

Freedom

First

The Liberal Magazine

“...and therefore within a short period, we will replace the planning commission with a new institution...”

*Prime Minister Narendra Modi
August 15, 2014.*

“Dissolve the Planning Commission and scrap the disastrous Fourth Plan”

*From the Manifesto of the Swatantra Party
General Elections of 1967.*

BETTER LATE

THAN NEVER



The Swatantra Party

On the cover we draw attention to the fact that the Swatantra Party's Manifesto for the 1967 General Elections promised that if elected we would dissolve the Planning Commission.

What else did the Swatantra Party promise in its 1967 Election Manifesto promise which sent 44 members to the Lok Sabha (out of 179 candidates who contested) polling 8.68% of the total votes polled?

This is what its Election Manifesto promised:

Governments formed or backed by the Swatantra Party will:

- ▶ Pull the economy out of the ditch in which it has been landed by those in office during the past twenty years
- ▶ Cut Governmental expenditure
- ▶ Cut taxes direct and indirect, and abolish land revenue.
- ▶ Check rising prices by increasing production in field and factory and provide a stable and honest rupee.
- ▶ Help the Farmer to grow enough to feed the people
- ▶ Free agriculture, trade and industry, as also panchayats and cooperative societies, from the fetters of needless State control and interference.
- ▶ End Permit-Quota-Licence Raj and thereby remove a major source of corruption and favouritism.
- ▶ Dissolve the Planning Commission and scrap the disastrous Fourth Plan
- ▶ End all monopolies, whether in the State or free sector
- ▶ Restore fair and free competition, in the service of the consumer
- ▶ Give back to the people what is theirs
- ▶ Restore respect for India in the eyes of the world.
- ▶ Ensure free and compulsory elementary education.
- ▶ Provide a better life to the people here and now.
- ▶ Make today's Prosperity the foundation of tomorrow's growth

The Manifesto goes on to ask "CAN ALL THIS BE DONE?"
And answers, "Yes, it can. And this is how..."

The Manifesto then goes on to outline in the next 17 pages what it called
"The Swatantra Party's Programme of Ordered Progress.."

Freedom First

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From Our Readers

A NE.Indian 'Citizen' and a Tibetan 'Refugee' Exchange Notes

Dear Tenzin,

It was indeed heartening to hear of what you have shared in your article "To be or not to be a Citizen: The Tibetan Dilemma" in the magazine *Freedom First*, July 2014. I was much moved by your write up. I understand you and your people have undergone a lot of traumatic experiences. What I want to say is that my moral support is with you. I got Tibetan friends while I was studying in Ahmedabad, and they too have shared with me their problems, we had exchange of words and feel heart to heart about the dehumanizing acts.

I am from North East India....Because we have similar features and we are of the same race thus people's outlook towards us is rather cruel. They throw abusive words, teasing etc. It has taken a toll on the oppressors that it looks like they have a duty to be performed. It is not surprising that violent racism is happening in everyday basis. There is a growing situation happening even in the capital of the country. Therefore I encourage you to keep striving in what you do...all the best for your work as an activist, as a journalist. I will keep you in my prayer.

Avi Abram Krocha, Chennai. krochasj@gmail.com

Dear Avi,

Thank you very much for your email response to my article published by *Freedom First* whose editor Mr S. V. Raju is copied here in my email. Also copied is Mr. Sethu Das who is the president of Friends of Tibet, India.

Yes, whether it's a case of injustice and discrimination, like how you face in India or the oppressive occupation like our people face in Tibet, there must be resistance. What matters is how we resist and how we conduct ourselves during the resistance. If we ourselves act with anger and hatred, and use violence we do not do any service to the cause we fight for, in fact a huge disservice.

It is in the joy of doing good work that sustains such civil rights movement where people find inspiration both within and without.

Tenzin Tsundue, Dharamshala,
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*

On being a 'Christian Hindu'

Freedom First is available in both print and web editions. The print edition which is mailed on request to our subscribers is often delayed or sometimes non-delivered! The web edition is promptly emailed on request. These emailed copies have in recent months been accompanied by a note from the editor on an issue of topical interest that arose between the print edition was being printed and the 1st of the following month. One such covering note was forwarded with the web edition of August 2014 on August 1. The note commented on a statement by Mr. Francis D'Souza, the deputy chief minister of Goa describing himself as a "Christian Hindu." And what Gurudev Rabindranath Tagore had to say on it!

I read your piece on one's religion or identity. To me what one does in the public sphere is more important than what he is by birth or what he does in his personal domain.

Ranga Kota, Hyderabad. rkota123@yahoo.co.in

*

Very interesting. My dear late wife, of Goan Catholic family, always said the same about her own cultural ID.

Dan Driscoll, Canada. driscoll.law@gmail.com

*

A real eye opener.

Girdhar Patil, Nashik. girdhar.patil@gmail.com

*

Thank you Sri Raju for your backgrounder on the issue of the statement by Goa's Deputy Chief Minister's statement calling himself a Christian Hindu which raised a controversy. This must remove the lingering doubts in those who sit on the fence on this issue. Of course those who have their minds closed will continue to advance specious arguments to the contrary. At least this must make them think that the word 'Hindu' is not that which conjures up thoughts of fundamentalism.

H. R. Bapu Satyanarayana, Mysore.
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*

Very interesting. Thoughtful.

Venkatraman Anantha Nageswaran,
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*

Need to Change the Tax Collection Culture

Many years ago, in a letter to the Editor of *The Times of India*, Nani Palkhivala called income tax officers “tax extortionists”. He referred to a communication from the Central Board of Direct Taxes to Commissioners of Income Tax (Appeals) stating, “CITA shall examine the cases before them for enhancements and the number of enhancements shall be parameters for judging performance”. In other words, an officer is judged, not by correct actions, but by how much money he collects for the government, whether justified or not.

We keep hearing about dishonesty of the Indian tax payer. If we want honesty from the tax payer, we have to start with honesty and fair-play by the tax authorities. If there is a prevalent feeling that we live under threat of tax extortionists, we cannot expect honesty among tax payers. Such loss of confidence costs the country more than any loss in tax collection.

This note is prompted by an article titled “We need realistic tax collection targets, not more taxes” by Gautam Nayak, in the daily *Mint* of 17 July 2014. The author states, “There is no accountability for tax officers taking such absurd positions. Most tax payers are forced to pay up a significant part of such tax demands pending appeal, on account of CBDT instructions that they have to pay 50% of the demand pending appeal. At the end of it all, when they succeed in getting the appeal order in their favour, they are forced to run from pillar to post for their refunds. How then does one expect tax payers to have faith in the tax system?”

The author further states, “The Action Plan wants officers to carry out quality assessments. The problem is where it clarifies that ‘a quality assessment must lead to substantial addition to disclosed income with initiation of possible Penalty/Prosecution proceedings and collection of significant portion of demand so raised by 31.03.2015.’

Our nation had high hopes that the Modi government would remove prejudices of the past. Unfortunately, the recent budget does not give any indication of a change in the tax collection culture.

M. B. Damania, Mumbai. minocheher@gmail.com

*

Can Swatantra Party be Resurrected or Reactivated?

If the notion of resurrection sounds romantic and impractical let us call it reactivation or revival or by any other name, but let us do something to take advantage of the mood in the country for a change away from ‘subsidy’ governance. Swatantra is an idea whose time has now come.

Modi may succeed or he may not, given the kind of extraneous pulls and pressures he has to deal with and reconcile different sections of the party. This is becoming apparent from the fact that there is no talk of giving up Air India, and the Information & Broadcasting Minister has changed his tune since taking charge of his Ministry. “There is therefore still a need for a credible alternative to the BJP.”

If the Party cannot be reactivated due to the pending court case, we could consider making a caucus which could interact with the government and influence their decisions. Modi is open to ideas as witnessed by the two sites launched by him and his supporters (mygov.nic.in and transform India with Narendra Modi) where people have been contributing their ideas of good governance.

As the editor asserted (*FF*, July 2014), we have to “prevent the Congress (I)’s return to power; for, ...the dynasty that owns the Congress (I) will ensure its retention of power by hook or by crook...this must not happen.” Keeping Congress out should be our paramount goal. Let us hope the forthcoming Assembly Elections continues the demolition of the Congress (I).

We may fail but at least we would have had the satisfaction of trying! History will not be kind to us if we take a diffident stand and declare our failure even before making the effort.

Hina Manerikar
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*

Youths wearing T-Shirts with ISIS emblem

A 22-year old youth in Ramanathapuram in Tamil Nadu was taken into custody after a photograph showing him and some friends wearing T-Shirts with the ISIS emblems was uploaded on social media.

Abul Rahman, the youth told the police that the group wore the T-shirts to thank the ISIS for releasing the Indian nurses from their captivity in Iraq without harming them. The photo was taken in front of a mosque in Thondi.

Mumbai Mirror, August 4, 2014

On being a ‘Christian Hindu’

Freedom First is available in both print and web editions. The print edition which is mailed on request to our subscribers is often delayed or sometimes non-delivered! The web edition is promptly emailed on request. These emailed copies have in recent months been accompanied by a note from the editor on an issue of topical interest that arose between the print edition was being printed and the 1st of the following month. One such covering note was forwarded with the web edition of August 2014 on August 1. The note commented on a statement by Mr. Francis D’Souza, the deputy chief minister of Goa describing himself as a “Christian Hindu.” And what Gurudev Rabindranath Tagore had to say on it!

According to a report in the *Free Press Journal* of July 29, 2014 Mr.D’Souza is reported to have said: “India is a Hindu country. India is Hindustan. All Indians in Hindustan are Hindus including me...I am a Christian Hindu...Hindu is my culture. Christianity is my religion. When I say Hindu, it means culture and not religion...”

When I read this I was reminded of an article by Gurudev Rabindranath Tagore reprinted in *Freedom First* No.531 of September 2011. In his article *Atma Parichaya* (Introducing Oneself) written in Bengali and translated by Buddhadeva Basu) said something similar: ‘.

Tagore said *inter alia* “...I was born into the Hindu society and have accepted the Brahmo sect; if I wish I can go over to another sect, but to another society I cannot belong... With the history of no other society would I have this sense of identification? We can transfer a fruit from one basket to another, but on a different branch we cannot grow.

“Do I then claim that I remain a Hindu even if I become a Christian? Certainly I do, and to me this is quite beyond dispute. No matter what the orthodox Hindus may say about it, Kali Charan Banerjee was a Hindu Christian, and so was Jnanendra Mohan Tagore before him and Krishna Mohan Banerjee as well. These men were Hindu by nation and Christian in faith. Christianity was their complexion, but in substance they were nothing but Hindus. There are thousands of Bengali Muslims whom Hindus perpetually label as non-Hindus, and yet the truth about them is that they are Hindu Muslims. It isn’t difficult to conceive of a Hindu family where, lovingly cherished by the same parents, live three brothers, of whom one is

a Christian, another, a Muslim and the third a Vaisnava. Rather is this family which would represent what is true and beautiful in the Hindu idea....

“The words “Hindu” and “Muslim” do not have a similar connotation. Islam is a particular religious creed. But Hinduism is not. “Hindu” is a term for the consummation of the Indian nation... From long ago has it come down to us, passing through centuries and the same sunlit horizons, carrying along with it the same rivers and forests and mountains, and saturated with that sequence of attacks and responses which constitute the history of our mundane and spiritual lives. In that word is contained all that we are in our bodies and our souls. From this deep flowing stream no one is cast aside simply by virtue of his having become a Christian – neither a Kali Charan Banerjee nor a Jnanendra Mohan Tagore.

“It will be argued that a Muslim is a Muslim for all that, whether in China or Persia. Not that I know much about the Chinese Muslim, but I dare say that he is in many ways quite different from his Indian counterpart, although there is a certain agreement in religion. I will add that even in the matter of faith the Chinese and Indian will agree on but broad principles; on details they will be at variance. Yet this same Chinese Muslim will have numerous points in common with the Confucians and Buddhists of his nation...”

Strangely, I found that neither the print media nor during the discussions in the many channels conducted by our Madaaris was there any reference to this view of Rabindranath Tagore. I wonder if the Bengali press and TV channels referred to Tagore’s article *Atma Parichaya* - (Introducing Oneself) written in Bengali and translated by Buddhadeva Basu.

Wonder why?

If you wish to read the full article reprinted in two parts, please visit www.freedomfirst.in, select archives and click September 2011, Nos.530 and 531 to read “*Introducing Oneself (Atma-Parichaya)*” by Rabindranath Tagore or if you want a printed copy then write to us along with a self-addressed (Rs.10 stamped) envelope. Our address: Freedom First, 3rd floor, Army & Navy Bld. 148 Mahatma Gandhi Road, Mumbai 400001

Editor

Exit – India’s National Planning Commission

V. K. Krishna Moorthy

All doubts about the future of the National Planning Commission under the new regime were put to rest when PM Modi in his maiden Independence Day address to the nation , revealed the proposed abolition of the Planning Commission

There was a very interesting cartoon by Sudhir Tailang in the *Deccan Chronicle* of 24.6.2014. The cartoon showed a note hanging on the PM’s Table which said ‘Modi to Dismantle Plan Panel’ while a Bada Babu was suggesting to the PM saying ‘Sir, how about disconnecting water and power supply to the Planning Commission?! The cartoon aptly summarizes tellingly the current attitude of the establishment towards the Planning Commission, though for the record the Minister of State for Planning Rao Inderjit Singh stated recently that the government has no plans to scrap the Planning Commission.

All doubts about the future of Planning Commission under the new regime were put to rest when PM Modi in his maiden Independence Day address to the nation, unleashed the new government’s vision for the country. Modi’s economic thrust was underlined in the proposed abolition of the Planning Commission and replacing it with a new institution attuned to the contemporary concerns of the country. He said that a body like the Planning Commission was very much required for a country that had just gained independence and to prepare a roadmap for the country’s economic growth. However, it has outlived its utility and there is need for an altogether new body in its place in the context of global changes and a resurgent India where the private sector has been playing an equally important role in recent years with the initiation of economic reforms in the country..

Centralized Planning

The experiment of a centralized planning body to formulate long-term plans was pioneered by the erstwhile USSR following the 1917 October Revolution and establishment of the Communist Party government. Several other countries have followed the novel experiment and continue to do so. China continues to have a National Development and Reform Commission (NDRC) which has a broad administrative and planning control over the economy. In France, the General Commission for Strategy and Foresight (GCSF) assists the government in

determining the direction for economic development. In Belgium the Federal Planning Bureau (FPB) provides assistance to the government and issues studies and projections on economic and other issues. In the US, besides the state-level plan bodies, the Council of Economic Advisers (CEA) offers the President objective economic advice on the formulation of domestic and international economic policy.

Planning in the British Era

A sort of formal Basic Economic Planning was first initiated in India way back in 1938 by Subhash Chandra Bose when he was the Congress President. On 17th December 1938 Bose set up the National Planning Committee of the Congress with several sub-committees under it. The British Raj also formally established a Planning Board that functioned from 1944 to 1946. Bombay industrialists and economists also independently formulated in 1944 at least three different development plans, the most well-known of them was the Bombay Plan of 1944, prepared by B. R. Shenoy and A.D. Shroff founder of the Forum of Free Enterprise. This plan became the inspiration for independent India’s First Five-Year-Plan.

While some scholars have argued that the introduction of planning in India as an instrument of development was to transcend the ideological divisions between Gandhi and Nehru, some others have argued that the Planning Commission established in March 1950 as a central agency in the context of plural democracy in India needed to carry out more functions than rudimentary economic planning. Over the years however, the Planning Commission has taken upon itself more than what it could chew. With all this and over six decades of centralized planning and lakhs of crores spent over the years, the quality of life of a majority of the rural masses has not improved in any significant measure. There are vast tracts of areas in the countryside which have not had any significant impact on the life and living of the people against the promises made in the Constitution to uplift the rural masses and other needy sections of the populace.

The Directive Principles of State Policy, clearly stated *inter alia*, that “The State shall, in particular, strive to minimize the inequalities in income and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals, but also among groups of people...” To add more strength to the survival of the ruling elite, during the tenure of Indira Gandhi as PM the most misused and controversial words – “Secular” and “Socialist” were added in the Preamble to the Constitution creating a plethora of problems. This political gimmick of the Congress Party has virtually divided the Indian polity and in no way helped the downtrodden masses of the country. Instead, it became a magic wand in the hands of the Congress Party for its survival and to remain in power for the longest period in India’s modern history. The Planning Commission has been used by the powers that be to play politics and confer extra favours to those states and regional satraps who were in the good books of the ruling establishment and the PM for the continued survival of the ruling party at the centre.

Birth of Planning Process in India

The National Planning Commission was constituted by a resolution on 15th March, 1950 by the first Congress government under the chairmanship of Jawaharlal Nehru. The objective of the planning body was to set national growth priorities and determining the systematic course of balanced development of a country that had just a few years earlier attained independence from foreign yoke. Thus, the Planning Commission of India, created by an administrative fiat over 64 years ago by the first PM as a symbol of his penchant for centralized planning as in the erstwhile USSR did not have to this day, the backing for its creation and continued existence from either the Constitution or any statute. It remained as an arm of the Centre and not answerable to Parliament.

The role of the India’s planning body includes formulating plans for the most balanced and effective utilization of the country’s natural and people resources. This is done in close understanding and consultation with the state governments and determining devolution of funds to the states. In practice however, national priorities have taken precedence to the detriment of states’ interests. This was aided by a strong central government led by Congress and the same party ruling in the states for long periods in the early years after freedom, thus undermining state’s priorities. This practice continued even with coalition governments ruling at the centre though it changed to some extent with regional parties competing for specific demands for their states. Many a time, the brittleness of the coalition governments and the significance of the

support extended by the regional parties to stay in power, were deciding factors for the states in getting new projects and a higher share of the Plan resources.

Unlike the Finance Commission, a constitutional body, which is answerable to Parliament, the members of the Planning Commission were appointed by the PM. Hence, many a time, the Commission was considered as a roadblock to development of the states according to their priorities as well as to the concept of federalism. The Commission was also not subjected to audit by the CAG. Since the Commission is answerable only to the PM, it developed close links with the PMO.

In the 10 years of continuous UPA rule at the centre inequality is reported to have risen in 70% states though it takes credit for the steepest decline in poverty to 21.9% down 15.3% points from 37.2% in 2004-05 during its regime. According to the data available between 2004-05 and 2011-12, inequality increased in more than two-thirds of the country’s 29 states, according to a report in *Business Standard* (6.1.2013). The data shows that the rich-poor gap in 2011-12 was the widest ever in urban areas and the highest level since 1993-94 in rural parts. This index was a clear indicator that the rich were getting richer and the poor poorer and a clear proof that centralized planning had failed miserably. With over 60 years of centralized planning hardly any significant change in the lives of majority of the people in the countryside has happened. In fact the inequalities have increased over the decades. Besides, the cost of delivery of services under various schemes of the government over the years have remained high and eaten away a substantial amount of funds allocated under various schemes.

No doubt, that in the initial years under the guidance of the then PM the Commission was able to lay solid foundation in every sphere of the economy, from science and technology, and oil exploration to education and health. However, skill development among the youth to take advantage of the increasing demands of a growing economy has never been its area of concern. Over the years it had failed to foresee a well-trained people resource requirements of the country’s rapidly growing modern economy.

There has been a strong debate about the future of the Planning Commission, including the suggestion that it should be wound up. One of the advocates being economist Arvind Panagaria who suggests that the centrally sponsored schemes (CSS) in the realm of the states, which had become highly cumbersome should be

abolished and the money transferred to the state governments en bloc, with no guidelines. Most states also prefer the freedom to decide where they want to put their money. Even Dr. Manmohan Singh, as PM and Chairman of the Planning Commission questioned the relevance of the Commission and the need to reorient its character to suit the requirements of present-day India.

An Independent Evaluation Office (IEO) set up by the Commission last year headed by a Director General, to assess the effectiveness of government programmes, institutions and policies sent its first report to the PM recently found that the planning panel exceeds the scope of its authority by acting as a 'control commission' particularly with regard to the allocation of funds to state governments even though it is a recommendatory body. It has recommended replacing the Plan panel with a new think tank, staffed by experts with domain knowledge which should provide a road map of priorities in different sectors to the central and state governments through its

recommendations. The IEO has also expressed concern relating to its opaque functioning, the lack of parliamentary oversight of its leadership and the lack of accountability of its members.

The dismantling of the plan panel constitutes a concrete example of the new government's complete break with the past in the management of the economic affairs of the nation, and a strong signal to global investors. According to indications the new body is to be called National Development and Reforms Commission, on the lines of a similar institution functioning in China since the early 2000s, in place of a centralized planning body. Going forward, we need to wait and watch for the blueprint of the proposed new body its membership and what type of roadmap it will unveil for the country's accelerated economic growth.

V. KRISHNA MOORTHY, CEO, Parivarthan, Mysore, can be reached at moorthy_vk@rediffmail.com.

A New Institution will Replace the Planning Commission

Ever since our government has taken charge, there has been a discussion in the newspapers, on TV channels as to what would happen to Planning Commission. I believe that when Planning Commission was constituted, it was done on the basis of the circumstances and the needs of those times. In recent years, Planning Commission has contributed to the growth of the country in its own way. I respect that, I am proud of that, but the prevalent situation in the country is different, global scenario has also changed, governments are no longer the centre of economic activities, the scope of such activities has broadened. State governments have been at the center of development and I consider this a good indication. If we have to take India forward, it can happen only by taking the states forward.

India's federal structure is more important today than in the last 60 years. To strengthen our federal structure, to make our federal structure vibrant, to take our federal structure as a heritage of development, a team of Chief Minister and Prime Minister should be there, a joint team of the Centre and the states should move forward, then to do this job, we will have to think about giving the Planning Commission a look. So, I am saying

from the rampart of the Red Fort that it is a very old system and it will have to be rejuvenated, it will have to be changed a lot. Sometimes it costs more to repair the old house, but, it gives us no satisfaction. Thereafter, we have a feeling that it would be better to construct a new house altogether and therefore within a short period, we will replace the planning commission with a new institution having a new design and structure, a new body, a new soul, a new thinking, a new direction, a new faith towards forging a new direction to lead the country based on creative thinking, public-private partnership, optimum utilization of resources, utilization of youth power of the nation, to promote the aspirations of state governments seeking development, to empower the state governments and to empower the federal structure. Very shortly, we are about to move in a direction when this institute would be functioning in place of Planning Commission.

Excerpted from Prime Minister Narendra Modi's Independence Day Speech on August 15, 2014.

Haksar, Manmohan and Sonia

Subroto Roy

Natwar Singh and Sanjaya Baru, in their recent publications, may have allowed basic misinterpretations of events to distract from what may be informative in their experience.

In the summer of 1973, my father, then with India's embassy in Paris, brought home two visiting colleagues separately, to advise me before I headed to undergraduate studies at the LSE. One was G. Parthasarathi, India's envoy in Karachi during the 1965 war when my father had been acting head in Dhaka; G P was marvellous, strictly advising I do the hardest things I could find at LSE, namely mathematical economics. The other visitor was Manmohan Singh.

Manmohan, then in his early 40s, asked to meet me alone, and we plunged quickly into a heated debate about the demerits (as I saw them) and merits (as he saw them) of the USSR and its "planning". He was taken aback by the lad, and at the end of his 40-minute visit said he would write to his friend Amartya Sen at LSE about me. An ambiguous, hardly laudatory letter of introduction to Amartya arrived, which I duly but reluctantly carried; I wish I had kept a copy but xeroxing was not yet a word back then.

When I told my father about the debate, he to my surprise said Manmohan was extremely highly thought of in government circles, had degrees from both Cambridge and Oxford, and was "expected to become prime minister of India some day"!

That prediction, more than 30 years before Manmohan did become India's PM, was almost certainly a reflection of the opinion P. N. Haksar had, still at the height of his power as Indira Gandhi's right-hand man. In a 2005 interview with Mark Tully, Manmohan acknowledged Haksar being his mentor in politics who brought him into government in early 1971. My father himself was sent by Haksar to the Paris embassy in anticipation of Indira's November 1971 visit on her diplomatic tour before the Bangladesh War.

Fast forward to the afternoon of March 22, 1991, at Delhi's Andhra Bhavan. I had met Rajiv Gandhi through S. S. Ray on September 18, 1990, and given him results of a perestroika-for-India project I'd been leading at the University of Hawaii since 1986. On September 25, 1990, Rajiv formed a group consisting of Gen. K. V. Krishna Rao,

M K Rasgotra, V Krishnamurthy, S Pitroda and myself to write a modern agenda and manifesto for elections Rajiv said he expected by April 1991. Krishnamurthy later brought in A M Khusro to the group, and all these persons were present at the March 22 meeting – when I was unexpectedly challenged by Rasgotra demanding to know what Manmohan Singh would say about all this liberalisation and efficiency (and public goods, etc.) I had proposed.

That was the first mention of Manmohan in post-Indira politics. I replied I did not know what he would say but knew he had been on a project for Julius Nyerere, that the main thing was to get the world to see that the Congress at least knew its economics and wanted to improve India's woeful credit-standing.

The next day, on the lawns of 10 Janpath, Rajiv launched Krishna Rao's book titled *Prepare or Perish*. Rajiv was introduced on the occasion by none other than P. N. Haksar. I talked to Haksar briefly, mentioning his sending my father to Paris in 1971 and my father's old friends the Kaul brothers, the elder being Haksar's brother-in-law and the younger being Manmohan's first boss in government. Haksar seemed unwell but was clearly delighted to have returned to favour after falling out with Indira during Sanjay's regime.

The March 22, 1991, meeting was also one of several occasions when I, a complete layman on security issues and new to Delhi and in my 30s warned, as vehemently as I could, that Rajiv seemed to my layman's eyes extremely vulnerable to assassination. Absolutely nothing was done in response by anyone, other than saying I should probably speak to "Madame"!

One man's response, in 2007 and 2014 publications, has been to deny he knew me at all and claim the group came to exist without me – when in fact it was created by Rajiv as a sounding board one week after I gave him the academic project results I had led since 1986. This same man had excitedly revealed to me on September 25, 1990, that his claim to a doctoral degree originated in the USSR in the 1970s; he has always concealed his experiences in

that country. After Rajiv's assassination, he rose to much background influence with Sonia, and one of his protégés is now apparently influential with Mr. Modi too.

Sonia Gandhi I met only once to convey my condolences in December 1991, and give her a copy of a tape of conversations between Rajiv and myself during the Gulf war in January that year. She seemed a taciturn figure in deep grief, and apparently continued with the seven-year period of mourning traditional in her culture of origin.

Natwar Singh and Sanjaya Baru, in their recent publications, may have allowed basic misinterpretations of events to distract from what may be informative in their experience.

Natwar has said Haksar was central in May 1991 in the move (purportedly on behalf of Rajiv's newly bereaved widow) to first ask S. D. Sharma to take the PM's job, which Sharma declined. If so, this was a failed attempt by the "Haksar axis" of unelected non-politicians to maintain control of events. Natwar claims it was only then that Sonia chose P V N Rao. In reality, P. V. N. R. was a highly respected leader who, though due to retire, was the acknowledged senior member in a group of regional leaders including S. S. Ray, Sharad Pawar and others. The Haksar axis failed to stop P. V. N. R.'s rise to the top job,

though it managed to get Haksar's protégé to become finance minister. Sonia was hardly involved.

As for Manmohan becoming Sonia's PM, a senior Lok Sabha Congress leader with PM ambitions himself told me of his own accord in December 2001 that it was "certain" she would not take the top job herself and it was generally presumed Manmohan would get one term – the denouement of the Haksarian prediction my father made to me in 1973 in Paris. Contrary to Baru's claim or even Manmohan's own self-knowledge, it was never any "accident" that he became PM of India.

Finally on the issue of files being shown, the man named as the conduit is someone I became related to in-law back in 1981. He and Manmohan, too, would have been sticklers for the rules. The real issue is this: given the 1970s brand of Soviet influence on the Congress, would anyone have said it was Kosygin as PM who did or could ever wield more power than Brezhnev the party boss? Of course not. The same with Manmohan and Sonia in India.

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Point Counter Point

Ashok Karnik

Every issue has at least two sides. A wise person examines all sides before coming to a conclusion. This is an attempt to present various sides of an issue so that a considered opinion can be formed.

Arrogance of Power?

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1a). Under the new dispensation at the Centre, a few of its peripheral supporters are indulging in arrogance. After the killing of a Muslim youth in Pune, talk of Bikini bans and Hindu Rashtra by a Goa Minister, Ashok Singhal's utterances and Pravin Togadia's usual belligerence, Shiv Sena MPs' misbehaviour with a Muslim canteen manager in Delhi crowned the rising complaints against the new regime. The Akhil Bharatiya Vidyarthi Parishad (ABVP) of the Sangh Parivar then flexed its muscle against the UPSC to attack English test. Another self-appointed guardian of national interests objected to Sania Mirza's appointment as Telangana Brand Ambassador because she is married to a Pakistani. Can one sink lower? Does this mean that extremist elements have become bolder or are they genetically so offensive? In a democracy, an MP should hold an iconic status since he represents lakhs of citizens. His intellectual capacity may or may not be high but his personal attributes need to be impeccable. Unfortunately, every action of the NDA supporters is going to be judged on the parameters of communalism. Their habit of shouting, abusing, hurling objects and assaulting subordinates is being judged not only as personal misconduct but as a reflection on the regime.

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1b). It is true that none of these activities is a matter of Government policy. Shiv Sena MPs showed the worst side of their nature when they found that the Maharashtra Sadan in Delhi did not serve them properly. They chose to force feed the Manager of the canteen that served the below par food. The fact that the official was a Muslim observing roza might have been overlooked by the MPs in the heat of the moment. They tried to make him realise how bad the food was. Shiv Sena prides itself on action rather than words and this was perhaps the worst example of wrong action. VHP leaders often spout venom and Ashok Singhal and Togadia were perhaps their normal selves in making veiled threats to the minorities. They should show better appreciation of the situation. Shiv Sena MPs, a few voluble leaders of the BJP and other camp followers of the NDA must realize that they have come to power on a huge amount of goodwill and every action of theirs that reduces that goodwill is betrayal of the faith people have rested in them. Without being judgmental about the increasing communal incidents in UP where the SP may be the responsible party, one can only suggest that Narendra Modi should take cognizance of the highhandedness of his supporters. It is too early to see it as a trend but timely warning to the offenders would help the NDA.

Pune Blast

2a). The bomb blast at Pune (July 10) shook the city again. Although Pune hosts a number of defence installations, none of these was targeted. A parking lot next to a Police Station and also near a famous Ganesh Mandir was selected for the bombing. Truly speaking any market place in any city is a soft target. It is a fallacy to believe that tight security would make such places terror proof. Given this weakness, only adequate CCTV network would make it easier to trace the culprits. The recent attacks in Gaya, Patna and Pune were 'hit and run' affairs and not suicide bombings. The crude nature of the bombs hints at non-availability of powerful explosives like RDX or dynamite. Not that the lack of punch is any satisfaction to us. After all an explosion is an attack on the civil society and spreads

2b). The above analysis does not lead anywhere nearer to detection of the terrorists. That solution would lie in the proper use of the CCTV technology. Remember that the Boston bombers were identified among thousands of Marathon spectators through use of google technology to magnify the image of each individual in the crowd and by tracing his or her reaction before and after the bomb blast. Technology can perform wonders but it needs to be in place first. Our placement of CCTV cameras is stuck in red tape as usual. Tenders were invited, a high level committee appointed to expedite the procurement and nothing happened. The Committee under the chairmanship of the Chief Secretary could not do such a simple job. The Pune police had to use the feed from shop camera to

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panic, irrespective of the damage caused. After the exposure of the Pak hand in the Mumbai attack (26/11/08), the perpetrators across the border have had to become cautious because of the fear of international sanctions. Their dependence is now on the local misguided youth. The Indian Mujahideen is the vehicle for attacks now. IM members are the hit and run types who save themselves for another day and another attack. It is possible that an IM cell exists in the vicinity of Pune. The cell members probably find it easier to commute to Pune and back and therefore select Pune for attacks. This is an educated guess.

Vidik met Hafeez Saeed in Personal capacity. He is journo. He tried to preach him *Ahimsa*. Somewhere in Ramdev's head all this made sense.

Joydas, *Free Press Journal*, July 17

Counter Point

locate the bombers whose images were reportedly hazy. No wonder India is called a soft state and is a soft target even after suffering from attacks for over twenty years. The Government should ask the Chief Secretary why he could not finalize the CCTV deal. It is time senior officers take responsibility for financial deals by clearly stating their opinion in writing instead of hiding behind ambiguities. The same problem is faced in deciding on bulletproof jackets. Why can't officers take bold decisions in the interest of national security? Nobody can be punished for taking risky decisions if these are for a good cause. Bureaucrats who are bold and decisive need to be rewarded and those who prevaricate by wrapping themselves in red tape should be punished.

Perils of Track II Diplomacy

3a). A little known journalist sprang into national TV channels suddenly as he published his photograph with a wanted terrorist like Hafiz Saeed, Chief of the Jamaat-ud-Dawa/LeT. He interviewed the terrorist on his own for no particular paper. How did this journalist, Ved Prakash Vaidik get to meet Hafiz Saeed? What did he ask the man? And most importantly, where is the interview? Or was it simply a tea party? It now transpires that Vaidik was a part of a delegation invited by the Regional Peace Institute, Islamabad (suspected to be an ISI front, but that is another story) for an Indo-Pak bilateral dialogue, a Track II initiative. Vaidik stayed back and met Saeed. According to Vaidik's mentor, Baba Ramdev, Vaidik might have tried to change Saeed's heart. Wonderfully ambitious project to get a terrorist to go soft on India! Further, Vaidik gave an interview to the Pakistani press offering solution to the intractable Kashmir problem. In Vaidik's wisdom, all that was necessary was for the two Kashmir areas in India and Pakistan to unite, elect their own Government to be jointly administered by both countries. Voila, the problem would disappear. Later, Vaidik claimed to have been misquoted but never explained what he had suggested. Not that it is important; Vaidik has achieved enough notoriety already through this misadventure and any further wisdom from him is best avoided.

3b). There were demands to put away Vaidik for treason but that was as inappropriate a response as Vaidik's grandiose effort at diplomacy; our laws do not punish loose cannons like Vaidik. Men like Vaidik are always on the periphery of power and want to climb up. They come out of the woodwork when their mentors can push them up. Self-belief is the hallmark of such upstarts. First he latched on to similar busybodies like Mani Shankar Aiyar and Sudhendra Kulkarni whose life's ambition is to bring India and Pakistan together like kissing cousins. The Track II vehicle is a boon to such sidelined foreign policy experts and freelance intellectuals eager to come out into the sun. Such pundits are welcomed by the seminar circuit hosted by India baiters. Track II diplomats, interlocutors of all kinds have this great idea that they are the substitutes for policy makers in power and it is their responsibility to salvage a hopeless situation. It happened in Kashmir with three interlocutors sent by UPA II and now it has happened in Pakistan. The Track II crowd do not realize that their job is to keep the situation on hold till the officials can come into play. Their notion of self-importance makes the Vaidiks of this world spring into action, embarrassing everybody. In his mind, Vaidik is entrusted with the job of saving India. Save us from such self-appointed diplomats!

Readers are invited to email their points of view on serious issues of the day to ashokkarnik2001@yahoo.co.in.

Readers who do not have the facility of a computer can also post (mail) their points of view on serious issues of the day to "Point Counter Point", c/o Freedom First, 3rd floor, Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai, 400001.

BRICS and Beyond:

Development at Home and Peace Abroad

B. Ramesh Babu

Prime Minister Modi utilized the opportunity provided by the Summit gathering to advance India's interests through one to one bi-lateral meetings with all his counterparts.

“Inclusive Growth and Sustainable Solutions” was the overarching theme of the BRICS Summit held in Fortaleza, Brazil during 15-16 July 2014. If, a big if, the proposals and the strategies announced in the 23 page Fortaleza Declaration get translated into reality over the next few years, the Sixth BRICS Summit could be a game changer in global politics. A future historian will probably mark it as the beginning of a credible counter to America's global hegemony. If the five nations (Brazil, Russia, India, China and South Africa) could harmonize their differing perspectives on global issues and if India and China, and China and Russia settle their border disputes amicably, their shared and enduring objective of multi-polar world could become a reality in the decades to come. Naturally, the overarching challenges of war and peace, conflict and cooperation would then be different from the major problems confronting the world today. But, there is no guarantee that the complex new challenges confronting the world in the post BRICS Summit era would be less daunting and more tractable. Complexity is the essence of modern life and comprehending it will be a never ending mission for man on earth!

Fortaleza Declaration

The most important outcomes of the Sixth BRICS Summit were on the economic front. A New Development Bank with an authorized capital of \$ 100 billion and a subscribed capital of \$ 50 billion was announced. One significant plus point achieved by the strong stand taken by Prime Minister Modi was the agreement on the principle of equality of all member countries (and no domination by any one) in running the Bank. It is well known that China was anxious to contribute a preponderantly larger share of the capital and thereby acquire a dominant say in the Bank's operations. But, the Indian side was able to prevail on this crucial issue at the very outset. All members decided to contribute equally. China was able to win the consent of all to locate the world headquarters of the Bank in Shanghai, the country's commercial capital. In return, Modi's team was able to win the consent of all to nominate the first President of the Bank for a period

of six years. Thereafter the position will rotate among the other members every five years. This arrangement was made possible because the Brazilian President Dilma Rousseff, the host of the Summit, yielded to the Indian demand. Modi certainly succeeded in protecting Indian's position in the formation of the Bank and our continued importance in the initial years of the Bank's operations. It is also noteworthy that all the five partners at the Summit did their best to accommodate one another. Russia was given the first Chairmanship of the Board of Governors. Brazil was given the first Chairmanship of the Board of Directors. South Africa was given the first Regional Branch of the Bank.

The second crucial decision on the economic front was the setting up of a Contingent Reserve Fund of \$100 billion. China's share was fixed at \$41 billion. India, Russia, Brazil would contribute \$ 18 billion each and the balance of \$ 5 billion was the share of South Africa. The enormous economic clout of China is a reality and that gets reflected somehow or the other.

It is well known that one of the primary goals of BRICS from the beginning has been to counter the entrenched Western hegemony in the global governing institutions of post war vintage. However, the Fortaleza Declaration wisely affirmed full cooperation with the UN, IMF, World Bank etc. The declarations also came out in support of the aspirations of Brazil, India and South Africa “to play a greater role in the UN.” This is the standard phrase China uses whenever the question of her support to India's bid for membership in the UN Security Council comes up. One would have expected a more positive and stronger expression of support in the Declaration issued after the Summit. The needlessly long and rambling Declaration takes the “right” and expected position on almost all global issues of varying importance – from the age old Palestine statehood issue to the latest ISIS rampage in Iraq and Syria; the Iranian nuclear weapons question to International Code of Conduct on outer space activities, and civil war in Southern Sudan to combating cyber-crimes!

I have a nagging suspicion that the Indian delegation must have played a leading role in the drafting of the verbal marathon!

Bi-lateral Meetings Reinforce the Forward Thrust

Prime Minister Modi utilized the opportunity provided by the Summit gathering to advance India's interests through one to one bi-lateral meetings with all his counterparts. The first and undoubtedly the most important of the series was his meeting with the Chinese President Xi Jinping prior to the Summit. Modi used the occasion to insist on the principle of equality in the proposed BRICS Bank and carried the day. He emphasized the critical need to resolve the border dispute amicably and quickly. In the meanwhile, he insisted that peace and tranquility should be maintained on the border. He brought up the problem of the huge imbalance in the bi-lateral trade between the two countries. The two leaders saw the projected Chinese investment in infrastructure and manufacturing on a large scale in India as one of the ways to tackle the growing adverse trade balance. Modi also brought up the need to find an alternative route to Kailash and Mansarovar.

On the Chinese side, Xi Jinping seemed equally forthcoming on the border dispute and international terrorism. The Chinese President took the initiative to invite India to take a more active part in the Shanghai Cooperation Organization (SCO), which was a surprise. Currently India is only an observer. Originally China was opposed to India's very participation in the SCO. Because of Russia's insistence China agreed to have India as an observer, but not as a full member. Now the way seems to be cleared for India's full membership in the SCO. The Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, who are the other full members, are not opposed to India's entry. We can look forward to India playing a more active role in the SCO in the decades to come.

President Xi invited India to attend the Asia Pacific Economic Conference (APEC) meeting to be held in China in November 2014. Soon after Modi assumed office in June 2014, China had invited India to join the Asian Infrastructure Investment Bank (AIIB). When the two leaders met in person prior to the Summit, President Xi invited India to join the Bank as a founder member. To top it all, President Xi invited the Indian Prime Minister to visit China and Modi reciprocated by inviting Xi to come to India soon. Only the passage of time would reveal how the high level reciprocal bonhomie would influence India-China relations in general and the border dispute in particular.

On the sidelines of the Summit, Prime Minister Modi

met Russian President Vladimir Putin and used the occasion to publicly hail Russia "as our country's greatest friend" adding that every child in India knows it. The two leaders discussed the possibility of supplying Russian gas to India through pipe line via China or Pakistan. The two committed themselves to raise the bilateral trade to \$ 20 billion annually. Modi invited Putin to visit the Russian aided Kudamkulam nuclear plant in Tamil Nadu when he comes to India in December 2014 for the 13th annual Indio-Russian Summit in New Delhi. The vital India-Russia equation is in good shape and is poised to move forward further in the near future, especially in the energy sector.

Brazilian President Dilma Rousseff received Prime Minister Modi with full military honours on 16 July 2014. The two leaders agreed to expand and diversify trade and investment flows, deepen cooperation in agriculture, dairy development and renewable energy among other things. Cyber Security is another key area of cooperation between two countries. It may be recalled, that President Rousseff had taken a very dim view of the American practice of spying all over the world, which did not spare even her own personal telephones. She cancelled the scheduled meeting with President Obama on this score. India's former External Affairs Minister Salman Khurshid, who was in Brazil at that time, was constrained to endorse her strong stand on the issue. Soon afterwards the Brazilian President convened a global conference of concerned countries, cyber experts, and IT professionals from all over the world to tackle the menace. Rousseff was keen on ending the American monopoly on the Internet services. Modi is more enthusiastic in joining hands with Brazil on this front than the UPA Government was in the past. Both leaders called for urgent progress on UN reforms and the expansion of the Security Council.

After the Summit ended, Modi met the South African President Jacob Zuma. Both leaders emphasized the fact of close and very friendly relations between the two countries since the days of Mahatma Gandhi. Modi took the opportunity to invite Zuma to join the Gandhi centenary celebrations in India in October next year. The host of the Summit Brazilian President Rousseff used the occasion to invite leaders of eleven South American countries to interact with the visiting leaders. South Africa, host of the fifth BRICS Summit in Durban, invited the leaders of the Sub-Saharan countries with the same objective in mind. Prime Minister Modi participated in the multinational meeting and emphasized the need to expand India's bilateral and multilateral relations with all of them.

All in all, the BRICS Summit of July 2014 was a demonstration of the determination of the five top leaders to pull their countries together and advance their shared

national interests and dwell on their common concerns. Naturally, they did not highlight the differences in their respective national agendas on global issues and bilateral relations.

Conclusion

Be that as it may, the BRICS Summit and the enormous diplomatic activity in and on the sidelines are to be seen as a landmark in the history of global affairs. Regionalism in international relations has been gathering pace even as revolutionary changes in communications and information technologies were transforming the World into a “global village” since the 1960s. To cope with the massive scale of operations in the era of globalization and ever growing competition (be it in manufacturing, trade, investment, and new technologies) big and small countries are constrained to come together and form common markets, free trade zones, customs unions etc. The European Common Market (ECM) of yester years and European Union (EU) of today are classic examples. OPEC, SAARC, OAS, ASEAN and many other international groupings were formed in the same vein.

But, IBSA and more particularly BRICS are different. They represent the new phenomenon of coalescing of common interests across continents at the private and governmental levels respectively. India, China, and Brazil have been fighting the global hegemony of the West in their own separate ways since long. Now they have joined forces. Democratization of the global governing institutions, opposition to hegemonies of all kinds, and championing the emergence of a multi-polar world are the long standing goals of India’s foreign policy. These are also the shared hopes of most developing countries of Asia, Africa, and Latin America. The coming together of Brazil, Russia, India, China and South Africa under the BRICS banner has to be seen as the culmination of the historic transformation in global affairs under way since the end of the cold war. But sometimes, trends well begun lose steam along the way. A counter trend may gain momentum and persist for a while. The US and the West will do their best to preserve their dominant position in global affairs as long as possible. However, it seems that the Western domination is on the way out and the Asian century is the wave of the future. Be that as it may, one thing is certain, the new Asian Age (when it arrives) will not necessarily mean the dawn of peace and harmony all around! There is nothing inevitable about it. In fact, the shared responsibility for global peace and stability in the multi-polar world may prove to be far more problematic and unmanageable than when one or two hegemons defined the rules of the game! However, democratization has its attractions and endowed with superior values.

On the bilateral front, the new Prime Minister’s initiative opened the gates for huge Chinese investments in India and big expansion in bilateral trade. In course of time, say in two/three decades, India-China economic relationship could develop into the piling up of huge stakes in peace and stability in the bilateral equation. In the long run this could blossom into a sort of mutual hostage equation, which could contain the border dispute from spilling over into a serious military conflict or war. This process, if not interrupted, may eventually lead to an amicable settlement of the border dispute, some hopeful analysts claim. I have serious doubts on this score.

Whether such an eventuality fructifies or not is entirely in the Chinese hands, I believe. They have the strategic advantage in the high Himalayas, enjoy military superiority, and are in an aggressively expansionist mode. China keeps intruding into our territory at regular intervals and indulges in cartographic aggression often in the midst of bilateral negotiations on other issues. Even as the BRICS Summit was in progress, there were reports of fresh Chinese incursions in the Ladakh region. The only way to contain the dragon on the border is to do the following: Enhance our defence capabilities in the Himalayas constantly; move forward on our strategic partnership with the USA; rope in a willing and able Japan into a new strategic partnership; and finally build a countervailing coalition of concerned countries in the Asia-Pacific region.

BRICS or no BRICS, containment for peace and cooperation for prosperity has to be India’s double edged policy towards China, our proximate and hostile neighbour, for the present and foreseeable future.

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During Prime Minister Narendra Modi’s maiden visit to the BRICS conference, a summit of the leaders from the emerging superpowers of Brazil, Russia, India, China and South Africa an idea was mooted to hold an international football tournament, exclusively comprising of the teams from BRICS nations, of which India would be hosts to the maiden edition of the proposed championship. The BRICS nations want India to host the inaugural tournament.

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Dr. R. G. Gidadhubli adds:

The 6th Summit meeting of BRICS (Brazil, Russia, India, China and South Africa) held on 16th July 2014 in Brazil's Fortaleza assumes great significance as it has taken this regional organization to new heights in the contemporary global affairs. An effort has been made to examine how BRICS is emerging as a major global power.

Firstly, this five member organization spreads over four continents and accounts for about one-third of world's territory, 42% pc of population and 30% of gross domestic product which gives an opportunity and scope to play a significant role in world affairs.

Secondly, high rates for growth of GDP of BRICS during the last decade enabled them to showcase that they were emerging economies in the world. Even after the global financial crisis, GDP growth rates of almost all BRICS nations are higher than those of the developed West, which eventually might challenge the dominating role of the dollar as well, since the share of the dollar in global hard currency holding has gone down from 71% in 2002 to 60% in 2014.

Thirdly, there is complementarity among BRICS, which is an added economic factor bringing them closer in trade and investment. Russia and Brazil are the world's largest energy and mineral exporters, while China and India are major importers. According to Russian analysts BRICS is considering forming an Energy Association to ensure the energy security of member countries by creating a reserve fuel bank and a BRICS Energy Institute. If this happens it would immensely enhance BRICS significance in global affairs.

Russia is no more a communist country but Putin does not want a uni-polar world in which there is perceived economic domination of USA. Russia analysts contend that from its very inception Moscow and Peking consider BRICS as a counterweight to Western economic and political organization, especially Washington. However, it needs to be mentioned here that while the Russian economy has been facing economic sanctions by the USA and EU over the persisting Ukrainian crisis, China is already in a dispute with Japan over the former's territorial claims. Hence BRICS is important for both Russia and China.

Challenges

There is speculation that BRICS may rival G7 – if countries such as Indonesia and Argentina join in the near future. However, the leaders of BRICS need to consider cooperation with G-7 rather than confrontation which will help promote economic ties. Secondly, considering the fact that about 90% of global trade is in dollars, it is rather premature even for staunch supporters of BRICS to think of replacing the dollar. Moreover, all BRICS countries are dependent upon import of capital and technology from the developed West. Thirdly, in the last two or three years Russia and India have not been able to sustain high GDP growth rates. On the other hand Developed market economies have been performing better during the same period. Thus while BRICS has, in the long range the potential to emerge as a global player quite a few challenges persist.

DR. R. G. GIDADHUBLI, Professor and Former Director, Center for Central Eurasian Studies, University of Mumbai. rgidadhubli@hotmail.com

How the Cycle of Dependence Ensures the Status Quo!

While the poor do not have the money to "purchase" public services that are their right, they have a vote that the politician wants. The politician does a little bit to make life a little more tolerable for his poor constituents – a government job here, an FIR registered there, a land right honoured somewhere else. For this, he gets the gratitude of his voters, and more important, their vote. Of course, there are many politicians who are honest and genuinely want to improve the lot of their voters. But perhaps the system tolerates corruption because the street smart politician is better at making the wheels of the bureaucracy creak, however slowly, in favour of his constituents. And such a system is self-sustaining. An idealist who is unwilling to "work" the system can promise to reform it, but the voters know there is little one person can do. Moreover, who will provide the patronage while the idealist is fighting the system? So why not stay with the fixer you know even if it means the reformist loses his deposit?

So the circle is complete. The poor and the under-privileged need the politician to help them get jobs and public services. The crooked politician needs the businessman to provide the funds that allow him to supply patronage to the poor and fight elections. The corrupt businessman needs the crooked politician to get public resources and contracts cheaply. And the politician needs the votes of the poor and the underprivileged. Every constituency is tied to the other in a cycle of dependence, which ensures that the status quo prevails.

Excerpted from the Address by Dr. Raghuram Rajan, Governor, RBI, at the Twentieth Lalit Doshi Memorial Lecture on August 11, 2014 at Mumbai.

The Islamic State of Iraq and Syria

Suresh C. Sharma

Al-Qaeda considers India to be a potential provider of recruits for jihad. We cannot remain unscathed. We have a large number of people working in the Middle East and should institute a procedure to screen people returning or wanting to go there.

Civil war has been raging in Iraq and Syria along sectarian and ethnic fault lines. The toll from the decade old conflict in Iraq and the civil war that erupted in Syria in 2011 has exceeded 3 lakh dead and more than 15 lakh people dislodged from their homes.

In Syria, liberalisation of their economy after a socialist regime enriched only a few and increased social tensions. Drought during 2006 to 2010 forced about 15 lakh peasants into slums. Most of them were Sunni. Their peaceful demonstrations were put down brutally. President Assad of Syria is Shia while the majority of the Syrian population are Sunni. The government put forward the pretext that the agitators were Sunni hardcore militants who wanted to destroy the delicate social fabric. The government encouraged attacks on Christians and other minorities to justify their brutal suppression of the Sunni peasants. As a consequence, civil war erupted in 2011 on sectarian lines.

In Iraq 60% of the population is Shia and the threat of Sunni terrorism was always there. Iraq's Prime Minister Nuri al-Maliki used this pretext to build up his support in the Shia base and strengthen his hold over the security forces. Advice to make efforts for reconciliation was ignored by him. The result was a Sunni insurrection followed by a civil war. The Sunni militants have taken over the area north and west of Baghdad and control the frontier crossings to Syria. The Iraq Army, well trained by the USA, is holding on and has reclaimed some of the cities. Saudi Arabia, Turkey and Jordan provided support to Sunni rebels in Iraq and Syria while Maliki had aid from Shiite Iran and the USA. It is really a proxy war between Saudi Arabia and Iran. Teams of advisers from the USA are back in Baghdad to plan operations and provide intelligence obtained through drones. America is keeping open the option of air strikes and has supplied Hellfire missiles along with two aircraft. Russia has also supplied five SU-25 fighter jets and has promised seven more. The rebels would find it difficult to continue their success in Shia majority areas where, with the help of Iran, Shia militias have already become active and have resumed the killing of Sunnis as they had done in 2006-08. They are cutting off electricity and water to Sunni held areas. In the north,

the Kurds are working to achieve their independence which will have similar demand in Turkey and Iran.

Baghdadi's Claims and Threats

The head of the Iraq Sunni militants is Abu Bakr al-Baghdadi, a former theology student and terrorist warlord. On 29 June, he proclaimed the Islamic State of Iraq and Syria [ISIS] to be a Caliphate and himself as the Commander of the Faithful. He has changed the name of the state to Islamic State and has demanded allegiance from all Muslims. Baghdadi is paying 400 pounds sterling per month to recruits with military experience. There are a large number of unemployed youths willing to join him. Some Taliban groups in Pakistan have expressed readiness to join him. Eighteen youths from India have left for Iraq to join the holy war. This declaration of Caliphate renders the kings and rulers of Muslim countries illegitimate. No wonder that Saudi Arabia which was supporting the rebels six months ago is dreading their return. It has moved 30,000 troops close to the 800 kms border with Iraq. Al Qaeda too is not supporting it as it implies loss of its own leadership of the Muslims. Baghdadi has claimed rights over all lands which were once governed by Muslims. It includes Balkans, Greece, Spain, India and North Africa. Christians are leaving rebel-held towns due to threat of forcible conversion. This is a pointer to future acts of the Islamic state.

Baghdadi was detained by the USA in 2005 and imprisoned in Abu Gharib for four years. He is seething with hatred for the Americans and has warned USA of terror attacks in case they intervene. Threat of terror strikes on the USA may be just a ruse to keep them out of the conflict and as retaliation for his imprisonment. Any terror attack would invite massive retribution as happened in Iraq and Afghanistan. A small number of US troops supported by the US Air Force turned the run of events in Afghanistan. Besides air power, USA has extensive recce, surveillance and intelligence capabilities. The USA could also use its dollar power to buy off the sheikhs who are now supporting the rebels. It is reported that they are already assisting the Iraq Army. The USA is reluctant to commit its army. Reliance on drones against well trained large number of fanatical militants under ruthless

commanders may not bring the desired success.

Spill Over and Defence

The conflict may spill over beyond the Middle East due to the call for jihad and claim over territory once ruled by Muslims. Saudi Arabia and Jordan have strong governments with weak States and the dissidents there will try to rise in protest. Baghdadi's success will depend on achieving spectacular victories and not on ideology. He may well seek such honours in Iraq, Afghanistan, Pakistan and India. Increase in Taliban attacks is likely in Afghanistan. The Afghan National Army [ANA] has proved itself capable of withstanding the Afghan Taliban so far but lacks the weapons and numbers to combat foreign based militants. Pakistan wants a friendly government in Kabul with a desire to have strategic depth. Extremists operating in Afghanistan have been enjoying safe bases in Waziristan. Pakistan cannot be trusted to control them. India lacks access and can only assist in providing training and supply arms. This is already being done. India faces a major problem of security of her own personnel and assets. The issue has become more complex as Pakistan looks at the Indian presence with suspicion. China has also made heavy investments in Afghanistan and could join hands with Pakistan to secure our assets.

Pakistan cannot escape the melt down. It has launched a major military offensive against the militants in North West Province and also organizes terrorist attacks on India. Some of these militants have turned against the Pakistan establishment. The mirage of strategic depth in Afghanistan, attacks on Shias, use of non-state actors and legacy of Zia's efforts to indoctrinate the Army have placed the Pakistan State in a fight against itself. The officers indoctrinated under the Zia regime will strongly support the call for the Caliphate.

Lt.General Syed Ata Hasnain, former corps commander in Srinagar, has warned that we have not understood the consequences of political Islam. Radicalism has entered the Kashmir Valley and may collaborate with the Taliban militants. As it is, India is considered to be a soft State. The sleeping cells of terror accomplices, porous borders and time-consuming legal procedures have rendered her even more vulnerable. India needs to equip security forces with power to search and detain suspects and put the trial of terror accused on the fast track. Both, the Shias and Sunnis have sent messages to Indian Muslims to join the war. Al-Qaeda considers India to be a potential provider of recruits for jihad. We cannot remain unscathed. We have a large number of people working in the Middle East and should institute a procedure to screen people returning or wanting to go there. The USA and NATO countries have so far not indicated their response. They need to realize that the acts by the Islamic State will threaten peace in Europe and Asia. It needs to be nipped in the bud.

For oil, we should try to get our supplies from areas other than the Middle East. The USA has achieved this much earlier. It is also time to scrap the idea of any gas pipe line across Pakistan. It will always be subject to political blackmail.

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Postscript:

After this article was written and received by us for publication the media has reported that Jihadi Sunnis under Baghdadi are carrying out a genocide of the Yezidis and Christians in Kurdistan and in the Christian areas of Iraq. The USA has been dropping food supplies to the Yezidis and the Christians and providing arms to the Kurdish army; at the same time the USA has announced it has no intention of sending its soldiers.

YFE's PIL Opposing OBC Reservations for Marathas and Muslims In Maharashtra

The Maharashtra State Government vide its Ordinance dated 09 June, 2014 has brought into effect a 16% reservation for the Maratha Community and a 5% reservation for the Muslim Community in State-run educational institutes and State jobs. This takes the total reservation in Maharashtra to 73%.

Youth For Equality (YFE) sees this move as purely politically motivated to polarize the electorate and gain in the Maharashtra Assembly Elections scheduled for October 2014.

We have decided to oppose this move legally. We have filed a PIL in the Bombay High Court against the mentioned ordinances.

With our past experience in PIL against the 27% OBC reservations, we understand that it is going to be a long legal battle. We appeal to like-minded people to support us in whatever way you can.

Abhijith Nayak

Youth For Equality" (YFE) is a group of Doctors, Engineers, Lawyers, students and professionals who are committed to fight against the Caste based reservation policy. We don't have any personal interest in fighting against reservations but believe it is bad for our country. We are not affiliated directly or indirectly to any political or caste organization.

Israel's Gaza War on the Hamas

T. H. Chowdary

Why did America drop not one, but two Atom Bombs on Japan?

After the surrender of Germany in May 1945, the US unleashed its full Naval might to defeat Japan. Towards the end of July 1945 the American Naval Forces landed in Okinawa, the outlying Japanese Island in the Pacific Ocean. The Japanese put up unprecedented resistance on the ground. About 80% of the more than three lakh people on the Island perished fighting. The slaughter was terrible. Thousands of American soldiers also died. President Harry Truman was faced with a dilemma. If the American forces went on to the Japanese mainland they would encounter as much fierce resistance as in Okinawa. Millions of Japanese men and women would fight and die if Americans landed on the Japanese mainland. Tens of thousands of American soldiers would also die. The Japanese were determined to die rather than surrender to the Americans. If the fight was taken to the finish, the slaughter on either side would be too terrible and mankind would be shocked.

The Second Bomb

In these circumstances Truman had to decide how to end the war with the least slaughter. Should he use the atom bomb? It was with a heavy conscience and over the opposition of Einstein, the greatest scientist of that time, that he decided and dropped the first atom bomb on Hiroshima. A few hundred thousand Japanese died. But Japan did not surrender. Truman had to drop the second bomb over Nagasaki. A few more lakhs died. The destruction was awesome. Only then did Japan surrender. What was the judgment of the world? Was Truman right in the use of the atom bombs and putting an end to the Second World War avoiding the slaughter of many more millions? The world by and large approved Truman's decision as it chose a lesser evil.

In the Mahabharata war the strategy of Kaurava generalissimos Bheeshma and Drona was to draw away Arjuna from the main battle field. They detailed the *Samsaptakas*, lakhs of them to challenge Arjuna and take him away from the main battle field. In the event, almost all the *Samsaptakas* were slaughtered. They fought knowing that none would survive.

The Hamas are like the *Samsaptakas*

These two historic events are recalled in the context

of Israel's war on the Hamas in Gaza. The Hamas is a non-state actor, fanatically committed to the destruction of Israel. It is prepared to sacrifice every one of its people just as the Japanese were fighting to the last man and not wanting to surrender; just like the *Samsaptakas* fighting Arjuna in war and getting wiped out. Neither the Japanese nor *Samsaptakas* cared for human life. Similarly, the Hamas is prepared to sacrifice all men and women and even children over whom it has established its despotic rule. This is why like the *Samsaptakas* it is fighting Israel. It is not difficult for Israel to wipe out, God forbid, the whole of Gaza. Hamas seems to be prepared for that with its leaders in the meanwhile hoping that world opinion would be outraged and force Israel to stop its onslaught.

Israel's Moral Problem

Israel is now faced with the same moral problem as President Truman faced in 1945. It will be considered inhuman to support Israel in its determination and decisive actions to put an end to this non-state actor Hamas. It is worthwhile remembering that excepting condemnation of Israel, no Arab country, including Gaza's neighbour Egypt or the Palestinian Authority or other Islamic countries are raising any furore. They all know that Hamas is a fanatic and reckless organisation and that it would not hesitate to turn against anyone including its own Umma in its death-inviting resistance to Israel.

India has been a victim of relentless jihadi terrorists in several cities of India and over the entire Kashmir valley. We have deployed several divisions of our Armed Forces in this small area of Kashmir and empowered them with the Armed Force Special Powers Act to tackle the death-inviting suicidal fanatical jihadis. In the light of the historic events cited above and our present problem within India especially in Kashmir, it would be prudent for India to just hope for the best and if at all, make only proforma statements urging the combatants to cease warfare and settle the problem through mediation by countries of goodwill to both.

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Agriculture and Rural Indebtedness - II

R. M. Mohan Rao

*Freedom from British Rule did little to improve the lot of the Farmer.
This is so even today 67 years after Independence. Why?*



New Problems Confronting Indian Agriculture

Not only have the old problems affecting Indian agriculture not withered away but also it is facing new problems arising out of commercialization of agriculture. The new problems are increase in risk and uncertainty, exposure to the vicissitudes of market economy, decline in institutional support on many fronts, growing dissatisfaction with the existing levels of living, growing temptation among small and marginal farmers particularly the youth towards high risk commercial crops to improve their lot. On the social front too, the disintegration of the joint family system, and community networks that used to absorb shocks and risks also added to the woes of the farming community. Added to these, are the emerging problems of decline in man-land ratio deterioration in soil conditions and water resources.

Depletion of Land Resources

Land is the most crucial and limiting factor and continues to be the principal means of livelihood of a vast majority of rural people. Unrelenting demographic pressure, diversion to non-agricultural uses and degradation of land have had telling effects on its productivity. This is jeopardizing the livelihood of the farming community in general and the small and marginal farmers in particular. The proliferation of tiny and smallholdings is emerging as a major agrarian handicap.

Water Resources

Irrigation and more effective water resources management are crucial for agricultural development. The Accelerated Irrigation Benefit Programme (AIBP), which was designed to bring the ongoing irrigation projects to a quick completion, does not appear to have had any tangible benefits. The area under irrigation is expanding very slowly and existing irrigated areas are displaying serious water stress as both reservoirs and ground water resources seem to be depleting fast. Consequently, agricultural output from irrigated areas also seem to be as vulnerable to weather shocks as before. The problem is made worse as cheaper and/or free power encourages farmers to draw excess water. Reduced recharge capacity and consequent deepening of wells have increased investment for unit cost of water and also affected the small and marginal farmers who mostly own dug wells. Due to resource constraints, small and marginal farmers cannot participate in this competitive race resulting in greater inequity in ground water exploitation. The origin of rivers and their catchment areas continue to be neglected while traditional water harvesting structures have become virtually defunct. Lack of community participation and technical expertise for watersheds is holding up its progress in many areas.

Commercialization of Agriculture and attendant risks and uncertainties

Indian agriculture experienced significant shifts in cropping pattern towards non-food grain crops over time. The transformation in agriculture during the past few decades suggest that Indian agriculture has acquired commercial characteristics on a significant scale. Green Revolution technology being scale neutral could enlist the participation of all sections of farmers sooner or later irrespective of farm size. However, commercial agriculture by nature is capital intensive, requires in-depth knowledge and involves greater use of purchased inputs and thus involves high degree of risks and uncertainty. This is more so for the individual farmers particularly the marginal and small and many of them are illiterate.

Exposure to Market Economy

Exposure to market economy entails market risks as well as price risks. This is more so in the changing scenario of liberalization and globalization. Exposure to market economy with ineffective regulatory mechanism, without the required institutional and infrastructural support and safety nets to cover various risks does not augur well for a majority of farmers who are marginal and small.

Decline in Institutional Support

Institutional support in areas like irrigation, credit, public research and extension which have played a decisive role in ushering in Green Revolution technology with participation of millions of farmers including marginal and small, has dwindled over time and no longer exists. For instance, irrigation, which fuelled India's growth in agricultural production in the post-Green Revolution era upto 1980s has shown a declining growth rate of area under canals due to decline in public investment in irrigation since the 1980s.

Another important factor that impinges upon the productive ability of the agricultural sector is the flow of institutional credit. Institutional credit has played a major role in boosting private investment in agriculture. During the 1980s more than one half of private investment was supported by institutional credit alone. However, the sickness of the cooperative credit system despite State participation, the rationalization and reorganization of cooperatives and the financial sector reforms adversely affected credit flows to agriculture. This is clearly reflected in the decline in the growth rate of credit in agriculture, which went down from 18.6 to 15 percent on an average per annum during the last 10 years, and around 1/3rd of the small farmers are phased out of institutional credit. The decline in the number of farm accounts in the banking sector advances from 207.1 million in 1998 to 161 million by March 2003 and the share of loan outstandings of farm sector falling below the stipulated 18 per cent are also pointers to the disturbing trend in institutional credit flow to the agricultural sector.

Agricultural dynamism calls for an effective extension system. But the shift from extension primarily being a public sector monopoly, to a pluralistic multi-agency system based on public-private partnership doesn't augur well for the majority of farm households, which are marginal and small. Public sector extension is completely withering away and the agricultural departmental staff instead of continuing as a technical and knowledge-based department evolved them as a regulatory and

administrative department and thereby public sector agricultural extension is withering away in this country.

Growing dissatisfaction with existing levels of living

The rising expectations propelled by the advertising media on the one hand and the compulsions and inability to meet the rising costs of children's education and health expenditure which skyrocketed with slowdown in the development of social infrastructure like schools and hospitals in rural areas has added to the woes of farmers. The widening rural urban disparities in living standards are another problem accounting for the growing dissatisfaction among rural people (See Annexure Iii). These, together with the mismatch between aspirations and expectations and achievements are giving rise to restlessness and dissatisfaction among the farmers particularly the younger generation.

Weakening of the Rural Social Fabric

Decline of the joint family system, weakening of kin networks and rural-urban migration made people more individualistic. Neither the small family nor the defunct community networks are able to come to the rescue of those in distress. Thus, rural society is no longer as vibrant, self-sufficient and altruistic as it used to be in the past. This changing scenario on the social front also accounts for the growing feeling of alienation among those in distress.

To sum up, Indian agriculture, despite its past credentials is in a state of flux. The persistence of old problems and the emergence of new problems coupled with the decline in public support in many areas resulted in the decay of the rural economy. This calls for corrective actions and fine-tuning of policies not only to make Indian agriculture vibrant but also to improve the livelihood of millions of farmers in ways more equitable than in the past.

This discussion paper was prepared by Prof. R. M. Mohan Rao, retired Professor NABARD Chair., Andhra University, Waltair, Andhra Pradesh. The purpose of serialising this paper is to invite readers to share their views on the issues raised, to recommend policies that would ensure a fair deal for India's farmers.

To be continued

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The Health Sector Radar

Shyam Ashtekar

A good health policy is essential for good politics. As the new NDA Government pieces together a national health system from disparate and diverse parts, here are some points to consider.

- We need to develop a health care system that is humane, socially just and works on evidence.
- A HEALTH perspective and attention to determinants are as important as MEDICARE and hospitals.
- A graded architecture of primary to tertiary care necessary to ensure access and affordability.
- *Free care for all* can be a popular slogan, but it comes with its own costs, queues and distortions
- Clients say and participation are essential to a good health system.
- Freedom to choose and hence pluralism needs to be preserved.
- Health as a right should be coupled with due responsibilities – to self, family and the society.
- We must avoid monopolistic models – statist or market-driven or professional strangleholds.
- Institutional continuity and gradual approach make for good strategy in a democratic framework.
- Regional-national priorities must prevail over agendas set by international agencies.
- **Social Health Insurance (SHI) & Health Finance:** India already spends about 5% of GDP on health (about the same as China) from private and public sources. It is necessary to put this expenditure to good use. The Srinath Reddy committee (SRC) set up by the Planning Commission recommended a ‘compromise’ allocation of 2.5% of GDP (about 1.2% till the last fiscal year) for providing a free Universal Health Care (UHC) package and , mainly, tax-based finance. However, 2.5% of the GDP will barely meet the HR payments for a full UHC at current pay scales. The SRC assumes purchase of care from private sector if and when public services can’t meet the need. All this ambitious UK-NHS like model requires close to 6-10% of GDP. In India UHC is *possible only through a Social Health Insurance (SHI)* like in Germany, South Korea and China. SHI can be done step by step, negotiating our diverse situations. We can begin SHI with existing ESIS reforms. If the Out of Pocket Expense (OOPE) is not ‘prepaid’ into the resource pool, it is difficult to cap the ever- rising health care costs. *Even if GOI allocates 3% GDP for public health care* - SHI route is still essential to ensure client say and win back the middle class to use the public health institutes. Using tax money alone to purchase costly hospital services is a indeed trap. Currently the annual OOPE is about 3000 Rupees per capita and SHI contribution will be around this cost for a national UHC package with small co- payments. All BPL families will get free care. (It is important to note that SHI is quite different from the miserable US model of private insurance, with its high costs – 16% of US GDP.)

The Health Radar

In the light of the above guiding principles, I have constructed this health radar (HR) to understand where we now are (the inner line) against possible goals (the outer line).

Figure -The Health Radar-Our Current Positions and Goals



- **Health Human Resources (HHR)** is another daunting front across many states. Even after 8 years of the NRHM about 60% of basic specialist positions in rural hospitals across states remain vacant, defeating the very idea of intuitional referral care. We failed to get enough doctors, paramedics and nurses even in urban public institutes. This is due to huge gaps in HHR training facilities, poor working conditions and employment terms. The neglect of

AYUSH graduates and paramedics also must end in the obvious national interest. About 7 lakh ASHAs are working on paltry and uncertain compensations much below Rs 1,000 a month. Some states will need the rural doctor's course to meet HHR needs.

- **Taking primary care** deep into rural and urban habitats will be a game changer. We can do this with the help of trained community paramedics handling about 50 common health problems and equipped to run part-time health units. This will open a new interface for upgrading E-ASHAs, health workers and informal providers and create a million local jobs. Ambulance network is a good development, but we need paramedics here too. Getting AYUSH doctors to run day-clinics at nearly one lakh sub-centres is another robust strategy. Handing over the sub-centres to local panchayats will also open a new front. The rural doctor course can be useful in needy states. A wide primary care network will ensure pre and post hospital care, foster preventive programs, cut costs of care and widen the interface with people. No UHC is possible unless we have such gate-keeper clinic/units to optimize hospital workloads. Addressing information asymmetry is crucial to primary care and health sector reforms. For this we can promote **a national open source on health in regional languages**.
- **Affordable Hospital Services** are the key to UHC. Hospitals in the secondary level (having 4-6 basic specialties and usually up to 50 beds) in both public and private sector should be able to offer basic services at affordable rates. Pricing strategies in the UHC and effective competition by public hospitals will help control costs in the entire health sector. States should also encourage and help charitable hospitals to offer affordable care in secondary and tertiary care. We urgently need to prepare our medical college hospitals to compete for tertiary care and also serve as district hubs for public health.
- **Drugs, vaccines and technology** make a major chunk of health care costs-close to 40-50% of OOE. We need to address the excessive/inappropriate prescription practices and non-generic use, vaccine pushing and misuse/overuse of technology. National and regional advisory bodies (ICMR included) can help build reference technical protocols. Appropriate use of Info-technology can actually cut down costs and improve outcomes. Telemedicine is a potent tool to support networks. Overuse/misuse of technology calls for watchdogs and academic audits.
- On the **disease control and preventive front** we need

some major actions and lifestyle improvement, notably about under-nutrition, obesity, diabetes, hypertension, trauma, drug abuse, occupational hazards, mental illnesses, disability, cancers and joint problems. These will be good parameters for measuring progress in health and quality of life. The old foes like TB and malaria also need a relook.

- **Healthy demography** through a small family and birth-spacing should remain our important primary care concern. Without coercion or bribes we need to take it to all sections of society (save some endangered/dwindling tribes where the opposite is necessary).
- **AYUSH** - India needs to preserve and promote the Indian systems of medicine and Homeopathy for their internal worth as well as cost advantages. Concretely I suggest that AYUSH doctors should manage all health sub-centres may be with a bridge course in modern primary care. This will meet peoples' primary care needs, deploy existing HR and harness valuable national resources. This will rejuvenate and mainstream valuable AYUSH approaches. This step can ensure a foothold for AYUSH in the national health system.
- **Review of Health Acts, laws and rules** need to be reviewed. For instance the PNDDT act is merely harassing ultrasound owners rather than help sex ratio and the Clinical Establishment Act (CEA) needs to involve provider associations to avoid inspector raj. The CEA may decimate the small establishments by unrealistic norm-setting and thus escalate costs, care is therefore necessary. The **MCI act itself needs a major review** for a pragmatic HHR policy – for instance to include AYUSH for better regulation and utilization.
- Finally, health care is a state subject. States vary widely about needs and resources. States need to prepare their UHC-SHI action plans, develop resources and manage institutions and networks.

The health radar provides some clues on these major vectors in health sector, locating our current positions against goals and destinations. The GOI can take some issues in tandem and pursue some independently as situation permits. Good health politics has a great opportunity – NOW.

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Did the NDA Government Inherit “Empty Coffers”?

Ajit Karnik

Prime Minister Modi’s allegation regarding empty government coffers was probably an exaggeration.

Prime Minister Modi’s comment¹ that the UPA government left the government coffers empty for the NDA government predictably drew a strong response from the former Finance Minister, P. C. Chidambaram.² The context for the controversy was that the fiscal deficit for the first two months of the fiscal year 2014-15 had reached 45% of the budget estimates. Some commentators – example: Madan Sabnavis of CARE Ratings – also felt that the UPA government had used up an excessive amount of the budgeted fiscal deficit in the first two months of the fiscal year 2014-15.³

A question that arises here is whether a government, certain of defeat in an election, strategically leaves its successor government with a high deficit in order to constrain its manoeuvrability.⁴ If such strategic behaviour has, in fact, taken place, how can we find evidence for it? What we need to examine is whether the outgoing UPA government spent recklessly during April and May of 2014. More importantly, did it do this knowing fully well that it would be defeated and wished to deliberately leave government finances in a poor state for the incoming NDA government? I seek to answer these questions by comparing government finances during April and May of 2014 with the finances during April and May in previous years. If the finances during April and May 2014 are significantly worse than in earlier years, we could entertain the suspicion of reckless behaviour by the UPA government.

However, we should not rush into any judgement of reckless behaviour. It could well be the case that the time profile of revenue generation (via taxes, for example) and expenditure requirements are inherently mismatched. If this is, indeed, the case, there could well be significant gaps between expenditures and revenues (leading to deficits) in the early months of the year while revenues catch up with expenditures as the fiscal year rolls on.

I investigate these issues by looking at detailed fiscal data on a monthly/quarterly basis from the year 2003-04 (such data are not available for earlier years) till the first two months of fiscal year 2014-15. All data used in this note are sourced from the Ministry of

Finance, Government of India.⁵

Figure 1 gives information on the government’s Revenue Expenditures (RE) (note below Figure 1 explains this term) incurred during the first two months of each fiscal year of the time-period under consideration as well as Revenue Receipts (RR) generated over the same two months of each fiscal year. This information is reported, not in terms of actual expenditures or receipts, but as percent of announced Budget Estimates (BE) for the fiscal year. For instance, RE is defined as:

$$\frac{\text{Revenue expenditure during April and May in a fiscal year}}{\text{Total annual Revenue expenditure planned as per Budget of the fiscal year}} \%$$

Revenue Receipts are defined in an analogous manner.

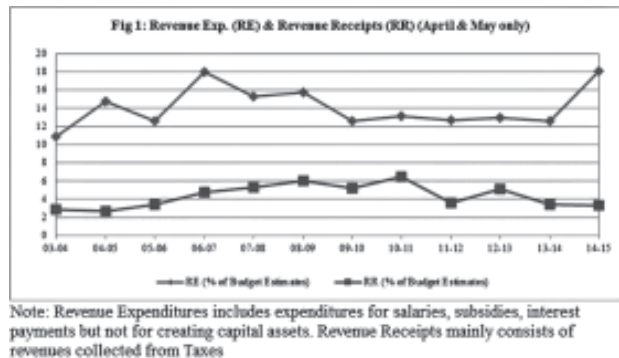


Fig.1

It is clear from the figure that, in April and May of each fiscal year, expenditures are much greater than receipts. The main reason for the gap between expenditures and revenues is that the government’s expenditure commitments begin as soon as the fiscal year commences but revenues (especially tax revenues) begin to flow into government coffers much later.

Does the mismatch between revenue expenditures and revenue receipts disappear as the fiscal year progresses? Figure 2 shows the position for the second quarter (July–September) for the fiscal years 2003-04 to 2013-14.

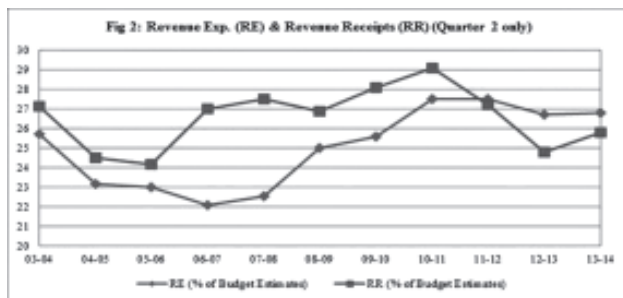


Fig.2

Figure 2 is dramatically different from Figure 1: the line for revenue receipts lies almost completely above the line for revenue expenditures. It may be recalled that the situation was the exact opposite in Figure 1. This shows that, as the year progresses, revenues start flowing into government coffers and the mismatch between expenditures and revenues observed in the earlier part of the year get rectified.

My analysis so far seems to suggest that the behaviour of expenditures and receipts during April and May 2014 (under the outgoing UPA government) has not been any different from the behaviour of these two items during April and May of earlier years. Having looked at RE and RR, I now turn my attention to Revenue Deficits.

Revenue Deficits (RD) are defined as revenue expenditure (RE) minus revenue receipts (RR). As per Indian definitions, **RD is reported as a positive value and RE as a negative value**. If RE is greater than RR, then the government must borrow funds to meet its expenditure requirements. The data that we use is quarterly (three month period) and extends only up to 2013-14 since RD data for April and May of 2014 were not available. Figure 3 shows RD for Quarter 1 and Quarter 2 for each year under consideration. RD is measured as:

$$\frac{\text{Revenue Deficit in Quarter 1 (or Quarter 2)}}{\text{Total annual Revenue Deficit planned as per Budget of the fiscal year}} \%$$

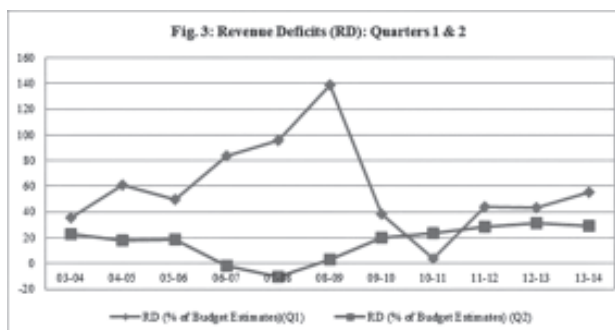


Fig.3

As would be expected from what we have seen in Figures 1 and 2, RD is much higher in Quarter 1 (Q1), namely April, May and June, as compared to Q2. In Q1, due to the paucity of revenues, RD is much higher leading to high borrowing requirements. However, in Q2 as revenues start flowing in, RD falls, leading to much lower borrowing requirements. Once again, the analysis does not seem to suggest any reckless behaviour on the part of the outgoing government: borrowing requirements (due to RE being greater than RR) have always been higher in Q1 as compared to Q2. Having examined RD, I finally turn to Gross Fiscal Deficits (GFD) which began the whole brouhaha about empty government coffers.

The difference between RD and GFD is that the former considers only revenue expenditures while GFD considers revenue *and* capital expenditures. Hence, GFD is the broadest measure of the borrowing requirements of the government and encompasses RD. Figure 4 (on page 12) gives the profile of GFD for April & May and for Quarter 2 for each year in our dataset. GFD in the figure is measured as follows:

$$\frac{\text{Gross Fiscal Deficit during April or May (or Quarter 2)}}{\text{Gross Annual Fiscal Deficit planned as per Budget of the fiscal year}} \%$$

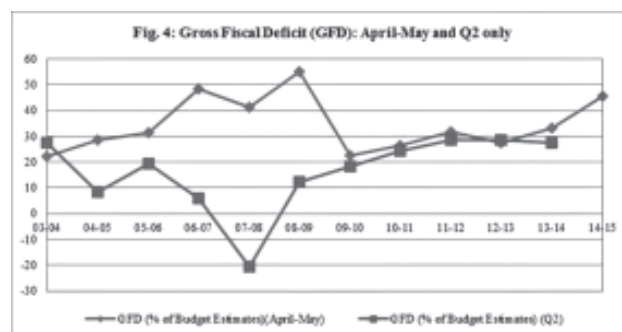


Fig.4

The figure reveals that, generally, GFD as percentage of budget estimates in the first couple of months is higher than what it is in Q2. The need for borrowing, as shown by GFD, falls during Q2 as tax revenues begin to flow into government coffers. The UPA using up 45.6% of the budgeted GFD during April and May of 2014 is, in fact, not exceptional. This percentage was higher in 2006-07 (48.5%) and in 2008-09 (54.9%).

The analysis in this note suggests that passing judgment on the finances of the government on the basis of data of the first two months of a fiscal year is hasty and premature. This is not to suggest that government finances as inherited by the NDA government are in fine order. Clearly, the finances are in a critical state and this

fact has been recognised by the current and previous governments. The limited point I am making is that dependence on borrowings in the first quarter (or first couple of months) of the fiscal year is inevitable since taxes and other revenues begin to flow to the government later in the fiscal year but expenditures have to be incurred right from the beginning of the year. Prime Minister Modi's allegation regarding empty government coffers was probably an exaggeration, designed to convey the message that government finances are not in a healthy state and that the fiscal room available to his Finance Minister is quite limited.

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- ¹ <http://www.thehindu.com/todays-paper/tp-national/left-with-empty-coffers-says-modi/article6115852.ece>
- ² <http://timesofindia.indiatimes.com/business/india-business/Chidambaram-flays-Prime-Minister-Narendra-Modis-empty-coffer-suggestion/articleshow/36901300.cms>
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The Budget 2014-15 from a Liberal Perspective

Sunil S. Bhandare

"It would not be wise to expect everything that can be done or must be done to be in the first Budget presented within forty five days of the formation of this Government"

– Finance Minister Arun Jaitley in his Budget Speech

The much discussed maiden budget of the NDA government has already been passed by both houses of the Parliament. Many critics have sought to argue that the budget lacks overarching strategic vision or the long-term economic road-map; it has no "big bang reforms"; it is short on vision and long on detailing many initiatives – Arun Jaitley earning the sobriquet as being "the Rs.100 crore FM"; it is little bit of everything and lots of nothing; and it is too much of work-in-progress, including sorting out complexities of some of the tax proposals. There is definite substance in all such criticism.

Not Transformational, but a Directional Shift

From the liberal perspective, there are doubtless several faultlines in the FM's budget strategy. But what stands out are *five key building blocks of fiscal strategy*, which need to be reinforced.

First, the commitment to fiscal consolidation: Despite the limitations of fiscal space, the FM has stuck to the road map of revenue and fiscal deficit targets, as prescribed in the Interim Budget of the UPA II government. Thus, fiscal deficit to GDP ratio is proposed to be reduced from 4.6% in 2013-14 to 4.1% in the current year and further to 3% by 2016-17. The cutback in revenue deficit to GDP ratio would be from 3.3% to 2.9% and further to 1.6% for

the corresponding years. In this context, we wish to recall that three sequential alternative Liberal Budget documents (from 2004-05 to 2006-07), prepared by the Indian Liberal Group (ILG), had articulated the imperatives of rigorous adherence to fiscal responsibility, based on sound economic rationale.

The liberal position is very consistent: the government must go all out in restoring the fiscal health of the economy. In the post-reforms period, 2007-08 was the best year in terms of our key fiscal performance parameters. For example, fiscal deficit to GDP ratio was at its lowest at 2.54%.

The proposal to set up an Expenditure Management Commission is doubtless laudable in this context. The FM points out that the Commission would be asked "to review the allocative and operational efficiencies of Government expenditure" and recommend essential reforms in the current financial year. Also, as promised, the FM will have to set the roadmap to "overhaul the subsidy regime, including food and petroleum subsidies and make it more targeted". A liberal viewpoint would also demand this exercise to cover administrative reforms – right-sizing of the government accompanied by improvement in the quality of public expenditure.

What is most worrisome from a liberal perspective is the rising trend of non-plan expenditure, especially, subsidies, interest payments, administrative expenditure and a host of social sector schemes, including flagship programs. Over 30% of the government's aggregate expenditure is currently funded from fiscal deficit, which leads to a rising burden of interest payments and accumulation of public debt. This funding pattern of government expenditure must progressively shift towards mobilisation of tax and not-tax revenues. There should be a maximum cap of 20% on financing of aggregate expenditure from fiscal deficit (or 3% of GDP, whichever is lower), and a predominant share of capital receipts must be deployed only for developmental capital expenditure.

Second, the FM's commitment to progress with implementation of long-awaited GST is welcome: For this purpose, he has promised to find solutions to the states' concerns. Surely, this would be the real game changer of our economic scenario. What is equally important from a longer-term perspective is enhancing tax buoyancy through (a) simplification and rationalisation of the tax structure; (b) prevention of revenue leakages; and (c) restoration of economic growth momentum.

For improving the investment climate, we also appreciate the FM's commitment to provide a stable, predictable and investor-friendly taxation regime. There is an urgency to go beyond and strengthen the system of resolving tax disputes, which are piling up by the day, and in turn, foster vested interests amongst tax assesses as well as of tax authorities.

Third, recharging of PSU disinvestment programme: The ILG's liberal budgets consistently articulated the urgency of vigorous and consistent PSUs disinvestment drive. We, therefore, welcome the FM's proposal to enhance the disinvestment target to Rs.58,425 crores in the current year as against actuals of little over Rs.16,000 crore in the previous year (far below the target of Rs.40,000 crores). However, the government's objective should not be limited to mobilisation of increased non-tax revenues / capital receipts through such efforts. It must also strive towards reducing progressively the government's role in various developmental activities, which can be more efficiently performed by the private sector.

The business of the government is to govern, and not to be in business, is the dictum guiding the liberal perspective! Unfortunately, even the new government's efforts seemed to be bogged down by political expediency. Witness its failure to formulate an unequivocal stance towards privatisation. What is necessary is strategic policy

action on privatisation, as was the case in Britain under Prime Minister Margaret Thatcher in the eighties. What we require is a decisive and significant shift in ownership and management of public sector businesses. We also need to do away with the practice of perpetual budgetary support to loss-making PSUs, and wasting good money for non-viable, non-sustainable enterprises.

Equally important are efforts to address the concerns relating to "the ease of doing business" profile of the country. For example, the budget outlines eBiz platform – a 24 by 7 single portal as an investor friendly ecosystem; and the Indian Customs Single Window Project to facilitate trade. rules for mining, roads, power and other industrial sectors are being eased.

Last, the thrust on infrastructure development: The budget covers a host of proposals in this sphere for [a] urban renewal, urban transportation, urban metro projects, affordable housing, etc; [b] developing smart cities – the PM's vision of 100 Smart Cities; [c] road sector – a large step up of investment in NHAI and State Roads (Rs.37,880 crores); [d] strengthening rural infrastructure with some new schemes like 24 by 7 uninterrupted power supply to all homes and new model of urbanization of rural areas (Rurban) and expanding allocations for existing schemes like the Pradhan Mantri Gram Sadak Yojana, rural housing, etc.; and [e] several other policy measures and increased plan allocations for key areas like shipping, inland navigation, new airports, energy sector (power, coal, renewable energy, gas pipeline expansion, etc.).

Moreover, from the liberal perspective what is of greater significance is the proposed effort to rejuvenate Public Private Partnership [PPP] models in many areas of infrastructure development. Also, the budget seeks to expand the long-term sources of funding for such long-gestation, capital-intensive sectors [for example, exempting banks from CRR, SLR and Priority Sector Lending obligations for deployment of their funds]. Like-wise, we commend proposals for setting up a National Industrial Corridor Authority to coordinate development of industrial corridors and the like.

The emphasis on infrastructure, construction and manufacturing sectors is most welcome with a view to accelerating India's growth in the coming years. Only these sectors would have the potential to absorb the burden of excess labour force currently dependent on the agricultural sector.

Five Key Messages

In summing up, from the liberal perspective, the

budget offers **five key messages** and some significant pointers of what the government ought to do to strategise economic policy making. **First**, the prevailing fiscal space severely constrains the reforms process. Hence, till such time as the fight against fiscal deficit is decisively fought, budget driven reforms would tend to be incremental and not transformational. **Second**, the remaining part of the current fiscal year would prove the grit with which the FM fulfils his commitment to fiscal discipline. It would either pave or protract the way for more aggressive economic reforms going forward. **Third**, the BJP led government will now have to strive hard to expand the constituency of reforms by either breaking or strategically

resolving political resistance both from its principal opposition as well as from within. **Fourth**, the implementation of what has been promised in the budget and off the budget is as important, as the pace of reforms process per se. **Last**, even while accepting the fact that these are early days to make any kind of objective assessment would we be rash if we look forward to Narendra Modi building his own unique model of inspiring economic leadership – *a la* Lee Kuan Yew, Margaret Thatcher, or Deng Xiaoping!

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Budget 2014 : Continuity and Change

M. D. Kini

The budget presented by Finance Minister Arun Jaitley can be summed up as the budget of continuity and change.

Continuity

A change of government need not result in change in all policies and programmes. There are some imperatives which every government has to follow. One of them is the need to reduce fiscal deficit. The budget has accepted the validity of the fiscal deficit of 4.1 per cent and bringing it down to 3 per cent in the next three years.

The Finance Minister has also continued social welfare measures such as MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) and other such programmes initiated by the UPA government so that the poor are not denied support abruptly.

The NDA, as indicated in the budget, seeks to review food and petroleum subsidies so that it reaches the poor, not the non-poor, as is the case now. There would be an Expenditure Management Commission to rationalise government expenditure. There is an assurance that there is no retrospective tax regime in future while the existing disputes on this issue would be resolved according to the law.

The government would constitute a high-level panel to interact with trade and industry for tax reforms. “Yes, we are pro-business”, said the Finance Minister Arun Jaitley, replying to the budget discussion, and added, “only if business grows, there will be increase in tax collections, and the government will be able to increase

spending on social sector. If there is no growth, what you will be doing is distributing poverty. And this is the difference in approach between the Congress and us.”

New initiatives

The government proposes to allow 49 per cent foreign equity in defence production. This will not merely bring in foreign investment but also technical know-how. India is the largest importer of armaments – from fighter planes to submarines. Foreign stake in an Indian company would bring in foreign technical know-how and technology to manufacture them in India. The Finance Minister has stated that there is a huge fund outflow now to import defence equipment, and the increase of FDI in the defence sector would reduce it.

The NDA government has decided to continue with the *Aadhaar* project and use it to transfer money to the poor. A recent report indicates that the new government is planning to provide two bank accounts to each household in the country in the next two years both in the urban and rural areas. Every family will have the facility of overdraft of Rs.5000 and accident insurance cover of Rs. one lakh. All government benefits of the central, state and local bodies would be directly sent to these accounts eliminating scope for corruption and fraud.

Infrastructure

The budget has allotted Rs. 37,800 crore for the

National Highway Authority of India (NHAI) for constructing 8,500 km of highways in the current financial year. The budget seeks to promote inland transport, especially in River Ganga, with an outlay of Rs.4,200 crore. The government is planning to build airports in smaller towns and cities on a PPP model. It is proposed to have 16 new ports. An amount of Rs.7,060 crores has been allotted for the construction of 100 'smart cities' in the next few years. The government has plans to expand railway infrastructure including bullet trains.

The budget has provided an amount of Rs.500 crores for an institution called 3P India to promote public-private partnership (PPP) as this model has delivered excellent projects like airports, ports and highways.

Agriculture

It is a well-known fact that the farmer gets only a small part of the price that the consumer pays for agricultural produce as it passes through many hands. Many government committees on agriculture have suggested the removal of the APMC (Agricultural Produce Marketing Committee) Act which was expected to protect farmers from exploitation by the traders but has become a fetter on the freedom of the farmer to sell his produce at higher price. Currently, the license holders in the *mandi* (marketplace) have a monopoly on the farmer's produce. The Finance Minister has stated that the central government would persuade state governments to amend the APMC Act to restore the freedom to the farmer to sell his produce to any buyer at the best price he can get. The mobile phone has given him access to all traders and customers in the country.

NABARD has been given Rs.200s crore to promote 2,000 'joint farming groups'/'producers organisation' of small farmers and landless farmers in the next two years. Farmers would be given a 'soil health card' to help them produce the right crop and use the right inputs. Mobile soil testing labs would be launched in the current year.

Employment Generation

The budget has proposed a fund of Rs.10,000 crore to create 'a conducive eco-system' for venture capital to promote small and medium industry. This is expected to catalyse private capital by way of equity and soft loans to start-ups. Another heartening feature is the funding of the Village Entrepreneurship Programme with Rs.100 crore. This is recognition of the local innovations of the common people.

The "Skill India" programme would be launched to provide training in skills such as welding, carpentry, masonry and weaving. The government seeks to transform employment exchanges into career guidance centres.

In order to create more employment opportunities, textile clusters would be set up in UP, Gujarat, Bihar, Karnataka and Tamil Nadu with an amount of Rs.200 crores. A handicrafts academy would be set up in Delhi on a PPP model. Crafts would be promoted in Jammu & Kashmir with an amount of Rs.50 crores.

No sector left out

There has been practically no increase in taxation at all in this budget. It has reduced income tax for the middle class. It has provided incentives to most of the industries. GST (Goods & Services Tax) is also on his table. He may succeed in roping in the state governments as he believes in the federal principle and wants to take all states along. The budget has made substantial allotments to solar and wind energy and other non-conventional energy sources. Sports sector has received additional resources. There is an effort to provide urban facilities to rural areas. New universities, IIMs and IITs are planned. Government is planning to provide total sanitation to all households by 2019 to celebrate the 150th Birth Anniversary of Mahatma Gandhi with *Swatch Bharat Abhiyan*.

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Indian Legislators' Overseas Jaunts - A Lesson from Swatantra

Way back in 1965, the 22-member Swatantra Group in the Lok Sabha declined to join a government sponsored delegations overseas. Among the reasons outlined by the Party's Central Parliamentary Board meeting on October 31 1965 against Party members joining such Government-sponsored delegations were:

- Not much purpose would be served by such delegations by way of explaining the country's position, which was the job of the publicity wing in the External Affairs Ministry and of our Missions abroad,
- Such delegations sometime interfered with the work of our diplomatic missions abroad and placed the Heads of our Mission abroad in a difficult position, and
- It involved a needless drain on an already critical foreign exchange position which faced the country.

Report from *Swatantra Newsletter* October-November 1965

BOOK REVIEW



PERSIAN GULF 2013: INDIA'S RELATIONS WITH THE REGION edited by P. R. Kumaraswamy ● Sage Publications, New Delhi ● www.sagepublications.com ● 2014 ● pp.305 ● Rs.795.

Reviewed by Dr. B. Ramesh Babu, specialist in International Relations and formerly Pherozeshah Mehta Professor of Civics and Politics, University of Mumbai. rameshbabu08@gmail.com.

West Asia is important for India in all respects, economically, politically, socially, culturally, and strategically. We are dependent on the region (Middle East and Persian Gulf) for our energy security at

present, in the immediate future, and in the long run as well. Our demand for oil, natural gas, and other petroleum products is growing phenomenally and an overwhelming proportion of them are imported from the vast and troubled region. As P. R. Kumaraswamy, the senior scholar and the editor of the book under review rightly observes, the region's primacy for us is "not reflected in New Delhi's attitude and policies towards it." He points out that the expertise (and the experts) available on the region in the country is woefully inadequate. This is true for all the regions of the world and also foreign policy and international relations as a whole in our country. I do not know for certain that this deficiency is more acute in the case of West Asia. But the complaint is valid and legitimate.

Studies, Jawaharlal Nehru University, prepared the chapters accordingly. All the chapters have a uniform pattern, subdivided along the same lines and include a lot of useful data on the various inputs. As such, the volume is comprehensive, and if published annually, the compilation will be a very useful resource for research scholars and policy makers. It is good to see younger scholars getting the opportunity to publish under the leadership of their mentor. Since it is conceived as an annual survey, *Persian Gulf 2013* should not be seen as an analysis of India's foreign policy towards the region.

The elaborate and thoughtful introduction running into 40 pages in effect is the essence of the book. Kumaraswamy highlights the opportunities and challenges before the country in dealing with the vast and complex region. For example, he refers to the pressures the US exerts on India with respect to our policies towards Iran, Iraq, and Afghanistan. He commends the growing pragmatism in our economic and strategic relations with Israel. However, he rightly warns that the many built-in inter-State rivalries in the region will continue to complicate India's bilateral relations with individual countries. But, this is nothing new, I must add. Kumaraswamy rightly alerts our policy makers of the need to come to terms with the "Arab Spring" sweeping the region from Algiers to the Gulf and Egypt to Turkey. He believes that the transformation underway since the popular upsurge in Egypt would overshadow the traditional Shia-Sunni and Arab-Non-Arab divides across the region. The two key triangles (India-Iran-US; and India-Iran-Israel) will test the maturity of India's West Asian policy now and hereafter.

By all accounts, India's Ministry of External Affairs (MEA) is very small and ill equipped to perform the role the country plays and aspires to play on the global arena. Furthermore, its role and reach in the formulation of the country's foreign policy is undeservedly circumscribed. Politics and symbolism rather than substance and depth in detail characterize our foreign as well as defence policies of our country from the beginning. Fortunately, pragmatism is gaining ground in recent years. However, the much needed input from the experts is still to make its impact on the formulation of our foreign policy. The BJP's election manifesto promised to correct this inadequacy. How far Modi and his Government will succeed in this regard will be known only with the passage of time.

The collection put together by the editor is a first rate research resource and, if updated annually, will benefit research scholars and policy makers alike. I would urge Sage Publications to keep the series going. Let me end by saying that Kumaraswamy need not shy away from identifying the region as West Asia, which is more logical from India's perspective.

Persian Gulf 2013 is apparently conceived as an annual in-depth country wise survey of developments in the vast region. P. R. Kumaraswamy laid down the framework. Research scholars at the Centre for West Asian

Educating Adults

Notes on Education

Compulsory Education

Suresh C. Sharma

Laws have to be supported by an enforcement agency.

The RTE Act envisages compulsory education for all children. It is a desirable and noble objective as it would provide opportunity to all children irrespective of their family background and build a strong economic society. Unfortunately it will remain a law on paper as there is no agency tasked to implement this Act.

Difficulties in Implementation

Ensuring attendance at schools by all children is included in the duties of Management Committees but they have no authority to enforce it. At best, the Committee members can only try to persuade the parents to send their kids to the school which is not likely to achieve much success. Another difficulty is lack of requisite number of schools. It is not surprising to see a large number of children working in shops or worse still, begging on the streets.

Checking Truancy

We need to enact laws similar to those in force in the Western countries to enforce compulsory education for children. A degree of compulsion is essential in organized society. Laws have to be supported by an enforcement agency.

In the USA, all children of a specified age have to attend schools and are entitled free education. Absence from school is termed "truancy." The schools are required to employ a counselling officer to deal with truancy. The responsibility for checking truancy is shared by teachers, school authorities and parents. Truancy is a major factor leading to dropouts, delinquent behaviour and criminal activities. Regulations and laws have been framed to reduce truancy. In spite of clear laws, it is estimated that about

150,000 out of one million students in public schools in New York City are absent from schools daily.

A maximum of ten days absence of children, verified by the parents, is permissible. For absence for a longer period, a physician's certificate is necessary. The school authorities invite the parents of habitual offenders for a discussion to evolve a plan to ensure regular attendance by the children. If the plan fails, cases of habitual offenders are referred to a magistrate who may impose a fine or award imprisonment.

In Australia, the school authorities keep in close touch with the parents and the police to combat truancy. Most of the schools have a police station close by and they patrol the area looking for truant students. The task of marking present [presence] is done by computers and names of the absent students are automatically transmitted to the parents.

I recollect that the mother of a student in Indore had gone to the school for a routine check on the progress of her son and was shocked to learn that he had been often absenting himself without any information to the parents; nor had the school authorities taken the trouble to inform the parents. In India, the problem gets enhanced due to about 10% teachers being absent daily.

In Denmark, welfare benefits can be withdrawn if the child does not attend school regularly. In Finland, parents of truant children can be fined and children detained in comprehensive schools. In Germany, attendance in schools is compulsory to avoid "closed off parallel societies." The schools are considered to be an ideal place for developing tolerance among children from families of



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different values and beliefs. Recently, a family from Germany failed to get refugee status in the USA from the courts as they did not want to send their child to 'Godless' schools in Germany. They have been allowed to stay in the USA without refugee status.

We are in no position to refer truancy cases to the courts due to their existing heavy load of cases. Nor can we involve the police to help in enforce the law. A pragmatic approach suggests that we should not impose compulsion and aim at providing schooling to all those who want it. As people notice the progress of children with educational qualification, more and more parents would enrol their kids in schools. It is also important that there should be adequate opportunities of better jobs for these children. We cannot expect qualified children to be happy in jobs which they could have got without any schooling.

Home Education

In the US education at home is permitted if the parents consider that they are the best people to educate their wards. This permission is subject to the core subjects of the syllabus being covered in the home schooling. Currently, two million children are availing this facility in the USA. Similar provision exists in the UK also. Compulsory schooling or education at home is a conflict whether the State or the parents are to be trusted for doing the best.

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School with a Thatched Roof

A TV Channel displayed the picture of a school in Uttarakhand. The class room had a thatched roof and there was no provision for drinking water; nor was there a toilet. I recollect memories of my school in a small town. It had three schools. We joined the one which had class rooms of thatched work since its academic results and sports performance was the best out of the three schools. The

parents believed that there was considerable effort towards character building. We took great pleasure when a holiday was declared due to heavy rains. On a sunny day some miscreants set fire to the roofs and in spite of the efforts by the staff and students, the building was destroyed. A small section made of bricks was left intact. The school management continued the classes up to sixth class in this old building and constructed a new building on the sports ground in the suburb for the remaining classes.

Surprisingly, there was no decline in examination results. The new building had tin roofs. The visitors would talk of inconvenience due to the tin roofs in summer. The students never noticed or complained about it. We had to travel a longer distance daily which was good for us. Incidentally, some of the students from villages travelled five kms daily. They covered it at a walk and run.

I must narrate the experience of my brigade commander who was posted to the Indian contingent in the Allied Occupation Force in Japan. During lunch break, he happened to walk across to a group of workers engaged by the Force for manual work. He was surprised to discover that the foreman was a former college lecturer and the workers were his students. During breaks, he was conducting regular classes.

I wish to emphasize that the essential inputs for good education are committed teachers and keen students. It is alarming that only 5% candidates could qualify in the Eligibility Test for teachers in Maharashtra. 25% teachers are said to be absent from duty every day. Infrastructure is welcome but one should not be satisfied with facilities alone. Drinking water alone does not ensure good education..

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Civil Services Examination: The Uncivil Protest

Jyoti Marwah

Was it a row over English or something else less apparent? Well yes, it was the CSAT imbroglio that marred the prestigious Civil Services Examination. When the protests against English began it seemed that this was the main ground for the unrest. However it developed into a slew of other demands. Supported by the politicians students took to the streets

for over two months and refused to relent even as the preliminary examinations scheduled for 24th Aug 2014 were a little over a fortnight away. If English was their concern then the agitation should have ended as the government agreed to exclude the compulsory English comprehension of 20 marks for finalizing the prelims merit list. Unfortunately this amounts to undermining the merit of setting a question

paper with compulsory questions and consequently the 400 marks prelims would be evaluated for 380 marks. English is the global lingua franca and by this merit it becomes the link language acceptable for any All-India examination. The question arises as to why are the students actually protesting.

One can begin to believe that the real problem is not English but the inability of the students to tackle questions requiring analytical reasoning and ability at decision making. Having performed badly in this section, they find it easier to lay the blame on English. The reality could also be that more professionals are taking the civil services examinations and they perform better. This is because the nature of study as a doctor, engineer or a management graduate, prepares them better for such examinations as aptitude tests are a normal pattern in their study. It is true that ever since CSAT was introduced in 2011, findings have indicated a drastic drop in the qualifying numbers from Hindi medium whereas there was a marginal increase in those qualifying from English medium. According to the statistical analysis published by *The Times of India* (August 6, 2014), performance by English medium candidates has been better in the past even without CSAT. Hindi medium students had performed poorly in 2009-10 before CSAT was introduced. In 2011 and 2012, of the 23406 who cleared prelims, only 3676 chose Hindi as the medium indicating that performance by Hindi medium students was not comparable with the English medium students in pre- and post- CSAT introduction.

Since 1960, the newly created state of Gujarat had been demanding replacement of English with Hindi for all UPSC examinations and since then language has been an issue at these examinations as a poll strategy. Analysis of the 1979 Civil Services examination results reported in the *TOI* (Aug 6, 2014) indicated that of the 7500 who wrote the main examination for the Civil Services, only 14% wrote in Indian languages of which 12% wrote in Hindi and only 2% wrote in non-Hindi languages (the actual number being 34). However, 86% took the examination in English. So English remains to be the preferred medium, then why create all this fuss?

Politicians must consider facts and refrain from debasing examinations of such repute. As these examinations recruit niche officials with credibility whose role is imperative for the well-being of the nation. This in no way makes them elitist nor does language give them the opportunity. These examinations reflect their ability to mastermind the fortunes of hard work and thereby emerge victorious from the churning of knowledge, mental aptitude, analytical abilities and foresight. We thus get the class of civil servants or bureaucrats.

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UPSC Civil Services Examination and the Language Controversy

Dr. Rita P. Bhambi

The new pattern of the UPSC Civil Services examination first introduced in 2011 with the Civil Services Aptitude Test (CSAT), and the new pattern introduced in the Main examination in 2013, has triggered a heated debate in the country particularly from the regional satraps. Firstly debate is on the language controversy that revolves around Hindi verses other linguistic groups in India. The second is on the rural urban divide being promoted by the UPSC through its new pattern of Civil Services examination.

The voices from non Hindi linguistic group have become a shriek, calling the coveted examination favoring

the Hindi medium candidates while discriminating the aspirants from the regional languages. There is equally a sharp criticism about the new pattern of examination alleging that it tries to create an unhealthy and unequal competition among rural and urban candidates.

The CSAT pattern in the Prelim examination involves a reasoning and mental ability test requiring speed and accuracy. The questions were printed in Hindi and English and were seen as advantageous to Hindi medium students. Then in 2013, UPSC did a pattern change for the Main examination, doing away with the language paper of a qualifying nature, besides bringing in a few other changes.

Earlier, students had to qualify in English and regional language paper in the main examination whose marks were not counted but passing them was mandatory. As per the new pattern, the candidates will no longer have to qualify in regional language paper, but this is seen as giving advantage to urban youth educated in English medium. According to reports, even after qualifying the Prelims, 5 to 9 per cent candidates flunk in regional language paper while writing the Mains exam.

Further changes UPSC has brought in the Main examination 2013 is that if a candidate has done his education through a regional language medium at the degree level is only eligible to write the Mains examination in that language. A minimum of 25 candidates is required to write the Main exam in a given regional language. In addition, according to new Civil Services pattern, a candidate cannot choose a regional language as 'Optional Paper,' unless having a graduation degree in a particular regional language or have studied it as an optional subject.

The new UPSC norms have created a furor among the linguistic groups in India. Agitations have already begun in Maharashtra, Karnataka, Andhra Pradesh, Gujarat and Tamil Nadu. The arguments against this pattern are, many candidates may be deprived of writing the exams in a regional language even being more comfortable in that language because they have not done their studies through the regional language medium.

The language issue is a sensitive matter and there are differences of opinion. Before going further, one has to understand the outlook of the central government services like UPSC Civil Services examination where two languages formula works, one Hindi, and English the link language. Civil Services being a central government services with an all India character, it would be really difficult for the UPSC to cater to the demands in 22 regional languages mentioned in the 8th Schedule of the Indian constitution.

Keeping emotions apart, the new pattern of the civil services exam is not discriminating the regional language candidates. They are allowed to write the exam in regional

language provided they have studied in that language medium. However, the quota of 25 could be contingent for administrative reason, but its bit too harsh for the regional language candidates and can be considered for revision. With regard to taking regional language paper as the 'optional paper', UPSC has done right thing in restricting it to only those students who have studied the language paper in their undergraduate level. It was found that many candidates with science and other professional degrees were taking a regional language as an optional paper and qualifying the UPSC Civil Services examination.

At the same time UPSC has tried to create a level playing field between rural and urban divide increasing the weight age of the general studies paper. This move has to be seen more realistically to bridge the gap between social sciences students and other streams, with former representing the rural and later the urban divide. The subject specialist mostly in commerce, pure sciences and technical stream may now find it difficult to cope up the 4 papers of general studies, while the students with social sciences and humanities may have an advantage. This may help the candidates from the rural background who may have been bereft with technical degrees due to their socio economic background.

The UPSC has done a right thing by retaining English as a paper in the mains examination and its marks being counted because the proficiency in the link language is essential in all such all India services. At the same time it has done no harm to regional aspirants by scrapping the language paper of qualifying nature. However, it could be recommended that the UPSC may consider printing the question papers in all the 22 languages mentioned in the eighth schedule of the Constitution. It may also allow a candidate to write the main examination in the language of his/ her choice and hold the personality test in the preferred language.

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Unruly Parliamentarians

In the Lok Sabha, RJD MP Rajesh Ranjan stormed the Well waving a newspaper while seeking a statement on the UPSC exam row, and later tore the newspaper and threw it in the Well, with some fragments landing on the Speaker's table. Later he was chided by Speaker Mahajan. The Speaker also pulled up MPs Jyotiraditya Scindia and Pappu Yadav for causing repeated interruptions and unruly scenes, despite her ruling. "If you are so bent on giving suggestions, you should elect a new Speaker, an angry Mahajan said.

Mumbai Mirror, August 2, 2014.

Mistake of Ignoring English

T. Hari Krishna Devanshu

The recent protest from UPSC aspirants has again brought back the language debate in a multi-linguistic country like India. The recent changes in the syllabus of Civil Services Aptitude Test (CSAT) in which UPSC has decided to replace one optional paper and introduce paper that test aptitude skills has led to an movement from aspirants allege that this paper is biased towards students from Science and Engineering and discriminatory for students who are from Humanities and especially those who have studied in Hindi medium. In response government has decided not to scrap the paper but not to take the compulsory English language comprehension part of 20 marks into account while drawing prelims merit list.

On my opinion, political expediency has sadly triumphed over common sense. In today's world the importance of English can't be over-emphasized. Besides, in India English is the link language. Here we have a situation where a section of UPSC candidates are refusing to be tested in rudimentary knowledge of the language and the government has weakly buckled under their pressure. Arguments like India was prosperous before English came to the country, as some BJP leaders are saying, are patently retrograde. Also, the argument that bureaucrats in countries like Germany or Japan don't need to know English is specious because none of them come close to being the multi-cultural, multi-lingual melting pot that India is. The government must recognize its mistake and take back its decision.

The response of government to ignore the account of compulsory English comprehension in prelims can be regarded as a problem faced by former Education Minister of Bihar Karpooori Thakur to remove compulsory English for matriculation and include Hindi as compulsory still has an electrifying effect on the youth of Bihar which has the lowest literacy rate.

It is simple to understand that mental ability, logical reasoning, analytical skills are taught in school level. But still, they are part of the selection criteria for most competitive examinations. They cannot be dispensed with just because one section seems to think that they are elitist.

In a knee-jerk reaction, the government has dropped the English language comprehension component, but this hasn't solved the problem. The controversy is a complex one, especially in a country of such linguistic diversity

and divergence in English language use. It follows that the solution should be nuanced as well. A sledgehammer approach – drop this paper, cut out that language – will not do.

The solution to the present dilemma requires patience and discussion.

- In short just like the optional paper in main examination can be written in any of the languages included in the 8th constitution from 2015 similarly preliminary examination should be allowed to be written in any of the languages other than English and Hindi.
- CSAT should not be summarily rejected or blindly defended. It has its uses in today's world.
- Successful candidates should have English language training, particularly spoken English training, as part of their first-year programme. They should be imparted 300 hours of spoken English training over 12 months. This is what language specialists recommend for non-native speakers.

Conclusion:

Language is a sensitive issue in our country. In some states, there are apprehensions about English. In other states, there are apprehensions about Hindi. As such, this matter needs to be tackled with deft. However, it is also important for those in the upper echelons of government, or any job, really, to be conversant with English. Rightly or wrongly, it is the language much of the world uses.

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Our Dysfunctional Education System

The education system in our country is largely dysfunctional, from schools to universities. And this dysfunctionality is because of the system, not despite it. Our system is now designed to produce bad quality. Unless we face up to this fact we will continue to produce unemployables

Rahul Bajaj & Sanjay Bhargava,
The Times of India, August 5, 2014.

Competitive Approach Needs To Remain Alive

R. K. Cheema

The protest over the scrapping of the Civil Services Aptitude Test (CSAT) paper in the Indian Civil Service (ICS) examination exhibits the unwillingness or fear of competition among the aspirants. Competitive examinations aim at selecting the best for their intellectual diligence and not for their regional or cultural allegiance. Such is the ICS examination that demands skills commensurate with the job requirement. It demands from the aspirant a high level of analytical skills with regard to understanding of various issues of the country as well as at the international level. The protesting aspirants are against the basic level English comprehension whereas they should be trying to determine whether the selection process was fully transparent without any corruption and then take their protest ahead.

During the British rule it was with great difficulty that the Civil Service examinations were permitted to be conducted in India. It was only then that many Indians were able to appear for these examinations and this continued after independence too. The ICS officer ranked above all in the hierarchy of the administrative setup as they had greater intellectual vigour and hence the linguistic skills should continue to exist.

Scrapping of CSAT will lead to diluting the standards and will not help in distinguishing between the deserving and the undeserving. Hence the hasty decision of the government, without even a debate, has posed many

questions. How does it matter whether you have studied in an English medium or Hindi medium school? What you need to know is the basics and the analytical ability and this is the need of the hour. English has always been compulsory for the aspirants to qualify. Thus the English-Hindi divide should end.

Yes, what was expected from the government was that they could have framed policy of providing training to the aspirants as this seems to be a constructive way out. English is a language of tourism, constitutional studies, business and various researches in the world. Hence English being a global language is of immense importance and particularly for ICS aspirants who indirectly possess immense power. Scrapping CSAT will further raise the demand by many other competitive examinations such as NDA, IMA, CAT, NET, SET, etc. to emulate the same. This is extremely an unhealthy sign for the nation. Can we imagine our bureaucrats, Generals, Brigadiers, and many other such important officials stating the difficulty level of the examinations? Everyone must be aware that the IAS officers are the highly paid public servants and they deny answering comprehensions. They are ridiculing the examination pattern and the authorities. What a shame?

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UPSC Row over English is Baseless

Rahul Sunilkumar

India being a vast and diverse country has its pros and cons. Being diverse in various aspects, Indians have had many ideological conflicts. The latest being the major UPSC/CSAT exams and the importance of English in it.

Nearly two centuries after Lord Macaulay championed the introduction of English as a medium of education in India in 1835, a debate is still raging on the suitability of what many describe as a “foreign language” in a polyglot nation that has 22 official languages and over 350 dialects. The debate was rekindled in the last few days as civil services aspirants thronged the streets

in large numbers demanding that the Civil Services Aptitude Test - which they said was a glaring disadvantage to students from non-English backgrounds - be scrapped. Though the government announced on August 4 that the marks in the English language comprehension skills of the aptitude test will not be included in the merit list, the protestors remained far from satisfied, impelling many to ponder that resentment against the English language is probably more intense than we imagined. **English is to begin with our language.** When the constituent assembly debated the question of language, the Anglo-Indians said we belong to this country and our language is English.

Similarly, English is the official language in Nagaland. If you want Nagaland and Anglo-Indians to be a part of India, you have to recognize English as part of India. Where is the question of colonial hangover here?

People in India are closely bound to their regional culture which is not wrong but at the same time it is also essential to be in the race as far as academic competition is concerned. This is where the backwardness is depicted. Also the methods used by the aspiring civil service students to protest are hilarious. And these are the people who want to become the bureaucrats of our nation. Sigh! This is what is known as - **‘run like a hare, hunt like a hound!’**

In the end it is education. We ourselves have told it a million times that the more we study the more able we become. And they say they don't want to learn English. We need to ask them, where will they stand in these times of globalization without English? If they are unable to comprehend the language then they don't deserve to be at the position they desire to be.

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Why the Rage Over English – To Be or Not To Be

Qureshi Fareen Wahid

The heart of the matter is the change of the pattern which the UPSC introduced in the Civil Services Preliminary Exam, starting in 2011. Till 2010, the exam comprised two papers namely General Studies and Optional subject, where the aspirants could choose one of the 23 listed subjects. This was changed from 2011 onwards, and was replaced by the optional subject paper in which the aspirant's aptitude was to be tested. The syllabus for this paper, protesting aspirants allege, is heavily tilted in favour of those from the Science or and Engineering background and is discriminatory against students from Humanities, particularly those who have studied in Hindi-medium. Now the paper in the preliminary exam comprises comprehension, interpersonal skills including communication skills, logical reasoning and analytical ability, decision making and problem solving, general mental ability, basic numeracy of class X level, data interpretation o class X level and English language comprehension skills of class X level.

It seems that they fear that the students from Science and Engineering faculty perform well in this exam. Questions related to mathematics according to them put students from Humanities at a disadvantage. English language comprehension skills are in no way discriminatory against students from a Hindi-medium background as comprehensions are of basic level. However it may be true, as pointed out by the protesters that since the changes were introduced in 2011, the number of those with Science/ Engineering background clearing the exams has gone up. It is so ridiculous that the students who aspire to be the most highly paid officers and the strategic planners of the country are unable or rather do not want comprehension in English.

The government in a haste announced in the Lok Sabha that marks for the comprehension section will not be added to the final merit list though the CSAT format will be retained. Also, the government announced that the students who gave the exam in 2011 when CSAT format was introduced will be allowed another attempt in 2015.

The government's decision regarding CSAT row has brought to the surface the real motive behind anti-CSAT protest. The protest was not against English but against numerical and analytical ability as well as against candidates having Engineering, Medicine and Management background with whom they are unable to compete. The ones who recruit people to do a job know what kind of qualification they require in the candidate. Here a section of the ones who wish to be recruited takes it upon themselves to force the recruiter to accept what they should be testing on! And the recruiter seems willing to oblige, despite saner counsel, unmindful of what it will mean to the future of the country in a globalized world of cut-throat competition.

It is very well known that the aspirants are graduates who have studied English from school days and also in their XI and XII class. Then why this rage? Does it have any political colour or is it a path towards a vote bank? Its food for thought....

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MANY VOICES - *From The Past*

Beginning December 1952 for the next 40 years and more the last page of Freedom First was often the first page to which the reader turned for a quick read of "Many Voices"! Finding that not many readers are interested in articles published in Freedom First in the last year or two under the title 'This month in 1954...' and so on. As we did not receive much reader response, we are now trying another tack to capture your interest! – Why not go back to when we started "Many Voices" rename it "Many Voices from the Past" and give you, our reader, a flavour of the past. So, beginning with Freedom First No.06 of December 1952, when Many Voices first made its appearance, we shall seek to interest you on what our forebears in India and elsewhere commented on or were interested in.

"Walking with Gandhiji was like walking with Aristotle."

– Dr. Frank Buchman.
The Times of India November, 1952.

*

An article "Friend in Need" by N. Pankratyev after describing how people are dying like flies all over India says "But that day the townsfolk seemed to have forgotten their troubles. The faces of the people one met on the streets were lit up with happy smiles and a festive atmosphere pervaded the whole city. The news that the Soviet ships had arrived with food sent by the Soviet Trade Unions for the famine-stricken population of India had spread like wildfire"

– *New Times, Moscow, November 12, 1952*

*

"I pity the leaders of nations, who like small children, claim to control their people, without controlling their own minds".

Acharya Vinoba Bhave,
in *The Hindustan Times*, 4 December 1952.

*

"In the final choice, a soldier's pack is not so heavy a burden as a prisoner's chains."

– US President Eisenhower in his Inaugural Address.
Quoted in *Freedom First*, February 1953

*

The most likely explanation is that Moscow sticks to the Bismarkian maxim: "I don't care whether I am loved so long as I am feared."

Thought, January 10, 1953

*

Careful of punctuation, he (Mr. Purshottamdas Tandon) is careless of punctuality. "Evidently," wrote Mr. Sampurnanand, "Mr. Tandon has made the concept of the infinitude of time a guiding principle of his conduct."

The Times of India, January 4, 1953.

*

Pandit Nehru thinks that when he dubs some party "communal" he has passed final judgment.

– *Blitz*, February 14, 1953

*

Let us not give up English which we have acquired by accident of history"

Mr. C. Rajagopalachari in *The Hindustan Times*
weekly, March 8, 1953

*

On one occasion Churchill was informed that Bevan was ill. "Nothing trivial, I hope," said the Tory leader, genially.

– *The Times of India*, February 8, 1953.

*

When after a meeting he (Mr. Bevan) had referred to Mahatma Gandhi, Lenin and Stalin, someone asked him about Churchill, he burst out "I was talking only of respectable people."

– *The Hindustan Times*, March 1, 1953

*

The Lysenko-mania of these 'progressives' has given currency to a story which runs somewhat like this: A Rumanian peasant tells another, "Have you heard of the latest demonstration of Lysenko's theory? They have produced by crossing a cow and a giraffe an animal which grazes in Rumania and is milked in Moscow.

– *The Hindustan Times*, February 26, 1953

*

"The Hon'ble the Prime Minister seems to agree and, therefore, the sense of the House is clear."

– Deputy Speaker of the Lok Sabha,
The Times of India, April 10 1953.

*

There are more toadies to the square mile in New Delhi today than at any other place in our poor India.

Mr. H. V. Kamath, *The Current*, October, 6, 1954

*

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