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### Bridging Rural-urban divide

*It is an admitted fact that the benefits of technological revolution have not percolated into the rural India yet but has remained confined to urban India only. It will take much more time before rural India grows at par with urban India. The Information and Technological sector that has been one of the fastest growing sectors has not reached the rural India as yet, student from villages are still forced to come to urban centers to prepare for their career oriented courses,*

*There are many rural areas which still do not enjoy electricity facility. They are still dependent on K Oil lamps. To expect a communication revolution there without power facility cannot be imagined. However, where electrification has been done, communication network can grow provided the Government and other agencies are willing to spend on the related infrastructure. One of the reasons why private companies have been unwilling to expand their infrastructure in these areas is that they have found it commercially unviable. Private sector is unwilling particularly foreign players are reluctant to work on small margins. It is therefore responsibility of the government to ensure that parties having rural presence be provided necessary incentives, bridging the rural urban gap is essential for a sustainable development.*

– **Rahul Gupta**, *Shahdra, Delhi*

### A lesson for politicians

*When politicians fail to perform according to people's expectations, they have to face humiliation as was witnessed in the recently held assembly elections in five states. To remain in power it is necessary for the politicians to be in touch with the people whom they are representing. Once you lose touch, the repercussions are for all to see. This is exactly what happened in Bengal. The Government of the day after remaining in power for almost 34 years got during the course of this time period alienated from masses, while the masses had reposed full faith in the system established. But with the passage of time, they felt disillusioned with it. The plight of masses there has been aptly described by former Lok Sabha Speaker and expelled leader of the CPI (M) Somnath Chatterjee: "There is disconnect and distance between the party and people. People didn't feel the change..."*

*The Nitish Kumar led Government in Bihar and Tarun Gogoi led Government in Assam have firmly established the fact that good governance always pays good dividends. These two Chief Minister have committed themselves to the public cause, and are working for it. Bihar is witnessing sharp transformation in its socio-economic and political set up after Nitish Kumar took the reigns of State affairs in his hands. The recent Assembly polls have a lesson for politicians. And it is upto them to learn it or not.*

– **R.K. Sharma**, *Rohtak*

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### Quote-Unquote



Black money stashed abroad is a statement of no-confidence in the country itself & amounts to treason.

**S. Gurumurthy**

National Co-convenor, SJM



Yes I am the Chief Minister but I would prefer to be called a commoner.

**Mamata Banerjee**

Chief Minister of West Bengal



Action in 2G scam has restored people's faith in judiciary.

**J Jayalithaa**

Chief Minister of Tamil Nadu



Nitish Kumar has demonstrated that the best leaders can overcome the worst circumstances.

**Bill Gates**

Chairman of Microsoft



The past six months have shown us that strategies of repression and strategies of diversion will not work anymore.

**Barack Hussein Obama**

President of the US

## FDI IN DEFENCE

*Invincibility lies in the defence; the possibility of victory in the attack.*

— (Sun Tzu)

The news about enhancement of FDI limit in defence sector from present 26% to 49% or even 74% is not new. We have been hearing it for last so many years. The countrymen are also aware of the fact that there are several people in the government holding senior and influential positions who favour a red carpet treatment for foreign companies in any and every sector possible including strategic defence sector. But till now there has been a forceful opinion within the government that understands the adverse implications of allowing MNC's from abroad to take control of a strategic sector like Defence. It is because of these men of vision and understanding that till date the limit has not been hiked in spite of people like Union Commerce Minister, Anand Sharma and The Department of Industrial Promotion and Policy, under him pushing hard to raise FDI in defence production to 74%. The Commerce Ministry some time back had floated a discussion paper proposing to raise the FDI limit in defence production to 74 per cent, saying it would help ensure technology transfer and funds to effectively replace imports, estimated at over \$8 billion. Defence minister A K Antony repeatedly shot down suggestions for raising the limit, holding that "26% is enough at the moment". But the balance seems to be shifting in favour of the rise. And that is a matter of serious concern. Indications are that FDI limit may be raised to 49%, with even 100% being allowed in a case-by-case basis, the back door technique to avoid possible resistance.

The decision to hike the FDI limit in defence is neither economically prudent nor political justifiable. It clearly seems to be based on pure ravenousness. Even economically, forgetting for a moment the security hazards of such a decision, it does not stand the scrutiny of experience. Let us for example take the case of Pharmaceutical sector. "FDI in this (Pharma) sector needs to be revisited immediately and such investments should be shifted from the automatic route to the Foreign Investment Promotion Board (FIPB) route, if we have to ensure healthy growth of pharmaceutical industry and availability and access of our people to quality and affordable medicines, which is so critical from the requirement of public health," wrote Union Health Minister and a cabinet colleague Ghulam Nabi Azad to Commerce Minister Anand Sharma in a letter few months back. "the issue of takeover of Indian pharma companies by MNCs, which is of serious concern, needs to be tackled", added Azad. An expert group constituted under the Planning Commission has also recommended reducing FDI limit in the pharmaceutical sector to below 49 per cent in order to bring down the cost of medicines. Currently, the government allows 100 per cent FDI in the sector through automatic route. Telecom equipment manufacturing is another area of experience that should be considered before taking any decision. Clearly FDI has been of little help in these sectors. How can it be different for defence, needs to be asked. Experts have been cautioning against allowing foreign companies exercise control over the Indian defence companies as they apprehend that it would compromise with the country's defence and security apparatus and country's safety and security would be jeopardized. The defence sector is not only strategic sector but also occupies a sensitive status in the interest of the nation. During the trying moments and war, there is fair amount of suspicion about the availability or reliability of supplies. The issue of passing on of critical equipment, design or source code to other players, particularly to countries not aligned with Indian interests, is another deterrent to implementation of higher-FDI policy. India's first ever Defence Production Policy unveiled early this year begins with saying "Self-reliance in Defence is of vital importance for both strategic and economic reasons". The policy is aimed at achieving over 50 per cent indigenisation over the next decade. At present nearly 70 per cent of our defence requirements are met through imports, with only 30 per cent being met through domestic production. There are other concerns like the capability of defence PSUs and the ordinance factories to compete with established global leaders in the field that too in absence of a regulatory mechanism. It is prudent to first explore alternatives.

# Unabated pillage of the Land, the most scarce Resource

*Land the scarce resource is being acquired by governments across the country manipulating the process required to be followed. Both the purpose for which land is acquired and the compensation paid to owners is favouring the rich and mighty, finds Ajay Bharti*

Land is a scarcely available precious resource. In a densely populated country like India value of land gets multiplied several times. Since it can't be created, manufactured or imported its judicious use is the only way to avoid future problems.

But that is not happening in our country. In fact exact reverse is the case. This is a clearly visible pattern after so called liberalization of Economy in 1990-91. Land is being snatched by mostly unfair means to maximize profits by individuals, corporates and MNCs. What is astonishing is the fact the politicians and bureaucrats who are supposed to be protectors and

guardians of the interests of people and country are playing willing partners in this loot of the land. They are, in the process, not only violating all legal and constructional norms but are actually endangering in a way the very future of this country and its people. To add to the repulsiveness of the entire picture is the oppressive and inhuman use of force to suppress the voices of dissent and disagreement. In that sense so called secular democratic governments of Independents India resemble colonial powers of pre-independence era. In fact at occasions the barbaric acts of British pale into comparison against

the heinous acts of persecution of present regimes.

Governments across the board try to maintain tight secrecy till last moment in the process of acquisition of land. They also twist and turn sections of the Land Acquisition Act to favour business houses and corporate. Even the minimum safeguards and caution mandated under the Act is put to winds. The process required to be followed is deliberately subverted. It goes without saying that this is being done against illegal payments and undue favours. Land acquisition Act 1894 continues to be the primary Act guiding acquisition of land in this country. In spite of several amendments this continues to be the leading legislative procedure in India.

Now under this Act government can acquire private property for some well defined public purposes. The public purposes include setting up of educational institutions, Hospitals and public health centres, Housing colonies and roads and canals etc. Process has to begin with a preliminary notification expressing the intent of the government to acquire such a land. Under section 4 (1) of the Act this notifications has to be



published in government gazette and at least two local dailies read by most of the people affected. There are provisions within the Act which provide procedural routes to the affected people to register their objections if any.

But before we go to study the subversion of Act by the very people who are supposed to be watch dogs. It is important to have a look at some important aspects of land use policy.

First of all there has to be a well defined policy for over all division of land usage. A fine balance is needed to be maintained in proportion in which the land shall be used for different purposes. The demands for arable land, grazing, forestry, wildlife, tourism and urban development are greater than the land resources available. In the developing countries, these demands become more pressing every year. The population dependent on the land for food, fuel and employment is still large.

Our basic needs of food, water, fuel, clothing and shelter must be met from the land, which is in limited supply. As population and aspirations increase, so land becomes an increasingly scarce resource.

Land must change to meet new demands yet change brings new conflicts between competing uses of the land and between the interests of individual land users and the common good. Land taken for towns and industry is no longer available for farming; likewise, the development of new farmland competes with forestry, water supplies and wildlife. Such an important issue with far reaching consequences can not be de-



cidated arbitrarily by people with a limited vision and interest.

Land-use planning therefore has to aim to make the best use of limited resources by:

- assessing present and future needs
- identifying and resolving conflicts between competing uses, between the needs of individuals and those of the community, and between the needs of the present generation and those of future generations;
- seeking sustainable options and choosing those that best meet identified needs;
- planning to bring about desired changes;
- learning from experience.

Understanding the importance of the subject SJM decided to

***Our basic needs of food, water, fuel, clothing and shelter must be met from the land, which is in limited supply.***

find out the present status of land acquisition going on in different parts of the country. Accordingly a letter under RTI Act 2005 was sent to the concerned authorities in every state of India. The information sought was simple and basic. This included::

1. the total amount of land presently under the process of acquisition?
2. present total amount of land in the state for which notification under the land acquisition act has been issued with statistics?
3. present total amount of land in the state for which awards for acquisition of land has been passed with statistics?
4. total amount of land required as per planned outlay of various departments for public works projects?
5. total amount of land presently being acquired for Private companies under the provisions of the land acquisition act?
6. total amount of land has been presently acquired for Non Public Works Projects in the state?
7. total amount of land in the state acquired for "public pur-



***Reply to  
RTI enquiry  
is nothing  
but an  
attempt to  
deny  
information.***

- pose” is being used by private entities?
8. total amount of land in the state acquired for “public purpose” is being used for construction of housing development and industrial townships?
  9. Out of the lands being developed for housing and industrial townships as mentioned in Question 9, what is the amount of land being developed by the Government (both Union and State), by PSUs (both Union and state) and by private entities?
  10. What amount of land has been construed as excess land from the amounts of lands acquired? Have the said excess lands been returned to their original owners? What is the present status as to the said lands?
  11. What is the different amounts of quality of the lands which has been acquired or are in the process of being acquired i.e. barren – fallow, agricultural, one crop, two crop, three crop? Does the government has or maintain any data of the same?
  12. Is there any plan, survey or policy of the government about the arable quality of lands in the country? Does the present

- acquisition take the said survey, plan or policy into account?
13. Does the government have a plan for a Land Bank? If so what is the stage of its development?
  14. What is the amount of land that has been de-notified by the state government when and where with statistics?

Now one would expect straight answers to these simple questions as they do not infringe upon any official secrecy neither do they pose any threat to the security of the country? But we are astonished to receive the replies which without any exception are nothing but attempts to deny the information.

Government of Orissa for example writes back, “The undersigned regrets to express his inability to finish the information asked for vide your application dated 4-4-11 received in this Department on 16-4-11 u/s 6 (1) of the act on account of the following reasons.

1. Concerned Branches have rejected your above RTI application.
2. Your Identity is not satisfactory?”

Undersecretary to revenue department of Government of

Gujarat writes, “ With reference to your application dated 5/4/11 under RTI Act-2005. I am to state that the information required by you is not clear and specific too. Moreover you have enclosed the IPO No. 92 E 247949 of Rs. 10/- instead of Rs. 20/- as fee is inadequate as per rules which is return herewith.

Hence it is to be noted that required information can not be provided under RTI Act-2005.

Some officers say the application is not in proper format, others argue the time limit is too short. Haryana government says that the fee deposited is less than required and so on but in short the information stands denied. Meanwhile land continues to be grabbed by sharks, mafia and plunderers with the help of politicians and babus.

After a pause of few months Orissa government has resumed land acquisition for the mega Posco steel plant by retrieving around 1.5 acre from the possession of 11 betel vine farmers.

As palpable tension prevailed at Gadakujanga, Nuagaon and Dinkia gram panchayats, where the Posco project is proposed, the administration deployed police in large numbers and went ahead with land acquisition. The opposition to the project comes from the people under Posco Pratirodh Sangram Samiti (PPSS)..

The Centre had stopped land acquisition on August 5, 2010, over alleged forest law violations, but the Union environment and forests minister Jairam Ramesh on May 2 granted final clearance to Orissa for diversion of 1,253 hectare of forest land for Posco’s steel facility, which promises to be the

country's biggest foreign direct investment at \$12 billion.

Over 15,000 hectares of land has been reportedly acquired in the Greater Noida region, near Delhi, in the last twenty years, using a controversial clause in the land acquisition act which allows governments to acquire land without giving land-owners or others the right to a hearing.

Since mid-April, courts have struck down the UP government's acquisition of 433 hectares of land acquired through such means in Greater Noida. More such legal challenges to acquisitions made by the Greater Noida authority are currently pending in the courts.

The routine use of the urgency clause to acquire land is not unique to Mayawati. Successive governments, not just in UP, but across the country have used it regularly to speed up an otherwise slow process.

Under the Land Acquisition Act, governments that want to acquire land must give any person affected by the acquisition a right to make objections.

#### **Procedure for Acquisition of Land under the provision of Land Acquisition Act 1984**

On receipt of the proposal for acquisition of land from any Government department, the same is forwarded to the concerned Land Acquisition Collector for furnishing the draft notification under the provisions of the Land Acquisition Act 1894 after conducting the joint survey of the land proposed to be acquired.

In certain cases, however, where land is needed urgently, the



### ***Successive governments have used urgency clause to acquire land.***

government can skip the potentially time consuming process of hearings, and acquire the land immediately after issuing a notification. This is the key provision that many governments have used to acquire land.

The 'urgency' provision was used to acquire land for the Yamuna expressway, and for industrial projects in Greater Noida. On 15th April this year, the Supreme Court struck down the acquisition of 205 hectares in Makora village, which falls under the purview of the Greater Noida authority. On 12th May, the Allahabad High Court using the April SC ruling as a precedent, struck down the acquisition of 156 hectares in Shahberi village. A day later, another ruling by the same two-judge bench struck down the acquisition of 72 hectares of land in the Surajpur village.

"In the last twenty years, almost all the land acquired by the government in Greater Noida has been done through the use of section 17 (the urgency clause)," said Akhilesh Singh, Deputy Chief

executive officer of the Greater Noida Authority. Greater Noida authority officials told media that the total land acquired in the area was 15,526 hectares since 1991.

People's needs drive the planning process. Local farmers, other land users and the wider community who depend on the land do accept the need for a change in land use. But the Land-use planning must be positive. Government must find out about people's needs and also the local knowledge, skills, labour and capital that they can contribute. It must study the problems of existing land-use practices and seek alternatives.

The involvement of all land users in planning is essential. Ultimately, they have to put the plan into effect and must therefore believe in its potential benefits as well as in the fairness of the planning process. Achieving effective public participation in planning is a challenge. Planners have to invest the time and resources needed to secure participation through active interaction with the affected people.

But that is not happening. Whoever gets a chance to be in power he or she in collaboration with profit seeking industrialists and business people acts in hurry to have his/her share of the booty.

Compensation paid to farmers is paltry. No care is taken to have their long term interests in consideration. This process can not continue as is evident from the unrest all around. It is time for the ruling elite to take corrective measures otherwise it will be too late to act. □□

## Follow Japan in Land Acquisition



*It is unfortunate indeed that the Congress that has ridden to power on the slogan of aam aadmi; the BSP which has upliftment of the poor as its primary agenda and the Left parties that ideologically fight for the proletariat are in the forefront of acquiring land of the poor to provide benefits to the rich, says* **Dr Bharat Jhunjhunwala**



The country is burning due to acquisition of farmers' lands for development projects. People are agitated in UP over the acquisition for Yamuna Expressway after Singur in Bengal, Posco in Odisha and Polavaram in Andhra. The fundamental principle of land acquisition is quite sound. It says that private interest must be sacrificed to secure the interest of larger people. On this issue Chanakya had suggested to the king to 'give up one for the family, family for the village and village for the country.' The farmers of UP are being displaced for making of the Expressway on the basis of this principle. But the farmers say that that they are being displaced not for the

country but for providing undue commercial benefits to the concerned company. Much more land is being acquired than required for making the highway. The extra land is to be used for developing commercial property and this cannot be treated as 'larger interest,' they say. The problem, therefore, lies not in the principle of land acquisition but in its faulty implementation.

Fifty years ago land of the Zamindars was acquired for distribution to the farmers and the landless. Few large landowners were dispossessed for providing relief to thousands. This was in accordance with Chanakya's principle. In the present case, however, large numbers of landowners are being

displaced to provide benefits to few companies. Chanakya has been turned on his head. Land acquisition for making Special Economic Zones and for hydropower projects similarly dispossesses many for providing benefits to few. Lacs of poor farmers have been displaced in the Tehri project but the water that is stored is being supplied to the rich of Delhi to wash their cars and the electricity to run air-conditioners in the malls.

The present land acquisition law allows the government to forcibly acquire land of any person for any 'public purpose.' The public purpose in question is to be wholly defined by the government. If 10,000 farmers are dispossessed to provide land for a software company that provides jobs to 1,000 white-collar workers, the Government can yet say this is a public purpose. The courts have refused to adjudicate whether the purpose is 'public' or 'private.' This is not justified. Underlying assumption made by the courts is that if a government misuses this provision and dispossesses many for few then a public outcry will take place and the party will be thrown out in the next election. The Left parties have been thrown out of power in precisely such sequence of events. This route of determining public purpose is very costly,

however. Hitler had similarly made a wrong definition of public purpose. He faced the consequences. But millions were killed and whole countries destroyed in the process. It is the solemn responsibility of the courts to intervene where land acquisition is being made for private gain.

Alternative is to restrict land acquisition only for 'public use' instead of 'public purpose.' Land that is required for making the Yamuna Expressway may be acquired but no more. Land should not be acquired around the Expressway for making commercial estates even though making of such estates may also benefit the society in some ways. Likewise, land should not be acquired for Tata's car factory at Singur. The factory is not 'public use' even though it may have a public purpose. Such definition will settle most disputes regarding land acquisition.

The Land Acquisition Act should also be made more stringent. Following compensations have to be paid for land acquired in Japan: (1) Money sufficient to buy similar land elsewhere; (2) Expenses incurred in shifting and resettling at the new location including loss of profit in the shifting; (3) Share of the future increases in price of acquired land; (4) Increase in the price of land due to making of the project; (5) Expenses incurred in finding the new location. It is difficult and expensive to acquire land in Japan due to these provisions. Most land is purchased by mutual negotiation. Often the project is redesigned to reduce the need for land. For example, land was acquired for making of the Narita Airport in the seventies. The

airport was to commence operations in 1971. It could begin only in 1978 due to problems of land acquisition. Later need arose to expand the airport. At that time the government found it better to make a new Kansai Airport on the Osaka Bay instead of expanding the Narita Airport.

Such redesigning of projects can also be done in India. But project proponents want the government to acquire more land than needed because land is acquired at rates much below those prevailing in the market.

Land acquisition is equally difficult in Israel. More importantly, the economic development of Japan or Israel has not suffered because of these stringent laws. Reason is that additional profits from the projects have accrued to the people instead of the companies. Yamuna Expressway will help in securing economic development. Question is who gets the benefits—the farmers or the company? In the Japan model, minimum land will be acquired and more benefits will accrue to the people. In the India model, more people will be dispossessed and benefits will accrue to the company. Impact on the economy will be the same. Therefore, provision of larger benefits under the Land Acquisition laws will not hamper economic growth. Actually, that will help spread the benefits of growth over larger number of people.

Suggestion is that most land acquisition should be undertaken through the negotiation or market process. The fundamental question is that of price of land. Administrative determination has many pitfalls. It is hugely amenable to misuse. Economists believe, and rightly

***It is difficult and expensive to acquire land in Japan due to these provisions.***

***Most land is purchased by mutual negotiation.***

so, that the market is the best adjudicator of price. Companies are unwilling to negotiate directly and they invoke the Land Acquisition Act because it is cheaper. Second, the compensation package should be strengthened along the lines of that of Japan. If the projects are truly beneficial for the economy, then there should be no difficulty in transferring a good share of the benefits to those whose land is being forcibly acquired. Third, land acquisition should be restricted for 'public use' and disallowed for 'public purpose.' Fourth, land acquisition should be done for balance 10 percent of land for commercial projects only if 90 percent of the land has been acquired through negotiation. Fifth, there should a provision of annual payment in the form of pension or annuity in future so that the long run stream of foregone income is compensated.

It is unfortunate indeed that the Congress that has ridden to power on the slogan of *aam aadmi*; the BSP which has upliftment of the poor as its primary agenda and the Left parties that ideologically fight for the proletariat are in the forefront of acquiring land of the poor to provide benefits to the rich. □□

## Hunger for more or more for hunger?



*Incessant grabbing of productive farmland for more industry is a recipe for disaster. Uttar Pradesh will face a terrible food crisis in the years to come as estimated, 6.6 million hectares would be taken out of farming, which would mean a production loss of 14 million tonnes of food grains. Who will feed UP, asks Dr. Devinder Sharma?*

Rural India is on the boil. What we have seen in Greater Noida, Aligarh, Agra, Allahabad and Mathura in UP or Mansa in Punjab or Jaitapur in Maharashtra or Mangalore in Karnataka are mere representations of what's happening far away from the glare of the national media. Pitched battles are being fought across the country by the poor who fear further marginalisation when their land is grabbed by the government on behalf of the industry. Even a state like Madhya Pradesh, which otherwise seems relatively calm and untouched by the turmoil, has seen violent protests against forcible takeover of land. In five years, the clashes have multiplied from 67 in 2005 to 252 in 2009.

The builder-industrialist-politician nexus, often held responsible for land related agitations, finds a new player now. Ever since economists began telling us that land is an economic asset, which unfortunately, is in the hands of the inefficient, there has been a scramble by industry, driven by real estate, to procure as much as possible. Surprisingly, it is the World Bank that is backing this strategy. The World Development Report 2008 calls for land rentals and setting up training centres to train displaced farmers in industrial work.

State governments are facilitating the process of takeover. Whether it is for Special Economic Zones (SEZ) or IT parks or nuclear reactors or airports or even for bio-fuel plantations, the battle for land has become fierce. So powerful are these economic interests that many chief ministers have also been found suspect. Thanks to economists, the argument that industry is important for economic growth is coming in



handy to usurp land, water and other natural resources.

Over the years, agriculture has been deliberately turned into a losing proposition. As a result, farmers in most places are keen to move out, provided they get a better price for their land. This is a global phenomenon. It is primarily for this reason that even in a highly subsidised Europe, where farmers receive direct income support, one

farmer every minute is forced to quit farming. Agriculture is increasingly coming under big agribusinesses. The same trend is being adopted in India, which alone has one-fourth of the world's farmers.

While good productive farmland is being diverted for non-agricultural purposes, there is no mention of the resulting disaster awaiting the nation as far as food security is concerned. As per rough estimates, 6.6 million hectares would be taken out of farming in UP, which would mean a production loss of 14 million tonnes of foodgrains. In other words, UP will be faced with a terrible food crisis in the years to come, the seeds for which are being sown now. The question no one is asking is who will feed UP?

What is not being realised is that crisis in that state alone will make all estimates of the proposed National Food Security Act go topsy-turvy. An economic superpower cannot be built on hungry stomachs. The need, therefore, is to immediately ban the conversion of agricultural land for non-agricultural purposes. This has to be followed with a comprehensive development planning Act that is people-friendly and replaces the draconian Land Acquisition Act, 1894. □□

Devinder Sharma is food policy analyst.

Corruption

# How it corrodes Brand India



*The issue is not about the lack of political will in fighting corruption. Rather, it is all about absolute complicity of our political masters in these matters, thinks MR Venkatesh*

For a civilization that prided itself throughout its history on being rooted to dharma, the current state of affairs prevailing in the country is indeed appalling. Within six decades of independence, it is indeed a ‘remarkable achievement’ that all three pillars of our Constitution — legislature, judiciary and executive — stand significantly corroded and their collective moral authority, considerably eroded.

It is this gross degeneration of morality in all walks of life that has brought India where she stands today in the comity of nations.

The net result: every department of the government viz., public work, health, sanitation, infrastructure, education, transport, power, law and order, social welfare, public distribution, rural development, State or Center, are all involved in massive doses of corruption.

In fact, Indians more or less now believe that every in public policy formulation involving the Indian government — external affairs or nuclear, fertilizer or capital account convertibility, Pakistan or China — there would some specific private gain. In short, nothing moves without sleaze and by sleaze, you can move anything in India. It is estimated by various historians that the 90 years of

formal British rule between 1857 and 1947 resulted in the transfer of wealth of approximately \$1 trillion at current market prices from India to Britain.

We seem to have done far better in sixty-odd years of self-rule, especially in the last thirty years. Various estimates demonstrate that our post-Independence rulers have achieved this target far more efficiently compared to what the British did with so much ado in 90 years. Put pithily, if the British took 90 years to transfer \$1 trillion of our wealth, various estimates suggest that our indigenous Swadeshi rulers have taken merely 30 years to transfer an estimated \$1.5 trillion (Rs 7,000,000 crore)

of our wealth abroad.

All these negative developments were hastened since the 1980s when the Indian economy underwent mild doses of reforms.

Contrary to popular belief that liberalisation of the economy would prevent corruption, the deepening of the reforms process since the early 1990s is seen as having increased the opportunities for corruption. The emergence of globalised corporations with huge financial and political powers disproportionate to the power of our local governments, manned by people without dharma, has provided an impetus for a very high level of corruption. Perhaps, we began liberalising and





globalising the Indian economy without adequate preparation of our men for the same.

Consequently, since the late 1980s, the nation has been a silent witness to massive doses of corruption. Procurement of armaments for our armed forces, imports and exports of various edible items, food for oil, licensing spectrum for our telecom companies are just a few cases in point, not to speak of massive evasion of taxes.

The corruption involved in all these cases has been huge, so much so that despite the availability of overwhelming evidence, precious little has been done, lest the system becomes dysfunctional.

Scams have indeed become a way of life in India. In the process, scam is India's gift to the English language which suggests the following paradigm: one, that indicates massive levels of corruption; two, the availability of irrefutable evidence; and three, the impotency of the law enforcers.

What is traumatising the collective conscience of the nation is the fact that the judicial system has been unable to convict anyone from the ruling elite, despite overwhelming evidence available in such high-

profile cases of corruption.

### **India, a country of scams?**

Obviously, everything boils down to governance or the lack of it. Corruption is the abject manifestation of poor governance. It results in capital flight from an economy. Capital flight causes poverty, which, in turn, feeds on terror. Terror leads to chaos, crisis and calamity.

Importantly, in such a diffused scenario, the corrupt, criminals and terrorists flourish. The net consequence of all these is the lack of governance in India that is increasingly engaging the attention of international players. And that is definitely reaching embarrassing proportions.

Commenting on this rather dismal scenario, Mohan Murti, former European director of the Confederation of Indian Industry, wrote a rather stunning article in *The Hindu Business Line*, May 31, 2010, titled rather provocatively but aptly, 'Is the nation in a coma?'

According to him 'Europeans believe that Indian leaders in politics and business are so blissfully blinded by the new, sometimes ill-gotten, wealth and deceit that they are living in defiance, insolence and denial to compre-

hend that the day will come, sooner than later, when the have-nots would hit the streets.'

In fact, the article itself was the fallout of the question and answer of a panel discussion in Frankfurt, Germany, organised by Euroforum and *The Handelsblatt*, one of the most prestigious newspapers in German-speaking Europe. That, according to him, was his 'moment of truth,' which according to Murti, 'turned into an hour of shame, embarrassment – when the participants fired questions and made remarks on their experiences with the evil of corruption in India.'

The questions, according to Murti, ranged from the corruption in the judiciary, the possible impeachment of a judge, the 2G scam to the money parked illegally in tax havens.

If one thought that this was an aberration, one would be sadly mistaken. Referring to a popular prime-time television discussion in Germany, Murti points out that the panelist, a member of the German Parliament, quoting a blog stated: 'If all the scams of the last five years are added up, they are likely to rival and exceed the British colonial loot of India of about a trillion dollars.'

Well, that is a telling comment of our times. Murti is not done yet in his article. He goes on to quote from some of the leading newspapers of Europe.

Accordingly: One German business daily, which wrote an editorial on India, said, 'India is becoming a Banana Republic instead of being an economic superpower. To get the cut motion designated out, assurances are made to political allies. Special treatment is

promised at the expense of the people. So, Mayawati, who is chief minister of the most densely inhabited state, is calmed when an intelligence agency probe is scrapped. The multi-million-dollar fodder scam by another former chief minister wielding enormous power is put in cold storage.'

An article in a French newspaper, titled 'Playing the Game, Indian Style', said: 'Investigations into the shadowy financial deals of the Indian Cricket League (sic) have revealed a web of transactions across tax havens like Switzerland, the Virgin Islands, Mauritius and Cyprus.'

In the same article, the name of Hassan Ali of Pune is mentioned as operating with his wife a \$1-billion illegal Swiss account with 'sanction of the Indian regime'.

A third story narrated in the article quotes an Austrian newspaper pointing to the former chief minister of Jharkhand, Madhu Koda, on whom there were allegations of having funds in tax havens that were partly used to buy mines in Liberia. Unfortunately, the Indian public do not know the status of that enquiry.'

The article went on to conclude: 'In the nastiest business scam in Indian records (Satyam), the government adroitly covered up the political aspects of the swindle.'

### **But do we realise the net impact?**

There have been several other unambiguous references by the global media to the levels of corruption in India, sometimes even pointing out to the tacit complicity of the top authorities of the land.

If you believe that all these are references only to the corrupt practices within the government,

you would be mistaken. Increasingly, the world believes that the success of corporates in India is because of their ability to bend and change the rules of the game.

To a large extent that dents the image of India, Indians and Indian enterprise. And that to me is the crux of the issue.

But that is not all. The gargantuan corruption in India takes us to the issue of money laundering and parking of it in tax havens. Estimates of India's wealth parked in these tax havens are varied, depending on the methodology adopted and the assumptions that characterised the methodology in the first place.

It is indeed inexplicable that in a country where political parties of all hues have openly admitted to the existence of Indian loot in tax havens, there are no 'official' estimates by the Indian government of Indian wealth parked in such tax havens.

And in the absence of 'official' estimates, economists and analysts who were silent all these years when India's wealth was being laundered, instantly found fault with these estimates.

Of course, one can endlessly nitpick the methodology adopted or relied on by those who have put up the estimate in the first place. But there is no denying the fact that a substantial amount of our national wealth has been looted post-Independence and parked in various tax havens.

Do we realise the net impact of this corruption and its impact on the national economy and national security? Do we realise how corruption is gnawing at the vitals of our country?

The issue unfortunately is not

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***One can endlessly nitpick the methodology adopted or relied on by those who have put up the estimate in the first place.***

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about the lack of political will in fighting corruption. Rather, it is all about absolute complicity of our political masters in these matters.

It is in this connection, I would also like to share the contents of an interesting e-mail sent to me by John Christensen, a resident of Jersey and an expert on the subject of money laundering and tax havens, in response to one of my articles on the subject on *rediff.com* in 2008.

He writes: 'Last week I stood outside the Jersey branch office of Bank of India with a film crew and asked a simple question: Why does Bank of India have a branch in Saint Helier, Jersey?' The branch manager told me that their branch provides treasury operations, but the truth is that there is no economic reason for using Jersey for such purposes, and in reality this branch is purely located in Jersey to facilitate capital flight, tax evasion and top end corruption. Very few people of Indian origin reside in Jersey (so there is virtually no need for domestic retail banking purposes), but huge amounts of trade and investment are routed through Jersey and the Isle of Man for tax avoidance or evasion purposes.' □□

**PS:** Do we realise that the 9 per cent growth is increasingly questioned?

## Convicted of sedition Binayak Sen advising the plan panel



*Sedition, as we all understand, is a serious charge & there are civil rights groups that carefully tabulate the number of convicts & accused criminals standing for election. They have reported the number of persons with a criminal background in the various legislative assemblies & even in parliament. Civil groups & MSM routinely condemn their presence in these august bodies. Sen has not committed a misdemeanor but felony or a very serious crime. Unless he is acquitted, he is a convict for sedition, stresses Prof R Vaidyanathan*

Within weeks of getting bail from the Supreme Court in connection with charges of sedition, Binayak Sen has been made a member of the Planning Commission's steering committee on health, which will advise the panel on the 12th Five-Year Plan (2012-2017). Interestingly the mainstream media reported Sen as a human rights activist — whatever it is — rather than his conviction for sedition. The steering committee will review the National Health Policy, 2002, and explore the possibility of adopting the right to health as an approach with

special focus on women, children, life-cycle care and preventive and curative healthcare.

Other than doing seditious activities, Sen is supposed to be running a healthcare organisation in Bilaspur and so Syeda Hameed, another jholawala [silk variety, not jute] in the Planning Commission, has appointed him as a part of the 40-member committee on health chaired by her. Hameeda's claim to fame is being from Miranda House and a human rights activist, and a founder of the South Asian Human Rights group other than researching on Bhutto. None of it

has anything to do with health.

His appointment has been confirmed by Montek Singh Ahluwalia, deputy chairman of the Planning Commission, and the chairman of the Planning Commission, namely the PM, will claim, as usual, that he knows nothing about such events. Binayak Sen himself has also been gracious to accept it.

Many of the civil society groups, both in the NAC and outside, are silent. The rule of law is primary and critical for these groups if it is pertains to Narendra Modi's Gujarat but not to the naxals of Chhattisgarh. The session's court has convicted Binayk Sen for sedition and facilitating Maoist insurgency, which seeks to destroy the Indian State and replace it with the dictatorship of the proletariat, where power stems from the barrel of the gun controlled by the politburo.

The conviction (remember these are not allegations) was upheld by the Jharkhand high court and he was refused bail. There was a hue and cry after the high court judgment, with reports mentioning him as a doctor and globally known right activist who has won several awards. As if a Nobel laureate, for instance, can-



not be a murderer.

Suddenly, the mainstream media (MSM), which is part of the civil society jholawalas, forgot about the rule of law and the need to respect judicial verdicts. Then the Supreme Court gave him bail, which was reported by the MSM as Sen "walking free". That is a distortion since he is still a convicted person and is out on bail.

Sedition, as we all understand, is a serious charge and there are civil rights groups that carefully tabulate the number of convicts and accused criminals standing for election. They have reported the number of persons with a criminal background in the various legislative assemblies and even in parliament. Civil groups and MSM routinely condemn their presence in these august bodies.

Sen has not committed a mis-

demeanour but felony, or a very serious crime. Unless he is acquitted, he is a convict for sedition.

He may be the national vice-president of the People's Union of Civil Liberties, but he cannot work to destroy all our liberties under a Maoist rule.

The chief minister of Chhattisgarh, Raman Singh, has expressed his indignation at the appointment of a convict for sedition by the central government in the Planning Commission. Baijendra Kumar, principal secretary to the chief minister, said that "the chief minister had disapproved of Sen's nomination as he is convicted and out on bail. The case against him continues in court."

But Raman Singh is merely an elected chief minister and not an unelectable jholawala — who currently hold de facto power at

***Sen has not committed a misdemeanour but felony, or a very serious crime. Unless he is acquitted, he is a convict for sedition.***

Delhi. It is all the more surprising that the ministry of home affairs is silent.

What next? Arundhati Roy, who is accused of treason, can be put in the National Integration Council and of course, Kasab can be part of the foreign ministry panel on Indo-Pak Aman ki Asha. And rule of Law - what is that? □□

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## Chinese Moves on the Brahmaputra: Threat or Hype

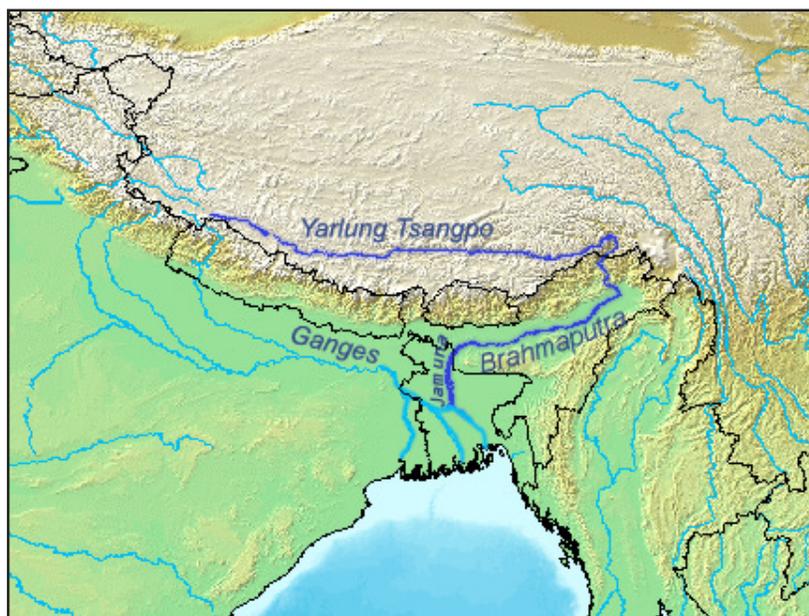
*Notwithstanding the evidence that has been provided the NRSA, the ministry of Water Resources has recently submitted that the ongoing Chinese activity on the Brahmaputra may not have any significant impact on the river water downstream in India. But MEA has taken a different view that it is not fully convinced that the Chinese activity is not a cause of concern, finds Jaideep Saikia.*

Water—one of the most important natural resource on earth—has taken centre-stage in the North East and is steadily becoming a weapon of geopolitics. It began as a mass movement engineered by the Krishak Mukti Sangram Samiti and its demand to halt all mega dam projects in the North East. While some of the concerns are bonafide, the fact of the matter is that the rich blue resource of the region—awashed as it is with the white waters from the Tibetan plateau—would not only be a power reservoir for the North East, but also for the rest of the country. The protest that got underway in Assam, spearheaded by the Krishak Mukti Sangram Samiti, against the construc-

tion of mega dams is leading to a novel conflict between development & social sustenance.

The issue came into focus with the apprehension that China is undertaking a mammoth project to build five dams in the Shannan Prefecture (Lhoka) in the Tibet Autonomous Region. The precise locations according to reports were to be Zangmu, Zhongda, Langzhen, Gyatsa and Jieuxu. The exercise is slated to divert the waters of the Brahmaputra (Yarlung-Tsangpo in Tibet) to the People's Republic's water scare north-western and northern provinces. With an expected capacity of 510 MW, the first enterprise is expected to be the 3260 metres Zangmu project, which is already underway.

There is great apprehension that the diversion of the waters would affect the downstream in North East India: China has denied that it would be so, stating that it would not reduce downstream water flow. The damming of the Brahmaputra, which started on 12 November 2010, marked the formal beginning of the 7.9 billion RMB Zangmu Hydropower Station. China is known to be on a “dam-constructing exercise” on its important rivers, for instance the well-known Three Gorges Project across the Yangtze River. The urgency of undertaking such projects is to correct the uneven distribution of water in the country, which originated with Mao Zedong's plan in 1950s to transfer water from the south to the north. The history of the People's Republic South-North Water Transfer Project is a more than a decade old enterprise in order to maximise the water resources available in China. The plan is to be achieved by implementing the South North Water Diversion Project. Whereas the primary thrust is geared towards the diversion of the waters from the Yangtze River to the Hai and the Yellow Rivers, the sketch to divert the waters of the Brahmaputra River, located, as aforesaid, in Tibet's Yarlung Tsangpo is a cause a alarm for not only India, but environmentalist all over the globe. The intention to divert



the waters from the south to the north is to feed the industrialised areas of Northern China, which as a result of low rainfall has resulted in dry rivers.

The plan to divert the waters of Brahmaputra would affect over 140 million people who are dependent on the red river. For all practical purposes, it would be India and Bangladesh which would have to bear the brunt of the proposed damming and diversion.

However, Li Chaoyi, the chief engineer of China Huaneng Group, which is the prime contractor of the dam project, has stated that the river would not be affected by the construction of the dam. Quoting in the official Chinese news agency, Xinhua, Chaoyi stated, "After it becomes operational, the river water will flow downstream through water turbines and sluices. So the water volume downstream will not be cut." He also stated that environmental protection would be a priority. Indeed, the issue of the dam—that has been an cause of great concern for India—was taken up in the Indo-China strategic dialogue that took place between Indian foreign secretary, Nirupama Rao and China's vice-foreign minister, Zhang Zhi-jun in Beijing. Rao stated that she had taken up the issue of the dam, and was reportedly reassured by Zhijun that "it was not a project designed to divert the water and affect the welfare and availability of water to the countries in the lower reaches." But, notwithstanding such assurances, the fact of the matter is that there is widespread concern about the "diversion."



Furthermore, it is to be noted that Beijing has embarked on an inequitable "development" project in Tibet. Tibet's soaring altitude, rugged terrain and inhospitable climate is geared towards the sustenance of livestock farming and traditional agriculture, activities that have kept the high landscape of the "Roof of the World" more or less intact. But Beijing's policies of fast-track development driven by an industrial model that is not in consonance with Tibet's topography are destroying the delicate ecosystem of the Tibetan plateau. It is also threatening to ruthlessly alter the natural hydrological regime of Tibet, which may deprive the indigenous population of their land were environmental crisis to unexpectedly come upon them. Experts are also of the opinion that increased urbanisation and infrastructural development, by way of constructions like the Qinghai-Tibet railway could add to the undesirable effects of global warming. This would have a direct impact on the rivers that meander into Arunachal Pradesh and the crucial glacial mass which is fast receding. Such developments would ascertain that the waters that

feed the riparian states would soon run dry and sound the death knell for India and Bangladesh.

Wary of the downstream impact of the dam that is being constructed by China in the Tibet Autonomous Region, the Assam government has decided to move New Delhi and take up the issue with China once again.

In the meantime, in the face of both the Chinese dam project and the one that is being taken up in the region by way of the Lower Subansiri Hydro-Electric Project by NHPC in Gerukamukh, several political formations including the BJP has demanded a halt to the project, stating that the construction of the dam would pose grave danger to the people of Assam's Dhemaji, Lakhimpur and Jorhat. The BJP has also pointed to the high seismic potential that threatens the region, and has asked for a correct water treaty between India and China.

The government has instituted an Inter-Ministerial Group under the chairmanship of the secretary, ministry of water resources in order to study the sub-basin environment impact in the Brahmaputra. New Delhi has also clarified that majority of the hydro-electrical projects that are being taken up in Arunachal Pradesh are to be implemented as run-of-river schemes and would have very limited roles in triggering floods in downstream areas. But, a correct feasibility study of the schemes that are being planned must be taken up for the Lohit basin by the ministry of environment & forest.

[Continued on page no. 19]

## ***Kamath's appointment:*** **A good sign for Indian corporate governance**

*Common investor primarily considers two major factors before making investment decisions—the rate of return on invested capital and the risk associated with the investment. Certainly, good corporate-governance practices reduce this risk by ensuring transparency, accountability, and enforceability in the marketplace and also improves financial deepening, believes* **Dr. Deepak K. Srivastava**

India's one of the largest software firm Infosys named veteran banker and independent director on the board K V Kamath as the new chairman to succeed founder N R Narayana Murthy, who retires in coming months. Infosys has 63 development centers across the countries with a workforce of 1, 30,820 employees as of March 31, 2011.

This major development comes at a time when Indian corporate governance is considered substandard mainly after Satyam fiasco. Indian Corporate sector faced deep shock over the financial fraud in Satyam. Subsequently, several expert groups asked the Government to plug loopholes in corporate governance so that the confidence of investors could be restored in the Indian corporate sector. Appointment of an independent director to the post of Chairman demonstrates why Infosys is known for good corporate governance practices. Infosys topped a poll on best practices in corporate governance conducted by *Asiamoney* and ranked number 1 across categories of 'disclosure and transparency, responsibilities of management and the board of directors, and shareholders' rights and equitable treatment.

According to an official state-



ment by Infosys's "Our vision has to be globally respected, and to add greater value to our customers day after day, as long as we have a good leadership succession plan, and have good corporate governance."

In a nutshell, it is believed that an independent chairman provides stronger leadership. For the objective of protection for investors, the independent directors must be in the board of listed companies.

We have to take a closer look at corporate governance abuses by promoters or dominant shareholders in India. Most of the Indian business groups where the

promoters together with their friends and relative are the dominant shareholders with large minority stakes and the balance is held by the general public. In that case promoters have the power to exercise in the board meetings and to misuse the public money of common investors. Satyam is an example. The problem in the Indian corporate is that of disciplining the promoters or dominant shareholder and protecting the minority shareholders. Induction of outsider in board of the company controls corporate governance abuses of dominant shareholder.

Common investor primarily considers two major factors be-

fore making investment decisions—the rate of return on invested capital and the risk associated with the investment. Certainly, good corporate-governance practices reduce this risk by ensuring transparency, accountability, and enforceability in the marketplace and would also improve financial deepening.

With the objective to protect common investor and to ensure good corporate governance, Indian government has taken many steps in post 90s. In 1999, the Indian Parliament passed a bill to create the Securities and Exchange Board of India (SEBI). In 1998, the Confederation of Indian Industry (CII) prepared India's first code of corporate governance. Later on, SEBI appointed Birla Committee to work on a code of corporate governance and accepted the recommendations of this committee. On the basis of committee's recommendation, SEBI introduced Clause 49 into the Listing Agreement of Stock Exchanges. In 2003, SEBI made another committee under the leadership of the Narayan Murthy (Ex-chairman of Infosys) to analyze India's corporate-governance framework for improving its effectiveness. Subsequently SEBI incorporated the recommendations of the Murthy Committee, and the latest revisions to Clause 49 became effective since January 1, 2006. As per Clause 49, for a company with an Executive Chairman, at least 50 per cent of the board should comprise independent directors. However, in the case of a company with a non-executive Chairman, at least one-third of the board should be independent director

In India, guidelines for independent directors are provided in clause 49 of the listing agreement and also in various sections of the Companies Act. However, the entire process, through which independent directors are identified, nominated and recruited needs a lot of changes. The visibility and relationships with the promoters should not be the only criteria while choosing independent directors.

Further, once independent directors are appointed, the performance & contributions of these independent directors should be monitored and evaluated objectively.

The Satyam had many well-known independent directors including professor who taught strat-

egy in re-named B-School. But they could not influence the decisions of the board. We have to change the mindset that only well known personalities can be nominated as independent directors.

The role of independent directors should not to mere lip service. Since they are responsible for common investor, they have to be assertive for fulfilling codes of the conduct in company.

In response to the Infosys succession in terms of Kamath is an exception. Indeed, such active participation of independent directors is the need of the hour at a time in Indian corporate sector. □□

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[Continued from page no. 17]

## Chinese Moves on the Brahmaputra.....

Indeed, the concerned minister, Jairam Ramesh had assured that he would be taking up the issue on behalf the people of the region with New Delhi. But, as of now water security has become a veritable weapon in not only the hands of the common people, but political parties as well.

But the fact of the matter is that India has been largely downplaying Chinese intentions in the Brahmaputra, stating that the construction site is 1,100 km away from the country's boundary. Water Resources minister, P.K. Bansal also stated that "It's a small dam and no reservoir as such. They already have such 15 dams there which they are using for local purposes." Furthermore, it was stated that there has been no evidence of any diversion. But, agencies like the National Remote Sensing Agency (NRSA) have reportedly confirmed

that China is constructing a dam on its side of the Brahmaputra River. In a presentation made before the Committee of Secretaries, the NRSA presented concrete evidence suggesting construction activities, movements of trucks, and excavations being carried out in & around the Zangmu site.

However, notwithstanding the evidence that has been provided the NRSA, the ministry of Water Resources has recently submitted that the ongoing Chinese activity on the Brahmaputra may not have any significant impact on the river water downstream in India. But MEA has taken a different view that it is not fully convinced that the Chinese activity is not a cause of concern, and has asked for further review of the matter. □□

*Courtesy: Vivekananda International Foundation New Delhi. Author is a Senior Fellow Vivekananda International Foundation New Delhi.*

# A dead Osama more potent?



*The cause of Osama's death at the hands of the CIA is obvious; but what about its consequences? Is it the end of Islamic terror? It calls for a study of Osama and the history of his version of Islam, observes, S. Gurumurthy*

Osama Bin Laden, who terrorised the US and the West for almost two decades, is dead. Proudly claiming that on his supari the CIA has killed Osama, US President Barrack Hussein Obama has declared that justice has been done. A US White House spokesman has claimed that the war on terror has ended. The cause of Osama's death at the hands of the CIA is obvious; but what about its consequences? Is it the end of Islamic terror? It calls for a study of Osama and the history of his version of Islam.

Osama's bio will captivate any pious Muslim. He was un-

doubtedly the soul, head and face of the global Islamic terror. But he was not a product of Islamic history. He was the yield of the Cold War story; a product of the US geo-political alliance with extremist Islam against the Soviet Union in the Afghan war, where the modern global Jihadi Islam incubated. On Nov. 5, 1979 when Khomeini was declaring that the "Americans are the Great Satan", Osama was a trusted ally of US, being part of the Jihad in Afghanistan supported by the US. Yet, Osama— not his Jihadi-senior Ayotullah Khomeini— fathered the modern global Islamic Jihad. How?

Born of the tenth wife of his wealthy father, Osama had all the wealth to enjoy. But that did not attract him, nor distract him. He did study economics and business administration, but found more meaning for his life in Quran and Jihad and in interpreting both. He married first in 1974 at the age of 17, went on to marry thrice more, and fathered as many as 25 or 26 children by 2002. But this huge domestic burden did little to deter the young Jihadi. Look at him from the Muslim perspective. Will not a Muslim youth see him as an idealist who spurned all the fun the world had offered and preferred live in forest and mountains for his beliefs instead? What was the bite in Osama, which Khomeini lacked? That bite was the Wahhabi Islam — the idea of mass killing for Islam's sake.

Wahhabi Islam bears the surname of Mohammed Ibn Abd Al-Wahhab who was born in early



***The US had done away with Osama; but can it do away with the thought that inspired him?***

17th century. But, according to Charles Allen, a renowned historian of the British Raj in India, the roots of Wahhabi Islam go back to late 13th century. Ibn Taimiyya, an Islamic theologian, was eyewitness to the slaughter of millions of Muslims — men, women and children — by the Mongols led by Chengis Khan, later by Hulagu Khan, who had all but wiped out the Islamic power. He evangelised that Muslims, if they were to survive, should give up the lesser Jihad (*Jihad Kabeer*) preached by the Sufis and start the greater Jihad (*Jihad Akbar*). He classified Islam's enemies into four: One, Christians with whom peace was possible; two, un-Islamic Muslims with whom no peace was possible till they were back to Islamic ways; three, Muslims not practising Islamic rituals, who must be killed mercilessly; four, those being Muslims but rejecting Islam, too deserved no mercy. Ibn Taimiyya was rejected in his own times; he was jailed repeatedly and even branded heretic. Taimiyya's theology, says Allen, was never forgotten and continued attract adherents. The violent ideology of Taimiyya's survived and exploded after him, through Al-Wahhab first, Osama later.

Al-Wahhab was schooled under Mohammed Hayat — believe it! — of Sind in India and his father, both Ibn Taimiyya's disciples. Al-Wahhab and Shah Waliullah from India were co-students under Hayat. Shah Waliullah's famous appeal to the Afghan ruler



### ***The West, happy when Libya exploded, became terrified when Syria boiled.***

Ahmed Shah Abdali to invade India to re-establish Islamic rule is part of history. Yet, Wahhabi Islam was hated in Sunni Islamic societies till 1744 when Al-Wahhab forged a remarkable partnership with Muhammed Ibn Saud, the ancestor of the Saudi royalty, and found legitimacy. Result. Wahhabism, became the dominant religion of Saudi Arabia. And yet Saudi Arabia is the closest Islamic ally of US. The US had done away with Osama; but can it do away with the thought that inspired him? Never.

Osama was no accident of history. He was the spiritual successor of Ibn Taimiyya and Al-Wahhab. Wahhabism is a powerful idea. Some 80 percent of the mosques in US are under Wahhabi control and 70 US Muslims are Wahhabis. In the last 30 years, the

House of Sauds has reportedly given away some \$85-90 billion to Wahhabis to spread the faith all over the world and to “leave the House of Sauds alone”.

Osama protested against this betrayal. He wanted the House of Sauds to be true to their founding ideology. He later founded his own borderless empire — the Al Qaeda. With him the Al Qaeda may decline,

but not terror. For, men die; but not ideas. Like Wahhabism lived after Taimiyya and Al-Wahhab, it will survive Osama also. The Americans know it, though they may not admit it.

The Western media first saw the ongoing revolutions in the Islamic world as secular and democratic. In its issue (Feb 5-11) *The Economist* magazine glorified “Egypt rises up” on cover; later (Feb 19-25) it celebrated “The Awakening”; but its cover story (April 2-8) “Islam and the Arab Revolutions” was full of worries. It wrote: religion — read Islam — rather than democracy is a “growing force in the Arab awakening”. The West, happy when Libya exploded, became terrified when Syria boiled. Islamism — read anarchy — and not democracy, may replace the falling chieftains. Osama wanted anarchic Islam, not democratic states. A dead Osama, seen an Islamic idealist and a courageous Jihadi against the mighty US, may provide greater inspiration to Muslim youth than Ibn Taimiyyah did to Al-Wahhab. Result: Osama death may inspire more, not extinguish all, terror. □□

## BRICS: China Must Mend its Attitude



*It is hoped that BRICS would follow the footsteps of G-8 group of developed nations in creating an institutional framework for mutual consensus, cooperation and coordination. But all this is not possible unless China changes its attitude towards India, says Dr. Ashwani Mahajan*



Recently 'BRICS' conference was held in Sanya, China. 'BRICS' is the name of the group of fastest emerging economies in the world, namely Brazil, Russia, India, China and South Africa. Apart from showing extremely rapid growth, these five countries have now started challenging the economic supremacy of the developed world. The world's economic balance is changing very fast. Countries dominating the world, ten years ago, are not as powerful as they used to be. On the other hand these five fastest growing economies of the world have established themselves as economic powers to reckon with in the world. It may be noted that South Africa has joined this group for the

first time. Earlier this group 'BRIC' included only Brazil, Russia, India and China. Now after South Africa joining the group, this group is called 'BRICS'.

Today China is second and India third most powerful economy of the world on the basis of purchasing power parity. We can say now that not only China and India; Russia, Brazil and South Africa also have emerged as economic powers. This process has been accentuated by global meltdown. This is happening because developed countries have either shrunk or are standstill. On the other hand there has been a fast and gradual growth in national incomes of 'BRICS' countries, ranging from 8 to 10 percent. This does not imply

that people in these countries have reached the standard of living of the developed countries. Actually this growth is only at the level of GDP. But if we look at the per capita incomes, we find that it is a large gap between per capita income of developed countries and that of 'BRICS' countries.

Though it is true that Brazil, Russia, India and China constituted hardly one sixth of the world economy 10 years ago now they constitute one-fourth of the world economy. But this is also a fact that even on the basis of purchasing power parity, per capita income in India was only US\$ 3280 and that of China US\$ 6770 per annum in 2009. In the same year average per

***Per capita food grain availability in India is only 436 grams per day. Whereas per capita energy consumption in US is equivalent to 7766 kg oil, in India it is hardly 529 kg and in China it is 1484 kg oil.***

capita income in the developed countries was US\$ 36473. Therefore it is natural that 'BRICS' countries despite being economically strong are not so fortunate in terms of human development. As per the recent data published by United Nations Development Programme (UNDP), India is still at 119<sup>th</sup> position and China at 89<sup>th</sup> position in the world in terms of Human development. Therefore despite fast growth economically, there is a long way to go for these 'BRICS' countries to improve standard of living of masses. In this endeavour to improve the condition of the common man, mutual understanding and co-operation among these countries can go a long way to improve the lot of the people in these countries.

Before recently concluded BRICS conference in Sanya, China, there have been two conferences of BRIC group of four nations (excluding South Africa), in Russia and Brazil. Despite fast rate of growth in BRICS nations, common man is still struggling for basic necessities of life. These nations are still fighting against the problems of food security, energy security, poverty and unemployment and also the problem of regional imbalances. Though there are signs of development, they are limited only to few sections of society. Size of middle class is expanding both in china and India, and side by side inequalities are also on rise. Even as on date per capita food grain availability in India is only 436 grams per day. Whereas per capita energy consumption in US is equivalent to 7766 kg oil, in India it is hardly 529 kg and in China it is 1484 kg oil. Thus there is dire need to improve conditions of human



***Facilitated by huge subsidy from the government, industry in China is able to sell their products at much cheaper prices in the foreign markets.***

development in these countries.

This conference of BRICS nations can play an important role to improve mutual co-operation in view of these problems. But if we look at it in terms of India and China, there are various hurdles in improving Sino-Indian relationship. Foreign trade is one important aspect of mutual co-operation between two nations. But severe imbalances in the trade balance of India and China is a big problem. Today foreign trade between India and China has reached the level of US\$ 60 billion. In 1990 it was negligible. But Indian exports are only worth US\$ 20 billion, whereas India's imports from China are US\$ 40 billion. India exports mostly consist of raw material and minerals. Reasons behind this imbalance in the foreign trade is the huge subsidies being given by Chinese government to their industry. Facilitated by huge subsidy from the government, industry in China is able to sell their products at much cheaper prices in the foreign markets. At the same time Chinese government has kept the exchange rate of Yuan artificially low. USA and other countries have been constantly demanding for appreciation of

Yuan but Chinese government is not ready to inch ahead on this issue.

Tension between India and China is increasing due to raking up of unnecessary border disputes with India by China. India is forced to raise its expenditure on defence in wake of security threats from China. Preceding the BRICS Conference meeting of senior security officials, foreign ministers, finance ministers, central bank Governors, business delegations and representatives of financial institutions is a welcome step as it would step towards enhancement of cooperation between the BRICS nations and create goodwill. It is hoped that BRICS would follow the footsteps of G-8 group of developed nations in creating an institutional framework for mutual consensus, cooperation and coordination. But all this is not possible unless China changes its attitude towards India, stop creating unnecessary troubles in the best interest of development of this region in particular and BRICS nations in general. If China sheds its narrow selfish interests it would help writing a new chapter in the history of BRICS. □□

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## Expropriating the Indian farmer

*The traditional farmer wisdom that land alone protects the family from starvation. Compensation disappears easily in fixing the roof, paying engineering college fees, or getting a daughter married is significant. Worse, as most village land is the joint property of an extended family, the division of monetary compensation leaves them with nothing, asserts Sandhya Jain*

Indian agriculture lost one of its most cogent voices at a time when the farming community nationwide is facing the growing menace of State-driven expropriation of land for crony capitalists. This trend, which we may designate as the corporatisation of private property, parallels the other disturbing tendency towards the privatisation of public resources; both may jointly be said to comprise the Indian face of Globalisation.

Mahendra Singh Tikait emerged in the public arena in October 1986, to articulate a growing need for modern amenities to make farming productive and remunerative. As founder of the Bharatiya Kisan Union (BKU), he called a panchayat at his native village, Sisauli, and led a movement against increased power tariff in April 1987. Over three lakh farmers gathered at Karmukheri power station in Muzaffarnagar district, UP, compelling chief minister Veer Bahadur Singh (Congress) to roll back the hike.

Shunning politics, Tikait championed the genuine interests of farmers in Uttar Pradesh, Haryana and Rajasthan. He cordoned the office of the Meerut divisional commissioner for 25 days in January 1988, and subjugated the Rajiv Gandhi government with a stunning seven-day dharna at Boat Club, Delhi, in October 1988, when five

lakh farmers swamped the area from Vijay Chowk to India Gate. The Centre accepted his demands, which included higher prices for sugarcane and waiving of electricity and water charges for farmers.

Tikait's approach of facing the Central or State leadership head-on, and refusing to be drawn into political alignments that could limit the spread and efficacy of his struggle, could have served his people well in the current struggle against forced acquisition of fertile farm land for corporate-driven development projects. But the doughty warrior lost a painful battle to bone cancer on 15 May 2011. The challenge before his heirs is to reverse the policy of alienating agricultural land for non-agricultural purposes.

What needs changing is the Land Acquisition Act of 1894,

whereby government (then the British Raj) can forcibly acquire private property for what it calls a "public purpose". This needs to be clearly defined. We cannot allow state governments to wantonly appropriate the land of farmers, first for Special Economic Zones which gave favoured industrialists land banks to develop mini-cities instead of merely adequate land for a specific industry; and now for shopping malls; housing colonies, and commercial complexes.

The core issue is protection of fertile land, particularly along waterways. We must recognize that financial compensation, no matter how adequate in terms of contemporary market prices, cannot offset the loss of the most fertile lands along the Ganga & Yamuna rivers to soil-killing concrete high rises. The



mindlessness with which the Centre & state governments have embraced this 'development' formula threatens national food security.

In the early decades of independence, government acquired land only for projects undertaken by government. While affected groups could have legitimate grievances regarding compensation – because socialist rhetoric kept compensation packages low and civil society activists and fair-minded judges were still in the future – there was no malice in depriving the affected peoples of their land. Land acquired for thermal or hydro-power projects; for satellite launches; army firing ranges; roads and highways; fell in this category.

Things changed with Liberalisation. Instead of a level playing field where free market could get them the best prices for their land if they wanted to sell, industrialists began to use friendly politicians and state governments to forcefully acquire huge tracts of land for profiteering at the cost of the ordinary citizen. Thus, a businessman wanting to set up a steel plant did not want land adequate for the steel mill, but huge surplus tracts that could be 'developed' to commercial advantage by building shopping malls, hotels, housing estates, office complexes, golf courses, and what not.

Most of the Indian countryside has already been irreparably ruined by this contractor-driven growth. Readers who have villages to visit on holidays have only to recall the halcyon days when farmlands and large trees dotted the roadside as one left the major cities to realize the extent of industrial encroachment upon the environment.



When Congress MLA Kuldip Bishnoi raised his voice against the forced acquisition of farmers' lands for a SEZ for a leading Mumbai industrialist, the party high command swiftly cut him to size. But protests spread in other parts of the country – even though the Courts found it prudent to remain mute – until finally the then Goa chief minister decided that he would not permit any of the three SEZs cleared for his state to take off.

But by then the crony capitalists had tasted blood, and the malaise of being 'friendly' to industry became endemic. The madness reached its apogee in Singur, West Bengal, when the state government felt it was its public duty to forcefully acquire farmers' land for a private company which felt aggrieved when the effort failed.

Regarding the current conflict in Uttar Pradesh, there is no justice in forcing farmers to sell land at Rs 850/sq.m. and allowing a private contractor to make Rs 30,000/sq.m. This is outright loot – another 2G in the making. The protesting farmers insist they had no idea that their lands were being used to build townships – an enterprise that could easily have been conducted in non-fertile, degraded lands elsewhere, and not alongside

the Yamuna.

Equally pertinent is the traditional farmer wisdom that land alone protects the family from starvation. Compensation disappears easily in fixing the roof, paying engineering college fees, or getting a daughter married. Worse, as most village land is the joint property of an extended family, the division of monetary compensation leaves them with nothing.

The silver lining in the high drama at Bhatta Parsaul, Greater Noida, was Ms Mayawati's agility in disproving Amethi MP Rahul Gandhi's allegation before the Prime Minister that 74 persons had been burnt alive in 70-foot-wide ash mounds, women raped, and houses set on fire by the UP Police. The UP chief minister called the Central Forensic Science Laboratory to take samples for testing; the media rushed to the affected village but could not substantiate the story. Soon CFSL said the ash was burnt cowdung – no bones, no explosives! A red-faced Congress had to deny the scandal as a media 'misquote' two days later, but by then the PM-in-waiting had nixed his claim to the august office. Dr Manmohan Singh must be enjoying a quiet laugh.

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## ***Politicians have failed this country: – Gurumurthy***

Politicians belonging to both ruling and opposition parties have failed this country. While ruling party has successfully handed over the fight against corruption to non-political element thereby making an essentially political issue a moral issue and escaping punishment; opposition parties have failed in making it a political fight thus allowing ruling party to go scot free.

These observations were made by All India Co-convenor of Swadeshi Jagaran Manch and leading corporate advisor Sh. S. Gurumurthy in a seminar organized by SJM in the national capital Delhi. SJM has been in the forefront of fight against corruption from the very beginning. The seminar was organized as a part of this long drawn battle. Subject of the seminar was “Corruption and Black Money parked abroad by high profile people”. Former Lt. Governor of Delhi Sh. Vijay Kapoor presided over and Sh. Muralidhar Rao, former national convener of SJM and at present national secretary of BJP and Sh. Baijnath Rai national secretary of Bhartiya Mazdoor Sangh were other speakers on the occasion. Talking about prevailing confusion about anti-corruption movement in the country Sh. Gurumurthy asserted that as a strategy to divert the issue ruling party has been successful

in making a profoundly political issue as a non-political debate. The fight thus was strategically de-politicized. He was emphatic in saying that “you can’t talk about corruption without talking about who the corrupt is.” ‘Corrupt has to be brought to book’, is a moral statement while unseating and punishing corrupt is political, he asserted. Sri Gurumurthy said that the present anti-corruption movement is hijacked by the GOI itself with the blessings of Sonia Gandhi. An anti-corruption movement has to be against the govt and not anybody else. The opposition has to take the lead in such a movement, which unfortunately is not the case currently, he claimed.

Gurumurthy described the fight against corruption as a war between good and evil, and likened it to Mahabharata. He asked people to make an essential difference by not equating it with the fight between good people and evil people.

Reminding participants about Mahabharata the learned speaker said that the Great War fought centuries ago also was a war between good and evil and not between good people and evil people. He continued to point out that in Mahabharata also there were a lot of good people on the side of forces representing evil. While several bad elements were fighting

alongside righteous people. War strategy has to be aimed at winning and alliances too are made with all those who agree. In recent times Jayprakash Narayan was able to forge such an alliance without unnecessarily caring for the past record of those who joined his fight. He pleaded to ensure that the rulers did not escape punishment by making the fight against corruption as a moral fight only.

Lamenting upon the Sonia led congress government; Gurusurthy observed that the ruling party has a vested interest in not revealing the names or bringing the black money back as real big names are involved. Talking about the Status of Black money abroad he said that during 2009 Lok Sabha elections, Congress Party, refused to even acknowledge the presence of Black money abroad. People like Pranab Mukherjee and Jairam Ramesh rubbished all claims by Individuals and various other leaders as 'mostly bogus sources'. But when public pressure started mounting Congress did a flip flob of claimed that it only will bring the money back.

The German government that had secured the information was willing to give the details of the secret account in Liechtenstein to GOI. However, the GOI never requested such information ever and continuously denied presence of any such 'Black' money. But then Global Financial Integrity, a Public Policy Think Tank in Washington DC, researched and reported that an estimated \$462 billion of India's illicit assets were held abroad. 67% of this amount was stashed in last 18 years, i.e after liberalization. (Report on Indian unaccounted money abroad - <http://india.gfip.org/>)

Talking about the difference between the black money kept within the country and that stashed away,



Sh. Prakash Javadekar, Balbir Punj & Jagdish Pal in the audience

### Govt bid to put figure to black money

The government has commissioned a study to be undertaken by three top economic think tanks to estimate the extent of black money or unaccounted income generated both within and outside the country, a finance ministry statement said. The government had appointed a high level committee of tax officials to suggest measures to tighten laws to curb the generation of black money.

The two moves have been announced days before an anti-corruption protest is to be launched by yoga guru Baba Ramdev. The UPA government has faced strong criticism from courts, Opposition parties and civil society groups for its handling of the issue of black money and corruption in public life. The government has taken some measures to stem the criticism and has engaged with authorities in tax havens to get information about money stashed in these countries.

The three institutes selected to undertake the study are National Institute of Public Finance and Policy, National Institute of Financial Management and National Council of Applied Economic Research. The finance ministry statement said the three institutes had launched their study in March and are expected to complete the project within 18 months. The study is expected to bring out the nature of activities that encourage money laundering and its ramifications on national policy.

The study will also focus on the kind of activities which promote money laundering and identify important sectors of the economy in which unaccounted money is generated and causes and conditions that result in the generation of unaccounted money. It will also examine methods employed for generating black money and conversion of such funds for legitimate activities.

The three institutions have also been asked to suggest ways and means for detecting and preventing unaccounted money and bring it into the mainstream economy. They have also been given the mandate to suggest methods to be used for taxing black money stashed in foreign countries. The study will also estimate the quantum of non-payment of tax due to evasion by registered corporate bodies. □

he asked people to make the essential difference between two. While black money kept within the country's a statement of no confidence in government and that stashed abroad is expression of no confidence in the country itself and amounts to treason. This huge amount of money kept abroad deprives

### Swamy calls for war on graft

**Janata** Party president Dr. Subramanian Swamy today called for a war on corruption in India. Corruption, Swamy said, had reached mind-boggling levels, as seen in the money illegally appropriated in the Satyam, CWG and 2G spectrum scams. He drew a connection between corruption and the state of the nation's financial health, stressing that corruption has affected badly the rate of growth of India's economy. Swamy was addressing a seminar organised by Rashtriya Swayamsevak Sangh (RSS) in Chandigarh.

Swamy said that "the most acceptable estimates" of the loss to the national exchequer as a result of corruption ran into lakhs of crores. "One of the worst problems with corruption in India is the creation of black money — money used in such transactions is unreported, it is neither taxed nor is spent openly. It travels to secret bank accounts abroad or, worse, is used by the corrupt to indulge in gross luxurious consumption and bribery." Swamy said. "Black money also funds election and hence there is no accounting."

Swamy said that only if there is a harmonization of material pursuits and spiritual advancement in human beings, can society be made healthy.

Several presentations were made at the seminar, suggesting strategies to combat corruption. There was a need for a new breed of Indian leaders — educated, courageous and rational risk takers — it was argued.

Air Marshal (ret'd) R S Bedi said that to remove corruption, an efficient use of resources, human and physical hardware and software, by an ably and spiritually guided and ethically organized leadership working within the framework of competitive market economies must be the goal.

Swamy called for support to the anti-corruption movement and the people leading it. □

the nation to use it for poverty alleviation, employment generation and other economic development projects, he continued.

Citing figures, the learned speaker said that the myth that oppressive tax regime was generating more black money stands exposed as more than 72% of Indian black money stashed offshore has gone out of country during so called soft tax regime. Liberalisation process started in 1991 resulted in more money being siphoned off, he observed. Talking about

the generation of black money and the reason to send this ill gotten money abroad Gurumurthy opined that the only reason behind this crime is to hide the identity of the people involved and not evade taxes as is being made to believe. Businessmen will prefer to invest money in India as the returns are attractive here as compared to other countries. It is high profile people like politician, Civil Servants and Babus who feel that revealing their identity will damage their standing in public. Who are sending the money out of country.

There are 70 tax havens in the world today. 8 Lakh 23 Thousand companies are registered in the British Virgin Islands. In the 1980's the Western countries encouraged the third world countries to stash money in tax havens as they could earn profit out of it. Later politicians, criminals took advantage of the mechanism. Black money is not an issue with the west, as for them they are fine collecting the taxes on it. India has to get the black money back, Gurumurthy asserted.

Listing the case of Hasan Ali, he said that everyone knew whose money Hasan Ali played with. When his name is closely associated with congress leaders and Sonia's most trusted Lieutenant Ahmed Patel, one cannot expect action on this front. It is only after the court supervision in 2011 that the government agencies have started acting. But the period between 2007 and 2011 has given Ali and his patrons four years to hide the money somewhere else.

The past L.G. of Delhi brought forward the issue of not only averting the issue but diverting the issue on various disguise. He explained that the present law is effective enough to fight the present form of corruption. But the government is averting and diverting in the form of Jan Lok Pal Bill. That the present government has no intention of booking corrupt people although it has substantial proofs against them.

Murlidhar Rao ji the past Convener of Swadeshi Jagaran Manch stressed on the need of government to take action on the present charges and come clean over the issue of corruption. He stressed the need of action plan and not plain speak as it is happening with the current government.

Charity begins at home was the message been given by the Baidyanath Rai – Bhartiya Mazdoor Sangh Activist and Leader and that the national character has been degenerated by the government. We need to look in ourselves and seek an answer. □□

*Panel Discussion by SJM on*  
**Rising Telecom Equipment Imports Threat to national Security & Burden on FOREX reserves”.**

The telecommunication sector, we all are aware, is a fast growing sector of Indian economy and contributes substantially to the national GDP. Growth in the number of subscribers has been considerable and is expected to further increase considerably. This growth in turn attracts a large demand for telecom equipment and subscriber terminals. However, the domestic telecom equipment manufacturing segment has not been able to keep pace with the growth of the sector in spite of assured huge market. The telecom operators prefer to import most of the equipment required for their networks. Even the existing domestic manufacturing of telecom equipment in India utilise technology developed abroad resulting in the benefits of sales of such products accruing largely to foreign companies. It is a very serious issue that has begun to disturb even policy planners, who by and large are responsible for this situation.

To bring the issues relating to telecom manufacturing into focus, a pre-consultation paper on “Encouraging Telecom Equipment Manufacturing” was issued in the month of May 2010 for obtaining views of the stakeholders by TRAI. Based on the comments given by the stakeholders, TRAI made several recommendations to the government suggesting several

measures to be taken to increase domestic production and value addition to the products being manufactured in the country. The issue is larger than normally perceived. It has to be seen in the context of information and communication technology being used as means to achieve larger national goals, economical, social as well as political.

Information and communication technology, usually called ICT, is often used as an extended synonym for information technology (IT) but is usually a more general term that stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), intelligent building management systems and audio-visual systems in modern information technology. ICT consists of all technical means used to handle information and aid communication, including computer and network hardware, communication middleware as well as necessary software. In other words, ICT consists of IT as well as telephony, broadcast media, all types of audio and video processing and transmission and network based control and monitoring functions. While India is the largest exporter of ICT services, generating revenue of \$76 billion from the IT sector, but products contribute to less than 2%. India’s contribution to technology innovation is negligible.

ICT is generally considered as a great provider, a great leveler that harbingers “Inclusive Growth”. In India, on the contrary, ICT penetration is the perpetrator of the great divide and is putting our sovereignty at stake in this “new world economic order”. India like several countries of the world is witnessing a rapid growth in its economy as well as in its telecommunications networks, each feeding on the other. Telecommunications infrastructure being the bedrock of this growth, it is reasonable to expect a manifold increase in the requirement of telecom infrastructure. The experience over the last few years has been that a major share of the telecom equipment has been imported and consequently the full benefit



Sh. Muralidhar Rao addressing the audience in the Panel Discussion

## Panel Discussion

of telecommunications to the Indian economy, to that extent, has been deprived. It is, therefore, necessary to make a concerted effort in this direction for which a specific policy framework would be necessary.

Understanding the importance of the subject Swadeshi Jagaran Manch organized an impressive panel discussion on the subject "Rising Telecom Equipment Imports Threat to national Security & Burden on FOREX reserves". A very eminent panel of experts from Industry, government, media and Politics articulated their views on the subject and it was followed by an informative interaction.

Mr. R R N Prasad, Former Member TRAI / Telecomm Commission and also GM and subsequently CGM of the prestigious ALTTTC at Ghaziabad chaired the Panel discussion. Other Panelists were; Air Cmde. (Retd.) S.S.Motial, Chairman of DECT Forum India and also founder director of Novatelesec, a Company focused on IT solutions, Sh. S.D. Saxena former Director (Finance), BSNL, P. Muralidhar Rao, a socio-political activist and thinker, Sh Rajesh Tuli (Chairman & MD, Coral Telecom-an Enterprise Switch Market in India and abroad and Gurdip Singh, head of Economics and Business Reporting team of the UNI

Speakers were of the view that TRAI has recently underlined the need for a comprehensive National Telecom Equipment Manufacturing Policy that would give the country a plan of action to make the country a telecom manufacturing powerhouse. It has made several recommendations to achieve this objective. But there are no firm steps in sight that could indicate the readiness of the government to act in the required measure.

In India, IT and Telecom have created the biggest divide between those who have it and those who are deprived of it. Government has further perpetrated this divide without considering involvement of greater part of our population. Government initiatives in the last few years have actually de-alienated small medium size players and the networks along with the associated wealth creation opportunities have been concentrated in the hands of the chosen few.

"Auction of spectrum" has not only created the biggest scams in history of Independent India but has also taken the prices of owning these networks so high that average Indian cannot even think of owning ICT networks. Our politicians may have fought with one another, they may have made some



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money but the worse they have pledged our independence in the hands of Multinationals.

Foreign institutions have systematically killed Indian manufacturing of ICT equipments. They have acquired majority commercial interests in ownership of ICT networks. MNC s made sure that Import prices of finished Telecom equipment is gradually lowered while prices of raw material and component supply has been steadily rising. This was a systematic method to kill our manufacturing and production facilities.

We were told that our strength is "Software" and we must focus in that direction. Yet again we played, in their hands and the best of the Indian brains carried out development of software for creation and strengthening of IPRs and brands that they would own eventually.

Our discussions on R&D and manufacturing were hijacked to talk about infrastructure building, port creations, cluster development, creations of centres of Excellence in PPP models and building the semiconductor furnace. These took us further away from development of real products and today after ten years we have "No" Indian branded Telecom equipment in the market.

These diversions over the last decade stymied our R&D initiatives to an extent that we are totally dependent on foreign vendors for maintenance, control and up-gradation of these ICT highways. They made sure that PPP models are funded and applauded from time to time but no deliverables take place in reality.

We have played in their hands and it is yet another

advent of the “East India Company” in a new avatar.

Are we going to be caught sleeping or do we wake up to this new invader in a different garb to whose fancy our new kings and princes seem to be playing. They will continue to play as long as they receive handsome “privy purses”.

If control of ICT highways that are the life-line of any economy resides with foreign institutions, then can we proudly continue to laud ourselves as independent?

Government strategies have killed small entrepreneurial networks like DID operators, POC operators and small mid size ISPs. They may, have just lost their jobs or businesses but India has lost the opportunity of Indians owning control of these ICT networks. Today commercial interests and funds deployed in most networks are from foreigners or by MNC companies. So ICT instead of being a great leveler has become the champion of the biggest polarization.

Government initiatives have systematically killed Indian Telecom design houses.

While in 1995, we were meeting 70% of our telecom hardware needs from local manufacturers today 80% is imported. Indian companies don't even own any telecom technologies and the gap in technology ownership is increasing every day that will be very difficult to bridge. India imports Rs 50,000 Crores of Telecom equipment and at the present pace of growth, in three years time Import bill of telecom equipment will exceed the petroleum import bill. This surly puts our sovereignty at stake.

Government today expects Indian designer's to compete in price, features and quality, with foreign vendors, who have dozens of years of extra experience. They have economies of scale and low cost funds to provide them advantage over Indian designers. They are a part of the state sponsored invasion programme so they will offer prices that no one will ever be able to match.

We seem to be playing in their hands and every extra day they gain, we make additional compromise



Audience

with our independence.

If we are sincere about creating Indian products and brands then serious efforts are required to mitigate these disabilities. We need to act on a war footing to create Indian expertise in developing products and ownership of ICT networks. We need our masses to own these networks and not just a few Indian players who prefer to sing by the tune of their masters.

Half baked efforts and fancy reports will only take Bharat away from the stated objectives. Talks about “very long term” strategies, and ecosystem creation, may once again be a ploy to divert attention. We need real action on the ground in areas and technologies relevant today.

We need involvement of large number of small and medium size companies that represent our “Bharat”. They should be involved in development and manufacture of technologies and ownership of Telecom networks.

Otherwise expecting new fledgling Indian companies to compete with large multinationals is not a “level playing field” but a recipe to provide an eye wash. It is a systematic approach to handover ICT networks and ICT hardware supplies to foreign vendors in consideration of favors that we all know off.

At this pace, In this ICT world the word “Swadeshi” may actually become Extinct. Strategic networks that carry vital communication, including the one's of national strategic importance will be owned and controlled by foreign companies. Technology of the switches that carry all our voice and data calls resides with foreign companies and they would be privy to all the information that flows between various offices on India.

Our biggest challenge today, is to protect our hard earned freedom that is at stake in this “New world economic order”. Our second biggest problem is to bridge the divide between the urban elite & the rural poor. There is a great divide that exists between “the haves & the have nots”. Do Ashwani Mahajan conducted the proceedings. □□

## India asks UN to take lead in combating international piracy

India has made a strong pitch to the UN to take the lead in evolving a comprehensive response to the threat of international piracy in the Red Sea and off the coast of Somalia to ensure unhindered maritime trade.

Simultaneously, the international community should continue with efforts to restore stability in Somalia, Prime Minister Manmohan Singh said while addressing the joint session of Ethio-

pian Parliament here.

Singh, who is the first-ever Indian Prime Minister to visit Ethiopia, said as a littoral state of the Indian Ocean, India is ready to work with Ethiopia and other African countries in this regard.

The Prime Minister received a standing ovation from a packed Parliament as he entered with his wife Gursharan Kaur. □

### India's GDP to grow 8.5%

Paris-based think tank OECD has pegged India's growth at 8.5% for the current fiscal, indicating that economic expansion would be slower. The Organisation for Economic Cooperation and Development (OECD) has projected the Indian economy to expand 8.5% in 2011-12, much lower than the growth of 9.6% witnessed in 2010-11 financial year.

Recently, finance minister Pranab Mukherjee had said the Indian economy is expected to grow 8% in 2011-12, which is lower than budgetary estimate of 9% growth. Reserve Bank of India (RBI) has pegged GDP growth at 8%, citing high oil prices among other things as the reason for this moderation. OECD said in 2012-13, the economy is projected to expand 8.6%.

### Food inflation rises to 8.55%

Food inflation shot up to 8.55% for the week ended May 14, the highest level in four weeks, as prices of fruits, cereals and protein-based items escalated. Food inflation, as measured by the Wholesale Price Index (WPI), was on a declining trajectory for the previous three weeks. The figure for the seven-day period under review was 1.08 percentage points higher than the 7.47% inflation rate recorded in the previous week.

During the week ended May 14, cereals became costlier by 5.03% year-on-year and prices of onions were up by 8.32%, official data released here showed. Prices of fruit rose by 32.37%, milk by 5.53% and eggs, meat and fish by 8.26%. Rice also became 2.63% more expensive and potatoes 0.17% costlier on an annual basis. Food inflation remained in double digits for most of 2010, before showing signs of moderation from March, 2011.

Prices of vegetables and pulses declined by 1.46% and 9.49%, respectively. Also, wheat became cheaper by 0.30% on an annual basis. On an annual basis, the

primary articles category saw an inflation rate of 11.60%. On the other hand, prices of non-food primary articles were up 23.22% during the week under review. Fibres became dearer by almost 61%, while minerals were up 11.78%.

### Pak N-arsenal safety a concern

India has reiterated its serious concerns over the safety of Pakistan's nuclear arsenal in the backdrop of the terror attack on the naval airbase in the port city of Karachi. "Naturally it (nuclear arsenal) is a concern not only for us but for everybody," said defence minister A K Antony, after addressing the naval commanders' conference.

"Developments in Pakistan, especially in Karachi, are a matter of serious concern to us. We are closely monitoring the situation and also taking precautions," he added. Indian armed forces are maintaining a high state of vigil to guard against any "spillovers" in the backdrop of the terror attack in Karachi as well as the killing of Osama bin Laden in Abbottabad.

With extremists mounting concerted attacks on Pakistan's defence installations, Islamabad's ability to safeguard its nuclear arsenal has been questioned around the globe. The worry is that jihadis or hardliners within the Pakistan Army might get access to enriched uranium, nuclear components or know-how for "dirty bombs", or even actual warheads in a worst case scenario.

### NSE guilty of unfair trade practices

Competition watchdog CCI has pronounced the National Stock Exchange (NSE) guilty of abusing its dominant market position by adopting unfair trade practices in connection with currency derivatives trading. "The Commission has pronounced

## GOM recommends Cairn India majority stake sale to Vedanta

A panel of ministers headed by finance minister Pranab Mukherjee has recommended giving government approval to Cairn Energy Plc selling majority stake in its Indian unit to Vedanta Resources. "It (GoM) has looked at various aspects of the deal. It has taken a view on the matter ... it will be placed before Cabinet Committee on Economic Affairs (CCEA) in two weeks time," oil minister S

Jaipal Reddy told after meeting. Reddy however refused to say if the govt. approval to Cairn Vedanta deal will be conditional or unconditional.

"Traditionally it has been the procedure that proceeding of GoM is not made public. GoM has taken its own views. This view will be presented to the Cabinet. GoM is not going to meet again," he added. □

NSE guilty of violating section 4 of the Competition Act, 2002. But it will decide on the quantum of fine only after hearing NSE. We have given them a week's time to respond to our show cause notice," an official said.

This is second time CCI has sent a show cause notice to NSE on the issue before taking a decision on the quantum of fine to be slapped on it. The earlier show cause notice was challenged at the Bombay High Court. Under the law, companies can be fined up to 10 per cent of their three year average profit.

The MCX-SX in its representation to the CCI in November 2009 had alleged that NSE had substantially reduced admission and trade related fees to eliminate competition and discourage other entities from entering the market. MCX-SX is promoted by commodity exchange MCX and Financial Technologies. Based on this complaint, the CCI had ordered a probe into the alleged misuse of dominant position by the NSE.

### Tax collections down

Amid fears of slowdown in tax collection in the current fiscal, the Finance Ministry has indicated that it may go slow on disbursement of pending income tax refunds. The indication was given by Revenue Secretary Sunil Mitra at the annual conference of chief commissioners and directors general of income tax.

"The Board's (CBDT) proposal to clear all pending refunds of the assessment years 2010-11 and 2011-12 will require to be moderated in keeping with the actual performance in direct tax collections," he said.

The revenue department is apprehending a slowdown in revenue collection on the back of rising inflation and moderation in domestic economic growth, which according to the RBI is likely to come down to 8 per cent from 8.6 per cent in 2010-11.

The Central Board of Direct Taxes (CBDT) has provided a tax refund of Rs 73,000 crore in 2010-11

and Rs 23,000 crore in the first month of the current fiscal. As per the Citizen's Charter of CBDT, the department "aspires" to issue of refund along with interest within six months in case of electronic filing and nine months for manual filings.

The government, according to Mitra, may miss the revenue collection targets as rising inflation and tight monetary policy has started impacting growth.

The gross tax collections during 2011-12 have been pegged at Rs 9.32 lakh crore, up from Rs 7.90 lakh crore realised during the previous fiscal.

### Wipro to make defence parts

Wipro's infrastructure engineering division is getting into aerospace and defence components manufacturing. The first order has come from Spanish firm Compania Espanola De Sistemas Aeronauticos (CESA) for the manufacture of precision-engineered components. CESA is an arm of the global aerospace and defence corporation EADS.

Pratik Kumar, president of the Wipro division, said the company would be investing about \$15 million in the initial phase to establish a greenfield venture for the making of these components in the new aerospace SEZ being set up at Devanahalli near Bangalore.

### Pak supports militants in Kashmir

In another damning proof of Pakistani administration's terror links, Hizbul Mujahideen supreme commander Syed Salahuddin said that Pakistan still supports militants in Kashmir despite its internal security problems.

In an interview with a local news agency, Salahuddin said, "Our mujahideen can come and go at their own will. There is no question that the army can stop us. And we have hundreds of training camps in the state where we recruit and train the mujahideen." The Hizbul commander added that till the Kashmir issue is unresolved, Pakistan can never consider itself safe. □□

## Movement to support Ramdev

**The Friends** of India Society of International (FISI) and Bharat Swahiman Overseas (BSO) are planning to launch a mass movement and fast to awaken the consciousness of overseas Indians, especially in the US against the “massive corruption” that is engulfing the nation, according to Dr. Bishma Kumar Agnihotri, former Ambassador-at-Large of India.

Agnihotri said in a statement that FISI would bring together friends of India worldwide in order to safeguard the India and people of Indian origin living outside India. FISI was founded in 1975 to safeguard Indian democratic institutions and ide-

als in the aftermath of “emergency rule,” the academic turned attorney said.

BSO is inspired by the Bharat Swabhiman movement of Baba Ramdev. A non-political, non-denominational and a not for profit US Corporation, it promotes individual, societal and global physical, mental, and spiritual health through Yoga, Pranayam and Vedic principles; emphasizing personal and professional integrity in every walk of human endeavor and encouraging unity and harmony among all human beings. To start with, the organizations are planning a public fasting on June 4 across the US similar to the one planned in India. □

### Scrap ‘obsolete’ IMF deal

IMF directors for five key emerging market economies said it was time to scrap an “obsolete unwritten convention” that requires the head of the International Monetary Fund to be a European. In a joint statement, IMF directors for China, Brazil, India, South Africa and Russia, or BRIC countries, criticized European officials for implying that the successor to former IMF head Dominique Strauss-Kahn should continue to be a European.

They urged “abandoning the obsolete unwritten convention that requires that the head of the IMF be necessarily from Europe” and argued that it undermined the legitimacy of the global institution.

The BRIC nations said the recent financial crisis, which erupted in developed countries, underscored the need to urgently reform international financial institutions to reflect the growing clout of developing countries in the world economy.

“We believe that, if the Fund is to have credibility and legitimacy, its managing director should be selected after broad consultation with the membership,” the IMF directors said, adding that the new IMF boss should be chosen on the basis of competence, not nationality.

### ‘Greek default to hit eurozone’

A Greek debt default would hurt other peripheral euro zone states and could push Portugal and Ireland into junk territory, says Moody, warning it would classify most forms of restructuring as a default. Markets have piled pressure on heavily indebted euro zone countries this week as investors worry not just about Greece but also about Spain, where the government suffered a major defeat in regional elections at the weekend, and after ratings agencies

warned about the health of Italy and Belgium. “A Greek default would have implications for the creditworthiness of issuers across Europe,” Moody’s Investors Service’s chief credit officer in the region, Alastair Wilson, said.

“This would result in more highly polarized credit worthiness and ratings among euro zone sovereigns, with the stronger countries retaining very high ratings and the weaker countries struggling to remain in investment grade.”

### China rejects Pakistan’s request

Apparently jolted by the Taliban attack on Pakistan’s naval base, China has indicated it would not invest funds on creating another naval base in that country. Chinese foreign ministry said it had not seen any proposal to build a naval base in Pakistan. The statement amounts to a rejection of Pakistani defense minister Ahmad Mukhtar’s claim that his government was pushing Beijing to build a naval base near the Gawdar port. This is a reject of Mukhtar’s claim that China had “acceded to Pakistan’s request to take over operations” of the Gwadar port. Jiang Yu, Chinese foreign ministry spokeswoman’s statement is significant because it comes after the Taliban attack on a naval base in Pakistan, and the four-day China tour by the country’s prime minister Syed Yusuf Raza Gilani.

### China ‘treats foreign firms unfairly’

A growing number of European companies operating in China believe they are being treated unfairly by the government and expect discrimination to increase, a survey suggests. The European Union Chamber of Commerce in China report found 43% of firms said Beijing discriminated against foreign businesses, up from 33% last year. And 46% see the trend continuing

## Fed kept 2008 loans to top banks secret

**Credit Suisse Group AG, Goldman Sachs Group and Royal Bank of Scotland Group** each borrowed at least \$30 billion in 2008 from a Federal Reserve emergency lending program whose details weren't revealed to shareholders, members of Congress or the public.

The \$80 billion initiative, called single-tranche open-market operations, or ST OMO, made 28-day loans from March through December 2008, a period in which confidence in global

credit markets collapsed after the Sept. 15 bankruptcy of Lehman Brothers Holdings Inc. Units of 20 banks were required to bid at auctions for the cash. They paid interest rates as low as 0.01% that December, when the Fed's main lending facility charged 0.5%. Records of the 2008 lending, released in March under court orders, show how the central bank adapted an existing tool for adjusting the US money supply into an emergency source of cash. □

over the next two years, from 36% in 2010.

China has in the past been accused of favouring its own companies and violating free trade pledges it made when it joined the World Trade Organization in 2001. The chamber president David Cucino called on Chinese regulators to "remove all obstacles" to create a "level playing field". Some 20% of the 598 European companies surveyed said they were considering responding to discriminatory treatment by suspending or reducing investments in China.

### Virgin lands of Ethiopia

Prime Minister Meles Zenawi of Ethiopia welcomed the re-emergence of India as a global powerhouse and noted how Indian investment in Ethiopia had shot up to \$4.7 billion in just four years. Speaking to reporters at a joint press conference the Ethiopian Prime Minister said he hoped to see that figure touch \$10 billion by 2015. "We want to see more Indian companies in every field, from textiles and food processing to IT and agriculture."

Mr. Zenawi ridiculed what he said was "ill-informed and even ill-intentioned loose talk" about Indian farming companies indulging in "land grabbing" in Ethiopia. The country had 3 million hectares of unutilised land which it intended to lease out to foreign companies to grow food, he said. Karaturi, the Hyderabad-based agricultural investor, has already been given a lease of 300,000 ha. in the Gambela province to produce maize. "Everything is transparent and the deeds can be seen on the Internet... We want to develop our land to feed ourselves rather than admire the beauty of fallow fields while we starve," Mr. Zenawi said in response to a question about concerns expressed in some quarters about the leasing programme. It was possible that land-grabbing was going on elsewhere in Africa but not in Ethiopia, he said, adding, "I want to reassure Indian companies that they are welcome here. We want them to come and farm what is virgin land."

### Hillary wants India to reforms

US secretary of State Hillary Clinton made a strong pitch for developing countries, particularly India and China, to accelerate their market-oriented reforms, including tax and anti-corruption measures. "In our discussions, the importance of top developing countries making reforms in three inter-connected areas (was underlined). Taxes, transparency and corruption and this will enable developing countries to fund their growth," said Clinton.

The top US diplomat, who chaired the ministerial meeting of the Paris-based think tank Organization for Economic Cooperation and Development (OECD) for the last two days here, stressed the need for the developing countries, particularly China, India, Brazil, and South Africa, to carry out the reforms.

"The OECD will work more closely with developing countries to share best practices, reduce poverty and widen the circle of poverty," Clinton told reporters at the OECD's concluding press conference here. The OECD, which marked its 50th anniversary, oversees an "anti-bribery" convention that requires signatories to criminalize bribery of foreign officials.

### Yuan undervalued, but not manipulated

The US treasury department ruled that China was not manipulating its currency to gain an unfair trade advantage, but said Beijing still needs to allow the yuan to rise much faster in value. Although the Obama administration has often used blunt language to warn China over its currency practices, the semiannual report issued by treasury maintained its practice of avoiding the harsher step of naming it a currency manipulator. The department said it concluded China did not meet the US legal definition of a currency manipulator due to the appreciation of its currency — known as the yuan or renminbi — since June 2010 and recent Chinese statements that it would continue to promote exchange rate flexibility. □□

## WTO Only Forum For Negotiating IP Treaty

Indian government has cleared that it will not negotiate any deal on intellectual property rights outside the framework of world trade organization. There has been demand from the developed countries that global IP norms should be revised for a stricter implementation.

Union Commerce and Industry Minister Anand Sharma has said that India would not object to talks on the intellectual property issues, but the same must be at the WTO forum and not at a select club of rich countries. He added that India had a clean record on respecting intellectual property but it would not get into deals outside the WTO when already the multilateral body had a well defined mechanism on the matter.

Sharma was referring to the TRIPS (Trade Related Intellectual Property Rights) agreement of the WTO which has been in enforcement for several years. Sharma said if there was any need to revise the provisions of TRIPS or make them stricter in terms of implementation, it will have to be done through WTO and there was no need for a separate treaty on the same.

There has been an attempt by some developed countries to start a parallel dialogue on intellectual property issues termed as Anti-Counterfeiting Trade Agreement (ACTA). However, most of the emerging nations including China and Brazil have declined to participate in the same.

### 'Bid to shift WTO focus won't help'

Commerce and industry minister Anand Sharma has said the Doha round of world trade talks must continue to build on the ground already covered but cautioned that attempts to reopen issues on which substantial progress had been made would be counter-productive.

The minister said India was willing and keen to engage with other WTO members in all formats and on all issues, to seek constructive solutions to the problems that confront developing nations in the round. Sharma is participating at the informal trade ministers' meeting on the sidelines of the OECD meeting in Paris and is expected to push for gains made so far in the Doha round, but analysts do not expect any dramatic progress given the US presidential elections next year.

Developed countries are now seeking to rebalance the perceived "disparity" in the contribution between developed and emerging countries and to achieve, if not equalization, a harmonization of their

tariffs. Sharma said New Delhi viewed such an attempt to shift goal posts as unacceptable and as a violation of the mandate.

## Airbus subsidy ruling

Trade judges partially overturned a ruling that had accused EU states of giving Airbus illegal subsidies, but said the aircraft maker did receive billions of dollars of unfair aid that harmed Boeing. Upholding a European appeal, World Trade Organisation judges agreed government loans to help Airbus develop the world's largest jetliner, the A380, had not broken a ban on export subsidies, the most severe category of market-distorting aid.

However U.S. officials said the WTO backed complaints that Europe's aircraft giant had received \$18 billion of softer subsidies that still unfairly hit Boeing (BA.N) and its workers. It gave the European Union six months to withdraw the subsidies or eliminate their effects, U.S. officials said. Both sides claimed victory after the WTO issued its latest report in what has become the world's largest trade dispute, affecting over 100,000 aerospace industry jobs.

## WTO questions India

WTO has questioned India for providing subsidy on only indigenous ammonium sulphate and not on the imported fertiliser. "WTO has asked India to furnish details as to why it has kept imported ammonium sulphate out of the ambit of Nutrient-Based Subsidy (NBS) policy," according to Fertiliser Ministry. The Fertiliser Ministry is still examining the points raised by WTO and will respond soon, the official said.

India is currently providing subsidy on 22 grades of phosphorous and potassium fertilisers under the NBS Policy on both indigenous and imported fertilisers. However in the case of ammonium sulphate, the government has fixed the subsidy of Rs 5,979 per tonnes for the indigenous produce only to ensure the fertiliser is available at reasonable price in the domestic market.

Ammonium sulphate is a by-product of caprolactam, a petro-chemical product used in making of nylon-6. It consists of Nitrogen and Sulphur and hence is important for balanced fertilisation and is considered agronomically effective.

Experts also said that many companies are not importing ammonium sulphate as they find it unviable without subsidy because global prices are ruling high at USD 210 per tonne. □□