

Freedom First

The Liberal Position

BUMPY

THE ROAD
TO ECONOMIC
TRANSFORMATION

THE NEXT
MILE

2007 was the **60th** year of Indian Independence
In sixty years, ten major revolutions in our country have transformed the lives of its citizens.

Green Revolution made India self-sufficient in food.

White Revolution made India the largest producer of milk in the world.

Information Technology Revolution made India one of the largest service providers in the area.

Space Revolution made India capable of building its own satellites and launch vehicles.

Nuclear Energy Revolution made India capable of producing its own radioisotopes, nuclear fuel and nuclear reactors.

DNA Technology Revolution had India develop its own technology for DNA fingerprinting.

Defence Technology Revolution made India acquire a high level of expertise in missile technologies.

Institution Building Revolution led to the setting up of first-rate pioneering institutions in the country entirely on its own.

Drug Revolution allowed India to produce drugs, often at less than one percent of the cost in the US.

Telecommunication Revolution connected the remotest corners of India in less than two decades.

And our growth rate has been hovering between 8 to 10 percent on a yearly basis.

Yet, **78%** of Indians live on less than **Rs.20** a day, equivalent to 50 US cents at present exchange rate, and **2 dollars** a day taking into account price parity. Can we not in the New Year, strive to revise our national strategies and developmental plans for a more equitable growth?

Together we can do it. We only need to shift our focus from the "haves" to the "have-nots".

We hope that **2008** will bring you success in all your endeavours and much joy.

Courtesy: Pushpa M. Bhargava

Freedom First

Wishes its Readers

A HAPPY NEW YEAR !

Freedom First

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BETWEEN OUSELVES...

The cover feature of this issue is a review of the economic reforms in the context of four Liberal Budgets released by the Indian Liberal Group and the Project for Economic Education. Readers are familiar with the Liberal Budgets which have been exclusively covered by *Freedom First*.

There will be no Liberal Budget this year. Mr. Sunil Bhandare who leads the team of economists who drafted the Liberal Budgets wishes to inform our readers that they (the Drafting Group) decided that rather than produce a fifth one this time, they felt that there was need to pause, ponder and review the policies and strategies advocated in the four Liberal Budgets released so far; examine, in the context of current circumstances of the economy within the country and worldwide what, if any, changes are required for economic reforms to take the next mile. And so the cover feature is appropriately titled: “The Bumpy Road to Economic Transformation – The Next Mile.” We trust readers will find this both instructive and interesting and will consider sending us your comments.

Once again may we remind you that if you are a subscriber and have received a reminder to renew your subscription do please attend to the request ASAP. It would be even more appreciated if you can get us new subscribers. Perhaps you might even consider a gift subscription to someone you feel would be interested in journals like ours?

Incidentally this issue comes to you in a paper cover. We have decided that the plastic covers will reappear only four times a year – during the monsoon season - that will be between June and September. As Mr. Sethu Das, President of the Friends of Tibet and one of the campaigners against our using plastic covers remarked, we have opted for the Middle Way – in true Buddhist fashion!

Wishing all of you a Happy New Year

Editor

Founder: Minoo Masani ● **Editor:** S. V. Raju ● **Associate Editor:** R. Srinivasan ● **Advisory Board:** Sharad Bailur, R. V. Chari, Firoze Hirjikaka, Ashok Karnik, Nitin Raut, Brig. (retd.) S. C. Sharma, Sameer Wagle ● **Cover Design:** Vivek Raju
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Freedom First January 2008

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MANY VOICES

**"The deep moans round with many voices. Come, my friends
'Tis not too late to seek a newer world" - Tennyson**

As the federal instincts of India sharpen the country is being run by chief ministers rather than the Prime Minister...it is the chief ministers who will deliver the next prime minister. They are the big chiefs of Indian politics.

M. J. Akbar, Editor, *Asian Age*, January 23

Socialism is a far cry and we have not achieved it yet. We have to remember that we are working within the capitalist system and private capital has to be used for industrialisation.

Former West Bengal Chief Minister Jyoti Basu,
The Statesman, January 11

It is customary for the Congress leaders to eulogise Sonia whenever the party wins an election and blame the local leaders when it loses them.

Columnist GVL Narasimha Rao, *Mint*,
December 3, 2007

What should worry us, then, is not whether Mr. Modi is a demon, but the change in the Gujarati psyche. What has happened to Gujarat? Is it still redeemable?

Ramaswamy R. Iyer, *The Hindu*, January 5

God is not a 'dirty' word in our secular state. A secular state is neither anti-God, nor pro-God. It only eliminates God from matters of state,

Eminent jurist Soli Sorabjee, *The Week*, December 30, 2007

Gone are the days when one Sunil Gavaskar could be humiliated by being denied entry at Lord's and elicit not one line in genuine apology.

Shekhar Gupta, editor, *The Indian Express*, January 12

Padma awards and the Bharat Ratna are given out of political considerations. The Bharat Ratna is devalued when it is awarded to undeserving candidates.

Pankaj Vohra, *Hindustan Times*, January 14

"Why don't you all join politics? Politics is not that bad" Sonia Gandhi asked the genteel and educated audience at the HT Leadership summit. The educated middle-class certainly does need to join politics, but not join politics to work antiseptically on laptops, use snobbish words like 'synergy' and

worry about getting their hands dirty.

Sagarika Ghose, *Hindustan Times*, October 26, 2007

The RTI Act, as it exists today, is one of the best in the world, but its efficacy will depend on what "We the People," make of it.

Former IIM Professor Jagdeep S. Chhokar,
Mint, November 23, 2007

Human rights violations are everybody's concern. Nation states must not hide behind exclusivist notions of national sovereignty and take umbrage of such concern by governments or political parties or citizens of other countries.

Editorial in *The Hindu*, December 7, 2007

What the emergence of Pakistan as a separate and sovereign country has done is provide India with a barrier against the worst excesses of virulent and extremist Islam.

Bharat Karnad, *Mint*, January 2

The sight of topi-clad bearded men stoning the police to demand Taslima Nasreen's ouster from India is as provocative as the sight of trishul-wielding men attacking journalists during the demolition of the Babri Masjid

Jyoti Punwani, *The Indian Express*, November 27, 2007



COURTESY: Satish Acharya and *Mid Day*, December 24, 2007

OF CABBAGES AND KINGS

Bandh is not an Illegality?

Justice Rajindar Sachar is a respected retired judge. I read an article by him in *The Radical Humanist* recently in which he contests the decision of the Kerala High Court banning *bandhs* and which decision was upheld by the Supreme Court. He says trade unionists and political activists were much disappointed because it restricts the fundamental right of citizens of free speech and association. He cites English courts which have held that the organizers of a protest march would not incur liability merely because some unruly members of the assembly commit a breach of peace.

He refers to the lawyers agitation in Delhi and cites a Supreme Court order in 2003 which ruled that lawyers have no right to go on strike or give a call for boycott but conceded that where the dignity and interest and independence of the Bar and/or Bench are stake the court may ignore (turn a blind eye) to protest abstention by lawyers from work for not more than one day. It also upheld the right of lawyers to peaceful protest marches outside, away from Court premises, going on dharna or relay fast. "If the lawyers protest results in traffic confusion, the lawyers cannot be enjoined."

All this simply ignores the rights of citizens who may have nothing to do with the issue which has resulted in an agitation in the first place. Trade unionists may be upset over the ban on *bandhs* but what about the many occasions when by intimidation entire cities are held to ransom. There was a time when if Mr. George Fernandes called a strike only the foolish would venture out for fear of broken heads and broken bones. Today in Mumbai when a *bandh* is announced the first thing we want to know is who called the *bandh*. If it is the Shiv Sena then we know it is best to stay at home. Why? The reason is simply the fear of being lynched. What happens to the right of the citizen?. To say that the police should provide protection is being naïve as I have seen repeatedly. *Bandhs* where squads of "political activists go around getting shops to down shutters for no other reason than a local political goon was killed as a result of gang-warfare not only means loss of a day's business for a small shop keeper but also essential services including hospitals getting paralysed.

Until we are able to develop ourselves as better and responsible citizens the Supreme Court judgement and the Kerala judgements are, unfortunately, the only answer.

*



Legal Tender – Who Calls the Shots?

Who decides the legal tender of our currency? The Reserve Bank of India? Maybe. But I would venture to suggest it is the taxi driver, the petty shopkeeper, the auto-rickshawwalla and now by the ubiquitous blind mendicant on suburban trains.

The cute little one paisa coin has completely disappeared. I have managed to salvage one for me to remember the time when one paisa fetched a handful of 'Chana'. The five paisa went off circulation to be soon followed by the 10 paisa coin. And now it is the turn of the 25 paisa coin. No one accepts except the conductor of BEST buses operating in Mumbai because half the bus tickets have a 50 paisa added to fares on many routes. For instance if I travel from Kala Ghoda where I have my office to the CST (formerly VT) railways terminus I pay Rs.4.50 and because of a coin shortage in the city the conductor in a loud voice asks all passengers to keep 50 paisa coin ready. He accepts two 25 paisa coins.

The other day while on the local train a 'blind' beggar got in began in his bhajan. I put two 25 paisa coins in his. He feels the two (It wouldn't be a surprise if he was not blind after all) and says in Hindi of course – who will take these coins. It won't fetch me even a half cup of tea. I told him in that case to return the two coins to me. To which he replied with much condenscension well now that you have given them to me I'll manage! The minimum acceptable coin today is the one rupee coin. It too will have to give way to the two rupee one. These reflect the rising cost of living. Even today the one paisa is legal tender. But the people decide what is acceptable. The lowest value will soon be Rs.10 because a cup of coffee in a Udipi restaurant is Rs.12/-

SVR

Of Swatantra and Socialism and “Flogging a Dead Horse”

“Flogging a Dead horse” did you say? Because though “dead” it still seems to be breathing – just, and even creating the occasional ripple.

Let me explain. It’s a long story, but I’ll be brief. It has been told in bits and pieces over the years in this journal. We (the plural refers to some of us who still consider ourselves as members of the Swatantra Party) did try some years ago to interest the press, the national press that is, but they were not interested in a “dead” party nor in our refusal to “swear allegiance to socialism” An eminent personality including an ‘expert’ on elections, who shall remain anonymous, told me that we were making a big noise over a “non-issue” What does it matter if you swear by socialism, they said, so long as you are free to adopt whatever policy you wish to because socialism has not been defined in the Constitution. Others who were willing to listen, were good enough hear us out. But, at the end of such conversations they came out with this advice “who wants to know what happened in the past. It is the future we must talk about. So don’t keep flogging a dead horse” We were put in our place – or so they thought.

These thoughts came to mind when in a recent article in the *Mint* there is this patronising comment: “The Swatantra Party in Maharashtra has been trying to challenge this provision in the high court for more than a decade, with little success.”

It is the phrase “with little success” which is irritating. The writer then goes on deliver a homily “If all political parties are to have the same ideology, we would hardly need multiple parties” and so ‘here comes the cavalry’!

Even this would not have provoked this writer who has with patience, as the surviving petitioner (my colleague and co-petitioner Laxmidas Sampat passed away a few years ago) kept watch on the status of the writ petition pending before the Bombay High Court since December 15, 1994. What has compelled me to talk ‘out of turn’ about the “dead horse” is the fact that a Bench in the Supreme Court which heard a writ petition by some NGO in Kolkata, reportedly said:

“Why do you define socialism in the narrower sense as the communists do?” it asked. “Why don’t you go by the broader definition... which mandates the state to ensure social welfare measures for all the citizens... as a facet of democracy?”

Yes, Your Honours, we didn’t know there are

‘broader’ definitions. We know the word “social justice” (a word that irritates both communists and capitalists) means social welfare but not socialism. But this we know: communists are not ‘socialists’. They are protagonists of the “dictatorship of the proletariat”. And it is precisely because of this ‘broader’ connotation of the word implied in your statement, that this petitioner filed the writ in the Mumbai High Court pleading to be rescued from having to tell a lie.

The Swatantra Party petition is that of an affected party confining itself to protesting the fact that the amendment to the Representation of the People Act has robbed us of our legitimate right to participate in the electoral process.

As for socialism, the word itself, we have no quarrel with the real socialists of the Jayaprakash Narayan or the Ram Manohar Lohia variety. In his seminal essay on *Liberalism*, Minoo Masani has this to say on socialism: “The aims of socialism are good: I am still a socialist in that sense. If you put it to me: ‘Do you believe in Lenin’s ‘free and equal society’ I will say Yes. If freedom and equality are the objectives of socialism, I am for it. But when I find that the weapon that I have used does not create freedom or equality, but creates tyranny and slavery on the one side and inequality and poverty on the other, then I would be a fool, if I stuck to that weapon...”

So what does the Swatantra Party stand for: As Masani put it in his essay “So the new Liberalism has come to India after the failure of socialism. It is a fusion of western Liberalism and Gandhi. When the Swatantra Party was formed and I was drafting its programme this is how I put it in an article to *Life* magazine that two streams of thought had gone into the making of this effort, Western Liberalism as they understand it plus the teachings of Mahatma Gandhi.”

This Kolkata NGO, by bringing in the larger issue of the preamble, has not, we fervently hope, hurt the purpose of our petition: to get the Mumbai High Court to instruct the Election Commission to register our Party without our having to insert a provision in our constitution swearing allegiance to socialism. True, the petition has now been pending for 14 years – like hundreds of similar petitions on a variety of issues – but we are hopeful that justice will prevail in the end and the Swatantra Party Maharashtra will be able to take part in electoral politics without having to tell a lie. For that’s what it’s all about.

S. V. Raju

Gujarat Elections:

- Moving Beyond the Stereotypes

Amit Dholakia

For Gujarat's urban middle class and youth today, Modi is the quintessential hero who refuses to be sucked into the hypocrisy and political correctness of India's conventional politicians... Gujarat's vote was a positive vote for the continuation of the policies of the government. It was an election about something that went right

Standing up to the unsympathetic predictions of a cluster of psephologists and vilification by much of the national media, Narendra Modi's Bharatiya Janata Party (BJP) scored a landslide win in the most keenly-fought and publicized election to the Vidhan Sabha in Gujarat in December 2007. Truly a lone ranger in this fight, Modi won in the fairest of all Indian elections so far and in the face of the most unfavourable circumstances: virulent dissidence among important segments of the state BJP leadership, Congress-led government at the Centre, anti-incumbency sentiments setting in after a six-year rule, indifference bordering on hostility on the part of the Sangh Parivar outfits like the Vishwa Hindu Parishad and the Bharatiya Kisan Sangh, forceful and high-profile propaganda by the multitude of secularist NGOs, active vigilance of the Election Commission and so on. Not only did Modi's juggernaut finally crush all adversities, but actually increased the BJP's lead over the Congress party in the share of aggregate votes from 9 per cent in the 2002 election to 11 per cent in the 2007 election.

Narendra Modi's electoral success has forced the political elites to take notice of the alchemy

of his brand of politics and strategies of mobilization. It has also confounded the doctrinaire political observers a great deal. The leftists and the secularist activists of all hues cannot stop beating their chests at what they guess is the death of democracy and the birth of fascism in Gujarat. The liberals cannot take a final call on whether to jump at the continuance of the market-friendly, liberal economic policies of the Modi government that drove the nail in the socialist coffin or to feel sore about the prospect of realizing substantive democratic values under his regime. The religious nationalists are busy figuring out the intricacies of his comfortable marriage of Hindutva with capitalism, modernism, development and globalization.

Modi's victory impels us to revisit the stereotyped frameworks of understanding the issues of Gujarat's politics. Analyzing this election and its verdict through the prism of "secularism vs. Hindutva" conflict, or treating them as an experiment in Gujarat's fabled "laboratory of Hindutva", would be clearly misleading. For the most part, this was not an ideological election. Only the gullible observers and the ideologues blinded by prejudices would like to see Gujarat's electoral contest exclu-

sively as one between secularism and communalism or between fascism and democracy. Is it not high time our political punditry re-orients itself to perceive India's variegated and complex political processes in their unique and special contexts rather than labouring hard to impose cherished formulae and Western frameworks to explain away their workings.

Indeed, the recent Gujarat elections were determined by a complex of social, psychological and political factors. Despite the exertions of the central leadership of the Congress party, sections of the media and the activists, the majority of voters were not swayed by the emotional pitch of the 2002 riots. The spirit and the institutional structures of India's Constitution and the innate maturity of the average voter are amply dependable not to panic about the inexorable rise of despotism in Gujarat. Of course, a carefully cultivated fear of minorities against the backdrop of escalating terrorism and the BJP's regular criticism of the politics of appeasement accompanied the main campaign anchored to development and Modi's personality. But it was like a side script. Hence, it would be obviously unfair to interpret Modi's victory as the Gujarat voters' endorsement of hardcore Hindutva,

fascism, bigotry and intolerance; just as a Congress victory could not have been interpreted as a triumph of secularism and pluralism. While the likes of the Congressman like Digvijay Singh were fuming valiantly about the impending threat of "Hindu terrorism" in Gujarat, his own ilk in the Gujarat Congress was too excited to accommodate the BJP dissidents accused of involvement in the 2002 riots within the party fold. To brandish its Hindutva convictions, the local Congress even inspired some dummy outfits to issue newspaper advertisements urging voters to unseat Modi because he is not 'Hindu' enough! In a state of organizational and ideological disarray, the Congress Party resorted to unabashed casteism to distract voters away from Modi's appeal.

More than Hindutva, Modi's formidable charisma and the larger-than-life image were crucial factors that explain BJP's victory. The election was like a referendum on Gujarat's longest serving Chief Minister's policies and personality. It was a thoroughly one-sided and an individual-dominated election. Voters identified largely with Modi rather than with his party or the individual candidates. He was the only star campaigner for his party. High synergy between him and his voters obviated the need for the party as the main instrument to bring votes for the candidates.

Modi set the agenda of this election from the beginning and took all initiatives at all stages. He even wrested and converted the initiatives of the opposition parties in his favour. In the process, he came to symbolize many elements that Gujarat's voters could identify with: bold and decisive leadership unaffected by the barrage of criticisms from many sides; balance

between regionalism and nationalism; can-do masculinity; capacity to challenge the Centre's fiat; high personal integrity and credibility; muscular posturing against terrorism; workaholic style; and, high personal integrity and credibility. For Gujarat's urban middle class and youth today, Modi is the quintessential hero who refuses to be sucked into the hypocrisy and political correctness of India's conventional politicians.

Modi's election campaign, conducted through professional poll managers and technological sophistication, indicated a growing trend of presidentialization of parliamentary politics and principles. No matter what the wise might counsel about the institutions being above individuals, Modi has forced us to reckon with the role of leadership and charisma in electoral battles. His charisma has even compelled the BJP to reorient itself ideologically and organizationally.

An effective and participative orator, Modi excelled at communicating the right message to his audience and persuading them to think like him. With his mannerisms, gestures, body language, skillful use of symbols, melodramatic style, voice modulation etc., he established direct rapport with the masses. The authoritative flourish of his oratory was sharply distinguished from the rehearsed, prepared and uninspiring word-craft of Sonia Gandhi and Manmohan Singh. In contrast to the high popularity of the incumbent Chief Minister, most of the motley group of Congress' would-be chief ministers had limited re-call value for the voters.

However, charisma alone could not have ultimately saved the day for Modi's party and lightened

anti-incumbency burdens. The record of his government in promoting economic development and providing superior governance was also an equally influential factor. He has consistently enjoyed high satisfaction levels and approval ratings with respect to basic expectations from the government. Gujarat's vote was a positive vote for the continuation of the policies of the government. It was an election about something that went right. People voted in large numbers to ensure that the government does not lose the election.

Modi is also seen as an efficient administrator and economic liberalizer. Under Modi's rule, Gujarat whizzed past other front-line states in many respects: double digit growth rate, increase in per capita income, infrastructure development, ports' development, power generation, new industrial investments, and irrigation facilities and so on. His government aggressively pushed for power sector reforms as well as for reduction in subsidies and fiscal deficits. Corporate style decision-making and introduction of business-friendly bureaucratic environment for faster clearances endeared Modi to the industry leaders. Common people too had every reason to feel pleased about the relative reduction in corruption and the state's pioneering strides in e-governance. Programmes like Beti Bachao (save the girl child) and Kanya Kelavani (girls' education) also struck an emotional chord with a large number of women voters of all ages and classes.

The results of the last election once again underscore that Gujarat's society and political class are now firmly rooted in the bipartisan political space where two parties are little different from each other in terms of ideology and

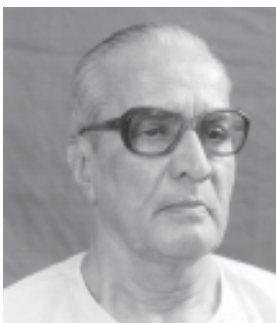
programmes. The middle class voters' fear and paranoia of minority communities' linkages with terrorism have helped anti-Congress votes to maintain a lead of about 5 to 10 percent since the 1990 election. Modi's charisma and record of governance also surmounted Gujarat's caste-based vote banks like Kshatriyas, Dalits, Patels, Kolis etc. nurtured through decades. Though himself an OBC belonging to a marginal caste, Modi's appeal to Hindus cuts across community and caste lines. It signifies a new transformation in the political sociology of Gujarat. Also, without the platform of a regional party, Modi succeeded in regionalizing the BJP. He furnished a new space and legitimacy for regional voices to emerge in the state's political discourse. His campaign made full use of regional sentiments that bore influence on the election outcome. He converted every major issue as an issue of regional pride, of Gujarat's *asmita*,

of the state's fight against the injustices of the Central government.

However, democracy is not just about winning elections. Besides, what has succeeded in Gujarat might not necessarily succeed at the national level due to the variance of socio-economic determinants. Modi, therefore, cannot rest on his laurels. The pursuit of national level political ambitions might compel Modi to moderate his words and actions. His political style and substance will have to be altered in accordance with the exigencies of coalition politics at the national level. The mass hysteria generated by his campaign can prove destabilizing if his government fails to fulfill soaring popular expectations. In particular, the social and human development indices of Gujarat need to catch up with the comparable benchmark. Rural infrastructure, health and education sectors demand urgent attention. Also, as the development

accelerator steps up, growth has to trickle down and become even. Equitable dispersal of its benefits across sub-regions and social communities would help bring in more inclusive culture of governance. Institutionally, Modi needs to be sensitive to the benefits of rekindling party forums and re-invigorating the consultative mechanisms of decision making and principles of the collective responsibility of the cabinet. Most importantly, Gujarat's civil society and political class need to understand that an impenetrable space for political, intellectual and cultural dissent has to be nurtured and preserved against the majoritarian instincts of rulers and their cronies.

DR. AMIT DHOLAKIA, author of two books and several articles, is a Reader in the Department of Political Science at the Maharaja Sayajirao University of Baroda. He is also a member of the INDIAN LIBERAL GROUP.



(1931-2008)

Professor Y. D. Phadke

With the passing away of Professor Y. D. Phadke, Maharashtra has lost one of the illustrious historians and scholars of the old school of secular liberal humanists. For over four years, he taught initially in colleges and later in the Universities of Mumbai, Pune and the T.I.S.S. and endeared himself to his students through his lucid, thoroughly prepared lectures and his uncompromising commitment to social justice. Listening to his lectures was going to school in human and liberal values.

His study of the Samyukta Maharashtra Movement which later was published, was a pioneering work and still remains authoritative. Nineteenth and twentieth century Maharashtra and his study of the history of the region in eight volumes has had devoted students and acolytes. Besides he has numerous books of essays, each a pioneering study which still merits careful reading and researching. There was no social dimension of modern Maharashtra that escaped his attention and careful scrutiny and

examination. Many of his books were results of careful mining of old documents, newspapers, official records which were scrupulously examined, analysed and laid bare. His attention and study was not restricted to Maharashtra but extended to other areas as well – e.g. his two volume study of Subhas Chandra Bose. He wrote useful books and monographs and other aspects of politics such as legislation on the R.T.I. among others.

Very much in demand as a lecturer in learned societies, he presided over several functions including the Marathi Sahitya Sammelan. Honours came to him in droves as did numerous awards. But he would treasure the memories of his numerous students and friends who met him continuously and who greatly benefitted by his sage advice. Known for his forthright views, he would never compromise on the basic values of Liberalism though he was critical of capitalism and its uglier manipulations. This made him sympathetic to attempts at social control of these but he was equally apprehensive of the leviathan that would swallow its children.

Professor Phadke had varied interests, in modern European literature, in the theatre both Indian and Western, in cricket, films, classical and film music. His friends and students will miss him and his conversation. We are poorer by his passing away.

R. Srinivasan

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What Happens if Pakistan Disintegrates

- Quantifying the Fallout

Ashish Puntambekar

According to Ashish Puntambekar, the killing of Benazir Bhutto has unleashed forces that could only lead to the further disintegration of Pakistan. It sounds plausible and may well happen. But there could be another possibility. The elections, to be held on February 18, may throw up a temporary respite. An elected government may be formed without Musharraf in control. It will have to depend on the army to deal with terrorism. Whether the army wants to function as a loyal subordinate of the government or wants to be the government would be the question. After that, it is not sure if the army can control terrorism. Then will come another wave of assassinations and violence. The new government may not then last and perhaps, Ashish Puntambekar's fears may come true at that stage. Meanwhile it cannot be denied that Pakistan is dangerously close to qualifying as a failed state.

We also invite readers' attention to the comments by Ashok Karnik in his column "Point Counter Point" "Death of Democracy" (see page 13) - Ed.

A year back I read a book on Pakistan by Mary Anne Weaver. The book is extremely well researched and has served as an essential primer in understanding recent events in that country. So, when I heard the unfortunate news of Benazir's assassination my first reaction was that Pakistan will not make it through 2008 as a single country. Earlier I had thought that this was three years away, but now things are moving much faster than expected. The country is getting more un-manageable by the day.

Benazir's murder has already made a political solution almost impossible. The situation appears quite hopeless and, under these conditions, it is only the army that can keep the country together. A military state of emergency is therefore definitely on the cards. It is also very possible that Musharraf and Nawaz Sharif (together) may call in the International community (mainly the US) to help, once they realize that they will not be able to handle the militants. But before any of this happens, we will witness considerable policy confusion both in Rawalpindi and in Washington as both sides desperately hunt for answers.

Expected Fallout

The Sindhis now have no stake left in the Union

With Benazir gone, the Sindhis who are mainly into business have no common interest with either the state of Punjab, the lawless North West (including the Peshawar area), Balochistan or Pakistan occupied Kashmir. Therefore, it's just a matter of time before they sum up courage to demand a separate state. There are also issues of mental attitude here. Sindh is not Balochistan, Sindhis are traders, not warriors like the Balochis.

Benazir's killing in Rawalpindi has its own significance too. Rawalpindi is Pakistan's military headquarters. It is also located in the Punjab and this has implications for short term

Punjab-Sindh relations. Sindh has a large number of Punjabi settlers besides a huge Mohajir community. The Mohajirs are Bihari Muslims and the Sindhis hate them as much as they hate the Punjabi settlers. The recent chain of events therefore has made a civil war between these rival groups very likely.

If violence breaks out in Sindh, Musharraf most likely will send the (mostly Punjabi) military to Karachi to stop the killing. The military however will itself come under attack in Sindh as, being dominated by the Punjabis they will not be seen as a unbiased force. It could then turn out to be a Serbia/Bosnia like situation. Any military action by Musharraf in Sindh could thus create more problems than it would solve.

India's Immediate Worry : Civil War in Sindh

For India the main threat is of millions of refugees crossing the international border as a result of the civil war in Sindh. This event that could be just six months or a year away needs to be prepared for and the Indian government will do well to plan the deployment of close to a million men of our armed forces on the western border to prevent a massive refugee problem.

Depending on the severity of the violence, between four or five million refugees could cross over the international border into India. They won't go to Balochistan because it is a desert. Bhuj and

Palanpur areas in Gujarat and Barmer in south west Rajasthan are possible destinations for the refugees and could be the worst affected. There is therefore urgent need for a national plan of how to deal with the situation. We also need a clear understanding that refugees will have to return to Pakistan and any political party India that tries to accommodate the refugees only for the purposes of getting their vote needs to be exposed as anti national. We need to learn from the bitter experience we have had in Assam with a proper identification and quarantine plan in place to ensure that foreigners do not disperse to other parts in the country. In light of the fact that we already have the shameful situation of Kashmiri Pundits being refugees in their own country, it is hoped that our lawmakers act swiftly to save the state of Gujarat whose economy could be ravaged by refugees and the lumpen elements that secure entry into the state in the guise of a displaced people.

Militancy in Pakistan – the Raw Facts

There are 40 Jihadi publications in Pakistan with an active readership of 1 million people. (This is an estimate of the literate militant following and excludes those who have extremist views but can't read). The militants' strength is also increasing every year as well, with recruits coming from the nearly 30,000 *Madrassas* that exist all over Pakistan. It is a very different country from the one which was born in 1947 when there were just 2500 *Madrassas*. These numbers are telling us something .

Pakistan's Nuclear Weapons and the Military

A recent article in *Stratfor*, a

top US journal which provides strategic intelligence on global business, economic, security and geopolitical affairs. has claimed that most Pakistani nuclear weapons are already under US safeguards. If this is true it means that Pakistan cannot launch a single warhead without US authorized launch codes. This was earlier reported by a prominent Indian defense analyst in an article on Rediff.com soon after the 13th December 2001 attack on the Indian Parliament. A few hours after the article was published on the Rediff website it was taken off for some reason . So while there may be some truth in what Stratfor is saying , its best to assume that the Pakistani nuclear arsenal is still a major threat and needs to be secured. The Stratfor article however has important strategic implications for South Asia. If Stratfor's information is correct, it would mean that the US and Europe have no real interest or strategic rationale any more for keeping Pakistan together. They will let it fail as it will then allow them to independently target the militants in the various breakaway states.

Balochistan has been wanting independence, for a long time now, It is a movement which has found renewed strength since last year when Musharraf killed the Balochi leader Akbar Khan Bugti. The most likely scenario then would be that sensing a weak central government the Balochis will make the first move and declare independence.

If Sindh also simultaneously decided to pull out of the union or if there is civil war in the province, there is no way that the Pakistani military will be able to fight on two or three different fronts and still keep its troops on the Indian

border. This kind of scenario is not impossible. The Pakistan Army is already demoralized after the defeat it suffered at the hands of the Taliban in southern Waziristan when the Taliban captured more than 200 regular army troops and later released them in what amounted to a humiliating reversal for the army. This may have had a lasting impact on troop morale throughout Pakistan and in any case fighting on three different fronts is difficult for any army from a logistical standpoint.

Chances of a Jihadi Takeover

A Jihadi takeover of Pakistan is the single biggest worry for the rest of the world and for us in India. It is even worse than having to deal with five million refugees. The Islamic clerics and the militants based in the Peshawar Waziristan area are all working towards this end. With Benazir gone , the Pakistan Peoples party (PPP) is in disarray. It is to be noted that even when Benazir was alive, in the last election held nearly a decade back, neither she nor Nawaz Sharif could each get more than 17% of the total votes polled in Pakistan. The position of the PPP and the Muslim league is even more fragile today and this is what should keep decision makers up at night. It is for this reason that the US and its allies within NATO as well as Israel will now be working overtime to figure out how to deal with the possibility of a Militant takeover of Pakistan.

If we assume for the sake of argument that the US has taken over all Pakistan's nuclear weapons, there is always a chance that once a jihadi regime is in power in Islamabad it can easily proceed with a weaponization programme with material that is readily available in Pakistan or

procured from the Chinese who will only be too willing to help.

If Pakistan survives Benazir's exit and the current chaotic state of affairs, it will be even more dangerous due to the ever present danger of a Militant takeover given the weak political institutions. In such a situation even Nawaz Sharif would prefer to rule Punjab alone and not try to put together the Pakistani Humpty Dumpty.

Chinese Interests

China has a huge stake in Pakistan. It is an important part of its strategy to encircle India. The Chinese government has invested large sums of money to build a road to Pakistan through the Himalayas. They have also spent close to US \$2 billion to develop the deep water port at Gwadar in Balochistan mainly with a view to develop a

naval base there. The Gwadar naval base is the Chinese platform for future action in the Persian Gulf region where they view US influence as a threat. It is therefore not in the strategic interests of China to let Pakistan crumble. There is however little that they can do given the current state of affairs.

Implications for the Energy Business

Iran India Pipeline

This pipeline will actually come up sooner as an independent Sindh and Balochistan will be very keen to participate in a project that could yield them revenues of close to \$ 300 Million/year each in transit fees assuming a flow rate of 60 MMSCMD of gas. It's a sad thing but finally this whole game is about numbers and about money. It has been this way for thousands of years.

Oil Price

No impact on crude oil price from a purely demand-supply perspective as neither India nor Pakistan are oil consumers on a scale that matters. They also do not supply the global market with oil. Secondary effects however could affect price.

The considerations detailed in this article, constitute a view and a framework for decision making. The full scale of the problem will be known only in the coming months. This, like all other problems that India is faced with needs to be planned for and effectively managed.

ASHISH PUNTAMBEKAR is a project visualizer by profession and works for a large Indian corporate house. His current interests include education, healthcare and large urban development projects. The views expressed in this article are personal and not those of any organisation.



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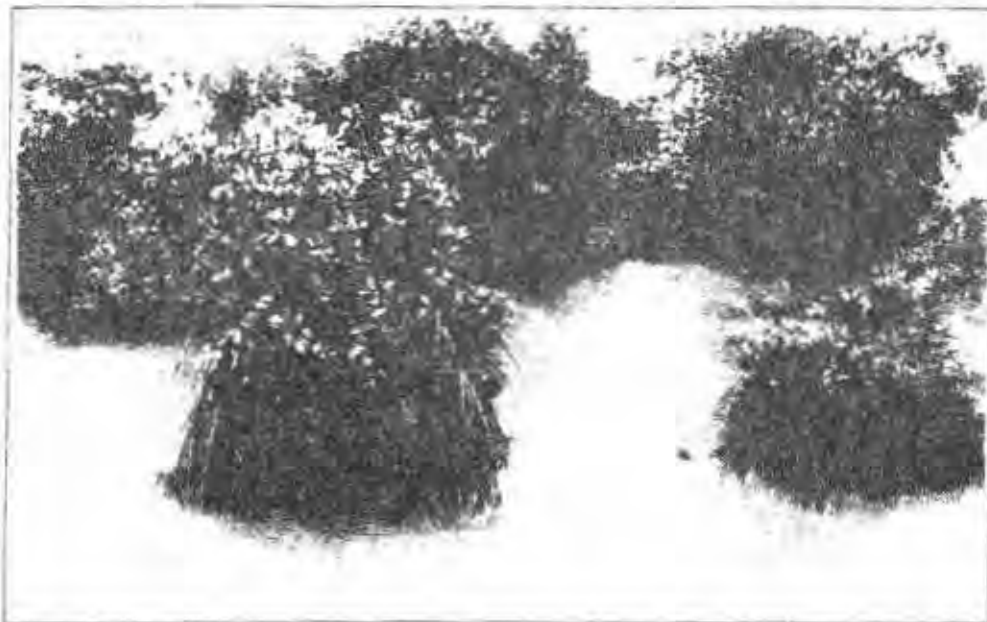
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WELFARE : ENVIRONMENT / POPULATION NEXUS...

Point Counter Point

Ashok Karnik

Every issue has at least two sides. A wise man studies all sides before deciding what is right. This is an attempt to present different viewpoints for your consideration.

Death of Democracy?

1) Benazir Bhutto's assassination puts an end to the make believe game of democracy, which was being played in Pakistan. The US was keen to play midwife to set up some form of democracy in Pakistan under the tutelage of Musharraf. It would have satisfied the US self-exonerating contention that its intervention anywhere is born out of moral compulsion of saving democracy. It was a desperate attempt to have a facade of democracy while simultaneously having the army in position to fight terrorism. The US realises that Pakistan cannot do without the army as no civilian authority can contain fundamentalism that has been let loose in Pakistan. The US required Musharraf/army as well as Benazir to achieve its twin objectives of democracy and war on terror. Even with Benazir, the elections would have been a sham but without her, even the fig leaf is removed. Al Qaeda/militants call the shots in the heartland of Pakistan and there is nothing that Musharraf can do about it. There is no knowing where Pakistan would go from here.

Following the killing of Bhutto - considered by her al-Qaeda killers to be an "American asset" - al-Qaeda can be expected to launch more suicide attackers on those considered a part of the United States plan to establish a broad coalition government comprising secular and liberal elements that would change the political and social dynamics of the country and the region. At stake is the very soul of the country and how it should be governed.

Syed Saleem Shahzad, *Asia Times Online*, January 1, 2008.

1) Democracy was never a healthy offspring in Pakistan. It has been in a comatose state for the last several years. Its revival was more wishful thinking than a probability. Benazir's party (PPP) has evolved a clever stratagem by anointing her son, Bilawal, as her successor. The PPP may win the election with Nawaz Sharif's cooperation to get rid of their common enemy, Musharraf. The question is whether the new government will get the army's unconditional support to fight terrorism. Pakistan is trapped between the political parties, the army and the fundamentalists/terrorists. Irrespective of who forms the government, the fundamentalists would hold sway. Is it possible that the US would throw its hands up and again opt for a military dictatorship in Pakistan although its faith in the army eliminating terrorism has been belied already? Separatism in Balochistan and uncontrollability in NWFP/Waziristan would haunt any army. With the kind of politics governing Pakistan, there is no saying when the guns would be turned on India as a handy diversion. Chaos in Pakistan is the last thing India would want. It is perhaps wise to reconcile ourselves to a turbulent Pakistan for some time to come and hope that reason would prevail over passion in that country. It is too early to hope for democracy's rebirth across the border.

The Modi Phenomenon

2) In spite of the built-in bias of the print and electronic media, Modi won handsomely again. The media projected that the Patel lobby had revolted against Modi, the Kolis were alienated, the *adivasis* were indifferent and the RSS had refused to help Modi. All such intellectually-hyped debating points turned out to be non-existent. For the media, Modi the ogre has suddenly become Modi the hero. The message of the election result is clear:

- a) The media should not play the role of a political party. TV channels and the press should present news as news and not replace it with views. Editorial pages are the place for presenting views.
- b) Experts organising exit polls and polls in general should do introspection and decide whether the

2) The contrary views is:

- a) An electoral victory does not wash away old sins and Modi needs to be punished for the 2002 'genocide' in Gujarat. That there are no criminal cases against him is an aberration.
- b) It is the duty of the media to expose evil even when evil seems to have prevailed.
- c) Even fascists win elections sometimes but fascism must be opposed.
- d) It is conceded that Modi is a good administrator but his sins will not be forgotten till he makes amends. When does the demand for justice become too late to remain sustainable? When does vendetta become an unrealistic obsession? That

exercise is worth the effort if every time the conclusions go totally wrong. The punditry and debates based on such polls are futile intellectual rhetoric.

- c) Is it time to close old wounds and move ahead or keep exhuming ghosts? This applies to 2002 (Gujarat), 1992-93 (Ayodhya) and 1984 (Delhi). We decided in 1947 to part with the British as friends or else we would be still prosecuting the British for the crimes committed 150 years earlier. At some juncture, revenge becomes unproductive even for the victims. Forgive and forget is considered by some as capitulation and by some as wisdom.
- d) Modi's achievements as a good administrator must be appreciated. That Gujarat is the number one state in many areas cannot be denied.

is the essence of the argument for and against Modi.

What distinguishes Gujarat from the Germany's state of affairs in the 30s and 40s of the last century is that here the process is taking place at a slower pace and the same process is on with different intensities in different states of the country. So can we use the term chronic fascism in Gujarat in contrast to acute fascism of Germany. The whole of Germany was totally gripped by this politics, while in India Gujarat is worst but all the same in other states also this fascism is strangulating democratic space, though with different degrees of intensity.

Ram Punyani, *Issues in Secular Politics*,
December 2007.

Deshmukh vs Rane

3) Maharashtra politics has become muddled once more with the open rebellion by Narayan Rane against Chief Minister Vilasrao Deshmukh. It is unusual even in these days of utter indiscipline in public life. It is known that Rane harbours Chief Ministerial ambitions and is frustrated that Deshmukh is left undisturbed despite his limitations as CM. The CM refuses to take Rane's outburst seriously and cagily treats it as the democratic right of a person to express his differences. He does not demand action against Rane. The Congress High Command is also happy only to rap Rane's knuckles for his indiscretion. The battle will continue in one form or another as Deshmukh will have his knives ready and Rane will not relent, in spite of his temporary retreat.

3) The wrestling show has a long history in Congress politics. The Central Congress leadership has never allowed a CM to become independently powerful since Indira Gandhi's days. He cannot be allowed to get out of line and needs to be reminded from time to time why he has survived. Deshmukh can take this as a reminder. Rane is a mere tool in this power play. For the High Command, the damage caused to the state party unit is a lesser evil than having an all-powerful CM. The Congress is unable to regenerate itself at the state level because no state leader is allowed to emerge unscathed.

The Pawar Hug

4) The sudden meeting between Sharad Pawar and Balashaheb Thackeray (December 23) was a surprise as the two had indulged in denigrating each other for years despite their past friendship. Thackeray had occasionally praised Pawar as a possible Prime Ministerial candidate but Pawar had brushed aside all suggestions of a rapprochement between the NCP and the Shiv Sena. The timing of the meeting, after the Gujarat election result, was significant as the Congress (I) was seen to be slipping and the BJP getting stronger. It was time for Pawar to throw a hint that the Congress (I) was not his only option for an electoral alliance. Pawar is adept at such manoeuvres.

4) The NCP- Sena alliance need not be the immediate goal of the meeting. While this may be Sharad Pawar's warning to the Congress (I) of a possible break up of their alliance, Thackeray will use the same tactics with the BJP. A resurgent BJP does not suit the Shiv Sena, which holds that in Maharashtra, it is the senior partner in the BJP-Sena alliance. By opening up to the NCP, the Sena is subtly warning the BJP not to overreach itself in demanding a greater allocation of seats for future elections. Pawar and Thackeray are both playing a clever game with their respective partners. Their own alliance (NCP- Shiv Sena) may still be only a distant possibility.

Readers are invited to send in their points of view on serious issues of the day to avkay@mtnl.net.in

“Too Much Politics, Too Little Citizenship”

- Some Reflections on Minoo Masani

Cyrus Guzder

Indeed, there has been little change these last 40 years. If anything, it has gotten worse. What Masani called the decay in our public life, the “reluctance to be in Opposition, everyone wants to be in power syndrome”, is very prevalent even today.

Some 38 years ago on January 18, 1969 Minoo Masani delivered in Bangalore the Fourth Rajaji Birthday Lecture under the auspices of the Gokhale Institute of Public Affairs. The subject of his address was “Too Much Politics, Too Little Citizenship.” The talk was essentially on the state of the nation as Masani perceived it, 20 years after the attainment of Independence; about the absence of grassroots citizenship and the decline of leadership.

He prefaced his speech quoting an Air India hoarding:

“Income Tax, Super Tax, Surcharge, Wealth Tax, Gift tax, Estate Duty, Corporation Tax, “P” Form, Prohibition, Water Shortage, Housing shortage, Power shortage, Food shortage, Population explosion, Language problem..... A HAPPY NEW YEAR!”

The title of his speech itself indicated his concerns – in free India there was, in his view, “too much politics and too little citizenship.” Disappointed that the freedom he had fought for, along with thousands of patriotic Indians, had turned out to be a mirage, he asked. “How does the picture of what we see today compare with what we had imagined that twenty

years of Independence would have given us?”

He went on to answer it in the next 60 minutes. He listed and elaborated on ten basic issues: self-seeking all round; petty parochialism, linguistic chauvinism, indiscipline starting with the Lok Sabha and ending with the colleges, widespread cynicism among the people, bureaucracy, corruption, economic stagnation, the absence of a sense of national purpose, the absence of a public philosophy by which to be guided

How Have We Fared Since 1969?

Before we ponder Masani’s lament, let’s do a quick update on the Air India ‘check list’ of the Indian’s woes of 1969 :

- Income tax: we’re now closer to international levels, signalling India’s efforts to keep up with a globalising world economy
- Super Tax, Wealth Tax, Gift Tax: no longer there
- Estate Duty, Corporation Tax, Surcharge: Either abolished or at reasonable levels
- “P” Form, the nightmare for Indians wanting to travel abroad, even on business: abolished
- Prohibition – barring Gujarat

and the ‘dry days’, largely a non issue (except for the hypocrisy)

- Water shortage: still very much with us
- Housing shortage: a mixed picture. While the middle class has more choice than ever before, the lower income groups cluster in slums of enormous and ever growing scale, marking a massive failure in governments’ urban housing policy
- Food shortage: again a mixed picture. Food marts and malls in urban India, are in stark contrast to continuing economic distress and malnourishment in many rural areas
- Power shortage: still very much with us
- Population explosion: now being spoken of as being an advantage - the “demographic dividend”. But if we cannot create employment opportunities for the massive number of our young persons over the next 15-20 years, it can become a demographic nightmare.
- Language problem: Fortunately, not seriously relevant any more, (politics and politicians notwithstanding), thanks to a high growth economy, the Hindi cinema and mass media advertising. We now have the free use of the

Roman script to convey messages in the regional languages and of course in Hindi. On the other hand, English is back with a vengeance! Numerous private initiatives teach English across the country, some courses even specialising in its many variants – Indian English, American English, British English, Australian English and so on! All of this thanks largely to the IT revolution which, like the East India Company, came upon us without our intending or realising it, till it began to change our lives.

What about the litany of woes listed by Masani? How would he have viewed our journey since then? Have we evolved into the “principled” democracy he tirelessly advocated, or regressed, as he feared, under politicians lacking the skills and the commitment to lead for the benefit of the many, rather than their own narrow interests? I believe Masani would have been both disappointed and yet hopeful!

The one item that seems well on its way to resolution is the one that most of us, including Masani, thought was going to be horribly persistent – “economic stagnation”

0Despite the stop-go-stop policies (largely a result of the politics of populism for political power and survival), the economy is moving ahead, not stagnating, thanks to the momentum generated when economic reforms were initiated in all seriousness in 1991.

But, (and there are two very crucial ‘buts’), first, the country’s physical and social infrastructure are lagging far behind while the economy races ahead of both. Second, while Industry and Services have become more productive, the agricultural economy still grows

very slowly leaving rural India further behind. Masani would himself, I’m sure, have advocated passionately what has only recently entered the current discourse on growth economics as a new buzzword – “inclusive growth”, meant to include those who have been left behind particularly the deprived in rural India.

The great need for the citizenship and leadership that Masani advocated, was, in his view, a crucial quality needed to ensure the country’s sustainable growth, but was alas missing, because politics continues “to be everywhere,” operating like a series of speed breakers on the natural momentum of the economy.

The Decay in Public Life

Indeed, there has been little change these last 40 years. If anything, it has gotten worse. What Masani called the decay in our public life, the “reluctance to be in Opposition, everyone wants to be in power syndrome”, is very prevalent even today. It needs no elaboration. The recent goings on in Bangalore and Nandigram, are ample evidence of the truth of this statement or, for the matter, the roller coaster situation of the Nuclear Deal. Meanwhile, political parties continue to be built around families and personalities; and coalition politics have made it possible for minor players to hold the entire Government, and the country’s future, to ransom.

Masani was prescient enough to foresee much of this, as far back as the debates of the Constituent Assembly when issues such as Proportional Representation and “Reservation” were hotly discussed. For example, he argued that if voting was by the method of proportional representation,

there should be no need for reserving seats for Harijans or any other minority. He feared that reservations would in the long run become self-perpetuating with a clamour from the large number of “minority” groups in the country to be included in the reserved category. He was consistent in this principle, because he also voted to reject the reservation of seats for Parsis.

But the politician and the bureaucrat are not going to give up so easily. Take for instance our education system – the central and the state governments continue to meddle in the content and choice of text books in schools and in higher education. Recent State incursions into the IITs and IIMs restricting their autonomy will only re-instate the concept that Masani lamented so often – “levelling down, instead of levelling up”

Principles in Politics

Certainly an area of massive disappointment for Masani would have been the steady decline in the standards of political governance which probably date back to the imposition of the Emergency in 1974.

Masani and Gandhiji had an interesting relationship which evolved over many years. It was a 10 day walk with Gandhiji through some two dozen villages in Orissa that provoked the first feelings of respect in Masani for Gandhiji, a person whom he later described – (and Masani was rarely one to lavish praise on anyone) – as “the greatest man he had ever known”. He said Gandhiji taught him many lessons, among which were:

- the need to distinguish between a system and the human beings who run it

- ends and means are interlinked. If the means are tarnished, even a good objective gets vitiated
- beware of the glorification of the State. Decentralisation of economic and political power are important and necessary.
- turn the searchlight inwards

Civil Society Resurgent?

Be that as it may, I believe that Masani would also have seen signs of some hope for India's future, in that today, there are better chances of achieving inclusivity than at any time in our country after Independence.

Grassroots initiatives have already started having an impact. Among the most important, are those such as the highly successful movement led by Aruna Roy in rural Rajasthan, to demand accountability. It was her initiative, and that of the organisation led by her, that finally led to the Right to Information legislation. It may still have many defects but there can be no going back.

At the same time, it is not surprising that in recent years, there have been sustained attacks by Government on NGOs, with new and stiffer rules introduced for acceptance of overseas funds, even from non-resident Indians. It does not suit the ruling establishment to have strong non-party, non-political organisations asserting themselves.

NGOs now revitalize civil society in areas ranging from the uplift of women, tribal welfare, representation for slum dwellers, movements against communalism and the abuse of human rights, bodies working for accountability in city governance and many others. The untiring efforts of, for

example, Citizens for Justice and Peace in urging the un-principled Government of Gujarat to deliver justice to the thousands of family members of those killed in the 2002 communal riots, and the similar callous indifference of the Congress and Shiv Sena-BJP Governments in Maharashtra for the 1992 riot victims, is only one example of how confrontations between unprincipled leadership and civil society will unfold.

As a Parliamentarian

This is another area to which Masani as a parliamentarian, devoted much time and energy. He advocated that the Opposition Party is as much a part of the process of governance and an integral part of the lawmaking process, as is the government itself. He often said it was not the job of the Opposition to say "No" to everything that Government of the day says or does.

Leadership

Though Masani, as far back as the 1980s despaired of the "widespread cynicism" of society about politics, I believe he would have felt we now have the opportunity to throw up new leadership which shows a growing determination to 'teach their *netas* a lesson'. This is where his concept of pro-active citizenry and of leadership remains highly relevant. He advocated mounting pressure on agencies of government to be "accountable"; for with accountability comes more transparency; with more transparency, comes less corruption.

Masani had a pathological dislike of those who would say "Yes-Yes" when they wanted to (but were afraid to) say "NO". In his beautifully written short book for children "We Indians" he abhorred the common Indian phrase

"*han mein han melana*" – add my yes to yours. Better, he said, to do what Tagore suggested: "*ekalo chalo re*" – learn to walk alone.

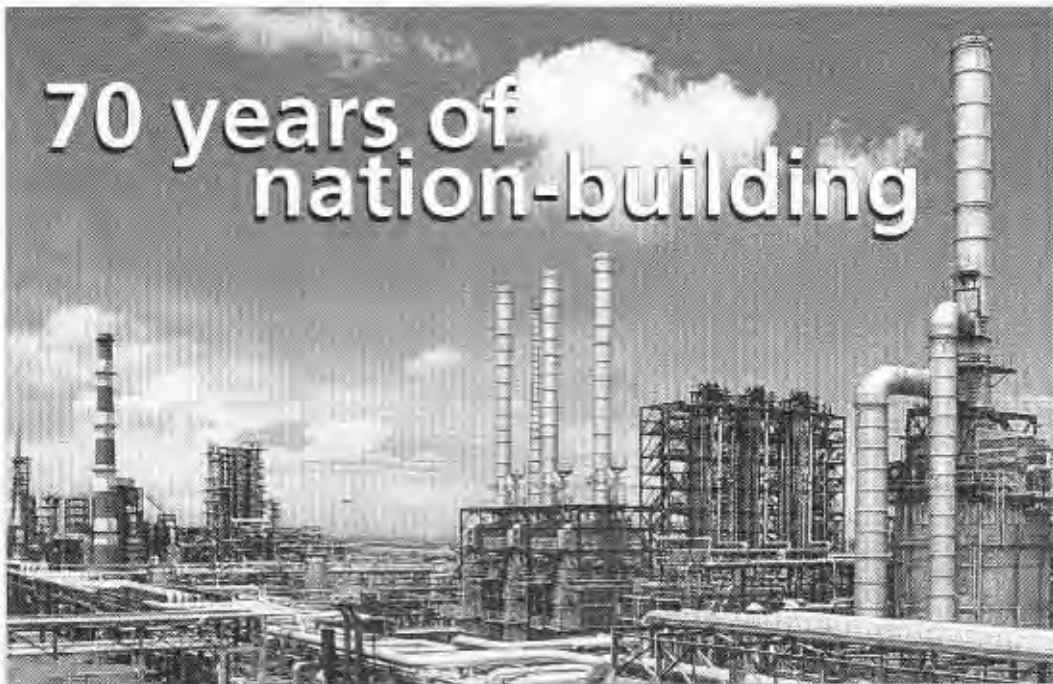
He would have been saddened to hear the just retired Dy.IGP Gujarat R. Sreekumar, (an exemplary and fearless officer who stood up bravely to the intimidation of the present Gujarat Government when he deposed honestly before the Nanavati Shah Commission), that our Police and Civil Service, who take their oath to the Constitution, quickly find themselves corrupted by the all-pervading ethos of "anticipatory sycophancy" and "competitive *chamchagiri*", which is the hallmark of public life today.

But we may still conclude on an optimistic note. In the last pages of his autobiography "Against the Tide," Masani wrote "since our politicians are by and large beyond repair, if India is to be saved, it will have to be saved by the small men, particularly the middle class of the cities and the landed farmers of the countryside, who are the backbone of the nation. These classes have suffered cruelly, (he was writing in 1981 – ten years before the economic reforms process got under way), but their back is still not broken. It is to these that I would look to save the country." That I believe is beginning to happen.

As we reflect on Masani's legacy we should surely hope that it does.

MR. CYRUS GUZDER is Chairman & Managing Director, AFL Group. Excerpted from his talk on November 20, 2007 on the occasion of the National Book Trust, Meeting in, Mumbai to release of Minoo Masani's Biography by S. V. Raju.

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Rites, Rituals and Festivals (2)

Suman Oak

Like other institutions religion too is a form of institution - the earliest one for that matter - that evolved out of the necessity for stabilising society and is a part of its culture. Every culture has two aspects; the first is intellectually enlightening and the other pertains to social conduct. The foundation of the intellectual aspect of Indian Culture was laid down by our ancient sages. They stroved to progress from ignorance to knowledge. The rebels among them stayed away from the madding crowd and lived in forests to write their Aranyakas (literally meaning works written in forests). What these sages discussed, debated and passed on to the later generations was beyond the understanding of the common people. The other aspect i.e., social conduct was taken care of by intelligent but shrewd and sharp men with very little consideration for the lofty philosophy of the sages. For a peaceful society they strengthened the social structure laid down by the Varnashrama system. For the moral rectitude of the masses they reinforced ritualistic devotion by writing the Brahmanas that gave concrete shape to rituals of worship and thereby assimilated almost all tribes and their deities into the eclectic Hindu religion. They also compiled the Smritis in order to lock the society into one socio-economic-administrative framework. With all these schemes and strategies, they managed to engender a peculiar mass psyche i.e. uncritical belief and uncomplaining acceptance of one's lot. Most of us accept the role assigned to us and faithfully observe all traditionally inherited customs and rituals.

We have got to overcome this weakness and inertia and start thinking afresh about our customs and rituals and especially those rituals and religious observances forced upon our women to keep them chained within the four walls of the home. All that is harmful and degrading to human dignity should be discarded forthwith, retaining the healthy practices necessary for emotional development.

The intention, here, is not to condemn all rites, rituals and festivals outright but to look at their utility, propriety and necessity critically, and loosen their grip on the minds of our people. With this end in view I have started writing on such rituals focussing on the ritual/festival relevant to the month in which you receive Freedom First. is received by the reader. This will largely be an examination in this context of the observation of such festivals by Maharashtrian Hindus. The limitations of this writer is the cause of this narrow focus. The information has been mainly drawn from the two books: Bharateeya Sanskriti Kosh edited by Pandit Mahadeva Shastri Joshi and Aryanchya Sanancha Prachin va Arvachin Itihas by Rigvedi. This time I discuss the rites of Rathasaptami.

Rathasaptami

This year Rathasaptami is to be observed on the 13th of February 2008. It is not a festival to be celebrated but only a rite to be observed. On this day the Sun enters the Kumbha Rashi (the zodiac sign of Aquarius) at 5 minutes past 1 o' clock in the afternoon. Like Sankranti this rite depends upon the movement of the Sun and is in fact Sun Worship. It is believed, and rightly so, that the whole living world came into being and is sustained because of the Sun. Since ancient times people of many faiths, in India, Iran, Asia Minor, Rome and Greece, have shown respect for the Sun. In Hindu religion the Sun is worshiped as a deity to gain good

health and happiness - quite a secular and materialistic purpose. In fact most of the rituals are meant to bring prosperity to the worshiper in this world. Like the other deities the Sun is also offered oblations and expected to relieve us from our sins. Even today some people prostrate before the Sun in the morning, twelve times chanting the twelve names of the Sun. This ritual of worshiping the sun is called Suryanamaskar and is a sure, healthy and inexpensive way of keeping oneself fit.

The legend that supports Sun-worship too emphasizes the purpose of good health. Once there lived a king called Yashovarman

in the kingdom of Kamboj. He bore a son when he was at a very late age. The son was a sickly child and caused much concern to the king. The royal astrologers told the king to observe certain rites and worship the sun god on *Mahasaptami* day to propitiate the sun-god. On doing so, the son became hale and hearty. The legend does not mention whether the child was given the benefit of exposure to sunlight but we may assume this must have the cause. Surprisingly there aren't any more legends, fair or foul, regarding Rathasaptami.

In the various regions of India, Rathasaptami is observed in

different ways. The prescribed ritual is to observe a fast on the previous day and to enter into calm waters early morning with a small lamp on the head; then with the lamp on one's head contemplate the Sun and leave the lamp in the water. According to the religious books *Madanratna* and *Nirnaysindhu* when bathing one is supposed to keep seven leaves of *rui* and *jujube* trees on the head. A few very religious women from the eastern and southern regions of India observe these rituals but thankfully nowhere else, as it is hard to discern the reasoning behind such rituals. Different religious books offer different ways of worshiping the sun god. After bathing in calm water a picture of the sun in his chariot with seven horses is to be drawn in front of the holy basil tree in the courtyard and worshiped. A sweet rice pudding in milk is to be cooked in an earthen pot over dung cake fire and offered to the god. Then as usual a Brahmin and a Brahmin woman -married but not widowed - are to be fed. In the southern region this day is supposed to be a day of 'No Study'-a holiday for students. So people arrange for entertainment programmes in the night.

One legend has it that Samb, the son of Krishna contacted leprosy. He was told to worship the sun. To guide him in his penance and austerities, Maga Brahmins from Shakadvipa were invited. This brings us to the connection between India and Iran of the ancient days. A Brahmin named Sujivha had a daughter called Nikshuma. She bore a son to Surya, the Sun God. He was called Jarashasta or Jaratushtra. His progeny is Maga Brahmins. Magas are supposed to be very intelligent and talented. The Shakadveep from where these Maga Brahmins came is present

day Iran. History tells us that Hindus were residents of the region north of Iran. Eventually they were divided into two sects quarrelling with each other. So some of them left their country of origin and migrated to the east reaching Punjab where they settled. Their scriptures are the Vedas. Their brothers who migrated to Iran were also as religious and their scriptural tome is called *Avasta* or *Zend Avasta*. Naturally many gods, their names and the rituals prescribed in the scriptures of the two religions of the Hindus and the Zoroastrians are very similar. Among the Zoroastrians too there were in the ancient days four Varnas- *Athornan*, *Ratheshtar*, *Vasterius* and *Hutoksha* very much comparable to the Brahmin, Kshatriya, Vaishya and Shudra of the Hindu religion. But the Hindus have yet to overcome their *Varna* and caste chauvinism. We are still obsessed with our parochial congregations like the recent *Chittapawan* meet.

The point to be stressed here is that in the remote past the Sun was worshiped more than Agni. The Sun was supposed to plead to other gods on our behalf instead of Agni. We should use the worship of Sun to utilize the bountiful energy in the shape of the sunlight that the god is literally showering on us instead of burning precious ghee and sameedha and many other things, including live

animals at times, in the *Yagnya* fire to be carried by Agni to propitiate other gods.

Temples devoted to the Sun God are rare. But the Sun is worshiped three times a day even now by many Brahmins. They pray the Sun God for sharp intellect and pious inspiration. This is the gist of the Gayatri Mantra. But mere recitation of it will not rid us from greed and aggrandisement in which we are immersed. Let us all, not just the Brahmins but all Indians - men and women- remember and practice this Gayatri Mantra from the coming Rathasaptami. The sun unlike other gods cannot be confined into a temple where only the privileged few are allowed to worship. He showers his bounty on all without exception, irrespective of age, gender, caste, creed or even nationality.

Finally the Rathasaptami day is the last day of the custom of exchanging *Tilgul* that starts on the Sankranti day. So don't miss this opportunity of patching up with your rivals.

MS. SUMAN OAK is lecturer on Education, SNDT University. Associated with Streehitakarini, Centre for the Study of Social Change and the Andhrshraddha Nirmoolan Samiti. She is a freelance writer in Marathi and English and has also translated books from English into Marathi and vice-versa.

Rig-Veda says, "Wife is verily a home" (1-66-5, 1-77-3 and 3-54-4). After marriage the girl can attend and address *Vidhata* (Religious Assembly) and *Sabha* (Political and Social Assembly) and should conduct as per *Rta* and *Dharma*. She is the mistress and ruler of the house. Virtuous, noble, educated wife of an unimpeachable character and conducts devoted to her husband with body mind and soul enjoy the highest bliss.. However, for those who do not have faith in the permanent truths and commandments of the Vedas and prefer to follow non divine vocations by resorting to bribery, magic, miracles, adulteration of food, the Vedic metaphysics is silent about the marriage institution for them.

P. K. Sabhlok, psabhlok@hotmail.com

The Bumpy Road to Economic Transformation The Next Mile

Liberal Budgets – Retrospect and Prospects

The Indian Liberal Group (ILG) and the Project for Economic Education (PRJ) have so far prepared and presented four Liberal Budgets (LBs) from 2004-05 to 2007-08, keeping in view the centrality of the liberal economic philosophy and position. The goal has invariably been to educate the people, and to create enlightened public interest by offering a more dispassionate appraisal of the economic performance of the country. While doing so, the ILG has sought to prepare an objective balance sheet of the Government's economic policies and in particular, its fiscal policy.

The ILG considers it imperative to constantly remind the people of India the enormous damage suffered by the Indian economy in the first four decades and more after India's independence due to the pursuit of wrong economic policies during the heydays of socialistic economic thinking, planning and development strategy. Fortunately, thanks to the economic crisis in the early nineties, the Government of India and our policy makers were compelled to change radically the course, content and substance of economic policies and their implementation.

Over the last decade and half, the framework of our economic reforms has been substantially well-entrenched. But even now we are witness to continuous distraction and dilution of the liberalization process under the tedious influence of coalition politics, and in particular, by the persistent pressures on the government from its 'Left Front' allies. Indeed, the Left Front has impeded privatization and disinvestments, stalled labour reforms and severely restrained further liberalization of foreign direct investment (FDI) policies. It has also threatened the stability of the Government on some pretext or another - be it on the question of rationalizing subsidies, privatization of PSUs or in the matter of this Government's desire to conclude a strategic nuclear deal with the United States.

Admittedly, despite such constraints on the ruling coalition Government, some bold policy measures are often declared to be under their active consideration of the Government, and some reforms across some sectors and industries have been timidly introduced always looking over their shoulders to see

if their coalition partners concur, if not approve. But neither is this process in conformity with the vital need to accelerate the pace of economic reforms nor consistent with the basic tenets of the liberal economic position. While opportunities of realizing our growth ambitions are, indeed, very promising, the challenge of faster and more inclusive growth is not being tackled with vigour and poses a threat to the success of the liberalization process.

As mentioned earlier we have placed before the Indian people four LBs. We decided that rather than produce a fifth one this time, we would, as is wont with Liberals, pause, ponder and review the policies and strategies advocated in these four LBs; examine, in the context of current circumstances of the economy within the country and worldwide what, if any, changes are required for economic reforms to take the next mile.

Therefore, the three-fold objectives of this Paper are:

- One: To reflect objectively on the impact of the four Liberal Budgets (LBs) presented by the ILG from 2004-05 to 2007-08. How useful and relevant has this effort been of placing before the people an alternative budget from the liberal economic perspective?
- Two: To assess the state of the Economy on a comparative perspective by highlighting the major features during the four year period prior to the formulation of the LBs (2000-01 to 2003-04) and the current phase of the last four years (2004-05 to 2007-08); and

- Three: Based on such assessment, highlight the major issues and challenges confronting the Indian economy in general, and the fiscal policy in particular. And, while doing so, to unveil the liberal stance on economic policies required over the short to medium-term say, over the next two to three years. Given the dynamics of the domestic and global economic scene, the ILG strongly contends that it would be foolhardy and unrealistic to determine any long-term strategy. The Liberal Position is very clear on this issue viz. that LBs cannot be frozen in time; and that it must constantly evolve within the parameters of a broad liberal economic philosophy with a view to understand developments at the ground level.

The Thematic Thrust of the Four LBs:

At the outset, it is necessary to highlight that while preparing and presenting the four separate LBs, the the Drafting Group of the LBs have consistently engaged themselves in a consultative process, not only ascertaining the views of its own members on the subject, but with various experts, economists, tax professionals and policy practitioners, including several former distinguished members of the civil service. The objective was to broaden the canvass of securing expert views and suggestions, and at the same time, to use such occasions as useful and powerful sounding platforms on the assessment of India's economic performance and policy suggestions that were made in the LBs.

Taking an overview of all the LBs, evidently there are many common threads, but three key thematic building blocks have been: (a) the emphasis on building an equitable society; (b) the rigorous pursuit of fiscal governance; and (c) the creation of an investment-friendly economic environment. These helped the LBs to define their respective cohesive policy frameworks from 2004-07 to 2007-08 for a sustainable and high economic development of India. Reflecting on the Government's four separate budgets for this period, ILG is enthused in finding some substantive areas of convergence, but is distressed by many key areas of divergence.

Emphasis on Building an Equitable Society

In the very first Liberal Budget (LB1) for 2004-05, it was clearly pointed that "in the evolving liberalization of the economy there is need to promote better fiscal governance through transparency and accountability, fiscal consolidation, productivity, growth

and equity." It further stated that "a liberal economy needs a different kind of Budget – a budget that is de-mystified and made simpler, highly transparent and, above all, brought in tune with reality... A liberalizing economy needs a truly Liberal Budget." It proclaimed the need for "building an equitable society" and outlined its essence thus:

"What then is this equitable society? It is not to be confused with the egalitarian ideal propounded by socialists. An equitable society is a just and fair society – A society where the state provides opportunities for growth. All human beings are not born equal if economic and social circumstances are the only criteria. It is the task of a Liberal State to provide them opportunities for growth irrespective of their caste, creed or status – economic or social. The State is the enabler, providing required social and physical infrastructure... In an equitable society the individual matters. The Liberals seek growth with equity. The Liberal Budget is an instrument to make that happen."

Thus, the conceptual framework and strategy of inclusive growth, which is so aggressively articulated by our Prime Minister and the Government, and so explicitly and comprehensively incorporated in their Approach to the 11th Five Year Plan document, was already an integral part of the liberal economic position articulated by the ILG in its first presentation of LB1. The main focus of LB1, therefore, was on issues concerning human development or human capital formation, apart from defense, law and order, and creating public institutions and public works.

More specifically, it set out a nine-point objectives essentially dealing with poverty reduction; mitigation of malnutrition, under nourishment and infant mortality; improvement of literacy; expansion of coverage for safe drinking water supply; and so on. Most of these goals are unfortunately far from being achieved. Hence, it is once again relevant to stress on these essential goals, which can not be accomplished by growth alone, but more responsive and equitable sharing of gains of economic growth. For this purpose, the LB1 even suggested in the short-term a more effective targeted programme (but not in the nature of handouts or doles) for deserving sections of the society.

This basic thematic formulation of LB1 has

continued to be reflected in all the subsequent three LBs. In particular, LB2 (financial year 2005-06) focussed on social sector initiatives. It went on to argue that "the term 'social justice' is not the preserve of the so-called 'Left'. It is in keeping with the Liberal credo of individual liberty with dignity and there cannot be dignity without the right of the individual citizen to primary education, basic health care and decent opportunities to earn a living." Thus, LB2 gave high priority to pressing social sector issues and proposed that special attention must be paid to this sector. While commenting on the shortfalls in the allocation of expenditure on social sector services, it emphasized on the outcome rather than financial outlays alone. It stressed in no uncertain terms that "poverty cannot be alleviated merely by throwing money at the poor. Any sustained poverty alleviation programme requires the augmentation of capabilities of the poor and thereby empowering them."

As a matter of fact, the LB4 (fiscal year 2007-08) had in its title sought to give a clear message: "Taking Reforms to the Poor." What exactly did it convey to the policy makers? It said *inter alia* "If the reform process translates itself into a better life for our people particularly those in rural India where 70% of India live; if farmers are no longer compelled to commit suicide as a way out of their indebtedness; if we no longer have starvation deaths; if India enjoys medical care comparable with the best that the world has to offer; if our education is not only universal, but of high class quality; and if we can boast of world class infrastructure, only then can we say with some degree of legitimacy that we are indeed on the road to becoming a world power."

While we are happy and compliment the Government for steering the economy to a nearly 9% annual real GDP during the last four years (2004-05 to 2007-08), we are far from our goals of taking the reforms to the poor. While absolute deprivation in terms of poverty ratio is being minimized on the basis of recently published official data, vast sections of rural and urban society cannot claim to have enough of *Roti, Kapada, Shiksha, Swasthya, Bijli, Sadak and Makan*. The effective delivery of these seven ingredients of decent human life is the real touchstone of a liberal economic society. The ILG has sworn through its LBs to offer Entitlement, Empowerment and Enhancement of all the basics parameters of Human Development Index, which the budgets of the present coalition UPA Government have failed to deliver so far.

Fiscal Governance

In the framework of the Liberal Position, one of the most vexatious issues consistently impacting the country's economic environment has been fiscal governance. The critical evaluation of this aspect has, therefore, been a key imperative in all four LBs. High levels of fiscal deficit and rising indebtedness of the Government have always been worrisome issues. But for the Drafting Group of the LBs the question of fiscal governance has a much wider connotation and content; it has multiple facets beyond what are commonly prescribed in terms of prudent quantitative limits of revenue and fiscal deficits. Thus, while making a number of recommendations on expenditure management and reforms, the LB1 gave primary emphasis on the need for a system of accountability and transparency. It specifically stated that "the objective of expenditure reforms is to move away from the mindset of 'control' over funds and its allocations to a system of 'accountability' and 'transparency' of transactions."

To progress towards that end, LB1 offered several recommendations, which, among other things, called for (i) each Ministry and Department formulating inspiring missions, aspirations and targets for their future activities; (ii) a careful and comprehensive evaluation of Ministry and Department-wise requirements of funds for all their respective activities, schemes and projects, essentially based on economic or commercial considerations; (iii) adoption of "profit center" approach, as in the case of corporate enterprises; (iv) effective regular performance management system to monitor the achievements of each Ministry and Department; (v) institution of a system of Quarterly Report Card for such monitoring; (vi) moving towards Fund Based Accounting System as the most effective tool in place of existing "single entry" or "cash basis" accounting system; and (viii) placing in the public domain relevant and comprehensive information on all major schemes and projects.

On similar lines, LB2, after reviewing the changing profile and functions of the Government in the context of economic liberalization and its declining role in developmental activities offered a series of recommendations for administrative and expenditure reforms. Apart from recalling several useful suggestions of the Fifth Pay Commission and Expenditure Reforms Commission with regard to reduction of

huge staff strength of the Central Government, LB2 suggested (i) a thorough overhaul of various Acts, rules, regulations and procedures (many of which are a relic of British colonial rule) so as to keep compliance requirements to the minimum; (ii) hastening the process of computerization and moving towards paperless governance; (iii) review and restructuring of the staff strength in public enterprises and in the defense services.

As an integral and crucial part of such effective fiscal governance, LB2 welcomed the Government's initiative to operationalize the Fiscal Responsibility and Management Act (FRBMA). However, it was unfortunate that in its very first year of implementation, the FRBM rules sought to postpone the time schedule for elimination of revenue deficit by one year to 2008-09. In practically all the LBs, it was abundantly made clear that true fiscal consolidation would essentially be defined by more rigorous and speedier process of phasing out revenue deficit and sharper reduction in fiscal deficit to GDP ratio. Nevertheless, we compliment the Government for consistently bringing down the fiscal and revenue deficit ratios in the recent years. Thus, the ratio of fiscal deficit to GDP has declined from 6.2% in 2001-02 to 3.7% in 2006-07 and revenue deficit from 5.4% to 3.6% during the same period.

However, the ILG is extremely concerned about the Government becoming susceptible to the constant pressures for soft-pedaling its commitments towards FRBM for meeting several populist demands, including those of the Left Parties, in the ensuing budgets before the next general election. Even the Planning Commission is often suggestive of the stance that in view of the growing necessity of expenditure on social sectors and physical infrastructure, there may be need to review the FRBM targets. The ILG and the PRJ reiterate, as they indeed did in LB4, that "fiscal discipline envisaged in the FRBM legislation is sacrosanct, and there can be no compromise on this, except in the event of fiscal emergency or unprecedented counter cyclical considerations." The ILG strongly contends that it is only through tough rigors of fiscal consolidation that the Indian economy will be able to sustain the progress towards investment acceleration, and consequential high economic growth of 9 to 10% per annum in the coming years.

Creating Investment Friendly Environment

LBs have always stressed the importance of

Government's enabling role (as opposed to the interventionist role) in creating investment friendly environment, thereby releasing the enormous potential entrepreneurial energy and investment of individuals, households and private corporate sector. While reflecting on this aspect, LBs have not only dwelt on issues of reforms of tax policy and tax administration, but offered numerous bold suggestions on different aspects of economic policies. We seek to provide the essence of all such investment friendly policy initiatives set out in our LBs so far, as follows:

(a) Tax Reforms:

To begin with, LB1 offered two broad principles of rational tax policy, namely, first, any increase in tax revenues would not be by increase in the tax rates, but by rationalization and simplification of the tax system; and second, tax reforms would lead to the creation of a simplified and rational tax policy and globally competitive tax rates. This common thread of prudent tax policy required for the liberalizing economy runs through all the LBs. The key thrust has been on expanding the tax base through simplified, humane, fair, efficient and accountable tax structure, tax laws and their administration.

Keeping these broad principles in view, LBs fully supported most of the recommendations of the Report of the Task Force set up under the Chairmanship of Dr Vijay Kelkar. Accordingly, all the LBs consistently and firmly advocated the case for (a) basic stability of tax rates on a longer-term basis and the urgency of avoidance of frequent changes in the tax rates, tax policies, provisions and rules; and (b) doing away with experiments of newer and newer forms of taxation like Fringe Benefits Tax, imposition of multiple cesses, etc.

Generally speaking, all the LBs have appreciated the ongoing process of rationalization and reduction of both direct and indirect tax rates. At the same time, LBs have suggested the continuing need for reducing the tax rates further in keeping with international norms and practices. At present, although in many areas our tax structure and rates are seen to be comparable with international standards, there is still considerable scope to reduce the incidence of personal income tax, corporate tax, customs tariff and excise duties (CENVAT). Further, in recent times many other countries have embarked upon further re-

duction of their direct tax rates. In the Indian context, it has also been found imperative to propose the mitigation of the complex framework of exemptions, deductions and incentives, so as to phase out the diversion between the nominal and effective rates of taxation.

At the same time, LBs have been conscious of the fact that India's tax to GDP ratio is quite low in international comparison. Therefore, there have been several bold suggestions calling for enlargement of the tax base by (a) taxing the non-agricultural income at moderately higher rate when the person also claims agricultural income in his annual income tax assessment returns. By doing so, indirectly increasing proportion of agricultural income will be brought within the purview of the tax net; (b) prescribing a Minimum Tax of, say, Rs.1000 per year on all those filing returns, but not claiming to have taxable income, be they individuals, firms or companies; and (c) improving tax administration and tax dispute settlement system.

Like-wise, on matters of tax administration, LBs have always expressed their serious concerns on giving draconian powers to tax administration, which they can often use to harass tax payers. Among a set of important recommendations contained in various LBs, some of the crucial ones set out in LB4 need to be specifically highlighted, namely,

- Ø One: Amendments to tax laws should be made only by a separate Tax Laws (Amendment) Act. This should be enacted only after detailed public debate and after due consideration of the Select Committee of Parliament having members who are conversant with complexities of tax laws and realities of their administration;
- Ø Two: All amendments to the tax laws should be made prospective and wherever and to the extent possible, no retrospective effect should be given to such amendments;
- Ø Three: Cost of compliance to various provisions of the tax laws should be the minimum. This means tax laws and their administration have to be effective, transparent and assessee-friendly;
- Ø Four: Create a High Powered Forum with req-

uisite powers independent of tax administration for the redressal of unfair and discriminatory treatment often meted out by tax officials to the tax paying assesseees.

What has been stated above is just an illustrative list (and not exhaustive list) of suggestions contained in the various LBs. Once again, what is important to recognize is that despite significant progress made in the post reforms period to create modern and globally comparable tax policy, there is still a long-way to go in building a genuinely liberal tax structure and tax administration. ILG wants the Government to move forward with implementation of the Kelkar Committee Report and also take into consideration many of the suggestions outlined above in our previous LBs.

(b) Unfinished Agenda of other Major Reforms

The focus of LBs has not only been on the budgetary policies, but on the totality of the reforms process as well. This is so because we strongly believe that the Central Budget sets the direction, substance and pace of economic reforms in the country. In fact in the post-reforms period (i.e. since 1991), the budgets have come to assume the role of powerful driving instruments of economic change. Reflecting on this aspect, the LB3 (2006-07) made a detailed assessment of economic reforms and indeed, complimented the whole process by stating that "India's Economic Policy Reforms have been widely held to be a unique global experience, especially for a democratic and pluralistic country like ours for successfully making the transition from a 'planned' to a 'market-oriented' economy."

LB3 acclaimed many distinctive achievements of economic reforms in terms of relatively higher GDP growth, remarkable performance of the services sector, maturing of the manufacturing sector, progressive dynamism of the corporate sector, inflation stabilization and so on. But, at the same time, it was apprehensive and critical of "some stark failures in addressing issues of unemployment, regional imbalances and infrastructural constraints." It also severely critical of (a) inadequate social sector expenditure on health, education and housing; (b) public sector continuing to retain its obstructive mode with lack of consensus on disinvestment; (c) lack of

administrative reforms and new economic thoughts being carried out with an age-old administrative system and mindset.

Against this backdrop, LB3 made its framework of unfinished agenda, which needed to be carried out for attainment of a rightful place for India in the global economy. Its scope covered the whole gamut of issues including (i) administrative reforms, especially for improving the interface of the state with the citizens; (ii) agricultural reforms; (iii) legal reforms; (iv) labour reforms; (v) investment-climate reforms; (vi) financial sector reforms; (vii) FDI liberalization; (viii) urban economic reforms; (ix) key infrastructure reforms – power, transport, airports, ports, water and roads; (x) fiscal reforms – PSUs, subsidies and tax administration.

It was highly critical of the UPA Government's virtual surrender to the pressures of the Left Parties and stated in no uncertain terms that "It is squarely the UPA Government's responsibility to call the bluff of the Left, recognize their concerns for the social sector and forge ahead on the path of reforms." Unfortunately, two years down the line the situation with respect to much of the reforms agenda, as set out above, has not changed; indeed, it is becoming more complex and challenging by the day.

Seven Point Strategy Still Retains Validity:

Based on the experience of the UPA Government's achievements in steering the reforms process and managing fiscal and economic governance, LB3 (2006-07) suggested a seven point strategy, which needs to be reiterated given its relevance and validity even in the present context:

- One: Setting up an Economic Reforms Implementation Authority for facilitating cohesive, participative and speedy implementation of critical economic reforms in a time-bound manner;
- Two: Acceleration of investments in infrastructure, core manufacturing and agriculture sectors;
- Three: Widespread promotion of public-private partnership in key sectors through mechanism of Special Purpose Vehicles (SPVs);
- Four: Further rationalization and reduction of the tax structure, with specific thrust on radical reform of indirect taxation;

- Five: Significant streamlining and simplification of tax administration;
- Six: substantive shift in expenditure management with a view to freezing the growth of revenue expenditure and releasing more resources for the employment generating social sector spending; and
- Seven: Aggressive disinvestment and privatization of public sector undertakings (PSUs) with a provision for "ring-fencing" the proceeds therefrom for specific purposes like redemption of high cost earlier borrowings and increasing the capital spending on social and physical infrastructure.

To Sum Up – Convergence and Divergence:

To sum up, ILG/PRJ are satisfied with their initiatives in launching the Liberal Budgets. They have sought to create a credible framework for projecting an alternative, definitive and distinctive liberal economic position on economic reforms in general and budgetary policy in particular. Though LBs' quantitative spread and reach could be better, the qualitative response from liberals and knowledgeable people including some in the establishment has been quiet encouraging.

The distinguishing feature of the LBs has been its consensus building effort based on the experiences and insights of wide variety of liberal thinkers, experts and policy makers both from academic and non-academic world. Given this sound repository, the ILG is happy to see that in some key areas of policy measures there is significant convergence with official policy, which include: (i) operationalization of FRBM and consistent, but gradual reductions in revenue and fiscal deficit ratios; (ii) implementation of several crucial recommendations of the Kelkar Task Force on tax reforms, including VAT in the States; (iii) reduction in customs tariffs, and expansion of the coverage of the tax net to the services sector; (iv) impressive increase in tax to GDP ratio, especially of direct taxes; (v) FDI liberalization, but largely limited to a few sectors such as telecom sector; (vi) selected social sector initiatives; and (vi) Special Economic Zone (SEZ) policy.

At the same time, it is imperative to highlight many significant areas of divergence between liberal economic and fiscal policy prescriptions and actual policy measures and provisions of the Central Budget. The ILG is particularly concerned about (i)

complication of the tax structure by imposition of tedious Fringe Benefits Tax, new cesses and frequent changes in the tax laws, often with retrospective effects; (ii) virtual reversal of policy of disinvestment and privatization of PSUs; (iii) continuing budgetary support for restructuring some of the sick and declining PSUs in conflict with the liberal position that "the business of the State is government, not business"; (iv) the off-budget fiscal support to Oil Companies in the form of oil bonds creating fiscal pressures by way of indirect subsidies; (v) like-wise, non-transparency of the fiscal position with respect to the Government's contingent liabilities such as financial guarantees to sick PSUs, pension liabilities of its staff, etc.; (vi) promise-performance gap in the allocations for social sector initiatives and especially the vexatious issue of ensuring delivery of benefits

to the deserving sections of the society without any major "leakages"; (vii) lack of effort to modernize and improve expenditure management, especially dealing with obsolete classification of plan and non-plan expenditure. What is more relevant and useful, as has been repeatedly advocated by the LBs, is a comprehensive review of the expenditure pattern and change over to more functional and scientific classification into development and non-developmental expenditure.

It is against this backdrop of some clear messages from the four LBs that we wish to take this opportunity to reflect on the current state of the economy and critical issues and challenges facing the Finance Minister when he unveils the budget for 2008-09 on February 29, 2008.

An Assessment of the State of the Economy

Brief Background (1991 to 2000)

After the initiation of the Economic Reform Programme (ERP) in 1991, the Indian economy and Industry witnessed significant internal and external liberalization of policies and procedures in the first few years. This deregulation spanned taxation, finance and banking, manufacturing, international trade and investment, - virtually all the critical sectors of the economy, with the notable exceptions of agricultural, land and labour market reforms.

While the period 1991-93 experienced the transitional pangs and teething problem – resulting in sub-par macro-economic performance, the subsequent period 1994-97 witnessed recovery resurgence and high-growth – in GDP rate and in the Industrial sector in particular. While the Indian economy registered over 7% GDP growth rate for three successive years, between 1994-97, it was expected that the high-growth trajectory would continue its momentum, and would launch the economy on a higher growth plane.

But, 1997-98 onwards, the downturn began (due, mainly to infrastructure bottlenecks, higher real interest rates and a slowing global economy) and from an average growth-rate of 7% GDP between 1994-97, there was a sharp drop in the subsequent three years, 1997-2000 – wherein the GDP growth-rate was drastically reduced to 5.8% per annum. Thus, as the economy entered the 21st Century, it was in a state of faltering growth: Wild fluctuation in agricultural

growth and a continuous deceleration of industrial growth (after it had peaked at 13% in 1995-96), which got firmly entrenched by March 2000.

Economic Performance Since 2000

The period of eight years after 2000, needs to be divided into two sub-periods: April 2000 to March 2004, and April 2004 to March 2008. From the data and trends in the key parameters / indicators, the two sub-periods depict a picture of Complete Content in the aggregate macro-economic performance. (Tables I & II).

What then is this equitable society? It is not to be confused with the egalitarian ideal propounded by socialists. An equitable society is a just and fair society – A society where the state provides opportunities for growth. All human beings are not born equal if economic and social circumstances are the only criteria. It is the task of a Liberal State to provide them opportunities for growth irrespective of their caste, creed or status – economic or social. The State is the enabler, providing the required social and physical infrastructure. These include basic primary education, primary health care, easy availability of safe drinking water or water for irrigation; decent roads for easy connectivity; speedy justice and the maintenance of law and order. In an equitable society the individual matters. The Liberals seek growth with equity. The Liberal Budget is an instrument to make that happen.

(Excerpted from Liberal Budget 2004-05
- Building An Equitable Society)

Table I
Macro-Economic Performance since 2000

(% Annual Change)	2000 to 2001	2001 to 2002	2002 to 2003	2003 to 2004
Real GDP growth (%YoY)	4.4	5.8	3.8	8.5
Agriculture Growth	-0.2	6.3	-7.2	10.0
Industry Growth	6.3	2.7	7.1	7.4
Service Growth	5.7	7.2	7.4	8.5
Inflation - WPI	7.2	3.5	3.4	5.4
Inflation – CPI	3.8	4.3	4.0	4.0
Exports (US\$bn) %YoY	21.1	-1.6	20.3	23.3
Imports (US\$bn) %YoY	4.6	-2.8	14.5	24.1
Total Investments*	24.3	22.9	25.2	28.0
Gross Domestic Savings*	23.4	23.5	26.4	29.7
Current Account Deficit *	-0.6	0.7	1.2	2.3
Forex reserves (US\$bn)	39.6	51.04	71.9	106.1
* Denotes % to GDP				

Table II
Macro-Economic Performance since 2004

(% Annual Change)	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008 (E)
Real GDP growth (%YoY)	7.5	9.0	9.4	9.3
Agriculture Growth	0.0	6.0	2.7	3.0
Industry Growth	9.8	9.6	10.9	10.0
Service Growth	9.6	9.8	11.0	11.0
Inflation - WPI	6.5	4.5	5.3	4.5
Inflation – CPI	4.5	4.0	6.0	6.0
Exports (US\$bn) %YoY	28.5	23.4	20.9	15.0
Imports (US\$bn) %YoY	48.6	32.0	22.3	19.4
Total Investments*	31.5	33.8	35.0	37.2
Gross Domestic Savings*	31.1	32.4	33.6	34.7
Current Account Deficit*	-0.4	-1.1	-1.0	-1.3
Forex reserves (US\$bn)	135.1	145.1	191.9	240.0
* Denotes % to GDP				

Table III
Average Annual Growth Rates (%) : 2000 - 2008

% Annual Growth Rates	2000 to 2004	2004 to 2008(E)
Real GDP growth (%YoY)	5.62	8.8
Agriculture Growth	2.2	2.9
Industry Growth	5.9	10.1
Service Growth	7.2	10.3
Inflation - WPI	4.9	5.2
Inflation – CPI	4.0	5.1

The following features can be easily discerned from a comparison of key indicators in the two sub-periods, post 2000:

The average annual GDP growth rate has leapfrogged from 5.62% (2000-04), to a whopping 8.8% in 2004-08 (E), clearly indicating the new growth high of 9% achieved continuously. This is an unprecedented achievement in Indian economic history.

While the Performance in agricultural growth has not been significantly different between the two sub-periods, the jump in the growth of services has been significant, from (an already high) average annual rate of 7.2% to 10.1% in sub-period II.

However, the most significant turnaround has been that of the industrial sector, where the growth has accelerated from 5.9% (average annual 2000-04) to 10.2% (average annual 2004-08), led by the remarkable performance of India's private Corporate sector and SMEs alike.

It needs to be noted that the average annual rate of inflation in the high-growth phase (04-08) was not much higher than that prevailing in the sub-period 2000-04. (see Table III). This leads us to believe that the Indian economy has managed to post successively higher GDP growth rates, without getting into its high-inflation zone and without experiencing "overheating."

The two key ratios: Savings and Investment have displayed remarkable improvement from 23.4% and 24.3% (2000) respectively, to 33.6% at 35% by 2006-07. Since the Consumption-to-GDP Ratio has declined from 76.4% in 2000 to 64.4% in '07, the present pat-

tern of growth can be clearly characterized as "Investment led Growth".

As regards the External Sector of the economy, all indicators – Exports, Imports, Forex Reserves, Foreign Direct Investment have shown significant and steady rise and strength since 2000, gaining further momentum since 2004.

The Fiscal Profile

In recent years, there has been evidence of steady fiscal consolidation of both Central and State Government Finances. In line with all the other macro economic indicators surveyed earlier, the improvement in fiscal balances has been more pronounced in the period 2004-05 to 2007-08 (BE), as Table IV indicates:

The title to this year's Liberal Budget is to remind policy makers that strident 'Left' criticism should not deter the government from going ahead with the reforms and to remind them that while the Liberal voice may not be strident it is supportive and qualified to speak on the merits of a market economy. The Liberal voice is the voice of reason and rationality and hence superior to criticisms based on obsolete ideologies which are not only irrelevant but counter-productive. At the same time the drafting group spent considerable time in preparing the chapter on 'Social Sector Initiatives'. The term 'social justice' is not a preserve of the so-called 'Left'. It is in keeping with the Liberal credo of individual liberty with dignity and there can be no dignity without the right of the individual citizen to primary education, basic health care and decent opportunities go earn a living.

(Excerpted from Liberal Budget 2005-06
 - The Way Forward)

Table IV

Trends in Key-Deficit Ratios (% to GDP)

Item	2000 to 2001	2001 to 2002	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	2006 to 2007	2007 to 2008 (BE)
A. Revenue Deficit								
Central	4.0	4.4	4.4	3.6	2.5	2.6	1.9	1.5
State	2.5	2.6	2.2	2.2	1.2	0.8	0.3	0.4
Combined	6.5	6.9	6.6	5.8	3.7	2.7	2.2	1.2
B. Gross Fiscal Deficit								
Central	5.6	6.2	5.9	4.5	4.0	4.1	3.5	3.3
State	4.3	4.2	4.2	4.5	3.5	2.5	2.8	2.4
Combined	9.5	9.9	9.6	8.5	7.5	6.7	6.4	5.6

Source: RBI, Oct'07 - "Macroeconomic Developments"

A sustained reduction in the Central, States' and Combined Deficit ratios, especially since 2004-05 is clearly evident.

2007-08: Towards Cautious Optimism!

While the 'going' has been extraordinarily good in recent years, the current year's performance so far portrays a mixed picture: rising interest rates coupled with a steadily appreciating rupee have disturbed corporate sentiments and dented business confidence to some extent.

On the positive side, the Direct & Indirect Tax receipts are displaying high growth, FDI is increasing steadily, financial markets are exuberant, and overall growth-momentum seems to be intact.

However, certain recent trends need to be taken cognizance of:

- There has been a slowdown of growth in **Infrastructure** sectors;
- The high-growth in IIP witnessed in H1 of '07-08, has been tapering off in the recent months,
- Although the rate of inflation is 'officially' under control, the inevitable petroleum-price hike is likely to lead to higher inflation, at the consumers' level.

- A likely slowing of the global economy during most of the year 2008, due to the sharp downturn of the US Economy

Consequently, we are of the opinion that the optimism generated by a series of favourable economic developments, needs to be qualified and tempered, in the light of the very recent trends in the key indicators of the economy.

Neither the Left nor anybody can stop the enterprising Indian from going ahead, so much so that our entrepreneurs are everywhere. All that was needed was for the fetters of socialism to be removed. And when that happened there was no stopping us.

India's objective say many, is to be a global power. These persons are looking at the wrong end of the stick. For the Liberals the objective is a prosperous India. If the Reforms process translates itself into a better life for our people particularly those in rural India where 70% of India live; if our farmers are no longer compelled to contemplate suicide as a way out of their indebtedness; if we no longer have starvation deaths; if India enjoys medical care of world standard; if our education is not only universal but of high class quality; if we have world-class infrastructure, then we can say with some degree of legitimacy that we are indeed on the road to become a global power.

(Excerpted from Liberal Budget 2006-07
- Right Choices Tough Decisions)

Key Issues and Challenges

While the Indian economy has decisively moved onto a higher growth trajectory in recent years, the economic environment continues to be clouded by various challenges. For the purposes of this paper, these challenges can be grouped into three broad, though not mutually exclusive, categories. The first relates to a set of constraints to sustainability of growth, the second set of challenges stems from India's vulnerability to global economic risks and finally, there is a challenge of translating growth into development.

Constraints to Sustainability of Growth

It is not uncommon for phases of rapid growth to be associated with increased strain on infrastructure. At this juncture, the challenge of rapid expansion of the country's physical **infrastructure** has become the foremost concern for sustainability of high growth. Planning Commission estimates put the funding requirements for infrastructure investment in India during the Eleventh Plan period at a staggering \$494 billion. Recent experience with projects implementation shows that this is as much a techno-managerial challenge as it is a financial challenge.

With the constraints posed by the imperatives of fiscal discipline, the government has been promoting the model of public-private partnership (PPP) for development of infrastructure. However, delays in regulatory clearances and **land acquisition** (see box on page 32) have been delaying the financial closures and implementation of projects – be it special economic zones or mega power projects. While some progress has been achieved with respect to road development and ports projects, other infrastructure sector projects are still languishing.

Success of the PPP approach in infrastructure is a must if the recent acceleration in growth is to be sustained. This would require greater inter-ministerial coordination as well as greater coordination between the Centre and States. On the issue of land acquisition, which is threatening the progress of projects of all kinds, a quick resolution is needed in terms of a fair policy on rehabilitation of the affected families. The government has announced a rehabilitation policy, though its effective implementation remains a challenging task.

Besides physical infrastructure, another area

that is increasingly becoming a constraint for growth across industries is **availability of skilled manpower**. The skills shortage is becoming evident in rising wage pressures and high attrition rates across rapidly growing sectors such as IT and BPO, retail and finance. Even manufacturing companies are reporting sharp upward pressure on wages for skilled workers. The existence of such scarcity, along side a high degree of overall unemployment, suggests the inadequacies of the education system. This calls for a greater interface of universities with the private sector as also more autonomy to educational institutions. There is also a need to step up public spending on education (in particular, primary education) to reap the full advantages of the India-positive demographic trend in the medium term. Unfortunately the government's response completely lacks a holistic integrated strategy, as it also does in the case of practically all facets of social sector reforms. In the process what we have is a market failure and consequent mushrooming of vested interests and "exploitative" private initiative and efforts in every single tier of the education system.

India's Vulnerability to Global Economic Risks

With the external sector accounting for 40% of India's GDP and India's ascent on the maps of global investors, India's sensitivity to global economic risks has increased manifold. There are risks being transmitted to India from financial markets as well as global commodity prices.

First, India has been witnessing a 'problem of plenty' with respect to **capital flows** in recent years. In order to insulate the economy from a sudden spike in the rupee, RBI has been intervening in the forex market and then mopping up liquidity through various instruments. However, the pace of flows has put pressures on the sustainability of such a strategy. Consequently, during 2007, the rupee appreciated sharply by 12% and RBI's forex reserves too jumped by an unprecedented \$98 billion, a record level of over \$275 billion at present.

Secondly, global financial markets are currently facing turbulent times as a fall-out of the housing-related credit market problems. The danger of a disruptive unwinding of the US current account deficit has been looming for quite some time and the finan-

National Policy on Land Reforms

With issues of resettlement and rehabilitation aspects, especially of farmers and landless agricultural workers, assuming increasing relevance and importance, the need for an appropriate land acquisition policy (LAP) not only for the SEZ, but also for other major industrial and infrastructural projects, has never been stronger than now. As land acquisition comes under State jurisdiction formulating, leave alone implementation, of an appropriate national LAP by the Centre is almost impossible.

Acquisition of farmland, especially for the purpose of developing SEZs (or for that matter any large industrial unit), is bound to be an emotional issue. Not surprisingly politicians of different hues have rallied against it. Even, parties on opposite sides of the ideological spectrum have rallied against land acquisition from farmers. In Haryana, for example, which has attracted a large number of SEZs, the main opposition has come from within the ruling party itself. So also is the case of West Bengal, Maharashtra and many other States.

In this context, it may be worthwhile if we could outline some basic tenets involving a National Policy on Land Reforms (NPLR)

- The Central Government must be responsible for the formulation of broad-based guidelines concerning long-term land acquisition not only for SEZs but also for major industrial and infrastructure projects. Such guidelines should be thoroughly debated and discussed with the engagement of various experts – economists, geologists, ecologists, urban planners, environmentalists and the like...
- Each and every State Government must be asked to undertake a comprehensive land mapping exercise – district-wise, taluka-wise, village-wise, rural-urban composition, towns, and cities.
- Each and every State Government must also make assessment of existing land usage – principal activity wise and sub-segments of each activity – agriculture and various crops; land under irrigation and non-irrigation; public utilities; roads and public transport; industry and its major segments; commercial; and any other.,
- Each and every state Government needs to prepare a long-term (for the next 20 or 25 years) perspective development plan of land usage.
- The broad guidelines of land usage for SEZ and other major industrial and infrastructure projects must provide a “negative” list, wherein no land for SEZ or major infrastructure projects can be allotted. Obviously, there has to be special consideration where the land usage is for defense or national security projects. The “negative” land mapping exercise will have to comprise of: (a) forest land; (b) border security land; (c) irrigated land; (d) land for National Projects like those required for highways, expressways, and Railways

As regards payment of price or compensation for land (acquired or proposed to be acquired) it may not be necessarily adequate. It should be open to the land owners to negotiate **a package directly** with the parties concerned for a one time payment, for transferring their land for the development of a SEZ or any other mega infrastructure project. Indeed the task of compensation as well as rehabilitation of displaced persons must assume the topmost priority for the Land Regulatory Authority, who need to formulate model packages in consultation with responsive and credible NGOs as well as other local institutions especially the village panchayats.

cial markets already witnessed some correction in 2007. These imbalances in **global financial markets** could potentially imply higher volatility for Indian markets too. While on one hand, the imbalances could cause frequent flight-away-from-risk episodes, they can also lead to further inflows to India if investors view India as a relatively robust growth destination. In case of the latter outcome, the problem of plenty with respect to capital inflows could exacerbate further.

Thirdly, rapid growth in China and India and the increased speculative activity has been driving the commodity prices up across sectors in recent years. From a macroeconomic perspective, rallies in two commodity segments are particularly worrisome for India: energy prices and food prices.

With **international oil prices** threatening to settle near the three-digit mark, India's oil import bill could shoot up dramatically in the coming years. India imports more than 70% of its crude oil requirements. So far, the government has been insulating the consumers from the impact of high oil prices by administering the prices of petrol, diesel, kerosene and LPG. Issuance of oil bonds to compensate the oil marketing companies has been rising and the cumulative liability on this account could rise to over one percent of GDP in the current year. Along with fertilizer bonds and other contingent liabilities, the true liabilities of the government are much higher although the headline fiscal deficit number is perceived to be within the FRBM trajectory. As a result of such practices the so-called better fiscal management is clearly very deceptive.

Alongside, supply disruptions and diversion of crop land to biofuels industry in the US are pushing up international **food prices**. Wheat prices have nearly doubled and food inflation is running high across the world. In India too, high food inflation and prospects of rising demand have raised concerns about food security for the future. While the government has responded to the situation by launching a programme to raise foodgrains output by 20 million tonnes in the Eleventh Plan period, there is a possibility that India would have to be prepared for higher food prices and increased food imports in the coming years. Thus, effective inflation management on a sustained basis is going to be elusive.

The above risks need an approach that is dynamic and flexible. On one hand, long-term solutions

to addressing energy security and food security concerns are needed. These could include securing long-term supply contracts for oil and gas, encouraging exploration efforts in the coal sector, raising the agricultural output in a mission mode and facilitating productivity enhancement in agriculture through institutional reforms. At the same time, there will be temptations to ride over the short-term problems by creating more distortions, such as controls on agricultural trade, more subsidies, capital controls and so on.

In these challenging times, it would be important that the government pushes further certain reforms that would make our markets more flexible and capable of absorbing the shocks being transmitted from global markets. For instance, to help industries cope with capital flows induced rupee appreciation, it would be imperative to allow more flexibility in terms of labour reforms, hedging instruments and ease of closing and starting businesses. Similarly, it would be imperative to bring about reforms in food subsidy and fertilizer subsidy delivery so that a sustainable mechanism of targeted subsidies evolves. We will need to quickly move in these areas to payment of subsidy directly to the beneficiaries so that leakages in the system are minimized. The transport fuel subsidies need to be reviewed in a comprehensive gradual manner considering the evidence that nearly three-fourth of such subsidies actually benefit the relatively richer sections of population. No doubt, there could be resistance to such reforms in the face of increased volatility in global markets. But then, reforms would be essential to ensure that state support to the really needy remains sustainable in future.

Challenge of Translating Growth to Development

Finally, while the economy has been growing at a robust pace in the last few years, there remain pockets that are yet to benefit from this rapid growth. This is evident in the stickiness in poverty rate (around 28% as per the recent estimates) that is falling at a far-from-satisfactory pace. The persistent deprivation of access to essential public services such as health, education, clean drinking water sanitation housing etc. for vast sections of the rural and urban poor has been a source of frustration and giving a feeling of exclusion from the gains of economic growth. It is also evident in increasing gaps in growth and per capita incomes among states. In the process all these factors have given impetus to the spread of the

Naxalite movement and other insurgencies, thereby posing a grave threat to national security.

The emphases of various policy debates on ‘**inclusive growth**’ principally stems from these concerns. The Eleventh Plan has identified inclusive growth as its theme and has increased allocations for agriculture, health, rural development and education from one-third of the Centre’s gross budgetary support during the Tenth Plan to over half of the support. The growth target for agriculture has been set at 4% per annum.

While the increase in allocations is certainly welcome, the gap between outlays and outcomes needs to be bridged. This calls for institutional changes in the form of better performance measurement systems for delivery of public services, greater role for local governments in implementation of programmes and accountability of public service providers.

Summing up

While India seems to have made a giant leap on the growth trajectory, there are various kinds of challenges that would still require the utmost attention of policymakers. While dealing with some of these challenges, there could be temptations to bring back controls and market distortions, especially when one senses the risk of global economic risks transmitting to India. However, that may not be always the most desirable and sustainable solution. Hence, we will have to move towards more reforms and more flexibility in a calibrated manner so as to ensure that the Indian growth story does not succumb to these challenges.

Prepared jointly by Mr. Sunil Bhandare, Dr. C. S. Deshpande and Mr. Mangesh Soman – All members of the Drafting Groups of the Liberal Budgets.

Towards Faster and Inclusive Growth

A major concern of India’s development phase today, is the challenge of widespread or shared growth: *How to ensure that rapid growth will ensure wider distribution of prosperity and will rapidly reduce chronic poverty. If even an unprecedented 6.5% annual GDP growth is not going to bring about even 1 percentage point of annual reduction in poverty, then there are very serious issues, which need to be addressed by the policy-makers*

As Liberals, it is important to assess whether the 11th Plan Approach Paper (AP) envisages a greater role for the government or whether the AP is moving towards a lesser role for the state.

As regards *Growth*, the AP lays overwhelming emphasis on the role of private investment, with about two-third to 70% share envisaged for private investment. While some critics have felt that it is undesirable and ambitious, we feel that such dependence on private investment is certainly desirable.

As regards *regional inequalities*, the inter-state economic disparities are growing between the States in South-West India on the one hand and the remaining States from East, Central and Northern Zones. However, it is not the reform process *per se* which has accentuated these inequalities. There were wide inter-state inequalities even before the reforms. However, it needs to be recognized that some of these advanced states have surged ahead in the recent period, because they are following at least some reforms in investment climate, institutions etc. Actually, *the interstate inequalities have been accentuated not by market forces but precisely by the failure of the government.*

The failures of the governments in these backward States are well known. Fiscal profligacy is of course the most common. Although the fiscal profligacy aspect is applicable equally to the advanced states, one must also consider that while they have been fiscally imprudent, yet they have witnessed high industrial growth and investment notwithstanding their fiscal imbalance. That is not a luxury enjoyed only by the backward states – that they are not only fiscally mismanaged but the real investment growth or real growth of industry, agriculture, enterprise is far less there than the advanced states.

(Excerpted from Liberal Budget 2007-2008 – Taking Reforms to the Poor)

... So that Our Farmers Won't be Driven to Commit Suicide

Y. Sivaji

Some three years ago, the Indian Liberal Group in association with the Virginia Tobacco Growers Association and the Project for Economic Education, concerned over the worsening state of rural indebtedness and a spate of suicides by desperate farmers, organized a two day national seminar on July 24 and 25, 2004 at Guntur in Andhra Pradesh. Based on the discussions. A 44-page Discussion Paper entitled "Agriculture and Rural Indebtedness" was widely circulated to the Central and state governments and other authorities concerned as also to agrarian economists, agriculture experts, farmers and others. With this initiative, Dr. Y. Sivaji a well-known farmer leader in Andhra Pradesh and Vice President of the Indian Liberal Group launched a tireless campaign to persuade the Government of India to give serious consideration to the recommendations contained in the Discussion Paper. While suggesting long term solutions to ease the problems of our farmers it noted the fact that "the distress felt by the farmers required immediate attention to check the tragic phenomenon of suicides." Thereafter, the ILG in Andhra Pradesh along with the Indian Peasants Institute organized two more seminars to review the situation. An Expert Committee was appointed by the Government of India with Prof. R. Radhakrishna, Director of the IGDR. The Committee submitted its report to the Prime Minister in July 2007. Dr. Sivaji recently addressed a letter to Prime Minister Dr. Manmohan Singh suggesting a one-time Debt Relief Scheme for farmers including a draft Bill for his consideration. Time being of the essence Dr. Sivaji is keen that the Prime Minister and the Finance Minister provide for the funding of this scheme in the forthcoming Union Budget for 2008 -09 so that more farmers won't contemplate taking their lives out of desperation. The following is an edited version of Dr. Sivaji's letter to the Prime Minister and a summary of the draft Farmer Debt Relief Scheme – 2008.

We are informed that the Government of India is evolving a debt relief scheme for farmers. It may be recalled that one such scheme was implemented about 18 years ago. It was called the "Agriculture and Rural Debt Relief Scheme - 1990." Thereafter several such schemes were announced including a one time settlement scheme in 1998. But precious little was achieved Even the modest amount required under this scheme was not available on time to benefit those farmers for whom it was intended.

At this juncture, bankers are playing a bureaucratic and not a

humane role by providing crop loans for the ensuing season to the extent of a sum equivalent to the

the farmer has repaid in full his crop loan for the previous year, despite his crop failure and has also

availed of a crop loan for the ensuing season without getting any assistance in kind or cash from bank. This compelled farmers to take loans from private sector/money lenders at high rates of interest and in some cases by pledging their family gold/jewellery, to fund day to day agricultural operations. This operation generally ends in a loss due to inad-

equated availability of credit. The result is these marginal farmers are caught in a vicious debt-trap. The only way out for them in order to retain their self respect is to sell their kidneys or other body organs.

The Rural Perspective



principal amount and interest accrued thereon, of the last season which amounts to a paper transaction of adjusting their dues without giving a single pie to farmers; thereby placing on record that

Others commit suicide.

There is urgent need to break this distress chain and act before suicides take an ugly turn and become homicides. There is an immediate need for a fresh dose of assistance in cash/kind (crop loan) to be available to farmers for raising crops and this is possible only, if a loan waiver of some kind is made available so farmers become eligible to draw fresh loans of sufficient amount for their needs. I would therefore like to propose a **"Farm Debt Relief Scheme – 2008"** of Rs.50,000/- (Rupees Fifty thousand only) to every individual farmer embroiled in debt, by adjusting the loan account of their current outstanding (see below). If the waiver amount is sufficient to clear the outstanding principal and interest, such accounts should be closed and the borrowers to be advised in writing about the extent of relief provided and closure of the account.

The proposed scheme should not be too generous or liberal, but be specific to the current needs of farmers which would enable them get fresh loans for the next crop. Therefore, the scope should be limited to agriculture term loans only. Loans for allied activities should be excluded. This

scheme should be confined only to short term crop production.

This scheme should cover overdue crop loans availed from cooperative as well as commercial banks. This will cover all overdue short term crop loans of all marginal and small farmers and this will entitle them for fresh loans.

If the scheme is announced without delay, it can be implemented within two months and fresh loans made available to small and marginal farmers for the next kharif crops. The entire process should be implemented, in true spirit and acted upon by 30th June, 2008. The cost of the scheme will not exceed Rs. 40,000/- crores; it will be a one time operation and will not damage the finance institutions, as they will be fully compensated by budget support spread over in four years. The states should be advised to share the burden in the cooperative sector.

Summary of the Draft Farmer Debt Relief Scheme – 2008

The Scheme should come into force from 2nd April and will apply to all eligible crop loans in Public Sector and Regional Rural banks as well as co-operative

banks. The Crop loan should not include any term loan as the crop loan is only for a season to meet the current investment but not capital investment. The facility should be made available to an individual farmer who had borrowed a loan or loans from one or more banks, the principal of which did not exceed Rs.50,000 for growing crops on farm and where the crop yield was fifty per cent or less of the normal yield and the loans are more than two years; or the farmer has been declared insolvent or whose petition is pending in the court

The draft Bill provides for Public sector banks to provide debt relief by lending a sum not exceeding Rs.50,000. In order to maintain the liquidity of the public sector banks and Regional Rural banks a part of the claim amount will be disbursed in advance to them by the RBI/NABARD respectively as determined by them. Such payments would be made from out of the funds received by RBI/NABARD from Government of India.

The draft Bill goes on to provide administrative guidelines for the effective implementation of the scheme.



MINOO MASANI

A Biography by S. V. Raju

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This book is a brief biography of Minoo Masani based on the author's 40-year association with him. It traces his roller coaster ride as writer freedom fighter, parliamentarian from the Constituent Assembly to the Fourth Lok Sabha. His journey from Marxism to Liberalism and his role in the formation of, and the decline of the Swatantra Party.

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Cornucopia

Firoze Hirjickaka

Indians Welcome Being Bossed Around

It seems that we almost have a deep, psychological need to be led; to be told what to do. Like that mobile phone commercial on television, some of us appear to be most comfortable when, with clasped hands, we are telling 'sir-ji' what a wonderful idea he had.

I read a news item recently about a telemedicine project that was ready for use, but not made available to potential beneficiaries because the powers-that-be could not get hold of a suitable celebrity to inaugurate it. This project would link the premier King Edward Memorial in Mumbai to three district level hospitals; and thus make specialized health care available to those who could not afford to come to the metropolis for treatment. This is hardly an isolated incident. Time and again, we hear of public projects being held up for weeks, even months, because some pompous VIP cannot 'find the time' to cut a ribbon or push a button.

I just do not understand this fetish we Indians – and particularly government employees – have about the necessity of 'inaugurating' projects. It's a phenomenon that is unique to this sub-continent. Why do projects meant for the common people need to be inaugurated at all? Why can't they put into service as soon as they are complete? Why do we give so much reverence to puffed up politicians, very few of whom have any redeeming qualities?

This also brings up the larger questions of why Indian society throws up such a large number of subservient sycophants. There are any number of people who are quite content to be lap dogs for their superiors; to be bossed around at will. And those in authority seem to have an inescapable craving for toadies and fawning serfs. It is almost as if the bosses feel incomplete without these accoutrements. When was the last time you saw the MD of your company carrying his own briefcase; or saw a minister at an airport who was not surrounded by flunkies? In some parts of the country, you can even witness the disgusting spectacle of politicians lying prostrate at

the feet of the Great Leader.

This trait may perhaps explain why, throughout much of its history, India has been so easily conquered: From Alexander the Great, to the Mughals, to the British. It seems that we almost have a deep, psychological need to be led; to be told what to do. Like that mobile phone commercial on television, some of us appear to be most comfortable when, with clasped hands, we are telling 'sir-ji' what a wonderful idea he had. One of the principal reasons for Narendra Modi's recent victory is that he bosses around the people of his state – and they love it.

It may also partly explain why, even after six decades, the concept of democracy remains flawed in this country. We do not seem to have grasped that, in a true democracy; it is we, the people, who have the power. The people we elect are supposed to work for us – not the other way round. And yet, how easily we surrender our rights and privileges to them. We allow them to block *our* roads, when they want to put on a show of power. We patiently wait at a venue, when the 'chief guest' shows up two hours late. And we are willing to endure the delayed implementation of government projects that *we* have paid for with *our* tax rupees.

Is this the India our founding fathers fought so hard for – so that we could replace one set of masters with another? The British looted a conquered country in order to enrich their own. Our leaders loot their own country with the sole intention of enriching themselves. And we let them. Perhaps we are getting the government we deserve.

Here is my advice as we begin the century that will lead to 2081. First, guard the freedom of ideas at all costs. Be alert that dictators have always played on the natural human tendency to blame others and to oversimplify. And don't regard yourself as a guardian of freedom unless you respect and preserve the rights of people you disagree with to free, public, unhampered expression.

- Gerard K. O'Neill, 2081

What Fools We Mortals Be

*Millions of people around the globe seem desperate to discern some divine 'sign' from the Almighty.
We humans continue to cling to 'miracles' even where none actually exist.*

There is a story in *The Times of India* about a Muslim gentleman in Mumbai, who has put his goat up for sale for a whopping Rs 5.5 crores (\$1,375,000). Why does he think the goat is worth this exorbitant price? Apparently, the goat has markings on its body that resemble the names (in Arabic) of the Prophet and Allah. The owner has found no buyers yet, but I am sure someone will be prepared to pay at least a couple of crores for the animal.

How gullible can some people get? First of all, it takes quite a leap of faith and imagination to decipher the random black markings as holy names - and even if one were to be so convinced - it would be outside the realm of possibility that the marks were the result of some divine calligraphy. Just as it is believed that if a million monkeys were placed in front of a million typewriters, they would eventually type out the Bible; so too, the 'holy' markings are a result of millions of genetic permutations. There is nothing remotely divine about them. Even if, by some stretch of wild imagination, one were to believe this fantasy; I doubt that Allah would be pleased at His name being used to generate an obscene profit.

It would be comforting to dismiss the goat owner as an aberration. Unfortunately, it is not. Millions of people around the globe seem desperate to discern some divine 'sign' from the Almighty. Hence, a water stain in a Manhattan road tunnel is interpreted by thousands as a self portrait of Jesus Christ: and hundreds of weeping Madonna statues have been spotted down the ages.

The need for divine intervention is particularly acute in India. Very recently, an Indian millionaire donated a Rs. 11 crore (\$275,000) solid gold throne for Sai Baba, because the saint had apparently appeared to him in a dream and instructed him to do so. It is ridiculous to believe that a saint, who has no use for material possessions, would make such a request. It is even more absurd to think that such a profligate display of wealth would please a holy man.

A little further back in time, thousands of the faithful flocked to the seashore in Mumbai; and made themselves violently sick by drinking sea water. Why?

Because some freak chemical reaction had temporarily rendered it sweet. To the multitudes, however, the 'miracle' could be nothing else but a sign from heaven. And who can forget the hysterical public reaction caused, when scores of Ganpati idols started oozing milk.

Why are we humans so desperate for some manifestation of the divine, to prove that we are not alone. Is it that we seek reassurances that, if we screw up our lives, it is not really our fault - it is written in the stars? That would, perhaps, explain the evangelical Christian belief that - while sins and transgressions are definitely to be frowned upon - as long as the wrong doers repent and accept Jesus as their Savior, somehow everything will be forgiven when they reach the Pearly Gates. This reasoning should defy logic. Nevertheless, it must be comforting to believe that there is a Son of God, who will obligingly take all your sins on his shoulders; and let you off the hook. The buck stops with Jesus, as it were.

Then, there is the need for some demonstration of the power of the Almighty. God performs thousands of minor miracles every day, which go unnoticed. It is not enough for most of us. We need some show of strength. We will dutifully listen to our pastor preach his Sunday sermon, but it is primarily out of a sense of tolerance and respect. On the other hand, a televangelist, in front of a screaming TV audience, who places his hand on a supplicant and watches him theatrically collapse to the floor in a heap, will develop a cult following of millions.

Some rationalists believe that God is nothing more than a state of mind; that He is not a separate entity. Even the millions, who believe in God, cannot quite comprehend His true, formless magnificence. Throughout history, man has felt compelled to personify the Supreme Being. Hence, the ancient Egyptians worshipped alabaster and onyx statues of Isis and Osiris; and ancient Greeks and Romans erected monumental bronze and gold statues of Zeus and Jupiter in their temples. This trend was continued in Christianity. It is doubtful whether Jesus intended a cup of 'holy' wine to signify His blood; or a communion wafer His body. But the early Catholic

Church soon recognized that it needed tangible symbols of divinity to retain a hold on believers. Magnificent cathedrals were erected, and elaborate paintings and statues depicting Christ and Mary were commissioned. The purpose was more to overawe the congregation, than any manifestation of devotion to the Almighty. In any event, there is no evidence to suggest that God or Jesus appreciated or rewarded

this ostentatious display of materialism.

And so it will go on. We humans will continue to cling to 'miracles' even where none actually exist. Meanwhile, the gods are probably looking down on us and chuckling: what fools these mortals be.

MR.FIROZE HIRJIKAKA can be contacted at leonardo8_99@yahoo.com

Freedom to Speak the Truth

Subhash Athale

Readers of *Freedom First* should take grave notice of two recent instances when scientists were punished for speaking what they felt was the truth.

(1) In India: Two scientists of the Archaeological Society of India (ASI) were suspended for saying that there was no "historical" evidence to prove that the 'Ram-Setu' is a man-made structure, nor to prove that "Ram" actually existed any time in history. One should note that the scientists from A.S.I. have not claimed that "Ram" & "Sita" did not exist in the epics, in the folklore, in the minds of the Indian people. They are talking only about evidence that can be accepted scientifically as "historical evidence". The Central Government has made a scapegoat of the two scientists to wriggle out of an awkward situation. We, readers of *Freedom First*, should give a moral support to the scientists, and condemn the government for its unfair actions

(2) Outside India: Mr. Watson, a scientist from the U.S.A. was suspended for saying that it was his observation that the average intelligence of people in Africa was less than that of people from the Western world.

It is true that in historical times, many people were sub-

jected to ill-treatment and injustice because they belonged to a race considered to be inferior. This is probably happening even today. Mr. Watson is not supporting such injustice, nor is he justifying racial injustice.

All human beings have a claim on human dignity and human rights, not because they are intellectually equal, but because they are human beings. All human races should be treated with equal dignity, not because they are equal intellectually, but because we have accepted equal human dignity as a basic value statement of our culture. Equality of human dignity needs no support from the unproven hypothesis that all races are equal intellectually.

African races have evolved in a different climate, different geography, different culture, different occupations, different degrees of isolation, different religion for something like forty thousand years, as compared to the European races. This has resulted in differences in stature, skin colour, facial appearance and hair, texture. It has also resulted in

differences in metabolism. It is reasonable to expect differences in the level of intelligence. But measuring and comparing intelligence in people who differ so much in the way they are brought up is very difficult. It will be difficult to prove that any difference detected is due to nature (genetics), and not due to nurture. It will be difficult to prove a racial equality of intelligence, but it will be equally difficult to prove a racial inequality of intelligence.

A rational attitude is to keep both options open till further investigations and observations settle the matter.

Humanitarianism should not emulate orthodox Religion, Nazism or Communism by restricting freedom of expression and investigation. In case such a difference in intelligence is confirmed on scientific investigation, it should be accepted only as a difference, only as a variation, and not as inferiority, not as primitiveness, not as backwardness.

Subhash Athale, Kolhapur
Email: athale@sancharnet.in

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National Security – The Contemporary Paradigm (2)

Challenges to National Security

V. Balachandran

There is a mistaken belief in certain circles that national security could be ensured with strong defence forces or by effective internal policing system. The desire to upgrade weaponry is out of this belief. However USA was subjected to a humiliating terrorist attack on Sep 11, 2001 despite having the best weaponry and second largest army in the world (over 14 lakh soldiers). Russia was not able to prevent repeated Chechen attacks on various targets despite having the third largest army (12.5 lakh soldiers). Similarly India could not prevent an attack on our parliament on Dec 13, 2001 or the earlier Kargil incursion, despite having the fourth largest army with almost 12 lakh soldiers). Russia was not able to prevent repeated Chechen attacks on various targets despite

This is the second of four parts and deals with challenges to our country's national security. Excerpted from a Paper on "A New Paradigm for Indian Internal Security Management" presented at the Annual Conference of the Maharashtra Regional Branch of the Indian Institute of Public Administration on 12 October 2007.

I shall deal with challenges under two heads: conventional or traditional and "non-conventional or non-traditional". Conventional challenges are the existing layout of our land and waters, its management problems and areas of turbulence. The "non-conventional or non-traditional" challenges are those factors, which are likely to dominate the security scenario in course of time, which have to be adequately understood and anticipated.

Conventional Challenges

Border Management:

India has 14,103 kilometers of land border with our neighbours, not all of them friendly - Bangladesh, Bhutan; Burma, China-3, Nepal and Pakistan. We have a sea border of nearly 7,000 kilometers. According to admission Minister of Home Affairs 1.5 lakh foreign nationals who legally entered India between 2003 and 2006 have "vanished". (Bangladeshis: 72,415; Afghans: 34,767; and Pakistanis: 21,389). There is no estimate of those who illegally entered In-

dia. The United States has 10,677 KMs of land border with Canada and Mexico and 19,928 KMs of sea border, which they manage to watch with 211 aircraft and 1,400 boats of their Coast Guard. We have only 45 aircraft and 69 boats to manage the long coastline.

Serious Insurgency Situation in Specific Areas

Apart from the Maoist insurgency, which is analyzed elsewhere in this article, the law and order situation in India's North East is deeply disturbing. The overall violence has shown an increase in 2007 over 2006. The Government of India's present strategy of using only coercive apparatus has increased public alienation. However even in areas where peace talks are going on, the situation is alarming. A correspondent who visited Nagaland in July 2007 has reported on the deeply entrenched parallel government existing in that region. He saw the regularly functioning headquarters of the Isak Swu-Muivah faction of the National Socialist Council of Nagaland now called Nagalim

[NSCN (I-M)] with a board "Government of the People's Republic of Nagalim" (GPRN), in Hebron, 40KMs off Dimapur, Nagaland's capital. It has its own Parliament (Tatar Hoho) and own army with its headquarters at Mt. Gilead. They collect their own taxes (house tax, Loyalty tax, army ration tax) by issuing receipts and have their Accountant General, National Bureau of Intelligence and Anti-Corruption Bureau. GPRN issues "Work permits" to migrant workers from "India" for an annual fee of Rs. 130. Needless to say the local village councils do not report crimes to Nagaland State Police but only to GPRN Police. The correspondent saw their "Yaruiow" (President) Isak Swu and "Ato Kilonser" (Prime Minister) Muivah being escorted by heavily armed Naga Army. It was quite clear that NSCN (I-M) had utilized the ceasefire since 1997 very wisely to establish their parallel government.

Turning to terrorism the recent trend of "anonymous terrorism" all over India (except perhaps in J&K) as seen in Mumbai

7/11, Malegaon, Hyderabad Mecca Mosque and Lumbini Park follow the global trend. US government statistics indicate that out of 14,352 terrorist incidents in 2006 all over the world, 9000 were by "Unidentified perpetrators". The rise of "Do-It-Yourself Terrorism" in India is a cause of serious concern. The Centre has left the responsibility of tackling terrorism largely to the States who are not able to deal with this serious issue. Terrorism is transnational, professional and secretive in nature, conducted by highly motivated cadres. State police units, on the other hand, are fragmented, largely inefficient, slow in reaction, badly trained and highly politicized. Postings in intelligence wings are a punishment. Police cadres are governed by tenure rules, which prevent the growth of the professionalism needed to penetrate secretive terror units. The operational efficiency of the police units differs vastly from state to state. Coordination between police units is hardly satisfactory. Interrogation reports are not shared promptly. Just one instance alone will indicate that the State Intelligence will not be able to deal with such trans-border terrorism. A chance arrest of Noor Sikander by Mumbai Police in May 2003 for the March 2003 serial Mulund blasts had revealed that criminal Aftab Ansari, deported to India in Feb 2002 being involved in the Jan 2002 shooting of Kolkata USIS office had masterminded the kidnapping of Partha Burman (Kadim shoes) in July 2001 for ransom. This amount (reportedly US\$ 600,000 or \$ 830,000) was sent through Hawala channels in Hyderabad or Dubai to Saeed Omar Sheikh of Jaish-e-Mohammad (Killer of Daniel Pearl) who forwarded it to Mahammed Atta before 9/11. In other words the Kolkata ransom amount funded 9/11 fully or partly. We came to know about this only in

2003.

Conventional Policing Problems

With the rise in urban and rural poverty and consequent degradation of lives, our cities have become tinderboxes for flash riots. Any small reason is enough for people to riot. Recent examples are the Agra riots on September 16; Surat riots on September 19; Siliguri riots on September 28-29; Blue line bus riots in Delhi on October 7; and anti-ration riots raging in West Bengal. In all these cases the local police found it very difficult to control angry mobs. The Gujar-Meena agitation is continuing in Rajasthan while Dera-Sikh tension is simmering in Punjab-Haryana. Repeated lynching of suspected thieves or kidnappers in Bihar is an indication of the public losing faith in the criminal justice delivery system. All over India, agitation against SEZs, retail giants and new industrial projects is assuming serious law & order proportions. State governments have been totally unequal in dealing with these convulsions on developmental issues and defusing it at political level. They have left it to the Police. Politicians exploit the situation for electoral gains. It is thus clear that the State Police is unable to handle even the existing crime and law and order problems. As such they will be in no position to handle the non-traditional security challenges listed below. The remedy is not by raising the police-to-population ratio through mass recruitment and creating unmanageable police units, which in turn would result in command and control problems, but in rationalizing police work by taking away some of their burdens.

Non-Conventional or Non-Traditional Security Challenges

The first challenge to inter-

nal security is the gradual *de facto* ceding of national sovereignty by established national governments to non-State actors like commercial entities, multi-nationals and non-governmental groups. Commercial and social groups pursue their own foreign relations, which quite often outshine government initiatives, examples being the lead role played by US-India Business Council, FICCI or CII during the Congressional hearings on US-India nuclear pact. The concept of "Global Civil Society" and "Global Justice" is evolving to act as pressure points on national governments. The strength of NGOs has been increasing tremendously. In 1948 only 41 international NGOs were on "consultative status" with United Nations. The number increased to more than 1,000 in 1992. Along with this there are demands to set up "Regional human rights courts" to "prevent criminalisation of press freedom" in Asia to be a watch dog to protect journalists from libel suits on the model of the European Court of Human Rights in Strasbourg. The dispersal of decision-making power from a centralized State apparatus to a diversified strata has increased the tensions of an already overburdened internal security apparatus.

Along with this, the power of media and the process of public opinion formation in a free society have undergone radical change due to the Internet and faster means of communications like TV or FM Radio. Serious law and order problems occur well beyond the control of regulatory authorities when instant adverse opinion formation takes place. The problem is illustrated by the Danish Cartoon controversy in 2006, which caused riots in more than 12 countries including India, or the alleged derogatory remarks by a Delhi based FM Station on "Indian

Idol" Prashant Tamang, which resulted in very serious riots in Siliguri on September 29-30, 2007.

The fact that globalization has not resulted in alleviating poverty but has only helped the rich is causing serious pressure on security agencies. The recent report of the National Commission for Enterprises in Unorganized Sector has revealed that 836 million or 77% of India's population earned less than Rs.20 a day. This is the combined population of USA, Indonesia, Brazil and Russia. Dr. Arjun Sengupta, Chairman of the Commission said that three fourths of the Indian population has been "bypassed" by the high rate of Indian economic growth. Rural and urban poverty in India is spurring crime and law and order problems. National Crime Records Bureau (NCRB) reported that 35 "Mega cities" (having a population of over 10 lakhs) saw an increase of IPC crime from 2,89,775 in 2001 to 3,14,708 in 2005. A 2006 study by the Tata Institute of Social Sci-

ences, Mumbai found that the number of homeless pavement dwellers in Mumbai varied between 250,000 to 500,000. It is already well known that 60% of the Mumbai population of 10.5 million lives in shanties. Bangalore, the "Silicon Plateau" of India has seen an unprecedented increase in crime although that city was comparatively quiet earlier. Now it has overtaken Mumbai and Delhi in crime, registering the 5th highest rate, recording 9.2% of all the crimes recorded in India.

The looming effects on security by the problems of climate change, water shortage and resultant migration have not been studied by our government as a security challenge. Dr. R. K. Pachauri, Chairman of the Intergovernmental Panel on Climate Change (IPCC) said: "Wheat production in India is already in decline, for no other reason than climate change. Everyone thought we didn't have to worry about In-

dian agriculture for several decades. Now we know it's being affected now".

Rapid up-gradation of living standards has resulted in choking the already congested road network in India. The number of registered vehicles increased 50 times between 1970 and 2005 but the road network went up only by 3%. According to a recent report there were 12.7 road fatalities per 10,000 vehicles in India (USA: 1.79; UK: 1.0; Germany: 1.1). The same report quoted the Planning Commission that road accidents resulted in a loss of Rs.55,000 crores a year. Almost 1,00,000 Indians die every year in over 300,000 accidents. WHO studies revealed that Indian road safety record has been declining at an alarming rate of 5% every year. Corruption is the only reason.

- To be continued

MR. V. BALACHANDRAN, formerly Special Secretary, Cabinet Secretariat, Government of India.

Journalism is Risky Business

Journalists were killed in unusually high numbers in 2007, making it the deadliest year for the press in more than a decade, according to the Committee to Protect Journalists' end-of-year analysis. Worldwide, CPJ found 64 journalists were killed in direct connection to their work in 2007—up from 56 last year—and it is investigating another 22 deaths to determine whether they were work-related. CPJ has recorded only one year with a higher death toll: 1994, when 66 journalists were killed, many in conflicts in Algeria, Bosnia, and Rwanda.

For the fifth straight year, Iraq was the deadliest country in the world for the press. Its 31 victims account for nearly half of the 2007 toll. "Working as a journalist in Iraq remains one of the most dangerous jobs on the planet," said CPJ Executive Director Joel Simon. "Members of the press are being hunted down and murdered with alarming regularity. They are abducted at gunpoint and found dead later or shot dead on the spot. Those who die are nearly always Iraqi and many work for international news agencies. These journalists gave their lives so that all of us could be informed about what is happening in Iraq."

Somalia was the second-deadliest country for the media in 2007, with seven journalist deaths. "Horrific violence in Iraq overshadowed the increasingly deteriorating environment for the media in Somalia," said Simon. "Journalists reporting in Somalia face great risks every day."

Deaths spiked in Africa over all, from two in 2006 to 10 this year. Two journalists died in Eritrea and one in Zimbabwe in 2007.

In every region of the world, journalists who produced critical reporting or covered sensitive stories were silenced. In both Pakistan and Sri Lanka, five journalists were killed for their work. Suicide bombers caused three of the five deaths in Pakistan, including the death of Muhammad Arif of ARY. Millions of people around the globe watched the apparently deliberate murder of Japanese photographer Kenji Nagai by Burmese troops during the crackdown on antigovernment demonstrators in Rangoon. No apparent moves have been made to bring his killer to justice. The assassination of Turkish-Armenian editor Hrant Dink outside his newspaper office in Istanbul sent shock waves through the Turkish press and the international community. In

Nepal, the Occupied Palestinian Territory, Haiti, Honduras, and Russia also made the list of places with journalist fatalities this year. Media support workers are increasingly at risk, CPJ research shows. For the first time, CPJ has compiled a list of media worker deaths. Worldwide, 20 translators, fixers, guards, and drivers were killed in 2007. The victims include three Mexican newspaper delivery workers slain by drug traffickers seeking to silence their employer.

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Political Retirement

V. N. Torgal

Today, the plight of our democracy is mainly due to the craze of our politicians to die in harness!

Long ago, it was the late Shri S. K. Patil, once considered the political boss of Bombay (now Mumbai) who wailed the phenomenon of political leaders dying in harness. We had four Prime Ministers who died in harness. A few chief ministers also have followed the noble example! The Greeks in the age of city states, realised that such a tradition of political leaders never retiring from political life led to a mockery of democracy and inhibited the infusion of new blood in the body of democracy which changing times need. The city states had a provision in their constitution to banish a political leader for ten years from their city state but without any loss of his civil rights. He could, after his period of banishment, return to enjoy all his rights – civil and political.

An amusing anecdote is told of one Aristides, a famous judge of the City State of Athens. Once a cobbler approached Aristides and requested him to draft an appeal for the banishment of Aristides from the city state of Athens. There was a provision in the constitution of the city state of Athens to banish any one from the city state if 500 citizens voted for such a banishment. Aristides was puzzled at this request but drew up an appeal as desired by the cobbler, and then asked him what harm had Aristides done to him that he wanted him banished. The cobbler replied that he had the highest regard for Aristides but that he was getting a headache hearing the

populace constantly praising Aristides. The appeal was put to vote and Aristides was banished for ten years! There is another example of the banishment of one Themistocles for ten years after his term of office was over as his term was a cluster of scandals. These anecdotes show how the Greeks guarded their democracy, as they knew that eternal vigilance is the price of democracy.

Here in India, however, immediately after Independence we set a bad precedent when we began an anxious debate on, "After Nehru: What? After Nehru Who?" To what extent the debate was stretched may be gauged from a cartoon in Rajaji's *Swarajya*, showing the goddess of democracy sighing a sigh of relief when the dazzling sun Pandit Nehru was no more! Following the precedent of Nehru, we had chief ministers who refused retirement even when they were in their nineties. Mr. Ravishankar Shukla was Chief Minister of Madhya Pradesh at 96 and Shri Prakasham's eyelids had to be lifted manually for him to read government correspondence when he was the Chief Minister of Andhra Pradesh immediately after its formation.

Today, the plight of our democracy is mainly due to the craze of our politicians to die in harness! How nice it would be if our politicians learn from the examples of Harold Wilson and Harold Macmillan, two late ex-Prime Ministers of U.K. Sir Wilson declared

his retirement on the day of his attaining the age of 60. Macmillan when he was in India after his retirement, told a press correspondent not to field political questions to him as his innings in politics was over. Of course, we also have our own very recent example of Shri Prakash, until recently home minister in the now dissolved Karnataka cabinet who declared that he would retire from active political life after his term is over, Providentially his term was cut short by the President of India!

The late Dr. Lohia in his days of non-Congressism said that the Congress needed some period of political wilderness so that it may be back with fresh blood.

But because of this craze of our politicians to 'serve' the country to their last breath, our political life today is totally devoid of dynamism. It has become a big, dirty dung heap breeding strange political creatures.

Some years back, in a letter to the press, I had suggested that political offices of any kind – of a gram panchayat, of a legislature or of Parliament, be restricted to two continuous terms with a proviso to return to the office after enjoying a term of rest, introspection and internal and external evaluation of him/her in the office. I would like to repeat this suggestion for consideration by today's rulers.

V. N. Torgal, retired school teacher ,
Bijapur.

My Bombay Reminiscences (2)

Sarat Chandra Panda

We had published the first part of S.C. Panda's reminiscences in the July 2007 issue of Freedom First.

In this, the second and concluding part, he continues his recollection of his student days in Bombay (now Mumbai) in the sixties.

The University Department of Chemical Technology (UDCT) located in THE suburb of Matunga charged, if I remember correctly, Rs 250 and Rs 150 for tuition fee and hostel room rent per term. There were two terms. In the hostel, a meal was 80 paise. To economise, I did not take breakfast in the mess but took a few biscuits and a cup of coffee which cost 25 paise. Late afternoon tea was 10 paise and a Benarasi Zarda paan at 7 paise. The daily expenditure on food came to a little over Rs 2. In the four years I was there I would have spent Rs 8,000/-.

The mess was closed on Sunday evenings. I ate a few bananas or a dosa for dinner. As I was cinema crazy, my parsimony did not extend to films. I saw on an average around 40 films a year. Notable among them were, Bandini, Sahib Bibi aur Ghulam in Hindi and Ben Hur, Ten Commandments and King of Kings in English.

In May 1964, Nehru died and Lal Bahadur Shastri succeeded him as prime minister. In June 1964, when I came to Bombay to collect my certificates etc., I went to as usual see movies. In those days films were preceded by a documentary generally the Indian News Review. Whenever Shastriji appeared in there News, the hall was filled with peals of laughter. I was shocked to see that a section of the Bombay population did not have the requisite respect for our prime minister.

To prepare a project report called 'Home Paper', I visited the libraries of the Atomic Energy Commission (as it was known then), at Cadell Road, Prabhadevi, IIT Powai Vikhroli and N.C.L. Poona (now Pune).

Hostel Life

Frankly, I loved the hostel but 'hated' the UDCT because the hostel provided a reading room, library, games room - I played carrom and chess and the Friends Literary Forum which enabled me to pursue my ideas. In the hostel, during the years I was there I held almost all elected posts except that of Games Secretary. Once when I was the Mess Secretary Hostel members were not happy with the mess workers being given off on Sunday evenings and yet were allowed the cook to prepare a meal for themselves. They argued why the workers should eat while the students could not. I brought this to the notice of the contractor who was addressed as Maharaj and who was running the mess. I asked him to tell the workers no cooking on Sunday evenings. The next day, the workers were angry but calm. They met me and blamed Maharaj for their having gone hungry the previous night. I saw their famished eyes. But I did not have the courage to tell them that it was I and not but Maharaj who was responsible. I assured them this would not recur. I am ashamed of my cowardice to this day.

On 31st March, 1964, the last tram cars rolled into various

tram depots including the one at Dadar not far from our hostel.

While I was films crazy I was very much interested in attending lectures and meetings I rarely missed lectures on scientific and engineering topics at the UDCT. I still recall the lecture delivered by Nobel Laureate Sir C.V. Raman in January 1964. The auditorium was packed with hundreds standing; I was one of them because people came to hear him from all parts of Bombay.

I remember attending a number of lectures delivered by politicians like V. K. Krishna Menon, K. Kamaraj, K. M. Cariappa, Jawaharlal Nehru, C. Rajagopalachari, M. R. Masani and Blitz editor R. K. Karanjia. I also remember attending religious discourses by Swami Chinmayananda who according to my Malayali classmate was from Kerala.

Even though I lost my scholastic career in Bombay, my mental horizon expanded which I value as I came from a conservative family. I used to be critical of Bombayites for their westernised lifestyle and losing their cultural moorings. I never loved Bombay during my stay there. I am quite happy in Orissa.

All the same, NAMASTE BOMBAY/MUMBAI.

MR. SARAT CHANDRA PANDA, now retired, lives in Bhubaneswar.

The Jewel in the Ballot Box:

Electing a New Dalai Lama

Jamyang Norbu

In 1949 the Governor-General of Kham, Lhalu, arranged to speak to the Dalai Lama's tutor, Trichang Rimpoche, at Lhasa over the radio. Robert Ford, the Tibetan government radio operator at Chamdo, wrote in his book, *Captured In Tibet*, that he wondered what the protocol would be for this somewhat unique situation. Lhalu seems to have solved the problem by first prostrating before the transmitter/receiver and then placing a khatag around it before picking up the microphone.

Should a Tibetan voter prostrate before the ballot box before casting his vote for the next Dalai Lama? This odd question popped up in my mind when I read of His Holiness's recent announcement about the possibility of His future reincarnation being elected by the Tibetan public. .. some days after that His Holiness went on to elaborate on his proposal, stating that there were multiple ways in which the incarnation of the Dalai Lama could be selected, including picking a successor himself or having him elected in the manner of the Catholic Pope by a college of lamas. In His latest statement, he did not discount the possibility of a woman being chosen as the next Dalai Lama. But his most radical proposal has definitely been the one for holding a referendum in Tibetan society on whether he should be reborn at all. And, whether or not the institution of the Dalai Lamas should come to an end.

It was clear that, at least on

one level, this was His Holiness's way of countering the Chinese government's announcement about its intention of controlling the reincarnation process of Tibetan lamas. As a tactical move it was certainly effective in that it received a lot of publicity and discussion in the international media and demonstrated that the Dalai Lama was not going to sit back and let China have its way on this issue

Even in the traditional selection process of the Dalai Lamas, there were features that might be described as democratic, in the loose, non-technical sense of the term. Dalai Lamas have emerged from a diverse variety of areas and social classes. The first was from the most humble of backgrounds, and a number of subsequent incarnations were of peasant and nomadic stock. We are all aware of the solid rural credentials of the present incumbent. One cannot escape the "Log cabin to White House" comparison, with a humble household becoming the first family in the Tibetan Buddhist world. The accompanying power and wealth would sometimes go to the head of the "Great Father", the head of the household, in unfortunate ways, as happened in at least two cases in Tibetan history. Even if the institution did throw up a few problems like this, there was a common belief nationwide that at least the selection process was free of trickery or deception, and that every Tibetan household, or at least one with a pregnant woman at that moment, had a genuine

chance of winning this greatest of national lotteries, as it were.

I quickly realized that the idea of electing the Dalai Lama, though certainly intriguing, raises considerable problems. Of course it would be ridiculous to select a number of child candidates and ask people to vote for one of them. I am sure His Holiness was not exactly thinking of that when he talked of elections. How could the public be reasonably expected to determine the spiritual qualities of a child candidate? In that case would the system then limit itself to adult candidates who could at least tell us about their spiritual qualifications for the job?

Among all of His Holiness's proposals, the one I found most troubling was his idea of holding a referendum on whether the institution of the Dalai Lamas itself should come to an end. I am personally convinced that the Dalai Lama system should not only continue, but that the manner in which the incarnation is selected remains unchanged. I feel it is absolutely vital that we be able to convey the impression, the conviction that the institution is permanent and inviolate. I could think of a number of reasons: historical, psychological, even sentimental, why we should do this, but the most important reason right now would be that the Dalai Lama is the living symbol of a free and independent Tibet, not just for the world, but most of all

cont'd.p.56

From Our Readers

Nandigram Lifts the Veil

A much guarded state secret as to why the communist rule for three decades in West Bengal has bucked the anti-incumbency factor has been exposed by the ugly happenings in Nandigram which has shocked the conscience of the nation.

The tragic happenings prove that against all tenets of responsible government it appears to be that a state's policy is to silence opposition by strong arm method. Of course this attitude should not surprise us for the history of the Indian brand of communism is based on an unvarying allegiance to an ideology which had roots in Russia and consider Marx, Lenin and Stalin as their political mentors and that is how all sorts of distortions have happened.

There is nothing basically wrong in the core of the ideology for that matter in any ideology for they emerge in the crucible of political experiment as such but when it has to be applied to another country at another time with distinctly different social mores and attitudes it has to be grafted with due care. For example Russia has already dumped it and even China, who seem to be the new-found masters of our Indian comrades, has changed colour to suit the march of time. But our communists will have none of it and they seem to be caught in a time warp as if they have travelled back in time machine and lost the key to rev it up to come back to the present and look forward to the future while all countries are taking giant steps to move with the times. The tragedy is our comrades appear to mistake the hammer and sickle flag dyed in deep blood red as their national flag and there lies the rub. Of course they can not fool the people of West Bengal all the time and next time when elections are held the voters cannot be driven like animals in a stockade to election booths to vote at the point of the gun.

H. R. Babu Satyanarayana, Mysore

*

Gujaratis' World View

I am afraid that Sri Firoze Hirjickaka (*Freedom First*, November 2007) has erred in much of his characterization of Sri Narendra Modi, Hindutva and Gujaratis. The average Gujarati Hindu is transformed post-Godhra - not as a vengeful Vishnu but as a re-establisher of dharma like Lord Krishna through the Kurushetra war.

The Muslim problem of India was not solved by the Partition because Muslims who brought about the partition continued to stay here and have revived their separateness as evidenced by Minority Commissions, Minority Ministries, Minority Finance Corporation, Minority Educational Institutions and now, the Muslim First programs. Is it not strange that the Gujarat riots are being talked of but not the one that triggered them namely the burning of over 50 Hindus returning from Ayodhya in two rail bogies in Godhra.

Scores of judicial commissions had been appointed to go into the causes of Muslim-Hindu riots in India before independence and more significantly even after independence. Not one report has been published by the Governments of India or the states. Why?

The murderous attack on Taslima Nasreen, the large scale vandalism of Hindu shops, establishments and houses in the wake of the bomb blast in Mecca Masjid on May 18, 2007 by MIM MLAs and their multitudes and the violent attack of an MIM MLA and his goons on a lady doctor in Niloufer hospital, could have triggered communal riots but for the extraordinary restraint shown by Hindus.

While Muslims can have the Muslim League Party, if anybody talks about a Hindu party, he is branded

as a communalist whereas the Muslim Leaguers are not called communalists. In the light of these developments would it be difficult to notice that great resentment is building up even among the educated and informed secular Hindus? Gujarat and Sri Narendra Modi have become the model for the rest of India if secularists go on demonizing Sri Narendra Modi and Gujarat. This was proved by the impressive victory of the demonised, “fascist” “communal”, “Hindutva” Modi in the recent elections to the Gujarat Assembly.

Dr. T. H. Chowdary, Secunderabad

This letter is a considerably shortened version of a much longer riposte by Dr. Chowdary. Lack of space prevents us from publishing his letter in its entirety. The history of Hindu-Muslim communal conflict as pointed out by Shri Chowdary is undoubtedly correct and regrettable. But there can be no justification for continued mayhem. No Government swearing allegiance to our Constitution can ignore much less support the killings of innocent people, be they Muslims or Hindus. People may react in anger but a government cannot. There can be difference of opinion on whether the Modi Government was deliberately lax or things went out of its control. This discussion is now closed. Editor

*

Helpless Citizens

Day in and day out, we learn from the media about the incidents of corruption in the various government departments and misuse of position and funds by the politicians in power and by the bureaucracy. In the process, citizens, particularly those belonging to the under privileged section of the society, suffer in variety of ways. One can clearly see such conditions in many places such as government owned hospitals and ration shops that are supposed to cater to the needs of the poor. Even cremation grounds are not exception as one cannot even cremate a dead body without greasing the palms these days.

It is often said that such conditions exist because the average citizen of this country is indifferent and does not protest. This contention is not true, since whatever the protest that are made by the individuals are often ignored by those in power and authority.

What can a citizen do in the event of finding conditions where he is being exploited or subjected to unfair dealings either in the government offices or hospitals or police stations?

He can write to the government and to the Chief Minister but on most occasions such communications are not acknowledged or simply acknowledged after several months without initiating any tangible actions. The next option is to send letters to the press. Sometimes, these letters get published but even in the case of letters published in well circulated newspapers and journals, the government rarely takes note of it. The third option is to go for public protest by way of indulging in street demonstrations but this cannot be done by individuals or small groups effectively and requires the backing of an opposition political party or a non governmental organisation and it is very difficult to get such backing for an individual. Further, those indulging in public protests can be hauled up as a law breaker and one cannot expect an average law abiding and suffering citizen to involve himself in such public protest.

Finally, the suffering citizen remains helpless and has no alternative other than submitting himself to injustice and even humiliation at times.

Unless we have a government and official machinery that has the commitment to govern adequately and honestly, the average citizen of this country will continue to remain helpless.

N. S.Venkataraman, Chennai

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BOOK REVIEWS



CASTE-BASED RESERVATIONS AND HUMAN DEVELOPMENT IN INDIA by K. S. Chalam ● Published by Sage Publications India Pvt. Ltd, B42 Panchsheel Enclave, New Delhi 110017 ● Year of Publication 2007 ● Pages 210 ● Price Rs.275

Reviewed by DR. R. K. Hebsur, formerly Deputy Director of the Tata Institute of Social Sciences and till recently Senior Researcher, Bahrain Training Institute, Bahrain.

This book is a collection of articles written by the author over many years and published in various journals. Reservations for the backward classes, backward class movements, and the social and economic conditions of the Scheduled Castes (SCs), Scheduled Tribes (STs) and the Other Backward Classes (OBCs) - particularly in the context of human development and the new economic policies of India - inform the chapters of the book.

An eminent economist, with a flair for political economy and sociology of economics, the author is a member of the Union Public Service Commission. His arguments, which are quite a few, are interspersed across the chapters. Hence, his arguments have to be examined one by one, rather than chapter wise. Due to the constraints of space only a few major arguments will be reviewed.

In the first set of main arguments the author rightly points out that the Hindu caste system petrified the inequalities and social exclusion, by almost condemning the backward castes and the Dalits to their hereditary trades and occupations, and further by putting a ritual seal on the hierarchy. The near monopoly of the *dviya* (twice

born) castes (i.e. Brahmins, Kshatriyas and Vaishyas) in government jobs, educational seats, and their predominance in the urban professions were challenged by the upper Shudras. He argues that when the 1925-26 (*sic*) communal Government Order (GO) of the Madras province was struck down by the Supreme Court in 1951, the OBC issue came to the forefront and the backward class leadership fought within the Constituent Assembly and outside, and got the Constitution amended. (What was struck down by the Supreme court was the 1947 Madras GO). In the opinion of the author, the development of the elite class from among the *dviyas*, particularly among the Brahmins took place during the 1960s. The *dviya castes* are now arrogating to themselves the resources and opportunities in the country. He alleges that the first thing the NDA government did in 2001 was to extend by (another) ten years the reservations for the SCs and STs in the Assembly and Lok Sabha constituencies in order to co-opt some opportunist members (of the parliament) belonging to these categories. The *dviyas* now constitute the new dominant castes. Caste is now a powerful weapon of the New Economic Policy. Meanwhile, the Dalits constitute the bottom of the heap.

The four fold *varna* model

breaks down in many states. One cannot call the Reddys and Kammass of Andhra Pradesh, Lingayats and Vokkaligas of Karnataka, Marathas of Maharashtra, etc. Shudras. The Nairs of Kerala cannot be equated with Kshatriyas. There is no Vaishya caste among the Malayalee Hindus. Where should the Kayasthas of Uttar Pradesh, Bihar, West Bengal and Maharashtra be located? There is no *shastric* or sociological basis for the author's classification of the Shudras into upper and the lower strata. The story of backward class movements in the then Madras Presidency, and the then princely Mysore is more complex. Initially the Madras agitation started as a plain non-Brahmin movement. It was led by landed gentry castes. They called their manifesto of 1916 "A non-Brahmin manifesto". By the thirties of the last century, the Justice party of the non-Brahmin landed gentry castes simply disintegrated. The princely Mysore also went through the same stages, but over a longer period of time.

The author argues that the *dviya* castes have cornered the resources of the country. If by this he means the managerial cadres of the banking and industry, it is true. He himself gives the reasons for the phenomenon. But, he further alleges that the tycoons (read Brahmins and the other *dviyas*) of

the public sector ploughed money into private coffers. The argument that in 2001 the Vajpayee government renewed for (another) 10 years the reservations for the SCs and STs in the Assembly and Lok Sabha constituencies in order to co-opt the opportunistic members of these categories is a major howler of this book. All the previous Union governments have done this once in ten years since 1971: Indira Gandhi, 1971 and 1981; Narasinha Rao 1991. Again, the author is not justified in rejecting M N Srinivas' concept of 'dominant castes'. Agricultural land is still an important resource. Along with numbers, i.e., size of the population, and relative ritual status, land ownership still enables a caste dominate state legislatures and zilla parishads, and control privileges, patronage and contracts.

One has to accept the author's argument that the forward castes constitute a significant proportion of the Indian diaspora, particularly in North America and the United Kingdom. But, the Kammass, Reddys, Patels, the Punjabis (Sikh and non-Sikh) also constitute a sizeable proportion. It is a fact that the artisan castes, SCs and STs constitute a miniscule proportion of the diaspora. It is also a fact that these émigré caste groups have built temples and observe the main Hindu festivals with an unusual gusto. But, this is typical of all émigré communities. It is preposterous to liken this to international Zionism, as the author does. The root cause of all this is the neglect of primary and secondary education since the planning exercises started. But, who is behind this neglect? Some 15 forward castes? By the time the Third Five Year Plan commenced (1961), in most states the landed gentry and peasant proprietor castes were controlling the state

legislatures. According to the author, they are supposed to have provided leadership to the backward classes.

The author's second set of main arguments contain the following points. He argues that it is purely illogical on the part of the forward castes to say that whereas the constitution contains the phrase 'socially and educationally backward classes', the various commissions and GOs have used caste, and not class as the units of classification. He states that a backward caste is a backward class.

The author's telescoped and truncated case studies ignore the dynamics of rivalry among the castes, even dominant, to be classified as backward. (The recent [May- June 2007] violent agitation of the Gujjars of Rajasthan to get the status of the STs is not different.) Take the example of Karnataka, which has witnessed one Backward Classes (R Nagan Gowda, 1960) Committee, and three Commissions (Havanur, 1975; Venkataswamy, 1986; and, Chinnappa Reddy, 1990). The Nagan Gowda committee rejected the claims of the Lingayat community for the status of backward. The subsequent Commissions recognized only some sub -castes as backward. But the leaders of the community waged a relentless agitation. Mr. Hegde, whose base comprised mostly the Lingayats, recognised them as backward. As long as such landed gentry and peasant proprietor (and ritually relatively higher) castes advance with political clout such claims, which are recognized, the reservations for the OBCs cannot be brought within the paradigm of human rights, as the author suggests. But, the claims of the SCs and STs can be examined from the human rights angle.

While summarising the Mandal Commission methodology and findings, the author repeats one of the arithmetical mistakes the Commission has made. The Commission did not accept the Supreme Court's suggestion (1963 *Balaji* judgment) that 50 per cent of the state average for a caste should be applied to distinguish between the forwards and the backwards. The reviewer wrote about this earlier.¹

The Commission argued that an application of formula would result in anomalies. But, one of the examples given by the Commission is wrong and misleading. The Commission points out that illiteracy in Bihar (1971 Census) is 80 percent. Fifty percent of this is 40 per cent. To be considered as backward on this criterion, a caste would have to have an illiteracy rate of 120 per cent (80%+40%). It concludes that this exceeds the 'maximum saturation point of 100%! This is pure arithmetical jugglery. This argument can be turned on its head. If Bihar had illiteracy of 80 per cent in 1971, its literacy was 20 per cent. Fifty percent of 20 per cent is 10 percent. If a caste has 10 percent literacy rate or less, it deserves to be put in the backward list.

In view of this, and for the reasons of the representativeness of the Mandal sample, the Mandal tables have to be studied. But, the Report does not give the tables. We should not treat the Mandal list as the gospel truth.

But, the arguments against further economic criteria for skimming off the creamy layer are compelling. Even after their wards get admission to the professional colleges, the author argues, their families will have to bear heavy educational expenditure. But, without appropriate educational

qualifications, the wards cannot hope to get good jobs. The educational culture in the families develops over three to four generations. This is a matter for further research and debate. But having dubbed the further economic criteria for the OBC castes as double counting, the author also advocates a single list of the backwards, but after eliminating 'the strong and the privileged' among the backward classes. In another place, he has made a novel suggestion: all families should be ranked on a weighted cumulative index of backwardness; the indicators will include caste and literacy, etc. But, the certificate of backwardness will not mention caste. This suggestion needs to be examined.

In the third set of main arguments the author argues that the methodologies of constructing measurements of poverty levels came to be dominated by the economists. They failed to take into account identity, self-esteem and dignity of the human beings. The poverty levels among the SCs are still high. The offences against them have been increasing. While the World Bank identifies the groups vulnerable to poverty, it refuses to recognize the impact of liberaliza-

tion, privatization and globalization. In another argument, he attributes the better performance in terms of human development of the four south Indian states to the strong backward class movements these states have experienced.

The author has correctly and sensitively portrayed the conditions of the SCs in India. He argues the politicians use the various rural development projects to deepen the caste cleavages in the villages. He points out that the ruling elite of the country, drawn basically from the feudal and landed interests are not interested in land reforms. It is hoped that the author includes many non- *dvija* castes in these landed interests.

The author demonstrates that in terms of the human development index the four south Indian states are better than many other states. But there are other states like Maharashtra, Gujarat, Punjab, which have done better than at least Andhra Pradesh and Karnataka. He does not wonder why West Bengal ranks 9th despite 40 years of Marxist rule. Among the south Indian states Andhra Pradesh ranks the lowest. This he attributes to the state being closer to the

Vindhyas! The fact is the backward class movement in the Telugu areas of the then Madras presidency lost its steam once the Andhra University was established in 1926.

The fourth set of main arguments of the author is that the political, economic and social elite system in India is distorted. This is inconsistent with the requirements of globalisation and liberalization. India is now being ruled by an oligarchy of castes. Hence he advocates proportionate representation of each caste and community at all decision making echelons – public or private, education, or panchayat, etc. This is truly a remarkable vision.

All in all, the book is not only topical and wide ranging, but also thought provoking and a good deal controversial. The tables are simple and self-explanatory. All those who are interested not only in reservation, but human development should study the book.

¹ R. K. Hebsur, "The Reservation Conundrum: the Alternatives", *Freedom First*, No.470 (July 2006) p.19.



The word parliament indicates by its etymology free exchange of opinions through debate. That meaning has now disappeared and parliaments have become meetings of groups rigidly pledged to different policies. Governments do not change policies as a result of debates either in parliament or elsewhere. They are moved only by the language of force. We have now therefore agitations and demonstrations of all kinds, including pillage, hartals and arson, replacing the old way of reason and persuasion.

C. Rajagopalachari,
'Quality of Politics' reprinted in *Dear Reader*
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THE UNITED NATIONS IN THE NEW MILLENNIUM by B. N. Mehrish ● published by Academic Excellence Publisher and Distributors, 42, Ekta Apartment Geeta Colony, Delhi 110031 ● Year of Publication 2007 ● No. of pages 326 ● Price Rs.890

Reviewed by Ankush B. Sawant, Director, Centre for International Strategic & Development Studies, Mumbai.

The establishment of the United Nations in the mid-twentieth century was a momentous event. Its main purpose was to “save succeeding generations from the scourge of war” and to “seek international co-operation in solving international problems of an economic, social, cultural and of humanitarian character”. The basic assumption was there would be unity among the great powers in solving international problems. Unfortunately, at that very juncture, the Cold War erupted between the two Super Powers shattering the basic assumptions of Great Power unity. Not only the functioning of the United Nations became difficult, but its very machinery became inoperable.

The end of the cold war and the disintegration of the Soviet Union almost revolutionized international relations. It saw the dismantling of the bipolar system; the ending of East-West ideological confrontation and geo-political issues ceased to dominate the UN agenda. This gave rise to a new hope for Great Powers unity and for the smooth functioning of the United Nations. This great power unity was reflected during the first Gulf War to liberate Kuwait. However, this brief “unity” evaporated when the USA as the single Super Power, started dominating the UN and dictating terms. The launching of

war against Iraq under the pretext of it having weapons of mass destruction remains a classic example of the trend. As a result, with Iraq began a demand for reforming and restructuring the UN. With 2005 being the Diamond Jubilee Year of the foundation of the UN, the call for restructuring received a fillip. However, this debate lacked sharp focus. After half a century of its founding, the United Nations is still at the crossroad being assessed for its achievements, failures and future prospects.

The book under review is a study of these issues against the background of the challenges and

problems faced by it in the post-Cold War international order. The author of the book, Dr. B. N. Mehrish has all the credentials to write on the theme. He was studying and teaching international law and the United Nations for several years before his retirement. He continues his research and sums up his mature views and reflections on this complex subject. It is indeed a noble gesture that he has dedicated this book to the memory of the late Dr. Usha Mehta, former Professor of Political Science and Head of the Department of Politics University of Mumbai, where he served.

The book is in four parts.

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The first part highlights the new problems and challenges such as global governance, economic governance and the environment and the imperative for reforming and restructuring of the United Nations. The second deals with key dimensions and matters of finance and related issues, international civil service, strengthening the General Assembly, peace and security issues, protection of the environment, human rights, empowerment of women, etc. The third part highlights perspectives of the different states and group of states on reforming and restructuring body. The fourth and last part is what the author describes as "Overview and Summing Up".

The study is rich in information collected from almost all major sources, and quite objective. Reforming the UN is considered in detail, citing major books, and reports and covers almost all important issues facing

the world community. An equally important aspect of the book is analysis of the financial aspect of the UN.

A changed international environment calls for reforming and restructuring the UN, the core being changes in the structure of the Security Council. The enfeeblement of the traditional international State systems cries out for revitalising the peace and security systems of the UN. Excessive dependence on a few members for financial contribution makes the UN vulnerable to political pressures.

In places, issues discussed are over-crowded with information. Similarly, while analysing the perspectives of various member states, no proper weightage is given to them. The USA and its perspective is discussed at length. No corresponding weightage is given to French and British positions

which are dismissed in a few lines. Attempts could have been made to update the information (for instance on page 62). More attention to theoretical dimensions would have added to its value.

Reforming and restructuring the UN system, as Dr. Mehrish observes, are indeed complex, multi-faceted and politically controversial. Different member-states, having different perspectives and perception naturally reflect in differences among member states in terms of power, level of development and political outlook regarding world problems. Reforming and restructuring is inevitably likely to be a lengthy process and Dr. Mehrish has focussed sharply on the debates and negotiations.

The book is a welcome addition to the existing literature on the UN.

The Jewel in the Ballot Box *(cont'd. from page 47)*

for those Tibetans struggling to survive, day after day, year after year, under the unrelenting and pitiless tyranny of Communist China.

We know what everyone in Tibet wants – from the humble peasant in Ngari, the solitary nomad in the Changtang to so many others in Kham, Amdo and U Tsang – is an opportunity to see His Holiness and receive his blessings. It must be understood that this desire to see His Holiness is not merely a religious aspiration, divorced from people's sense of themselves as Tibetans. Feelings of identity, uniqueness and nationalism are often expressed in different ways, not necessarily aggressively or politically. The more potent and emotive are often indirect and sym-

bolic. The Dalai Lama may see himself as a "simple Buddhist monk" or a teacher to the world, but for his people he is the living symbol of their long hoped for freedom from Chinese rule. In the last couple of years with Beijing cracking down on even those Tibetans it employs as officials, a genuine groundswell of devotion to the Dalai Lama and the hope of a free Tibet have become remarkably manifest all over Tibet.

But no matter how important we Tibetans may regard the institution of the Dalai Lamas, and would like nothing better than to see it continue unchanged, His Holiness himself has, on a number of occasions, made it clear that he would like to retire. Constitutionally this might create a problem

since Dalai Lamas are not appointed or elected, so the question of retiring should not really arise. The Dalai Lama's position is not even like that of a king, who does not become one until his coronation. Rather, the Dalai Lama's is a lifetime job. He is born a Dalai Lama, and it is assumed that he is one even if the search party hasn't yet made it to his village and found him. Even in his minority when he does not have the authority to skip a calligraphy lesson, he is still the Dalai Lama. Being the Dalai Lama does not seem to require that he have actual political powers.

COURTESY: MR. JAMYANG NORBU and Phayul December 18, 2007. Excerpted from a longer article on the website www.phayul.com - recommended.

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