

## Sugar woes may be over

After several months of uncertainty and shortage of sugar supplies, there appears some relief in the situation as the State Government is reported to have signed the deal with a sugar dealer from Maharashtra. Supply of subsidized sugar to the State was halted by the Food Corporation of India some time back which threw the Public Distribution System in both the regions of the State into total disarray. Food and Supplies Department had to find alternatives of direct purchase and further supply of sugar to the consumers. This led to a complicated procedure and the State Government constituted a high-level Purchase Committee for procurement of PDS sugar from open market. Tenders were floated and finally a miller from Maharashtra was announced the successful bidder.

Naturally the Government had to complete all formalities to purchase huge stock of sugar to the tune of 8000 tons. As such one stage was to get the quality of sugar tested by a reputed national laboratory. This process also took its time and when the report came and was passed, the next stage was of issuing formal order of acceptance of the tender of the bidder. It is this stage that we are talking about. The Directors of PDS in both the provinces have been advised to place orders with the firm. Supply of subsidized sugar is likely to be made available at the stores in the State by the first week of the next month. This will overcome the shortage of sugar the price of which had shot up in black market.

We hope that public distribution system will efficiently handle the situation. The PDS has already suffered censure of the people and it should not give any chance to anybody in regard to smooth and fair handling of subsidized sugar to the consumers.

## Connived lawlessness

All it organized crime or connived lawlessness, the act of unilaterally grabbing about 1.6 acres of prime land on Maulana Azad Link Road in Srinagar speaks much more than what meets the eye. About 50 taxi drivers got the Srinagar Development Authority land bulldozed in the night of 24-25 August and put up the signboard of Taxi Stand over a land that costs about 100 crore rupees. Some sections of society believe that the gang of drivers would not summon such audacity as to undertake this blatant act of vandalism if they had not been enjoying covert support of some of the political stalwarts.

The act of illegal grabbing of Srinagar Development Authority land at a prestigious site cannot be condoned and overlooked. It is a crime and will have to be dealt with in accordance with the law. Moreover as the intended taxi stand poses threat to the adjoining residential quarters of the central and state ministers, the law has to come into motion to take care of the development. But apart from this, there is another dimension of the issue.

Srinagar is not only the summer capital of Jammu and Kashmir; it is also the capital city to which thousands of tourists come summer after summer. We have often said that the present Srinagar city is not fit to be considered a tourist city. It is like a primitive village grown haphazardly along the banks of the Jhelum. It has no characteristics of a modern city because it was never laid out except for one or two localities laid out by the former Chief Minister Bakhsbi Ghulam Muhammad. Almost same is the condition with Jammu city.

Efficient transport is an essential component of tourism among other components. That means roads and avenues should be wide and at least of four-lanes; there should be adequate parking space available to private owners of cars and taxis. Multi-storey parking slots have to be provided for decongestion, recreational and children's parks are to be laid out and so many other pre-requisites have to be met with. Why has not the Srinagar Development Authority provided adequate parking slots to taxi drivers who are essential part of tourism in the State? The taxi drivers' union had been making frantic appeals to the Government for providing them parking space but their appeals fell on deaf ears. In such circumstances, where the bread earner is pushed to the wall, reaction is bound to take place. We are not absolving the land grabbers/taxi drivers of an illegal act cognizable under law. They will have to bear the brunt of violating law and order. But even after punishing or chastising them, the original question will continue to haunt the Srinagar Development Authority. The question where to park the vehicles has to be decided. Srinagar Development Authority should have dealt with the issue long back and if it has already identified the site and raised the infrastructure, they the taxi drivers had no right to resort to illegal action.

We do not accept the plea that the SDA and the police have failed to evacuate the illegal occupation. Since the SDA and the police both have expressed their inability to force the rule of law, does it mean that lawlessness will prevail and the state will pass into the hands of looters, land grabbers and goons? When Government means business, eviction will take half an hour. But when there are vested interests, Government brings in a plethora of pretexts. It is now for those who claim to give the people clean administration and good governance to decide what action they would take against those who have indulged in an act of lawlessness and highhandedness.

# Indo-Pak talks must go on

Nantoo Banerjee

Frequent Chinese incursions into Indian territory were not strong enough a reason for the two countries not to hold the recent fifth round of strategic dialogue, though after a gap of three years, and even agree on beginning a joint military exercise later, it is difficult to understand why should India and Pakistan allow their proposed peace and economic cooperation talks get so easily hijacked by recent cross border killings. The question is simple: must the two responsible popular governments leave the matter of bi-lateral relations to army, espionage agencies and terror groups to dictate and prevent diplomacy and the process of political engagement from doing the job?

The newly elected Nawaz Sharif government is reportedly keen to resume dialogue with India. So is India's election-bound UPA government. Unfortunately, vested interests on both sides seem to be hell bent to get such an initiative spiked at any cost. Indo-Pakistan border skirmishes along the Line of Control (LoC) have been as routine an affair as the Chinese army's frequent flexing of muscles along the Line of Actual Control (LAC). Unfortunately, India has been mostly at the receiving end. Intelligence agencies from both China and Pakistan are active in India -- China passively, arming local insurgent and separatist groups in the north-east and Maoists in the Indian heartland, and Pakistan more actively by launching border attacks, exporting terror directly and disturbing communal peace.

Since armed response or diplomatic shut-down is no way to find an end to the contentious border disputes, which all the three countries inherited almost since their birth -- the McMahon Line, also known as LAC, effectively demarcating boundary between China and India and LoC dividing Pakistan and India in the Kashmir region - keeping the process of dialogue on even through such seemingly unfavourable conditions as they exist now along LoC is an option that needs to be continuously explored.

Even those right-thinking pro-dialogue, pro-peace Kashmiris are taken aback by the current attitude of the two Governments. The Jammu and Kashmir unit of the Marxist

communist party described the situation at LoC as "most unfortunate and a step backward" and felt India and Pakistan should fight their "internal enemies" rather than "aiming their guns" at each other. "Let India and Pakistan fight their greater internal enemies of poverty, corruption, diseases, natural disasters like floods and, of course, terrorism and sectarian violence, rather than aim their guns at each other," stated CPM's J&K



state secretary M Y Tarigami recently. He said that the leadership of both the countries have to rise above small political considerations, exercise control, show grit and take "bold initiatives".

The rising tension along LoC is only feeding hardliners on both sides, who don't want improved Indo-Pak relations for narrow political reasons. As in Pakistan, any deterioration of situation and rising tension along LoC is a delight for rightist elements during election time. This, if not for nothing else, itself should serve as a good reason at least for the Congress-led Indian government to engage Pakistan in high level diplomatic and political dialogue to destroy the design of Indian hardliners to make it one of the major issues in forthcoming election campaigns. It is time that India shows a similar attitude to Pakistan as it has lately followed towards China to initiate peace dialogue and multi-level engagements to tackle cross-border tensions.

Lately, India has shown extra-ordinary maturity and restraint in dealing with China despite series of provocations and put up a brave face that he in his senses is but a tipping point comes when he collapses. That tipping point for the rupee came last month; and with the announcement of passage of the Food Security Act which would impose and additional burden of 130k crores on the Government this turned into a mayhem. Foreign investors realized that the debt burden on the Government is increasing. Investment in infrastructure is lagging. The politicians and bureaucrats are extracting huge monies through corruption. Cost of production in India is going up. India is losing competitiveness in the global market. They decided to go negative on India and started to withdraw their monies. Result has been decline in the rupee.

The Government appears to have foreseen this. Efforts were made to ensure that the tap of foreign investment did not go dry. The Government can do little for attracting Foreign Institutional Investment in the share markets. This is driven by assessments by the investors. Thus the Government embarked on a plan to open up Foreign Direct Investment. Thinking was that opening FDI will instill confidence among foreign investors that Indian economy is globally competitive and that, in turn, will persuade the Institutional Investors to remain positive on India. Thus the Government increased the caps on FDI in various sectors. Previously more than 25 percent FDI in defense sector was not permitted. Now this is allowed up to 49 percent on case-to-case basis. The cap has been increased from 74 to 100 percent in telecom sector; and from 25 to 49 percent in the insurance sector.

This policy did not succeed though. First reason is that it takes time for FDI to materialize. An international telecom company would first commission a market survey, make a project report, tie up with banks and obtain necessary licenses before money would start pouring in. This would take at least 2-3 years. Second, the burden of profit repatriations is rapidly increasing. Amount remitted by foreign investors was 4 billion dollars in 2010. It increased to 8 billion dollars in 2011 and further to 12 billion dollars in 2012. Outflow on this account is likely to increase rapidly in the coming years as foreign investors start repatriating the profits in larger

response.

Actually, India's foreign affairs and defence ministries have been consciously downplaying Chinese incursions and also rejecting any suggestion of combat operations along LAC as "media exaggeration" so that they don't snowball into a bigger conflict. Indian Army has been asked to take a guarded line on the subject. They say that borders (LAC) are fluid. Both the armies patrol the areas along LAC with no borders in mind. The reported incursions never impacted Border Personnel Meetings (BPMs) between the two armies.

And now, think about this: once again, mighty PLA has decided to hold military exercises with Indian Army for a good 10 days from November 4 in Chengdu region in China, following the successful diplomatic dialogue between the two countries. The decision to hold the 'Hand-in-Hand' series of exercises was taken in a meeting between Indian and Chinese military officials. During the war games, the two sides will reportedly practice counter insurgency and counter terrorism manoeuvres under the UN mandate. This will be the third edition of the exercise, coming after five years as though, of the drills held in Kunming in December 2008. The first one was held in Kunming in China in 2007. After the denial of visa to the then Northern Army Commander Lt Gen B S Jaswal by China in 2010, India had frozen all bilateral defence exchanges with Beijing.

Good diplomacy is all about meaningful engagement and dialogue and not detachment or indulging in counter-productive blame game. It is to prevent incidents from turning into issues and issues developing into crises. India needs to engage Pakistan in the same spirit as it is engaging China. Setting strong pre-conditions for dialogue rarely work. They invariably vitiate the atmosphere of dialogue. To reduce tension across the borders, blunt terrorists' weapons to heighten tension between the two countries and understand each other better, India and Pakistan must have annual strategic meet and, finally, joint military exercises. And, now is the time. The Sharif Government is new and, so far, appears to be well meaning. Maybe, it deserves to be handled with greater compassion. (IPA)

## VHP Ayodhya yatra

Lalit Sethi

Where was Narendra Modi during the Ayodhya Yatra? Where was Amit Shah? Both were missing from U.P. Why is it so? It was not their show even if it was for their benefit. They were mere piggybacks for the U.P. vote, which is crucial for Narendra Modi. It was called 84 kos yatra, but the 84 mile belt lies in the Braj Bhoomi around Vrindavan and Mathura; so an imaginary belt was created in Avadh.

The Vishwa Hindu Parishad leaders took to the streets and courted arrest. With good luck the Lucknow Bench of the Allahabad High Court has ordered the release of the VHP leaders, who have been lying low but now wish to be seen and heard. The BJP president made noises, but Lal Krishna Advani is silent. He is the original yatri, but he realizes that he is no longer a game changer. Anyone who copies his original and a recent yatra starting from Patna rather than Gandhinagar in Gujarat gives no credit him nor does he mention his name. He is a sinner; he is almost an outcaste.

The VHP theatrics rock Parliament as the BJP clashes with the Socialist Party, but the clash is fake and full of crocodile tears as BJP joins hands with the Government in passing the Food Security Bill as is done by Mulayam Singh Yadav, who also make noises against nearly free foodgrain for poor and starving Indians. Where is even salt, 'daal' or any other nourishing food; one cannot live by bread alone, not with bare rice; yet the BJP takes credit and hopes to gather some votes. "It's all political, stupid!"; everybody knows that but they want their pound of flesh in the shape of votes; whether they get them or not is another matter.

The BJP knows that 25 per cent of the Muslim vote in U.P. is stacked against it, but they also know that Muslims send flowers to the temples; they are not against Lord Rama; they are with the folklore. The Masjid is gone. They live on in Ayodhya and elsewhere; they have moved on; so what is the big deal. The VHP and BJP hope that if 25 per cent Muslim vote is against them, 70 or 75 per cent is not. But they think Mulayam and his son are mistaken if they believe that Muslims will tolerate their misrule; there is total breakdown in law and order. Platitudes will not satisfy or feed them. Mulayam has said that food security will impose responsibility and burden on his son's government and both are not prepared to spend a penny or naya paisa and take any responsibility or do anything for the voter. Mayawati is waiting in the wings like a hawk on their vote bank and she hopes to rout both father and son in the General Election in April for their misdeeds as she did more than five years ago in the Assembly elections in U.P.

Mulayam Singh hopes that his secret, behind the scenes with Congress and BJP will keep him in the sights of the voters, but he knows he is ageing and his son is in the grip of the mafia he created long ago and is totally ineffective. But his deal is restricted to one seat that is Sonia Gandhi's and Akhilesh Yadav's wife's seat. BJP believes that the Muslim vote is badly split and their neglect and poverty is all talk by all parties and boils down to nothing on the ground; so they will let parties sweat for their ballot or the button on the electronic voting machine.

Large parts of U.P. are plunged in darkness by dusk or even powerless at noon; so where is the scope for trusting any leader's ability to do anything for the people. Power plants lie idle in the absence of coal or gas; new ones are being built and money thrown away as they will never be lit for decades to come. The captains of industry who keep gas blocks shut will not spend a penny to solve the energy crisis. The public sector will not be allowed by them to do anything and will be captive to the whims of moneybags, thanks to the greed and desire of wealthy filling their coffers and sharing some of the loot with vote gatherers to serve them and their interests in parliamentary and legislative forums. They are the creators of wealth as India is not empowered but weakened with the rupee going down to new lows.

Sonia Gandhi makes a forceful speech but the viral fever catches her; yet she pilots the food bill forcefully and is forced to leave the Lok Sabha chamber for the Medical Institute with the doctors waiting to try and restore her to health and hopefully make her fighting fit. But she perhaps knows that Rae Bareilly and Amethi are not safe seats for her and her son; so both may choose safe constituencies elsewhere in India, perhaps Medak in Telangana from where Indira Gandhi was once returned for double victory. Sonia may leave Rae Bareilly to Priyanka, but will she be able to light the home and run the fans in the huts with a callous Mulayam twiddling his thumbs, talking big but doing nothing. (IFS)

# Rupee fall and FDI

Dr Bharat Jhunjhunwala

Present fall of the rupee is due to the use of money received from foreign investment for consumption. Manmohan Singh has hugely increased government consumption in the last ten years. Schemes like MNREGA, loan waiver and now Right to Food have been implemented. Salaries and perks of government servants have been raised after the Sixth Pay Commission. And, of course, there is huge leakage of government money through corruption.

The culprit is not foreign investment but use of the money received. Say a foreign investor deposits \$100 with an Indian Bank. The Government borrows this \$100 from the bank and imports wheat and distributes it as Right to Food. The wheat is consumed away but the debt of \$100 remains. The foreign investor can take this money back anytime he wants and the Government is committed to allow him to buy dollars for this remittance. Net result is that consumption has been financed by debt.

Obviously this cannot go on indefinitely. There comes a tipping point. A drunkard can drink

and put up a brave face that he in his senses is but a tipping point comes when he collapses. That tipping point for the rupee came last month; and with the announcement of passage of the Food Security Act which would impose and additional burden of 130k crores on the Government this turned into a mayhem. Foreign investors realized that the debt burden on the Government is increasing. Investment in infrastructure is lagging. The politicians and bureaucrats are extracting huge monies through corruption. Cost of production in India is going up. India is losing competitiveness in the global market. They decided to go negative on India and started to withdraw their monies. Result has been decline in the rupee.

The Government appears to have foreseen this. Efforts were made to ensure that the tap of foreign investment did not go dry. The Government can do little for attracting Foreign Institutional Investment in the share markets. This is driven by assessments by the investors. Thus the Government embarked on a plan to open up Foreign Direct Investment. Thinking was that opening FDI will instill

confidence among foreign investors that Indian economy is globally competitive and that, in turn, will persuade the Institutional Investors to remain positive on India. Thus the Government increased the caps on FDI in various sectors. Previously more than 25 percent FDI in defense sector was not permitted. Now this is allowed up to 49 percent on case-to-case basis. The cap has been increased from 74 to 100 percent in telecom sector; and from 25 to 49 percent in the insurance sector.

This policy did not succeed though. First reason is that it takes time for FDI to materialize. An international telecom company would first commission a market survey, make a project report, tie up with banks and obtain necessary licenses before money would start pouring in. This would take at least 2-3 years. Second, the burden of profit repatriations is rapidly increasing. Amount remitted by foreign investors was 4 billion dollars in 2010. It increased to 8 billion dollars in 2011 and further to 12 billion dollars in 2012. Outflow on this account is likely to increase rapidly in the coming years as foreign investors start repatriating the profits in larger

amounts. This outflow will nullify the positive impact of increased inflows. Third problem is that FDI is coming more for acquisition of existing Indian companies and not for the establishment of Greenfield projects. The impact of this FDI on the Indian economy will depend upon how the Indian seller uses his money. For example a Japanese investor has bought out Ranbaxy. Owners of Ranbaxy got money for selling their stake. Now the impact of the FDI will be positive if the Indian seller invests the money received in some new project in India. The impact will be zero if the Indian seller sends out the money out of India and invests abroad. The increase in caps on FDI did not help us revive our economy for these reasons.

Even otherwise we should not be under any illusion that increasing caps will help attract FDI. FDI had been allowed in retail and civil aviation many months ago. There has not been a single taker. Fact of the matter is that Indian economy is going downhill because the Government has used public funds to buy votes; pay huge salaries to Government servants and siphon out revenues through corruption by Ministers instead

of increasing investments. It is futile to expect FDI to come in with such depressing fundamentals. It is like expecting a cancer patient to get a contract for endorsing some beauty product. This will not work.

Manmohan Singh and P Chidambaram have been running a grand Ponzi scheme like Sharda that went under few months ago. Sharda was running in loss. But it was putting up a brave face.

It was able to convince new investors to deposit their money. Every month the Company got new deposits of say, Rs 1000; incurred loss of Rs 100; and repaid Rs 900 to old debtors. The party continued as long as new deposits continued to come in sufficient amounts so that Sharda was able to repay its old debtors. But the tipping point came and the Company went bankrupt. Manmohan Singh is running the country in this same manner. The Government was running in loss. But it was putting up a brave face. It was able to convince new foreign investors to invest money in India. The Government borrowed this money and parted. Every month the country got new foreign investments of say, Rs 1000; this was borrowed by

the Government which incurred loss of Rs 100; and repaid Rs 900 to old debtors. The party continued as long as new foreign investments continued to come in sufficient amounts so that the Government could borrow and party. The tipping point came last month.

Lesson is that borrowing should be used for productive investment. Highest priority should be given to investment in research, infrastructure and regulation.

The Government may borrow large amounts for these investments but this will not cause any damage because the returns from these investments will generate revenue to repay these borrowings. Middle priority should be given to people-oriented consumption schemes like loan waiver, MNREGA and Right to Food.

These schemes help increase the productive capacity of the people though these are consumption oriented. Last priority is of salaries paid to government servants and leakages through corruption. The fact that the rupee has collapsed means that the unproductive consumption by the government has increased. Controlling this alone will help revive the economy and save the rupee.

## Pass Agriculture Bill

Sir,

The rapid conversion of agriculture land for non-agriculture purposes is a matter of great concern for the residents of this State. Many Civil Society members have time and again voiced their concern. It was this concern that prompted the Government to introduce the Jammu and Kashmir Prohibition on Conversion of Agricultural Land for Non-agricultural Purposes-2011 Bill in the budget session in 2011. Since then the Bill has not seen day light. The fate of the Bill still hangs in the balance due to lack of consensus among political parties in the State. Given the nature of the Bill, this Bill should have been passed by this time and brought into effect.

Though rapid conversion of agriculture land may not affect us instantly but it will have long term ramifications for the people of the State. In many parts of Jammu, people are using agriculture land for raising commercial establishments, and residential apartments as it gives huge profits to builders and contractors.

The farmer still have to settle for peanuts. While as in Kashmir paddy cultivation has almost stopped as people now use land for fruit cultivation. Besides, some land has come under roads. So it becomes necessary that the political leaders without losing further time get the Bill passed in the coming session of Assembly.

Yours etc....  
Sunil Anand  
Reasi

## Children's literature in State

Sir,

Refer news item 'Governor releases 'Bedaar' DE Aug 30. There is no doubt that huge literature is available in all languages of the State. Every year new books find their presence in book stores, and libraries. Whether these are read by people depend on the contents and availability of books. It is also true that there is dearth of children's literature in the State. No language which is mostly spoken by people in the State like Dogri, Kashmiri or Bodhi have much children literature. This is because the writers have not attached much significance to this genre of literature. Most of the writers have attached importance to political issues, and neglected other issues. It is need of the time that writers focus on quality children's literature in their respective languages so that children are acquainted with different aspects of life while entertaining them through stories and poem etc. The Academy of Art, Culture and Languages can play an important role in this endeavour.

Yours etc....  
M.L. Khajuria  
Samba

## Readers Write

### Garbage in City

Sir,

This has reference to the article 'The city of garbage' DE Aug 30.

The author has drawn our attention to an issue which concerns all the citizens of the city. But it is quite disappointing to note that as citizens we are yet to awake to this problem. Our lanes and drains remain chock-a-block with garbage on which stray cattle and dogs feed themselves day and night. The garbage dumps not only deface the city but their stench makes life of people quite miserable. Though people are to a great extent responsible for this situation, the JMC is in no less responsible 'People would dump household refuse in streets or any vacant place. They never bother to dispose it scientifically or in a way which does not cause inconvenience to others. Unless we adopt the attitude of maintaining our streets clean, we will have to encounter such repulsive sights everywhere we go.

Yours etc....  
Amit Jamwal  
Paloura, Jammu