

# ITEC Newsletter

## Contents

<i>Editorial – Do away with Patents. Give back the freedom</i> -----	1
<i>Is water the next resource to make profit from?</i> By Dr. Kshitij Urs -----	3
<i>Sports and Responsibility</i> By Ganesh Shenoy -----	4
<i>Industrial Relations and Labor Laws around the World – 1</i> By Secki P Jose -----	6
<i>RTE – A long and difficult journey towards justice</i> By Justin Varghese -----	7
<i>Burn! – Movie Review</i> By Chithra -----	13
<i>IT industry - Wealth and Welfare</i> Talk by CP Chandrashekar -----	14
<i>ITEC: Gaining Strength step by step</i> ITEC Activity Report -----	18
<i>ITEC Communiqué</i> -----	19

**ITEC is an open forum of people like you and me. Drop in a mail to us, as you would mail a close friend, on how you liked our newsletter. And help us in coming out with a better one next time by writing for us. Our email id is [contact@itecentre.co.in](mailto:contact@itecentre.co.in).**

## Editorial - Do away with Patents, Give back the Freedom

*If Prometheus had patented his invention, every single one of us on the surface of the earth would have been paying royalty every single time we light our stove! Our freedom to cook or keep ourselves warm would have been at the mercy of some transnational conglomerate named after 'Prometheus & Sons' or 'Prometheus Inc' or may be 'Prometheus Fire International'. Fortunately, our great grandfathers were not as 'smart' as we, the 'civilised' profit-mongers of the modern world.*

*Are patents and copyrights the appropriate mechanism to 'reward' the inventors? Are these instruments effective in promoting innovation? Several studies have unequivocally answered these questions in complete negative. Patent systems are often justified under the assumption that patent protection promotes innovation, thus offering larger benefits to the society. This line of argument is upheld by many though no empirical evidence supports such a hypothesis. On the contrary, several statistical studies show that whenever and wherever the patent regime has been stringent, innovation has been on the decline. If the patent system has been proved to be an ineffective mechanism to drive innovation, a question that emerges would be then why all over the world the efforts are towards strengthening various IPR systems. Who benefits from creating monopolies through increasingly restrictive IPR hurdles? If the inventors are rarely motivated by patents and the monetary benefits such a system offers, then in whose interest the governments all over the world are trying to legislate newer and more potent IPR laws? The answer to all of these questions put transnational corporate and publishing and entertainment houses in the dock. It is these business houses who amass huge financial fortune from the monopoly the patents system allow establishing. The key question on behalf of the public to the governments world over would be: Should the freedom of the larger society be sacrificed at the behest of monopoly profiteering?*

*Statistics that establish diminishing innovation with stricter intellectual property protection regimes bring out a key reality about the whole process of innovation. Any research and innovation needs variety of inputs from the past and present, including information, knowledge, data, culture and process. Without access to these vital inputs, termed as 'on your shoulder' phenomenon, no new inventions or breakthroughs can occur anywhere. Statistics that establish diminishing innovation with stricter intellectual property protection regimes bring out a key reality about the whole process of innovation. Any research and innovation needs variety of inputs from the past and present, including information, knowledge, data, culture and process. Without access to these vital inputs, termed as 'on your shoulder'*



## ***Patents law can cripple and deny the people their fundamental right to have access to the breakthroughs in science and technology***

*phenomenon, no new inventions or breakthroughs can occur anywhere. A restrictive patent regime makes the cost of these very inputs required for innovation go up and thus discourage the innovation itself. When the very process of innovation thus remains collaborative in nature, the fruit of the same cannot be given individual exclusivity. All the knowledge and progress the humankind achieved till date in all the realm of life, including science and technology, has been achieved by virtue of collective knowledge, which is owned by the whole society. An exclusive-rights regime is trying to negate this fundamental truth by granting privileges to an individual to make use of the knowledge for his self interest instead of making it work for the good of the entire society.*

*It may be noted that exclusive rights, as represented by patents and copyrights, have never been considered as one's right in any society. Neither these rights were time immemorial or universal in nature. The guiding principle all over the world has been that the patents are granted, that too for a limited time, only when public good demand offering such state protected monopolies. However, public good, the most important consideration, has given way to 'corporate good' over time to help those who are engaged in the business of wealth accumulation at the cost of the majority around. Copyright, as we know, is a recent phenomenon, originated in the western society in the 18th century to regulate printing industry. Over time, the law has transformed itself in intent to constraint the authors and artists rather than regulating the industry. It is ironic that the printing industry ended up establishing a strong monopoly and reaping huge benefits by virtue of the very laws that were supposed to reward and protect the authors. This is never a case in isolation. One can easily identify common patterns where real inventors have benefited little from their inventions while the business houses that turn these inventions into commercial ventures ended up amassing huge wealth, aided by the IPR laws. The story has been the same, be it the case of the Internet or the Hollywood.*

*How patent laws can cripple and deny the people their fundamental right to have access to the breakthroughs in science and technology can be understood by studying the*

*patent operation in the pharmaceutical industry. For example, as per the Indian patent act of 1970, only process patents were allowed in the field of medicine. A process patent allows patenting of only the process by which a particular medicine is manufactured, instead of the end product itself. It is very important to remember that the process-patent approach enabled India to manufacture vital medicines and make it available to the people at a very nominal price compared to the original International price. For example, Rifampicin, a key TB medication, was manufactured in India within just 4 years of it being introduced in the international market. This enabled India to very effectively fight the widespread TB disease, making the medicine available to the common man at a very affordable cost. Under a more restrictive product patent regime, the story would have been a completely different one for India. Under the new patent regime, thrust upon by the WTO regime, Indian people are exposed to international pricing and are put at a huge disadvantage being not able to get medicines manufactured in India at a lesser cost. Changing stand of the Indian Government towards the patentability of computer software is another example of wielding under the pressures of international corporate business houses. Computer programs (software) are not patentable as per the Clause 3(k) of the Indian Patent Act. However, the government has been moving in the direction of extending scope of patentability to software as well.*

*Though we are a free nation and another independence day has passed by, our freedom is under threat from large businesses in their bid towards more profits. The patent system is one tool with which they curb our freedoms. It is time we do away with Patents, devise better instruments to reward and promote innovation while at the same time giving people the freedom to enjoy the fruit of such innovations to better their life.*



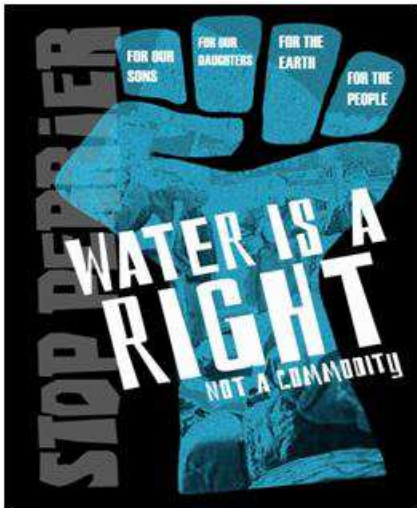
***Water 'Reforms' focuses on running an economically efficient service wherein idea of water as a basic need has taken a back seat.***

### ***Is Water the next resource to make profits from?***

***By Dr. Kshitij Urs***

*(Founder Member, Peoples Campaign for Right to Water - Karnataka)*

*For more than two centuries, International Politics and the so called International order with the Western countries at the top have primarily been determined by control over natural resources around the world. A regions global strategic importance depends on the existence of Minerals, Metals, Petrol or Forests. Alliances are built, proxy leaders propped up locally, civil wars triggered, battles are fought, all to establish control over these resources. International institutions are used to impose economic sanctions that are often illegal against any country that wishes to exercise sovereignty and refuses to fall in line with the demands of global powers. In the 21st century when most of the world's natural resources are dwindling, the next resource to make windfall profits from is water.*



*With the best of technology that can identify not just surface water but water deep inside the ground, every square inch of the globe is being mapped for water reserves to be controlled, managed, mined and sold by private companies. But water is unlike any other resource like gold or petrol. Its life giving and life sustaining character makes it unique and incomparable to anything else. Water along with the air we breathe, and the seas, the forests, the mountains are all creations of nature that we inherit jointly and freely, and hold in trust for future generations and are all called 'Commons'.*

*Transforming the idea of water as an elixir of life to that of a commodity to be bought and sold is hence of tactical importance to those who seek to profit from it.*

*By this norm, you can fill up your swimming pool if you can foot the bill but you will not even get a drop of water to drink if you cannot. As a matter of fact, it is a common practice to disconnect even public taps and other community stand posts as a precursor to privatization forcing the poor who are dependent on them to eventually buy water from the private service provider.*

*In 2003 some determined bureaucrats in the KUIDFC (a parastatal department which has been registered as a company) drafted the state policy on drinking water and got it passed by the cabinet without any debate in the public or in the legislative assembly like it were some secret defense deal. Indeed it was passed in the sly because it seeks to completely handover water services to private companies and encourage a 'culture of commercialization' by providing water and sanitation services to people who are 'willing to pay' for it. Without questioning such a dogma or the undemocratic manner in which it was passed, our elected representatives have since been announcing a slew of projects based on this policy. The plan is to systematically hand over water resources of the whole nation to private companies.*

*The policy was a starting point. To prevent any sane deliberation that might curtail the grand plans of pro-privatization interests, district after district are being handed over to companies without informed consent or deliberations within local governments. This is a clear violation not only of the Indian Constitution but also of the regular norms with which the general public wants to be governed by a state that they have elected. After operation and maintenance of public water utilities, even water sources like reservoirs and rivers are getting privatized. New nomenclature is being adopted to mislead the people at large by calling this corporate take over as 24 X 7 water, PPPs etc.*

*Clearly, water privatisation prioritises the financial profit of a few people over the need to provide all people with the*



## ***Sports and sports stars have a huge duty and a profound responsibility; a responsibility to guide.***

water they need to survive. The water 'reforms' in general make people's basic needs subordinate to running an economically 'efficient' service. This has been the case of privatisation all over the world. Even in developed countries like the UK and France privatisation had disastrous consequences on people in the form of inappropriate tariff hike, increased leakages and arbitrary cut off of services to people.

As Gandhi said 'the world as enough for everyone's need but not for everyone's greed' water is the most important need of everyone. The realization of this need should be the core of any reform process.

But the current reforms are aimed at providing private profits from water. So where does that leave us? Privatisation certainly isn't going to stop by itself. Water companies are the darlings of the global financial markets and the targets of investors all over the world. It is still the favoured policy, along with commodification, of the influential actors and organisations in the development policies of Bangalore, and India. If we agree that the 'reform' agenda will not bring the required equitable comprehensive reforms then it is time to look elsewhere. Genuine reform will not happen under the aegis of the development agencies, consultancy firms, apolitical or corporate NGOs, corrupt or misguided bureaucrats or politicians peddling gutter issues or playing identity politics. In other words it will not come from those who currently exercise policy-making, political power in these areas.

If genuine reform is to happen it is most likely to come through sustained political pressure by people. This of course has to be directed through the government, as the provider of services and so on. But popular pressure is the fuel that can keep genuine reform moving and also the regulator with which to keep the government accountable. This is a difficult, laborious, uphill struggle and it is difficult to see any of the fundamental needs of life – water, basic amenities, land – being addressed successfully in isolation as a single-issue cause. This involves people deciding that the representative who promises water for all is worth a vote. It involves people in the global north stopping their governmental representatives like the USAID, AusAID and

DFID funding companies to subvert these rights or sanctioning the unaccountable influence of the transnational development industry.

The ultimate aim of emerging water reforms is neither Mysore nor Bangalore but a complete consolidation of water resources all over the world. Only an informed resistance of a global magnitude against this politics can stop this process. This is the right time for such a resistance.

### **Sports & Responsibility**

**By Ganesh Shenoy**

There is a lot in common between social uprisings and sports. The evils of the world- those of hunger, poverty and exploitation are voices that are sans boundaries- so are the voices that are raised against them; so is social uprisings by and for the poor and the downtrodden. Sports works on the same hue- be it the Olympics or Soccer, across the world they speak the same language.

Sports and sport stars have a huge duty and a profound responsibility; a responsibility to guide, to showcase and to scream out to the world that equality and injustice still rules the world- and this can be and will be changed. Sports is one of the most powerful medium to touch people, especially the young generation and should move towards being one of the flag bearers of movements for social change; movements against those forces to bring back justice and equality to the core of their society's collective pulse.

During the run-up to the last FIFA World Cup, Honduras witnessed its democratic values being questioned by an illegal military regime, a regime that kidnapped democratically elected President of Honduras out of the country, a regime that took control of the country undemocratically. As Honduran's passion for football peaked supporting its team for a long awaited final berth at FIFA World Cup, country also witnessed Cup, country also witnessed a non-violent uprising in resistance. The regime was trying to marshal Hondurans' love for football and



**Sport is one of the most powerful medium to touch people, especially the young generation and should move towards being one of the flag bearers of movements for social change.**

passion for their squad as a way of building acceptance for the ostracized military government. This put Guevara, the captain of Honduran national side in a tough situation. But Guevara's family, hailing from a poor suburb in the capital city, was active in the resistance. Indeed, his mother, Flor Guevara, had been marching in the streets against the coup, holding firm in the face of repression, intimidation, violence, torture and assassinations.



Honduras did a dark horse in 2010 FIFA World Cup by reaching the final 32 to be qualified. The regime swiftly jumped into action as they found an opportunity to gain popularity and acceptance, as a part of which, they organized a parade through the capital for the team. Key theme of this parade was a planned stop at the Presidential Palace where Guevara was to present his sweater to the President. And, no doubt, endorsement of someone like Guevara, darling of Honduran masses, a national hero; would have strengthened the will of illegal regime. But Guevara had different plans; to express the will and desire of Hondurans. He insisted that Roberto Micheletti, who was leading the illegal regime, was an usurper and his President, Manuel Zelaya, was in exile. Guevara chose to send his sweater to Manuel Zelaya who he along with fellow Honduran's believed as their President. This bold and courageous action that gave a jolt of support to the resistance in a moment when its peaceful demonstrations were being shot at with tear gas, pepper spray and even live ammunition.

Guevara who is one of the leading players in Honduran league, who lead his Motagua team to victory in 2010, who played a critical role in 2011 championship was evidently

absent from Honduran national team this year. One of the few and first countries to support and back the illegitimate government was Canada, the world's second largest country in terms of land area. Canada's actions point to a foreign policy increasingly inconsistent with Canada's stated values: human rights, democracy and multilateralism. The decision of Canada jumping into a recognition mode was not without reason. Most of Honduras's textile factories and drug manufacturing units are funded or owned by the Canadian government or oligarchs based in Toronto or Ottawa. A free and fair government, a pro-labour one at that, would vouch for grants in terms of worker rights and fair wages- a sure dent in the revenues of these cash rich billionaires. Canada and Honduras agreed to start free-trade negotiations in October 2010. Merchandise trade between the two countries reached C\$192 million (\$194 million) last year, government figures show.

A snapshot of contemporary Honduras will reveal a gruesome picture and throw light onto why Canada jumped and thrashed its values to go ahead and support the coup and exit of a democratically elected government. On an average day, taxi drivers pay 'war taxes' to narco gangs or get shot in their cars. Women in Canadian-owned garment factories are injected with painkillers to keep them working on 11-hour shifts, only to be fired when their bodies inevitably collapse. Prisons are stuffed with young men and teenagers who are often never charged with any offence and many - like the 360 who died in a fire in Comayagua - never get out. The prison in Comayagua had more than 800 prisoners, more than twice its capacity and described by Ron W. Nikkel, the president of the Prison Fellowship International, as one of the "worst prisons" he had seen. Most of these prisoners are youngsters and were imprisoned for the reason that they raised their voice for their basic human rights. U.S. and Canadian troops back from Afghanistan are assigned to Honduras to assist in 'counter narcotics' efforts, but well-known drug routes are left suspiciously unattended. While international troops drew huge criticism for targeting communities mobilized against exploitative mining or hydro concessions. There have been Huge uprisings and freedom rallies, thousands of young and old, men and women have come forward to speak out



***Industrial Relations covers the whole spectrum of labor laws at all levels, corporate laws governing business enterprises, issues of safety and social security***

*against atrocities and unspeakable horrors. The coup regime, however, remains in power, after holding fraudulent elections, and continues to rule the country with brutality.*

*Last month, two well-known journalists were killed – that makes over 25 journalists assassinated since the coup – in a country that has become one of the most dangerous in the world, with homicide rates in some cities reaching a staggering 1 in 1000 people. But with a movement of resistance that represents the overwhelming majority of Honduras' eight million people, urged forward by the support of popular figures like Amado Guevara can only see light once the world hears about it.*

*Half a century back, a certain Earnesto Guevara shook the very foundations of inequality and injustice by his mere presence and voice .... Another Guevara today inspires us by dribbling a football and scoring goals!*

*Remember- It is difficult to inspire others to accomplish what you haven't been willing to try.*

*It's time to wake up!*

*(The views expressed in the article are those that are completely personal to the author and do not convey anything with regards to the organisation that he works or represents.)*

## ***Industrial Relations and Labor Laws around the world – 1***

***By Secki P Jose***

### ***Introduction***

*Industrial relations (IR), broadly defined, is the study of relations between the employer and workers, between employers and between workers themselves. It therefore covers all relationships that exist in a workplace. Its study involves strikes by workers, lockouts by employers and other industrial conflicts. A classic and recent example for study under the subject of industrial relations would be the recent clashes between the workers and the management in the Maruti Suzuki factory in Manesar, Haryana.*

**THE LABOR MOVEMENT:**  
*The folks who brought you the weekend.*

*But the field of IR is not limited to such issues. It also encompasses labour laws at all levels, corporate laws governing business enterprises, issues of safety and social security of workers and trade unions. In the following piece, we take a broad look at the labour laws in some of the countries around the world.*

## ***Part – 1 The Americas***

### ***1. Brazil***

*Total Population - 192 million*

*Working Age population (above 15 years) - 101 million*

*Active Labour force - 64 million*

*Informal Sector Economy - around 50%*

*Unemployment Rate (2011) - 8.3%*

*The labour laws in Brazil are a part of its Constitution. Due to this fact they are extremely stable and uniform. The labour laws are applied at the Municipal level and all worker's unions and associations also must also be formed at the municipal level first. Unions (both employers and employees) are formed first at the municipal level, then at the state level federations and finally as national Confederations.*

*The largest confederation of workers in Brazil is the CUT (Central Única dos Trabalhadores) though there are several other major unions as well. The wages in Brazil are delinked from inflation unlike India where the CPI (Consumer Price Index) is used to formulate the DA (Dearness Allowance) component of the wages. The wages are therefore completely dependent upon Union negotiation. There is thus widespread collective bargaining by the workers. All employers when they employ anyone must sign and give the worker a 'job-card' and a formal work contract listing all the labour laws that the employers follow at that point in time. Those employers who do not provide such work-cards and contracts to their employees are not eligible for Govt. contracts and may be subject to fines and other penalties.*

However, it must be noted that there is still a stipulated minimum wage of 622 Brazilian Reals (around INR 17,000 at current exchange rates) which is indexed to inflation. This does not mean that there are no jobs that pay below minimum wages. There are such jobs though they are mostly found in the informal sector (self-employed and non-regulated).

The Government provides them cover by stating that all issues where jobs below minimum wages are concerned should be resolved in 1 day and in the case of continuing legal requirements must be resolved inside a maximum of 30 days.

As part of a widespread shift in perception across the world, we see that there has been a shift from the focus on job-security to social-security in Brazil as well. Part-time and short-term jobs are legal but sub-contracting is banned - though there has been heavy pressure against this from employer's groups of late. There is unemployment insurance for those workers who have worked for the previous six months and have had to leave a job for no fault of theirs.

## **2. USA (United States of America)**

Total Population - 314 million

Total Working Age Population (above 15 years) - 158 million

Total Active Labour Force - 91.65 million

Informal Sector Economy - 10-20%

Unemployment Rate (2011) - 9%

The United States (US) labour laws are concurrent ie they are made at both the National and the State level - and in this sense are similar to India's. The US has a specific law for the governance of labour related issues called the NLRA (National Labour Relations Act) which is administered by the NLRB (National Labour Relations Board). This Board oversees the rights of workers to unionise and form collective agreements.

The largest confederation of unions in the US is the AFL-CIO (American Federation of Labour - Confederation of Industrial Organisations).

There is a stipulation for minimum wages in the US and the wages are set for an hourly basis. Currently, the minimum

wage is set at 7.25 USD (which is around INR 70,180 per month for 22 8-hour days at current exchange rates). States are allowed to have different minimum wages but they cannot be lower than what is prescribed by the central Govt. However, many workers are reported to be paid below the minimum specified wages. The wages are broadly linked to the level of inflation in the economy.

The labor laws regarding job-security are based on the theory of 'at-will' employment where the employer is free to 'hire and fire' just as an employee is free to 'join or leave'. However, backing up this kind of freedom is a strong social security system in the form of unemployment insurance as well as laws preventing discriminatory behaviour by employers. The unemployment insurance is provided to people who have been discharged from work for no fault of their own and are unable to find a new job while actively searching. This insurance amount comes up to roughly 38-40% of their last drawn salary.

It must be noted that the laws regarding industrial health and safety and the system of statistics collection are one of the most comprehensive in the world.

(This is part of a series on IR and Labour Laws from around the world. UK and Germany in next issue)

## **RTE- A long and difficult journey towards justice**

**By Justin Varghese**

It took 62 long years for independent India to provide universal education to children by enacting the Right of Children to Free and Compulsory Education Act 2009. The right to education will be accorded the same legal status as the right to life as provided by Article 21A of the Indian Constitution. This entitles children to have the right to education enforced as a fundamental right.

RTE act has been made with the basic norms of the Sarva Shiksha Abhiyan (SSA) and the World Bank funded District Primary Education Program (DPEP) of the 90s. In its original form RTE is a historical and laudable act which



***In Karnataka the number of students who have availed the RTE to get admission to private schools is less than 40% of the total quota opened up for the children from underprivileged families.***

received many acclaims from across the country. Right to Education, as we know it, is a fundamental right to equality and life. But, is it really achieving the objective it has embarked upon? This is high time to debate this topic as we are in the 3rd year of its implementation.

First, let's look at the important clauses of the Right to Education Act 2009

>>The Act provides the right to free and compulsory education in a neighborhood school for every child between the ages of 6-14 till the completion of elementary education.

>>There is a new concept of 'neighborhood schools' that has been devised. Neighborhood school is meant to be a common space, where all children cutting across caste, class, gender lines learn together in the best inclusive manner. This would imply that the state government and local authorities will establish primary schools within walking distance of 1 Km of the neighborhood. In case of children between Class VI to VIII, the school should be within a walking distance of 3 Km of the neighborhood.

>>At any time of the academic year, a child can go to a school and demand that this right be respected. This provides children the right to seek transfer from a Government or Government aided school to another such school in order to complete elementary education.

>>Private education institutions have to reserve 25% of their seats starting from class I to disadvantaged students. This is applicable for all aided and non minority unaided schools. Private schools would be entitled to reimbursement at the per-child cost incurred by the Government.

>>Strict criteria for the qualification of teachers. There is a requirement of a teacher student ratio of 1:30 at each of these schools that ought to be met within a given time frame.

>>The schools need to have certain minimum facilities like adequate teachers, playground and infrastructure. The government will evolve some mechanism to help marginalised schools comply with the provisions of the Act.

>>Unaided and private schools shall ensure that children from weaker sections and disadvantaged groups shall not be segregated from the other children in the classrooms nor

shall their classes be held at places and timings different from the classes held for the other children.

>> Out of school children be provided the right to be admitted to a school in a class appropriate to his or her age for completing elementary education.

>> No school or person shall collect capitation fee or subject a child to any screening procedure for admission.

>> The RTE Act provides for putting in place a continuous and comprehensive evaluation procedure assessment instead of year end exams. No detention in elementary classes.

>> Prohibits any child being subjected to physical punishment or mental harassment

>> School management committees should be formed in government/ aided schools with the participation of parents/ teachers and elected members of the local body. School development plan to be prepared by this committee.

>> Prohibits deployment of teachers for non-education purposes and prohibits private tuition by teachers.

As we reach the 3rd year of the RTE act, the lack of clarity in implementation has caused severe criticism from different parts of the country. Even though there are many important norms as listed above in the act, the public discussions/ concerns revolve around specific clauses like 25% reservation in private schools and no detention policy. In April 2012, the Supreme Court upheld the constitutional validity of the Right of Children to Free and Compulsory Education Act, 2009 against the petition filed by The Society for Un-aided Private Schools, Rajasthan, claiming the act violates the constitutional right of private managements to run their institutions. In the verdict Supreme Court mandates government/aided/and non-minority unaided schools to reserve 25 per cent of the seats for unprivileged children from 2012-13 academic year.

The Supreme Court exempted unaided minority institutions from RTE obligation because of the autonomy to the minority institutions has been enclosed under article 30 of the constitution. Central government should open up a





***The important objective of the education is all-round development of children, to equip them with life skills, than reduce the education process to mere clearing of annual examinations.***

debate to push for constitution amendment to bring the minority unaided institutions also under RTE responsibility. If we look at the statistics available at the end of June 2012, in Karnataka the number of students who have availed the RTE to get admission to private schools is less than 40% of the total quota opened up for the children from underprivileged families. This is due to lack of awareness among the targeted communities and improper guidelines to the education department. Recently an education department officer in Bangalore expressed his view that the numbers are abysmally low as this is the first year of admission and things will get better in the coming years. But it doesn't look easy and seamless after hearing the couple of incidents of discrimination against the children admitted to private schools under RTE act. In a recent incident in a Bangalore Private school, hairs of 4 children were snipped off in order to recognize them from the rest of the students. Other allegations are that the kids were made to stand separately during the morning assembly and were made to sit at the back in class.



This kind of blatant reprehensible act should be investigated and proper action should be taken against the school authorities. India as a country, is riddled with deeply embedded caste, class and social hierarchy issues for centuries. The kind of discrimination towards the children can be seen as the reflection of modern 'untouchability'. As written in RTE act, "The idea that schooling should act as a means of social cohesion and inclusion. The idea of inclusive schooling is also consistent with Constitutional values and

ideals, especially with the ideals of fraternity, social justice and equality of opportunity. Admission of 25% children from disadvantaged groups and weaker sections in the neighborhood is not merely to provide avenues of quality education to poor and disadvantaged children. The larger objective is to provide a common place where children sit, eat and live together for at least eight years of their lives across caste, class and gender divides in order that it narrows down such divisions in our society."

This objective of the act is not likely to be met unless government intervene and sort out the issues with private managements about the 25% reservation. We should not allow the beneficiaries, the children, to suffer because of the ambiguity in the act. Otherwise it will adversely affect these children and it can make lifelong mental scars in the young minds

#### **Private schools vs Government**

Private school associations are up in arms against government and they conducted different protests to stop implementing RTE. In Karnataka, Unaided School Managements' Association (KUSMA) shut down 1800 schools in protest against RTE.

The different concerns raised by the private management are mainly the time frame of the reimbursement from education departments and it may not be adequate to additional expenses incurred on the student and second is that RTE will bring down their institution's standards. First concern can be sorted out by proper discussion between government and private managements and consensus has to be reached on the time frame of reimbursement and the raising the limit of reimbursement to include a range of other expenses.

Second argument has succeeded to get the support of middle class and it doesn't seem to be the real reason to oppose the RTE act. The underlying reason seems to be the perennial caste/class hierarchical issue. If we look back at our education system 2-3 decades ago, children from all the sections of the society studied in government schools. But after increase in income, the middle class gradually pulled its children out of Government schools and put them in



***Government cannot abdicate from the responsibility of developing the infrastructure and education quality of government /aided schools by shifting the responsibility on to private schools.***

'respectable' private schools. Now, private schools are sought-after, while Government schools, which still account for over 75% of all school students, are in shambles as a result of middle class neglect. The middle class are not ready to admit the fact that their children go to the same school as lower class/caste children. RTE, as in its objective, puts forward for a common schooling system. As our economy grows, disadvantaged families look forward to provide 'private school' education to their children as a process of elevating them to a higher class.

### **No Detention policy**

Another RTE clause that raised many discussion is the no detention policy in elementary classes. One important concern is that students may not take studies seriously if there are no annual exams. In Annual Status of Education Report, 2011 it is revealed that only 56% of the class 8 students in rural areas were able to do a simple arithmetic division. Current academic attainments are very low in rural areas. Many educational experts and state education ministers expressed their apprehensions at the CABE (Central Advisory Board of Education) meeting in 2012 that 'No Detention' feature in RTE could pave way for further fall in academic standards. RTE act attempts to ameliorate this by providing for comprehensive and continuous evaluation framework. CABE has decided to come up with detailed evaluation framework in this year. The center and state governments should get serious about this as it is one of the fundamental goals of RTE act. The important objective of the education is all-round development of children, to equip them with life skills, than reduce the education process to mere clearing of annual examinations.

### **Government's responsibility**

Government cannot abdicate from the responsibility of developing the infrastructure and education quality of government /aided schools by shifting the responsibility on the business- oriented and capitalistic private schools. According to 2008-09 statistics, of the 12,85,576 recognized schools imparting elementary education in India, 80.5 % of schools are government – run, 5.5 % aided and 14% private unaided. Of these 87.30 % schools are located in rural areas.

The quality of education provided by the government system remains in question. While it remains the largest provider of elementary education in the country forming 80.5 % of all recognized schools, it suffers from shortages of teachers and infrastructural gaps. There are also frequent allegations of government schools being riddled with absenteeism and mismanagement and appointments are based on political convenience.

Government should realize the fact that the pace of change is very slow even in the 3rd year of RTE implementation. The change process has not taken off yet. More political will by HRD ministry and government and more resource/ fund allocation is needed to revamp the education system from teachers training institutes to textbook formulation bodies to divisional education administrative offices (which is the closest administrative unit to people).

The Act provides for a special organization, the National Commission for the Protection of Child Rights (NCPCR), an autonomous body set up in 2007, to monitor the implementation of the act, together with Commissions to be set up by the states. NCPCR is entrusted with the huge task of keeping vigilant eye of millions of classrooms in this country where children are to be taught and protected from corporal punishment, mental harassment and discrimination. But in the current form, with meager infrastructure, it is doubtful that how effectively NCPCR are doing this task. For a national commission to serve children in every corner of the country it must have good State-level units with district-level branches and it must work in tandem with the local bodies like panchayat and blocks. As of now, the NCPCR's presence in most states is barely symbolic. For RTE to actually mean anything there has to be a paradigm shift from the old way of delivering education. There has to be a total reform in many areas of education.

### **Teacher's quality**

RTE act makes it compulsory for all schools to maintain a student to teacher ratio of 30:1. Recent pan-India survey shows that currently schools are struggling with a ratio of 50:1, and with 5.5 lakh teachers' positions vacant. Going by RTE norms, at least a million teachers will need to be freshly



## ***Extension of RTE to secondary education must be added under the act in order to ensure the continuity of education.***

*recruited and trained. Another shocking reality is that number of teachers failed in Central Teachers Eligibility Test in 2012 was above 80%.*

*Everyone, who supports or criticize the RTE act will accept the fact that teacher's training in India should be reformed. Quality of teaching and teachers has to be improved. A good teacher can inspire love of a subject in a student, and a bad one can inspire total hatred of it.*

*The whole teachers training program should be based on overall development of children and to equip them with the different life skills. RTE puts forward clear norms for the qualification of the elementary teachers. HRD ministry and regulatory body National Council for Teacher Education (NCTE) should look into the different teacher's training courses in different universities and make the necessary changes to the whole programme to ensure that teachers with right aptitude, interest to impart the learning to children and sound knowledge in the subject are inducted to our large teachers' fraternity.*

### ***Infrastructure development***

*RTE act mandates the schools to have basic amenities like toilets and a safe building and infrastructure. But unfortunately the situation is pathetic in the government run schools in the rural hubs. Though funds are regularly allocated to for this purpose, nothing is being done to ensure the infrastructure of the village schools are being upgraded or properly maintained. RTE act mandates for separate toilets for boys and girls. I am sure if we have good toilets and safe school buildings, there would be a significant increase in the attendance on children coming to schools in rural areas, especially girls.*

### ***Grievance Redressal***

*For an act to be effective in its implementation there should be a proper grievance redressal mechanism. This is where the local bodies like panchayat/ blocks and the monitoring agencies like NCPCR become important. Parents or children must know where they can go and complain the issues/ concerns related to the schools such as absenteeism of unavailability of text books or the discrimination towards children in school. The HRD ministry and Panchayat raj*

*ministry should fix the accountability for various entitlements of the act at various levels to have a proper mechanism. If grievance redressal becomes an empty shell, so might the effectiveness of RTE act.*

### ***Funding and resource allocation***

*Recently a Parliamentary panel has expressed concern over "insufficient" fund allocation for the government's flagship SSA-RTE program. This fund insufficiency could lead to a hindrance in the program's implementation which is planned in a specific time frame. SSA – RTE has been one of the most under funded program by government in the recent years. Current allocation of 45963 crore against the projected requirement of 89019 crore would compel the HRD ministry to compromise some of the schemes in the program.*

*The central government along with the state governments must realise that the fact that elementary education is the sector in which our country is the lowest achiever and need to pour in more funds and resources in to the sector for the effective implementation of the SSA – RTE program. It is also important that unused and underutilized funds for various schemes in the program should be addressed urgently and it should be used effectively for SSA-RTE program implementation.*

### ***Excluded children***

*The RTE Act is the first legislation in the world that puts the responsibility from ensuring enrollment, attendance and completion on the Government. The act requires surveys that will monitor all neighbourhoods, identify children requiring education, and set up facilities for providing it. But still there remains a core group of children, who are not able to enter schools or remain in them.*

*Who are these children? They are from the marginalized communities of our society such as children from remote dalit/tribal belts; children whose childhood and dreams of education lost in labour in the mines and mills; children with disabilities, who find it difficult to join school, and continue education with the other students; Children who lives in the conflict zones in our country; Children of stigmatized*



## **Recently a Parliamentary panel has expressed concern over "insufficient" fund allocation for the government's flagship SSA-RTE program.**

parentage such as those who live with AIDS, and those who are engaged in sex work; Children without adult protection such as street children who are homeless and destitute.

These are the group of children, our policy makers are yet to address adequately. There has to be a different law for the children from these marginalized communities. Otherwise, schools will be an elusive dream for these children. Education is the first and important thing we can provide to these children for the empowerment of the marginalized groups that have been excluded from the mainstream for long time. Not only empowerment of the community, but also it will lead to the larger goal of social equity and additionally it will boost our economy.

Another important fact which is very hard to miss is the gaps in gender parity in school enrollment. Education to the girl child is still not preferred in rural areas in our country. This has to be a main concern for the policy makers while we review the act implementation in the coming months. In order to tackle this, maybe we can look at some international experience such as establishment of a girl-child education unit in Ghana to monitor the rights of education of girls.

### **Extending to Secondary schools**

The current RTE act talks only about the rights of elementary education of our children. There is no mention about the secondary or higher education. Secondary education must be added under the act in order to ensure the continuity of education. In recent CABE meeting this was discussed and it is decided by HRD ministry to constitute a committee to make recommendations to government. It is better to wait for couple of years to enable the states to implement the RTE satisfactorily and then to consider the extension of RTE to secondary schools.

### **SMC and SDP**

RTE mandates to form School management committees (SMC) for every government and government aided schools in the country and this committee has to prepare school development plan (SDP). This is a very important norm in the act, which will make our education system more effective by encouraging

participation of parents in the decision making process. SMC includes elected representatives of the local authority, parents and teachers.

As per the act, SMC should perform the functions such as monitor school activities and its working, prepare and recommend school development plan, monitor grant utilization, monitor teachers' and students' attendance, ensure 100% enrollment of children in the age group of 6-14 years.

Currently lack of awareness and limited understanding of the roles and responsibilities of SMC are constraints in effective functioning of this institution. There has to be proper training and guidelines for the members of the committees to raise the awareness. We must ensure that SMCs evolve as the guardian institution for elementary education, especially in rural areas, as envisioned in the act.

However, these reforms are not going to be easy, or come in a day. But if we want our nation to progress and for our future generation, we have to rethink our entire education system. Education should be the learning of the things we see around us, and understand the world around us and think and work towards improving it. It should result in one being able to think independently for the betterment of self and others around them. Not just government or the various stakeholders of education sector, but each and every one of us has to show great consciousness and obligation towards our focus on excellence in the education system in our country until the right of education of the 'last' child is fulfilled.

### **References**

- HRD ministry website - <http://mhrd.gov.in/schooleducation>
- News papers: The Hindu, Economic times, Business line
- Magazines: Tehelka, EPW, Frontline
- Sarva Shiksha Abhiyan Website - <http://ssa.nic.in/>
- RTE Website <http://righttoeducation.in/>
- RTE : 2nd Year review report published by HRD ministry ([http://ssa.nic.in/rte-1/RTE%20Final%20book\\_11-04-12%20-%20Low%20resolution.pdf](http://ssa.nic.in/rte-1/RTE%20Final%20book_11-04-12%20-%20Low%20resolution.pdf))
- DISE (District information system for education) report 2009-10
- CABE 59th meeting report , June 2012



***"If a man gives you freedom, it is not freedom. Freedom is something you, you alone, must take." – This is probably the message of the movie Burn!***

## ***Burn! – Movie Review***

***By Chithra***

*"If a man gives you freedom, it is not freedom. Freedom is something you, you alone, must take." José Dolores a black slave, says this quietly, but shakes the ideals of so called civilized Europe. In this movie Burn (or Queimada), the director Gillo Pontecorvo presents a vivid picture of colonization, slavery, resistance and martyrdom for sovereignty; set in a fictional Portuguese colony. Movie, throughout its narration spreads out a strong anti-colonial message rooted on true meaning of the word "Freedom".*



*Marlon Brando did a brilliant work in the role of Sir William Walker, which he later mentioned in his biography as "I did some of my best acting in "Burn!". Sir William Walker arrives at Queimada as a traveler but is a British Government agent with a task in hand to organize a slave uprising. British wanted this uprising to end Portuguese dominance and to have a say in the precious sugar cane trade. Walker chooses José Dolores, a black Bolivar, trains him to organize a revolt and succeeds to overthrow the Portuguese establishment from Queimada. British establish a corrupt puppet government, while Dolores is marginalized. While slavery had been formally ended and the former slaves in theory had rights; a legal and property system was established that forced them to continue to work in the sugar cane plantations in even worse conditions than before.*

*Walker returns to the island after ten years, this time as an agent of Sugar Company which is threatened by the increasing strength of slave uprising. Walker's task now was*

*to end the black revolt and its leader Jose Dolores both he himself created years back. Walker traps Jose into an offence and was ordered to be executed. During trial time, Jose was offered to be set free as they were afraid of his martyrdom, martyrdom of a revolutionary hero which they judged as much more dangerous than letting him free. In one of the last scenes Jose express his contempt for the so called culture and civilization of the ruling British. Even if he was not educated and cultured per English, he proclaims a black slave's pride with a tinge of arrogance and was neither ready to surrender himself nor the pride of his fellow Queimada-ians.*

*The most important aspect which the film discusses is about the concept of "civilization". As we know "civilization" is the term which is related with the progress of human race. Being civilized means how far a society is from its primitive start. Its level may be measured by the progress in agriculture, trade and urbanization. Super structural elements like literature and arts depict its set. Civilization and its nuances differ from region to region, country to country and continent to continent. This variance could be due to socio political or geographical reasons or even due to the nature of the place, the challenges they face, calamities they survived and lot of unknown reasons which are yet to be discovered.*

*This difference opens an opportunity for the powerful one to control the weaker one. But no society can question the self-respect and freedom of another one and call themselves civilized. Unfortunately history illustrates the stories of invasions and struggles. Here in the film Burn, English overthrew Portuguese regime with the help of local black slaves to install a puppet government controlled by the British to rule the very black Queimadan society and their economy who helped them. At one point in the movie Walker offers Jose and his men, English's support to manage their commerce, education etc. as if he is offering a generous deal. Jose rejects this offer as he understood that it lacks freedom in its pure form and is a humiliation to black's race, culture and civilization. He proclaims that his community's pride will stand tall in front of any super power.*



## **Prof CP Chandrashekhar, renowned economist and columnist shared his view on IT industry and its Wealth and Welfare economics**

### **IT Industry - Wealth and Welfare**

**By CP Chandrashekhar**

*ITEC provides excerpts from the speech Prof. Chandrashekhar presented to us on the 29th of July, 2012. The full version and the audio can be accessed from our website - [www.itecentre.co.in](http://www.itecentre.co.in). The sectioning and section titles are given by the editors. Errors are purely unintentional.*

*What I really will be trying to focus over the course of this talk are two things. One is to focus on certain features of the growth of the industry which I think has implications which need to be looked at. The second is to try and link this process of growth of the industry to a larger trajectory of the Indian economy, the most striking feature of which is the fact that over the last two decades or more, rapid increases in national income or GDP has come predominantly from the services sector. This has tended to generate the argument that India's per capita income is not the kind of per capita income in which the economy begins to diversify out of commodity production into services. But this (growth in GDP predominantly due to growth in services sector) is seen as indicative an alternative or a new growth trajectory for emerging markets like us. Also, I would like to draw out a couple of possible outcomes of the kind of growth that we have seen, which I think is important from the point of view of assessing IT policy as a part of development policy. So in some sense what I'm trying to do is to look at this industry as an economist who looks at tendencies indicative of a pattern of development.*

#### **Policy Prescription for the Indian IT Industry in its Early Phases**

*Let's look at what is the nature of the trajectory this industry is going through. There are a few occasions which are normally commented about. The first, of course, is that even though people back in history and in the early phases of trying to formulate policy, not with regards to the electronic sector generally but to the computer and computer related sector in India. There was a famous Baba Committee which went into this issue. At that point of time the separation of software sector from hardware production had not*

*proceeded. Baba essentially argued that given our requirements and needs there is no room to waste energies to try and develop any capacity in the mainframe sector other than the generic software to use such machines; we can import them, we can have firms like IBM providing them. But over the period of time what India should try and do is to try and establish its self-reliance definitely in the area of mini computers as at that point of time PC was yet to come.*

*Now there are 3 features about this - first of course is that the focus was completely on hardware, second the emphasis was to become centralised and third the interest of the centralization was essentially to target to the domestic market, you want to be in a position to be able to domestically produce, supply and service these machines rather than rely on international firms.*

#### **Shifts in Policy: Away from Hardware & Away from Domestic Markets**

*Today, the industry is completely transformed. We now have the explicit understanding, particularly after the information technology agreement, that India should not waste too much energy in the hardware sector. There was a large grey market, the assemblers, who used to import the components from the international markets, assemble the machines here thanks to the duty structure. Once the duty structure changed, the ability of assemblers to compete with the cheaper prices declined. You end up in a situation where you see a decline in assembly sector and over a period of time you see a decline of Indian hardware firms (like Wipro).*

*The understanding was that we should source our hardware from international market and do this at a duty rate which is extremely cheap. By bringing down the prices of imported hardware, you facilitate the operation of domestic software industry.*

*The second shift which occurred is that the focus today is not merely on services but exports of services. It is not that the firms don't want to cater to domestic services but more focus is on the international market.*



## ***It is equally important to analyse IT industry's success along with the policy choices we made in the past***

*What is driving policies is the interest of software producers and suppliers who are catering to international market and not for the free software movement whose focus is on the software users in this country. A large software use is going to emerge as the government is trying to encourage computers in hundreds of villages. And the packaged software that is going to be used for this will be imported, as there will only be a small amount of packaged software that is generated domestically. So we will end up in a situation where the domestic use of software and hardware will depend on the import from the international market.*

### ***The Mirage of Indian IT's Contribution to Exports***

*The most important thing is to not only look at the export performance of the sector but also look at the net exports (exports - imports) for that sector.*

*Why should we be considering this? Not merely because the proper index is the net export from the point of view of the impact on the industry on the balance of payments, but also because of the fact that that we have completely transformed the thrust of policy with regard to this industry where we are depending hugely on imports of hardware and of packaged software and concentrating on the export of software services. Now this initially would not have mattered much because India was not such a major user of hardware. But that is changing, it is changing because of the thrust of state policy. Not because of the fact that there are more numbers in the middle class but also because of the fact that on the other part of state policy, there is a conscious effort to spend large volumes in order to expand the use of IT in government and use of IT in social service scalability. And now we have got to a situation where we are basically saying we want to make easier and monitor social service delivery by creating an extensive IT network. But this basically would amount to a huge increase in government outlays on hardware. Excepting for a fewer exception say in Kerala and so on, in most states, this expansion in hardware is accompanied by an unthinkable reliance on packaged software. Normally, they all are Windows machines. You would see the beginning of both a private and a public boom in the use of computers and computer related packaged software. But you suddenly*

*realize that this is a market which has hardly any domestic hardware segment. So we are in this market with this large expenditure, and you suddenly find that, either directly or indirectly you will be importing a substantial amount as this expenditure increases.*

### ***Imported Software: How much do we spend?***

*There is a problem here. The problem is how do we find out how much is being spent on imported software. If I go to a point of import data, i.e. customs data for example, obviously I will not be able to find out how much is actually being spent on imports of software in this country, because that's the nature of the product. So the only thing we can try and do is to try and look at some data on hardware and look at some other interrelated data on software which I will present to you.*

<b>Indias Imports of Computers</b>	
<b>[HS 1996 code 8471]</b>	
Period	Trade Value
1996	\$188,287,648
1997	\$3,894,688,321
1998	\$454,213,440
1999	\$581,609,754
2000	\$723,884,102
2001	\$591,408,721
2002	\$806,511,476
2003	\$1,091,994,328
2004	\$1,471,025,674

Import of Computers (HS 8471)

Period	Trade Value
2006	\$2,602,456,787
2007	\$2,843,850,847
2008	\$3,053,947,887
2009	\$2,380,079,186
2010	\$2,999,878,752



## **Employment generation figures of IT industry and in general of service industry is not as rosy as it seems to be.**

If you look at India's imports of computers as provided by United Nations, starting from 1996 it goes up to 1.5 Billion Dollars by 2004. And then after 2004, it moved from 1.5 to roughly 3 billion dollars and this is just one kind of a product within the larger computer hardware sector.

My argument would be, if we can actually; some of us are trying though it is very difficult; if we can go to the annual accounts of firms (foreign software firms) operating in India and try to unbundle out of that a set of numbers which is indicative of the amount they are earning by selling packaged software in this country, and we can build some kind of a sort of series, I'm sure that just as much as in the case of computer related products we are going to see a significant increase in the imports which is occurring and that is going to accelerate, so that, at some point, if it has already not occurred, we might be nearing a situation where the net Balance of Payments effect of this sector would not be very large or in fact could be negative.

### **Demystifying the 'Services Industry'**

The next element which we look at as far as this sector is concerned is to ask the question - we always operate with a certain notion about 'services'. And the notion about services that we operate with is that unlike commodity production, production of goods whether agriculture or manufacturing whatever it is, that this is an area which largely uses labour to produce revenues.

There was a very famous economist - William Baumol. He said that you would expect that productivity in services would be much lower, by productivity you mean - output and revenues per unit of labor input. And therefore he said that if a country is going to diversify in the range of services, then its going to face the problem that they will begin to see a deceleration in the rate of growth of its productivity.

The other understanding about services was that services tended to consist of a set of activities where the presence of service provider at the point of service provision was necessary. That is if you are a doctor, you need to be where your patient is.

When India was being presented as a software success, it

was projected as a potentially alternative trajectory for emerging markets. What was presented was that this second perception was completely wrong now with the coming of IT where you now have digital migration. You can sit in a nice air-conditioned office in a couple of cities of another country and deliver a set of services. And if you have digital migration and this combines with a cheap labour force - You have made it!

And when people asked should we actually go into services, because services is not a high productivity sector, we should be going to manufacturing and agriculture. To which they said, no no, you got it all wrong, that was the old notion. We happened to be now in a world in which it is possible to be able to move into services in a very large way, get large increases in output and revenue, and since services is not so productive, you actually will get a lot of employment. So you are going to be in a situation where you can get both. You can get high growth and you can get high employment growth.

Whereas, if you look at manufacturing it seems to be a world in which you can get high output growth but you don't get really much employment growth given the capital intensity of the sector. So another question to ask is, at the end all of these, is there a significant growth of employment.

Now, in the NSSO surveys; every 5 years we have a survey of employment and unemployment. In the national industry classification category, in which all computer related activities, both hardware and software come, it went up from about 314 million in 1999-2000 to about 963 million in 5 years. In 2009-10 number it has gone up from there. So if you look at it, the question to ask is that at that point of time about 3%+ of GDP as in 2004-05, being from computer related sector, how much employment are we getting as a result of this 963 million? This is of course direct employment and doesn't include the indirect employment which people say the industry generates. When we look at it in that sense it gives you 0.2% of the total employment generated in the economy; at a point of time in any case where you know agriculture employment is not growing





**When the average industry was paying 33% tax, IT industry was paying 12%. This nullifies the argument that lack of Govt interference was the reason behind IT industry's success.**

very much, manufacturing employment is not growing very much, the employment which is growing is the services employment, but it's not modern services of this type which has generated much of the employment. We can get 5% of revenues from there, but if you want employment you have to jump onto the train and sell groundnut in order to be able to give yourself some income.

The modern services includes finance, real estate, business services and IT related services, you get the whole bundle what could be called outside the areas like health, education, public administration and defense. Today we get 1.7% of total employment coming out of these sectors

### **Who Garners the Profits?**

The mechanism is as follows for a software firm. Let's assume 30% is the wage bill and I am able to get cheap english speaking IT professionals, and I am able to cut wages at different levels by 50%, then straight away I'm making a 15% price advantage. Then, If I say I'm going to use this 15% for competition, but still I got 70% with me of which a part goes for rent, air conditioning, communication systems and all that. I still get huge profits. Its not by accident that this sector grows millionaires and billionaires. This is a sector which provides huge amount to the one who are successful. Who is that?

Size of Exports (Rs. Crores)	No. of Companies (% share)	Per Cent Share in Exports
<1	58	0.9
1-10	31.47	5.19
10-100	7.79	11.17
>100	2.74	82.74
Top 10 companies		58.75

This is a categorization of firms from the mid 2000s, when the RBI and CSO and others were trying to generate statistics of

their own. If you look at the companies which are exporting less than 1 crore, they account for 58% of the companies and about 0.9 of the exports.

When you consider companies exporting between 1-10 crores, you see that 89% of companies contribute to 6% of exports. And the companies that are exporting more than 100 crores, they account for just 2.74% of the number of companies, but they actually give you about 82.74% of your export revenues.

There are only a few domestic and a few international firms which completely dominate the revenues and therefore the large profits that come from this sector. So therefore there is an un equalising tendency that comes from the fact that they are not generating so much employment and therefore there is a huge profit-wage ratio in the industry.

### **Is the Huge Tax Concession to the IT Industry Justifiable?**

We started off by saying given the importance of this sector from the point of view of GDP growth, from the point of view of employment growth, from the point of view of foreign exchange earnings, we should give privilege to this sector. As far as revenue and GDP growth are concerned, we cannot deny that this sector is growing. Employment growth is not so great. And as far as foreign exchange is concerned as I told you we should not be misled merely by export figures, what we have to look at is the net exports by the industry as a whole. But for these 3 reasons, the IT industry has been given a huge tax concession – a virtual tax holiday. You then start giving them other concessions move part of your operations into SEZ's.

If you try to find out what is the effective rate of tax these IT firms are paying – the effective tax paid by a firm independent of whether you are eligible for tax holiday or not, on an average is something like 12-13%. A normal firm, which is profitable, should be paying 33%. You are ending up with a situation, where, they are not only getting huge profits, but on the profits they get – they pay less than half of what the normal corporate taxpayer would pay.

How does that matter? How that matters is, that this is one of the booming sector. This is where the revenues are being generated by the system and I need to take those revenues - to put children in school, to give people a certainty of access to sanitation and health, safe drinking water - all of those things which any civilized government should promise its people. But then you say - no no I can't do that. Because even though this is where the money is, because the money is there I can't take it away. I find it absurd. There is this argument, that this is an industry which grew without government's help. Forget the fact that government created demand for things from the IT sector. Forget the fact that the whole IT policy has been drafted with the interest of these sections in mind. Think of the tax benefits they have been given. So to say, all we need is the Government to keep away; otherwise we will go away is an absurd threat. Where will you go? You are going to take all that cheap English speaking well educated workforce with him and get them visas and put them somewhere else?

So that's the last point I would like to say. That finally, there is an element of dutch disease: it means, when suddenly one sector starts becoming successful as an exporter, firstly it is not a problem, but more importantly because the revenues are coming, the currency strengthens. When the currency strengthens, other sectors, goods producing sectors for example, which used to be competitive, suddenly become uncompetitive.

So then you will see the de-industrialization on one side and a boom on the other. There are ways in which the dutch disease applies to this (IT) sector. One obvious way in which the dutch disease applies to this sector is that we sacrificed hardware. The other is, because we got into this trajectory of privileging private capital.

We can't privatize poverty elimination and the state has to do it with its revenues. If we take the best sectors out of the revenue basket then you obviously would have a problem. So that's the second way in which I think the dutch disease applies.

And hopefully, now that the industry claims it has come to maturity in terms of its revenues, it will also be mature in terms of use of its material wealth in elimination of poverty.

## **ITEC: Gaining strength step by step**

### **- Activity Report**

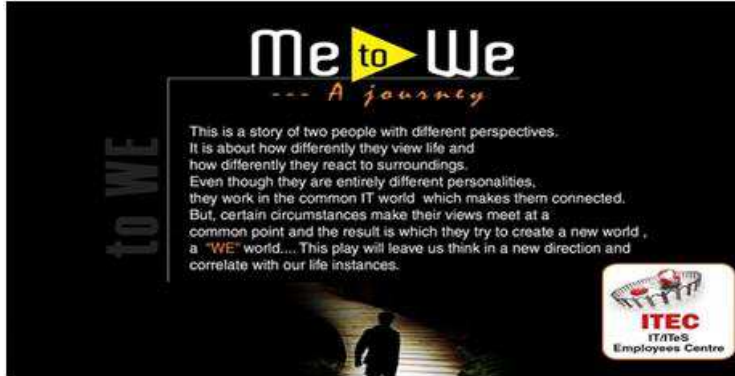
When a major National daily like The Hindu carries forward an issue that ITEC brought into limelight - with not just a small article, but a full page analysis on the issue (<http://www.thehindu.com/news/cities/bangalore/article3771217.ece>), it goes on to say a thing or two about the success of our forum. Thanks to the persistent involvement of ITEC on the issue of Employment fraud, the issue has raised the eyebrows of several well-meaning individuals and organisations. The latest case of fraud was exposed in June, when over 100 employees were cheated by Maxcomm, another fly-by-night operator. ITEC helped the employees to form an association with a formal structure to carry forward the legal process with the Police & the Judiciary. With public pressure coming from various quarters, the day may not be far away when the Government takes concrete steps to stop this menace.

ITEC being a socially responsible group was pained at the massive out flux of our friends from the North East out of Bangalore. We did our part in spreading the message of peace and unity by going to the City Railway Station and Yesvantpur Railway Station to speak to the friends who were leaving Bangalore. (<http://www.itecentre.co.in/node/136>)

ITEC took a major leap in its way forward by organising a play - the first ever play by IT employees. "Me to We" was held in July, celebrating the need to stand by each other in times of need. This certainly holds a lot of meaning in days of recessions, pink slips and economic gloom. The play marked the launch of ITEC's Theatre Club, which was inaugurated by none other than the noted Theatre & Film Personality - Mr. Prakash Belawadi.

July was another hectic month for ITEC as it organized another significant event in association with Darsana, an alumni group of NSS College of Engineering. This time it was a seminar - "Wealth & Welfare - an IT industry perspective", by Prof. C.P Chandrashekhar, a renowned economist and a

regular columnist for Frontline. He gave a detailed analysis of the economic framework of the IT industry and how it is positioned in the global economy. The transcript of his speech is published along with this newsletter in page 14.



Do IT employees who work night outs and on weekends, have the time to think about colonialism and imperialism? Yes they do. This happened in the post movie discussion of the movie screening that ITEC organised. The movie in question is *Burn! or Queimada*, which portrays the colonisation of an island in the Carribeans by the English with the help of an agent played by Marlon Brando.

Bangalore's IT employees did not hide their anger at the rise in petrol prices. Under the banner of ITEC, they carried out protests at BTM and Marathahalli and staged a skit on the issue before the movie screening.  
(<http://www.itecentre.co.in/node/130>)

Recognising the need to be there as soon as a need arises, ITEC extended its reach to different areas of the city. ITEC now has separate area wise teams for BTM, Marathahalli, Hebbal and Koramangala. Some very engaging activities were organised by these area wise team like an astronomy workshop, a screening of Nero's Guest, the documentary featuring P. Sainath talking about our country's agrarian distress, cricket matches and a Kannada class for non-Kannadigas.

As the IT industry continues to sail in troubled waters, and as life gets a little tougher as each day passes by, ITEC wants to spread the message of love, unity and togetherness and dream for a better world for all.

### ITEC Communiqué on recent rumour-triggered exodus

ITEC is grieved by the situation of massive exodus of our friends from North Eastern states triggered by rumors. We, as a socially responsible community, want to spread a message of unity and brotherhood with all the affected people. We are pained that some of our friends are in a state of fear. It is the right of each and every Indian, irrespective of her/his region/ religion/ caste/ language/ color, to live and work anywhere in the country. This awareness entrusts all of us the responsibility to ensure that these rights are protected. Let rumors not affect the love we have for each other!

Join ITEC in spreading the message of peace and love!

---

### **About ITEC**

*IT and ITeS Employees Centre (ITEC) is a voluntary non-profitable togetherness FOR, BY and OF the IT/ITeS employees and professionals. It is a collaboration of people working in the IT/ITeS industry with a self-assigned objective to work towards the welfare of the employees and for the overall progress of the IT sector in India. ITEC is a platform for the IT fraternity to collectively address various issues and challenges faced by their own peers as well as the industry in general.*

*ITEC, which brings together an abundance of talent, experience and vision, will strive hard to position itself as an opinion maker and a catalyst for progressive changes in the IT industry and will spearhead campaigns for bringing in appropriate policies and best practices in the industry. ITEC will continuously engage in research studies to understand and analyse the underlying dynamics of various developments in the industry and to suggest ways and means for ensuring the well-being of the very community that brings glories to it. ITEC would be an ally for everyone in the community to collectively address their grievances at work and to muster necessary support and guidance in their effort to find resolution for the same.*