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An unwarranted row

Row about widening of route leading to Amarnath cave is not only unwarranted but also unfortunate. Apex court's directions are purely in the interest of providing facilities to the pilgrims. A section of valley's civil society has expressed apprehensions and displeasure on the grounds that fragile geological strata of this Himalayan region cannot withstand various construction activities. Hardliners have been more vocal in their statements that road construction is a ploy of Indian Govt. to further its agenda of establishing hegemony by changing demographic composition of Kashmir.

Here we need not comment on the version of Hurriyat leaders because the things that don't fit into their political agenda will be objected by them on one pretext or the other. As far civil society's stand on the issue is concerned, they also seem to toe the line of hardliners. Members of the civil society need to be more pragmatic in their reactions. People have every right to express their feelings but when one is speaking on behalf of a common man, one need to take into account all aspects concerning that person's aspirations, needs and sentiments. Kashmir is in dire need of overall development. It is in the interest of every Kashmiri that development activities take place in every nook and corner of the state. Tourism is a major industry of the valley. More roads, more infrastructure and more facilities will attract more tourists. Is not a poor Kashmiri benefited by more tourists' inflow in the valley? An outsider who visits Amarnath shrine as a pilgrim, is also a tourist in the literal sense. Under all circumstances developmental activities should be welcomed, provided these are strictly under the norms. Hardliners may doubt the intentions of state or Central Govt. but they should not mistrust the sincerity of apex court of the country. Need of the hour is that intellectual should come forward; they should assert and express their views to shape and mould the opinion of their less knowledgeable brethren.

As regards the apprehensions that road work will disturb the fragile strata of the region, suitable measures can be put in place to take care of this aspect. Road alignment should ensure minimum sacrifice of the trees. Debris doesn't cause damage to the forest crop below. Breast walls and retaining walls should be constructed simultaneously. Plantation closures be established in the vicinity of this area. The Soil Conservation Act is already in place to take care of such things. Violations should not be allowed to happen in any case. Civil society must act as watchdog and this should be its real role also.

– Harjinder Singh, Punjab

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Quote-Unquote



RSS is not the HR manager of the BJP. We are just connected in our thinking.

Mohan Bhagwat

Sarsanghchalak RSS



Implementation of FDI in multi-brand retail will make India a nation of "sales boys & sales girls"

Arun Jaitley

Leader Opposition of Raj Sabha



Rahul is not a national leader but an international leader and he can contest election in India as well as in Italy.

Narendra Modi

Chief Minister, Gujarat



The Bihar Chief Minister should have felt ashamed that the Amar Jawan memorial vandal turned out to be a Bihari.

Uddhav Thackeray

Shiv Sena leader



It is wonderful, beautiful, and glorious. I can't find the perfect adjective.

Aishwariya Rai Bachchan

On Motherhood

Stooping low in lust for power

"It is greed to do all the talking but not to want to listen at all"

— (Democritus quotes)

'Swadeshi' was central to the Philosophy of Mahatma Gandhi, the name that Congress party has exploited to hilt to stay in power. Swadeshi, which, in effect, means local self-sufficiency was the most powerful instrument and it played a major role in the nonviolent revolution that overthrew British colonialism in India. These principles are clearly still of utmost relevance even today. Gandhi was not interested simply in exchanging rule by white sahibs for rule by brown sahibs; he wanted the government to surrender much of its power to local villages. For Gandhi, the spirit and the soul of India rested in the village communities. He said, "The true India is to be found not in its few cities, but in its seven hundred thousand villages." Swadeshi was & is a program for long-term survival. Swadeshi avoids economic dependence on external market forces that could make the local community vulnerable. It also avoids unnecessary, unhealthy, wasteful, and therefore environmentally destructive production & transportation. The local community should embody the spirit of the home - an extension of the family rather than a collection of competing individuals. Gandhi's dream was not of personal self-sufficiency, not even family self-sufficiency, but the self-sufficiency of the village community. The British then and the Crony Capitalist economic philosophy of present believe in centralized, industrialized, and mechanized modes of production. Gandhi turned this principle on its head and envisioned a decentralized, homegrown, hand-crafted mode of production. In his words it had to be, "Not mass production, but production by the masses." Mass production is only concerned with the product, whereas production by the masses is concerned with the product, the producers, and the process. The driving force behind mass production is a cult of the individual. What motive can there be for the expansion of the economy on a global scale, other than the desire for personal and corporate profit? This is exactly what is being done by the Congress led UPA government that shouts from roof tops to claim legacy of Mahatma Gandhi.

Congress led by Madam Sonia Gandhi is throwing principles to the wind and trying to stay in power ``by hook or crook" and its allies are indulging in yet another instance of duplicity and doublespeak. Latest bravado demonstrated by economist Prime Minister in the name of reforms is nothing but to further the naked lust for power at any cost. FDI in retail in particular is the policy decision that has been taken not in the interest of the people of India but under the pressure of USA led West. It is an open secret that successive US governments have tried every possible trick to ensure entry of Multinational retail giants like walmart into India. Experiences world over including that of USA forced apprehensive Indian people to oppose any move to allow FDI in retail trade. Intensity of public resentment and effective and considered articulation by the stake holders and organizations like SJM compelled political parties including those supporting UPA-II to come out in open to fight the government's stubbornness. Realizing the potential of growing public ire government assured the country on floor of the Parliament that any decision on such a sensitive issue will be taken after evolving consensus through proper consultations. But this promise like the stand taken by Congress party when in opposition was dumped like Mahatma Gandhi whose iconic stature is being used to stick to the chair. Congress should shed lust for power and safeguard India and its people. Enough has been written to explain how FDI in retail will destroy the well established retail sector in India that helps billions of people to sustain. Congress leadership is not interested in listening to the words of reason. Their lust for power is evident from the way they are talking & behaving.

Why be surprised: The Cong dumped the Mahatma long back!

Exactly 78 years ago this month (September) Mahatma Gandhi, in an emotional statement to the press, declared that the Congress had actually “lost faith in him and in his programme. Gandhi sadly concluded that his impression was that ‘a very large body of Congress intelligentsia were tired of my method and views, and the programme based upon them, [and] that I was a hindrance rather than a help to the natural growth of the Congress,’ Finds Anirban Ganguly.



Why be surprised at the current state of the Congress party and at its propensity to try and ‘manage’ the country through deals and networks. Why be surprised at its blasé approach to accusations of high corruption, unethical political practices and at its habit of blatantly promoting cronyism and sycophancy? Why be surprised at its turning the Gandhian approach to politics on its head and of its throwing into the bin the Mahatma’s talismanic directive: ‘Recall the face of the poorest and the weakest man [woman] whom you may have seen, and ask yourself, if the step

you contemplate is going to be of any use to him [her]. Will he [she] gain anything by it? Will it restore him [her] to a control over his [her] own life and destiny? In other words, will it lead to *swaraj* [freedom] for the hungry and spiritually starving millions?’

It is nothing new; in fact seven odd decades ago the Congress had already disowned the Mahatma and all that he stood for. Such a state of affairs as today was thus perhaps bound to come. It would be relevant to revisit the Mahatma’s lament and those of some of his close followers, on the state of mind and attitude of the political

organisation which they had once identified as their own.

It was exactly 78 years ago this month (September) that Gandhi, in an emotional statement to the press, declared that the Congress had actually lost faith in him and in his programme. Interestingly one of his acute unease was also with ‘the growing corruption in our ranks.’ Gandhi sadly concluded that his impression was that ‘a very large body of Congress intelligentsia were tired of my method and views, and the programme based upon them, [and] that I was a hindrance rather than a help to the natural growth of the Congress.’

His most cherished emblem the spinning-wheel and his most favoured symbolic political activity, spinning, was rejected, ‘Hand-spinning by the Congress intelligentsia has all but disappeared. The general body of them has no faith

Congress had already disowned the Mahatma and all that he stood for.

in it.' On the issue of untouchability, which for him was a 'deeply religious and moral issue', Gandhi sadly saw his approach differing from 'that of many if not most Congressmen.'

And lastly, what perhaps hurt him most and signified a total rejection of all that he stood for and espoused, was the rejection of the creed of non-violence, 'After 14 years of trial it still remains a policy with the majority of Congressmen whereas it is a fundamental creed with me.' He accepted that it had 'not yet become an integral part of the lives of Congressmen.'

'The sum-total of these differences' asserted Gandhi, had 'sterilised the existing Congress programme because members who gave their lip-assent to it, without believing in it, have naturally failed to reduce it to practice.' His saw his entire programme, 'untouchability, Hindu-Muslim unity, total prohibition, hand-spinning with khadi and cent percent swadeshi in the sense of the revival of village industries and general reorganisation of seven lakhs of villages' stand rejected because of the lack of faith expressed in it by the majority of those in the Congress who professed to have accepted his leadership.

The only way for him, as he helplessly expressed, was to 'bury [himself] in an Indian village' and to test the truth of his convictions. The Mahatma was clearly reduced to despair at the state of the political body he helped stabilise and grow.

There were others too who perceived the rot quite early and remembered the Mahatma's advise on the future of the Congress.



The Mahatma was clearly reduced to despair at the state of the political body he helped stabilise and grow.

Rajendra Prasad, recalled in 1957 how 'shortly before his death, Mahatma Gandhi had told them that 'after the attainment of swaraj, the Congress, whose objective was to attain it, should convert itself into an organisation of non-political nature working on non-party lines for the service of all.' This opinion, observed Prasad 'was not liked by the Congressmen generally.'

To Prasad the Mahatma was a 'far-sighted leader' who clearly saw 'that unless the Congress gave up its political character, it would be reducing itself to the position and status of a political party, which was inferior to that which it occupied as the spearhead of revolutionary forces in the country during the period of struggle.' Prasad saw the Congress 'fast becoming, a party to fight elections and form ministries Its position as a national organisation in which every Indian will be interested and of which every Indian will be proud [was] no longer there.'

Two years later Prasad expressed his 'anxiety over of corruption' in the ranks of the party, 'are we really walking on mines which may burst any day?' he won-

dered. 'I hear that people are freely talking about corruption, bribery, nepotism — so much so that some people even go to the extent of saying that they were having a better time under the British.' All these, he argued, merited 'a deep probe for the cause and drastic remedy' but he was unclear as to 'when, where and by whom that probe is going to be made.' As a helpless President, Prasad could only watch and lament.

The canker had set in quite early and had bored deep into the system of the Congress leviathan. The Swatantra Party leader and former MP the late RK Amin once recalled how during the 1962 general election campaign a veteran Congress worker 'Bachubhai Khadiwala' from Khetwadi, Mumbai left a then politically inexperienced Pilloo Mody stunned when he openly told him that 'the days of Mahatma Gandhi have gone. Our leader is now Patil Sahib' [SK Patil] and that though bribery and enticement was wrong — 'but then it is politics.' Khadiwala's statement was symptomatic of the larger degeneration that had already set in. □□

(Courtesy: rediffmail.com)

Reform' at nation's cost



The experience of the US and West nail all three justifications for the FDI in retail as lies. Foreign direct investment in retail will incrementally hit the 12 million family retailers in India; it will not help farmers; it will cut jobs. Even more dangerous, it will destroy the rural food security, determines S.Gurumurthy.

Indeed ironical. On the same Friday (September 14) Prime Minister Manmohan Singh rolled out the red carpet for Walmart, New York City, America's largest, shut Walmart out. Again ironically the very Friday the UPA government handed the FDI bouquet to Walmart and lobbyists assured that small retailers are safe, Atlanticcities, a web-newspaper from the stable of the famous Foreign Affairs magazine, carried a devastating headline news: 'Radiating Death: How Walmart Displaces Nearby Small Businesses'. Weeks ago, on June 30, over 10,000 people, shouting "Walmart = Pover-

ty", marched through Los Angeles, America's richest city, against Walmart stores. On June 1, hundreds protested in Washington DC against Walmart. "Say-No-To-Walmart" is an ongoing movement all over the United States.

Why focus on Walmart? It is world's most powerful retailer; it has 'spent' a lot to get the UPA nod for FDI in retail. Even as lobbyists here celebrate Walmart, it has become untouchable where it was born, in the US. Why is Walmart so hated in the US? "Walmart will devastate local businesses," say New York trade unions and local communities. The mass protesters

at Los Angeles too cited the same reason: "small business will close down"; and screamed "Walmart has no heart and no morals. We don't want you in Los Angeles." Politicians in the US, however, seem to be like the UPA's cousins. In March last, the Los Angeles City Council had put a moratorium on big retailers, but, Walmart got building permits just a day before! Recall the 2G permit cutoff date?

Yet, the UPA certifies Walmart and its competitor cousins as compassionate to small retailers and farmers. It promises they will employ millions here. The evidence in the US is to the contrary. According to the Atlanticcities article, Walmart entered in Austin neighbourhood of Chicago in 2006. And by 2008, some 82 of the 306 small shops had closed down. The Economic Development Quarterly study found the closure rate around Walmart location at 35-60 per cent. Walmart radiated closure of 20 per cent of drug stores every mile from its stores; and 15 per cent home furnishing, 18 per cent hardware and 25 per cent toy stores. Studies in the US nail the UPA lie that FDI in retail will not hurt small shops. On job creation, a latest report (January 2010) titled 'Walmart's Economic Footprint' pre-



pared for the New York City Public Advocate says that Walmart kills three local jobs for every two it creates. So the job creation argument too is a lie. The third justification that the ‘farmers will get better prices’ is a clever lie, and so needs a closer look. It suppresses the vital fact that Walmart does not buy, or pay, over the counter. It buys the nation’s next harvest in futures market and fixes farm prices. It also imports cheap goods — from China — and destroy local production like it has done in the US. Take the first case, with the recent experience of the US and the world.

Rice prices in the US and world markets shot up by three times in April 2008 as compared to January 2007. It was then that the US President George W Bush made the funny remark that prices had gone up because the newly prosperous Indians had begun eating more! What was the truth? The USA Today (April 23, 2008) and CNN (April 24, 2008) quoted the California Rice Commission and USA Rice Federation as denying shortage of rice and saying there was enough stock. Why then were prices rising? It was because, said the CNN, Sams Club (Walmart’s wholesale division), holding huge stocks, was pushing up the prices. US farmers accused speculators and futures market for the high prices. It was not farmers who traded in farm futures. Investment funds accounted for 40 per cent of wheat futures trade in the US in January 2008, which rose to 60 per cent by April. Wheat futures that was \$4 a bushel in early 2007, rose to \$14 per bushel in April 2008. The US farmer, who had sold his harvest in futures market, lost and Walmart, which had bought

the futures, gained. Even if some farmers had some stocks Walmart, which had stocked at cheaper prices, refused to buy at higher prices, pointed out the media.

Look at it this way. If the US farmers get remunerative prices from Walmart why does the US, with two per cent farming population, grant annual farming subsidies of \$20 billion and the European Union, for its five per cent farming population, gift a subsidy of \$74.5 billion annually. The experience of the US and West nail all three justifications for the FDI in retail as lies. Foreign direct investment in retail will incrementally hit the 12 million family retailers in In-



Small farmers use one-third of the total cultivated area and produce 41 per cent of nation’s food and 110 million tonnes of milk.

dia; it will not help farmers; it will cut jobs. Even more dangerous, it will destroy the rural food security.

Two of UPA government’s reports — of the Planning Commission Working Group on Agriculture for the XI Plan (2007-2012), and the 19th report of the Standing Committee of Parliament on Food (2006-2007) to Parliament — themselves nail the lie that Walmart will link farm-gate to its gate and make Indian farmers rich. The reports describe the farm-gate thus: a total of 59 million of farming families (32 crore rural people) live on subsistence farms of five acres or less (while US farms are 250 times and the Australian, 4000

times, larger); about 60 per cent of food products is barter-exchanged and consumed by farmers and farm labour, and as seed and animal feeds within villages; only 40 per cent move out of villages for commercial marketing. Even if a small part of the large local needs is drawn by an efficient Walmart from the farm gate to its gate, that will mean urban pricing in rural areas that will destroy the food security of two-thirds of Indians in villages.

The Montek Ahluwalia-led Planning Commission report laments that ‘the marginal farmers are certainly going to stay for a long time’ and ‘what happens to them has implications for the entire econ-

omy.’ However, the small farmer is no waste. He is more efficient. His productivity a third higher, than in large farms. Small farmers use one-third of the total cultivated area and produce 41 per cent of nation’s food and 110 million tonnes of milk. If large ones replace them, the nation’s food production will fall by 7 per cent. The reformers do not know that recent global researches have confirmed that economy of scale that applies to industries does not apply to agriculture, where small ones are more efficient than large ones. □□

QED: The ‘reformers’ betray illiteracy; clamour for fame as reformers; secure it at nation’s cost. Reformers or de-formers?

Sh. S. Gurumurthy is a well-known commentator on political and economic issues.

RBI Monetary Policy: Calculated pause or characteristic freeze?



Interest rate hikes affected by the RBI seems to have some desired effect on manufactured goods. However the same cannot be in any manner stated to have a significant impact on the prices of primary articles. Prices of primary articles can be controlled only by improving supplies - not otherwise, asserts MR Venkatesh

Arguments made out by some economists baffle me. For the last year or so some of them have consistently blamed higher interest rates (triggered by a consistent yet hawkish RBI policy stance) for the economic slowdown witnessed in our economy. In the process most of them seem to have forgotten another dimension in the macro-economic equation - inflation.

Interest rates, it may be noted are a function of inflation. Text book economics tell us that when inflation goes up, interest rates are bound to harden. Simply put, if inflation is the cause, higher interest rates are the effect. Those who seek softer interest rates despite

such inflationary pressures seem to ignore the fact that interest rates are akin to medicines that control blood pressure.

Let me elaborate. Higher interest rate theoretically works in two different ways. One, it induces higher savings and two; it acts as a deterrent to further borrowals. Either way higher interest rates are aimed at suppressing demand, easing supply pressures and finally driving down prices.

But can inflation be controlled through monetary policies alone - read higher interest rates? Consider these facts: The Wholesale Price Index (WPI) - the official barometer of inflation in India - rose by

8.1 per cent in 2008-09, fell to a modest 3.8 per cent next year in 2009-10, rose to a staggering 9.6 per cent in 2010-11, 8.8 per cent during 2011-12 and in the first five months of the current fiscal has remain elevated at well above 7.5 per cent. (Source: Government of India). All this implies that the RBI is obviously right at-least in its diagnosis.

But if you thought for a moment that RBI is right in its prescriptions, hang on. What about increase in WPI in primary articles? These articles rose by 11 per cent in 2008-09, 12.7 per cent in 2009-10, 17.8 per cent in 2010-11, 9.7 per cent in 2011-12 and well above 10 per cent for the period April-August 2012.

And any student of economics will tell you that prices of most primary articles in these years have gone up on supply side constraints. Importantly, the prices of primary articles have gone up much higher than the overall WPI during this period. That implies that the prices of other items including manufacturing as well as fuel and power have gone up but at much lower rates than the overall inflation rate.

However what is interesting is the overall growth rate of man-



ufacturing sector. From a robust 9.7 per cent in 2009-10 in the aftermath of the global financial crisis, it has been going down hill since then to 7.6 per cent in 2010-11 and an abysmal 2.5 per cent in 2011-12 and almost zero growth in this year till date.

Is then higher interest rate impacting domestic manufacturing? Does this dramatic fall in manufacturing growth rate make a case for a rate cut? Experts are divided. Crucially can interest rates be lowered to provide as an incentive to revive our manufacturing? What about other sectors of the Indian economy. Let us explore.

Limitations of Monetary Policy

One need not be an economist (from Cambridge or Harvard) to understand that high or low interest rate cannot fashion the consumption of say rice, sugar, wheat or for that matter any primary articles. But a higher rate of interest may deter a consumer from taking a car loan. And that is the crux of the issue.

Interest rate hikes effected by the RBI seems to have some desired effect on manufactured goods. However the same cannot be in any manner stated to have a significant impact on the prices of primary articles. Prices of primary articles can be controlled only by improving supplies - not otherwise - a fact lost on most economists, analysts and commentators.

With monsoon playing truant in the current year, it is expected that the prices of primary articles especially food-grains could possibly harden further in the coming months. More interestingly, the Government is reportedly holding food grain stocks aggregating to



Interest rate hike (or cuts) alone are not the solution to tackle inflation.

in excess of 80 MT as buffer stocks, ostensibly for distribution through the Public Distribution System.

All these imply that Government is the largest hoarder of food grains leading to supply side constraints. That coupled with the fear of an erratic, or worse still, a failed monsoon is sufficient for people to indulge in panic buying. This in turn leads to higher prices of primary articles.

It may not be out of place to mention that manipulation in futures market has indentified as a primary cause of inflation by experts in some countries. India too is believed to be a victim of manipulation in such markets. What is galling to note here is that government policies in effect aids and abets manipulators in futures markets thereby leading to higher food grain prices in India.

In one of my previous column in rediff titled "If UPA government tackles inflation, it will collapse" I had argued how vest-

ed interests continue to manipulate our system. What we need to do is to eliminate manipulation of primary articles through futures market, look at alternatives to PDS mechanism and ensure steady supplies of primary articles to our consumers by improving our infrastructure.

And for all these RBI and interest rates are no solutions.

Fuel - another dimension

There is another dimension to this entire issue - fuel price. In real life fuel price hike has a much larger impact on inflation. Nevertheless, despite a suppressed fuel price (through an elaborate subsidy system) fuel prices have gone up by 12.3 per cent in 2010-11, 13.7 per cent in 2011-12 and exceed 10 per cent in the first five months of the current fiscal.

It may be noted that the diesel price increases have been carried out by the government only in September 2012. Its impact will be definitely be felt in the coming months.



It may not be out of place to mention that the weighted average price of Indian crude imports was approximately \$22 a barrel in 2001-02. A decade later in 2011-12 this was well in excess of \$110 - a 400 per cent increase. Put differently, the USD had significantly depreciated against crude oil - a fact that is missed in this debate.

That is not all. The rupee was approximately Rs 48 to a USD in 2001-02. Over the decade it has depreciated by close to 12 per cent. Put pithily, the Indian consumer faces a double whammy when it comes to the diesel price increase - a massive depreciation of the USD against crude oil and on top of it, a depreciation of the rupee against the dollar. Hence, in rupee terms crude has increased close to 500 per cent in the past decade.

Nevertheless, the price of die-

sel to consumers in Chennai has increased from approximately Rs 20 in 2001-02 to a shade lower than Rs 50 now - an increase of a “whopping” 150 per cent. Despite such massive hike in prices, the fact remains that it has not kept pace with the international prices of crude expressed in Rupee terms. The reason? Diesel has been substantially subsidized in domestic markets.

The net effect - subsidy on account of diesel alone works out to Rs 29,000 crore (Rs 290 billion) for the first quarter ending June 2012 (i.e. well in excess of Rs 100,000 crore (Rs 1,000 billion) for the entire year). Readers will appreciate that this huge borrowing by government to finance diesel subsidy crowds out private investment. In the process it increases the cost of capital.

One way to deal with the situation is possibly to cut the Excise Duty (ED). But there is a catch - the ED on diesel works out to be a mere Rs 2.06 per litre leaving very little headroom to manoeuvre. Let us also not forget that the petroleum sector is the largest revenue earner for the Government. Hence,

any cut on ED could possibly be counter-productive.

The increase in international price of crude is an outcome of the weakness of USD. One option is to facilitate rupee appreciation against USD to counter the USD depreciation against crude oil. Inexplicably, Indian policy framers have been wedded to a weak Rupee without exploring any alternatives. Again this is a policy prescription that is beyond the scope of RBI.

Inflation in India is indeed a complex subject. Interest rate hike (or cuts) alone are not the solution to tackle inflation. As it could be seen above in the case involving our manufacturing sector, rate cuts are possibly becoming counter-productive.

In case of primary articles, it may be noted that monetary policy has a much lower impact and requires a totally different solution. As regards fuel, let us not forget that India imports approximately 80 per cent of her import needs. Mathematically, a stronger rupee is the solution to deal with the increase in fuel prices.

That explains why given such a complex scenario, pregnant with several imponderables, RBI has “paused” in its latest quarter review of its monetary policy on September 17 2012.

PS: Writing a foreword to a book authored by former Governor of Reserve Bank Y V Reddy, Andrew Sheng, the former Chairman of Hong Kong Securities and Futures Commission explains why Asians instinctively “freeze” when they encounter a crisis. Has RBI made a calculated pause or sensing a crisis has it frozen? Watch this space. □□

The increase in international price of crude is an outcome of the weakness of USD.

From Pepsico to Wal-mart: Selling a fake dream



Studies show in America, before 1950, when farmers would sell their produce for one dollar, 70 cents was his income. In 2005, it had fallen to 4%. With the middlemen wiped out, I thought the farmer's income should have gone up, wonders Dr. Devinder Sharma

In the mid-1980s, Pepsico came up with a proposal to bring in a 2nd horticultural revolution in Punjab. It was hailed as a path-breaking initiative that would put an end to the continuing distress on the farm. It was expected to usher in the latest technology, improve farm research and extension, create supply-chain infrastructure, and provide marketing linkages from farm to the fork. I remember the kind of excitement that prevailed all around. Politicians, bureaucrats, economists, agricultural scientists and even the Bhartiya Kisan Union (BKU) joined the chorus. All my efforts to reason out the hollowness of the claims, based on Pepsico's own studies, were simply lost in the din and noise created by the drum-beaters.

Some 15 years after the project was approved, Pepsico's horticultural revolution is all but forgotten. Agriculture has gone from bad to worse. The food bowl of the country has also become a major hot spot for farmer suicides. While the soft drink giant remains busy marketing its colas, Pepsico has not been held accountable for its failed promises. It will never be punished for selling a fake dream to the beleaguered farming community.



It is now the turn of Wal-Mart and other big retail giants. FDI in retail is once again being projected as a panacea for all the ills plaguing Indian agriculture. FDI in retail will lay out backend infrastructure, bring in a chain of cold storages and improved transportation thereby reducing crop losses; remove middlemen which rob the farmers of profits, and thereby provide him higher prices; bring in improved technology to help in crop diversification; and of course create millions of jobs. The cheerleaders are once again on the road. This time, it is the corporate controlled electronic media that is drumming up the hype.

Having spent Rs 52-crore in two years for lobbying alone, and

after the recent *New York Times* exposure showing how Wal-Mart bribed its way to control 50 per cent of the retail market in Mexico, the Union Cabinet finally allowed big retail to set shop. If Wal-Mart could bribe its way in Mexico, what makes us think they have not been able to do so in India?

We are being told that Wal-Mart, Tesco, Sainsbury, Carrefour and a host of other big retail players are expected to increase farm income. In the US, where Wal-Mart has completed 50 years, if farmers were getting a better income, there was no reason why the farming population should plummet to less than one per cent of the population. Farmers in US survive on the farm not because of Wal-Mart

but the massive subsidy support, which includes direct farm income. Between 1997 and 2008, Rs 12.60 lakh crore was provided as income support to farmers. A UNCTAD-India study shows that if these subsidies, classified as Green Box in WTO parlance, are removed, the American agriculture collapses.

In Europe, despite the dominance of big retail, every minute one farmer quits agriculture. Europe provides the highest amount of subsidies, including direct income support. But because 74 per cent of these subsidies are cornered by Corporations and big farmers, small farmers are quitting farming. In France, farm income has come down by 39 per cent in 2009, down from 22 per cent in 2008. In OECD, the richest trading block comprising 30 countries, Rs 14 lakh crore was the farm subsidy support in 2009 alone. It is not big retail, but direct income support that keeps farmers in agriculture.

These subsidies also bring down the domestic and international prices as a result of which big retail sells cheap. Empirical studies show big retail charging 20-30 per cent higher than open market in Latin America and Southeast Asia. In India, organised domestic retail has not been able to sell cheaper. A NABARD study for Hyderabad shows Reliance Fresh and other charging 15-20 per cent higher prices. Even at the peak of inflation in India, these domestic organised retailers did not reduce prices. So where is the advantage to consumers?

Studies show in America, before 1950, when farmers would sell their produce for one dollar, 70 cents was his income. In 2005, it had fallen to 4 per cent. With the mid-

dlemen wiped out, I thought the farmer's income should have gone up. No, it is the new battery of middlemen – quality controller, standardiser, certification agency, processor et c—who walk away with farmer's profits. Number of middlemen, operating under the same hub, actually increases. Let us not forget, Wal-mart is a big middleman, it eats away the smaller middlemen.

There is no evidence that big retail creates backend infrastructure. In US and Europe, rural infrastructure has been created through government support which came in the form of agricultural subsidies. To say that 40 per cent agricultural food that goes waste in India will be drastically

44 million people. Let us not forget, Pepsico had also promised to create 50,000 jobs. As per a question in Parliament, it became known that Pepsico had created less than 500 jobs, including 250 unskilled workers. Moreover, last month, massive demonstrations rocked US by Wal-Mart workers complaining of poor working conditions and exploitative salaries. Who creates employment, and also provides better working conditions, therefore is all evident.

Yes, there is a need to improve rural infrastructure, provide a sophisticated supply chain, and provide better income to farmers. The milkman of India, late Dr Verghese Kurien, had shown us the way.



There is no evidence that big retail creates backend infrastructure.

reduced is also an illusion. In US also, 40 per cent food is wasted and much of it is after processing where Wal-Mart's should have played a much important role.

Regarding employment generation and poverty alleviation, lessons need to be drawn from a 2004 study of Pennsylvania State University by Stephen Goetz and Hema Swaminathan, which showed how higher poverty prevailed in areas where Wal-Mart stores had come up compared to those states where big retail was absent. In any case, for a \$450 billion turnover, Wal-Mart employs only 2.1 million people. Whereas for an estimated \$460 billion market, Indian retail employs

The cooperative dairy structure, which led to the evolution of the Amul brand, is the right approach. If he could do it for milk, which is a highly perishable commodity, there is no reason why it can't be replicated in fruits, vegetables and other agricultural commodities. From a milk importer, India has now become world's biggest producer of milk. It is therefore obvious that solutions to the plethora of problems on Indian farms does not lie in the west, but in our own backyard. We need to look inwards. Otherwise we will go on committing the same mistakes, and in the process turn farms into killing fields. □□

Nation pays tributes to the hardcore Thinker KS Sudarshan

Shocked & bereaved nation, particularly the Swadeshi Parivaar paid tributes to the former SarSanghchalak of RSS Poojniya KS Sudarshan alias Sudarshan ji on his sad demise. His commitment, hard-line but out-of-box thinking, studious nature is being remembered by all. The leaders in various fields & various walks of life of society expressed their grief and personal & collective loss, due to the death of Sudarshan ji.

A strong votary of swadeshi, he refused to compromise on issue of ideology. He did not hesitate to criticise the National Democratic Alliance government and the Bharatiya Janata Party for its economic policies. He guided the Swadeshi movement and took keen interest in its expansion and spread in modern day economic milieu. SUDARSHANJI was directly associated with Swadeshi Jagran Manch (SJM) as Marg-darshak for about 7 years before taking up the responsibility of Sarsanghachalak. After the formation of SJM by Shri Dattopant Thengadi in 1991, Swadeshi movement took off only after its national convention of 1993 in Delhi. With the support from karyakartas of Rashtriya Swayamsevak Sangh, two national level campaigns were successfully conducted and the Manch appeared as a force against the menace of globalisation and multinational companies. It is around that time that Sudarshanji associated with the SJM as Margdarshak and his dignified presence in SJM's meetings started. Despite his busy schedule, he always tried to remain present in SJM's meetings and programmes

Kuppalli Sitaramayya Sudarshan popu;ar; known as Sudarshan ji was born on 18 June 1931 in Raipur (now in Chhattisgarh). He did his Bachelor of Engineering in Telecommunications (honours) from Jabalpur Engineering College (formerly named as Government Engineering college) in Jabalpur

He was only nine years old when he first attended an RSS Shakha. He was appointed as a Pracharak in 1954. His first posting as a pracharak was in Raigarh district of Madhya Pradesh(Now Chattisgarh). With-



in one and a half year he became Vibhag Precharak. In 1964, he was made the prant pracharak of Madhya Bharat at a fairly young age. In 1969, he was appointed convener of the All-India Organisations' Heads. This was followed by a stint in the North-East (1977) and then, he took over as Bouddhik Pramukh. In 1990, he was appointed joint general secretary of the organisation. He has the rare distinction of having held both posts of sharirik and bauddhik pramukh .

Sudarshan ji became Sarsanghachalak of the RSS on 10 March 2000. He succeeded Prof. Rajendra Singh (Rajju Bhaya), who stepped down on health grounds.

In his acceptance speech, Sudarshan ji recalled how he was hand-picked to head the Madhya Bharat region. He said though initially he was hesitant to take up the responsibility, the then RSS Sarsanghachalak Guruji Golwalkar helped him to make up his mind. "I was able to discharge my duties because people senior to me fully co-operated me," he said.

In 2005, his statements suggesting that both Atal Behari Vajpayee and L.K. Advani step aside and let a younger leadership take charge of the BJP created a flutter. He stepped down as Sarsanghachalak on 21 March 2009, due to poor health.

He died at the age of 81 in Raipur on 15 September 2012.

An impressive Sraddhanjali sabha was organized

in Talkatora Stadium in New Delhi on Sunday, September 30th. Prominent people on stage were Maniniya Suresh ji (Byyaji) Joshi, Shri Ashok Singhal ji, Shri Nitin Gadkari, Dr. David Provlé, Pandit Shastri Ramdev, All India Imam Organization Chairman Omar Ahmad Ilyasi, former Lieutenant Governor

Arun Ojha (*National convenor, SJM*): Pojniya Sudarshan ji was a great personality of contemporary India. His dynamic life was full of simplicity, discipline and entirely transparent. He was a saint and a keen observer and original thinker. He was bold, courageous and confronted the issues facing nation in a realistic manner like a visionary statesman. He ably guided the Swadeshi Movement at a crucial juncture. His command over economic challenges of India was revealing. India has lost a devout and selfless crusader in his demise. It is an irreparable loss, both personal as well as collective.

S Gurumurthy (*National Co-convenor, SJM*): Kuppalli Sitaramayya Sudarshan was a rare human being — simple, unassuming, honest, innocent, child-like, and, most important, Sudarshan Ji was least given to being strategic or clever. He could be faulted for innocence but not ever for deceit. His personality and his image stood diametrically opposite. He headed the RSS imaged as communal. However, anyone who knew Sudarshan ji was stunned by the extent of gap between the perception about the RSS and the reality of who He was. The perception about the RSS being an undesirable outfit at the minimum extending to being an extremist at the maximum and the reality of Sudarshan ji being an affable, friendly and innocent to a fault showed how bias and prejudice could conceal the truth and advance falsehood. It was his innocence that landed him in political controversies at times.

Sudarshan used his scientific acumen to argue how the western world view had dehumanised life & reduced humans into robots. He opposed westernisation, of India particularly, on logic, not jingoism. A staunch advocate of Swadeshi, Sudarshan ji combined the thoughts of Mahatma Gandhi & Deendayal Upadhyaya to interpret Swadeshi as an economic idea related not just to sociology but to culture as well. He integrated economics to lifestyle. He believed that market forces, advertisements and corporates should not be allowed to hijack human lifestyle, which was long bound to basic values embedded in one's culture & civilisation. He saw an emerging clash between market & culture.

Vijay Kapoor, Sardar Trilochan Singh Ji, Mrs. Dolma Gary G., Yogiraj Sri Amar Jyoti, Dr. Bajranglal secret, Mr. Indresh ji, Shri Shyam Sunder Agarwal, Mr. Ross Francis, the Minister, and Mr Kanishka. They recalled several episodes of their lives associated with Sudarshan ji.

Dr. Vijay Bhatkar (*Senior Scientist, President of Vijnan Bharati & former head of C-Dac*): We met many times, as he was an engineer himself & was keenly interested in developing Swadeshi technology. He was most concerned about the problems faced by the country, basically in the field of agriculture. He wanted the youth of the country to be active in the field of technology innovation & paid keen attention whenever someone presented new ideas before him. He was interested in how we can supplement the latest technology to the ancient Indian knowledge to solve the problems faced by the country. He wanted India to be a world leader in Science & technology front. Tributes to him.

Nitin Gadkari: The BJP President Shri Nitin Gadkari has expressed his profound grief and deep sorrow on the demise of Shri K. S. Sudarshan, a former Sarsanghachalak of the Rashtriya Swayamsevak Sangh (RSS). In a condolence message, the BJP President said Shri Sudarshan was a great thinker and a staunch nationalist who dedicated his entire life in the service of the nation and made remarkable contribution in promoting and expanding the RSS as a Pracharak in various capacities and in different parts of the country and later as the Sarsanghachalak from 2000-2009.

A strong votary of Swadeshi, Bio-fuel and alternative sources of energy, Shri Sudarshan had a vision for the progress of the country and emancipation of the down-trodden without emulating the western economic models. Shri Sudarshan's death has left a void in the top echelons of the RSS which will be difficult to fill. His departure marks the end of an era in the Sangh.

P. Muralidhar Rao (*National Secretary, BJP*): My interaction with Param Pujaniya K S Sudarshan ji became intense while serving as the organizing secretary and later as national convenor of Swadeshi Jagran Manch. He used to attend the central core group meetings and guided the deliberations. He was well versed with economic aspects related to Swadeshi and self-reliance and

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Dr Verghese Kurien

– A tribute



Verghese Kurien, father of the “White Revolution” and founder of the cooperative dairy movement in the country, is no more. He died at the age of 90.

Born in Kozhikode, Kerala, on November 26, 1921, Dr. Kurien, a mechanical engineer with dairy engineering as a minor subject, came to Anand in 1949.

From one milk project to a larger one, the “Milkman of India” saw India emerge from a milk-deficient country into the largest milk producer in the world, overtaking even the once milk-abundant Netherlands.

It is because of Dr. Kurien that India today contributes about 17 per cent of the total milk production in the world. Amul, with a turnover of over Rs. 13,000 crore, is Asia’s top milk-producing brand and is counted, with one of the best recall values, among the world’s leading brands in any sector.

India has lost a great technocrat and son in the demise of Dr Kurien .

Kurien who had started his life from a garage later helped founder chairman of Amul Dairy Tribhuvandas Patel who was struggling to run Amul Dairy that was set up with inspiration of Iron Man of India Sardar Patel. It was from Amul Dairy that Dr Kurien started his stint with the co-operative sector.

He was the recipient of several distinguished Indian and international awards. To give a short selection of them: nationally, the

Padmashri (1965); Padmabhushan (1966); Krishi Ratna (1986); and the Padma Vibhushan (1999). Outside India, it was the Ramon Magsaysay Award for Community Leadership (1963); the “Wateler Peace Prize” Award of the Carnegie Foundation for the year 1986; the World Food Prize award for the year 1989; the “International Person of the year” by the World Dairy Expo, Wisconsin, U.S. (1993), the “Ordre du Merite Agricole” by the Government of France (in March 1997); and the Regional Award 2000 from the Asian Productivity Organization, Japan.

Till his death, he was a bitter critic of the policies of liberalisation in India, which he believed opened India to unfair competition from multinational companies. “With liberalisation and globalisation, it seems to me, India’s national boundaries have ceased to exist,” he told *media*. “I am sorry, I do not think it is a good thing, because if you have opened up this market under such terms, what it implies is that other countries can put their products into our markets. Are you aware that all those advanced countries subsidise their exports? Subsidies are as high as 65 per cent. Now if you have globalised, and the others are subsidising their exports, to what position have you exposed the Indian dairy industry? You have declared dairy products under OGL (Open General Licence). You have in fact created a situation where our dairy industry can be killed. This is

unfair competition.”

Speaking about Amul, the successful cooperative he founded, he explained the rationale behind Operation Flood – the strategy that made India self-reliant in milk production — and why it succeeded. He summarised it as follows: “Over the last 20 years India’s milk production has tripled; it has increased from 20 million tonnes per annum to 60 million tonnes per annum. What is the value of one tonne of milk? At Rs.6 a litre, the value of the increased production of milk is Rs.2,400 crore. An additional Rs.2,400 crore goes yearly into the villages and this has been achieved in 20 years, thanks to Operation Flood I, II and III. The total investment was Rs.2,000 crore, and that was not from the state exchequer. The input-output ratio is staggering. The money also goes to those who own one or two buffaloes — the small farmer, the marginal farmer, the landless labourer. Dairying has become the largest rural employment scheme in this country. And the government has had very little to do with it, even though we are a government institution.”

If in 2012, India is the largest producer of milk in the world, contributing six per cent to the national GDP and 26 per cent to the agricultural GDP, it is Verghese Kurien, with his Swadeshi vision and technology-led approach, who made it possible. □□

India's Progressing Agriculture & Starving Farmers



The strategy that forces small & marginal farmers to grow commercial crops for markets, produce for industrial sector and urban consumers with borrowed funds without remunerative prices deprives them of their own normal produce and compels them to purchase food grains for their consumption at high prices, explains Anil Javalekar

Indian agriculture is progressing and diversifying but news after news shows that farmers are committing suicides. With all that high talk of green revolution, agriculture development remained limited to certain areas and to certain crops with sporadic and lonely pockets of progressive farmers. Majority of Indian farmers, who are small and marginal with land holding of less than 5 acres, remained dependent on rain and could not benefit from the agro-industrial progress. Moreover, these farmers are being forced to adopt new technology and cropping pattern with borrowed money so as to increase the yield and production of desired commercial crops meant for industrial sector or urban consumers. This has not led to prosperity of farmers but increased their indebtedness. Thus the issue of agriculture development without the prosperity to majority farmers needs rethinking and reorientation of policies.

Progressing Agriculture

i. India is a geographically large and second most populous country in the world. It has more arable land (about 53% of total) compared to many countries including USA and china and its irrigated land is

about 35% of total agricultural land. Its agriculture land is mainly of small holdings (65%) and more than 85 % farmers are small and marginal. India is also a land of villages where 70 % of its population resides showing high dependency level on agriculture and rural sector. More than 50% of India's labour force is also engaged in Agriculture sector.



ii. Indian agriculture progressed and diversified after independence so much that India became the largest producer of milk, jute and pulses, second largest of rice, wheat, sugarcane, cotton, groundnuts as also fruit and vegetables. The Agriculture

and allied sector GDP at factor cost at current prices (base 2004-05) increased from Rs 51.99 billion in 1950-51 to Rs 12699 billion in 2010-11.

iii. India, a food shortage country at the time of independence, became a food surplus country. FCI, which procures food grains with the intension of passing the benefits of price support to farmers, has a huge

stock of food grains for which it has no storing capacity.

iv. Indian Food grain production increased from 51mt in 1951 to more than 240 mt in 2011. The agriculture production of major commercial crops like oilseeds (six times), coffee (3

times), cotton (11 times), raw jute and mesta (4 times), sugarcane (7 times), tea (2 times) and tobacco (2 times) also increased substantially during the period of independence.

- v. The area under cultivation of wheat and rice has stagnated over the period of independence around 70 mh but declined under cultivation of coarse cereals. The area under cultivation of major commercial crops however, has increased substantially-oilseeds (more than 2 times), Sugarcane (3 times), cotton (2 times).
- vi. The yield per hectare for food grains increased 4 times since 1951 as also for major commercial crops like oilseeds, sugar (more than 2 times) and cotton (more than 5 times).

Starving farmers

- i. It is true that the policy support, production strategies, public investment in infrastructure, research and extension for crop, livestock and fisheries have significantly helped **Agriculture sector to grow satisfactorily. However, this has not reflected in farmer's prosperity.** Instead, this agriculture development has increased indebtedness of farmers. Data shows that 48.6 % farmer households were indebted in 2003 compared to only 26% in 1991. It is to be remembered that most loans were for the purpose of capital or current expenditure in farm business. The population below rural poverty line also remained high and was declined only by half from 56% to 28% during 1973-74 to 2004-05 (RBI).
- ii. Expert group on Agricultural indebtedness (2007) observed



48.6 % farmer households were indebted in 2003 compared to only 26% in 1991.

that since the mid-1990s, large sections of the farm households have been facing a great deal of distress as a consequence of decline in agricultural income, erosion of their repayment capacity and increased debt burden. It has also pointed out that the state-wise analysis showed that in 2003 incidence of indebtedness was higher in states which had input-intensive or diversified agriculture. The average outstanding debt per farmer household was higher in the state of Punjab followed by Kerala, Haryana, Andhra Pradesh and Tamil Nadu – all relatively developed and better banked states. On the other hand, the incidence of indebtedness as well as outstanding debt per farmer was low in the states of central, eastern and north-eastern regions of the country. Moreover, 80% of indebted farmer households possessed land amounting to 2 hectares or less.

- iii. The average monthly income of the Indian farmer was worked out at Rs 2,115 in 2002-2003 by the National Sample Survey Organisation (NSS-December 2005). The estimates for average monthly income of a farmer household shows that less

than half (Rs.969) came from cultivation. Wage earning contributed Rs.819 while the non-farm business generated Rs.236. Income from farming of animals brought in only Rs.91. Compared to this annual average income of Rs 25380, the average total expenses per farmer household during the year July 2002 to June 2003 were at Rs 33240. The gap in income and expenditure (Rs 7860) shows why farmers are poor and indebted.

- iv. The minimum support price, which was expected to benefit farming community directly, has increased substantially for food grains (10 times) and major commercial crops (sugar 15 times, cotton 7 times, Groundnut 25 times) for the period 1975-76 to 2010-11 so also increased the prices. The Whole sale price Index for food articles doubled for every decade (1971 onwards) on an average basis as also doubled the all India Consumer Price Index Number for Agricultural Labourer during 1999-2000 to 2011-12.

Failing Agricultural policies

- i. Indian Government has done lot for agriculture development and this has been documented

by government agencies and committees and commissions. Several steps have been taken in the past to strengthen agricultural research, education and extension, as well as to ensure timely and adequate availability of essential inputs such as seeds, fertilizer and electricity. Also, several major and minor irrigation projects have been implemented. An integrated programme of agricultural development was initiated in the early 1960s to improve productivity and to benefit farmers. Indian scientists contributed by developing high yielding varieties /

tor activities etc were useful schemes/programmes implemented by Government and its agencies. Above all, there is MGNREGS for all those ready to do some work on rural asset building and earn. **With all these efforts, the tragedy of policies and programmes is that the Indian farmers remained indebted and starving for minimum life of subsistence and many committed suicides.**

iii. One reason for this indebtedness and starvation is that Indian Government right from the beginning was more interested

boost and the production of food grains increased. The period of economic liberalization in 90s and thereafter again saw a commercialization of agriculture benefiting industrial sector. **The prosperity again did not percolate to farmers.**

iv. The committees after committees and commissions after commissions with so many working/expert groups, before and after independence, have gone in to the issues of agriculture distress and farmer's indebtedness and most recommended for government investments in supportive rural infrastructure and institutions apart from institutional changes for restructuring of rural credit delivery system. Most of the time, they have not gone beyond the concepts of 'timely & adequate credit' and other input supply arrangements or procurement and storage facilities to farmers. The recommendations to deal with high indebtedness and crop failures due to natural calamity were limited to conversion of short term agricultural loans in to long term loans and phasing of long term loans for further period. The recommendations for institutional arrangement for crop insurance were mainly intended to help bankers and not farmers. Government on its part changed frequently agricultural credit delivery structures by way of reorganizing the existing institutions or establishing new financial institutions like RRBs and NABARD apart from nationalization of major commercial banks and setting norms for priority sector lending.



Agriculture development was residual & was basically to benefit industrial sector.

hybrids of crops. This led to progress of agricultural sector.

ii. It is true that there have been government initiatives that expected to reach directly to farmers. Minimum support price for major crops, low rate of interest for farm loans, sharing of crop insurance premium, storage facilities for farm produce etc are some. Extension services in regard to suggested cropping pattern, use of fertilizer and pesticides, soil conservation, water harvesting technologies and marketing of crops apart from subsidies on various agriculture implements and machineries and allied sec-

in industrialization and saw agriculture as the raw material supplier for Industries. All its policies were dominated by this thought. The policies in regard to the land acquisition, development of production technologies and suggested cropping patterns, use and development of irrigation systems, input supply incentives, output pricing support and market development facilities etc were mainly meant to facilitate urban based industrialization. Agriculture development was residual and was basically to benefit industrial sector. It was only in late 60s that food production got a

ing etc. Above all, Government has implemented loan waiver schemes from time to time so as to give some direct relief to farmers. **All this has not helped farmers.**

- v. Agriculture development has not been helping farmers and it is evident from the findings of NSS(59 the round-2003). The survey has estimated that 27% of farmers did not like farming because it was not profitable and 40% felt that, given a choice, they would take up some other career. **The non viability of farming and frustration is a real challenge for agricultural policies.** The failure of policies is visible from the findings that only 4% of farmer households had ever in-

sured their crops and 57% did not know that crops could be insured. Of the farmers, 71% did not know or understand the concept of MSP. Moreover, only organic manure was available within the village for the majority of farmers in India (about 68%). Fertilizers were available within the village for 27% of farmer households and veterinary services for about 24%. Pesticides were available within the village for 19% households and improved seeds for 18% showing that villages were still cut off from main services.

Need new approach to agriculture development

Need is to change the perception of agriculture sector. The strategies that force small and mar-

ginal farmers to produce commercial crops for markets need rethinking. The farmers producing for industrial sector and urban consumers that also with borrowed funds without remunerative prices were deprived of from their own normal produce. Moreover, they are purchasing food grains for their consumption at high prices. This makes the farming community dependent on outside system for their own survival. It is desirable that farmers produce for themselves first. All policies should facilitate this including the efforts to stabilize agriculture income by direct financial assistance. This will help maintain food security and reduce the subsidy burden and welfare expenses. □□

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Nation pays tributes KS Sudarshan...

also about the social capital, which is the principal factor of our sustenance. His understanding about the diversity of the Indian society, not only cultural but also socio-economic, was very high.

He was a leading light of the nationalist school of thought, who could speak on a range of issues from Kashmir, Punjab issues, Vanvasi, Samarasatha, importance of social justice, women empowerment to any economic issue. While attending Swadeshi melas, he was very keen in knowing minute technical aspects of innovative tools and machines. After understanding these, he used to communicate them in an elaborate way in different places. The Swadeshi mela held at Pragati Maidan in Delhi in 1999 - a mega display of Indian industry and technology - was successful because of his guidance and inputs.

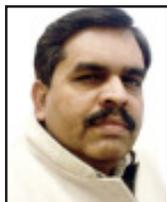
Dr. Pravin Togadiya (VHP): Pranaam & Tribute to Param Poojaneey Sar Sanghchaalak Maa. Shri Sudarshanji. A brilliant scientist, he thought ahead of his times. We will miss him.

Sri Baij Nath Rai, (General secretary, Bhartiya Majdoor Sangh) : Bharatiya Mazdoor Sangh (BMS) expresses its deep shock and grief over the sad demise of Sri K S Sudarshanji, former Sar-Sanghacahalak of RSS who was a friend, philosopher and guide to BMS. Sri Sudarshanji was a multi-dimensional personality with great intellectual capacities. He had deeply studied various civilizations, religions & philosophies of world. Besides this, Sri Sudarshanji has command over Economic policies which have come to light in his speeches. At the same time, he had also an intense study on Marxism and had an exposure to various scientific inventions. He was an ardent follower of Swadeshi and practiced the Swadeshi way of life till his last breadth.

Sri Sudarshanji strived a lot to bridge the gulf between the Indian Muslims and Christians with the Hindu society. He had personally attended and interacted with many scholars with same purpose. He was the main speaker at the Sarva Pantha Samadar Manch of BMS, which works for the Inter religious harmony among the working community and inspired thousands of workers. He addressed the working community several times and imbibed patriotic feelings among them. BMS pays its tributes & expresses its deep condolences. □□

These are some of the messages compiled by News Bharati

Marketisation of Education and Health



It was expected that Right to Education (RTE) would be extended and education up to secondary level would be brought under RTE, but with PPP model being pushed now, those expectations are going into dust, laments Dr. Ashwani Mahajan



Today world recognises India as Youngistan as India has largest number of youths than any other country in the world. Policy makers who earlier used to blame population for all ills of the nation, now concede that though India is over populated, booming youth population provides a ray of hope for the nation building and prosperity. They define it as ‘demographic dividend’. However, to reap this demographic dividend, the first and foremost condition is that our youth is not only healthy but educated too. However, ironically in this era of globalisation and liberalisation, education and health are going out of the reach of the

common man, especially poor, as these social sector services are increasingly being handed over to the private sector (for profit).

Though private sector educational and health institutions did exist even before 1990, but in the last two decades, their number has multiplied. Public schools, for instance, is not a new phenomenon,

To reap demographic dividend, the first & foremost condition is that our youth is not only healthy but educated too.

but in the last two decades we see unprecedented mushrooming of private sector Engineering, Medical, Management, B.Ed. and Nursing educational institutions. Good thing about the same was that those deserving students, who earlier were unable to pursue study in these streams, due to paucity of seats, could now take admission in these private sector institutions and excel in these fields. However, negative aspect of the same is that education is available only after paying handsome fee. Those who are unable to pay hefty fees either are deprived of education or could avail the same by taking educational loan.

Generally, Government sector educational institutions could not improve their condition due to shortage of funds, though some chosen public sector educational institution like IITs and IIMs did gain international recognition. However, we could not replicate these IITs and IIMs, though ranking of some private sector institutions improved in the process. In the recent years, two systems were running parallel, one, government institutions, with extra-ordinarily low fee structure and two private sector educational institutions, with hefty fees.

However, in this process, common man's expectation remained alive that government would develop new excellent educational institutions, so that poor and socially deprived sections could also fulfill their aspirations. However, 12th Five Year Plan seems to end these expectations, as government seems to be washing its hands off from its basic responsibility of higher education.

What is the Plan?

Planning Commission's endeavor is that in the yester years, Private-Public Partnership (PPP) model, which was implemented in infrastructure like roads, bridges, airports etc., now would be extended to the education and health services.

Twelfth Five Year Plan has already started from April 2012. Chapter on health clearly states that private and government sector hospitals will now compete with each other. Hospitals will now be paid according to the number of patients registered and doctors, according to the number of prescriptions. Except primary education, thanks to Right to Education Act, the government is preparing to wash its hands off from all other segments of education. This is what is meant by implementing Private-Public Partnership in 12th Five Year Plan. Though it is being called, 'not for profit', implementing PPP mode in education, clearly implies that from now onwards educational institutions which would be opened in PPP mode, will work with profit (minimum guaranteed) motive.

It was expected that Right to Education (RTE) would be extended and education up to secondary level would be brought under RTE,



Planning Commission's endeavor to handover education and health into private hands means increase in deprivation.

but with PPP model being pushed now, those expectations are going into dust. Argument being put forward by the policy makers is that, in such a model, efficiency in education services would improve and cost of education will come down. Nowhere in the world, there is any proof that efficiency improves or cost reduces due to privatisation of education. In most of the countries, public expenditure on education is more than 6 percent, whereas in India, it is hardly 3 percent. With the latest PPP proposal of the Planning Commission, no generosity is expected from the government in terms of increasing government expenditure on education.

In view of pathetic situation of government hospitals and dispensaries, Ministry of Health is unhappy over the proposals of PPP and corporatisation of health services and wants the chapter on health be rewritten in the 12th Five Year Plan. However, Ministry of Human Resource Development (MHRD) is not sensitised on this issue and there does not seem to be any anxiety in the MHRD.

According to Planning Commission, still 30 percent of the population in the country lives below poverty line. According to this definition a person with income more than rupees 32 a day, in ur-

ban area and rupees 26 a day in rural areas, is not considered to be below poverty line. But if we look at reality, not only a vast majority of population is ridden with hunger a sizable section of middle class, though not subject to hunger, but is definitely deprived of the education and health of any good quality, due to low income levels. Due to high fees in private educational institution and high cost of health services, lower middle class is almost deprived of these services and is forced to go into debt, to somehow educate his children or safeguard health of his nears and dears.

Education and health is increasingly getting concentrated in private hands in the era of globalisation and privatisation. A significant amount of private investment has been made in these sectors in the last two decades, due to possibility of profit and level of services in private sector educational and health institution is of a reasonable quality, generally. However, inability of the poor to pay for these services deprives him from enjoying these facilities. Planning Commission's endeavor to handover education and health into private hands, not only means increase in deprivation, but it also implies that dream of Indian people to make India a super power would also get a jolt. □□

Junk globalisation, it is against growth strategy: UNCTAD



Increasing concentration of income in fewer hands limits nations' economic potential by dampening demand for goods and services and by reducing the educational prospects and social mobility of their broader populations. Such trends can and should be reversed by government intervention through fiscal and labour-market policies, recommends TDR 2012, finds Shiva ji Sarkar.

A UN body UNCTAD has come out with a scathing criticism of the process of globalisation. In its Trade and Development Report (TDR) 2012, UNCTAD has blamed globalisation for the woes of the present day world, particularly of developing countries.

It calls for junking World Bank-IMF supported structural reforms. It is no substitute for a growth strategy as it leads to wage cuts and weakening of collective bargaining.

The developed countries put up barriers be it agriculture or the labour market. The finance was allowed to move all over and the big countries had most of the benefits. The labour surplus countries were doubly stuck with expensive finance and their labour not being allowed to move freely. Apart finance - foreign direct investment - was used as a tool to penetrate large markets of poor countries. It drove out indigenous firms for their inability to compete against the power of finance.

This has led to severe income inequality.

Expanding gaps in income and wealth around the world are "not unavoidable by-product of globalisation and technological

change". The TDR contends that the increasing concentration of income in fewer hands limits nations' economic potential by dampening demand for goods and services. It also reduces the educational prospects and social mobility of their broader populations. It leads to under-exploiting their talent and possible economic achievements.

The TDR calls for a reversal "by government intervention" through fiscal and labour-market policies.

Trends over the last 30 years - since 1980s - show income inequality increasing both within countries and between them. The share

of wages in total income has fallen in most developed and in many developing countries. The TDR says, it fell by 5 percentage points or more in the US, Australia, the UK. In some other countries like France, Germany and Ireland it fell by 10 per cent or more. In several countries, the riches one per cent account of population accounts for 10 to 20 per cent of national wealth, including countries like India.

There has been a similar broad shift between countries. In 1980, per capita income of the 15 richest nations was 44 times that of the poorest 15 nations. It has increased to 62 times. In 2009, the ratio has mar-



ginally fallen to 56 times.

Since globalisation has advanced greatly over the last 30 years, TDR says, a number of economists have argued that rising disparities in income are its direct fall-out. It has been further accentuated by rapidly growing international trade and financial flows and of quick advances of technology.

Global economy is not recovering. Trade which was supposed to spur it has decelerated from a growth of 13 per cent about seven years back to 4 per cent now, according to the World Trade Organisation (WTO).

Even China has started decelerating. Even at its peak, share of labour income has declined.

As income inequality grows, there is also growing inequality in resources. Disparities are obstructing smooth development process leading to unequal power of bargaining. The market, which was projected as the great leveller, has not been able to rebalance the trend. The failure of the market is further leading to yawning disparity, says Prof Biswajit Dhar, Director of RIS, analysing the TDR.

The social consequence of the finance sector is reflected in record unemployment across the globe. The TDR rues that the governments could have checked through increasing public spending but it has not happened. Rather spending on pension and other social benefits were drastically cut even as profits of large corporate increased.

The government's fiscal austerity measures, as the global system clamoured for it, affected aggregate demand through wage compression.

The lower levels were totally marginalised. No effort for inte-

Volatile capital flows are creating upheavals in developing countries.

grating them with the social system or market was done. This has caused reduced demand. If the world economy wants to reverse the trend, it has to increase the income at the lower levels. Some efforts in Brazil and other Latin American countries of government intervention, as in India's MNREGA, has made some difference. But there is a question of long-term viability.

Volatile capital flows are creating upheavals in developing countries. It is leading to price volatilities and severe inflation & uncertainties.

TDR calling for an end to structural reforms as it stunts growth says the world needs macroeconomic policies that stabilise GDP growth, keep interest rates low and can contribute to securing fiscal space. This would lead to achieving a sustainable public debt. This is UNCTAD's solution for containing fiscal deficit.

It criticises European Union as it is again trying to push through "structural reforms". It calls such reforms—"coded language for labour market liberalisation, including wage cuts, a weakening of collective bargaining & greater wage differentiation across sectors & firms".

"The reasoning behind such structural reform agenda is flawed because it is based on microeconomic considerations (corporate profits) and ignores wage determination. A fixation on reforms of this kind can be dangerous in the current situation of rising unem-

ployment and falling private demand. It might further undermine regional growth".

The major factor for today's crisis has been attributed to marginalisation of the government. They were led by bogies of export-led economies. It necessitated keeping wages low so that the goods could compete in the international market. This gradually led to fall in domestic demand - industrial production, as in India. The panacea is in the rise of wages and production along with stability in prices.

In the 1980s and 1990s, households were earning less. It did not lead to slowdown in demand. The finance was growing faster and people were resorting to debts. It has led to imbalance -mortgage, debt and the eventual crisis of 2007-08. Not only individuals, even governments were hit by the trend. It resulted in severe fiscal deficit of governments - Greece, Ireland, Spain, Italy, US and now even it is engulfing countries like India.

Banks are flush with funds but unemployment is growing - the bank services have become expensive and is not being utilised to spur growth. "The world economy is not suffering from supply shortage", says Prof Abhijit Sen, member Planning Commission commenting on the TDR. The financial bail-outs have led to greater concentration of the financial sector and real assets. It has a tenuous fall-out. It led to privileged participation in political decision-making.

A beginning needs to be made with tax cuts, making more income available with the people, concessional lending and increase in government spending. This would lead to the necessary reversal the world is looking for, TDR adds. □□

The peril of free market



Our economist Prime Minister should make a true reading of Adam Smith & embrace free competition only to the extent that it secures public good, suggests **Dr Bharat Jhunjunwala**

Modern political thinking holds that individual freedom may be restricted to secure public good. The freedom of the businessman to indiscriminately promote the consumption of cigarettes, for example, has been restricted. Manufacturers are required to display a warning stating that smoking is injurious to health. The use of harmful chemicals in eatables, manufacture of polluting vehicles, and reservations for Small Industries have been imposed in order to promote public good even though freedom of the individual is restricted.

This principle of 'earning profit while promoting public good' stands opposed to the principle of free market. Famous econ-

omist Adam Smith had propounded this principle about 200 years ago. He said that competition in a free market spontaneously establishes public good as if an invisible hand was guiding the businessmen. There was no need to separately worry about public good or to impose restrictions on businesses. His logic was like this. Competition in the market pushes the businesses to produce goods at lowest cost. This leads to cheap goods being made available to the people. For example, I had brought and electronic calculator from United States for my father in 1973 for 100 dollars or about Rs 1,000 at that time. Today a better calculator is available for Rs 50 because

of the improvements brought about by competition. The slum dwellers today have the pleasure of watching the TV and drinking cold water from the refrigerator because of the steep reduction in the price of these goods. Thus Adam Smith suggested that the government must not interfere in the market. Public good will be secured automatically by leaving the businessmen to compete with each other.

Two mutually contradictory principles for securing public good are present before us. Political theory says that the government must intervene in the market and give it a proper direction. Economic theory of Adam Smith, on the other hand, says that government must keep its hands off the market and let the businesses determine the type- and price of goods that are manufactured. Our government is basically following Adam Smith's principle. Big companies are being given freedom all around. They are free to sell pan masala and bhujia in plastic pouches while the homemaker is prohibited from bringing vegetables home in a plastic bag. The provision of forcible appropriation of land that was made for emergency situations such as that of war is being routinely invoked by state governments to acquire land of helpless farmers



for the making of hydropower dams. Protection hitherto provided to small and medium industries is being dismantled in favour of big companies. The all pervading direction of government policies is to provide unrestrained freedom to the businessmen to operate as it pleases them.

According to Smith's vision, this would spontaneously lead to the establishment of public good. But such is not seen to happen. Increasing Naxalite activities are indicative of the deep unrest among the people. The selling of junk foods, synthetic clothes and air-conditioners is leading to deterioration in the health of our people. That said it must be admitted that the material well being of the common man has improved. The poorest have available to them ample food grains provided under BPL schemes and minimum employment under the Employment Guarantee Scheme. But this definition of public good is lopsided. Increased consumption is coming along with unrest due to increasing inequality and deterioration of health of our people. Adam Smith's formula is not delivering on a holistic consideration.

It seems to me that the government has wrongly understood Adam Smith's formula. The debate in the nineteenth century at the time of Adam Smith was between feudal and capitalist modes of production. Most of Europe was ruled by feudal lords. Production was undertaken under protected barriers of the feudal estates. This led to much inefficiency. A feudal lord could have grains ground at three times the cost than the market because his economy was protected from competition. Adam Smith

rightly said that such method of production was inefficient. This did not mean, however, that there should be no control of the government on the market. Adam Smith advocated free markets only for such items that were deemed to be 'good' by the government. If cloth had to be produced then it was better to have this done by competition in the free market rather than under protected environs of the feudal estates.

Smith did not say that the market should be allowed to make harmful synthetic cloth, cigarettes and liquor. Just as the teacher encourages the students to compete in the game of football but does not allow them to compete in fighting with knives and swords, similarly the production of good things should be left to competition in the market. Mainstream economists have perverted Smith's principle. They have declared that the government has no role in determining what goods are produced and how. In the result big companies are undertaking production with automatic machines and rendering millions of weavers and farmers jobless. Just as a seemingly clever patient misuses the freedom to walk in the evening to see a movie and suffers in the end; similarly our seemingly clever government is giving the businesses the freedom to produce cigarettes and liquor and hapless people are suffering.

The economic policies of our economist Prime Minister should be evaluated in this background. The objective of providing food, clothing, shelter and jobs to the people can be secured in two ways. One way is to impose huge tax on job-eating big companies. Heavy taxes imposed on bottled soft

A good teacher encourages the students to compete in the game of football but does not allow them to compete in fighting with knives and swords.

drink manufacturers will lead to the revival of the *rasvanti* and also provide nourishing and healthy fresh cane juice to the consumers. Or heavy taxes imposed on sugar mills will lead to the revival of the jaggery industry and provide healthy sweetener and also create more jobs. Or taxes imposed on power looms will revive the handlooms and provide self-respecting employment to the weavers. Restrictions will have to be imposed and the free writ of the business cut short in this policy. The second way is to give free run to big companies producing bottled soft drinks, sugar and cloth and allow them to destroy the small businesses. Then taxes can be imposed upon these same big companies and the revenue used to provide cheap food grains to BPL families and limited employment under the Employment Guarantee Scheme. Big businesses are given a free run in this approach.

The government has adopted this policy. In the result Naxalite activities are increasing and health of our people is deteriorating. Therefore, our honourable economist Prime Minister should make a true reading of Adam Smith and embrace free competition only to the extent that it secures public good. □□

Replacing Desperation with the faith in self and the mission.

(Memorable Kolkata night of September 9, 1975)

 Saroj Mitra

As mentioned earlier [in the September issue of Swadeshi Patika] that ten to fifteen underground workers had a meeting with Rev. Dattopant Thengdi in Kolkata on 9th September 1975. The meeting was held secretly in an anxious and frightening atmosphere. But Rev. Thengdi ji instantaneously transformed the environment of the meeting to that of hope, optimism and enthusiasm. He declared with commanding force that Indira Gandhi's government will fall within seventeen months. Thengdiji further told the participants that the fall of the Indira government was inevitable. Dattopant sounded absolutely realistic and convincing when he elaborated that even though the collapse of shameful regime was unavoidable it was not depending on our agitation against emergency. He further lightened the atmosphere of the meeting by saying, "You may go and sleep; the government will still go. It will not survive beyond seventeen months. But if you court arrest and face imprisonment your name may be recorded in history". His words worked wonders. All the apprehensions and seriousness evident on the faces of participants disappeared. Everyone felt relaxed. We started talking whatever occurred to us.



In that lighter moment the information of various types were shared and exchanged. I recall couple of such remarks expressed in that meeting in presence of Dattopant ji. George Fernandez was exhorting people to do something immediately. Fernandez had collected huge amount of gun-pow-

der and was in search of persons to use it. "It is childish" said. Thengdi ji. Some years back Fernandez and myself were speakers in a meeting in New Delhi held in memory of Thengdiji. I mentioned this fact to him. Fernandez admitted it and also named two other associates.

***Thengdi ji
instantaneously
transformed the
environment of the
meeting to that of
hope, optimism &
enthusiasm.***

Most startling incident in the Kolkata meeting was revealed by Robin Chakraborty, an employee of State Bank of India who was residing adjacent to Belur Math in Kolkata. According to Robin Jyoti Basu CPI (M) leader secretly visited Respected Bharat Maharaj, the centurion Sanyasi of Ramakrishna Mission at night at Belur Math during this time. This incident, though undisclosed to

public came out because the Maharaj was speaking to comrade Basu in a high pitch. Robin revealed that Jyoti Basu had come at late night hours silently. Maharaj ji had asked Math inmates to open the gate for visiting guest who walked straight to the room of Bharat Maharaj. Bharat Maharaj and visiting guest were alone in the room. Maharaj was speaking loudly in almost angry tune and was audible to those present out side. This incident was mentioned in the context of huge difference between public & private lives of even hardcore communist leaders. They always ridiculed religion publicly but accepted its importance in their private life.

Guruji Golwalkar visited Kolkata in 1973 and went to meet Bharat Maharaj at Belur Math. Guruji went inside the room

This incident was mentioned in the context of huge difference between public and private lives of even hardcore communist leaders.

touched Maharaj's feet & said in Bengali, "Ebar Ami Chalilam" (I am going this time). Maharaj looked towards Guruji with soaked eyes and said, "Since Swami Akhandananda's time you are working ceaselessly... 'Air within that room was surcharged. Two great Sanyasis were in conversation and the man overhearing the conversation at a distance was forced out by impulse. He could

not hear all that was shared. Guruji breathed his last in June, 1973 at Nagpur. He fore told about his Nirvana to Rev. Bharat Maharaj in Kolkata months earlier.

Tea was over. It was past midnight. Thengdiji advised me to continue the assigned work in Orissa and court arrest if it was unavoidable. Such was the greatness of Dattopant Thengdi that he not only transformed the atmosphere of the meeting but also boasted the morale of the participants who were the crucial instruments in the movement for restoration of democracy in the country. Thengdi ji ensured the direction of discussion informally in a manner that kindled the hope and motivated the cadres to put in extra effort. Desperation was replaced by the faith in self and the mission.□□

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What is 'Hindu rate of growth'?



Many of my American colleagues read our business papers because of their interest in India and are puzzled by our masochism in deriding ourselves without justification. So let us be clear: the 3 percent rate was the Nehruvian growth rate and not the Hindu rate of growth, emphasizes Prof. R Vaidyanathan



The reforms debate has taken an interesting turn in the last few months. It consists of, according to our pink paper experts, allowing Wal-Mart in retail (now confirmed with a formal announcement) and the abolition of General Anti Avoidance Rules (GAAR), so that Vodafone need not pay the tax demanded. Now a third point has been added, that the opaque coal block allotments should not be tampered with. The argument has been taken to the extent where the interest of a couple of allottees is equated to the welfare of country by some experts.

So the entire reforms project has been converted to a three-point agenda and the general conclusion is that they had (till recently) been

stalled by this government and a mulish (or foolish) Opposition.

An even more interesting aspect of the reforms discourse is the use of terms to abuse critics or opponents of some of the policy measures contemplated. The first prize goes to the term “unorganised sector”. Anything which is not acceptable to the reforms elite is “unorganised” and “inefficient” – implying a sort of disorganised activity that needs global companies and hedge funds to try and fix it.

Will FDI in retail really be an improvement?

The word “unorganized”, of course, raises visions of a terrible mess. But what exactly do we mean by unorganised no expert is willing to explain. For instance, in the

retail trade, my neighborhood vegetable vendor and *kirana* stores are unorganised. My neighborhood *kirana* person starts his shop at 6 am and closes at 10 pm. He remembers almost every customer’s requirements, offers credit if needed, and makes home deliveries anytime, but he is “unorganised” only because he is not a company with a logo to advertise and shareholders to cheat.

The terms “unorganised” and “inefficient constitute, what I call, terminological terrorism (TT), imposed on us by our colonial rulers, but we repeat the same without understanding how this usage has come about. To be sure, even among the so-called experts, there is no unanimity about the terms. One expert told me that all stock exchange-listed companies are “organised” & another told me that any corporatised entity is “organised.”

The Central Statistical Organisation (CSO) defines “unorganised” as “all unincorporated enterprises and household industries which are not regulated by any of the acts (like the Factories Act or the Sales Tax Act) and which do not maintain any annual reports of profit and loss (P&L) accounts.”

Well, I have news for the CSO. My *kirana* shop pays sales tax and so even though his is a proprietorship, the shop is “organ-

ised.” So the definition is not about being corporatised.

In contrast, the government of India – and various misgoverning state governments – are classified as “organised,” which is highly amusing.

India’s terminological terrorists, who are leading the reforms debate without knowing the basics, are talking little sense when they say that the “unorganised trade” will become organised if Wal-Mart is allowed in. Not only that, they also use the term “inefficient” as TT and say the current supply chain is inefficient.” My vegetable vendor carries half a mini truckload of goods on his TVS 50 moped in the morning at 5 am only to be told he is “inefficient.”

Actually, small unincorporated enterprises use capital much more efficiently than big businesses, since big firms can expect banks to write off their loans or, in the worst case scenario, they may even skip paying shareholders.

The second important TT is about India being an “emerging power” and hence it should take all steps to become an “emerged” market. These pundits do not know that till 1820 – from the first century AD – India and China had half of Global GDP. After 1820, due to colonisation, etc, it has fallen. A path-breaking study by Angus Maddison clearly establishes that India and China are re-emerging powers, or retrieving their global economic position. They are not “emerging powers.” (See Table-B-20, Appendix B; pp 263; *The World Economy: A millennial Perspective*, by Angus Maddison, OECD Development Centre Studies, 2007).

The third example of terminological terrorism is much more

fascinating – it is calling the low economic growth rates of the sixties and seventies as the “Hindu rate of growth.” Today, as growth in the Indian economy slows, there is regular wailing about slipping back to the “Hindu rate of growth.”

Let us be clear. The term Hindu rate of growth has no theoretical or empirical basis. No economist has done any econometric study to establish that Hindus are responsible for the low growth of sixties. The term was coined in the 1970s by a well-known Left economist Dr Raj Krishna to describe the inability of the economy to grow at more than a modest 3 percent real rate per annum, when other economies were growing at a much faster pace.

He did not find anything wrong with the Nehruvian Socialist pattern of economics adopted by us. Instead he attributed this to the philosophical temperament of most Indians, their belief in contentment and lack of killer instinct. C Rajagopalachari (or Rajaji), that far-sighted statesman, used to call the Nehruvian system as the licence-permit-quota raj. But the assertion by Krishna – a one-time editor of the *Economic and Political Weekly* – suited one section of sarkari leftists since it seemed to explain our low growth without finding fault with the wrong economic policies of Nehru which bankrupted our country for more than 40 years.

The other section of leftists and communists were happy since it gave them a handle to ridicule followers of the majority religion – though that was not Raj Krishna’s intention. It encouraged them to demand more Nehruvian absurdities and socialism. In the eighties, when we were growing at more

than 5 percent, or when, in the 1990s, after PV Narasimha Rao liberated the economy from Nehruvian socialism and we were growing at more than 8 percent, nobody called these rates as Hindu rates.

The interesting point is that even contemporary pro-capitalist or pro-market writers such as Surjit Bhalla or Swaminathan Aiyar tend to use the same terminology instead of calling it by its true name: a Nehruvian rate of growth.

There are other issues in using such TTs. For instance, most of my students, who were born post the 1980s, do not know much about the sixties or seventies or even the wicked sense of humour of Raj Krishna. They ask me repeatedly – why do reputed pink papers call the past growth rate as the “Hindu rate?” – when I try to talk to them about the permit/licence/quota raj.

Many of my American colleagues are intrigued by the usage of this phrase and recently one person sent me a mail asking me about it. Many of them read our business papers because of their interest in India and are puzzled by our masochism in deriding ourselves without justification. So let us be clear: the 3 percent rate was the Nehruvian growth rate and not the Hindu rate of growth.

I recollect the three most popular electives offered in economics during my college days. They were European economic “history”; American economic “systems” and Indian economic “problems”. It tells us how much TT is embedded in our genes and how much we have internalised the same. May be the next generation of economists will start investigating issues pertaining to “terms” before jumping for reforms. □□

Swadeshi Jagaran Foundation Application for Intervention filed with the Supreme Court of India

Application of Swadeshi Jagaran Foundation for Intervention under order 47 of the **SUPREME COURT** rules in the matter of Novartis AG Versus Union of India & Ors has been filed with the Hon'ble Supreme Court of India. **Swadeshi Jagaran Foundation** in its application submitted that it is one of the leading policy organisations in the country involved in policy research, advocacy and activism. The applicant, submission continued, is an organisation which has been working for the poor and underprivileged in the country for the last 16 years and has been at the forefront of advocating policy change which favours Indian people.

The applicant has been at the forefront of very many activist battles to protect Indian goods, products and small Indian producers and traders. The reputation of the applicant is well known. The true and correct copies of articles/news published in Business Standard dated 02.3.1998; Asian Tribune dated 27.3.2003; worldtradereview.com dated 16-31 January, 2005; Press note Dot in dated 02.07.2012 and photograph published in Outlook India Com dated 10.7.2012 evidencing the activities of the applicant.

Advocate for Swadeshi Sh. P.S. Sudheer further said that the applicant is of the view that –

- the present dispute will affect the future of the Indian pharmaceutical industry and there-

fore it is important that the applicant places its point of view before this Hon'ble court.

- section 3 (d) of the Indian Patents Act should not be declared as ultra vires the Constitution or the obligations taken on by the Indian government in the persons of signing of foreign treaties.
- the said Section 3 (d) is perfectly consistent with the international obligations of India including TRIPPS and requires no interference.
- the said section should not be read down in any manner or for that matter" used by any sort of interpretation as that would affect the Indian pharmaceutical industry.
- any reading down or dilution of the provision would allow the international pharmaceutical corporations to extend their patents continuously, thereby ensuring that the same is kept in the tight control of the said companies over life saving drugs and protecting the same from being made available at reduced prices by the Indian consumer.
- The applicant submits that it is no doubt within the knowledge of this Hon'ble court that the Indian pharmaceutical industry is world-renowned and has been at the forefront of making medicine available to the world in general at a very cheap price.
- The applicant also submits that

as is well known by this Hon'ble court that India is a poor country and cannot afford medicines at very high prices. The applicant submits that reading down in any manner the above-mentioned provision or rendering the same otiose would result in very high prices for the said essential medicines making the same unavailable to the common consumer in the Indian market.

- Applicant submits that under the above-mentioned circumstances the applicant makes the following prayer for the purpose of intervention in the present matter. The present Application is being made bona fide and in the interest of justice.

In these circumstances the Applicant prays that your Lordships may be pleased to:-

- i Grant permission to the applicant for intervention and allow the applicant to intervene in the above mentioned case and make submissions in the captioned matters; and
- ii Reject the SLP (Civil) Nos. 20539-20549 of 2009 being titled Novartis AG v. Union of India and ors;
- iii not read down any manner section 3(d) of Indian Patents Act; 1970
- iv the constitutional validity of the proviso of Indian Patents Act,1970, Section 3 (d);
- v pass any such order or orders as it may deem fit and proper.

□□

Under-nutrition - A Challenge for India

Malnutrition is more common in India than in Sub-Saharan Africa. One in every three malnourished children in the world lives in India, says UNICEF.

Malnutrition limits development and the capacity to learn. It also costs lives: about 50 per cent of all childhood deaths are attributed to malnutrition.

In India, around 46 per cent of all children below the age of three are too small for their age, 47 per cent are underweight and at least 16 per cent are wasted. Many of these children are severely malnourished.

Nutrition is crucial for the fulfilment of human rights – especially those of the most vulnerable children, girls and women, locked in an intergenerational cycle of multiple deprivations. It constitutes the foundation for human development, by reducing susceptibility to infections, reducing related morbidity, disability and mortality, enhancing cumulative lifelong learning capacities, and adult productivity. It is critical to prevent under nutrition, as early as possible, across the life cycle, to avert irreversible cumulative growth and development deficits that compromise maternal and child health and survival, achievement of optimal learning outcomes in education and gender equality, accepts Planning Commission.

According the highest priority to combating malnutrition, Planning Commission was mandated to anchor a Multi stakeholder Re-

view on India's Nutrition Challenges, to evolve Recommendations for Action for the consideration of the Prime Minister's National Council on India's Nutrition Challenges.

The prevalence of malnutrition varies across states, with Madhya Pradesh recording the highest rate (55 per cent) and Kerala among the lowest (27 per cent).

Malnutrition in children is not affected by food intake alone; it is also influenced by access to health services, quality of care for the child & pregnant mother as well as good hygiene practices. Girls are more at risk of malnutrition than boys because of their lower social status.

Malnutrition in early childhood has serious, long-term consequences because it impedes motor, sensory, cognitive, social and emotional development.

Vitamin and mineral deficiencies also affect children's survival and development. Anaemia affects 74 per cent of children under the age of three, more than 90 per cent of adolescent girls and 50 per cent of women. Iodine deficiency, which reduces learning capacity by up to 13 per cent, is widespread because fewer than half of all households use iodised salt. Vitamin A deficiency, which causes blindness and increases morbidity and mortality among pre-schoolers, also remains a public-health problem.

Preventing under-nutrition has emerged as one of the most critical challenges to India's development planners in recent times. **Mahatma Gandhi's state-**

ment, "For the hungry, God is bread," is relevant for vast sections of the Indian population even today. Despite substantial improvement in health and well-being since the country's independence in 1947, under-nutrition remains a silent emergency in India, where almost half of all children under the age of three are underweight, 30 percent of newborns born with low birth weight, and 52 percent of women and 74 percent of children are anaemic. Other major nutritional deficiencies of public health importance in the country are Vitamin A deficiency and iodine deficiency.

Under-nutrition is the underlying cause for about 50% of the 2.1 million Under-5 deaths in India each year. The prevalence of under nutrition is the highest in Madhya Pradesh (55%), Bihar (54%), Orissa (54%), Uttar Pradesh (52%) and Rajasthan (51%), while Kerala (37%) and Tamil Nadu (27%) have lower rates.

Malnutrition amongst women is one of the prime causes of low birth-weight babies and poor growth. Low birth weight is a significant contributor to infant mortality. Moreover, low birth-weight babies who survive are likely to suffer growth retardation and illness throughout their childhood, adolescence and into adulthood, and growth-retarded adult women are likely to carry on the vicious cycle of malnutrition by giving birth to low birth-weight babies. □□

Centre proposes Brahmaputra River Valley Authority

The Centre has proposed the setting up of Brahmaputra River Valley Authority (BRVA) in place of the Brahmaputra Board to deal with water management, flood and related issues in the north-eastern region, Assam chief minister Tarun Gogoi said.

Besides the problem of dealing with floods, the body would also act as an umbrella organisation where the Centre and all states of the region would pool resources and expertise to tackle issues related to land reclamation, irrigation and erosion.

Apart from Brahmaputra and its tributaries, the BRVA would also deal with the Barak and other rivers in the region and is likely to come in handy at a time when the proposed North-East Water Resources Authority is yet to take off due to opposition from some quarters.

Gogoi said while flood is an annual problem for Assam, the state had lost over four lakh hectares over past few years due to erosion by Brahmaputra. □

CAG empowered to comment: SC

Dismissing a PIL which sought to rein in the CAG from commenting on policy issues, the Supreme Court has said that the CAG has full powers under Constitution to comment on the efficiency and economy of an expenditure done by the Centre and states. "If the CAG exceeds its brief, then there is Parliament to correct it," a SC bench observed. The apex court said that the CAG is no 'munimji' to file only balancesheet of accounts.

Frontier water project resumed

After being stalled due to threats from the Chinese side of Line of Actual Control (LAC), work on an irrigation project along the Indus river in the border town of Nyoma in north of Jammu and Kashmir has resumed with additional security cover provided by Indian forces. "The work has begun again from September 23," Ladakh Autonomous Hill Development Council chief executive councillor Rigjin Spalbar said. The work could be started only after Indo-Tibetan Border Police deployed additional strength in the remote border town, 170km from Leh. The work was stalled in the middle of August after armed Chinese People Liberation Army personnel came up to the banks of Indus river and reportedly asked the contractor to stop the work on the irrigation project on the Irrigation Scheme in the Nyoma Block.

Post-retirement jobs & judiciary

The "clamour" for post-retirement jobs among judges was detrimental to the independence of judiciary, the BJP said while pitching for a two-year cooling off period before judges are appointed to tribunals and commissions.

"I say this with a lot of responsibility that even before they retire, it is decided for Supreme Court

and High Court judges as to which Commission they will go and join," BJP chief Nitin Gadkari said at a conference organised by the party's legal cell, while battling for judicial reforms. Leader of Opposition in Rajya Sabha Arun Jaitley said that he had no hesitation in supporting increase in the tenure of judges or supporting pensions equal to last drawn salaries for judges.

"But this clamour for post retirement jobs is adversely affecting impartiality of the judiciary of the country and time has come that it should come to an end," he said. Recommending a 'cooling off' period for judges, Gadkari suggested that "for two years after retirement there should be a gap (before appointment), because otherwise the Government can directly or indirectly influence the courts and the dream to have a independent, impartial and fair judiciary in the country would never actualise."

Coast Guard's tender scrapped

Coast Guard's plan to boost its maritime surveillance capabilities will have to wait as the Defence Ministry has scrapped its tender to procure 16 light helicopters. Only two companies — Indian Hindustan Aeronautics Limited (HAL), offering its ALH Dhruv, and European Eurocopter with its twin-engine Panther MB — were in the race for the deal expected to be worth over Rs 1,000 crore.

The tender, issued in July last year, was cancelled by the defence ministry after it was found that the helicopter offered by Eurocopter was not compliant with one of the request for proposal requirements, media reports said. With only ALH Dhruv left in the race, the ministry could not go ahead as single-vendor tenders are not allowed by the defence procurement procedure of the ministry. The Coast Guard is now planning to issue a fresh tender with new and reviewed specifications in 2013.

CVC inundated with complaints alleging Govt-contractor nexus

Whistleblowers and worried citizens have flooded the Central Vigilance Commission with fresh complaints of alleged irregularities in coal block allocations. The CVC has shared some of the complaints with the CBI that is probing the Coalgate.

Published reports quoting Sources said the complaints received in the past few days claimed criminal conspiracy among certain Government officials and private firms that were allocated coal blocks, including their executives. Certain unverified Government documents have been sent with a few complaints citing irregularities in the whole process of coal block allocation. Some complaints received by the Commission are being examined and

a few of them have been shared with the CBI. The CBI has been asked verify the claims during the course of ongoing investigation, sources said.

In the coal probe, CBI has so far filed seven FIRs against private companies and unknown public officials for alleged misrepresentation of facts and three preliminary inquiries. The CVC had in May referred the case of alleged irregularities in the utilisation of coal blocks allocated to private companies between 2006 and 2009 to CBI for further probe and has asked the investigating agency to wrap up probe by September 1. The CBI, however, asked for more time to complete investigations citing complexities involved. □

Malda hub for fake currency

Malda district in West Bengal has become a hub for smuggling of fake Indian currency notes (FICN), a senior BSF official said.

“44 Indians and 13 from Bangladesh were arrested by BSF for smuggling fake notes in 2011 while in the first eight months of this year altogether 46 people, including 18 Bangladeshis, were caught,” additional director-general (East), BSF, B D Sharma said.

Explaining the modus operandi, Sharma said smugglers often throw bundles of fake notes over the fence in the cover of darkness at night besides pumping money through the porous border. So far this year, BSF jawans have seized fake Indian currency notes having face value of Rs 15.83 lakh. The force has also written to the district administration for relocating some houses, belonging to Indian citizens, located across the border in Bangladesh.

“In 20-25 villages of the district, some Indian houses are located on the other side of the border. We have written to the district administration asking them to relocate it to the Indian side,” Sharma said.

Exports decline 9.74% in August

Exports declined by 9.74% year-on-year to \$22.3 billion in August due to the global economic slowdown. During April-August, the shipment dipped by 5.96 per cent to \$119.97 billion from \$127.5 billion in the same period last year, according to data released by commerce ministry. Imports during the month, too, slipped by 5.08% to \$37.9 billion, leaving a trade deficit of \$15.7 billion. During the first five months of the current fiscal, imports contracted by 6.2% to \$191.1 billion, with the trade deficit at \$71 billion

during this period. Oil imports during August was 2.96% higher at \$12.88 billion, compared to \$12.51 billion in the year-ago period. Oil imports during April-August was valued at \$66.7 billion, up 2.80% as against \$64.88 billion in the corresponding period last year.

Meanwhile, non-oil imports during August, were estimated at \$25.1 million, down 8.74% from last year. Non-oil imports during April-August, stood at \$124.46 billion, 10.41% lower as compared to the same period last year when it stood at \$138.92 billion.

Iron ore export from Goa

The iron ore export from Goa would not resume soon contrary to expectations, as the state mines and geology department was still verifying the quantum of ore lying at jetties. Director, mines and geology, Prasanna Acharya told PTI that several teams were on the job verifying the quantum of ore, and subsequently there would be inspection of mining sites.

“It will be difficult to restart the exports today...it will be possible only after the total (quantity of) ore is verified,” Acharya said. The state government suspended all the 90 mining licenses recently following recommendation of Justice M B Shah commission which probed illegal mining in Goa. Only the export of ore already lying at the jetties and mining sites was allowed, after its legality and quantum was ascertained.

Assistant director, mines, Parag Nagarcekar told PTI that mining companies had claimed that total of 52.97 lakh million metric tonnes of ore was lying at 50 jetties. The official teams had inspected 38 jetties till now, putting the amount of ore lying there at 13.56 lakh MT, Nagarcekar said, adding that inspection will continue this week too. □□

Protesters torch Buddhist temples, homes in Bangladesh

Hundreds of Muslims in Bangladesh burned at least four Buddhist temples and 15 homes of after complaining that a Buddhist man had insulted Islam, police and residents said.

Members of the Buddhist minority in the Cox's Bazar area in the southeast of the country said unidentified people were bent on upsetting peaceful relations between Muslims and Buddhists. Muslims

took to the streets in the area late on Saturday to protest against what they said was a photograph posted on Facebook that insulted Islam. The protesters said the picture had been posted by a Buddhist and they marched to Buddhist villages and set fire to temples and houses. Police said they had deployed extra security forces and banned gatherings in Buddhist-dominated areas. □

Iran seeks alternatives to Google, Gmail

An Iranian official says Tehran plans to create its own search engine and e-mail service to replace Google and its Gmail e-mail service, even as it weighs lifting a ban on Gmail enacted in response to an anti-Islam film. Reports by Iranian newspapers including the independent Aftab daily quote Dy Telecommunications Minister Ali Hakim Javadi as saying he hoped to launch the Fakhr search engine and Fajr e-mail in the near future. Hakim Javadi said authorities are discussing lifting the ban on Gmail imposed by an Iranian court in response to the posting of the film on YouTube, which is owned by Google. Google's search engine service is still available. Tehran has long promised to launch its own "clean" and "national" version of the Internet to curb Western influence.

J&K has chosen its destiny

A day after Pakistan President Asif Ali Zardari termed Kashmir "a symbol of failure of the United Nations system", India retorted by asserting that the people of Jammu & Kashmir have "peacefully chosen their destiny in accordance with democratic practices".

"Our principled position on the issue has been consistent and is well known," Foreign Secretary Ranjan Mathai told reporters at India's permanent mission in New York. In his riposte to Zardari's comment that Pakistan will "continue to support the right of the people of Jammu and Kashmir to peacefully chosen their destiny in accordance with the UN Security Council's long-standing resolutions on this matter," Mathai said: "The people of Jammu and Kashmir, which is an integral part of India, have peacefully chosen their destiny in accordance with democratic practices. They continue to do so."

Outlining the proposed Indian initiatives at the current session, Mathai highlighted the push for early adoption of the Comprehensive Convention on International Terrorism. As the chair of UN Security Council's Counter-Terrorism Committee, India has

taken the lead in urging all member-States to demonstrate zero-tolerance towards terrorism by taking urgent steps to prevent and combat terrorism in all its forms and manifestations.

Now, Lahore gets a Bhagat Singh chowk

Pakistani authorities have renamed a roundabout in the eastern city of Lahore after freedom to acknowledge his revolutionary spirit and his role in the movement against the erstwhile British rulers of the subcontinent. The Shadman Chowk of Lahore will now be known as Bhagat Singh Chowk, officials said. Bhagat Singh was hanged in March 1931 in the erstwhile Lahore Jail, which stood at the spot where the roundabout was built later. While authorities have changed the Hindu names of several places in Lahore, the decision to rename a busy roundabout after Bhagat Singh has been hailed by residents. District administration chief Noorul Amin Mengal directed the city district government to make arrangements for renaming within a week. Admonishing an official for considering 'Rehmat Ali' as the chowk's name, he said all Pakistani citizens, including Muslims, Sikhs, Hindus and Christians, had equal rights under the constitution and no one should object to the decision to rename the roundabout.

Muslim girl cannot skip swimming class

A German court has refused to allow a Muslim student to skip swimming lessons after she said she was uncomfortable being so close to bare-chested boys. The 12-year-old, originally from Morocco but going to school in the southern German city of Frankfurt, had refused to take part in swimming lessons and had been marked down accordingly. She filed to be given the right to skip the classes, her lawyer arguing that according to the Koran, she was not only forbidden from showing herself to boys but also from seeing the topless boys. An administrative court in Kassel, western Germany, rejected her application. It said in its ruling that she could wear the full-body

France to expel Islamists threatening security: Minister

France will expel any foreigner who threatens security at home or abroad in the name of Islam or does not respect the country's secular traditions, Interior minister Manuel Valls said.

France will be "intransigent... and I will not hesitate to expel those who claim to follow Islam and represent a serious threat to public order and as foreigners in our country do not respect our laws and values," he said at a ceremony to inaugurate a grand mosque in the eastern city of Strasbourg.

"The preachers of hatred, those espousing obscurantism and fundamentalists ... do not have a place in France," he said. "Racism, fundamentalism is not part of Islam."

"Those who are on our soil to defy our laws and want to attack the foundations of our society cannot remain here," he said. The mosque, which can hold 1,500 worshippers, is the biggest in France, which with four million Muslims has the largest Islamic population in western Europe. □

swimsuit, known as the "burkini" already used by several girls at her school, which would be enough to guarantee her religious freedom.

The family had chosen to live in Germany where mixed swimming classes were the norm, the court pointed out. One of the aims of the school system was to promote integration and tolerance, the court added, citing a ruling by Germany's constitutional court.

China wages island war with maps

One of the hottest items in bookstores in China is a map for a place that is closed to visitors, home goats and crabs, and the reason China's relations with Japan are at their lowest point in years. China calls them the Diaoyu islands; Japan, the Senkaku. China hastily published the map to maintain public outrage over the Japanese government's purchase of some of the islands from private Japanese owners. But this time Beijing has engaged in another type of mapmaking that may end up escalating the conflict. It has drawn new territorial markers, or baselines, around the islands and submitted them to the UN. By submitting the baselines to the UN, China is spelling out its claim to the waters and its resources, which up until now, it has sought to jointly exploit with Japan through negotiation.

Freedom of speech Questioned

Muslim leaders were in unison at the United Nations arguing that the West was hiding behind its defense of freedom of speech and ignoring cultural sensitivities in the aftermath of anti-Islam slurs that have raised fears of a widening East-West cultural divide. A video made in California depicting the Prophet Mohammad as a fool sparked the storming of US and other Western embassies in many Islamic countries and a deadly suicide bombing in Afghanistan this month. The crisis deepened when a French magazine published caricatures of the Prophet.

Egypt's newly elected Islamist president, Mohamed Mursi, voiced similar sentiments in his "Egypt respects freedom of expression, freedom of expression that is not used to incite hatred against anyone," he said. "We expect from others, as they expect from us, that they respect our cultural specifics & religious references, and not impose concepts or cultures that are unacceptable to us." While repeating his condemnations of the video, US President Barack Obama staunchly defended free speech, riling some of those leaders.

Pak-India trade

The decision taken by Pakistan and India to scale down tariff to a maximum of five per cent and remove all non-tariff barriers (NTBs) by 2020 will lead to regional integration, according to an official of the Geneva-based World Trade Organisation (WTO). "The current progressive dialogue on trade between Pakistan and India will not only benefit the two economies but will also serve to increase trade among Saarc countries," Pradeep S. Mehta, a member of the WTO's high-level stakeholders' panel for defining the future of trade in 21st century, told Dawn on the sidelines of the talks between Pakistani and Indian officials. The two countries have linked progress on bilateral trade to a reduction in the number of items on the 'sensitive list' of the South Asian Free Trade Agreement (Safta). "More progress on bilateral trade arrangements will facilitate trade under the Safta," Mr Mehta remarked.

He said that he had sensed 'a change of heart' in New Delhi towards Pakistan vis-à-vis trade & investment. "All rightwing political parties in India now agree that a peaceful & stable Pakistan is in the interest of India." In Pakistan too he had noticed a similar change, Mr Mehta said. In the past few months he saw tremendous progress in trade relations between the two countries, he said. India was willing to export petrol & electricity and ready to invest in the power sector in Pakistan. □□

Argentina files dispute against US

On 3 September 2012, Argentina notified the WTO Secretariat of a request for consultations with the United States on measures applied by the United States to imports of fresh lemons from the north-western region of Argentina. Argentina claims that the prohibition of imports of this fruit for the last 11 years, and other restrictive measures, lack scientific justification. Argentina also claims that the measures of the United States appear to cancel or impair the benefits for Argentina derived, directly or indirectly, from the relevant WTO Agreements.

Mexico files dispute against Argentina

On 24 August 2012, Mexico notified the WTO Secretariat of a request for consultations with Argentina on measures applied by Argentina to the importation of goods. Mexico alleges that these measures “restrict the imports of goods and discriminate between national and imported goods”. Mexico further alleges that these measures “don’t seem to be related with the implementation of any measure justified under the WTO Agreement”. This dispute is similar to those initiated in recent weeks by the European Union, the United States & Japan for the same reason.

NGO campaign for WTO democracy

At a press briefing to launch the NGO campaign for internal transparency and democratic decision-making at the World Trade Organization, a group of NGOs said that if these reforms are not accepted and put in place before and at Cancun, the outcomes will lose all legitimacy with the public and among members.

Ten NGOs issued a letter and memorandum to the WTO head, and Trade Ministers and Ambassadors of WTO members, calling for reforms to ensure internal transparency and inclusiveness and participation of developing countries in the WTO processes and decision-making. In their letter and memorandum, the NGOs urged the WTO to reform its ‘undemocratic’ decision-making processes as well as address the issue of the lack of internal transparency and participation by developing countries.

EU rejects U.S. Claima

U.S. aircraft giant Boeing is still getting U.S. subsidies despite Washington’s claim to have stopped the

handouts, the European Union said in the latest round of the world’s biggest trade dispute. The EU’s claim came one day after the U.S. Trade Representative’s office said it had complied with a ruling by a World Trade Organisation dispute panel that found Boeing had benefited from illegal payments. The United States had until Sept. 23 to comply.

“We had expected that the U.S. would have finally complied in good faith with its international commitments and would have abided by the WTO rulings that clearly condemned U.S. subsidies to Boeing”, EU Trade Commissioner Karel De Gucht said in a statement. “We are disappointed that this does not seem to be the case. So, the U.S. leaves us with no other choice but to insist on proper compliance before the World Trade Organisation. We are confident that this process will finally lead to a level playing field in the aircraft sector.”

Doha rescue in US, China’s hands

WTO DG Pascal Lamy has acknowledged the Geneva-based grouping has been a “disappointing” forum for trade liberalization but placed the blame for moribund world trade talks on both China and the United States. Lamy, in a speech to the Brookings Institution, said it was clear a comprehensive agreement in the Doha round of world trade talks launched in 2001 “is out of reach in the short term.” But it may still be possible for WTO members to make advances in some areas, such as expanding the 1996 Information Technology Agreement.

India may move WTO against US

India is expected to soon seek consultations with the US under the aegis of WTO on visa fee hike for professionals, which discriminates against Indian software companies that send employees to America on short-term contracts. Although the commerce ministry had internally started the process in April, collecting all the relevant information and data to make a strong case in the WTO is taking time, a senior official told PTI. The US had raised visa fee in 2010 to fund its enhanced costs on securing border with Mexico under the Border Security Act.

India has been protesting against the measure at different forums. According to industry experts the H1B visa fee has been increased to USD 2,000 per visa application and L1 by USD 2,700 per visa application. □□