

BOTTOM LINE

Towards stronger security and economic ties



BARRISTER HARUN UR RASHID

JAPANESE Prime Minister Yoshihiko Noda arrived in New Delhi on December 27 for a two-day visit for the sixth India-Japan annual summit, his first visit to the country since he took office in September.

Noda came to India immediately after his visit to China. India is the only country with which Japan has an institutional arrangement of annual summit-level visits under the India-Japan Strategic & Global Partnership. The two countries will also mark 60 years of diplomatic ties in 2012. At a function organised by the India Centre Foundation to unveil the second India-Japan Global Partnership summit to be held in 2013, Noda said: "I look forward to talks with Indian Prime Minister Manmohan Singh to strengthen bilateral ties." Underlining "mutual economic complementarity" between the two countries, Noda pitched for stronger economic relations saying: "Japan has capital and technology and India has a young population and an abundant demand for infrastructure." In a lighter vein, Noda said although the

Himachali cap he was presented by the organisers did not fit him, his large head was full of dreams for stronger India-Japan relations.

Meanwhile, North Korean leader Kim's death has increased Japan's worries about nuclear-armed North Korea, where Kim's untested son Kim Jong-Un appears to be taking the reins of power in the isolated communist state. North Korean ballistic missiles pose the most direct threat to Japan, and enmity between the North Korea and Japan lingers over Japan's 35-year rule of the Korean peninsula during World War II.

Noda held talks with Manmohan Singh on December 28, which included:

- Civil nuclear cooperation;
- Trade and investment;
- Security, including maritime security;
- Counter-terrorism;
- Anti-piracy cooperation;
- UN reforms; and
- Stability of Korean Peninsula.

The two leaders reviewed the India-Japan-US trilateral meeting that was held last week. They also discussed the status of civil nuclear negotiations on which three rounds have already been held but which was stalled after the March 11 Fukushima radiation-disaster.

Since then, there have been informal

consultations, said Gautam Bambawale, joint secretary in charge of East Asia in the external affairs ministry.

At the talks, India reportedly pressed for the revival of the stalled negotiations and pushing the process of concluding a nuclear deal with Japan, a leader in civil nuclear technology. Early this year, Japan

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removed seven Indian entities from its Foreign End User List, which included Indian Rare Earths Limited.

The Japanese prime minister called for stronger economic ties with India. During the visit the two sides signed a currency swap deal estimated at \$15 billion that could help stem the slide in the value of Indian rupee, which has plunged about 15% against the dollar in 2011.

Emerging economies, including Indian, are being shaken by the Eurozone sovereign debt crisis. Currencies in emerging economies become volatile when European banks pull out capital.

Japan has also seen its exports tumble for two straight months, with sales to the key

European market floundering as the debt crisis grips. Its industrial production fell in November, pulled down by a strong yen, weak global demand, and flooding in Thailand that hurt many suppliers.

Over the years, Indo-Japanese relationship has grown in diverse fields. In the last two years, Japanese FDI into India has amounted to \$3.62 billion, concentrated mostly in automobiles, electronics, financial services and telecom.

Bilateral trade reached \$15 billion in 2010. (The two-way trade is meager compared to China-Japan trade which in 2010 grew to \$339 billion). Both sides aim to raise the trade figure to \$20 billion by this year.

The Delhi-Mumbai industrial corridor could prove to be a big leg-up for Indian manufacturing. This industrial corridor will have several supporting infrastructure projects, such as power facilities, and rail connectivity to ports. It would also cover development of ports on the west coast of India.

Along this corridor, several industrial estates, special economic zones and clusters with high quality infrastructure are being developed to attract more investments, including from Japan. The two countries have targetted some "early bird" ven-

tures that will take off soon.

Furthermore, partnering in developing infrastructure and tying up with industry in a variety of fields, such as automobiles, has prompted the Japan-India Business Leaders Forum to describe economic relations between India and Japan as among the richest in potential both in Asia as well as in the world.

Railways Minister Dinesh Trivedi, describing India as an engine of growth for global economy, pushed for closer collaboration with Japan in the development of the Indian rail infrastructure. India reportedly pressed Japan, which has played a key role in building Delhi Metro, for access to bullet trains technologies.

India hopes that the visit of the Japanese leader will spur the flow of greater Japanese FDI in all sectors of Indian industry. Both countries are concerned with China's economic and strategic expansion.

Japan is trying to widen and deepen its trade and financial partnerships as it looks to catch up after China overtook it as the world's second-largest economy. This visit signifies that both India and Japan have come to the conclusion that Asia cannot mean China alone.

The writer is a former Bangladesh Ambassador to the UN, Geneva.

Comprehensive solution needed

BADIUL ALAM MAJUMDAR

THE president has initiated a dialogue with political parties to ensure that the appointments of the next batch of election commissioners are acceptable to all concerned. We are pleased that the opposition BNP has decided to join the dialogue. We thank the president for the initiative.

Some political parties recommended the formation of a search committee to identify eligible persons for appointment to the EC. A few months ago the EC also made a similar proposal, to which the ruling Awami League paid no heed. Our experience shows that partisan individuals often get appointed to constitutional and statutory bodies despite the use of search committees.

Past experiences also show that search committees sometimes recommend undesirable persons for appointment. For example, the search committee for filling the vacancies in the Human Rights Commission recommended the appointment of a university professor accused of sexual harassment of students -- a story which was well-known because of published newspaper stories about the accusation. To the embarrassment of all concerned, the person, after appointment, had to be removed in a hurry following a public outcry. Thus, forming a search committee is not sufficient for appointment of right persons to the right positions, although it is necessary.

The search committee for picking election commissioners, we recommend, should also have representation from citizen groups. For, there are accusations of partisan leaning against many present heads of constitutional and statutory bodies.

The committee must also function in a transparent manner. It should make public the names of the persons under consideration so that any skeletons they may have in their closet can become public. The committee should also recommend the same number of names as there are vacancies and the president should be required to explain in writing any name rejected by him.

A rumour is now afoot that the government is seriously considering the reappointment of the present CEC and the two commissioners. While the trio had done an admirable job, the reappointment would, in our judgment, violate the constitution. According to Article 118 (3), the CEC is not eligible for reappointment and only one of the other two commissioners could be

elevated to the position of CEC.

While it is imperative that the EC is strengthened by appointing honest, competent and non-partisan individuals as commissioners, it is a myth that a strong EC alone can deliver free and fair elections. Free and fair elections also require the neutrality of the bureaucracy and the law enforcement agencies. In our political system, only a non-party government can ensure the neutrality of the functionaries. This was precisely the argument used by Awami League and its allies in the mid-1990s for a neutral caretaker

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government (CTG). Ironically, the present government, led by Awami League, abolished the CTG through the 15th Amendment to the Constitution, and with it, according to many, the prospect of fair parliamentary elections in the future.

Our past experiences show that in elections held under party governments, incumbents always returned to power. On the contrary, in elections held under the CTG, opposition parties always won with increasingly bigger margins, indicating that the caretaker system by and large ensures free and fair elections. The same conclusions were also drawn by both domestic and international observers. Part of the reason is that the EC can count on full and unconditional support and assistance from the CTG in conducting elections. Thus, although the CTG is not consistent with the democratic system, in the interest of fair elections, we recommend a reformed system of CTG for the next two parliament elections. It may be remembered that the Supreme Court in its short order last May gave a similar observation.

Nevertheless, the president took the position that the CTG issue would be off the agenda of the dialogue. We feel that such a position is a non-starter as the opposition BNP and its allies have declared that they

would boycott the next parliament elections unless CTG is reinstated. It may be recalled that the representatives of the citizens group and the media almost in unison recommended the continuation of the CTG in their meeting with the Special Parliamentary Committee for drafting constitutional reform last May. We, therefore, respectfully ask the president to reconsider his position and include the CTG issue in his agenda for dialogue. We must not also forget that in absence of a constitutional system of CTG, we would most likely have had martial law imposed on January 11, 2007.

While a strong and independent EC, with honest, competent and neutral individuals manning it and a caretaker system is an important precondition for free and fair elections, such quality elections would also require good behaviour on the part of political parties and the candidates they nominate. Even a casual observer knows that the parties and their nominees are the ones who indulge in nomination trade, buy votes with money, intimidate opponents, use violence etc., which are the biggest hindrance to free and fair elections. Thus, fair elections would also require reform of political parties, which, unfortunately, is not at all part of the current discourse.

Although we feel that the dialogue the president has initiated is a good starting point and he deserves praise for the initiative, it is not enough. He will have to ultimately play a catalytic role to bring about a negotiated settlement of all outstanding issues that make our politics confrontational and democracy unsustainable. Without such a comprehensive settlement, we feel that our next parliament election would become uncertain, again derailing our democratic system. We also recommend that the president include representatives of citizen groups and the media in this negotiation.

Our past experiences with dialogue and negotiations are not pleasant and positive. The Abdul Mannan Bhuiyan-Abdul Jalil dialogue in 2006 was a flop. The negotiation by Sir Ninian Stephan in 1995 produced no tangible outcome other than bitterness. The results of such failures, needless to say, are the army-backed government of 2007-08 and the painful events of those two years. Thus, in this negotiating endeavour initiated by the president, there is no room for playing games or sweeping problems under the rug.

The writer is Secretary, SHUJAN -- Citizens for Good Governance.

RAVI VELLOOR

THREE years ago, when the global economic meltdown roiled nations, India escaped with barely a bruise. Now, it is hurting more than any other Asian economy.

Three years of policy paralysis, the most shocking corruption scandals and the uneasy power sharing between Prime Minister Manmohan Singh and Congress party chief Sonia Gandhi have contributed to a lack of cohesiveness and sense of drift.

India may have shed its anaemic 2% to 3% growth rates -- once derisively called the "Hindu rate of growth" -- with a new rate closer to 6%, but, while by no means small, that will not be enough to satisfy the demands of a nation with a pronounced youth bulge.

The malaise is evident in ways big and small. Across the nation, the lights are literally going out -- in states like Tamil Nadu, Delhi, Maharashtra and Haryana, all engines of the economy, power brownouts are more extended even though these are not the months of peak demand, being the cooler season.

Meanwhile, the rupee is at historical lows as investors flee the nation's financial markets.

Only political temperatures are rising. On December 21, the Singh government introduced a key piece of anti-graft legislation in Parliament that failed to meet the demands of civil society activists led by the social reformer Anna Hazare, who began another hunger strike on Tuesday.

Mr. Hazare, whose 12-day fast in August captured global headlines and forced Parliament to pass a "sense of the House" resolution that appeared to meet his key demands, feels cheated and angry. So do millions of other Indians sickened by the graft that touches their daily lives.

A key member of Team Anna, the group that backs Mr. Hazare, had earlier boasted that laws would no longer be made in New Delhi but out on the streets. Now it appears that the civil society movement Mr. Hazare had so energised may get a recharge.

Meanwhile, in the hinterland, social tensions are rising. Even as the traditional caste wars are on the wane, thanks in part to the empowerment of formerly oppressed people, class tensions

are on the move, with Maoists spreading their influence into more districts.

India looks set for a tumultuous 2012. "You can look forward to a year in which the political confrontations will be much sharper as an aggressive opposition takes on a defensive government," says Professor Sandeep Shastri, director of the Centre for Social Sciences at Jain University, Bangalore. "There is wide disquiet among large sections of the people and this will rise to a crescendo."

As seen elsewhere around the globe, it is not just tyranny and corruption that fuel public anger. Mere inability to earn a living can too.

What is more, the external front does not look too pleasant either: Ties with China, its most vital neighbour, are chilly. Meanwhile, next-door Pakistan is a huge worry as many of its state institutions are being eroded and the image of its all-powerful military is more damaged by the day. Russia, still India's No. 1 weapons supplier, is also not pleased with New Delhi's growing proximity to Washington.

One reason why Prof. Shastri and others expect turbulence to increase is because two key states, sprawling Uttar Pradesh in the north and vibrant Gujarat in the west, are headed for polls next year.

Elections are frequently accompanied by violence because of the heavy use of muscle power all round. But next year, as it desperately seeks a revival of fortunes in Uttar Pradesh, the Congress-led government that rules in New Delhi may be tempted to announce special job quotas for Muslims, who make up 18% of the state's electorate. Many fear it could set the stage for a backlash from backward Hindu communities, who will see the quotas as cutting into their own entitlement.

That would be a pity because communal tensions had noticeably ebbed during PM Singh's first term. As much as his persona, minorities felt a sense of reassur-

ance from seeing one of their own hold national power. But recent months have shown an uptick in communal violence that prompted Home Minister P. Chidambaram to write to the states, advising extreme watchfulness.

Still, for a nation and its prime minister whose current global profile is based on the entrepreneurial energies unleashed in the past 20 years, no shock has been more severe than the sudden headwinds the \$1.5 trillion economy seems to have slammed into.

India's October manufacturing output slid 6% from a year earlier and data for subsequent months is expected to continue the trend until the inevitable monetary and fiscal easing kicks into gear as the government's attention swings from tackling inflation to saving jobs.

"The situation in manufacturing has reached crisis levels and is likely to worsen further," warns Dr. Rajiv Kumar, director-general of the Federation of Indian Chambers of Commerce and Industry. "Employment-intensive sectors like textiles, apparel and furniture have experienced negative growth since April and this is impacting employment."

Industrial production data for October, released this month, shows an alarming drop of 5% in industrial output from a year earlier, the first time the production index has dropped in nearly 21/2 years.

As the new year rolls around, the government continues to overspend, inflation seems beyond control and attempts to control price rises through a series of interest rate hikes have hurt just about everyone, including carmakers and airlines, causing the economy to brake sharply.

As seen elsewhere around the globe, it is not just tyranny and corruption that fuel public anger. Mere inability to earn a living can too.

"This is not the forgiving India of the past," warns the respected editor and columnist Shekhar Gupta. "This India has tasted growth, progress, optimism and aspiration. Two years of 6% growth and joblessness will bring its angry millions out on the street."

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