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LETTERS 2

NEWS
NATIONAL 32



INTERNATIONAL 34



WTO 36

CONTENTS

COVER ARTICLE 4

Forces halting our N-surge

S. Gurumurthy



7 COVER STORY-II

Foreign Direct Investment An Economic Invasion

..... **Deepak Sharma 'Pradeep'**

12 VIEW POINT

European Union in Danger Zone

..... **Ashwani Mahajan**

14 INDUSTRY

Manufacturing will not create jobs

..... **Bharat Jhunjunwala**

16 POLICY SCAN

Another SCAM on rupee depreciation, exports boom?

..... **M.R. Venkatesh]**

19 OVER VIEW

Greek tragedy Lessons for India?

..... **Shivaji Sarkar**

21 OPINION

Why the decline of the West is best for us – and them

..... **R. Vaidyanathan**

23 COUNTER VIEW

Whither Globalization!

..... **D.G. Bokare**

27 PERSPECTIVE

Perspectives on Standards in Public Life & Swaraj - II

..... **Anirban Ganguly**

30 DISCUSSION

Quality dilemma in Education

..... **Narasimha Murthy M.S.**

Chinese conspiracy against India

Recent report says that the Chinese have started all out efforts to hurt India's interest from all fronts. Their foremost effort is to damage India's economy. This they are doing by pushing cheap products which lack durability and quality both. If some product is bought today the next day it may fail to work. This way the customer loses his money in no time. Chinese are not worried about customers. They continue mass production of their products and sell it all over the world at cheap rates. The rates are so low that no country, much less India can beat them in this game. As all countries including India care more for quality they cannot compete with the Chinese. This way much of their business is lost.

Chinese produce cheap explosives and as in India we are accustomed to use these (Patkhas) in huge quantity is purchased every year for religious ceremonies, which too are numerous it is a blessing for the Chinese. Similarly mass production of toys is done by the Chinese and dispatched to markets all over the world. It is reported that these toys have poisonous content which is extremely dangerous for the children or even those who handle it.

On the defense front the Chinese have built missiles which can hit as far away as USA and Europe. India needs to be prepared to meet this threat effectively. More powerful and far reaching missiles need to be build by India. Sophisticated land armour also needs to be brought into field. On the whole a stronger defense system ought to be inducted in the Indian Army.

China has allowed hacking groups, companies and non government players in this field which makes Indian computers as its target. China continues to have a defense pact with Pakistan aimed at weakening Indian defense system with Pakistan and is strengthening it further.

China has understanding with Bangla Desh to support it in case of war with India Sri Lanka has given China a base in its south which is manned by the Chinese, who had built it. Smaller countries in the South East Asia are already supporting China out of fear of its might.

This makes a serious situation for India which needs to set up matching defense system.

– O.P. Modi, Jammu

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Quote-Unquote



Developments in Eurozone have heightened uncertainty in markets. India's short-term growth prospects have been adversely impacted.

Pranab Mukherjee

Union Minister for Finance



Eighty percent of Pakistan's army officers, likely to be the next army commanders, belong to Taliban.

Dr. Subramaniam Swamy

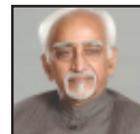
President Janta Party



Indians ought to be conscious that in Pakistan's strange mix of power dispensation, political regimes don't have the last word.

Karamatullah K. Ghori

former Pakistani Diplomat



Our democracy is poorer without media watch groups' objective analyses of the media and subjecting it to a dose of its own medicine.

Hamid Ansari

Vice-President of India



The media can't say there will be self-regulation. Media alone are saints and others are sinners? Then what is this paid news?

Markandey Katju

Press Council chairman

Disguised consequences of clearing FDI in multi-brand retail

"The advancement and diffusion of knowledge is the only guardian of true liberty."

— (James Madison)

The Congress led UPA-II has finally succumbed to the pressure and decided to open the retail sector to foreign corporates. The decision to permit 51% FDI in the multi brand retailing and hike the limit in single brand retailing from 51% to 100% has paved the way for global chains like Walmart, Carefour and Tesco to open mega stores in Indian cities. The decision supposed to be a game changer is going to impact very existence of over 1.2 crore retail trade centers in the country. Government has taken this potentially dangerous decision in spite of stiff opposition from allies and political opponents and has also ignored majority of stakeholders who aired their concerns democratically on every available opportunity. Even the standing committee of the parliament has made a forceful and unambiguous recommendation against such a move. The worst part is that states have not been given any say despite retail being a state subject. While the Government verdict to allow FDI in retail saw uproar in both Houses of Indian Parliament, with ruling UPA ally Trinamool Congress leading the charge and the entire opposition joining them, Corporate America welcomed the move noting that it will help bring down inflation and create thousands of jobs. The USIBC -- a body that represents the views of Corporate America -- hailed India's steady progress in advancing major economic reforms in a statement following Cabinet approval. 'These bold reforms have heartened investors from the United States and elsewhere', the USIBC said. That make it very clear as to for whom this decision was taken. It is apparent that the advocates of FDI in retail trade, both inside and out side government, do not understand that they were destroying the very existence of the 1.2 retail units/shops and there by pushing around eight crore people depending on them into peril. Retailing in India is an established sector that not only provides meaningful employment to a substantial section of our population, but also allows entrepreneurial skills to flourish and in the process benefit the economy of the country. This decision of allowing multi nationals into this delicate sector is definitely going to push retailers to trouble and that will adversely affect the very development zeal of the country. The ordinary, innocent people cannot understand the hidden danger involved. Even the consumers, who are promised choice and competitive rates, are unable to realize that the experience world over has been contrary to these claims. The major reason for this lack of informed debate on such a sensitive issue is the role of media. Media being dependent on advertisement revenue from the corporate world is unqualified to play its prescribed role.

Profit hungry Corporate world looks at the Indian retail sector as a prospective gold mine (estimated to be valued around \$600 billion or 30 Lakh Crore) to fill its coffers. They have nothing to do with the poor farmers, retail traders or for that matter even consumers. The global giants have been eying this huge market for decades. Hectic lobbying that involved heads of the governments and powerful and influential authorities that was going on for several years has finally succeeded in forcing this anti poor, anti common man government to take the decision to the detriment of the interests of the country. Government's claim that new policy would create 10 million jobs over three years is baseless & completely ignores the number of employment opportunities that will be lost. 65 percent people engaged in agriculture, majority of them small farmers, tiny producers such as artisans and farmers who sell their goods directly to end consumers, small vendors locating themselves close to their customers and thousands of such individual producer-cum-sellers will be dislocated. Which sector of the economy will absorb them is not indicated. The retail sector in India acts as an important shock absorber for the present social system. Opening the sector to trans- national Megamarts has potential of tearing apart social cohesion in this country. Before that happens this insensitive government must go.

Forces halting our N-surge



The goals and mission that drives agitation against the Koodankulam Nuclear Power Plant is linked to the stir that is on for almost two decades in the distant and remote West Khasi Hills in Meghalaya against uranium mining? The scriptwriters, directors and actors behind both have a common mission to disrupt needs of nuclear power and nuclear weapons for a safe and secure India, explains S. Gurumurthy

The agitation against the Koodankulam Nuclear Power Plant has been running as a TV reality show for weeks now. The news-starved visual media has reduced the Koodankulam nuclear plant – a national investment of Rs 13,000 crore and just about to start – to a day-matinee-night show. The Koodankulam theatre is plagiarised on the Anna Fast model for media to hype it. The media too obliged and packaged it as hapless villagers fighting for their right to live. For long, it had winked at the scriptwriters, directors and actors behind the show. But does the media know – or not – that Koodankulam is no isolated event? And that the goals and mission that drive it link it to the stir that is on for almost two decades in the distant and remote West Khasi Hills in Meghalaya against uranium mining? The scriptwriters, directors and actors behind both have a common mission. The Koodankulam stir blocks the building of a nuclear plant for India. The West Khasi Hills agitation prevents the building of nuclear arsenal for India. Who are the directors and actors and what is their mission?

See what nuclear technology means to India. India needs nuclear power and nuclear weapons.

Nothing to fear, Koodankulam will be a success, assures Kalam



Dr. A.P.J. Abdul Kalam, former President after visiting the Kudankulam Nuclear Power Project termed the project totally safe. Dr.Kalam also allayed the fears of the local population and said that there was no threat from tsunamis to the plant.

Dr Kalam assured the protestors and the country that the technology used in the Koodankulam nuclear project was the best in the world, and the fears of the villagers over its safety arrangements are unfounded. The former nuclear and missile scientist, said there is no need for people to nurture even nano sized safety fear. KNPP more than satisfies the four basic safety criteria of a nuclear power plant – nuclear criticality safety, radiation safety, thermal hydraulic safety and structural integrity safety.

He told reporters on the site that there were adequate technological provisions made for ensuring the safety of workers in the plant, in case of any emergency. He also assured people that there was no danger from the plant to the immediate surrounding areas.

Giving a thumbs up to the Koodankulam Nuclear Power Project, former President APJ Abdul Kalam today said he is “fully satisfied” with the safety measures incorporated in the mega power project.

Joining the efforts of top nuclear scientists involved in allaying the fears of the locals who are demanding scrapping of the project, Dr Kalam held talks with KNPP officials. “I am completely satisfied. I am happy too see such safety measures. I am happy that this reactor will be safe to all the people around the plant,” Dr Kalam told reporters after inspecting the Indo-Russian joint venture.

“At a time when a debate is raging on the 2,000 MW atomic power project set up in Kudankulam, it is necessary to share with the people in a scientific and simple manner the truths about the reactors – their dependability, safety, benefits and other aspects,” Kalam has suggested in a report prepared with his aide V. Ponraj. The report has been submitted to the state and central governments, Ponraj said.

The passive heat removal system in the Russian reactor has been incorporated at India's insistence, the report states. KNPP, he said, is located in seismic zone II where there is no chance of an earthquake with a magnitude of 6 point on Richter scale. The reactor building is built in such a way as to tolerate such an earthquake. On the tsunami threat, the Kalam report states that the site is located about 1,500 km from the tsunamigenic fault (where tsunamis originate).

Hence, geologically and scientifically, there is no chance of a tsunami hitting the Kudankulam coast, according to the report. Even if there is a tsunami, the waves will lose energy by the time they strike the Kudankulam site. If there is a tsunami, wave height would not exceed 5.44 metres, whereas the reactor is located at 8.7 metres height, turbine plant at 8.1 metres, diesel generators at 9.3 metres height, and switch yard at a height of 13 metres, the report states.

According to Kalam, the reactor will automatically shut down in three minutes flat in case of natural disasters like earthquakes or tsunamis. The report said the reactors have an efficient passive heat removal system and there is no fear of radiation leakage.

Dr Kalam also said that the technology being used in KNPP was the latest one and used for the first time in the country. He said that he had come here because he advocated the clean nuclear energy and he had no intention to turn a mediator. He said had met 30 people from several villages surrounding the plant just before the press conference who were happy with the project.

He also said he was not going to meet the protestors but was willing to meet them if they come to him. He said he will write a series of articles in the daily papers to further allay the fears of the public over the safety arrangements put in the place in the plant.

He emphasised that electricity is the absolute necessity for the nation's progress, so the protests

are meaningless. "We must not forget that half the power produced here is for Tamil Nadu," Dr Kalam noted. When asked if he thought there was a foreign conspiracy behind the protests, he said, "You must have faith, don't listen to disturbing elements."

He said, "If the explosions go out of control, the temperature will go up and the core of the reactor will melt. In which case it will come in contact with a liquid there that will absorb all the radiation produced at that time. Thus, there will be no radiation leak." To a statement that the protestors were protesting for the future generation, he said, "Nuclear power will bring prosperity for our future generations".

When asked about the hot steam test that the plant was put through, he said, "That was a dry run with dummy fuel. It was a success and now we are ready to start production that is going to be critical".

He reminded that the Nellaiapar temple in Thirunelveli had stood for a thousand years and had never seen an earthquake, 'so the chances of one happening here are nil.' In 1979 when he was project director for the Rohini satellite launch there was an accident and about seven people got burnt with acid.

"One of the boys who got burnt shouted, 'Next year we will launch Rohini, come what may'. And eventually we succeeded. Likewise Koodankulam will be a success," he said.

He also noted that all safety measures were mentioned in the Koodankulam website.

A reporter asked him, "We have the second largest deposits of Thorium in the world, but why are we not building reactors to use that as a fuel?"

"That research is going on now for some years. It will take another 20 years to fructify. At that time we will phase out the Uranium-based reactors and start the Thorium-based reactors," he answered.

Talking about the time phase, he said that the first reactor of 1000 MW at KNPP would start immediately. The second 1000 MW reactor would start in six months, and in the next ten years they would start four more reactors. □

There are, in the world, 22,000 nuclear bombs, 8,000 actively targeted at one another's perceived enemy. China has some 240 bombs targeted mostly at India. Pakistan has some 80 bombs targeted only at India. India has 100, less than a third of both. No one deeply concerned for India can

even remotely undermine nuclear technology for power or weapons. On the other side, our energy security, heavily import-dependent, is at risk. We, a sixth of humanity, remain a burden on the world. Shamefully. We import oil, coal and gas. Our energy imports is \$100 billion a year. Of which, coal im-

ports, now 100 billion tons, alone cost \$5 billion; it will reach \$45 billion in 2020, \$250 billion by 2050. We today produce 1,50,000MW of electricity. We need to raise it, by over six times, to 9,50,000MW, by 2030. This is not doable through imported fuel. It needs no seer to tell us that, in the



long run, we need indigenously fuelled power. For which a prime candidate is nuclear power.

Now, compare the environmental and human risk in thermal and nuclear power. The risk in one is the merit of the other. Experts say that a 1,000MW coal power plant causes annually 400 deaths by air pollution and climatic change. Nuclear energy does risk accidents — but once in decades — just four accidents in 60 years, involving 66 direct and 4,000 related deaths. It is far less risky compared thermal power. Air accidents kill some 1,000 persons in the world annually. Traffic accidents killed 1.14 lakh people in 2007 in India alone. Yet to think of banning coal, nor air or automobile travel will be laughable. The balance sheet of nuclear energy is thus superior, less risky, and more clean. Why do some brand nuclear power as evil? Now see how do we produce nuclear power and also weaponise India.

Now uranium drives our nuclear programme. Our minimal uranium reserves are mainly located in Khasi Hills in Meghalaya, Jaduguda in Jharkhand and Tummalappalle in Andhra Pradesh. Global uranium trade is political, controlled by the Nuclear Suppliers Group (NSG). The NSG sells uranium only to an approved

country and its nuclear reactors are subject to NSG supervision. India signed a loaded nuclear treaty with the US only to win the NSG approval to access imported uranium. Now 14 of our 22 nuclear reactors are subject to global supervision. Only the unsupervised eight are usable for producing nuclear weapons. India can import uranium from the

NSG for its nuclear power reactors, but import is only a short term answer, and costly for a country of our size. To fuel large nuclear power plants and for energy security, we cannot rely on imported uranium for long. Ultimately it has to be indigenous fuel. Fortunately, we have the world's largest deposit of thorium, an alternative to uranium and the nuclear fuel of future. We are perfecting the technology to use thorium for producing power. But, till that happens, we need to mine indigenous uranium, first, to reduce the dependence on imports for our nuclear power programme and, next, for operating the eight reactors to produce nuclear weaponry. The two facts are self evident. And now lift the veil and see the common faces behind the two decade-old Khasi Hills agitation against uranium mining and the agitation against the Koodankulam nuclear power plant — that is against nuclear India itself.

That the Koodankulam stir is the show of the Catholic Church has become out, but a bit late. Neutral media reports now confirm that S P Udaykumar, who leads the agitation, stays with the parish priest Father Jaikumar at Idinthakarai village; Fr Jaikumar openly supports the stir; Fr Thady-

use, the priest of the church in Koodankulam, too is forthright in his support; Fr S Peter, priest at the popular St Antony's Church in the coastal village Ovary, sends his flock to partake in the relay fast at Idinthakarai; local Christians priests confirm that the Bishop at Tirunelveli supports the stir. The church hierarchy is therefore fully at it. According to reports, transport, cash and biriyani are provided to mobilise protesters and they are motivated to throw stones at the maintenance officials of the plant to force its closure. Remove the church, the agitation will stop.

Now see the face behind the agitation in the Christian-majority Meghalaya, which has a sixth of India's uranium reserves. Not a kilogramme of uranium has been mined out of Meghalaya since 1990, thanks to 20-year long agitation by Khasi Hills students against mining it. The church in Meghalaya is backing, actually organising, the students. Violent incidents, blockade, picketing, huge rallies, setting fire to government offices and paralysing government marked the agitation (<http://wise-uranium.org/upinml.html>). And who talks for the agitators? The archbishop of Shillong, Dominic Jala. (<http://www.cathnewsindia.com/2009/10/29/uranium-mining-archbishop-wants-dialogue-2/>). Take the church out, there will be no stir. Even the uranium reserve in Jharkhand is at risk. A huge tribal campaign, with NGOs patronised by the church backing it, is thwarting uranium mining in Jharkhand. □□

QED: The campaign against mining uranium in Meghalaya and against the Koodankulam nuclear plant is by the same directors and actors with global links and money. Their target is nuclear India. They are driven by a geopolitical agenda to de-nuke India. But they actually nuke India.

S Gurumurthy is a well-known commentator on political and economic issues and all India co-convenor of swadeshi Jagaran Manch.

Foreign Direct Investment An Economic Invasion: SJM

Hundreds of Swadeshi activists and sympathizers of Swadeshi Jagaran Manch from across the country came together in Deoghar (Jharkhand) in the 10th National Conference on 11,12,13 November 2011. Held in the back drop of collapsing western model of economic development and the ongoing fight against corruption and black money, around 2000 delegates attended the conference. Swadeshi leadership and thinkers recalled the forecasts made by Rev. Dattopant Thengadiji about the fall of communism and capitalism years earlier and stressed the need for adopting Swadeshi Model of development.

Sh. Arun Ojha, national convener of SJM, in his inaugural speech gave an explanatory description of the activities of previous year and how SJM was able to raise the issue of Black Money and Corruption in various ways at different levels. He stressed the need to speed up efforts to mobilize public opinion in favour of issues raised by SJM.

Sh. Saroj Mitra, All India Co-convener of SJM gave a detailed description of occupy Wall Street movement and pointed out how predictions of Thengadi ji were coming true. Dr. Ashwani Mahajan, talked about the ill effects of FDI in var-

Resolution-1

Entry of foreign investments in the form of Foreign Direct Investment (FDI) and Foreign Portfolio Investments (FPI) since the introduction of Economic Reforms in 1991 has been causing tremendous damage to our economy for the past 20 years.

FDI has become a tool of taking over the existing successful companies in the guise of brown field investment. The contribution of FDI in creation of employment or in building of infrastructure or in Green Fields Investment is practically negligible. On the other hand, the Government of India is opening the flood gate of FDI in Retail ignoring the recent Report of the Parliamentary Committee led by Dr. Murli Manohar Joshi, which will endanger the small retail shops employing more than 4 crore people of this country. The unbridled entry of FDI is causing not only economic threats but also endangering the national security concerns in certain sensitive sectors of the economy.

The inflow of Foreign Portfolio Investment has destabilized the entire financial sector of our economy. The volatility in the Stock Market, with the hot money flow through Mauritius Route without due identification of the real investors whose names are not disclosed in the Participatory Notes and its illicit nexus with Black Money, Tax heavens and the ill design of recycling of funds generated through illegitimate trade of Narcotics & Drugs is causing serious national security concerns. This is despite the advice of National Security Advisory Committee to SEBI for regularising the FII Investments by disclosing the name of the Investors in the PI notes.

There is an absurd assumption that the capital inflow through FDI/FII Route will help in mitigating the trade/current account deficit. The trade account deficit of about USD 150 bn and the current account deficit exceeding 3% of GDP is very alarming and may lead to BOP Crisis of much grave nature than the 1990 position when we had to mortgage our gold and this may compel the country to compromise further on its economic sovereignty. The continuous pressure on the trade account and the sudden withdrawal of funds by FIIs from the Stock Market has is weakening the Indian Rupees which has gone down from about Rs. 35 during NDA Rule (Rupees 16 in 1991) to as low as Rs.50 per USD during the UPA Rule, resulting in devaluation of more than 300% is one of the major cause of imported inflation/price rise in the country during the past two decades. To sum up it can be said that domestic savings which contribute almost 90 percent of the investments in the country needs to be further encouraged with more fiscal and monetary incentives to be given to the domestic investment. The present policy of the Central Govt. with continuous increase in interest rates for the consecutive 13 times through RBI for the so called inflationary control measure for demand management ignoring the supply side management is further dampening the investment climate. The disproportionate dependence on the external sector for export of goods, import of foreign capital and unrestricted imports including China has caused tremendous harm to our domestic industries resulting into huge unemployment problems and affecting our economic development. SJM demands a complete ban on the FDI in Retail and due restriction on FPI inflow by imposition TOBIN tax on the hot money inflow along with the condition for the minimum lock in period of 3 years and regulating the FIIs source of funds in order to break and bust the illegitimate nexus of Black Money and the inflow of Capital in the Stock Market. □

Stop Killing Farming & Farmer



The twenty years of globalization has clearly succeeded in one thing – killing Indian farming & farmer. This appears to be the single point agenda of the Governments in the post globalization period of the last 20 years. The contribution of agriculture to India G.D.P. has continuously come down from 51% in 1951 to about 14.2% today. But the percentage of our population dependent on agriculture continuous to be the same 60% (about 70 crore people today).

Since the signing of the WTO agreement in 1994, there has been a flood of farmers suicide in India. As per National Crime Records Bureau report, from 1995 to 2010 two lakh fifty six thousand nine hundred thirteen farmers have committed suicide all over the country, 56% of this has taken place in five state that Maharastra,

M.P.-Chhatisgarh, Karnataka and Andhra Pradesh.

However, the Govt. of India has been most insensitive to the crisis in our Agricultural sector. Instead of trying to help the farming sector to come out of the unprecedented crisis, it is actually positively contributing towards the further worsening of the crisis. Bills pertaining agriculture that may be passed in the winter session of the Parliament, say the same story.

1) The Land Acquisition and Rehabilitating & Resettlement Bill 2008: This Bill is expected to replace the 116 years old Land Acquisition Act 1894. The Bill argues that transfer of land from agriculture to non agricultural purpose such as infrastructure, industries and urbanization is very important. Rural Development Ministry is working for urban development. What an irony! The Land acquisition by private sector is allowed, provided it is for public purpose. But the Bill deliberately defines “public purpose” very vaguely for facilitating the private corporate sectors.

Further look at the R&R package over to the farmer and other livelihood losers.

a) *A subsistent allowance of Rs.3000/- per month per family for 12 months.* This works out to Rs.20/- per day per person. This is far below the definition of BPL that Rs.26/- per day per person in Rural Areas, which the Planning Commission said in its affidavit filed before the Supreme Court.

b) *Rs.2000/- per month per family as annuity for 20 years.* This works out to Rs. 13.33 per person per day. Again far below the Rs. 26/- B.P.L. definition. So much, as far as the glorified R & R package is concerned, The Bill does not suggest any maximum limit for transferring agricultural land for non agricultural purposes. Thus LARR Bill 2011 does not care for food security, fodder security, nutritional security and water security of the country.

2) The Seed Bill 2010: The Seed Bill 2010 opens the flood gate for the Indian & MNC seed producers, however there is no provision in the Bill for the controlling corporate seed prices. It results in the exploitation of the India farmers. The penalty suggested in the Bill for marketing fake and substandard seeds in very trivial Rs.30,000/- only. The Bill is very soft on corporate seed companies and very hard for farmers.

3) The Bio Technology Regulatory Authority of India Bill – BRAI Bill: The BRAI Bill aims at regulating genetically modify seed industry which is trying to enter the Indian seed industry in a big way. However instead of controlling and regulating the Indian as well as MNC GM Seed companies. The BRAI Bill actually curbs the people who criticize the GM Seed & Bio Technology. The Bill curbs specifically provides that who ever criticize this BT & GM seed without proper scientific evidence will be punished with two years of imprisonment or/and Rs.2,00,000/- fine. Even scientific research against BT are punishable.

This is a draconian law which curbs the freedom of speech of the citizens and scientific enquiry. It unduly favour the BT seed industry and lead to the ultimate destruction all our traditional seeds.

Thus all the three Bills pending before the Parliament if passed in their present forms will ultimately lead to decay and destruction of India farming as well as the farmers.

This 10th National Conference of SJM call upon the Government :

- 1) Not to pass the three Bills in a hurry,
- 2) Allow wide public debate at Gram Panchayat, farmers organization and the general public.
- 3) Put an immediate halt on the anti farmer policies.
- 4) Evolve a pro farmer an organically based agriculture policy over the next 12 months and implement during the coming 12th Five Year Plan period.
- 5) Stop killing farming and farmers. □

Resolution-3**Corruption & Black Money- Call For Vyavastha Parivartan**

Black money deposited in foreign banks by Indians since 1948 to 2008 amounts to \$462 bn as per estimate done by Global Financial Integrity. (Methodology – World Bank residual model and Trade mis-pricing model based on IMF trade statistics)

The illicit financial outflow from India increased during post liberalization period from \$22.7 in 2002 to \$27.3 bn in 2006. About Rs. 2,10,000 crores are lying in foreign banks and every year about 19 bn dollar or 1 lakh crore rupees as black money goes out of India. Various agencies world over are calculating black money siphoned out of developing poor countries by MNCs etc. and it is about \$1 trillion every year. According to a calculation black money stashed out of India is about \$1.4 trillion.



It is an open secret now that the MNCs, Traders, Drug Merchants, Officers & Politicians etc. are depositors of Black Money who deposited it in tax heavens countries like Switzerland, Mauritius, Cayman Island, Bahama, Liechtenstein etc. Rampant corruption at all levels of the Government is making the life miserable for the masses as the public funds are being siphoned off by corrupt politicians, making it impossible to provide quality social services like education, health, drinking water, sanitation, etc. and thereby improving the life of downtrodden.

There is an unholy nexus between corrupt politicians on the one hand and drug paddlers, smugglers and even the terrorists on the other, as huge illegal transfer of funds is being facilitated by these elements. The present Government is neck deep into corruption, is evident from the fact that the Govt. machinery starts misinformation campaign against the persons or groups raising voice against corruption. Government does not even hesitate to crush the movements against corruption using police force.

Governments of different countries have already started making efforts to bring back money parked in tax heavens. This month during G-20 meet, France demanded to end Tax Heavens secrecies. So far 10 countries out of G-20 have received Rs. 14 bn as additional revenue through voluntary declaration. Italy - Rs. 600 mn, US - Rs. 2000 mn, Germany - 1800 mn, France - 1200 mn, South Korea - 510 mn, Netherland - Rs. 495 mn, Brazil - Rs. 315 mn, Spain - Rs. 260 mn, UK - Rs. 260 mn, China - Rs. 80 mn.

The Government of India is delaying and avoiding to bring back Black Money as most ruling party financiers are depositors of black money abroad. Names of black money depositors supplied by Germany & 700 persons by France to government are being kept secret. Thus intention of this government is to protect black money depositors. It is high time that government of India is forced to act positively in bringing black money illegally kept abroad.

Swadeshi Jagran Manch is of the firm opinion that corruption and black money is the by product of the present political system, which has emerged as system of loot & plunder. This is endangering our economy, production relations and even our security.

It is imperative to bring basic changes in the present day political and bureacatic system, ending exploitation of workers, farmers and dalits, so as to establish peoples rule in real sense.

To expose mis-deed on the part of Government of India it is resolved to stage protest, agitation throughout India so as to make it a mass movement until black money is brought back. We demand all black money deposited out side India be nationalized and depositor's property be attached in India. For such aggressive action, SJM will launch a nation wide movement taking along all patriotic forces. □

ious sectors of Indian economy. Dr. Dhanpat Ram Aggarwal in is review of the twenty years of liberalized economy and globalisation pointed out that at the beginning of liberalization it was told that opening of economy will help poverty alleviation, create employment,

control inflation and help development of all sections of society. But the new economic policy has failed in its objectives, he added. The income from agriculture sector has dwindled, imbalance between exports and imports has increased, he continued.

Former MP Prof. Rita Verma talked about the adverse effects of government policy on manufacturing sector. She said that factories are shutting down on by one. Several resolutions were also passed in the conference. There were parallel sessions and special

Resolution-4**'Occupy Wall Street Agitation'**

Struggle against globalization and exploitative system of multinational corporations in the last two decades by Swadeshi Jagaran Manch and people of various other developing countries is spreading in developed nations like USA. From last one and a half month, "Occupy Wall Street" agitation is going on in full swing at Wall Street in New York's Zuccotti Park, the nucleus of America's economic power. This movement, comprises of youths depressed due to unemployment. Some of them want to restore the economic system that is completely destroyed due to globalization. Some youths want a solution for the huge amount of debt on the shoulders of United States. All of them are irked over the current economic system. They are flaying the

economic system that is protecting the interests of extremely wealthy. Today's globalization is benefiting only 1% of the population all over the globe. According to Prof. Krugman out of this 1% hardly 0.1% people are becoming a superrich. Youths representing the feelings of 99 per cent of the American masses have assembled for this cause at Zuccotti Park. This is indicative of the fact that globalization based on exploitative system of multinational corporations has been making life miserable for the common man all over the world.

These youths don't want the economic system based on the open market, uncontrolled betting and greed for wealth which is benefiting a few people & thereby creating an imbalance in the society. This feeling is the basis behind the ongoing movement.

Swadeshi Jagaran Manch has always adopted a view that the economic policy based on globalization, liberalization and privatization is not beneficial at all for the welfare of common man. Such economic policy is creating disparities between and within the nations. Last 20 years of globalisation have benefited only a handful of people in India. Around 80 % of the total population have not received any benefit.

Due to dominance of multinational corporations farmers are forced to commit suicide, galloping inflation, closure of industries and declining self employment is making the life difficult for the common man. Ambitious plans of multinational corporations to a maximum profit at any cost is the major cause of miseries of people around the world.

Protest towards today's neo-capitalist economic system has now not just been limited to America. The agitation has now spread in 83 nations round the globe such as Europe, Canada, Spain, etc. All these world-wide agitations are in line with the views being expressed by Swadeshi Jagaran Manch from last 20 years. Hence Swadeshi Jagaran Manch supports all these feelings and idea behind these movements.

This meeting of Swadeshi Jagaran Manch resolves to appeal to the Indian Government to take cognizance of all these world-wide agitations and adopt necessary steps towards framing the economic policies that will be in the interest of India.

It is further resolved that, as all these agitations that are blooming in various nations of the world are justifying the views proposed by Swadeshi Jagaran Manch. This 10th National Convention of Swadeshi Jagaran Manch calls upon patriotic people of the country to back this movement of capture wall street and such other movements against exploitative system of globalization. □

lectures by various experts on prominent issues facing the economy. The conference concluded with a call to the nation to join the second war of economic independence. A fortnight long public

awareness programme will be organized in March 2012 against Chinese economic and security threat to the nation.

Others who spoke in various sessions of the conference include

Prof. Kumarswamy national convener SJM, Sh Kashiri Lal ji national Sanghathak, Sh Kripa Prasad ji of Vanvasi Kalyan Ashram,, Sh. Laxmi Narayan Bhala of Hindusthan Samachar. □□

Babu Genu

Martyrdom of Bau Genu Swadeshi Divas

12 December, 1930.

SJM observes 12th of December as Swadeshi Divas since on this day one Mill Mazdoor called Babu Genu Saeed sacrificed his life while resisting transportation of foreign cloth to markets in Bombay in 1930.

This is the single great incident of sacrifice by an ordinary Mill worker who laid down his life for the cause of Swadeshi. Though boycott of foreign goods particularly of cloth manufactured at Manchester, England Started as early as 1905 during movement against partition of Bengal and Savarkar made a bonfire of foreign cloth at Pune in presence of Lokmanya Balgangadhar Tilak and such acts of boycott of foreign products became integral part of Freedom Movement sacrifice made by Babu Genu was only one of its type.

Born in 1908 in a village named Mahaluge Parbal under Pune district in a family suffering from abject poverty Babu Genu could only obtain primary education. Poverty forced his mother to leave village and work in a Mill in Bombay where Later on Babu Genu too joined as a worker. Here in Bombay Babu Genu came in contact with freedom fighters and was deeply influenced by call given by Mahatma Gandhi. Babu Genu along with his friend Pralhad who was an office bearer of local congress committee formed an organization of youths named, Tnaji Pathak. In 1928 Babu Genu marched in procession with Tanaji Pathat in Bombay demonstrating against Simon Commission raising slogans, Simon Go back. Babu Genu courted arrest demanding complete independence or Sampurn Swaraj on 26th January in 1930. The famous Dandi march led by Mahatma Gandhi Started on 6th April 1930. Gandhiji prepared salt at Dandi violating Salt Act of British India and was arrested. In consequence mass movement against Salt Act known as Salt Agitation or Namak Satya-



grah Spread throughout India. Babu Genu along with Pralhad and members of Tnaji Pathak started Salt agitation at a place called Bardela where they were arrested and jailed. While in prison Babu Genu lost his mother. Thus Babu Genu resolved to dedicate his life for cause of the country.

In 1930 agitation started against use of foreign cloth. Babu Genu worked out a plan to stop transportation & distribution of Manchester cloth in Bombay. Bombay was having large stores for imported cloth from Manchester. Announcement was made by Babu Genu that on 12 Dec, 1930 Trucks carrying cloth of Manchester from Godown at Kuldewi area in Bombay would be stopped by activists of Tnaji Pathak.

Large number of people assembled to witness this operation. Activists slept on road preventing Trucks moving further when Police dragged them out. Finally Babu Genu slept in front of a Truck. The Indian Driver refused to move. But English Sergeant took driving and crushed Babu Genu. Such ghastly act angered on lookers who pelted stones at the Sergeant and damaged number of trucks. Babu Genu was admitted in nearby Gokuldas Tejpal Hospital where he breathed his last at

4.30 p.m. News of Babu Genu's death spread like wild fire and people started burning foreign cloth wherever it was noticed.

Babu Genu's death caused massive unrest within the city. On the next day, thousands participated in his funeral. The funeral procession was taken through the heart of the city and the crowd wanted to take his body to the Girgaum Chowpatty beach and cremate it on the sands there. The legendary Freedom Movement leader Bal Gangadhar Tilak was the only person to have been cremated there. The angry mourners wanted Genu to receive the same respect. The British administration disallowed it following which a pitched battle was fought between the demonstrators and the British police. Some were even injured as bayonets were used. Later, senior Indian leaders pacified the crowd and Genu was finally cremated at the crematorium assigned by the British. All leaders of repute paid homage to Babu Genu whose body was cremated at Ssonepur next day.

The inquest revealed the cause of Babu Genu's death due to fracture of the skull and laceration of the brain. No evidence was recorded because the principal witnesses were lying injured in the same hospital.

His body was claimed by the Congress party and taken to its office. The next day, stalwarts such as Jamnadas Dwarkadas, Lilawati Munshi, Perin Captain and Jamnadas Mehta carried the pall to the crematorium on Queen's road. Addressing the crowd Mrs Lilawati Munshi and Jamnadas Dwarkadas said that the best tribute to Babu Genu would be an absolute boycott of foreign goods that was an economic strategy to remove the British Empire from power and improve economic conditions in India by following principles of Swadeshi. □□

Saroj kumar Mitra (All India Co-Convenor, SJM)

European Union in Danger Zone



Due to high Debt – GDP ratio Greece is facing serious problems in repaying sovereign debt. Pressures to reduce government expenditure have impacted the employment and economic growth in these countries. This is being taken as erosion of sovereignty of these countries, explains Dr. Ashwani Mahajan.

For the last few years, a member state of European Union, Greece has been passing through a very serious economic crisis. Due to this crisis, not only upheavals are being noticed in Greece and European Union, other nations of the world are also undergoing turmoil. Recently European Union announced a bailout package of 130 billion Euro for Greece. The whole world had a sigh of relief after the announcement of this package, but Prime Minister of Greece announced a referendum on the issue, whether to accept or not to accept this package putting

a question mark on the applicability of the bailout package. Although Prime Minister of Greece has shelved his plans for referendum but under the present circumstances, Greece has once again become a centre of globe's attention. Government of Greece is facing danger to its existence. Whether the government of Greece survives this problem or not, more important question is what people of Greece think about this crisis and what solution they want to this problem? Therefore, the expected referendum and issues arising out of the same would not only put a

question mark on the future of Greece's membership of European Union but even the future of European Union.

In the mean time the leaders of European Union have threatened the Greece that, if it does not accept bailout package, Greece may be ejected from European Union. It is important to understand that what are the issues attached to this so called bailout package. Through there is lack of consensus in Greece whether they should go for referendum or not, there is a consensus in Greece that conditionalities put on Greece are not good. Leaders opposed to referendum think that since Greece may need immediate finances to save it and referendum may enhance the problems of Greece.



What Actually is Greece's Crisis?

Greece comes on 32nd position in term of GDP. In 2010 its per capita income was nearly 28,000 US\$, which puts Greece on 24th position in terms of per capita income. Before 2009 Greece's economy was on track and was also growing satisfactorily. In 2008, Greece's budget deficit was 7.7 per cent of GDP, whereas its public debt was 110 per cent of GDP. By the year 2010

Debt – GDP ratio jumped to 142.8 per cent. During this period average debt – GDP ratio in EU increased from 70 percent to 85.1 percent. Although other European economies are also facing problems, but their Debt – GDP ratio is much less than that of Greece's. They are also trying to keep Debt – GDP ratio under check by adopting various austerity measures.

Due to high Debt – GDP ratio Greece is facing serious problems in repaying sovereign debt, causing danger to its sovereignty. Under these circumstances, European Community has come forward to give bailout package to Greece. But due to the serious nature of the problem, Greece was devoid of its voting rights in European Community in February, 2010 and a condition was imposed on Greece that, it will bring down its budget deficit to below 3 per cent in next 3 years. As a result of the conditions imposed with earlier bailout packages from European Union, government jobs declined, salary cuts were impacted and social security expenditure was also reduced. All this resulted in people outbursts & popularity of Greece's govt. also came down.

Existence of European Union itself in Danger

European Union took its legal shape in 2004 when 25 member states took part in elections of European Union Later on; more states were added in European Union. Today European Union has got a common currency Euro which works as legal currency in 17 states. Euro is the second most important currency of the world after US Dollar. But since the problems have cropped in Europe, doubts are being raised



Greece has to make a choice among two alternatives – one that it saves its sovereignty & the second it saves the membership of European Union.

about the future of Euro Zone. Some economists believe that, present problems of European Union are somewhat related to Euro. In May 2010, Finance Minister of European Union announced the creation of 'European Financial Stability Facility' and a fund was created for the same. IMF and various member states of European Union contributed to this fund. At first instance the government of Ireland and later government of Portugal asked for assistance from this fund.

Problem of Sovereignty and Future of European Union

It seems that, the Stability Fund created by European Union is incapable of dealing with the present financial crisis in various European states. IMF has already washed off its hands to give any assistance to Greece. Under these conditions European Union while trying to bailout Greece of the crisis, is also imposing various conditions on Greece. Spain, Portugal, Greece and now Italy are facing the brunt of these conditionalities. Pressures to reduce government expenditure have impacted the employment and economic growth in these countries. This is being taken as erosion of sovereignty of these countries.

Present bailout package for Greece also carries various condi-

tions. President of Greece expressed his opinion that a referendum be conducted to take opinion of the people of Greece in this matter. Serious nature of the crisis in Greece and pressure from the governments of France and Germany has led to absence of consensus on referendum. While President of Greece has withdrawn his call for referendum, it is an open secret that heads of states of France and Germany are trying to affect decisions in Greece. Greece has to make a choice among two alternatives – one that it saves its sovereignty and the second it saves the membership of European Union. It is striving to save both. For the time being the issue of Greece's membership of European Union has been avoided, but European crisis is not going to end very soon. These questions will arise repeatedly. We must understand that European Union does not have a federal structure like that of USA. Although it has a common currency and a central bank, but all countries do not have similar economic conditions and fiscal policies. Some countries have definitely been benefited from unification of Europe. But if they continue with their hegemony and pressurise the weaker states, future of European Union is not very bright. □□

Manufacturing will not create jobs



*The recently announced new Manufacturing Policy will fail in attaining its stated objectives of job creation & protection of environment. It will succeed, however, in creating opportunities for land mafias to profit from proposed National Investment & Manufacturing Zones supposed to be established for the purpose, warns **Dr Bharat Jhunjhunwala***

The Government has recently announced a new Manufacturing Policy. Objective is to increase the share of manufacturing in our economy in the next 10 years from present 16 percent to 25 percent. Share of manufacturing in other Asian economies is around 34 percent. The Government wants India to catch up with them.

Problem is that increase in share of manufacturing implies that there will be contraction in share of other sectors. The other two sectors of the economy are agriculture and services. About

one-half of our people are still dependent on agriculture. Reduction in share of agriculture, therefore, means that these large numbers of people will see decline in their incomes. Reduction in share of services sector will also be a backward step. It would mean that we want to exit the sunrise sector and embrace the sunset sector. The share of services sector in our economy was 33 percent in 1951. This has presently increased to 55 percent. The share is 75-80 percent in the developed countries. It is seen that share of services sector

increases across the world as income increases. This is because a person can consume only two rotis and one TV but possibilities of consumption of music, tourism and beauty parlours are virtually unlimited. Therefore, share of services sector increases with economic development.

Economic development of a country should build upon the resources available to it. Arabian countries can develop by exporting oil while America can develop by exporting technologies because their resources, culture and manpower is suitable for these jobs. India's strengths are English language and brilliance of the mind. These are suitable for the services sector. We should not emulate manufacturing sector in other Asian countries because our circumstances are not suitable to this. In fact, Asian countries too would have jettisoned manufacturing and pushed services if they had capability to do so. Manufacturing was a compulsion for them. They did not have the capabilities required for the 'higher' services sector hence they had to, per necessity, focus on the 'lower' manufacturing sector.

Asian countries have expanded their manufacturing on the



backbone of exports to developed countries of Europe and America. These countries are now in economic trouble. Exports to these countries are likely to face pressure. Manufacturing-based export-led economies of Asia are likely to face much trouble in the coming times. We should not invite that trouble unnecessary by expanding our manufacturing sector.

Environment too is negatively impacted in manufacturing. Mining, deforestation, carbon emissions and water pollution go together with manufacturing. Our capacity to bear these problems is less than other Asian countries because our population intensity is greater. India has 333 persons per square kilometer against 135 in China and 116 in Indonesia. This means that 'free' area of rivers, lakes, forests and deserts is less in India. These 'free' areas help absorb pollution. Therefore, we must not abandon the 'clean' services sector in order to embrace 'unclean' manufacturing.

The Government claims in the Policy statement that 10 crore jobs will be created in manufacturing in the next 10 years. The track record till now does not support such ambitions. Between 1991 and 2008 only 5 lac jobs were created in the private organized manufacturing sector while 16 lacs were created in the services sector. How will 10 crore jobs be created in next 10 years when only 5 lacs have been created in last 20 years?

Worse, no concrete measures have been taken in the Policy to fructify whatever possibilities of job creation existed in the manufacturing sector. It is said that 'adequate support' will be given to labour-intensive industries. But the

Policy maintains an eerie silence on detailing these steps. Jobs can be created in manufacturing only if the government makes it profitable for industries to employ labour instead of automatic machines. It was necessary to impose lower rates of excise duty and sales tax on industries employing more labour. A jute mill, for example, employing more labour than the industry average should be given tax concessions. Then it would become profitable for industries to use more labour and less automatic machines. Alas! There is nothing in the Policy statement in this direction. Only non-speaking empty statements about support to labour-intensive industries are made.

The Policy says that India will oppose imposition of import taxes by developed countries on grounds of environmental standards. Thinking is in the right direction. But this should not become a license for us to destroy our environment. Problem is that other developing countries, especially China, are destroying their environment to produce cheap goods for exports. This is putting pressure on India to destroy her environment so that we can remain competitive in the world market. If China is destroying the ecology of her seas for generation of electricity then we will also be forced to implement projects like Kudankulam and destroy our seas. The price of electricity in India will be high if we do not destroy our sea and our goods will be priced out of the world markets. There are two ways to manage this problem. One way is for us to destroy our environment and join the race to the bottom. Another way is for us to im-

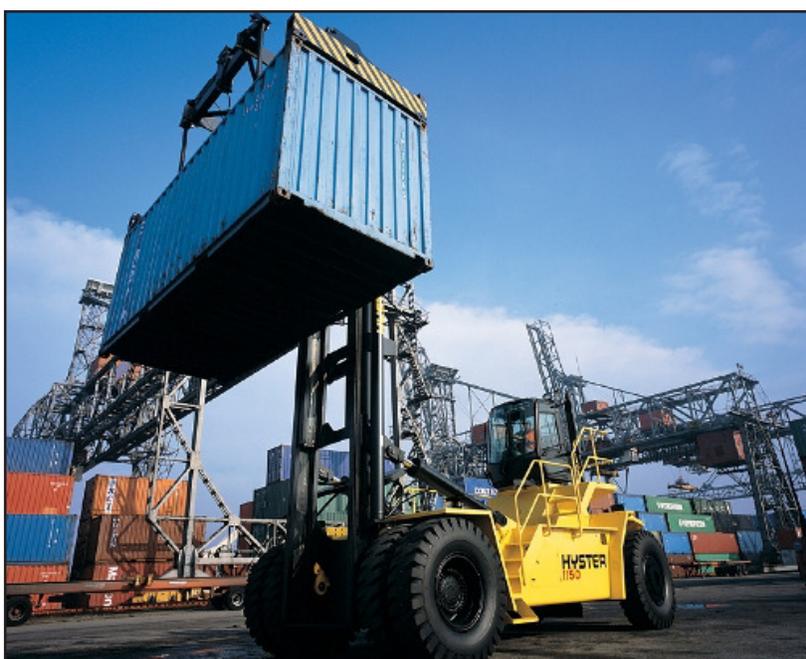
pose an 'environment' tax on goods imported from China and provide an 'environment' subsidy to our exports. Such a policy would lead to higher price of goods within our borders and also protect the environment. At the same time we will remain competitive in the world markets. There is nothing in the Policy on this important question.

This Policy will fail in attaining its stated objectives of job creation and protection of environment. It will succeed, however, in creating opportunities for land mafias. It is proposed that National Investment and Manufacturing Zones will be established. These will be independent townships spread over minimum 5,000 hectares. The responsibility of implementing environment- and labour laws will rest with the CEO of the Zones. These Zones will be like an autonomous state within a state. Land will be acquired from farmers for making these Zones. Thrust of the Policy is on making these Zones and establishing new green field industrial areas. This means that problems of archaic laws, corruption, lack of finance, etc. of existing industries will remain on the backburner. Say the quality of education in a school is poor. This cannot be rectified by admitting a few brilliant students by giving them hefty scholarships. Similarly, the regulatory and tax environment of industries in the country is bad. This cannot be rectified by establishing new industries in autonomous Zones. Need was to simplify laws and provide tax breaks to employment-intensive and environment-friendly industries. The Policy has singularly failed in taking steps in this direction. □□

Another SCAM on rupee depreciation, exports boom?



If India's exports in September 2011, as claimed, grew by 36 per cent as against exports during September 2010, what about the performance of core industries? After all, if we have done exceedingly well in exports, our core industries too should have done equally well, if not better, questions **M.R. Venkatesh**



It is a paradox economists are unable to explain. Consider this: India's exports in September 2011 grew by 36 per cent as against exports during September 2010.

If you thought September 2011 was an exception, ponder this: Exports for the first six months beginning April 2011 recorded a robust 50 per cent increase when compared to the same period last year.

Naturally this has made analysts question the Indian 'export miracle' of the past year or so.

First, if exports had indeed recorded such robust growth, what

about the performance of core industries? After all, if we have done exceedingly well in exports, our core industries too should have done equally well, if not better.

And this is where things get murkier. According to the data published by the Union commerce ministry, the growth of core industries for the first six months of this fiscal was a tepid 4.9 per cent, with sectors such as coal and natural gas even recording negative growth.

But what if India is recording a boom in export of services? After all, when you witness a boom in software exports, surely coal

and natural gas need not record a parallel increase in their consumption. But, unfortunately, that logic does not hold water as we are talking of exports of physical goods and not of services. Surely, something is seriously amiss.

What has added fuel to this debate is a recent report by Kotak Securities suggesting that probably much of this export boom could be fictitious exports from India which, in turn, facilitate the return of our illicit wealth parked in tax havens back into India.

Naturally questions arise. If during the past six decades Indian businessmen were guilty of overestimating imports (and thereby parking the excess in tax havens), are they guilty of overestimating exports now?

And, in the process, is the illicit wealth of Indians accumulated and parked in tax havens for over six decades stealthily making its way into India?

The authors of the report have backed their theory with interesting empirical data. For instance, they state: "Our study of exports data of major engineering companies (including automobiles and metals) shows that the increase in their exports does not reconcile with the steep increase in official

exports data. In fact, the gap is quite substantial.”

In fact, their analysis about this ‘substantial gap’ is indeed stunning. While engineering exports recorded a near 80 per cent increase in 2010-11, the fact remains that the increase in engineering exports by India’s top companies (listed on India’s stock exchanges) recorded a mere 11 per cent growth, implying the balance 60-odd per cent increase came from India’s small engineering companies.

And in value terms, exports by small companies aggregates to approximately \$28 billion! Whatever it be, the recent export boom in India deserves some detailed explanation from the government, if not some serious investigation.

If exports are booming, why is the Rupee depreciating?

Swaminathan S. Anklesaria Aiyar, one of India’s foremost and most respected economists, too expressed similar views in his column in *The Economic Times* (dated October 16, 2011) titled, ‘Is the export boom really black money?’

Aiyar concludes by stating, “So the export boom remains a puzzle. We need an urgent, detailed investigation of Kotak Securities’ research findings by the tax authorities, RBI and the commerce ministry. Even if they come up with a perfectly innocent explanation — which sounds a stretch — we need the details to improve our understanding of what’s driving exports.”

However, Aiyar the economist has a different take on the issue of over-invoicing of exports and discounts the same on account of taxes. According to him, “But if crooks want to bring back this



black money, it makes no sense to do so through over-invoiced exports — the inflated export value would be fully taxable.”

Nevertheless, he misses a crucial point. Such exports are taxed if and only if they are exported from the domestic tariff area.

What if such ‘exports’ are routed through Special Economic Zones (SEZs) which offer a tax holiday on profits from such exports? Of course, there are checks and balances embedded in the system to prevent such spurious exports. Nevertheless Aiyar would know that, for a price, these things can be easily managed in India.

In fact, thanks to liberalised rules and a lax system, SEZs offer an easy route to launder money and evade taxes. The Noida SEZ is notorious for this as quite a few cases of money laundering and tax evasion have been reported.

No wonder, SEZs in India offer a brilliant escape route to launder money while simultaneously avoid taxes.

While the export data from SEZs in India for 2010-11 and for the first six months of the current year is not yet officially available, the fact remains that by 2009-10, exports from SEZs accounted for

Rs 220,000 crore (Rs 2,200 billion) when compared to Rs 100,000 crore (Rs 1,000 billion) in 2008-09 — an increase of 120 per cent. (Source: www.sezindia.nic.in)

Remember, that this data pertains to 2009-10 when there was no ‘export boom’ from India. When data for 2009-10 and 2010-11 emerges, one is certain that we would be in for more surprises.

Similarly, on the capital flow front, the Kotak report suggests that while the foreign investor flow into India aggregated to \$22 billion officially for the year 2010-11, the fact is that international sources are not able to place it beyond \$5 billion. Obviously, \$18 billion is ‘unexplained’.

Whatever it be, official or unofficial, reconciled or otherwise, fictional or real, there is a huge dollar flow into India. If dollar supply is increasing, elementary economics dictates that its value must fall, not rise.

What is more ironical is the fact that the United States economy is facing increasing prospects of another bout of recession shortly. And remember this comes on top of downgrading of the US dollar in August this year by Standard and Poor’s.

So fundamentally too, the

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SEZs in India offer a brilliant escape route to launder money while simultaneously avoid taxes.
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dollar is weakening against major currencies. But that takes us to a basic question — if exports are booming, capital flows are robust and dollar fundamentally weak, why then is the Indian Rupee depreciating?

Who benefits from Rupee depreciation?

Who benefits from all these and who losses? Crucially, is the government unaware of all this?

To understand this, reference to the spiraling international crude prices and parallel increase in petrol prices in India is inevitable. Increase in crude prices implies a weak dollar. That, in turn, means higher crude cost in Rupee terms. The only way to neutralise the increased crude prices (in dollar terms) is to ensure equivalent appreciation of the Rupee. Such an appreciation

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A weakening Rupee is a double whammy in the backdrop of spiraling international crude prices for the average Indian.
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would mean little or no increase in crude cost in Rupee terms.

Take the petrol price hikes effectuated by the oil marketing companies over the past several months. While the first few were on account of increase in international crude prices, the latest one effectuated last week was on account of depreciating Rupee and had nothing to do with international crude prices!

In short, a weakening Rupee is a double whammy in the backdrop of spiraling international crude prices for the average Indian. More specifically, to neutralise the spiraling crude prices, the government and the Reserve Bank of India must allow the Rupee to appreciate. In contrast to the textbook prescription seeking appreciation of the Rupee to counter inflation, the government strangely allowed the Rupee to depreciate by approximately 10 per cent between July 2011 and now.

This is all the more inexplicable considering the fact that we had good supply of the dollar — both on current and capital account.

Naturally, a weak Rupee coupled with spiraling petrol prices has the calculated effect of triggering inflation. And inflation hits every

Indian. So a depreciating Rupee is a disaster, especially in present context where crude prices are rising and the US dollar is weak.

But what about Indian exporters? Probably they are gainers in this scenario of a weak rupee. Surely the topline increases when someone gets Rs 50 instead of 45. But overall, inflation increase as explained above neutralises their profitability; perhaps erodes it. Little do our exporters realise the fallacy of a weak Rupee. It is an illusion at best. But the question remains: who are the gainers from all these economic policies of SEZs, weakening Rupee, tax breaks and, of course, foreign investments?

It does not need a seer to analyse that it would be fictitious exporters and shady foreign investors who are beneficiaries of all these. Needless to emphasise, only those who could manipulate the RBI and by extension the value of the Rupee would undertake fictional exports while encouraging policies relating to SEZs. And that is possible only by someone who controls the entire government machinery!

Bewildered? Remember, while there is no economic rationale or theoretical explanation for the depreciation of Rupee, the fact remains that the government has allowed the Rupee to depreciate.

Why? The answer is obvious. Let us not forget all these economic policies are well integrated and intertwined with each other wherein our political masters have enormous personal economic interest.

And till they have such varied economic interests, none of these policies will benefit the common man. Neither can be rationalised by economists. Time we understand this. □□

Greek tragedy Lessons for India?



India should watch the Euro zone crisis closely. Both the Indian economy and governance are under severe strain. Inflation, job losses, fall in growth, corruption charges have become endemic. The economy can be revived only by domestic forces - by increasing the purchasing power of its people. India needs to realise that it has its inner strength and should count on it alone, says Shivaji Sarkar

The latest European Union bail-out drama to wipe off the tears of the Greeks confirms yet again that the EU is not adept at solving a crisis. The Greek economy has over the past two years become a bottomless pit, which is sucking in all the EU wealth and spreading the infection beyond the Euro zone.

India needs to view these developments with caution and circumspect. At the same time, Europe too could consider looking at India for some relief. But that is not the case. In its perception, India may be an emerging economy but it remains fragile. Therefore the EU is looking towards China and Brazil to invest in Europe to make its economy sustainable. New Delhi should see the writing on the wall as it is losing an international battle to China. If Beijing tightens its fist over Europe, India's dream of becoming a super power is likely to take a severe beating.

The bail out deal for Greece was struck by the European leaders, officials of central banks and the International Monetary Fund. It provides for writing off 50 per cent of its debt. The catch being that neither the EU nor any of its European governments shall suffer. Instead, the losses have been

mounted on private banks and insurers, who would cut the losses of Greek debt holdings and seek to reduce Athens' massive debt load to sustainable levels - Euro 100 billion. This would reduce debt to 120 per cent of the Greek GDP—something sustainable indeed!

The write-off agreement thus leaves Greece's repayment obligations at Euro 100 billion. EU leaders view this as a significant achievement as they feel the Euro would now come out of the cloud. But, the crisis is far from over, even though the bail-out brought smiles to the French and Germans, so far

the strongest economies in the EU. They were firmly against any package at their cost and have managed to achieve it to an extent.

Though their economies would not be hit directly, the French and Swiss banks would take the biggest brunt of the relief proposed for Greece. Both France and Switzerland are the two largest holders of Greek bonds and they would lose clear 50 per cent of the bond values.

Lately, it was feared that the crisis may lead to the breaking of the EU as a common market with a single currency. Worse, it would



have grave political implications, as Euro for the EU is much more than just a currency. It's a political statement of being united and it is the most advanced common EU policy. Thus, the Greek crisis underlines a major governance problem within the EU, because Athens cheated its European partners for years without any reaction. Thus economic solutions are not enough. Good governance too needs attention.

Insofar as the sovereign debt default is concerned it is not restricted to Greece. Other member States such as Spain, Portugal, Italy and Ireland too have their share of crises. The Greek solution if repeated with these economies could lead to a further fall in the Euro's value. Worse, other economies which still are at a workable stage, may get caught in this whirlpool.

This apart the French and Swiss economies are bearing another onslaught. The NATO war on Libya was largely fought with French funding and Paris was hoping to make up its losses by capturing stakes in the Libyan oil business. However, the Libyan crisis seems to be getting worse with lawlessness spreading and multiple authorities mushrooming. If France loses this battle, billions of dollars that it has sunk into NATO operations might start telling on its economy. To stave off the crises, Paris may have to spend heavily in the internal policing of Libya and start politicking.

All in all, what seemingly appears to be a solution to the Greek tragedy may bring in more tears for some member States! In fact, European leaders continue to doubt whether the "Greek solution" would stem the crisis in Spain, Italy,

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Portugal and Ireland. If their fears come true would they repeat the same solution? Nobody knows. But the same bitter pill can not be prescribed, as it would have to be swallowed not by the ailing economies, but the stronger among them.

For now, the EU may not exactly start tottering. It has amassed immense wealth from its former colonies during the past over 250 years. The question is how long will it be able to hold, as all manufacturing and industrial activities in the Euro zone are slowing down? While it may not be exactly the reverse of the "Industrial revolution" of the 18th century, it does certainly send signals of a deeper crisis.

Indeed, the Greek solution does not stop here. Sooner than later, European governments will willy-nilly have to start recapitalising the banks and financial institutions to keep these at workable level. This would entail drawing on the taxpayers' money through budgetary measures. It will increase the borrowings of European nations and acerbate inflation.

True, the Euro zone has promised to offer "credit enhancements" or sweeteners to the pri-

vate sector largely financial institutions totalling Euro 30 billion. This would "help" Greece get a second financial aid programme in place in 2012. In addition, EU leaders have agreed to scale up the European Financial Stability Facility to Euro 440 billion (about \$600 billion) bail-out fund set up last year. The EFSF will be leveraged in two ways—by offering insurance or first-loss guarantees to purchasers of Euro zone debt in the primary market. It is also considering setting up a special purpose vehicle (SPV) aimed at attracting Brazilian and Chinese investment.

The EFSF has already provided Euro 150 billion relief to Greece, Ireland and Portugal and has shrunk to Euro 290 billion. Is this a beginning of another crisis? Will Brazil and China bite the bait? The solution apparently does not lie here. "There is plenty of room to doubt whether each of the key aspects of the package will deliver within its own space", states Malcolm Barr, an economist with JP Morgan. The big question remains: Can EU remain a single entity with a tottering Euro for long?

While there are no answers yet, India should watch the situation closely. Both the Indian economy and governance are under severe strain. Inflation, job losses, fall in growth, corruption charges have become endemic. So far it has been looking up to Europe and the US, but now it needs to change tact. The economy can be revived only by domestic forces - by increasing the purchasing power of its people. Exports are not bringing in much cheers and investment from abroad is undependable. India needs to realise that it has its inner strength and should count on it alone. □□

Why the decline of the West is best for us – and them



The crisis faced by the West is primarily because it has forgotten a six-letter word called ‘saving’ which, again, is the result of forgetting another six letter word called “family”, explains Prof. R Vaidyanathan.

Ten years ago, America had Steve Jobs, Bob Hope and Johnny Cash. Now it has no Jobs, no Hope and no Cash. Or so the joke goes.

Only, it’s no joke. The line is pretty close to reality in the US. The less said about Europe the better. Both the US and Europe are in decline. I was asked by a business channel in 2008 about recovery in the US. I mentioned 40 quarters and after that I was never invited for another discussion.

Recently, another media person asked me the same question and I answered 80 quarters. He was shocked since he was told some “sprouts” of recovery had been seen in the American economy.

It is important to recognise that the dominance of the West has been there only for last 200-and-odd years. According to Angus Maddison’s pioneering OECD study, India and China had nearly 50 percent of global GDP as late as the 1820s. Hence India and China are not emerging or rising powers. They are retrieving their original position.

The dollar is having a roller-coaster ride at present.

In 1990, the share of the G-7 in world GDP (on a purchasing power parity basis) was 51 percent and that of emerging markets 36

percent. But in 2011, it is the reverse. So the dominant west is a myth.

Similarly, the crisis. It is a US-Europe crisis and not a global one. The two wars – which were essentially European wars – were made out to be world wars with one English leader commenting that ‘we will fight the Germans to the last Indian’.

In this economic scenario, countries like India are made to feel as if they are in a crisis. Since the West says there’s a crisis, we swallow it hook, line and sinker.

But it isn’t so. At no point of time in the last 20 years has foreign investment – direct and portfolio

– exceeded 10 percent of our domestic investment. Our growth is due to our domestic savings which is again predominately household savings. Our housewives require awards for our growth not any western fund manager.

The crisis faced by the West is primarily because it has forgotten a six-letter word called ‘saving’ which, again, is the result of forgetting another six letter word called “family”. The West has nationalised families over the last 60 years. Old age, ill health, single motherhood – everything is the responsibility of the state.

When family is a “burden”



and children an “encumbrance,” society goes for a toss. Household savings have been negative in the US for long. The total debt to GDP ratio is as high as 400 percent in many countries, including UK. Not only that, the West is facing a severe demographic crisis. The population of Europe during the First World War was nearly 25 percent and today it is around 11 percent and expected to become 3 percent in another 20 years. Europe will disappear from the world map unless migrants from Africa and Asia take it over.

The demographic crisis impacts the West in other ways. Social security goes for a toss since people are living longer and not many from below contribute to their pensions through taxes. So the nationalisation of families becomes a burden on the state.

European work culture has become worse with even our own Tata complaining about the work ethic of British managers. In France and Italy, the weekend starts on Friday morning itself. The population has become lazy and state-dependent.

In the UK, the situation is worse with drunkenness becoming a common problem. Parents do not have control over children and the Chief Rabbi of the United Hebrew Congregation in London said: “There are all signs of arteriosclerosis of a culture and a civilisation grown old.

Me has taken precedence over We and pleasure today over viability tomorrow.” (The Times: 8 September).

Married couples make up less than half (45 percent) of all households in the US, say recent data from the Census Bureau. Also there



**A
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is a huge growth in unmarried couples and single parent families (mostly poor, black women). Society has become dysfunctional or disorganized in the West. The government is trying to be organised.

In India, society is organised and government disorganised. Because of disorganised society in the West the state has to take care of families. The market crash is essentially due to the adoption of a model where there is consumption with borrowings and no savings. How long will Asian savings be able to sustain the western spending binge?

According to a recent report in The Wall Street Journal (10 October 2011), nearly half of US households receive government benefits like food stamps, subsidised housing, cash welfare or Medicare or Medicaid (the federal-state health care programmes for the poor) or social security.

The US is also a stock market economy where half the households are investors and they have been hit hard by bank and corporate failures. Even now less than 5 percent of our household financial savings goes to the stock market. Same in China and Japan.

Declining empires are dan-

gerous. They will try to peddle their failed models to us and we will swallow it since colonial genes are very much present here. You will find more Indians heading global corporations since India is a very large market and one way to capture it is to make Indian sepoys work for it.

A declining West is best for the rest and also for the West, which needs to rethink its failed models and rework its priorities. For the rest—like us—the fact that the West has failed will be accepted by us only after some western scholars tell us the same. Till then we will try to imitate them and create more dysfunctional families.

We need to recognise that Big Government and Big Business are twin dangers for average citizens. India faces both and they are two asuras we need to guard against. The Leftists in the National Advisory Council want all families to be nationalised and governed by a Big State and reform marketers of the CII variety want Big Business to flourish under crony capitalism. Beware of the twin evils since both look upon India as a charity house or as a market and not as an ancient civilisation. □□

Whither Globalization!



We the people of India do not have any choice but to sink with the West's capitalist model of development unless we initiate steps to intentionally and systematically destroy this model, and parallelly follow economic development model invented by our own economists and philosophers based on Vedic thoughts, predicts **D G Bokare**

India has now completed twenty years after importing the West's globalization economic model. The present government is, though not showing its regrets, certainly not comfortable in witnessing the results in these twenty years even in the economies presently under the threat of collapse. Who really was interested in bringing the globalization concept in India and what was the objective behind this? Let us look at it:

The West's capitalist economic development model has reached its climax where the people even in developed countries are seeing diminishing returns on their efforts to fulfill their American Dream. Capitalists did not find any improvements in their bottom lines. Rather there was declining trend in their efforts in this regard. Hence they intended to shift their manufacturing bases overseas in developing nations to maintain and, if possible, to improve the bottom lines. Manufacturing activities have adapted to most of the top class technology with more automation and robotics. Their economies had reached a stagnation point in production sector in view of automation. This technology has augmented the supply side whereas the demands remaining same or reduced. This mismatch has compelled industrialists to look around to shift the manufacturing bases and keep

improving bottom lines. This has resulted in rising unemployment and revenue income of local governments. Many banks, insurance companies have suffered heavy losses as a result of this. The government, instead of rescuing common people from unemployment and uncertainties for future, started financially helping big banks, corporate sector and insurance companies as the government is practically 'owned' by corporate sector.

Due to enhanced technological capacity to augment production without labour, the manufacturing has lost its importance as far as the economic development was concerned for capitalists. The profits earned in all these years, especially

in the last thirty odd years, have emboldened them to 'play' with financial strengths to speculate and maximize the profits by shifting the profit amounts running in trillions of dollars to stock markets across the world. In turn, all the stock markets have been integrated by these financial speculators and gamblers. This way, the world has shifted (matured or graduated) from manufacturing and technology base to financial and monetary-based economies. It is now being called financial capitalism. Thus, the whole concept of capitalism has now changed and reached the last phase of its effectiveness.

Rich and middle class of developing nations, like India, were





in love with materialistic satisfaction rather than with a mixture of materialistic and spiritual growth of the people. The governments, especially Indian, had given an excuse to the people of their own countries about dwindling financial conditions leading to bankruptcies which resulted in mortgaging gold. The decision to implement West's exploitative capitalist economic development model, though having direct effects on about one hundred crores people of India, was unilaterally taken by the cabinet of the then government led by Narsingh Rao under the influence of then Finance Minister Manmohan Singh. This was a serious matter because the Parliament and the people of India were not taken into confidence by the decision-makers for such a major economic and social change affecting all the people of this great country. Politicians normally do not have detailed knowledge of economics. As such, the Prime Minister had meekly submitted to the Finance Minister for this important decision despite strong protests from own Party's senior leaders. The Left had

no point to protest in the light of collapse of their god father's country, erstwhile USSR.

In my opinion, the Western governments had systematically and intentionally created such a situation in these countries through their institutions, like, World Bank, WTO and IMF. India fell into that trap. These institutions had coerced the developing countries to open markets for their products. Indian middle and rich classes too supported this move for own benefits. See what the former President of the US said, "You can conquer any nation in the world. There are two ways to conquer and enslave a nation; one is by sword power. The other is by debts." This is exactly had happened in the case of India getting in that trap.

Shifting manufacturing bases had resulted in giving big boost in MNCs' bottom lines. The main opposition party too had somehow fallen in love with the capitalist model of development, notwithstanding a strong protest by late Dattopant Thengadi jee. In fact, Swadeshi Jagran Manch was primarily established to stop this glo-

balization model before it ruins our future. They may get disappointed by seeing the present day fate of that model which is sitting on cliff before its death. Now, we the people of India do not have any choice but to sink with the West's capitalist model of development unless we initiate steps to intentionally and systematically destroy this model, and parallelly start new economic development model invented by our own economists and philosophers based on Vedic thoughts.

MNCs ruling the world

There was one more angle to this pressure for opening the new markets. After the collapse of the erstwhile USSR, capitalist nations, especially the MNCs, had no competition and enemy. They had, therefore, developed an ambition to control the entire world as per their own selfish design to maximize their monopoly powers. This resulted in their arrogance. This design was supported by their local governments for obvious reasons. Today about five hundred MNCs and five major media barons are ruling the world affairs. National governments have now become slaves of the West for all purposes. We have thus lost the sovereignty. They have started bulldozing nation after nation to control the scarce energy-generating natural resources, including primarily the crude oil and maximize profits. We have recently witnessed the demolition of Iraq, Tunisia, Egypt, Afghanistan, and the recent one Libya. Yemen, Syria and Iran are the next targets for this.

People of America have now started agitating against their own MNCs and government for fooling the people about the utopian

American Dream. Today, in the USA, there are about 2.5 crore people unemployed for more than six months. People aging between 15 and 24 are most suffered ones. Look at the figures of some countries: Spain- 45.7%, Greece- 38.5%, Italy- 27.8%, Latvia- 30%, France-23%, the USA- 23%, England-20%. Four and half crore people are surviving on government's food coupons. Fifteen percent



people of thirty crore are declared below poverty line; almost fifty percent people are deprived of medical help; students are heavily indebted due to inability to repay the loans taken for studies; more than one million people have declared bankruptcy since 2008 for inability to repay loans against credit cards and others; many companies and banks are declared either bankrupt or have permanently closed shutters. Federal government, municipalities, other local states have been almost financially bankrupt. Bonds of many states and municipalities are being treated as junk bonds. The country is facing a historical bankruptcy and budget deficits (foreign loans \$15 trillions, and annual budget deficit of 1.5 trillion). Less than one-percent people virtually own nation's over-forty percent wealth; wages in real term are going down in its value. The nation is facing for the first time an irreversible depression; derivatives held by banking sector has a value of about six hundred trillions having no real security backup, infrastructure in roads, bridges, highways, water storage,

etc are in dilapidated conditions having risk of any time collapse, etc. etc. The people are now disillusioned by the Dream and, therefore, started coming on streets against the unbearable living conditions. Many have started living in tents as they can't afford staying in own houses. American economist Thomas Friedman has said in his latest book "That used to be US" that globalization is responsible for American decline. Globalization's last stage is continuous warfare across the globe to divert attention of its people and keep some industries running for economy. We the people of India have yet to learn a lesson from this failure of globalization and capitalism.

Laissez faire was a most favorite term for all the economists of the West. Monopoly market system was being sold as free market system. The same monopoly market system has now tightened the noose around the necks of these so called developed nations. Our government is still fooling the people on this subject. Recently, France's President Nicolas Sarkozy has bluntly said that *laissez faire* is

now dead. Present form of capitalism has to be substantially modified to meet the requirements of all the common people. The slogans and billboards showing "Capitalism is Crisis" are now visible across capitalist economies.

Capitalist system encourages spending for enjoyment of life by borrowing amounts. The result is now seen in people, companies, banks, people and others declaring bankruptcies. We Indian have been taught to celebrate festivals without borrowing. This was to safeguard against rainy days. Present government is encouraging more borrowings for enjoyment by imitating the West's style of living. This is resulting in more suicides by farmers and unemployed people. The West is totally trapped in irreversible debts syndrome. Look at some examples: (figures in percentage to GDP- source *The Economist* of London dated 03.10.2011) Greece (158); Belgium 97; Italy 128; Portugal 102; Ireland (112); Austria (102); Ireland (112). Presently the USA is coming close to seventy percent. India will not be far away from this race. India is now in "danger Zone" as per the West. Percentage more than 120 indicates irreversible condition of that economy.

European Union could be

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Globalization's last stage is continuous warfare across the globe.
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***Government
is pouring
huge
taxpayers'
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the stock
markets to
save the
capitalist
system.***

divided sooner than expected. Globalization concept has put these 27 countries in never ending debt-trap. If you look at Japan, we will find that Japan has been in permanent coma since 1990 and presently on life support systems. Thus, we find that the present economic development model based on globalization has now got converted into a model of permanent debt trap. Most of Indian states are deep in debts and will never be able to come out from that condition. We have thus created a huge balloon of debt which might soon explode on its own. What are we then leaving for our children and grand children? More debts, more unemployment, more poverty, more pollution, more crimes?

Nervous Breakdowns

Lord J.M. Keynes had said that when financial policies take over from manufacturing, economists and statesmen of the developed nation would get nervous breakdowns. He was right when we look at the present day scenario in developed nations. Indian government is not far from that stage. Looking at the scams, debts, inflation, collapse of rural econo-

my, unmanageable growth in urban cities and mega-cities, the leaders of the nations have already started getting nervous breakdowns. They do not find solutions to any of these problems. They are killing time by promising that things would improve in few months, by end of fiscal years, etc. Take the example of inflation. The PM and RBI are constantly saying that inflation would be brought under seven percent within forty days, within three months, within six months. Now they are saying that it would come down before the current year-end. Economist turned PM should accept his ignorance in this matter.

Government is pouring huge taxpayers' money into the stock markets to save the capitalist system. Today, stock market has become barometer of the nation's economic growth. Stock market is the epitome of capitalist system. Presently, we see that stock markets have become extremely volatile. Any small aberration taking place in any corner of the world, the stock market shakes instantly. Stock markets have nothing to do with common people. However,

huge amounts taxpayers' money are being transferred by the government to save the markets through state-controlled banks, financial institutions, etc. Global financial institutions have started withdrawing huge amounts from stock markets due to constant volatility in these markets. They are parking funds in safe places like government bonds of America. However, our government is following the existing route thereby taking huge risks of collapse of stock markets any time in near future.

In reality, governments are now being controlled by big MNCs only across the world. As said earlier, the world affairs are being managed by some five hundred MNCs only. Within them again, over one hundred year old company Goldman Sachs is the most important and powerful entity to take control of these economies. It is already controlling the US government. Federal Reserve is like our Reserve Bank. It is, however, in private sector. It is mainly in the hands of just eight corporations out of which the fomenting partner is Goldman Sachs. Its spread is global. Its annual turnover is more than two trillions US dollars. It has employment strength of 2,40,000 across the globe. These eight corporations are powerful enough to decide the candidature of future President of that country. Globalization concept was the brainchild of these eight corporations. Shall we meekly submit to these corporations or fight the third economic independence battle? Choice is now of 99 % Indian citizens. There has to be a fight between 99% versus 1% if we want to avoid catastrophes and pains in future. □

Perspectives on Standards in Public Life & Swaraj

This is the second & concluding part of the write up. First part was published in the November 2011 issue of the Swadeshi Patrika.

Those entrusted with the shaping of our collective national destiny need to perhaps ensure, starting with their own selves & through their ethical and responsive approach to public life that the degeneration is eventually stalled & reversed, writes Anirban Ganguly

V. Training in discipline and national honour: a historical conversation

A conversation around the same period (1925) between three stalwarts of the national movement also veered around to the same topic and came up with strikingly relevant insights for the political discourse today. It was a discussion that took place in the then distant French enclave of Pondicherry between Lala Lajpat Rai (1865-1928), Purushottamdas Tandon (1882-1962) and Sri Aurobindo (1872-1950). The former two had gone to visit the latter then in his retirement. The conversation turned to politics and elections to local bodies. Tandon, discussing political programmes in his home town Allahabad argued against entering local bodies as that would eventually lead ‘to lust for power and then personal differences and jealousies’ and the high hopes the people had reposed in their representatives would then be unjustifiable. Under such circumstances, Tandon called for maintaining purity through abstention from the offices and positions of power. Rai followed with another though connected point, in a democratic framework, he observed, high hopes had to be given to the people; ‘if you want to enter govern-

ing bodies you must make big promises; that is the nature of democracy.’ Sri Aurobindo, on his part, intervening in the discussion made an interesting point, ‘the lust for power’, he argued, ‘will always be there. [and] You can’t get over it by shutting out all positions of power; our workers must get accustomed to it [power]. They must learn to hold positions for the nation. This difficulty would be infinitely greater when you get Swaraj.’ He saw two cardinal attributes – ‘discipline and a keen sense of national honour’ – as lacking among those holding public offices. The only way perhaps, to mitigate the adversities of power and position, was to inculcate in the future legislators and leaders in particular and the people in general this ‘discipline and [this] sense of national honour.’

In a letter dated 21st February 1937 to a disciple who had just been elected to the Bengal Assembly Sri Aurobindo gave certain broad directives for the leader aspiring to maintain certain high standards of integrity and transparency, ‘Since you have joined [the] party, its programme must be yours and what you have to do is to bring to it all the consciousness, ability and selflessness which you can command’ and work not for the self but for the country. He advised

him to take office only when he could do something for the country by it and not until ‘he has proved his character and ability and fitness for position, ‘You should walk by high standard which will bring you the respect even of opponents and justify the choice of electors.’ As a point of clarification, the advice proffered did not come from a mystical-spiritual tower but was made with the acceptance that the nature of work in the Assembly is ‘not of a spiritual character’ and depended on circumstances, [and] on the practical needs of the situation which can change rapidly.’ But even then a certain standard and modicum of rectitude, of self-discipline and of selflessness could still be put into practice. These were some of the essential pre-requisite for elevating the standard of public life as well as for a successful working out of Swaraj at all levels.

VI. The first servant and bearer of conscience: an unusual experiment in Swaraj

A step away from the usual track on the Mahatma and his concept of Swaraj is the story of a rather unusual experiment in grassroots democracy undertaken at his behest and more effectively implemented with the help of a polish Jew convert to Hinduism with the name of Swami Bharatananda

(1901-1976). The story of the 'Aundh Experiment', between 1938 and 1947, is a fascinating tale of how the ruler and the ruled cooperated and supplemented each others efforts in effectively shaping and guiding the destiny of their state. We shall not enter into the subject of the implementation of grass-roots democracy and the merits of the experiment itself but shall seek instead some supporting perceptions on our current topic of discussion. It is also indicative of the attitude of the ruler *vis-à-vis* his people that Gandhi envisioned. Aundh was one of the princely states among the southern Maratha states of British India and consisted of 72 villages scattered over the districts of Satara and Sangli in Maharashtra and Bijapur in Karnataka and for a decade or so it became the field of experiment for a truly responsive and cooperative democracy. In the Constitution, whose drafting he influenced along with Swami Bharatananda (Maurice Frydman), Gandhi ensured that power was devolved to the people and the ruler essentially became the benevolent patriarch. The section 24 of the 'Aundh State Constitution Act of 1939' clearly laid down that '*Shriman Rajasabeb is the First Servant and the Bearer of Conscience of the People of Aundh.*' The venerable Raja, a keen enthusiast in the experiment, gladly made this declaration and created a tremendous impact by changing the hierarchy of power and the 'relationship of the individual with "authority."' He was able to 'establish a relationship with the people free from conflict of power and of possession [and] this made him supremely happy.' As an active participant in the experiment in his

capacity as Prime Minister of the state and one who made an impact among the people with his 'transparent simplicity and willingness to work hard for the good of all', the Rajasabeb's eldest surviving son and later India's diplomatic envoy to several countries, Apa Pant (1912-1991?) made a number of comments on the effort. It shall suffice here to highlight two of these. In his 1945 'Administration Report of Grampanchayat' of Aundh, Pant noted that, 'We in Aundh firmly believe that if democracy were to be really established in India, and the people were to get an equitable share of the fruits of a decentralized democracy...training of every villager [citizen] in the art of democracy is necessary. Otherwise a few will rule and these few will profit. For Indian democracy to succeed, the individual in the village has to be trained and educated in self-help and self-governance and made aware of his destiny.' The core point that the experiment went on to establish, as Pant described it, was that 'those who seek power or profit from it, cannot run a democracy or build up a community of civilised individuals' and that the keywords for those aspiring to work for the community and the people were to be 'service, sacri-



For Indian democracy to succeed, the individual in the village has to be trained and educated in self-help and self-governance.



ifice, dedicated and efficient work, and caring for all the individuals of the community.'

Anachronistic as these may sound today, they continue to remain unalterable constants in standards of public life – of any country for that matter. The Aundh experiment remains relevant today in as much as it generated debate and practical efforts at working out democracy and redefining power equations in an India then on the threshold of freedom – the long awaited Swaraj. But whether from these have lessons been learnt or memories retained is the moot question. Whether the present class of people's representatives, inheritors of that rich legacy of public life, is yet alive to these debates and thoughts of some of the best minds of our times is a question that is perhaps best left unanswered.

VII. The debate: past injunctions and present dilemmas

Ancient Indian texts abound with instructions and injunctions to the ruler – and in all of these the leitmotif that is evident is the need for the ruler's self-culture, his compassion, benevolence, and his capacity to absorb and be bound by Dharma. A ruler firmly embodying these qualities could ensure the prosperity and happiness of his people. A number of these injunctions continue to have deep significance for the present times and its debate on the subject. For example, in his '*Gleaning on Social Life from the Avadânas*', Nilakanta Sastri highlights and discusses a number of these exhortations. The land where a 'dharmic king rules in the dharmic way' is lyrically described in the text, '...sphitam ca ksemam ca subhiksam ca âkîrnabahujana-manusyam ca prauânta-kali-kalaha-

dimba-damaramtaskarogâpa-gatam ûâlikso-go-mahisi-sampannam dhârmiko dharmarâjo dhar-marâjyam kârayati'

'...The land described [above] is flourishing and prosperous, well-populated and perfectly peaceful; there are no quarrels among men, no thieves and no disease, there is an abundance of fine rice, sugar-cane, cows and milch-buffaloes; such a kingdom it is that a dharmic king rules in dharmic ways.' But Sastri also discusses the usual argument against such texts and injunctions. He does not dismiss them but makes instead a point that provides a clue on how to take the whole debate forward, '...texts like this are utopian in character', he notes, 'and it is easy to dismiss them as wild imaginings with no bearing on the realities of life. But a little reflection shows that in fact these apparently impossible ideals exerted a tangible influence on the conduct of all truly great rulers of India...The text cited above is the Indian way of exhorting kings to promote the economic welfare of their subjects and ensure harmony in society.' This only reinforces the point that the current debate on standards in public life, on transparency and on the percolation of true Swaraj at the grassroots needs to be permeated with the Indian cultural-spiritual spirit and civilisational experience. The failure to do that will only turn the whole effort into an elaborate rigmorale and merely enhance its superficiality. For example, the Ethics of Committee of the Upper House – Rajya Sabha – of the Indian Parliament in its introduction notes this past culture of ethics and politics in ancient India, 'Ethics and morality have been the hallmark of

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 have been the
 hallmark of public
 life in India since
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public life in India since ancient times. Rulers were expected to observe stricter ethical values and an unethical king was shown no mercy. Ethics and politics, in other words, were inseparable.' It accepted the fact that the 'ideological base and the spirit of service which should activate most of them [people's representatives] is getting eroded and the kind of elements who are trying to influence the political parties and the political system at large, make everybody think as to how probity in the entire system could be ensured.' In its First report submitted in December 1998, the Committee accepted the gradual demise of this inseparability, 'There is a general feeling', it noted, 'that all is not well with our political system which is functioning under a great strain. In such a situation, the representatives of the people have to set high standards of behaviour in public life. Members of Parliament have not only to represent the society but have also to lead it. Therefore, they have to function as the role models and this naturally casts on them a heavy responsibility'. The Committee also 'painfully [observed]' the 'decline' of the 'high ethical and moral standards in public life' set and 'scrupulously' followed by 'our freedom fighters and national leaders' and called for evolving certain self-disciplining mechanism as one

of the ways towards ensuring probity in public life.

In the end, Dr. Radhakrishnan perhaps summed up the whole issue as well as the entire malady. Pointing at our whole social existence and basing himself on our civilisational wisdom, the philosopher-statesman observed in one of his monograph discussing the future of civilisation, that, 'An acquisitive society with competition as the basis and force as the arbiter in cases of conflict, where thought is superficial...and moral loose represents a civilisation of power (*rajas*) and not of spirit (*sattva*) and so cannot [eventually] endure.' His contention was that a society based on and overwhelmed by the 'acquisitive' principle which only encourages and nurtures the spirit of competition and accumulation and where force remains the principle arbiter of conflicts or differences cannot survive in the long run with its ethical, moral and spiritual foundations gradually disintegrating. Those entrusted therefore, with the shaping of our collective national destiny need to perhaps ensure, starting with their own selves and through their ethical and responsive approach to public life that the degeneration is eventually stalled and reversed.

The debate on the standards in public life and on the nature of true Swaraj must necessarily be a continuing one – only then can the imperative of linking ethics and politics be felt uninterruptedly in the national life. Speakers in the Constituent Assembly that fateful night of August 14th 1947 had in fact launched just such a debate with themselves as the starting point. A look at some of their thoughts and arguments on the issue confirms that stand. □

Quality dilemma in Education



The ailing education system can be changed only if we employ effectively qualified candidates after meticulous tests and interviews to the elementary level education itself. The payment package at this level should be similar to a professor in the university and the number of the students in the class must be limited to a maximum limit of 20, believes Prof. Narasimha Murthy M.S.

The Quality of a product or services is its ability to satisfy the needs and expectations of the customer. Quality conscious is inevitable in the field of production management. In the recent years the quality in education is in fact deteriorating. UNICEF has reported that about the 70% of the educated products from the schools and universities are underutilized, unemployable which require the additional training for the effective utilization human resource in UDCs. In other words the product is not fit for the use. In the words of *Prof. Crosby* the produced good cannot confirm to the requirement. Basic question enters into the mind that whether we are honestly transmitting the education to the folks. *J.P. Naik*, (the educational adviser to the Central Ministry of Education in New Delhi in 1977) said that ‘we are giving the information but not education’. At the same time we are producing the qualified students, from year to year but not the educated scholars. An educated person is an individual who can analyze a particular topic into the interior part of it. *Swami Vivekananda* says “Education is the manifestation of perfection which already lies in us. *Bhagavadgeeta* says that ‘a pandit or educated is one who treats evenly dog



and elephant’. Ethics and Education should go hand in hand. The reverse leads to wrecking of the civilization. Our democratic governments are agreed to provide the “*Sarva Shikshan Abiyan*” that is “Education to all”. Yes it is unerringly a very good attempt. Most of the educational institutions have the vision that “we render the quality education”. How far they are thriving is a big issue. For instance we provide all kinds of facilities to students like midday meals, bicycle, books, bags, uniforms, scholarships, etc. And if a pupil, who studies a language for ten to 15 years, is not be able to read, write, and speak well and systematically

after investing a lots of rupees in the field of education. It is not a sign of progress. A student who studies a theory called ‘*Law of demand*’ in economics from his 10th standard, Pre University, Degree, and Post Graduation repeatedly, could not be able to recollect the *law of demand rule* during his interview for the job. A *Chinese proverb* says “Instead of feeding a fish to a person, train him how to catch it. In the western set up a child is trained in such a way that, the kid should be specialized in the interested subject ever since the beginning. There the education is not the criteria for his profession. Even Doctors and Engineers may be

involved in studying the life history of the frogs and crocodiles and so on. Once they involve in any of the subject they do it as a passion rather a profession. They get accordingly comparable opportunity.

The person who has the sound/deep knowledge in the subject will be a genuine asset of the country. The *Subhashita* says “*Vidya Dadaati Vinayam*. Those who have a sound knowledge in any subject, never criticize the others and supplementary subjects and vice versa. A scientist who is dedicated or committed to chemistry will respect all the social sciences to a great extent. At present, social unrest is increasing as the level of education is intensifying. What is the reason for this gap? For example, A *Police report* highlights that 20 to 30% of the culprits are the educated students. It is stated that ‘Doctor is next to god’. In reality free service doctors are rarely found. Even though they are found, it is for hidden vested interest. Similarly no lawyer renders the service freely for the deprived classes of the society. “Increasing the number of police stations, hospitals, and the law courts is not an indication of progress. Poverty is the worst form of violence”—says *Mahatma Gandhi*. That is the reason why it is the right time to introspect the circumstances in the field of education by the academicians, thinkers’ non-governmental organizations and the supporters of excellent education. The good citizen of a county cannot pass the responsibility to investors in education but it is the duty of every citizen to prepare a solution to this burning



question which is consuming resources from our pouch.

The education system can be changed if we appoint essentially qualified candidates after meticulous tests and interviews to the elementary level education itself. The payment package is similar to a professor in the university. At the same time the number of the students in the class is to be limited to maximum 20 not beyond it. Teachers are compelled work-in one man one job. Field work even for elementary students should be strengthened by analyzing the capacity {like medical students} rather than the four walls of the classroom. Tax holidays should be extended further for the elementary schools and higher primary schools. Ethical values are to be intensified in relation to nature friendly and society friendly system. A student should be sound enough to read, write, and speak in minimum three languages by his tenth year of education. All teachers should have sufficient knowledge about economics and psychology also. Students in the higher primary level should have a common sense to analyze situation. They are to be taught well by the experts

with dedication. All students need not be given education instead; they should be given training in different fields. For example a mechanic need not be good in literature and vice versa. Creativity should be strengthened. Experts should be paid well to identify the talents of the kids even in the elementary level. Once talent is identified; systematic investment should be made on the learner till 20 years. Motivate

the Temples, Churches, Mutts, Rich Companies, Societies, and Media Channels to adopt few schools to encourage patriotism in the minds of the budding generation without prejudice. Stimulate the students to study in one subject deeply and thoroughly. Have limited Rules and implement all rules without any prejudice. Rules are not to break at any situation. Enough opportunity should be given to intelligent student to stop Brain Drain. A pupil should be stimulated in such a way that the student should not be cause for the social unrest in the system. *Vilfredo Pareto* (1848-1923), first stage of optimality rule says “One is better off none is worse off” which exists when economic resources and output have been allocated in such a way that one can be made better off without sacrificing the well-being of at least one person. *Subhashita* says “Education with Discipline and Ethics is called “Sakshara” and reverse is called “Rakshasa”. Here a small concern is “let all endeavor together to shrink the number of Rakshasas in and around us before they kill us.” □□

(The author is associate professor in the Srinivas Institute of Technology Valachil Mangalore)

MPs owe MTNL over Rs.9 crore

Sitting and former MPs from various parties owe a staggering Rs.9 crore to state-run telecom provider MTNL, over and above the free calls they are allowed, a reply to a Right to Information (RTI) query revealed.

The reply lists 399 MPs who alone owe Rs.7.10 crore dues to MTNL, followed by Rs.1.97 crore owed by six sitting members. The list for former MPs defaulting upon their bills is led by Rajya Sabha ex-member Janardhan Yadav BJP whose pending bill is around Rs.22.29 lakh.

Others in the list include ex-Lok Sabha MP

Basavaraj Patil (Congress) whose dues amount to around Rs.17.20 lakh followed by late Rajya Sabha MP K. Mohammad Khan (Congress) who owed Rs.15.28 lakh to MTNL.

The list of defaulting sitting MPs is led by Rajya Sabha MP Narender Budhania (Congress) with Rs. 13.37 lakh unpaid followed by Lok Sabha MP Ram Sunder Das (Janata Dal-United), with Rs.9.49 lakh, and Bhakta Charan Das (Congress) whose dues are Rs.3.31 lakh. The MPs currently get 1.5 lakh free calls including dial-up internet facility from MTNL. □

Suicides in paramilitary forces

With 38 cases of suicide by its personnel this year, the country's largest paramilitary force CRPF leads the chart of such incidents among all central security forces. The maximum number of 'firing on colleagues' (fratricide) cases (three) were also reported in Central Reserve Police Force comprising close to three lakh personnel.

The CRPF was closely followed by Border Security Force (BSF) with 36 cases, Sashastra Seema Bal (SSB) with 11 cases and the Central Industrial Security Force (CISF) with 10 cases of suicide. The other forces like Assam Rifles recorded eight cases, Indo-Tibetan Border Police (ITBP) four cases and the National Security Guard (NSG) had two such incidents this year.

"The causative factors in most of the cases were found to be generally the personal and domestic problems like marital discord, personal enmity, mental illness and depression among others and were not related to the forces as such," Singh said in a written reply to the Lok Sabha. Similarly, two fratricide cases each were reported in the SSB, BSF while one each was reported in Assam Rifles and the CISF.

Chinese monopoly to end soon

India's dependence on a Chinese firm for its supply of the Japanese Encephalitis vaccine could soon be over. Austrian biotech firm Intercell AG and Hyderabad-based Biological Evans have announced that their vaccine to treat JE has been approved by the Drugs Controller General of India (DCGI).

The vaccine Jeev is expected to be available in the first half of next year. Bharat Biotech is also conducting the last phase of clinical trials of its candidate JE vaccine. India is importing JE vaccine from China

National Biotech Group.

India first imported the Chinese vaccine in February, 2006, after an outbreak of JE killed over 1,800 people. Around 90 lakh doses of the vaccine are procured every year by the ministry. Health secretary P K Pradhan said, "Each time we float a tender, only one company comes forward. Now, with more companies making the JE vaccine, we expect more representation once we float the fresh tender soon." JE has become a major problem for India. Mostly children below 15 years are affected. About 25% of affected children die and among survivors about 30%-40% suffer from physical and mental impairment. A group of ministers (GoM) formed to handle JE outbreak, which included Ghulam Nabi Azad, Jairam Ramesh, Krishna Tirath and Mukul Wasnik, met for the first time on Monday to finalize a new strategy.

PIL against Roy for Kashmir remarks

A PIL has been filed in the Jammu and Kashmir high court seeking action against activist and author Arundhati Roy for her reported remarks advocating right of self-determination for the people of J&K. The PIL was filed by Veer Saraf, Ajay Bhat and Vijay Kashkari, all members of the Routes, an organisation of Kashmir Pandits based in Jammu and Delhi.

The PIL sought impounding of the passport of Roy and directions to the ministry of home affairs, the ministry of external affairs and the state government to restrain Roy from making "offensive" speeches and statements about Jammu and Kashmir

Attending a panel discussion on Kashmir in New York on November 12, Arundhati said "I want to say unambiguously that I do not think any country that calls itself a democracy has the right to force people to

Telcos want 3G refund

Taking a confrontational position, the heads of three top telcos -Sunil Mittal, chairman and group CEO, Airtel; Vittorio Colao, Group CEO, Vodafone; and Kumar Mangalam Birla, chairman, Aditya Birla Group (Idea Cellular)-have asked PM Manmohan Singh to refund their 3G auction payments with interest and compensation charges in the event that 3G roaming will no longer be allowed.

The stiff, two-page letter is copied to finance minister Pranab Mukherjee, telecom minister Kapil Sibal, law minister Salman Khurshid, principal secretary to the PM, Pulok Chatterji, cabinet secretary Ajit Kumar Seth and DoT secre-

tary R Chandrashekhar. This is the first time since Sibal took over office in November 2010 that any telecom firm has complained to the PM.

These three operators, who collectively serve close to 50% of India's mobile subscribers, have complained bitterly about the DoT's likely reversal of its earlier stated position in allowing 3G intra-circle roaming. This controversy places revenues of Rs 67,750 crore from 3G spectrum auctions at risk, which these companies have called "a shining example of transparency in spectrum policy" and which according to them will "facilitate delivery of broadband services to the citizens of India". □

remain in it in a militaristic way, the way that India is doing in order to prove that it's a secular country." "I think the people of Kashmir have the right to self-determination, they have the right to choose who they want to be and how they want to be," Roy had said.

MNCs move SC over drug price control

Till now, pharma companies, opposing price control, have been trying to make their voices heard in the corridors of power. With the courts recently stepping in to bring essential medicines under a price control regime, multinational-led industry body OPPI (Organization of Pharmaceutical Producers of India) has moved the Supreme Court seeking to be heard on the drug pricing issue.

OPPI through an application seeking "impleadment" in the ongoing public interest litigation on the drug pricing issue in the Supreme Court, wants to be a formal party in the case. Sources said that the OPPI filed the application to engage with the government "more actively", and wanted to ensure that its case is heard. The PIL was filed by health groups led by All India Drug Action Network, seeking essential drugs to be regulated under a price control regime in 2003. The "impleadment" application was filed on November 12, and later admitted by the court. "The OPPI moved the Supreme Court to get impleaded as a party in the ongoing PIL because the drug pricing issue affects our industry's ability to sustainably provide medicines-both innovative and generic-to the population in India, and, hence will have an effect on public health and access to medicines, as well as the economic development of the pharma industry," OPPI president Ranjit Shahani told TOI.

At present, 74 bulk drugs and their formulations (around 1,500) are included in the existing DPCO (Drug Prices Control Order, 1995), which covers 20% of the market. Recently, the department of pharmaceuticals formulated a draft policy on all 348 essential medicines (National list of essential medicines) whose prices would be controlled through a market-based pricing mechanism. The draft policy covers 60% of the over Rs 60,000 crore market, and will be finalized after comments from all the stakeholders have been received. The Supreme Court had earlier expressed concern over the dwindling list of medicines under price control, and sought the government's response in bringing essential drugs under a price control regime.

Kishanji killed

Top Maoist leader Koteswar Rao alias Kishanji along with four other Maoists were killed in an encounter at Burishol village in West Bengal. According to sources, the top Maoist leader killed in a gunbattle with security forces that lasted around half-an-hour. Search for another Maoist leader Suchitra Mahato is on. Meanwhile, five Maoists were arrested by the joint security forces after they launched a massive manhunt for top Maoist leader Kishanji suspected to be hiding in the jungles of West Midnapore's Jhargram area, police sources said.

Following intelligence inputs that Maoist leaders Kishanji alias Koteswar Rao and Suchitra Mahato might be hiding in jungles at Nalbani, Lalbani or Khusbani in Jhargram, the forces raided the areas which led to the arrest of five rebels though there was no sign of the leaders, said the sources. □

Wall Street down as US, Europe debt fears mount

Shares on Wall Street opened lower, extending losses from across Europe as fears about out-of-control government debt on both sides of the Atlantic hit financial markets. US stock indexes fell almost 2% in early trading, following through with declines from previous week, as a congressional “super committee” was expected to concede defeat in its bid to lower the deficit. “It isn’t just the failure of the committee that’s causing investors to shun risk around the world, although I thought we would get some kind of last-minute deal,” said Peter Cardillo, chief market economist at Rockwell Global Capital in New York.

“Between the continued concerns about Europe, especially France now, and the comments out of China, there are just so many ongoing problems.” Investors took refuge in safe-havens, pushing up US 30-year bonds up more than a point in early dealings. The dollar hit a six-week high versus a currency basket. World stocks as measured by MSCI were down 1.8% for a 12% year-to-date loss. More volatile emerging market stocks lost 2.4%. In Europe — the heart of the debt storm — the FTSEurofirst 300 index tumbled 2.3% and was sitting more than 17% lower for the year. □

Pakistan to increase trade with India

Pakistan would gradually increase trade with India and ensure that the interests of local industry would not be undermined, Prime Minister Yousuf Raza Gilani has said. Gilani told Sultan Mahmood, former prime minister of Pakistan Occupied Kashmir, that the interests of the local industry would be taken care of, as per report by Associated Press of Pakistan. On Nov 2, Pakistan granted MFN (most favoured nation) status to India, reciprocating a 15-year-old gesture. Trade between India and Pakistan, currently at around \$2.5 billion, is expected to double over the next three years on account of Pakistan granting MFN status to India.

Eurozone woes squeeze bank funding

Fear over European banks’ exposure to risky government debt stalked markets and harried bank executives, as unsecured lending between banks evaporated and the cost of secured loans rose. Dwindling trust between the banks is forcing them to rely more and more heavily on the European Central Bank (ECB) to fund their activities, which in turn is spooking investors concerned about the health of the countries funding the ECB.

Various indicators of money market stress spiked in signs investors were increasingly concerned about preserving their cash. The head of Europe’s seventh-largest bank, Deutsche Bank’s Josef Ackermann, said long-term funding was increasingly hard to obtain.

“Short-term financing is fine, but the big question is how we can ensure long-term funding,” Ackermann told reporters at a conference in Frankfurt.

“The willingness of investors to make long-term investments in banks is not very pronounced.” The latest sign of worries about banks’ health was the movement of German treasury bill yields, which were heading into negative territory as some investors withdrew money from banks and put it in German government short-term paper as a way to preserve cash.

China FDI shrinks

Foreign direct investment in China shrank in October from the previous month, the commerce ministry said, as Western trade partners struggled to resolve their economic woes. Investment reached \$8.33 billion in October, up 8.75 percent year on year, commerce ministry spokesman Shen Danyang told reporters.

The figure was lower than the \$9.05 billion invested in September. For the first 10 months of the year, China took a total of \$95.01 billion in foreign direct investment, up 15.86 percent from the same period last year and slower than the 16.6 percent growth rate in the January to September period.

US airlines seek to block AI’s jet buy

US airlines sought to block \$3.4 billion in pending taxpayer-backed loan guarantees for Air India to buy Boeing Co jetliners. The Air Transport Association, the leading US trade group for major carriers, sought an injunction in US District Court for the District of Columbia to stop financing arranged by the Export-Import Bank of the US.

The Ex-Im Bank is an independent agency that finances sales of American exports to international

Nepal's India snub at UN vote shows Chinese clout

Nepal snubbed India at the UN ignoring deep amity and age-old cultural, social and other ties. Even as India celebrates the victory of its candidate A Gopinathan over his Chinese rival Zhang Yan in the vote for a five-year term at the UN's Joint Inspection Unit, Indian mandarins in Kathmandu have been left unhappy by the fact that Nepal chose to vote against India.

Although the Indian embassy in Kathmandu formally requested Nepal's foreign ministry to vote for Gopinathan, Nepal cast its ballot for the Chinese candidate, underscoring the growing Chinese ascendancy over Nepal. Soon after the vote, Nepal's for-

eign minister Narayan Kaji Shrestha left for China on a seven-day trip to discuss the agenda for a high-level visit in December when Chinese PM Wen Jiabao will arrive in Kathmandu on a three-day official trip, the first such visit by a Chinese premier in 10 years.

Wen's visit will be reciprocated by Nepali PM Baburam Bhattarai's official visit to Beijing. Although Bhattarai visited India in October and claimed it had created a climate of trust, the Maoist government in Nepal is following the policy of ousted king Gyanendra's regime that also supported China at multilateral forums over India. □

purchasers. Airlines contend low-interest credit assistance to foreign carriers violates federal law. They also say that such financing puts them at a competitive disadvantage and that Air India's losses and management troubles should disqualify it from financing.

Air India ordered up to 50 Boeing jets worth about \$6 billion in 2005. Foreign carriers, the US airlines also contend have added capacity and gained share on international routes to and from the US. "It is time for Ex-Im Bank to revise its practices and consider impact on the US airline industry and its employees," said ATA chief executive Nick Calio.

US is fed up with China: Obama

President Barack Obama served notice that the United States was fed up with China's trade and currency practices as he turned up the heat on America's biggest economic rival. "Enough's enough," Obama said bluntly at a closing news conference of the Asia-Pacific Economic Cooperation summit where he scored a significant breakthrough in his push to create a pan-Pacific free trade zone and promote green technologies. Using some of his toughest language yet against China, Obama, a day after face-to-face talks with President Hu Jintao, demanded that China stop "gaming" the international system and create a level playing field for US and other foreign businesses.

Even as Obama issued the veiled threat of further punitive action against China, it was unclear how much of his tough rhetoric was, at least in part, political posturing aimed at economically weary US voters who will decide next November whether to give

him a second term.

Obama insisted that China allow its currency to rise faster in value, saying it was being kept artificially low and was hurting American companies and jobs. He said China, which often presents itself as a developing country, is now "grown up" and should act that way in global economic affairs.

Pak awards Chinese general

Pakistan has awarded a top Chinese General with Nishan-i-Imtiaz (Military) for promoting friendship between the two all weather allies. President Asif Ali Zardari conferred the award on General Hou Shusen, Deputy Chief of General Staff of Chinese People's Liberation Army at a special investiture ceremony. The citation, read on the occasion, said the award was in recognition of his "consistent and valuable contributions in promoting relations and understanding between the two countries and armies." Hou also had a meeting with the President, along with his delegation, and discussed matters relating to Pakistan-China bilateral relations and defence cooperation.

The President termed China a factor of stability in the region and said the convergence of interests and unanimity of views on bilateral, regional and international issues has brought the two countries further closer, the state-run Associated Press of Pakistan news agency said. Hou assured that defence cooperation between the two countries, would grow with each passing day. Pakistan's Chief of Army Staff Gen Ashfaq Parvez Kayani was also present during the ceremony. □□

U.S. Food Labeling Rules Illegal

U.S. country-of-origin labeling provisions violate global trade rules and unjustly harm agricultural commerce, WTO judges ruled, backing complaints by Canada and Mexico.

The U.S. requires food processors to identify the nations from which cattle, hogs and some fresh produce originate. Canada and Mexico said the provisions impose unfair costs on their exports, reducing their competitiveness. Judges agreed that the policies meant beef and pork from Canada and Mexico were treated less favorably than the same U.S. products.

Judges recommended in their 215-page report on the Geneva-based WTO's website that the U.S. be told "to bring the inconsistent measures into conformity with its obligations."

The ruling may affect as many as 70 other WTO members, including the European Union, that have mandatory labeling requirements. The U.S. has 60 days to appeal and is considering this option, said Andrea Mead, a spokeswoman for the U.S. Trade Representative's office in Washington.

Members discuss technical barriers

Two measures on genetically modified organisms were among a dozen new concerns and over 40 older issues, including plain packaging for tobacco products, raised when WTO members met at the Technical Barriers to Trade (TBT) Committee on 10-11 November 2011.

The committee also reviewed for the last time how well China has implemented the TBT Agreement since it joined the WTO in 2001. China's membership agreement included a "Transitional Review Mechanism" requiring eight annual reviews on a range of subjects including TBT with a final one after 10 years.

The 54 trade concerns raised in this meeting ranged from standards and certification to labelling of tobacco products (Australia's measures), alcoholic drinks (Thailand, Brazil, EU, Colombia, South Africa, Kenya), drinks with added caffeine (Mexico), food additives (China) and genetically modified organisms in food (Peru, EU).

The goods concerned and their effects ranged from graphics products (Argentina's measures), wifi and other secure information technology products

(China), cosmetics and pharmaceuticals (India, Turkey, Rep of Korea, EU), chemicals (EU), and various foods, drinks (including alcohol) and tobacco products (many countries' measures), to hazardous waste and polluting products (EU, US, China) and emissions (Colombia).

10 years of unfruitful Doha talks

Ten years ago, member states of the WTO launched the Doha Round of negotiations for a global trade liberalisation pact with great fanfare. But a decade later, discussions have faltered, with the world's biggest economies acknowledging that negotiations will never come to a fruitful end if talks continue in the same vein.

World leaders said during the G20 summit at the beginning of this month that they "stand by the Doha Development Agenda mandate." "However, it is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past," they added. The declaration marked a drastic change of tone from previous summits, when leaders typically pledged to "promptly" bring the negotiations to a close. This year, there was no such mention. Officials speaking on condition of anonymity said ahead of the G20 summit that it was now difficult to make yet another call for a rapid conclusion of the round, given the repeated failures.

The Doha Round of trade negotiations were launched on November 14, 2001 in the Qatari capital with the aim of helping developing countries grow through improved trade access.

Intellectual Property

Draft decisions agreed on poorest nations' intellectual property and 'non-violation'. WTO members meeting as the TRIPS (intellectual property) Council have reached consensus agreement on two draft decisions for their ministers to adopt in the 15-17 December 2011 Geneva Ministerial Conference.

Ministers are now expected to ask the council to consider extending the mid-2013 deadline for least developed countries to implement intellectual property protection under the WTO agreement. They are also expected to agree that their countries will continue to refrain from bringing "non-violation" cases to the WTO dispute settlement system for another two years. □□