded by Max Weber who, along with Karl Marx, exerted the greatest influence on Indian academia. They reject the view that the individual is an integral part of the traditional family and society, explains S Gurumurthy*

The news that three students of a private engineering college in Thoothukudi in Tamil Nadu brutally hacked and killed their principal who merely enforced discipline on them has stunned the country. Such deviant behaviour would have been unthinkable decades ago when India was more traditional, less modern.

Modernity arrogantly claims to contract men and women out of traditions and civilise them. But such brutal deviance occurs in modern societies, the US included. The critical players in modern polity are the state, law, media and the all-important individual, with the traditional society delegitimised and the traditional family marginalised. Why do these powerful modern institutions not prevent or correct deviance?

Take the media. It thinks that it can correct deviance by exposing it. If correcting deviance is that easy, the powerful Western media should have, for instance, stopped or greatly reduced the heinous crime of rape – given the equal gender rights, higher quality law enforcement and quicker justice in the West. But the rape data in the West shocks. After the Delhi gangrape last winter, the Western media asked how India, a nation of rapists and killers, could claim to be spiritual. Not an Indian, but an



English (female) journalist, Emer O’toole, responded in *The Guardian* (January 1, 2013) that if Delhi records 625 rapes a year, rapes in the UK (with just 3.5 times Delhi’s population) exceed 9,500 a year. Days after Emer’s article, *The Independent* (January 10, 2013) reported that annually “1,00,000 rapes” occur in the UK, but “only 1,000 rapists are sentenced” – lamenting the “shockingly low conviction rates”.

The US fares no better. According to the US Department of Justice, three lakh women were raped in the US in 2006. In the modern US, women too rape – women raped some 92,000 men in 2006 – making rape gender-equal! Some 17.7 million women and 2.8 million men were raped at least once in their life

[[www.ojp.usdoj.gov/nij](http://www.ojp.usdoj.gov/nij)]. In India, at least women do not rape men!

Rated to national populations, on the scale of the UK, rapes in India should be over 24 lakh a year and, on the scale of the US, at least 16 lakh. But the India’s Central Statistics Office reports that total rapes in India in 2008 were 20,771. The conclusions are self-evident. The powerful media in the West is unable to correct the brutal deviance - rape. Modern laws have failed to prevent it. The modern state could not punish it effectively. In sum, modernity has betrayed its loyalists.

Many Indians think that modernity means fashionable clothes and western manners, urban habits and the English language. But it means far more. It is the intrusive ideology of the West. It even calls upon the Rest to give up its tradi-

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### ***Reverence is relational. It cannot be contracted.***

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tions as a precondition for economic growth.

The UN Department of Social and Economic Affairs told the underdeveloped countries in 1951 that “as the price for rapid economic development” “ancient philosophies have to be scrapped”; “old social institutions have to disintegrate”; “bonds of caste, creed and race have to burst” and “those unwilling for this price” should “remain underdeveloped”.

This theory, better known as ‘Western anthropological modernity’, mandated the Rest to become a carbon copy of the West. But things have drastically changed after 2008 and the West has now conceded that its model may not be as good for the Rest. But the psychological damage done to the Rest over hundred years cannot be easily undone. Modernity, which was marketed as a must for growth, has by now become a habit and fashion.

The modern West is constructed on the principle of methodological (read unbridled) individualism propounded by Max Weber who, along with Karl Marx, exerted the greatest influence on Indian academia. They reject the view that the individual is an integral part of the traditional family and society.

Modernity asserts individuals’ rights over their duties to family and society. The superstructure of the modern economic theory – the rational man and efficient market – rests on this foundation. Karl Popper, a celebrated theoretician of this logic, found that there was

nothing such as society. And Margaret Thatcher endorsed him. QED:modernity celebrates the individual, trivialises family and delegitimises society.

Here is its output in under a century. Some 55 percent of the first marriages, 67 percent of the second and 74 percent of the third end in divorce in the US; more than half the families are without father and mother living together; and the state has to step in to take over the care of elders, infirm and unemployed. The state, which has thus effectively nationalised family, is itself becoming bankrupt.

Traditional society and families founded on sacredness of relations prevented deviant behaviour by fostering reverence for parents, elders, teachers and also women. Ancient Indian literature in all Indian languages reveres parents, teachers and women as the divine in human form. But reverence, on which tradition rests, is anathema to modernity. In his book *Reverence: Renewing a Forgotten Virtue* Paul Woodruff, a professor of philosophy at the University of Texas in Austin, says what is missing in modernity is “reverence”, adding that life without reverence is brutish and selfish.

Reverence is relational. It cannot be contracted. Modern society, bereft of traditional relations, turns human life into a bundle of contractual obligations mediated by the state, law and courts. It makes parents and children unrelated rights-conscious individuals, bereft of a sense of duty to family. In sum, modernity has torpedoed traditional families which socialise and discipline the young and prevent their deviance.

Reverence for teachers, and

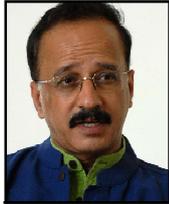
teaching and learning with reverence, are the bases of traditional education. But students in the modern US address teachers by their first names.

Submission of children to parental authority is the foundation of reverence for parents. If teachers are punished for administering corporal punishments in schools and parents are admonished for punishing deviant children, schools and families become toothless to prevent deviance. Indian traditions fostered reverence for the girl children. Girls – not boys – were revered in Indian tradition. Kanya Puja held during Navarathri is an example. The gender ratio in India was 972 to 1,000 in 1901 when there was more traditional reverence for girls. It came down to 927 in 2001 after modernity intervened. In modern urban areas where there is less reverence for girls, the gender ratio is poorer than in rural areas where reverence for girls still exists. Not that the gender rights are wrong but celebrating it as substitute for reverence is unpardonable.

Reverence for elders and teachers coupled with their power to punish the deviant had helped to prevent deviance. But the modern state doesn’t trust parents or teachers to punish the deviant. Fostering reverence helps to prevent deviance. Deviance cannot be corrected by law. It can only be prevented and corrected by family and society. They need to be strengthened. But modernity weakens both.

Post Script: The US, at the dead end, now seems to be reviving the study of anthropology of law which traces traditional rules preventing deviance as an alternative to modern law which punishes deviance. □□

# Let the WTO die a peaceful death



*Peace Clause in WTO negotiations will only sacrifice millions of hungry Indians for an unjust trading regime. Why should India therefore be making an effort to revive the dead horse by sacrificing its millions of hungry, including farmers and fishermen, asks Dr. Devinder Sharma?*

Knowing that India's defiance of the WTO rules on food stocking can derail the outcome of the forthcoming WTO Ministerial to be held at Bali in the first week of December, the visiting WTO Chief Roberto Azevedo asked India to consider 'Peace Clause' as an option to protect subsidies under the proposed National Food Security Act. *"Food Security is a squarable circle. The line between price support and food security is very flimsy and not easily drawn. It is going to be a complex task,"* he said in New Delhi on Oct 7.

Now it is the next sentence that is more worrisome: "What we have agreed in Geneva is we are going to be working on a Peace Clause .. which allows negotiators to find a more permanent solution for the long term. He was addressing the Confederation of Indian Industry (CII). The *Indian Express* (Oct 8, 2013) says: *Negotiations for a deal at the Bali meet are struck over the tenure of an interim resolution on the demand by G-33 developing countries on food security. While the G-33 is demanding the tenure of the peace clause to be 10 years, developed countries such as US are ready to accept only a 2-3 year period.*

The Peace Clause provided exemption for those countries who used export subsidies for agriculture beyond the permissible limit.

These countries could not be challenged before the dispute panel during the 'Peace Clause' period. It expired in 2003.

The compromise that India is therefore willing to exercise to ensure that the Bali negotiations proceeds ahead without any hiccup will now bring millions of hungry on the chopping block. It also threatens the livelihood security of millions of small farmers who receive an assured minimum support price for their crop produce. Already, as per WTO calculations, growers in India are getting 24 per cent more minimum support price for paddy crop since the base period of 1986-88. As per the *de-minimis* criteria, Article 6.4 (b) of the Agreement on Agriculture provides for total support not to

exceed 10 per cent of the total value of production for most developing members (except for China, where it is 8.5 per cent as part of its accession commitments).

There was a proposal to increase this to 15 per cent (In Rev 1 of the draft modalities as mentioned in TN/AG/W/4/Rev.1) but somehow this got removed in the next revision of the draft modalities. Indian negotiators are saying that an increase in *de-minimis* criteria from 10 to 15 per cent could be the possible solution. But India is under tremendous pressure from US/EU to either do away with the commitments of ensuring food security to 67 per cent of the population or agree to a Peace Clause that allows the issue to be deferred



WTO Chief Roberto Azevedo (right) with the Indian Commerce Minister Anand Sharma in New Delhi on Oct 7, 2013

by another 2-3 years. By that time, US would have managed to push through an agreement on trade facilitation that primarily benefits its own industry.

The best solution would be to change the reference year from 1986-88 to somewhere more closer, especially after 2007 when the world witnessed a global food crisis that resulted in food riots in 37 countries. Considering that between 1986-88 and 2013, the price of rice and wheat have increased by more than 300 per cent, and prices of inputs like fertilisers has risen by 480 per cent in the same period (World Bank commodity price data), the base period of 1986-88 certainly has become outdated. Now this is where India needs to exert pressure rather than accepting the Peace Clause as a solution simply because it gives the

ruling UPA Government an easy walkover before the 2014 elections.

Deferring the contentious issue is not a solution. India must stand up and resist developed countries pressure. After all, it is India's responsibility to feed its hungry population as well as to ensure livelihood security for its 600 million farmers. Even if Bali Ministerial fails, India cannot compromise the fate of 2/3rd of its population. The hungry in India cannot be traded at the altar of development.

Meanwhile, agricultural subsidies in the developed countries have risen from \$ 350 billion in 1996 to \$ 406 billion in 2011. Nobody is talking of reducing these monumental agricultural subsidies in the Western world. In fact, developed country farm subsidies are not even listed to be a topic of discussion in the negotiations at the

Bali Ministerial.

India therefore need not worry about the future of WTO. Even economist Jagdish Bhagwati who has been a staunch supporter of a flawed trading regime, has finally acknowledged that "multilateral trading system is dead." He was speaking at New York on Sept 27. *"The Doha Lite deal being attempted in Bali, is like a decaf and light coffee and we are trying to save the Doha Round, which is similar to the steps taken to save the Cancun Round on climate change issues."*

Why should India therefore be making an effort to revive the dead horse by sacrificing its millions of hungry, including farmers and fishermen? Why can't it make instead an effort to find a better burial ground for what I have always called as the Wrong Trade Organisation? □□

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# Restructuring of Indian Banks



*RBI discussion paper on 'Banking Structure in India - The Way Forward' (August 2013) has identified certain building blocks for the revised banking structure. The suggested ways however, seems more inclined towards making the financial sector globalised and private, finds Anil Javalekar*

Dr. Raghuram Rajan assumed charge as the Governor of Reserve Bank of India and Indian financial and stock markets responded positively in the hope that he will do something to bring back Indian economy on growth track and globalise it in a faster way. While taking charge, he hinted towards some policy reforms and one among was in financial infrastructure. Indian public sector banks and cooperative banks are a part of this financial structure and there are talks of their liberalization and privatization. RBI has recently released one discussion paper on 'Banking Structure in India - The Way Forward' (August 2013) that has identified certain building blocks for the revised banking structure with a view to addressing issues of enhancing competition, financing higher growth, providing specialized services and furthering financial inclusion. It is true that these issues are important to Indian banking and the sector need some reforms for better service and efficient managerial and operational practices. The impression of common man however, is that all economic reforms including that of financial sector are at the behest of developed world and their main intension is to make Indian economic system work for



their interests. Thus the debate needs to understand the long term consequences of these reforms to Indian economy and Indian sovereignty and not simply propagate the short term gains or illusory long term gains that are more beneficial to the developed world than India. RBI discussion paper seems lacking on this account. It has simply taken certain reforms inevitable and thought it as a way forward. The issues like Small banks vs. large banks, giving way to Universal Banking, opening of new banks by private parties, Conversion of UCBs into commercial banks, Consolidation of banking sector by mergers, expansion of Foreign Banks in India, increasing Indian banks' presence overseas, dilution of Government Ownership are considered important for

globalization of Indian economy and integration of Indian financial sector with that of global financial sector. The reforms proposed may however, affect the base of Indian banking system and thus need a debate and a cautious approach.

## **RBI paper on Banking Structure in India -The Way Forward**

RBI paper has initiated its discussion on the fact that the existing banking structure in India, evolved over several decades, is elaborate and has been serving the credit and banking services needs of the economy. There are multiple layers in today's banking structure to cater to the specific and varied requirements of different customers and borrowers and the banking structure played a major role in the mobilization of savings and promoting economic devel-

opment. The paper however, has gone ahead and made a point that 'Since 1991, the Indian economy has grown manifold and there has been progressive liberalization and globalisation of the economy. During this period the number of new commercial banks licensed is only 12 and none of the Indian banks has acquired the size and reach on a global scale'. The paper acknowledged that 'the percentage of population without access to formal financial services is still significant' and emphasized the need for expansion in the banking sector that keeps pace with the dynamism and competitive nature of the real economy. The paper concluded that 'there is a need to relook the structure of the banking system keeping in view the international experience and the current debate on banking structure so as to evolve a structure most suited to our needs while enhancing financial stability'. The paper then tried to analyze the case for reorienting the existing Indian banking structure and suggested a way forward to make it more dynamic and amenable to meet the needs of the economy.

### **The way forward as proposed by RBI Paper**

1. The paper made out a case for encouraging new entrants into the banking system which comply with stringent entry norms.
2. The Discussion Paper while examining the pros and cons of various options suggests that the objectives of enhancing competition, promoting higher growth and furthering financial inclusion could be achieved possibly, by measures such as putting in place a continuous entry process, creating space for more mid-sized private banks, allowing setting up niche banks through differential licensing and small-sized local banks, encouraging the presence of more foreign banks, rationalizing the policy regarding presence of Indian banks abroad, allowing conversion of UCBs into commercial banks or LABs/small banks and facilitating consolidation of large and mid-sized commercial banks on voluntary basis.
3. The paper expected the emergence of new distinct tiers of banking institutions. The first tier may consist of three or four large Indian banks with domestic and international presence along with branches of foreign banks in India. The second tier is likely to comprise several mid-sized banking institutions including niche banks with economy-wide presence. These are capable of offering a broad range of banking products and services to the domestic economy such as investment banking, wholesale banking and funding large infrastructure projects. The third tier may encompass old private sector banks, Regional Rural Banks, and multi state Urban Cooperative Banks. The fourth tier may embrace many small privately owned local banks and cooperative banks, which may specifically cater to the credit requirements of small borrowers in the unorganised sector in unbanked and under banked areas.
4. The paper emphasized that there should be no let up in the rigorous prudential requirements at any stage to ensure that

banks at various tiers of the envisaged structure are financially sound and resilient. The envisaged policy will have to be in the backdrop of a strong regulatory and supervisory regime with increased intensity of supervision for the systemically important banks.

5. The paper mentioned that what is needed is an optimal ownership mix to promote a balance between efficiency, equity and financial stability and Government could consider diluting its stake below 51 per cent in conjunction with certain protective rights to the Government by amending the statutes governing the PSBs.

### **What it means**

- i First, merger of SBI and its subsidiaries as also some Public and private sector banks so as to have three or four global sized banks. As also increase overseas presence of Indian banks.
- ii Second, acceptances of universal banking model and encouraging of investment banks and specialized banks.
- iii Third, enhancing presence of foreign banks.
- iv Fourth, Conversion of UCBs into commercial banks.
- v Fifth, dilution of government ownership of Public sector banks

### **Large vs. small banks**

RBI discussion paper thinks that making Indian banks bigger and larger will help financial sector become strong and stable as also meet the needs of growing economy apart from improving its global presence. It is true that the growing and expanding economy

needs mobilization of more financial resources and make it available to industrial and all other sectors including that of infrastructure. However, it need not be presumed that only large banks can meet that need. IMF's Global financial stability report (October 2013) has observed that 'emerging market economy banks (India included) have safer funding structures than advanced economy banks. Emerging market economy banks are better capitalized, rely more on deposits and less on debt, and have lower funding gaps (loan-to-deposit ratios), all of which are desirable features for a more resilient bank'. It is to be remembered that Indian banks operate on deposit base mainly from Indian middle and poor class and expansion of business with market borrowings and like funding sources may not be right mix to become large, take risk by financing big borrowers and fail.

### **Failure of banks cost the tax payers**

Failure of banks is a costly affair. Indian tax payers cannot share the burden of failures of private banks as Government cannot simply be a spectator. World Bank's policy research paper on 'Controlling the Fiscal Costs of Banking Crises' (2000) has observed that 'a majority of countries-rich and poor alike-have experienced a systemic banking crisis, requiring a major-and expensive-overhaul of their banking system. Not only do banking crises hit the budget with outlays that have to be absorbed by higher taxation (or spending cuts), but they are also costly in terms of foregone economic output'. Its empirical findings reveal that unlimited deposit guarantees, open-

## ***Indian public sector banks are important for stability of financial sector.***

ended liquidity support, repeated recapitalizations, debtor bail-outs and regulatory forbearance add significantly and sizably to costs. As cited by the paper '112 episodes of systemic banking crises occurred in 93 countries since the late 1970s and 51 borderline crises were recorded in 46 countries (Caprio, Klingebiel 1999)'. The costs have been large. '40 countries governments spent on average 12.8 percent of national GDP to clean up their financial systems. The percentage was even higher (14.3) in developing countries'.

### **India needs Public Sector banks**

Indian public sector banks are important for stability of financial sector. The PSBs have reached to remote areas and people and helped agriculture and small entrepreneurs including retail traders to participate in economic development and increase their earnings. Any damage to this structure will cost more in long term as India is still a country of villages and poor people. The private sector banks mainly operate for profits and financial inclusion will be a myth without government owned banks or cooperatives. Therefore, there is no need to dilute government ownership of Indian public sector banks and allow private banks to control Indian economy. Indian earlier model of commercial banks and development institutions was better as mobilization of resources for short term and

long term requirements were from different sources.

### **Cooperative Banks need support**

Indian cooperatives have played important role in growth and survival of agriculture and small entrepreneurs and though most of these cooperatives suffer from mismanagement, growing NPAs, state intervention, politicization and poor resource base, they need support from government and RBI to come out of these problems. It is a myth that only cooperatives are being helped by government. Entire industrial sector including MNCs and financial sector is supported by government in one way or other. Even after 111 mergers and amalgamations, the UCBs number is still at 1,618 as at end March 2012. Their conversion in to commercial banks is against the interests of small and marginalized and is not a solution.

### **Need debate before restructuring**

The intention of the RBI paper is limited and may not be sufficient to take up the suggested way forward. The paper clarified that 'the primary motivation for the current exercise of reviewing the Indian banking structure is to cater to the needs of a growing and globalizing economy as well as deepening financial inclusion' and claimed that it has 'taken into consideration the specific requirements of the Indian economy as well as the lessons learnt from the global crisis particularly relating to banking structure while reviewing the Indian banking structure'. The suggested ways however, seems more inclined towards making the financial sector globalised and private. □□

# Understand India's Cultural Strengths



*Cultural influences play a bigger role in various aspects concerning all the activities of human life. But, their importance in the functioning of societies, business, management and economy are being realized only slowly, says **Dr. P Kanagasabapathi***



As Indians, one of our greatest strength is our culture. Many of the educated people tend to either ignore it as irrelevant in the modern context or dismiss it as a burden of the past. Hence much of the thought process of our elite and the establishment continues to be dominated by the alien mindset.

Visionaries such as Swami Vivekananda emphasized the role of culture in the Indian lives. Several intellectuals from across the world have been insisting on the relevance of Indian culture, not just for the future of our nation, but for the entire world. The well-known British Orientalist Sir John Woodroffe noted about a century earlier: "The question of the value of Indian culture is not merely an academic one. It has present bearing on the future of India and the world."

In spite of the good counsels, we have failed to understand the

significance of culture in our lives. In this connection, the modern education plays a critical role to create contempt for the traditional strengths of India. But the contemporary developments at the global level have made the experts from the western world to recognize and understand the role of culture in different national contexts.

For every human being, the families and the societies around him/her are the two basic institutions of life. They play the most crucial roles in shaping the lives of people. In the case of both the institutions, culture has a larger influence than the other factors.

The purpose of human birth is to lead a useful life. Peace of mind at the family and social levels is required for everyone to lead productive lives. Peace is largely the product of culture. Families and societies strive to develop themselves

materially and otherwise. They take the required steps consciously and work hard to achieve their aims.

The role of culture in the human lives is important. It plays a major role in shaping their thoughts, behavior, world views, approaches and functioning. It has a huge impact on the families, societies and the nation as well.

After subjugating the local systems in different parts of the world, the thoughts and practices of the Europeans came to dominate the rest of the world during the earlier centuries. The writings of their sociologists and economists began to define the social and economic studies of the rest of the world as well. As a result the local cultures of different nations remained out of purview and viewed as a hindrance.

The subsequent developments clearly proved that the western systems and approaches have serious limitations. Different countries in the world have unique systems of their own. One of the major reasons for such uniqueness is the cultural dimensions of different societies. The impact of cultural factors from the individual to the national levels is very significant. The way one thinks and behaves at the individual level impacts not just the family but also the society and the nation.

Recently a British diplomat highlighted the difference between

the Indians and the westerners, in the context of education of children. It reveals the role of culture in shaping the approaches and lifestyles of people living in different countries. To quote his speech: "I would not sacrifice buying a car to educate my child but an Indian would do so. Such is the parental care and affection in building the future of the child. .... Family is everything here. While Indians earn and save money for their family, westerners hardly do so."

These words show as to how Indians regard their family and children above everything else in this world. This is in stark contrast to their western counterparts. The foreign official is further reported to have noted that "parental affection is the key element of education in India and this is the only country where fathers dedicate their entire life for their children." (*The New Indian Express*).

A very wrong notion seems to prevail that cultural influences revolve around the household and religious matters only. In reality however, they play a bigger role in various aspects concerning all the activities of human life. But their importance in the functioning of societies, business, management & economy are being realized only slowly.

Studies reveal their deep influence even in fields such as modern business and corporate organizations. Pioneering studies undertaken by the Dutch researcher Geert Hofstede and his team for over more than four decades in different countries reveal that culture at the national and regional levels play a major role in influencing the behavior and approach of employees in organizations.

The following table shows as

to how two major human attributes namely individualism and long term orientation vary among the Indians, Americans and the British. The scores used by Hofstede and team are presented to explain the significance of culture on these attributes in these countries.

#### Organizational Culture in India, US and UK -Scores

	<i>Individualism</i>	<i>Long term orientation</i>
India	48	61
US	91	29
UK	89	25

Individualism indicates the degree of interdependence among the members in the society. The scores show that the people of the United States are highly individualistic. Individualistic tendencies are very high in countries such as the US and the UK, while it is less India due to the family base and society orientation.

India scores high in long term orientation as Indians have a futuristic view of life. But the western countries such as the US and the UK are short term oriented. The studies reveal as to how the attitudes of citizens get reflected in the functioning of the organizations.

Hence the role of culture is much higher than what we generally assume. It enables shaping the behavior and approaches of people at different levels of life. The functioning and progress of organizations, societies and the economies are influenced by factors related to culture.

The superior culture of India enabled her to progress and perform well since the ancient times. It is said that whenever India was culturally strong, the society was functioning better and the economy showed a higher performance. Studies prove that India's recent

performance at the economic and social levels have been due to her inherent cultural strengths.

Hence we have to realize the importance of culture in India and her functioning systems. After studying the history of different civilizations across the world, the noted American philosopher Will Durant underlined the basic nature of the Indian approach in the following words: "India will teach us the tolerance and gentleness of mature mind, understanding spirit and a unifying, pacifying love for all human beings."

The higher qualities of India and her cultural backgrounds have always made experts from different parts of world to look to our nation for guidance. In the current context of globalization there has been a renewed expectation for the emergence of India and her role at the global level. While welcoming the rise of India, the management expert Jean-Pierre Lehmann notes: "Perhaps the most encouraging development in this early 21st century is the emergence of India as an increasingly global force, economically, politically and culturally."

Such expectations from scholars belonging to diverse fields over different time periods are due to the superior nature of Indian culture. It is not just a guiding philosophy for the higher spiritual aspects of life; it has a huge impact on the functioning of families, societies, economies and other aspects connected to the lives of people.

Rebuilding India requires a proper understanding of the time-tested culture of our country and its impact on various aspects of life. One cannot expect the desired results when plans are made without realizing the underlying strengths of this ancient nation. □□

## Dual power alone can control corruption



*A person who lives a simple life independent of the government can control the state. Need is to build an institution that exercises a restraining influence from the outside. This institution is likely to degenerate if it participates in the government, believes Dr Bharat Jhunjhunwala*

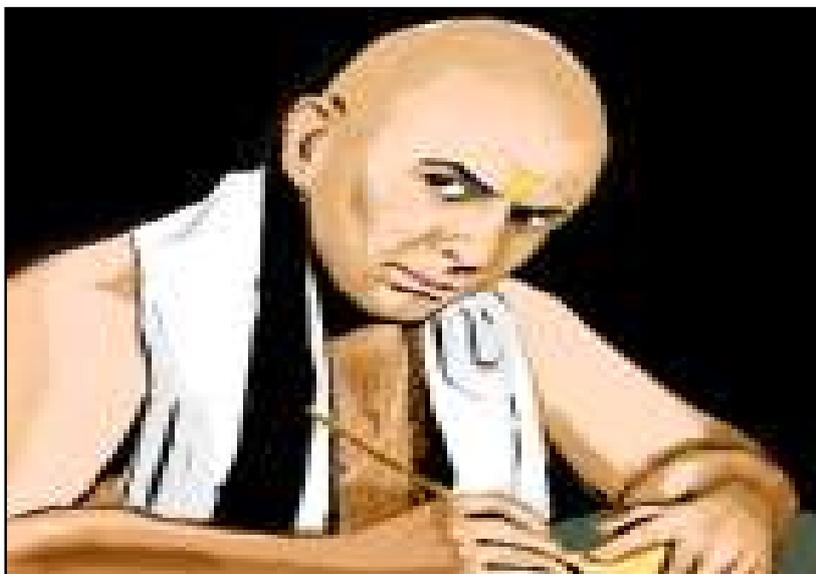
It is good indeed that Laloo Prasad has been sent to jail by the judiciary. But we should not be under the impression that courts will be able to control this malaise in the society. In any case, what has been caught is only the tip of the iceberg. Laloo has been found guilty of fraudulently withdrawing monies for three or four district treasuries. Much more would be withdrawn in other districts as well. Then there are numerous other departments where similar withdrawals would be made. There are other Ministers to reckon with too. Thus while congratulating the judiciary we should realize that the problem has much bigger dimensions.

A ruler of a country being corrupt is nothing new. Ben Ali in Tunisia and Zardari in Pakistan are living examples of widespread indulgence in corruption by head of the state. Likewise there is a natural tendency for our Ministers to become corrupt. Money in such large amounts is floating around them that even a minute fraction of the state revenue provides a grand attraction. The Ministers swim in a tank full of money. It becomes difficult for an outsider to assess how much money has been embezzled by the Ministers just as it is difficult to determine the amount of water drunk by the fish in the pond.

Gandhi had an inkling of such

things unfolding in Independent India. He started getting complaints about corruption among ministers soon after Independence. Two days before his death he had drafted a new constitution for the Congress. His proposal was like this: The Congress Party would be disbanded and a Lok Sevak Sangh would be constituted in place of it. Workers of the Sangh would live among people. They would educate the voter to send the right person into the government. Most importantly, Gandhiji wrote, Workers of the Lok Sevak Sangh could be influenced by corrupt practices if they joined the government. Thus he suggested that workers of the Sangh would stay out of power and work with the voters. Main point is that power corrupts. The way to secure a corruption-free society, therefore, is to create an institution that remains away from power yet is politically active from outside and exercises check on corruption by the Ministers. Needless to say this proposal was not even seriously considered, let alone adopted by the Congress after his death.

Lenin thought similarly. He was afraid that the leaders of the Bolshevik Revolution may degenerate. He called upon the revolutionaries to join the Communist



Party instead of the government. They would remain outside power. They would give direction to the government while remaining outside. They could even force a change in the Government by creating grassroots political pressure if the leaders failed to implement correct policies. This, I think, was the correct model. Stalin, however, did not agree. He had himself appointed both as the Secretary of the Communist Party and head of the State. Result was that the check of the Party on the State was eliminated. There was no entity that could restrain the State from moving in a wrong direction. The Soviet Union was dismembered few decades after his death.

Manu Smriti puts forth the same model in a different manner. It is said that the Brahmin alone can exercise control over the Kshatriya. Here 'Brahmin' should be understood as a fakir; and Kshatriya as a Minister. Brahmin should not be taken as one born in a family claiming to belong to that caste. Message is that only a person whose livelihood is independent of the government and who lives a simple life can control the state. The basic message of Gandhi, Lenin and Manu is that there is a natural tendency for the ministers to be corrupt. Need is to build an institution that exercises a restraining influence from the outside. This institution is likely to degenerate if it participates in the government. The question is not of the character of the individuals. The question is of them coming under influence of corrupt practices which are part and parcel of the government.

The UPA Government has tried to implement this model half



***We should strengthen our efforts to continuously build pressure on the corrupt.***

heartedly. A National Advisory Council has been formed under the Chair of Mrs. Sonia Gandhi. The NAC has given certain suggestion which have benefitted the Congress immensely. These include Right to Information Act and MNREGA. But the NAC lacks the grit to push the Government in a particular direction. The NAC derives its authority through Mrs. Gandhi, who is also the effective head of the Government besides being a Member of Parliament.

The responsibility of giving direction to the Government, therefore, falls wholly on the shoulders of Mrs. Gandhi. Here the same problem arises as that created by Stalin. Mrs. Gandhi is head of Government as well as NAC. She is not in a position to allow friction between the two to play itself out in a situation of confrontation. She is unable to discharge both responsibilities simultaneously. Indeed the two cannot be discharged together. The police and the thief cannot be the same person.

It appears Mrs. Gandhi has given more importance to her role as head of the Government rather than as head of NAC. Persons of doubtful integrity who have had to relinquish important posts because of charges of corruption have

been appointed as Chief Ministers, it appears, solely because they are perceived as being loyal to the Gandhi family. More importantly, she is not beyond reproach. The Bofors matter was closed not because there was no corruption; but because there was no evidence available to link the corruption with persons close to the Gandhi family. No wonder Mrs. Gandhi is an utter failure where controlling corruption of the Ministers is concerned.

We should not pin hopes on a honest person leading the country. We should work with the assumption that politicians are; and will continue to be corrupt. We should strengthen our efforts to continuously build pressure on the corrupt. The war between good and evil ever goes on and it is never won by either side. Sometimes 'good' is on a stronger wicket; at other times 'evil' is stronger. The sea saw is ever rocking. Our effort should be to push the society on the good side. We should use weapons like the Right to Information Act, Public Interest Litigation, pickets and agitations. We should not get disheartened by the absence of visible results. The fact that there is so much corruption in the society means that our side of 'good' is weak. □□

## Food Security Bill: Where's the money for this colossal waste?



*For decades socialist ideas was all about distributing poverty, not wealth. Food security bill, consequently, is a repetition of our mistakes of the Nehruvian era. Consequently, it is a by-product of dangerous analysis, bad diagnosis and awful prognosis, believes M.R. Venkatesh*

“This would perhaps be the biggest ever experiment in the world to distribute subsidised grain to achieve food and nutritional security.” “This” refers to the Food Security Bill, [FSB] the brainchild of the National Advisory Council and widely expected to be the route to political nirvana for UPA.

But pray who calls this grand design of distributing food grains to approximately two-thirds of our population at subsidized prices an “experiment?” The Opposition? No. The Media? Never. The Judiciary? Not at all.

In fact, this is the view of the Ministry of Agriculture contained in The Discussion Paper on National Food Security Bill and pre-

pared by the Commission for Agricultural Costs and Prices, Department of Agriculture and Co-operation.

That is not all. The document laments that “The Bill, in its present form, throws up major operational and financial challenges and would have enormous ramifications on the cereal economy/markets and therefore Indian agriculture as a whole.”

To appreciate the “enormous ramifications” mentioned above, its consequences and implications on national grain markets a reference to the food grains production as well as procurement and distribution by the Government through the extant Public Distribu-

tion System [PDS] needs to be appreciated.

### Government as a hoarder

India produces approximately 250 MT of food grains annually. Of this one-half i.e. 120 – 140 MT is estimated to be consumed by farmers and theoretically does not enter the national grain markets. Of the balance 110-130 MT that enters the national grain markets, Government procures approximately half of this for public distribution. The balance – a small portion say 60 MT – enters our grain markets.

It is in this connection this document correctly points out that “The government already procures one-third of the cereals production (which amounts to almost half of marketed surplus of wheat and rice).” That makes the Government a dominant player.

This has profound implications on food grains prices. As we have an open-ended purchase policy, we continue to endlessly purchase over and above our buffer stock requirements. For instance, as against the buffer stock norm of 31.9 million tons of Rice & wheat (as on July 1 of each year), total central stocks were at 80.5 million tons as at July 1, 2012.



Obviously the Government, thanks to its inefficiency, is unable to distribute what it procures. In the process, little do we realise that this is public hoarding by the Government. This in turn robs the common man of grain stocks while artificially inflating its prices. This hoarding by the state is at the root of the extant chronic food inflation and shortage in India.

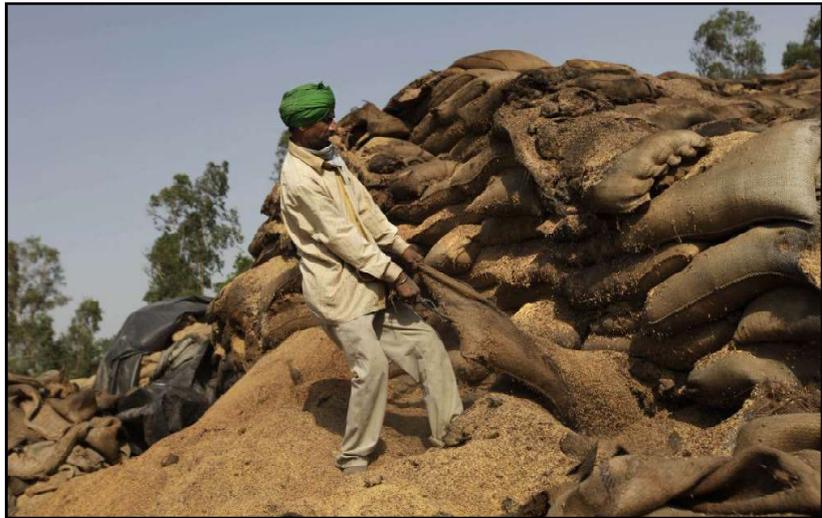
Food Security Bill simply seeks to amplify this.

Another dimension of the problem is that only a handful of States have marketable surplus. That implies concentrated procurement. And this needs to be distributed nationwide. It may be noted that 70 per cent of rice procurement is done from Punjab, Andhra Pradesh, Chhattisgarh and Uttar Pradesh while 80 per cent of wheat procurement is done from Punjab, Haryana and Madhya Pradesh.

This is a logistic person's nightmare. For instance, moving wheat from Punjab situated in one corner of the country through an archaic transportation system and storage network mechanism into Kerala virtually doubles its cost as it arrives in the point of consumption in Kerala.

Interestingly, the economic cost of FCI for acquiring, storing and distributing food grains is about 40 per cent of the procurement price. Obviously, Food Corporation of India must be a unique organisation that suffers from diseconomies of scale! But who cares? The more it procures, stores or distributes, the more it leaks.

In such a scenario, importing wheat, at times from international markets, theoretically becomes a wiser proposition. But when a



country like India enters the international grain markets, (in view of her volumes) instantly international prices spike, making imports practically a non-option. That makes us extremely dependent on the national grain markets to feed our gargantuan population.

Yet, what is galling is the fact that the National Sample Survey [NSS] studies reveals massive leakage of food grains in the Targeted PDS mechanism that aims to deliver food grains for BPL families. This is simply because PDS has virtually collapsed in several states in India due to weak governance and lack of accountability.

In fact, this document by the Ministry of Agriculture demonstrates the dismal performance of this scheme for 2004-05 and 2009-10, the two years for which NSS data on consumption from PDS are available.

In 2004-05, compared to an off-take of 29 million tonnes of rice and wheat by States, only 13 tonnes were actually lifted by households for consumption – suggesting a massive leakage of 54 per cent. In 2009-10, 25 million tonnes was received by the people under PDS while the off-take by

### *The FCI storage facilities are still primitive.*

states was 42 million tonnes — indicating a leakage in excess of 40 per cent.

Further, the FCI storage facilities are still primitive. For instance, the FCI is facing an acute storage crisis with covered capacity estimated at around 45 million tonnes and Covered and Plinth storage of 17 million tonnes against the stocks crossing 80 million tonnes. This once again adds to the wastage of grains while storing and handling.

#### **Suicidal mission**

There is a yet another piece of data that possibly is hidden from most Indians. Most economists within the establishment have a skewed view of the massive levels of malnutrition and food deprivation. Thus they assume we have a distributional problem. In the process most policies laid out by the Government aim to set right this issue when the challenge lies elsewhere.



The Economic Survey document for 2011-12 reveals that the average daily per capita food grain consumption of an Indian in 1965 was 418 grams and that of pulses, 62 grams. Remember, in 1965 we had a war with Pakistan on top of a deadly drought.

Approximately after five decades of our 'successful' tryst with green revolution, the survey shockingly points out that the average daily per capita food grain consumption of an average Indian in 2010 was a meagre 407 grams and of pulses, a disappointing 32 grams.

It is in this connection it has to be noted the National Institute of Nutrition is reported to have prescribed a minimum of 2,400 calories per day per person. Significant sections of our population do not have access to this minimal requirement. By the way, the average calorie intake available to an inmate at the dreaded Guantanamo Bay daily is well in excess of 4,000 calories.

Obviously, we are not producing enough food grains or pulses now when compared to 1965 on a per capita level. Yet, for the past four decades or so we have been under the mistaken belief that distribution, not production, to be

### ***Food Security Act is implementable only when we produce food grains in excess of 350 MT.***

the key to the issue on hand. That explains why we created a monstrous public distribution system in the first place.

Simply put, the Food Security Act is implementable only when we produce food grains in excess of 350 MT. And in such a scenario with massive stocks of food we do not require state intervention. And should we produce less than 350 MT and seek an intervention of the state, it will be a futile exercise.

Crucially, the PM and his economists within the Government assume that this outlandish legislation will settle our production, distribution and storage deficiencies in our farm sector.

But assuming that it can be done what is the cost? Crucially where is the money? The document prepared by the Ministry of Agriculture states that the total financial expenditure entailed will be

around Rs 682,163 crores over a three year period.

This works out to in excess of Rs 225,000 crore every year. Given this massive sums of money required to administer this flight of fancy – the Finance Minister of India has allotted a paltry sum of Rs 85,000 crore in the Budget of 2013-14. And should the FM provide money for this food subsidy, his promise to assiduously restructure the finance of the country goes for a toss.

And even if the money is available [remember money can be printed, but not paddy or wheat] how can it be a solution? To improve food security to our people we need to produce more of food.

For decades socialist ideas was all about distributing poverty, not wealth. Food security bill, consequently, is a repetition of our mistakes of the Nehruvian era. Consequently, it is a by-product of dangerous analysis, bad diagnosis and awful prognosis.

The net impact of this silly idea of FSB is that can ruin the farm sector in India, deny food security and dynamite the food grain economics of the nation. No wonder, the document concludes that the FSB's impact on the economy may be adverse.

And is that what the UPA aiming at – destroying the farm sector too completely before demitting office? □□

*PS: My aged father tells me that ordinary cloth was rationed in the mid-forties. But once the production of cloth increased, rationing stopped. Likewise the solution to food shortage is to increase food production. Reducing this to a distributional issue is absolutely foolish.*

# A new Idea of India



*The idea of India, which has hitherto dominated the national discourse and which has gained legitimacy in the confines of the Left-dominated Indian and Western academia and has gone on to adversely influence a large section of our decision makers and therefore our national direction, is a direct creation of 'Macaulayism' – a mindset which has refused to recognise the essential civilisational identity of India and which has persistently worked to corrode it, asserts* **Dr. Anirban Ganguly**

Lord Meghnad Desai has at last come round. It is interesting to see him discuss and endorse the need to offer space to an alternate idea of India. In fact, he is getting around to the view that there are other ideas of India and a challenge to the homogeneity inducing Nehruvian idea of India is a legitimate aspiration that requires expression.

Contrary to what is usually portrayed about the so-called Hindu Right, the idea of India that triumphed through patronage, discourse-control and academic and cultural hegemony was the Nehruvian idea of India, an idea that was sought to be imposed by its proponents allowing no other idea space or recognition. It was not the Hindu idea of India that pictured India as a perennially monolithic state. It was rather the Nehruvian idea that tolerated no other ideas and expressions of India. Any alternate vision of India was regarded with deep disdain and suspicion. The easiest thing was to label these as reactionary, subversive, anti-modern and anti-people.

It is also heartening to read of the alternate history of India being at last discussed. KM Munshi's effort at producing a multi-volume history of the Indian peo-

ple was the result of a long-felt nationalist need for writing India's history from the Indian point of view. Before Munshi, Tagore, whom the Left-Liberal, secular and Marxists have turned into an opponent of nationalism and a proponent of globalism, strongly felt for the need to write a history of India from a fresh perspective.

Writing sometime in early 1903, Tagore observed in one of his lesser discussed pieces, 'History of Bharatvarsha', that the narratives of India – in today's parlance the ideas of India being dished out did not allow the 'real Bharatvarsha' to be glimpsed.

'Those histories', argued Tagore, "make you feel that at that time Bharatvarsha did not exist at all; as though only the howling whirlwind of Pathans and the Mughals holding aloft the banner of dry leaves had been moving round and round across the country."

India's civilisational essence that survived all conflict and invasion, Tagore contended, was neglected or suppressed in these portrayals or ideas of India. "...While the lands of the aliens existed, there also existed the indigenous country. Otherwise, in the midst of all turbulence, who gave birth to the likes of Kabir, Nanak, Chaitanya, and Tukaram?"





***Nehruvian  
establishment up  
against him.  
Majumdar was  
completely sidelined  
by the acolytes of  
Nehru's India.***

It was not only Delhi and Agra that existed then, there were also Kashi and Navadvipa. The current of life was flowing then in the real Bharatvarsha, the ripples of efforts rising there and the social changes that were taking place – none of these find an account in our history textbooks.” This aspect of Tagore never found space in the idea of India that dominated national life for the last six odd decades.

There were others as well, champions of an alternate discourse which sought to draw, tabulate and record alternate ideas of India. Nearly all of them had to face persistent intellectual boycott by the raucous standard bearers of the Nehruvian idea. When the

doyen of nationalist historiography RC Majumdar insisted on taking an alternate route for writing the history of India's freedom movement by saying, “I have not hesitated to speak out the truth, even if it is in conflict with views cherished and propagated by distinguished political leaders for whom I have the greatest respect” and that a “solid structure of mutual amity and understanding cannot be built on the quicksands of false history and political expediency,” he had the entire Nehruvian establishment up against him. Majumdar was completely sidelined by the acolytes of Nehru's India.

The idea of India, which has hitherto dominated the national discourse and which has gained legitimacy in the confines of the Left-dominated Indian and Western academia and has gone on to adversely influence a large section of our decision makers and therefore our national direction, is a direct creation of ‘Macaulayism’ – a mindset which has refused to recognise the essential civilisational identity of India and which has persistently worked to corrode it. Macaulayism “cor-

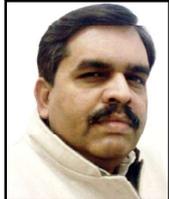
rodes the soul of a culture and corrupts a social system in slow stages.” Ironically it is the de-culturised Hindu who has been one of the most unswerving proponents of this ism and has been at the forefront of propagating the idea of India that it generated.

These ‘Macaulayists’ who have institutionalised a certain idea and perception of India have themselves the following dominant characteristics which have influenced their worldview and actions in India:

- A sceptical, negative attitude towards Hindu ‘spirituality, cultural creations and social institutions.’ Nothing in Hindu India, ‘past or present’ could be approved unless recommended by Western authorities.
- A positive and ‘worshipful’ attitude towards everything in Western society and culture, past and present.’
- An intellectual habit to judge, ‘interpret and evaluate Hindu culture, history, society and spirituality with the help of concepts and tools of analysis evolved by Western scholarship.’ The Nehruvian idea of India was essentially fashioned by these types who thrived and multiplied post independence when the one idea of India began to dominate.

However, the growth of a multitude of alternate ideas of India now, especially one which is non-Nehruvian, non-Congress and non-Left shall usher in the end of their era. Lord Desai has rightly recognised the unmistakable wave of the age, hope some more of his stock follow suit! □□

# Compromising National Interests for Political Dividend?



*In the forthcoming agenda for WTO's Bali conference, developed nations are neither ready to talk about reducing their agricultural subsidies, nor their safety standards and phyto –sanitary measures; rather they want India and other developing countries to keep their food subsidy within limits, so that Indian farmers do not get reasonable price for their produce, explains **Dr. Ashwani Mahajan.***

**N**inth Ministerial Conference of World Trade Organisation (WTO) is going to be held in Bali (Indonesia). If we look back we find that a new round of negotiations was planned, called 'Doha Development Round' after Ministerial Conference held at Doha Qatar in 2001. However that could not really happen due to persistently adamant attitude of the developed nations, in the last five ministerial of WTO, about not reducing their agricultural subsidies. It is a well known fact that USA, European nations and other developed nations give huge agricultural subsidies to their farm sector, thanks to their strong financial muscles. These huge subsidies make their agri and dairy products cheap, making it impossible for Indian agri-products to

compete with them. At the time of constitution of WTO, developed nations promised to end their agricultural subsidies, which they are not honouring now. Developing countries including India have been insisting on their just demand from developed countries to end their agricultural subsidies, which is pertinent to save agriculture and protect food security of the nation.

### **WTO: Journey So Far**

After the Uruguay Round of negotiations of 'GATT' a new international organization was constituted in 1995. At that time it was said that with WTO's constitution, Indian farmers will be able to sell their fruits, vegetables and their other products in the markets of California and they would become richer as farmers in de-

veloped countries. Our industrial products will also reach international markets. Thanks to open import and exports, investment in the country would get a boost. New intellectual property regime would make it possible for Indian to register their patents internationally and would be able to reap benefits of their research. Share of Indian exports in the world will increase and the same would help India to grow. Government even said that along with these benefits, India would have an alternative to impose quantitative restriction in case of import surge from the world. Therefore adverse impact of WTO on our agriculture and manufacturing sector was ruled out.

However all the claims in favour of WTO proved to be



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***India may become dependent on USA and EU for its needs of agri and dairy produce.***

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hollow. On the one hand, apples and fruits from different countries (mostly from developed countries) taken over Indian markets, but the wish of Indian farmers to sell their mangoes, litchi, flowers and other agri produce in international markets is still a far off dream. This happened because due to pressure of developed countries in WTO, we had to remove quantitative restrictions (QRs) on our imports. With this road for USA, and European fruits to enter into India was cleared but USA and European countries continued with different types of road blocks in the name of food security standards and phyto sanitary measure. In the proposed agenda for WTO's Bali conference, developed nations on the one hand are neither ready to talk about reducing their agricultural subsidies, nor their safety standards and phyto –sanitary measures; rather they want India and other developing countries to keep their food subsidy to the limits, so that Indian farmers do not get reasonable price for their produce.

After the constitution of WTO, due to lifting of tariff and non tariff barriers to trade, our imports have increased manifold, absolutely as well as percent of GDP. In other words our dependence on imports have increased. It may be noted that imports into

India, which constituted 11.8 percent of GDP in 1990-91, increased to 27 percent in 2011-12. During this period our exports also did increase from 9.4 to 16.8 percent; but the major cause of worry is that during the same period, our trade deficit has increased by more than four times from only 2.4 percent of GDP to 10.2 percent. In absolute term this increase looks even bigger from nearly 5 billion \$ US in 1990-91 to 190 billion \$US in 2011-12. Huge deficit in Balance of Trade (BOT) has been weakening our currency constantly.

**What was Doha Development Round?**

As aspirations of the developing nation were not being fulfilled in WTO, a new round of talks was proposed namely Doha Development Round. In this round, developing nations have been pressing for removal of agricultural subsidies by developed countries. It was said that no talks can go on, unless developed countries remove their agricultural subsidies. It is notable that despite their commitment to reduce agricultural subsidies, developed countries infact increased their agriculture subsidies from \$350 billion in 1996 to \$540 billion by 2011. Due to huge subsidies given by developed countries and resulting surge in agricultural imports by developing countries, 105 countries so far have turned into net importers of agricultural products. Imports of agri products have increased manifold even in India. If the same situation continues, a hub of agri product, India may become dependent on USA and EU for its needs of agri and dairy produce.

While developed countries are not ready to reduce their agricultural subsidies, nor are they ready to give any commitment in this regard, WTO has come to a standstill in the last 5 ministerial conferences.

Now argument is being put forward by the developed nations as there is a dead-lock in WTO talks on subsidies issue in Doha round, we may keep these contentious issues at bay and start negotiation on trade facilitation, agricultural access and NAMA (Non Agricultural Market Access). It seems that government of India has also made up its mind in this direction. Only objection, which the government is raising is about the condition of the developed countries, that (grace) period of peace clause for allowing food subsidy beyond permissible limits be extended to 9-10 years, from 3-4 years now.

Leaving Doha Agenda in between and conceding to the negotiations, is suicidal for our economy is general and agriculture in particular. This would end the pressure on the developed world, maintained by in the last one decade by the developing countries. It would open the floodgates for the products of the western world into India. Our industries which are under worst crises ever, may even lose their existence. Developed countries may start exerting pressure on India to amend our patent laws so that, compulsory licensing, article 3 (1) d, designed to curb ever-greening of patents, and the like, which are irritating the developed countries and their MNCs is particular, may be withdrawn.

[Conitnued on page no. 27]

# Seventh Pay Commission

## Will fuel inflation, curb growth



*With spiralling inflation, sagging economy, falling industrial production, rising fiscal and current account deficit and shrinking tax collection the Government has taken the most imprudent decision, thinks Shivaji Sarkar*

Is the Government concerned about inflation and growing fiscal deficit? Doesn't seem so. That is the message it has sent aloud with its announcement to set the Seventh Pay Commission for 50 lakh employees and 30 lakh pensioners which will saddle the Government with additional expenditure of Rs 1 lakh crore.

Undeniably, it is unethical and unwarranted. True the Government has stopped new recruitment officially though it employs people on contract in every Department at one-fourth the wages given to a regular staffer or outsources jobs to private agencies thereby opening up avenues for exploitation (and possible corruption). Instead of a new pay panel the Government should have opened up the recruitment process to create a positive environment.

With spiralling inflation, sagging economy, falling industrial production, rising fiscal and current account deficit and shrinking tax collection the Government has taken the most imprudent decision. The staff wants a check on prices as their wages are being eroded.

It appears being at the fag end of its term the UPA has least concern for the country. Arguably, the Central and State Governments



employ the largest chunk of people. So in its calculations the largest number of voters has a connection to the Pay Commission. Therefore, it thinks it has done enough to garner votes and come back to power and perpetuate a rule that is not people friendly.

In fact, it is almost a scorch earth policy followed by retreating armies. If it was concerned about the economy it would have heeded the call given by Reserve Bank Governor Raghuram Rajan, the Finance Ministry's blue-eyed boy. Importantly, Rajan has given a strong call to contain inflation and

***Pay Commission was neither demanded nor was it due.***

termed it as the Indian economy's grave malaise.

But, the Government has done just the opposite. A Pay Commission is known to fuel inflation as it increases money circulation, something the RBI has been trying to contain. Also, this might spell bad news for the recovery of the industry as it too would be forced to give hikes to staffers despite poor performances.

Undoubtedly, the Government has touched a sensitive cord. Even though the Opposition might disagree with the Government it would not raise its voice as the Pay Commission concerns wages of Sarkari employees.

Pertinently, the Pay Commission was not demanded and neither was it due to employees. More-

over, never before has a pay panel been approved before the expiry of a ten-year period. Even now the Government asserts that it would be implemented from 1 January 2016, that is by a new Government which comes to power next year.

Yet, it seems the Government has a reason to hurry. Whereby, the ruling UPA wants to go to the polls with the message to employees that even if it failed in taming inflation it is compensating them through a wage hike. A blatant admission of its failure to contain inflation.

However it is deceiving the employees as well. Normally, when employees' organizations plead for a wage hike before a pay panel, they underscore changes in prices, cost of living and other conditions that have taken place during the decade.

But, this time the employees would find it difficult to concretize their case as the last Pay Commission's recommendations were implemented only in 2010. Thus, the gains to employees would be minimal and possibly restricted to the fitment in the new pay-scale. It is not necessary that many employees would get any additional benefit.

The exercise may be more euphoric for creating political cacophony than benefitting the employees. The employees' organizations need to be cautious on the terms and conditions to be given to the new panel.

Besides, food inflation has been in the range of over 18 per cent during the past one year, 40 per cent during the last three years and over 300 per cent since 2004. Can the Government list one step it has taken to curb this?

Further, according to the National Sample Survey Organisation (NSSO) figures prices of all manu-



***Gains to employees would be minimal and possibly restricted to the fitment in the new pay-scale***

factured goods have doubled or trebled during the last over four years alongside wages have shrunk even in the supposedly growing information technology sector. Resulting in rising disparity in Government and private wages wherein many people are being thrown out of jobs. But the Labour Ministry and its officials are mute spectators.

Additionally, the Government has not reduced its expenditure. It has merely cut expenditures on development and plan heads to meet the fiscal deficit target. Plainly, taking the country further back.

Alas, it has failed to take steps and curb facilities enjoyed by Ministers and bureaucrats. Questionably, why should a Government officer in Delhi have an official car to ferry him? Why cannot he travel by public mode or in his own car for which he is paid a transport allowance?

Shockingly, in most cases, officials are pocketing their transport allowance and travelling in officially provided vehicles. Consequently, the Government is being bled by the fleet of its official cars. This is just one instance, there are many other such unwanted expenses. This adds to inflation, but the Government remains oblivious.

Notably, RBI Governor Rajan in his monetary review pointed out that public money kept in banks

could not be put to risk till inflation is brought down below 5 per cent in a six to 12 months period. Alongside he raised bank rates to save public money as these monies could not be compromised by lowering rates.

Needless to say, higher inflation and low rates are a dangerous concoction for getting repayments given that bank losses totaling over Rs 450 lakh crore has posed severe problems for lending. Hence, Rajan could not have risked a lower rate unless steps are taken to contain inflation.

The RBI Governor feels that the wholesale price inflation would be higher than projected. Which translates that production cost would increase and people would have little money to pay for it. "Consumption is weakening even in rural areas. Consumer durables output have shrunk by 0.9 per cent in July", warned RBI.

Clearly, at a time when growth is trailing, announcing steps that have mere cosmetic values needs to be shunned. The Government has not yet set up the Pay Commission. It needs to have a serious rethink as many other aspects of the economy need correction. It would be wise to shelve the setting of this Commission if it wants India's economy to come back on track. — INFA □□



## ‘Ban Chinese products in India’: SJM

Slamming the poor socio-economic policies and strategies of major political parties on FDI, Swadeshi Jagaran Manch (SJM) has decided to launch nation-wide campaign on FDI and related issues.

Speaking in an interactive programme at Bhavu Rao Deshpande Bhavan at Bangalore on Tuesday Dec-11, Swadeshi Jagaran Manch’s national organizing secretary Kashmiri Lal has said “Swadeshi Jagaran Manch has continuously opposed the FDI in retail. The entry of Wall Mart will be an economic invasion on India. The proposed FDI will definitely harm the middle and lower middle class economy and grossly the retail business sector. FDI neither benefit our economy nor will help Indians on job empowerment. Hence Swadeshi Jagaran Manch will oppose FDI issue, and demand the govt to withdraw its decision”.

“Swadeshi Jagaran Manch will take 4 major issues to debate at national level. First, the FDI in retail and FDI in insurance etc. Second, to review the bill on Clinical trials in India, which treats human as guinea pigs, as an experimental tool through unethical and illegal practices. Third, an immediate discussion on 3 pending bill namely Bill on agricultural reforms, Bill on Land acquisition, and The Seed Bill. Fourth, the environmental issues like increased pollution of major rivers including Ganga, the improper dumping of e-waste has creating an environmental hazard, a proper and necessary measure to be taken in this regard”, said Kashmiri Lal.

Kashmiri Lal also demanded to ban all Chinese goods in India. He requested the citizens of India to use indigenous products for daily needs. “The concept of

Swadeshi should be practiced by elders in a family. Buy products made by Indian (Swadeshi) companies. Do not purchase products of foreign companies” added Lal.

Kashmiri Lal also demanded to the government to disclose the inquiry report of India- China war of 1962. After the 1962 war, the Indian Army commissioned Lieutenant General Henderson Brooks and Brigadier P S Bhagat to study the debacle. As is wont in India, their report was never made public and lies buried in the government archives. SJM demanded the govt to disclose the report.

Swadeshi Jagaran Manch’s Karnataka State organising secretary Jagadish, Senior Journalist S Shantharam and several others participated in the programme.

At a time when Prime Minister Dr. Manmohan Singh was on a visit to China signing documents



surrendering Indian interests, people of India throughout country were expressing their concern and anguish over the expansionist policies of China. These were part of a campaign led by Swadeshi Jagaran Manch to make countrymen aware of the challenges from China. In Rajasthan more than 200 college students, besides teachers and professors came together in Churu on September 28, 2013. Over 100 young men gather in another town of the same district. In Pedihara town over 100 prominent farmers gathered at the residence of Sarpanch Jagjit Singh Rathore. On 29<sup>th</sup> September 2013 about 50 intellectuals including Doctors, Professors, Lawyers and industrialists were present in a similar function in Sardar Town. This function was organized by well known Surgeon B.L. Sharma. Another function was held on same day in Sadulpur in which approximately 100 young people participated. The issue in all these functions was threats from China and the chief speaker was Co-convenor of North zone SJM Sh. Deepak Sharma 'Pradeep'. Current eco-

nomie scenario and issues related to WTO were also discussed.

Similarly on 16th Dec. 2012 a Parivar sammelan was held in Bhagalpur, Bihar. Sri Arun Ojha was chief guest & speaker on that occasion. On 12th January on the eve of Yuva Diwas one seminar was organized in Patna among college students & on that occasion Sri Vinod Singh, convener (Bihar, Jharkhand) was speaker.

Massive protest was organised by SJM Bihar. Several district units came on streets against of FDI in retail sector, when parliament

was discussing the issue. Some important district like Patna, Jamui, Bhagalpur, Begusarai, Rohtas, Jehanabad, Lakhisarai, Nalanda, Muzaffarpur were in the forefront to lead such protests.

. ON 13th & 14th April, 7th Prant sammelan of SJM BIHAR was held. Sri Arun Ojha, Sri K.N. Govindacharya, Sri Annada Shankar Panigrahi, Sri Vinod Singh, Sri Vande Shankar Singh were also present. More than thousand people actively took part on Swadeshi Sandesh Yatra. A huge public meeting was held in evening. Sri Govindacharya was main speaker of public meeting. About two thousand people were present in public meeting.

The flag & effigy of China was burnt in protest against intrusion of their army in Ladakh sector of Jammu Kashmir on 4 May in Patna, Bhagalpur, Rohtas, Jamui, Jehanabad, Begusarai etc.

On 5th May a Press conference was held in 12 District Headquarters about China. Leaders of SJM Bihar put facts about China before the people of Bihar. Some important District where press conference was held are Patna, Bhagalpur,



Rohtas, Kaimur, Aurangabad, Jamui, Nalanda, Nawada etc.

On 19th July a Seminar was held in Aurangabad on subject “Bhartiya Seema & China”. Speakers were Prant pracharak of RSS Ramnavami jee & Mukul ranjan.

On 3rd August a seminar was held on subject “Definition of Poverty by Planing Commission”. Chief speaker were well-known economist of Bhagalpur University Dr. R.D.Sharma & Dilip Nirala. Programme started from Begusarai on 1st Sep. Four small sabhas were held in four important chowks of Begusarai. Dilip Nirala, Kamal Kishor were speakers. 10th 7th sep. in Munger a meeting of about 50 people held. also literature & pamphlets were distributed. On 8th sep. four small meetings held in Banka. On 15th sep. Murari Jha took Part in three meetings in Lakhisarai & requested to people to boycott china made products. from 19th to 22 sep. in four colleges of Bhagalpur & four high schools & in two sarswati vidya mandir of bhagalpur through seminars Dilip Nirala urged students to boycott china made products.

A huge seminar was held in



Bodhgaya On 23rd Sep, in which a tibet's Lama & Mukul Ranjan urged the people to boycott china made products. Tibet's Lama & Mukul Ranjan also talked to media. On 28th sep. a big seminar held in jamui, sri vinod singh & Murari jha were speakers. Except these districts Rohtas, Darbhanga, Jehanabad, Vaishali, Muzzafarpur through press conference urged to people to boycott products of china. Literature & pamphlet were distributed in all these districts.

In Uttar Pradesh SJM was engaged in utilizing the opportunity provided by Mahakumb to disseminate information about

Swadeshi. A grand Shivar was held in Lal Road of Sector 1 and thousands of SJM supporters and other devotees stayed there. Literature was distributed in large quantity. Seminars, talks and other meetings were held during the period.

In connection with the awareness campaign against Chinese incursions and dumping several impressive programmes were held in Allahabad University. Functions held in Law Department, Hooland Hall and Diamond Jubilee Hall were particularly worth mentioning.

In MahaKaushal programmes were held in Mandla Vibhag, Katni, Chindwara and Siwani.

Kerala state unit held meetings in 6 districts **On FDI** and conducted a meeting along with Vyapari Vyavasaya Ekopana samithi, in one district & Distributed 5,000 booklets. For building a public conscience on environmental issues, Keral Unit conducted a Yatra and distributed pamphlets from Trivandrum to Kasargode. 28 volunteers interacted with about 2.5 lakh people. Around 1.10 lakh pamphlets had been distributed also Organized meetings





protesting against environmental issues at 6 different places – Nedomangadu, Vembayam, Pathanamthitta, Aaranmula, Palakkad, Kaanjangaadu.

**Against Chinese invasion the unit** Conducted 3 meetings (concentrating on Colleges), distributed 50,000 pamphlets, Organized a seminar and a special programme for youth and students.

Eminent personalities that participated in these programmes include

- Srimathi Sugatha Kumari (Poetess), Shri P. Narayana Kurup (Poet)
- Shri Vishnunaryan Namboothiri (Poet)
- Dr. Madhu Omalloor (Cartoonist)
- Prof. C G Rajagopal (famous Scholar)
- Shri Vargeese Thottuparambil (Environmentalist)
- Shri Kummanam Rajasheharan (Social worker)
- Shri Sukumaran Kaanjangaadu (Social worker)
- Shri Jayan (member Shastra Sahitya Parishad), etc

Karnataka Unit of SJM During visit of Sri Kashmirlalji ar-

ranged Traders meet in association with trader organizations at Gulbarga, Shahapur and Yadgiri and Lectures on Swadeshi way life for 12<sup>th</sup> class college students, One Symposium at Gulbarga University M Phil and Ph D Scholars and One Meeting with Karyakarthis.

Articles on relevant issues were written and published in regional papers. Meeting of Swadeshi Bhandar owners was held at Hubli. Bagalkot. Traders' meeting was held at Bijapur, Hubli and Bagalkot also.

Seminar on Union Budget was held at Gulbarga University Economics Department. About 200 Post Graduates, 20 Scholars, Dean, Chairman, Professors were participated. In which 15 students presented their paper on Union Budget. With the co operation of HKCCI an Traders umbrella organization Seminar on Union Budget was arraigned. Budget was discussed with reference to direct and indirect tax, Agriculture, Infrastructure, Traders,. Resource persons from Gulbarga and Agriculture University, Charatered Accountants presented their paper. □□

[Conitnued from page no. 20]

## Compromising National Interests ....

### Compromising National Interests for Political Dividend

It seems that 'Food Security Politics' overwhelms national interest. It seems that if the developed countries agree to extend the peace clause on food subsidy to 9-10 years or even less, government of India may concede to the developed countries' agenda. This would be most unfortunate. Pharmaceutical global majors, who are making all out efforts to get our patent law amended as per the wishes of the multinational pharmaceutical companies, especially after Novartis judgement, in which the company was denied ever greening of patent. Issuance of compulsory license by Indian patent office is also acting like a storm in the eyes of these companies. We need to be extra vigilant and firm in this direction. It is unfortunate that instead of pursuing Doha Development Round, and exerting pressure on developed world to come to terms, the government is trying to get stamp of WTO approval for food security legislation, which is a political gimmick and election agenda of the present regime. Present government is already completing its term soon, therefore it should avoid making any agreement or giving any commitment, which may tie hands of the future governments. Bali conference assumes special significance for continuation of pressure on the developed world and no talk should be allowed unless agricultural subsidies of the developed countries are done away with. □□

# National Policy Studies

(in the light of Ekatma Manav Darshan)

**E**katma Prabodh Mandal, Mumbai and Deendayal Pre-rana Kendra, Thane have prepared a book “NATIONAL POLICY STUDIES (in the light of Ekatma Manav Darshan)” on the desirable policies in all major sectors of national life.

This nationally important publication was released at the hands of RSS Sarsanghchalak Ma. Mohanji Bhagwat at the Hall of MES Education Society’s Balshikshan Mandir, Kothrud, Pune. The function got overwhelming response and was presided over by Shri Padmakar Dubhashi, IAS (Retd), former Cabinet Secretary at Centre and who was conferred with Padmbhushan last year. Book Foreword – M.V.Kamath, Curtain Raiser – Dr. Vinayak Govilkar, Editor – Ravindra Mahajan.

**Why the book:** The book puts forward a view that the development path to be followed by Bharat must be based on our own ethos to suit our needs and aspirations. Just imitating West would only cause more distortions and problems. The book is also a need of the hour as all over the world thinking persons are in search of an alternative path after collapse of Communism in 1989 and crisis of capitalistic system highlighted once again in 2008. Dr. Govilkar has brought the philosophical and practical failings of these two systems very well in the Curtain Raiser.

**What is there in the book:** The book is based on Bharatiya Alternative **Ekatma Manav Darshan** put forward by Pt. Deenday-

al Upadhyaya and later expanded by others. Book contains seventeen sections; the first two pertain to the philosophical basis and social system. The last section From Here to There outlines how to go about implementation.

Many a persons and organizations call for reforms and some insist on total overall calling for root and branch reforms. But hardly ever we find total alternative being put forward for national rebuilding. This book is a step in removing this lacuna. The alternative presented here is based on Bharatiya chintan and it is *ekatma* (integral), *samagra* (total) and *dharmaksham* (sustainable).

## Ma. Mohanji’s speech

- World had two broad alternatives before it – capitalism and communism. We had the third but we did not pay heed. Based on this third way we had a flourishing national life for thousands of years and we were the world leaders in the economic field even upto 1860 as per recorded history.
- Ekatma Manav Darshan is not an ‘ism’ but it is a life view stressing the underlying unity in the creation
- We must analyse the concept of happiness and reconfirm that it is neither in items of consumption nor in the act of consumption.
- Whole world is interconnected, is like a living organism. Our policies must take this account to lead to the right progress.
- The need for the right policies with Ekatma Manav Darshan

in mind is all the more acute now. A good beginning has been made with the publication of this book National Policy Studies

- This effort will have to be followed up with preparing social mind for the change, working out plans and implementing them diligently to get all round happiness for all sections of society. All these efforts are based on proper thinking & this book gives boost to this process.

## Padmakar Dubhashi’s speech

- Policy path would include setting priorities, considering alternatives for each problem or action area, choosing the right action, determining resources required including financial and human, taking proper actions, reviewing the progress with midcourse corrections etc.
- Policy ladder would set the chain starting from Constitutional provisions, departments concerned, making policy paper, getting approval in proper procedure, budgeting and monitoring etc.
- We followed series of policies based on mixed economy. In 1991 we took a U-turn. But problems abound.

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— Hari Mirasdar

## India plans 14 railway lines near LAC

In an effort to meet the threat posed by China due to its vastly superior rail and road infrastructure for faster movement of troops and weaponry, India is planning to lay 14 strategic railway lines close to Line of Actual Control(LAC). Survey for 12 such projects is now complete.

These rail projects in Jammu and Kashmir, Himachal Pradesh, Arunachal Pradesh and Uttarakhand are besides 73 strategic road projects in all the States bordering China. Some rail projects will also come up in Rajasthan to counter any challenge by Pakistan, officials said.

The Planning Commission will now vet these proposals on a priority basis for allocation of funds, they said. India is a late starter in building infrastructure as China has already built more than 10,000

kms of rail network in Tibet alone and this network connects the Tibetan plateau with the Chinese mainland.

On the issue of infrastructure in border areas, Defence Minister A K Antony conceded in Parliament that China is "superior" in terms of border infrastructure as India was late in deciding on building roads and other capabilities near the LAC because of the impact of the 1962 war.

After "years of neglect," he said India is fast developing capabilities near the China border, including building of roads, raising of two mountain divisions and setting up many new airfields and landing grounds. In fact, 30 projects are in various stages of completion in the north-east and expected to be completed by 2015. □

### Mega land acquisition by Bengal

The West Bengal Mineral Development & Trading Corporation Ltd will acquire around 2,800 hectares of land for three coal blocks in Burdwan, one of the largest land acquisitions by any state-run agency since Trinamool Congress came to power in Bengal in May 2011. The corporation—which has already been pulled up by the coal ministry for delay in the project's execution—needs to take 1186.83 hectares for the Ichhapur mine and 1602.12 ha for two other mines in Burdwan on lease. Land acquisition will begin once the government gets the necessary clearances from the environment ministry.

The corporation will directly negotiate with farmers or owners for purchasing land. State commerce & industries minister Partha Chatterjee said acquisition would only start after it gets clearance from the environment ministry. The largest of the projects in Ichhapur coal block in Raniganj will have a capacity of 2 million tonnes per annum and will cover an area of 1192.20 hectares. The other two projects—Kulti and Sitarampur (with a capacity of 1 million tonne each) — will cover an area of 776 ha and 859 ha, respectively.

### Inflation double whammy!

For the inflation-hit common man, it is more bad news: Prices of onion touched Rs 100 per kg in several parts of the country and milk got costlier by Rs 2 per litre. Even in Delhi onion prices shot up to Rs 90 per kg.

Belying repeated claims by the Government that onion prices will sober down soon, onion sold at Rs

100 per kg in Patna, Srinagar and Bhopal. The upward trend continued in other parts of the country as well. In most cities onion prices ranged between Rs 70 and Rs 80 per kg. However, in Chandigarh and other places of Punjab the prices have come down to Rs 30-Rs 50 per kg.

A panicky Government announced in the afternoon that it was going to ban the export of the onions. By evening it was also talking about importing the bulbous roots. Later, the Centre put the blame on States for not cracking down on hoarders and black-marketeers.

### DRDO to roll out underwater vehicles

With its Autonomous Underwater Vehicle (AUV), developed as a technology demonstrator, passing muster in extensive trials, the Naval Science and Technology Laboratory (NSTL) in Visakhapatnam will "make a few more of the same" for intelligence, surveillance and reconnaissance missions by the Navy and agencies like the Oil and Natural Gas Corporation Limited for safeguarding offshore installations. The NSTL is a facility of the Defence Research and Development Organisation.

In his first media interaction after taking over as Director-General (Naval Systems and Materials) at the DRDO, V. Bhujanga Rao said that the flatfish-shaped, 1.7-tonne reconfigurable vehicle capable of carrying payloads of up to 500 kg would now be converted into an operational platform.

Separately, the DRDO would work on a yet-to-be sanctioned Rs. 250-crore programme for devel-

## Employment survey confirms weak job market

**Weakened** markets and poor job situation have started reflecting in the employment data of the Congress-led UPA Government. Recent employment survey conducted by the Centre shows that between 2004-05 and 2009-10, the proportion of employed males above 15 years saw a dip by three percentage points for class 1 cities, 2 percentage points for size class 2 and 3 towns each.

During the same period, employment among women saw a decline by 3 percentage points in class 1 cities, 4 percentage points for size class 2 towns and 7 percentage points for size class 3 towns. Class 1 cities are those with a population of above one million, class 2 towns are defined as those with population of 50,000 to one million and class 3 towns with population less than 50,000.

The eighth quinquennial (five-yearly) survey on employment and unemployment conducted in the 66th round of National Sample Survey (NSS) by

the Ministry of Statistics and Programme Implementation during July 2009 to June 2010, was spread over 7,402 villages and 5,252 urban blocks covering 1,00,957 households (59,129 in rural areas and 41,828 in urban areas). It covered 4,59,784 persons (2,81,327 in rural areas and 1,78,457 in urban areas).

The survey showed that about 73 per cent men in Class 1 cities and 74 per cent in Class 2 towns and 76 per cent in size class 3 towns are employed. As compared to men, only 17 per cent for class 1 cities, 18 per cent for size class 2 towns and nearly 21 per cent for size class 3 towns are employed.

Salaried employees — both men and women — was higher than self-employed persons or casual labourers in class 1 cities and size class 2 towns. For size class 3 towns, proportion of self-employed was higher than salaried employees and casual labourers for both. □

oping a range of AUVs for a variety of roles as force multipliers. (As first reported by The Hindu, the agency is keen on developing mammoth AUVs, weighing 12 tonnes, which could function as submadrones under its secret Autonomous Sea Vehicle programme, which is similar to the U.S. Navy's Manta Unmanned Underwater Vehicle Programme.). The DRDO was in constant consultation with the Indian Space Research Organisation (ISRO) to develop a mechanism to detect internal waves (caused by submarine movement) using space-borne sensors, he said.

### Concern over fall in rubber prices

A sharp fall in natural rubber prices is causing concern in Kerala, which accounts for over 80 per cent of the domestic production of the commodity. Farmers, local traders, and political parties hold the steady increase in import of rubber by the industry tapping on low tariff rate as the main factor for the declining prices for the domestic output.

According to Jose K. Mani, MP, the Centre is yet to fulfil its promise of raising the import tariff from 20 per cent. The Finance Ministry was yet to give its nod to this proposal forwarded by the Commerce Ministry on pressure from Kerala, he said.

The growers, many of them medium and small holders, were also hit by the hike in input cost, especially the wages, and factors such as rotting of trees due to excessive rain and paucity of experienced tappers. The

farmers, who mostly route their output through local traders, said the actual price they received was less than the official estimates. According to the Rubber Board, the domestic price of RSS-4 slipped to Rs.15,900 last week from Rs.18,113 a quintal.

Many of the farmers are apprehensive that if the import continued at the current level, the prices will dip further. Local dealers said that it had often been the practice of the industry to manipulate the domestic prices by increasing import during the peak yielding season of October-December.

### Surveyors lower GDP forecast to 4.8%

On the eve of its Second Quarter Review 2013-14, the Reserve Bank of India (RBI) scaled down the economic growth for the current fiscal to 4.8 per cent from 5.7 per cent estimated by it earlier.

The apex bank said that a survey by professional forecasters which are outside its ambit indicated a slowdown in growth.

“The median growth forecast for 2013-14 was revised downwards to 4.8 per cent from 5.7 per cent in the previous round, which is lower than the growth of 5 per cent registered during 2012-13,” RBI said.

Various external agencies like the IMF and the World Bank have lowered their growth projections for India. Their estimates range between 4.3-5.9 per cent. The RBI however, said modest improvement in growth is possible in the second half of 2013-14. □□

### US recovers \$3 billion in healthcare fraud cases

**Investing** in chasing healthcare frauds is proving to be a goldmine for the US government. In 2012, the US department of justice (DoJ) recovered a record \$3 billion plus in settlement and judgments in civil cases involving healthcare fraud against the government. Enforcement actions involving the pharmaceutical and medical device industry were the source of the largest recoveries of up to about \$2 billion.

The latest report by the non-profit organization Taxpayers Against Fraud (TAF) that supports

whistleblower lawsuits has found that every dollar invested by the federal government to investigate and prosecute healthcare fraud generates a return of about \$16.4. From 2008 to 2012, the government spent \$574.6 million to recover nearly \$9.4 billion. In reality the return is much higher, almost \$20 for every one dollar spent as civil fraud recoveries now represent only a portion of all False Claims Act (FCA) recoveries in the health care arena, stated the TAF report. □

### Saudi women fined for defying driving ban

At least 16 Saudi women have received fines for taking the wheel on a day set by activists to defy the kingdom's traditional ban on female driving, police and reports said. Several women braved official threats of punishment and drove in response to an online campaign headlined "Women's driving is a choice."

"Police stopped six women driving in Riyadh, and fined them 300 riyals (\$80) each," said the capital's police deputy spokesman, Colonel Fawaz al-Miman. In Jeddah, police also fined two women for driving, according to the Red Sea city's police spokesman, Nawaf al-Bouq.

Saudi newspapers, meanwhile, reported that six women were stopped by police in Eastern Province, and at least two others were stopped in other parts of the kingdom. A dozen Saudi women posted videos on the Twitter account of the campaign, @oct26driving, showing themselves driving. Activists say Saturday was chosen as a "symbolic" date as part of efforts first launched more than a decade ago to press for the right to drive. The absolute monarchy is the only country in the world where women are barred from driving. Public gatherings are officially banned.

### Wal-Mart still lobbying for FDI in India

US retail giant Wal-Mart continues lobbying for entry into India's lucrative multi-brand retail sector. Its omission of an India-specific entry in its second quarter disclosure report had led to media reports that Wal-Mart had stopped such efforts. Media reports reveal active lobbying regarding multi-brand retail in India, suggesting how the efforts may have helped in easing regulations in India. The US retailer's lobbying had drawn sharp criticism, forcing the Indian government to order an inquiry by a former chief justice of the Punjab and Haryana high Court Mukul

Mudgal but the report of the panel remained inconclusive due to alleged non-cooperation by Wal-Mart.

Information obtained under the Freedom of Information Act (FOIA), report suggests shows evidence of lobbying by Wal-Mart representatives with US Trade Representative (USTR), the agency responsible for developing and recommending United States trade policy to the president of the United States, conducting trade negotiations at bilateral and multi-lateral levels. Wal-Mart had reportedly sought the support of US government for about five years to facilitate its entry into the high growth Indian market. It is one of the many foreign firms waiting to enter the Indian market after the government opened up the multibrand retail sector allowing 51% FDI despite stiff political opposition.

### India out-educating us: Obama

Billions of people from countries like India and China are striving hard to "out-educate" Americans in mathematics and technology, President Barack Obama has said while stressing on education reforms to prepare Americans for a global economy where "jobs can go anywhere."

"In previous generations, America's standing economically was so much higher than everybody else's that we did not have a lot of competition," Obama said. He said if the workforce is not educated enough, it will be left behind and find it hard to get a job that pays a living wage.

"We live in a 21st century global economy. And in a global economy, jobs can go anywhere. Companies, they are looking for the best-educated people, wherever they live, and they will reward them with good jobs and good pay," the president said. The President said America has to educate its young people and prepare them for the global economy.

## China, Pakistan to boost defence ties

**China** and Pakistan have decided to further firm up their close military ties by expanding their defence cooperation as visiting army chief Ashfaq Parvez Kayani met top defence officials.

China and Pakistan have agreed to update their military ties and drive new progress in cooperation, state-run Xinhua news agency reported. Fan Changlong, vice-chairman of China's Central Military Commission, who met Kayani night praised the fruitful development of bilateral military relations, which "mirrors our all-weather friendship".

Fan vowed joint efforts with Pakistan to expand military cooperation, promote personnel exchanges and beef up both bilateral and military ties, the report said. Kayani said Pakistan views its strategic ties with China as highly significant.

He also expressed hope that the youth of the two armed forces could enjoy stronger exchanges. China-Pakistan defence relations which covered the army, air force and navy are shrouded in secrecy and few details are disclosed during the high-profile visits of their military officials. □

With the cost of higher education escalating, Obama said he is working hard to reduce the burden of student loans on young people.

### Germany demands apology from us

German politicians have demanded an apology from US President Barack Obama over reports that the National Security Agency (NSA) was tapping Chancellor Angela Merkel's mobile phone for over a decade. "We will not allow ourselves to be treated by the Americans in this manner. Spying on friends and partners is completely unacceptable," German Interior Minister Hans-Peter Friedrich said. Germany expected an apology from the US and an assurance that its surveillance operations will be stopped immediately, he said in a TV interview.

### China banking worries weigh on markets

Worries over the Chinese banking sector weighed on markets, a day after weak US jobs data reinforced expectations that the Federal Reserve won't be reducing its monetary stimulus anytime soon. News that the US generated only 148,000 jobs in September, below the consensus among analysts for around 180,000, prompted stocks in Europe and the US to rally. However, that momentum came to a grinding halt during the Asian trading session amid concerns over the bad loans that are being written off by China's largest banks.

"This has reignited fears over China's shadow banking system and whether the People's Bank of China will be forced to raise interest rates in order rein in it," said Craig Erlam, market analyst at Alpari. "If we do see a tightening of monetary policy, it could choke off the recovery being seen in the world's second largest economy, which in turn would impact growth globally."

### Infosys faces record fine in US: Report

The US government plans to punish Indian outsourcing giant Infosys with the largest immigration fine ever for seeking visas fraudulently for workers at big clients in America, the Wall Street Journal reported.

Infosys is accused of putting workers on visitor visas rather than work visas. The former are much easier and cheaper to obtain than the latter. The fine is expected to be about \$35 million, the paper said, quoting people close to the matter. A probe by the Department of Homeland Security and the State Department concluded that Infosys used easy to get B1 visas, which are meant for short business visits, to bring an unknown number of its workers to the United States for long-term stays, the people were quoted as saying.

### Iran gas imports plans

Pakistan's plan to import natural gas by pipeline from neighboring Iran would be an economic "death sentence" for the country because the gas price is too high, a Pakistani advocacy group said in a report.

Despite US pressure, the Pakistani government struck a deal with Iran to import gas in the hope of relieving the country's energy crisis, especially the shortage of electricity. Gas is used to fire many of Pakistan's power plants, but insufficient quantities mean rolling blackouts are common.

The Islamabad-based Sustainable Development Policy Institutesaid in its report that the contract with Iran means the gas sold to Pakistan likely will be several times more expensive than the domestic gas currently used. An official at the ministry of petroleum and natural resources rejected the report, saying the pipeline project was good for Pakistan. He spoke on condition of anonymity because he was not authorized to talk to journalists.

## WTO must seal deal on cross-border trade

The pressure is on for the WTO to seal a deal at its December ministerial meeting in Bali that will restore faith in its negotiating ability, validate the multilateral trading system and provide a much-needed boost to the global economic recovery.

New WTO DG Roberto Azevedo has declared that the WTO should return to the centre of the world stage and the global search for jobs and growth. Amid a plethora of regional and bilateral trade agreements, each well justified by its own merits and advantages for signatories, but each adding more layers of complexity to world trade, the centrality of the multilateral trading system is under challenge as never before.

Azevedo has appealed to WTO members for flexibility as they negotiate the trade facilitation deal ahead of the December ministerial meeting in Bali.

## WTO destroying Indian farming

WTO is quiet on the subsidy being doled out in America for feeding its poor; the US has launched an attack on India for “creating a massive new loophole for potentially unlimited trade-distorting subsidies.”

India’s subsidies for feeding its hungry are being blamed for distorting trade in agriculture while the US, which provides six times more subsidies than India for feeding its hungry, is seen as doing humanitarian service. The US subsidies are unquestionable, while India’s hungry are being conveniently traded at the WTO. Public posturing notwithstanding, India is believed to have given in to US pressure. Commerce minister Anand Sharma is believed to have assured the WTO director-general that India is committed to take the multilateral trading regime to its logical conclusion. That India is not willing to contest the unfair provisions, and has agreed to a compromise, becomes evident from what the WTO chief said: “What we have agreed in Geneva is we are going to be working on a Peace Clause.”

India is willing to accept it since it allows the food security programme to continue without any hiccup till 2014. The Peace Clause is a temporary reprieve. Although it expired in 2003, it is being reinvented now to allow India to continue with its food subsidies for the specified period during which its subsidies cannot be challenged before the WTO dispute panel.

## India for change in subsidy rules

India is pushing hard for a change to global trade rules that would allow governments in developing countries more leeway to pay poor farmers above-market prices for food for national stockpiles. Debate on the issue is heating up as negotiators prepare for the WTO next high-level meeting, which is due to take place in Bali in December.

Officials in India insist that the rule change is essential to the country’s development.

“The farmers [need] some sort of a price guarantee,” says Jayant Dasgupta, India’s ambassador to the WTO. “If you can’t give this price guarantee, then many of the farmers who are on the margins may quit farming ... Food production will go down, lands will lie fallow, and the unemployment problem will increase.”

The new food security act, which took effect in September, aims to provide subsidised rice, wheat and millet to two-thirds of the country’s 1.2 billion people. The scheme is likely to cause the country to breach its subsidy limits at the WTO. That would leave it open to challenges from other countries, which could sue India under the WTO’s dispute settlement body for violating its subsidy commitments.

## G33 to reopen talks on subsidies

A group of developing countries - known as G33 - is asking to exceed their agreed domestic support limits when they buy, stock and supply cereals and other food to boost food security among the poor; they want these changes to be exempt from any legal challenge.

Essentially, these countries want the freedom to buy grains at set prices from producers and to use that grain to build stockpiles for distribution. The WTO rules do not prescribe limits on the amount of food that can be bought at market prices for food stocks, and it does not limit the amount of food that can be provided as domestic food aid at subsidized prices. The WTO only disciplines buying cereals at administered prices. The proposal will be discussed at the WTO Ministerial Conference in Bali, Indonesia, in December. Developed countries, who provide more subsidies to their farmers, are concerned that the G33 proposal - which is backed by India, China and Indonesia - could affect food security in neighbouring countries. □□