

DEFEND INDIA'S INTERESTS: (3)

NO MORTGAGE OF INDIAN ECONOMY

The strategic alliance that the UPA Government is seeking to cement with the US has serious implications for the Indian economy and the well being of the Indian people. Since the NDA rule itself, economic relations with the US have moved far beyond normal economic ties in terms of trade and investment. There is an effort to closely integrate the Indian economy with that of the US, particularly in the financial sector, and allow US based MNCs to expand their sphere of influence in crucial sectors of the Indian economy like agriculture and retail trade. Indian big capital also seeks to attain its global ambitions in league with American big business. It is basically the interests of corporate India and not the *aam admi*, which lie at the heart of the Indo-US strategic alliance. The fact that the UPA Government has continued in the same direction as the BJP-led NDA in this regard is explained by the common pro-big business orientation shared by the BJP and the Congress.

Two significant steps in the economic sphere were announced in the Bush-Manmohan joint statement issued during the Bush visit to India in March 2006. A report of the US-India CEO Forum titled 'US-India Strategic Economic Partnership', which was released during the Bush visit, was welcomed in the joint statement 'agreeing to consider its recommendations'. This Forum of CEOs of Indian and American companies, co-chaired by Ratan Tata and William Harrison of JP Morgan Chase, was formed during the visit of the Prime Minister Manmohan Singh to the US in July 2005 with "a mandate to develop a road map for increased partnership and cooperation between the two countries at a business level". Secondly, a US-India Agricultural Knowledge Initiative, which was announced during Manmohan Singh's US visit, was formally launched. The Board of the Agricultural Knowledge Initiative formed by the two countries, which included representatives of Monsanto and Wal-Mart from the US side and ITC from the Indian side besides bureaucrats and some academics, was to work towards supporting the 'Evergreen Revolution' based on 'market-oriented agriculture'. These two steps went much beyond partnership and cooperation between the Indian and the American businesses, and sought to rework entire policy frameworks governing almost all the major sectors of the Indian economy.

Among the major recommendations of the US-India CEO Forum was to initiate a dialogue on a *US-India Free Trade Agreement*, in order to further open up the Indian & US economies for freer trade in services and products. Which of the two sides would benefit more from such free trade can be easily understood from the other recommendations of the CEO Forum. Only 4 out of a total of 30 recommendations of the CEO Forum were meant to benefit the Indian side, including civilian nuclear cooperation with India, allowing access and transfer of dual-use technologies to India and liberalizing the US visa regime required for Indian service providers in IT (H1B/L1 visas) and healthcare (EB3 visa for nurses). The fine print of the Indo-US nuclear deal, which is an outcome of this strategic partnership

between Indian and US big capital, has already made it clear that civilian nuclear cooperation with India can only happen under severely restrictive conditions and would be sustained only if Indian foreign policy is aligned to that of the US. As far as transfer of technology is concerned, full civilian nuclear cooperation has already been ruled out by the Hyde Act and the bar on transfer of dual-use technologies would remain. The promise of liberalizing visa restrictions in the US for Indian professionals, especially in the IT/ITES sector, has got caught up in the fierce debate over immigration in the US, with a substantial section of policymakers being of the opinion that workers in the US are losing out due to immigration of skilled workers from India. Therefore, the benefits supposed to accrue to Indians from the strategic partnership have remained by and large illusory.

The unequal nature of the strategic economic partnership between the American and Indian corporates can be gauged from the fact that 21 out of the 30 recommendations of the CEO Forum were exclusively meant for India, most of them in the form of demands for policy changes related to specific sectors of the Indian economy to the obvious benefits of the US corporates. This includes (i) liberalization of norms for Infrastructure investments, (ii) market-driven reforms in the Power and Oil & Gas sector, (iii) further liberalization of the Telecom sector and ensuring a 'level playing field' between the private and public sector telecom companies, (iv) raising the FDI cap in the Insurance sector, (v) liberalization of norms for FDI in Banking, (vi) liberalization of FDI norms in Retail Trade, (vii) removal of FDI caps in sectors such as print media, broadcasting, cable and satellite systems and e-commerce, (viii) liberalizing restrictions on FDI in the Real Estate and initiating urban reforms like removal of urban land ceiling, reducing stamp duty etc. (ix) liberalization of Defence Procurement norms (x) liberalization of FDI in Higher Education and so on. These sets of recommendations, which almost read like a manifesto for the Americanization of the Indian economy, have since been earnestly pursued by the UPA Government. While the US side is constrained to oblige the Indian corporates' modest demands, the UPA Government has taken the demands made by the US big capital through the CEO Forum so seriously that it has often tended to override the NCMP in order to implement them.

The US-India CEO Forum had also called for a 'harmonization' of legislations related to Intellectual Property Protection (IPP) between India and the US, which in other words imply refashioning the patents regime in India to suit the monopoly interests of the US based MNCs. Due to the intervention of the CPI (M) and the Left Parties, the UPA Government was forced, while making the third amendment to the Patents Act in 2005 as per TRIPS, to introduce several safeguards to protect the interests of the people. One such provision, Section 3 (d) – which prevents frivolous patents based on small tinkering on existing molecules – was challenged by Novartis, a Swiss MNC, in the Chennai High Court after its patent application for an anti-leukemia drug, Gleevec, was rejected under the Indian patents law. Novartis recently lost the case thus allowing Indian companies to continue producing less expensive generic drugs to the benefit of the people of India and other developing countries. However, such provisions in the Indian patents law, which protect the interests of the people vis-à-vis MNCs is now sought to be subverted by the

Memorandum of Understanding on bilateral cooperation on intellectual property issues, signed between India and the US in December 2006. According to the MoU the United States Patent and Trademark Office (USPTO) “will help train Indian patent and trademark examiners, develop education material for the examiners and produce a manual on patent practice for use by Indian examiners and the public”. By agreeing to allow the USPTO to teach the Indian Patent Office on how to look at patents and interpret patent legislation, the UPA Government is seeking to push the CEO Forum agenda through the backdoor. The important provisions in the Indian patent law which makes it different from the US patent legislation, and helps to protect the interests of the people like in the Novartis case, are thus sought to be subverted in order to ‘harmonize’ the IP regime in India and US, as mandated by the CEO Forum.

The same subservience to US corporates is visible in the case of the US-India Agricultural Knowledge Initiative (AKI). The four areas in which cooperation is envisaged between India and the US under AKI are Food Processing and Marketing, Biotechnology, Water Management and University Capacity Building. The Prime Minister’s call for a ‘second green revolution’ in order to alleviate the crisis which has engulfed Indian agriculture, is based on his belief in the US backed AKI to deliver the goods. However, scientific advances in agricultural research and biotechnology today occur under the aegis of agribusiness corporations like Monsanto with their monopoly rights secured through stringent patent regimes. Far from transferring scientific know-how to the public domain in India and benefiting Indian farmers, the AKI, which has Monsanto as one of its board members, is more likely to refashion the agricultural research system as well as the patent regime in India and increase the stranglehold of MNCs in the seed market to the detriment of the farmers. The Seed Bill piloted by the UPA Government, which has been widely criticized for promoting the interests of private seed companies and infringing upon the seed rights of farmers, is a pointer towards such dangers.

The vision of ‘market-oriented agriculture’ underlying the AKI has other serious implications for Indian agriculture and the livelihood of farmers. The discussions in the AKI board, which includes a Wal-Mart representative, on food processing and marketing as revealed by its Work Plan, centres around ‘Facilitating Agribusiness Investment in India’; ‘Drawing on the US experience in Contract Farming’; visits to India by potential investors in cold chain development based in the US to meet counterparts, survey existing infrastructure, and identify weaknesses in cold chain practices; and capacity building related to market data collection, processing, analysis and timely distribution of market information to farmers, agribusiness, and policymakers. The model of foreign and domestic agribusiness driven agriculture underlying the AKI becomes clear from these discussions. The NCMP of the UPA Government, however, speaks about a different model of agriculture altogether when it states: ‘The UPA government will ensure that public investment in agricultural research and extension, rural infrastructure and irrigation is stepped up in a significant manner at the very earliest...The UPA government will ensure that government agencies entrusted with the responsibility for procurement and marketing will pay special attention to farmers in poor and backward states and districts.

Farmers all over the country will receive fair and remunerative prices.” The conflict between these two different visions regarding agriculture was most visible during the 53rd meeting of the National Development Council specially convened to discuss the problems of agriculture in the context of the Eleventh Five-Year Plan. The official Resolution tabled in the NDC meeting talked about increased public investment and enhanced foodgrains production target on the one hand and reform of State level APMC Acts to facilitate contract farming by corporates on the other. While the references to contract farming were tempered following protests by the Left led Governments of West Bengal, Kerala and Tripura, the conflicting objectives of the NCMP and the US backed AKI had already come out in the open.

This lopsided and perverse nature of Indo-US economic relations is most evident at the WTO. Despite the Doha Round supposedly being a ‘Development’ Round, India along with the other developing countries had to accept another round of tariff reduction in industry and agriculture and further opening up of services. However, the Doha Round has virtually collapsed now because of the stubborn refusal of the US to reduce its huge agricultural subsidies and allow market access for developing countries. So much for the ‘shared commitment’ of the US with India, ‘to complete the WTO Doha Round before the end of 2006’, which was reaffirmed in the Bush-Manmohan joint statement of March 2006. While subsidizing its farmers to the tune of \$11 billion a year, the US preaches the virtues of free trade and free markets to the rest of the world. Can a strategic relationship with such a country ever be to the benefit of a developing nation like India?