

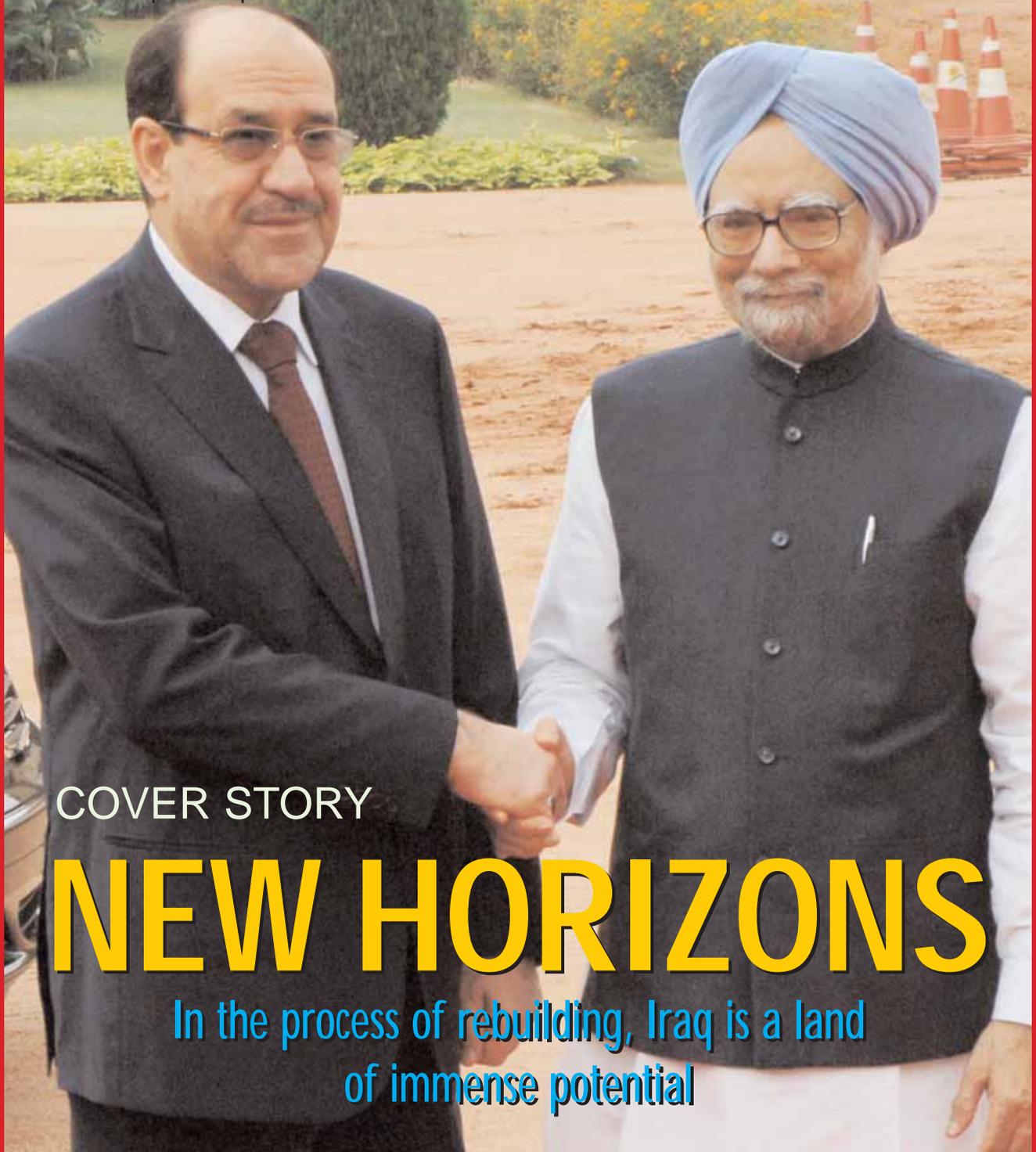
OPINION

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COVER STORY

NEW HORIZONS

In the process of rebuilding, Iraq is a land
of immense potential

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Congress must correct leadership issue to save India

Dr Manmohan Singh economic wisdom is under sever criticism. The critics are focused on defeating his over dependence on US and world bank, making India a colony of this group. Interestingly during World War-II, the leaders of India's freedom movement adopted a policy of non-alignment between the Allies and the Axis, the single biggest factor in the post-1942 ("Quit India Declaration"). Manmohan Singh is therefore in exalted company when he takes decisions that are less than optimal from the viewpoint of India's national interest. One of the most significant has been his repeated rejection of offers by Iran to enter into long-term contracts for the supply of oil to India at concessional prices. Had this offer been accepted, with its corollary of the medium of exchanging being not dollars but rupees, the Indian currency would not have entered into the free fall that Manmohan Singh's dogged dedication to following the dictates of Washington has caused. In fact, it was PV Narsimha Rao brilliant political acumen and economic foresight that guided the process of liberalisation post 1991, Dr Manmohan Singh was never a political leader with courage and conviction to carry out structural change in the system. he is over rated economist and under rated political.



Those credulous enough to believe in the US dollar have paid a huge financial price for their trust, and yet are in no hurry to move away from a currency that is hugely overvalued in terms of the huge debt that the US has. While the previous NDA government headed by A B Vajpayee was also influenced by the dollar, it can be said that Manmohan Singh and his team have been dominated by the dollar. From the start, the PM and his economic team have concentrated on multiplying the benefits earned by those who ran away from the rupee and clung on to the dollar. Thus, those in India who trusted the rupee have been losers on a catastrophic scale, while those who shared Manmohan Singh's affinity for the dollar have prospered. Those making dollar deposits in the Indian banking system get returns of 20% and more in dollars, while those unwise enough to have placed their confidence in the rupee have seen the real value of their capital fall sharply.

This year itself, the rupee has lost nearly 40% of its inherent value through the fall in the value of the rupee (by 25% this year alone) and relentless inflation. Had the Prime Minister been less deferential towards the US dollar, he would have taken advantage of BRICS by spearheading a move to get these five countries (Brazil, Russia, India, China and South Africa) to use their own currencies while trading. The PM's bending over backwards, forwards and sideways to please the US has been noticed in Teheran, as it has in most other capitals of the world. The collapse of the Indian economy under Manmohan, combined with the PM's success in continuously holding on to the PM's job longer than any other incumbent save Jawaharlal Nehru, shows that Patel was spot on target. It is high time of Congress party to retire Dr Manmohan Singh because his advantage of honesty will not sell in 2014. The series of major scams, internal unrest, repeated border invasion from all corners and now the economic melt down has proved that Dr MMS is surely not in command. The Congress party need fresh face with vision and political conviction to lead the country. Surely, party is having several better alternates to ageing Dr Singh for a credible replacement.

Prashant Tewari

COVER STORY

THE LAND OF IMMENSE POTENTIAL



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NEED OF THE HOUR
- ▶ INTELLECTUAL ARM
OF THE GOVERNMENT
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200th Test not on the master's mind

● OECEL News Bureau

The much-hyped 200th Test is not even on master blaster Sachin Tendulkar's mind. He said that he was not thinking about reaching the milestone even as there was speculation that he may retire after playing that match.

"I like to take one step at a time. I have been playing for the last 23 years and I have never thought of all this (reaching milestones). I don't like taking things for granted. When I reach there then we can talk about it," Tendulkar said.

Tendulkar was expected to play his 200th Test match in South Africa but BCCI has proposed to host a two-match series against West Indies so that he could play the milestone match before the home fans in India.

It has also been speculated that Tendulkar, who has already quit ODI and T20 formats in international cricket, will bid adieu to the game with that match, which may be arranged at Mumbai's Wankhede stadium, his home ground.

At its recent Working Committee meeting, BCCI revealed that it was planning to host West Indies before the South Africa tour.

In an incredible 24-year international career, Tendulkar became the highest run getter (15837 runs at an average of 53.86) with a record 51 centuries in world cricket.

He had announced his retirement from ODIs late last year, having played 463 games, amassing a record 18,426 runs, including 49 centuries at an average of 44.83.

One of the finest exponents of the game, Tendulkar is revered by billions of fans as "God of cricket" but the Mumbaier said he is just a cricketer who "make mistakes" unlike the almighty.

"Mein Bhagwan nahi hoon, I just play cricket, ooper wale ki blessings hain, ab tak jo bhi meri life mein aaya uska shukriya. We all make mistakes, agar mein mistakes na karta toh kabhi out hi nahi hota. I just play my game,"



Tendulkar said.

Asked how he prepares ahead of a match, Tendulkar said, "I prepare a bit before my match, in general life mental preparation is required."

Asked how he managed to hold people's trust for so long, when the game is mired in so many controversies, Tendulkar said he has kept his life simple. "Since my school, we had simple celebrations, whenever I achieved anything, Mithai was offered to God, my brother always said let people talk about the match and you move forward. I have a balanced lifestyle," he said.

Tendulkar went through a tough phase when his father Ramesh sudden-

ly passed away in 1999 when he was playing in the World Cup in England. But Tendulkar hardly got any time to mourn the loss as he flew back and cracked 140 against Kenya to inspire India to a victory, just three days later.

"I do miss my father, I lost my father in 1999, it's been long time now, so many things have happened since then and I miss him. But I have some wonderful moments and I cherish.

There are times when I rewind, I remember him but some things can't be changed," he said. Asked about his dream car, Tendulkar said, "When I was young my dream car was a Maruti 800 at that time."

THE LAND OF IMMENSE POTENTIAL

The Prime Minister of Iraq is Iraq's head of government. Prime Minister was originally an appointed office, subsidiary to the head of state, and the nominal leader of the Iraqi parliament. Under the newly adopted constitution the Prime Minister is to be the country's active executive authority. Nouri al-Maliki (formerly Jawad al-Maliki) was selected to be Prime Minister on 21 April 2006.

The federal government of Iraq is defined under the current Constitution as an Islamic, democratic, federal parliamentary republic.[2] The federal government is composed of the executive, legislative, and judicial branches, as well as numerous independent commission

Federalism Law

Article 114 of the Constitution of Iraq provided that no new region may be created before the Iraqi National Assembly has passed a law which provides the procedures for forming the region. A law was passed in October 2006 after an agreement was reached with the Iraqi Accord Front to form the constitutional review committee and to defer implementation of the law for 18 months. Legislators from the Iraqi Accord Front, Sadrist Movement and Islamic Virtue Party all opposed the bill.

The federal government of Iraq is defined under the current Constitution as an Islamic, democratic, federal parliamentary republic.[2] The federal government is composed of the executive, legislative, and judicial branches, as well as numerous independent commission



Sheikh Jamal Abdulmahda Ali Albatikh, His Title is the minister of Tribes and member of the parliament of Almaleeki Government in Iraq



A new region can be proposed by one third or more of the council members in each affected governorate plus 500 voters or by one tenth or more voters in each affected governorate. A referendum must then be held within three months, which requires a simple majority in favor to pass.

Creating a new region

Under the Federalism Law a region can be created out of one or more existing governorates or two or more existing regions. A governorate can also join an existing region to create a new region. There is no limit to the number of governorates that can form a region, unlike the Transitional Administrative Law of the Iraqi Interim Government which limited it to three.

A new region can be proposed by one third or more of the council members in each affected governorate plus 500 voters or by one tenth or more voters in each affected governorate. A referendum must then be held within three months, which requires a simple majority in favor to pass.

In the event of competing proposals, the multiple proposals are put to a ballot and the proposal with the most supporters is put to the referendum.

In the event of an affirmative referendum a Transitional Legislative Assembly is elected for one year, which has the task of writing a constitution for the Region, which is then put to a referendum requiring a simple majority to pass.

The President, Prime Minister and Ministers of the region are elected by simple majority, in contrast to the Iraqi National Assembly which requires two thirds support.

Executive branch

The executive branch is composed of the President and the Council of Ministers.

President

Main article: President of Iraq

The President of the Republic is the head of state and "safeguards the commitment to the Constitution and the preservation of Iraq's independence, sovereignty, unity, the security of its territories in accordance with the provisions of the Constitution." The President is elected by the Council of Representatives by a two-thirds majority, and is limited to two four-year terms. The President ratifies treaties and laws passed by the Council of Representatives, issues pardons on the recommendation of the Prime Minister, and performs the "duty of the Higher Command of the armed forces for ceremonial and honorary purposes."

There also exists a Vice President which shall assume the office of the

President in case of his absence or removal.

Council of Ministers

Main articles: Prime Minister of Iraq and Council of Ministers of Iraq

The Council of Ministers is composed of the Prime Minister as head of government and his cabinet. The President of Iraq names the nominee of the Council of Representatives bloc with the largest number to form the Cabinet. The Prime Minister is the direct executive authority responsible for the general policy of the State and the commander-in-chief of the armed forces, directs the Council of Ministers, and presides over its meetings and has the right to dismiss the Ministers on the consent of the Council of Representatives.

The cabinet is responsible for overseeing their respective ministries, proposing laws, preparing the budget, negotiating and signing international agreements and treaties, and appointing undersecretaries, ambassadors, the Chief of Staff of the Armed Forces and his assistants, Division Commanders or higher, the Director of the National Intelligence Service, and heads of security institutions.

List of ministries

- Ministry of Human Rights
- Ministry of Defense
- Ministry of Displacement & migration
- Ministry of Electricity
- Ministry of Agriculture
- Ministry of Finance



- Ministry of Justice
- Ministry of Science & Technology
- Ministry of Housing & Construction
- Ministry of Culture
- Ministry of Communications
- Ministry of Education
- Ministry of Industry & Minerals
- Ministry of Interior
- Ministry of Labor & Social Affairs
- Ministry of Oil
- Ministry of Planning
- Ministry of Trade
- Ministry of Municipalities & Public Works
- Ministry of Transportation
- Ministry of Water Resources
- Ministry of Youth & Sports

Legislative branch

The legislative branch is composed of the Council of Representatives and a Federation Council. As of August 2012, the Federation Council had not yet come into existence.

The Council of Representatives is the main elected body of Iraq. The Constitution defines the "number of members at a ratio of one representative per 100,000 Iraqi persons representing the entire Iraqi people." The members are elected for terms of 4 years.

Council of Representatives

Main article: Council of Representatives of Iraq

The Council of Representatives is the main elected body of Iraq. The Constitution defines the "number of members at a ratio of one representative per 100,000 Iraqi persons representing the entire Iraqi people." The members are elected for terms of 4 years.

The council elects the President of Iraq; approves the appointment of the members of the Federal Court of Cassation, the Chief Public Prosecutor,

and the President of Judicial Oversight Commission on proposal by the Higher Juridical Council; and approves the appointment of the Army Chief of Staff, his assistants and those of the rank of division commanders and above, and the director of the intelligence service, on proposal by the Cabinet.

Federation Council

Main article: Federation Council of Iraq

The Federation Council will be composed of representatives from the regions and the governorates that are not organized in a region. The council is



to be regulated by law by the Council of Representatives. As of August 2012, the Federation Council had not yet come into existence.

Judicial branch

The federal judiciary is composed of the Higher Judicial Council, the Supreme Court, the Court of Cassation, the Public Prosecution Department, the Judiciary Oversight Commission, and other federal courts that are regulated by law. One such court is the Central Criminal Court.

Higher Judicial Council

Main article: Higher Judicial Council of Iraq

The Higher Judicial Council manages and supervises the affairs of the federal judiciary. It oversees the affairs of the various judicial committees, nominates the Chief Justice and members of the Court of Cassation, the Chief Public Prosecutor, and the Chief Justice of the Judiciary Oversight Commission, and drafts the budget of the judiciary. In 2013, the Council of Representatives passed the Iraqi Federal Court Act, which forbids the Chief Justice of the Supreme Court from also being the head of the Judicial Council, and replaced him with the Chief Justice of the Court of Cassation.

Supreme Court

Main article: Supreme Court of Iraq
The Supreme Court is an independent judicial body that interprets the constitution and determines the constitu-

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tionality of laws and regulations. It acts as a final court of appeals, settles disputes amongst or between the federal government and the regions and governorates, municipalities, and local administrations, and settles accusations directed against the President, the Prime Minister and the Ministers. It also ratifies the final results of the general elections for the Council of Representatives.

Prime Minister of Iraq calls on President

Mr. Nouri Kamil al-Maliki, Prime Minister of Iraq called on the President of India, Shri Pranab Mukherjee at Rashtrapati Bhavan today (August 23, 2013).

The President said India cherishes its cordial and friendly relations with Iraq. The two countries have historical ties starting from the great Mesopotamian civilization and thousands of Indians undertake annual pilgrimage to the Holy Shrines of Najaf and Karbala. With the emergence of

democracy in Iraq, relations between the two countries are entering a new phase.

The President said Iraq has become India's second largest crude oil supplier. This is a mutually beneficial partnership. India desires to elevate the relationship from a buyer-seller into a broad-based one with equity partnership in oil production, joint ventures in oil exploration, petrochemical complexes, fertilizer plants etc. He said the different MoUs to be signed during Iraqi PM's visit would establish the institutional framework to enhance co-operation between the two countries.

The President said India has been a committed partner in Iraq's progress and development and will remain so as Iraq undertakes its reconstruction and rebuilding efforts. India remains committed to assist Iraq in the process of rebuilding its infrastructure and institutions. Indian entrepreneurs and Indian industries are eager to engage with Iraq.

The Iraqi Prime Minister warmly reciprocated the President's words and said India and Iraq were two friendly countries seeking to strengthen their relations and maintain a high level of contacts. He said India and Iraq complement each other. India needs energy while Iraq needs investment to generate employment. He said India's experience in democracy has been applauded throughout the world and there is much that Iraq can learn from the Indian experience.

Indian PM Speech to welcome Iraq PM

Relations between India and Iraq rest on a strong foundation. Our historically close links of commerce, culture and spiritualism are complemented by a fund of goodwill between our two people. This alone ensures that ours will always remain a close bond. Iraq has long been one of our most important partners in West Asia. As it recovers

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from recent conflict, it is also emerging as our second largest source of oil, accounting for over 12% of our imports last year. The present visit of Prime Minister Maliki is aimed at imparting new dynamism to our relations and their broad-based development.

Prime Minister Maliki and I have agreed that our energy trading relationship should be turned into a strategic partnership, including through joint ventures in oil exploration, petrochemical complexes and fertilizer plants. The Inter-Governmental Memorandum of

Understanding on Cooperation in the field of Energy will provide a very strong framework to further diversify our cooperation in this sector and we look forward to concrete progress in the near future.

We also agreed to expand and diversify our economic cooperation, which, as our Joint Commission recently identified, would cover areas such as agriculture, water resource management, pharmaceuticals, health care, information technology, infrastructure, low cost housing and trade.





Iraq was the largest project export destination for Indian companies before the Gulf War. I underlined to Prime Minister Maliki the strong interest of Indian companies to participate in Iraq's reconstruction efforts and its ambitious plans to expand and upgrade its infrastructure.

India has also been active in the area of capacity building in Iraq, including in higher education and health care. I have reiterated our offer of support for rebuilding and upgrading institutions in Iraq.

Today, we have decided to add a new dimension to this relationship by agreeing to share our expertise and knowledge in the field of agriculture and water management.

Prime Minister Maliki and I also had a productive exchange of views on international developments, especially in West Asia and North Africa. Peace, security and stability in this region are vital to both our countries. As democratic and pluralistic societies, India and Iraq face similar threats from radicalism and terrorism. India believes that a strong, stable, peaceful, united and democratic Iraq is in the interest of regional and global peace and security. We have agreed to hold regular dialogue on these developments through Foreign Office Consultations. We also agreed to further strengthen our counter-terrorism and intelligence cooperation.

I look forward to working with Prime Minister Maliki to further expand and

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deepen our very special bilateral relations.

Iraq PM speech to welcome Indian investment in Iraq

Iraqi Prime Minister Nouri al Maliki on Saturday urged the Indian private sector to work together with their Iraqi counterparts to help in the reconstruction of the West Asian country, and promised to make available mechanisms for Indian companies to find the investment and business climate secure and conducive to earning profit.

Citing the long relationship between India and Iraq, Maliki, who's in India on a three-day official visit, said Indian companies were extremely committed and would do justice to his country's invitation to them.

Speaking at an interactive session with business leaders at a forum organized by Indian industry bodies, Maliki assured them they would not face any administrative issues.

Opportunities existed in energy, oil exploration and production, refineries, petrochemicals and fertilizers, he said. Iraq is India's second largest oil supplier after Saudi Arabia. India became more dependent on Iraqi oil recently after it cut supplies from the sanctions-hit Iran.

Maliki added Iraq needed a huge number of low-cost houses to compensate for the destruction suffered as a result of the wars it had faced. The American-led war of 2003 saw massive destruction of infrastructure and human life in Iraq, which was followed by widespread insurgency.

There was also an urgent need to invest in electricity. Although the Iraqi government had started to build electricity plants, whatever electricity it was generating was being consumed by rapid development. The Iraq prime minister invited Indian industry to invest and manage electricity plants directly through agreements with his government.

Iraq also needed reconstruction of its airports, railways and harbors', said Maliki. He called upon India to invest in his country's transportation needs. Health and education were other sectors where private investment was invited. He further hoped Indian banks would open branches to facilitate the transfer of finances that were needed for Iraq's reconstruction.

By OECEL Bureau @ Dubai

Joint statement of MEA India on Iraq PM visit to India

1. At the invitation of H.E. Dr. Manmohan Singh, Prime Minister of the Republic of India, H.E. Nouri Al-Maliki, Prime Minister of the Republic of Iraq paid his first State visit to India from 22-25 August 2013. Prime Minister Maliki was accompanied by a high-level delegation comprising ministers, senior officials and business leaders. Prime Minister Maliki was accorded a ceremonial welcome in the forecourt of the Rashtrapati Bhavan on 23 August. During his official engagements in New Delhi, Prime Minister Maliki held detailed bilateral consultations with Prime Minister Dr. Manmohan Singh. He also called on the President of the Republic of India, Hon'ble Shri Pranab Mukherjee and the Vice President of India, Hon'ble Shri Hamid Ansari. Prime Minister Maliki met the Leader of the opposition, Smt. Sushma Swaraj and Minister of External Affairs Hon'ble Shri Salman Khurshid. He attended a business luncheon meeting jointly organized by the three business chambers, FICCI, CII and ASSOCHAM. In addition to New Delhi, Prime Minister Maliki and his delegation will also be visiting Agra and Mumbai.

2. The two Prime Ministers held wide-ranging discussions in a sincere, cordial and friendly atmosphere. They exchanged views on bilateral, regional and multilateral issues of mutual interest and reached a broad consensus. The discussions enabled better understanding and appreciation of each other's concerns and perspectives and helped in forging closer understanding at the highest political level.

3. **Areas of cooperation:** The two sides expressed satisfaction at the recent high-level political exchanges and agreed to further strengthen the bilateral relations through regular exchanges at political, business and people-to-people levels. In this context, both leaders welcomed the constructive outcome of the 17th Joint Commission Meeting recently held on 7-8 July, 2013 in Baghdad, which has been an effective institutional mechanism to discuss the entire gamut of the bilateral ties.

4. The two leaders reiterated the necessity to build a forward-looking relationship by deepening the bilateral engagement and better leveraging existing complementarities between the two

The two Prime Ministers held wide-ranging discussions in a sincere, cordial and friendly atmosphere. They exchanged views on bilateral, regional and multilateral issues of mutual interest and reached a broad consensus. The discussions enabled better understanding and appreciation of each other's concerns and perspectives and helped in forging closer understanding at the highest political level.

countries in key areas of mutual interest, earlier identified in the JCM, including among others energy security; agriculture and food security; water resource management; education; infrastructure development; pharmaceuticals and Medicare; information technology and low-cost housing. The two sides reached a common understanding to further diversify the trade basket.

5. **Energy sector:** Expressing satisfaction at the rapidly growing bilateral trade in the oil and energy sector, with Iraq becoming India's second largest supplier of crude oil, the two sides agreed to focus on enhancing cooperation in energy security, in particular, through joint efforts to develop capacities to maximize the utilization of energy resources, through joint ventures in oil exploration, petrochemical complexes and fertilizer plants. The two sides expressed happiness at the signing of an important MOU in the energy sector to further deepen the existing cooperation.

6. **Revalidation of the contract for Block-8:** Both sides noted with satisfaction that OVL and Petroleum Contracts and Licensing Directorate (PCLD) have initiated negotiations and expected that they conclude negotiations for Block-8 contract.

7. **Middle Furat group of fields:** The Indian side welcomed the Iraqi side's offer, made during the latest Joint Commission meeting, of three new oil blocks in the undeveloped Middle Furat Oil Field viz. Kifil, West Kifil, and Merjan on nomination basis to Indian public sector oil companies. The Indian side agreed to study and submit a proposal to PCLD for discussions/negotiations.

8. **Nasiriya Integrated Project:** The Indian side thanked the Iraq side for prequalifying the Indian companies such as ONGC Videsh Limited, MRPL and Reliance for participation in the

Nasiriya Project Bid Round and for favourable consideration of Indian companies. At the request of the Indian side, the Iraqi side agreed to consider the pre-qualification of Indian Oil Corporation Ltd for downstream project.

9. **Iraqi Investment in Indian Refinery:** The Indian side welcomed the Iraqi side's expression of interest in investing in the upcoming 15mmt oil refinery at Paradip in India as indicated during the 17th Joint Commission meeting. The two sides decided to work together to arrive at a mutually beneficial model for such investment.

10. **Fertilizer Plants:** In the field of fertilizers, the two sides agreed to actively explore the possibilities of establishing a urea plant and phosphate fertilizer units by utilizing natural gas resources from Iraq as joint ventures in Iraq.

11. **Long-term crude supply agreement and better credit term for supply:** The Indian side proposed long-term agreement (10 years) to meet the increased crude oil demand in the new refineries. The Iraqi side assured to meet the Indian demands. The Indian side requested better terms, including abolition of LC and increase in interest free credit period from 30 days to 60 days. The Iraqi side will consider after consulting authorities.

12. **Steel sector:** The two sides agreed to enhance cooperation in steel sector, including through joint ventures to set up steel plant in Iraq or in India for production of steel pipes with the purpose of transporting oil in Iraq. The Indian side invited Iraq to invest in an upcoming steel project of Rahstriya Ispat Nigam Limited.

13. **Power sector:** Recognising the existing capabilities of BHEL in manufacturing gas turbine units, the Iraqi side agreed to include BHEL as a qualified Equipment Manufacturer for its power sector.

14. Railway sector: The Iraqi side welcomed the expression of interest by IRCON in turnkey execution of railway projects in Iraq including civil and track works, electrification, signalling, setting up of workshops/production units for rolling stock and its supply.

15. Low-cost housing sector: Keeping in view the demand for low-cost housing in Iraq, both sides agreed to explore the possibilities of involvement of reputed Indian public and private sector companies in the low-cost housing sector in Iraq.

16. Agriculture sector: Both sides agreed to cooperate in agricultural education and research activities through signing of an appropriate institutional framework MOU for mutual benefit.

17. The two sides expressed satisfaction at the successful conclusion of an MOU on water resource management to enhance the bilateral cooperation in this critical area for Iraq. The MOU provides for collaboration and sharing of experience and expertise between the two sides.

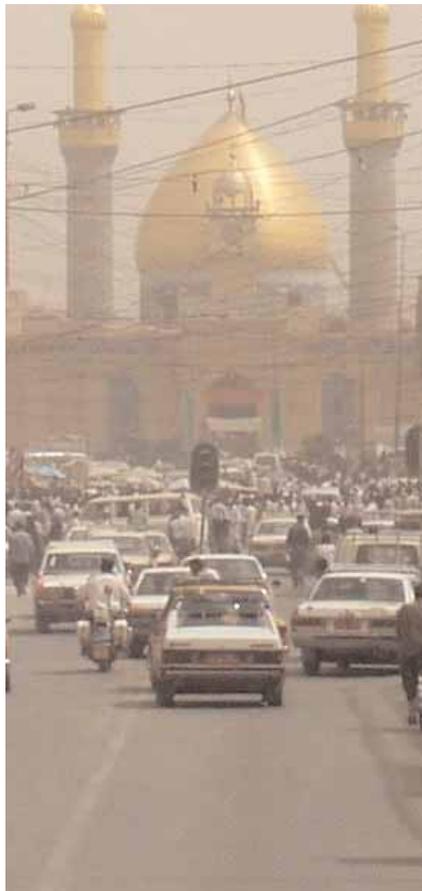
18. Medicare and health sector: Keeping in view the increasing number of Iraqi nationals visiting India for medicare, the two sides agreed to enhance cooperation in the health sector, including exchange of health personnel, medical personnel, nursing personnel, training, participation in conferences in both countries and cooperation in pharmaceuticals.

19. Education sector: Recognizing that the number of Iraqi students studying in India has grown considerably over the past few years, with over 10,000 currently studying in India, the two sides identified education as a key area of mutual interest and further collaboration. The authorities concerned will work out necessary modalities in this regard.

20. Reconstruction activities in Iraq: Extending support to the Government of Iraq in its ongoing rebuilding and reconstruction efforts, Prime Minister Dr Manmohan Singh renewed India's commitment to participate constructively in this process through the involvement of Indian companies in infrastructure projects.

21. Terrorism: The two leaders condemned the phenomenon of terrorism

Recognising that the two countries face similar challenges being pluralistic societies, the two leaders noted that tolerance, religious harmony and brotherhood, irrespective of faith or ethnic background, were part of the principles, ethos and values of the two countries. India reiterated its commitment to supporting the emergence of a stable, peaceful, united and democratic Iraq.



and extremism, affirming that it threatened all societies and was not linked to any race, colour or belief. The international community must, therefore, resolutely combat terrorism. The two sides further agreed to cooperate on counter-terrorism.

22. Recognising that the two countries face similar challenges being pluralistic societies, the two leaders noted that tolerance, religious harmony and brother-

hood, irrespective of faith or ethnic background, were part of the principles, ethos and values of the two countries. India reiterated its commitment to supporting the emergence of a stable, peaceful, united and democratic Iraq.

23. Regional and International issues: The two sides discussed several regional and international issues, including the security situation in West Asia, Middle East and South Asia. There was convergence of views on the subject.

24. Afghanistan: The two sides agreed that the Afghanistan issue concerned regional security and stability. They reiterated their support for an "Afghan-led, Afghan-owned" reconciliation process and their commitment to working with regional countries and the international community to help Afghanistan achieve its objective of peace, stability, independence and development at an early date.

25. Syria: The two leaders called upon all sides in Syria to abjure violence and resolve all issues peacefully through dialogue taking into account the aspirations of the people of Syria. Both leaders agreed that any external military intervention in Syria's internal affairs should be excluded.

26. UN Reforms: Both leaders emphasized the importance of an effective multilateral system, centred on a United Nations reflective of contemporary realities, as a key factor in tackling global challenges. In this context, they stressed upon the urgent need to pursue reforms of the United Nations, including of the Security Council through an expansion in both categories of its membership, to make it more representative, credible and effective. Prime Minister Maliki reiterated his country's support for India's candidature for the permanent membership of the United Nations Security Council.

27. Expressing his happiness to visit India, Prime Minister Maliki thanked Prime Minister Dr. Manmohan Singh for the warm and gracious hospitality extended to him and the members of his delegation during their stay. He invited Prime Minister Dr Manmohan Singh to visit Iraq at a mutually convenient time. Prime Minister Dr Manmohan Singh gladly accepted the invitation. The dates of the visit will be worked out through diplomatic channels.

GLOBAL SOLUTIONS NEED OF THE HOUR

Humanism needs global solutions for the problems in the conflict era by using humane values and standards for the states which opposes the thought in science and humanity

● Dr Mohiba Khalil

Is it an economic crisis? The most important problems in the time we live in are the International Revolutions Crisis.

The International Scene, Which that threatens the international community and economic growth all over the world-for example but not limited to, the environmental crisis as outlined in the universal observance, the food crisis and the crisis looming on the horizon; water crisis and the international security crisis, which includes issues of nuclear proliferation, the horrors of human rights and acts of terrorism.

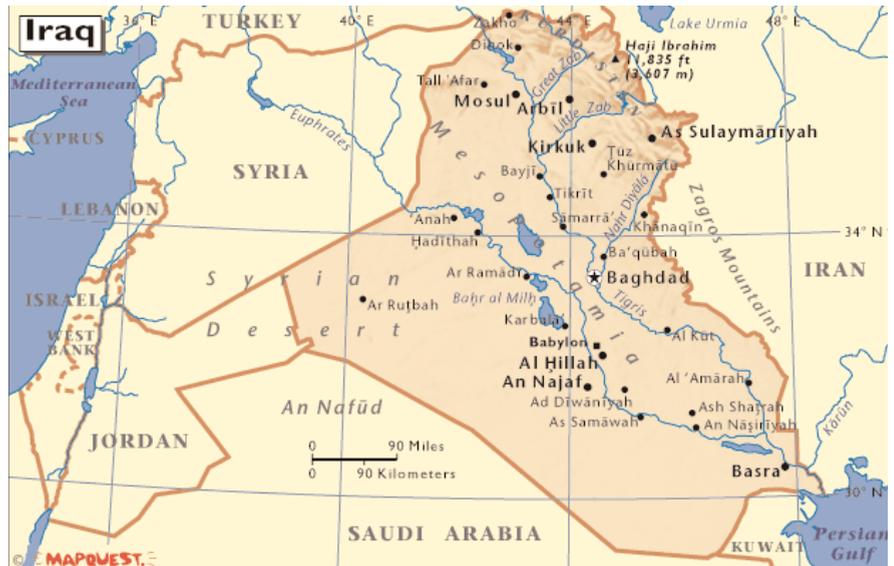
What is the most interesting and deserves a common reaction in an increasing way to these crises by people all over the world as described in seeking to separate, resort and retail.

Is it the people's independence that will carry them more control over their own destiny? What are the risks to which they belong? Regardless of whether the freedomship sailed or sank.

Is it self-rule that we are looking at and why? What motivates peoples for independence? What are the conditions of life we are following?

In all cases are presented in three of two main topics. The first topic, which arises from which I call the people's dis-

What is the most interesting and deserves a common reaction in an increasing way to these crises by people all over the world as described in seeking to separate, resort and retail.





content. In these areas; the rich people who are relatively wealthy compared to the rest of the neighboring countries. And who see themselves as a working-class in terms of wealth, hard work and being used to support the poor and they hate to ask them to pay more taxes, to give up revenues from their natural resources and to carry a large share of the debt of major countries to which they belong to.

The second topic is based on a strong desire to make decisions on matters of fundamental policy by the people who are closest to and most affected by the decisions, and not by the far institution's that seen as a far region from the needs related to the group of people that tend to apply a uniform policy for everyone without taking significant differences in mind.

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One can see what seems to lie deeply of this legitimate and real desire on a part of people everywhere. It is possible to say that it is reasonable in the formulation of its own destiny. This is a topic of our time as set out in many countries participating in what became known as The Arab Spring. The logical question to ask then is: Are the non-

central cases ablessing? When this is done, can you communicate with the grassroots, and therefore repressive and unfair? The next question is: How can we formulate a government system that allows people to consult their legitimate needs while working towards unification at the same time? Because we are facing a real danger in our rush



When we take this theory and analyze it. Isn't the fact that our Arab tribal militias and multiple denominations the barbarians and sects Brotherhood numerous multi currents are working on, that makes me wonder about the approach we follow in Arab countries, Where is the communicative approach with different groups in the modern Constitution? Where are the Arab standards and values? Have we forgotten that we are in every Arabian house, grew up on forgiveness, giving, generosity, hospitality and caring of our family members.

armies in face of each other and make killing permitted? Do we remember the history and the glory of our ancestors who built the developed Arab community which has left its impact in our beloved Palestine and true-Andalusia? Where are the integration and the Arab existence? Do we allow Switzerland the Western, to be the status of the ancient Arab wealth as it was mentioned by the Historical Legend, our Great Humane Father Sheikh Zayed bin Sultan Al Nahyan? Shall we rebel against the welfare between the citizens of the beloved Emirates? No, and absolutely not. The lands belong to its owners. Yes, that's right.

How can we consolidate the national vision and our love for the Arab nation in its integration and its social forms that only have the Arab flag, banner, Arab values and standards?

Where is the social maturity that was led by the social tribal system of the clan, the tribe, the state, the town, the state and the nation, is it not the next step of our social development to the great Arab nation which embraces everybody in a greater loyalty that is quietly in accordance with less loyalty to a national country? Such federal nation may be

toward fragmentation as a panacea considered to resolve all the difficulties, we will blow series of reactions of increasing fragmentation into smaller and smaller parts without a well-designed link between the parts. How much fragmentation is enough? How small must the units be for people to feel safe and feel that they have a right in their own destiny? One can see that, if the situation left unchecked, this process could easily turn into a flood of greater and greater of rebellion and bullying.

It was born and fed by fear. In a world where interdependence is a fixed reality and this will only lead to conflict

and despair.

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What is the solution? Shall we raise



and should be designed to meet the legitimate needs of the individual population and granting them self-rule about various issues that arouse a special concern for them with ensuring all the good for them through the condition that they should have some part in the decision- making for the federal nation. Such latter rights should reasonably include the right of the individual country to wage war against each other, and reliance on a centralized army to serve wholly in keeping peace, and the right to manage the important natural resources , including energy resources for the benefit of all the peoples of the world and consequently to get rid of conflict and inequality in getting energy sources and the right of the human being to life in dignity and to use the natural resources in the commercial exchange for all the civilized countries of the world.

Hence, we are in need to a model or chart to guide us how to conduct

Hence, we are in need to a model or chart to guide us how to conduct such a vital and daring experiment, for this matter necessitates the study of the American Federal System, as each American says I am American, but each Arab does not say I am Arab but I am Shami (meaning Syrian), I am Lebanese, despite that we all share one culture that we have inherited from our ancestors the pharaohs or Bedouins whose theories of civilizations have been established in the sound Arab.

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sound Arab Thinking, which seem to be relatively successful in achieving balance between the needs of the group and the needs of the individuals and implanting the principle of union in our various deeds , regardless the diversity in the religion which is followed by one person or another, and shall we organize humanitarian campaigns after each catastrophe or in a Ramadan night or in Al Adha Feast.



Is it global tyranny of the force unity and what shall we do when the nation and Islam become threatened, and the human sacrifice is huge while we can overcome all this the existing Arab individualism with the unity of the Arab values and standards.

This evening the International Atomic Energy Agency (IAEA) has announced saying that it had again failed and it seems that Iran is impeding the international efforts that aim at getting a reduction of Iran's nuclear activities and to ultimately decide if the state is trying to build nuclear weapons or as it alleged repeatedly that its nuclear programme aims only at meeting the peaceful energy needs of its population and giving satisfactory answer for the questions that are repeatedly asked by the International Nuclear Energy inspectors. Should the country went on behaving in a provocative way that does not satisfy the demands of the international community through giving a deaf ear, then the risk of the occurrence of a comprehensive fire in the Middle East and the continuation of the escalation until we reach the non-return point, which is war in the Middle East which nobody will have the ability to stop. Is this the result that we really want? If it is not so, we

Let us search for our traditions and respect them and seek for a collective Arab security which gives each child of our children the safety that Allah has granted and secure our children a prosperous future; What is the reason for brutality and where are the safety and security which we are looking for, is it in the international resolutions or in our glorious history and the credibility of history? And how can we restore security in the Arab Countries? We have to promote our values and standards in an individual and collective way with respect to the various and different religions and sects of the persons.

should immediately go away from this course and search for another alternative which is safer and more rational.

Let us search for our traditions and respect them and seek for a collective Arab security which gives each child of our children the safety that Allah has granted and secure our children a prosperous future; What is the reason for brutality and where are the safety and security which we are looking for, is it in the international resolutions or in our glorious history and the credibility of history? And how can we restore security in the Arab Countries? We have to promote our values and standards in an individual and collective way with respect to

the various and different religions and sects of the persons. The events in Libya, the Occupied Palestine, Yemen and the fearful development in Egypt which has continued in deterioration after the people have demanded for welfare which is their right, and they were faced with brutal crackdown on peaceful protesters on the hands of the police, the army and the unorganized units of thugs, the thing that led to chaos, mass killing, arbitrary arrests, detention, torture of prisoners and threatening. Up till the Arab Countries stand paralyzed what to do. Where is the community that brightens in the prosperity and glory of our ancestors?

INTELLECTUAL ARM OF THE GOVERNMENT OF THE REPUBLIC OF IRAQ

● Opinion Express Bureau

Iraqi government and with support from the Arab Thinking Bank and with the assistance Palestinian Origin Doctor & researcher, the poetess Muhibah Khalil, University Lecturer and honorary member of European Thinking Bank, who made a visit by an invitation of the Iraqi government and she had conducted studies & researches about topics related national, social, wellbeing and economic Security of the sister country Iraq, in coordination with His Highness Sheikh Jamal Al Bateekh in general and with international concerns related to security. They worked on a special program for providing social services with scientific activities in a large extent with the preparation of research and conducting lectures, seminars and conferences on subjects related to the agenda of research activities to help the professional develop-

ment of Iraqi citizens through training programs. Sheikh Jamal Al Bateekh will support the progress in the decision and he will submit to the Iraqi government through the preparation of reports about the best mixture of policies and providing qualitative research to decision-makers with a guarding eye on the Iraqi people and their future.

The subject of the economy, which we are talking about today, is in fact the creation of modern populace that has become very complicated in comparison with the previous conditions, which is the aim of this covenant in our social life; it is necessary on the path to progress to refer to the specificity of this economic and social thought in the manner as it always had a prosperous economy, but wasn't distributed in a social way.

In a rapidly changing world, with the prospects and challenges of expanding the scope of human activity in all new

turns, perception of the wise leadership of the Unified Iraq State, the establishment of an advanced and independent research, which will not only be aware with new developments in the political, economic and social human efforts, but also in the formulation of the most appropriate responses and strategies to save the community and to keep in line with the progress in the race for growth.

The objective of this vision that the Prime Minister and Sheikh Jamal Al Bateekh are the leading institution, which has a deep thinking in setting new social standards of excellence and the required expertise in economic life, for example: renewed economic structure in a modern meaning and with a result sensed by the citizens in a wide range of care, trade exchange and capital building and merger between its developed facilities taking into consideration the background of this country





and the revival of socioeconomic concept in dealing with other countries and human needs which will be rapidly changed after the decision, the new generations will be proud of Iraq because of changing Iraq into an Economic, Cultural, Social and Industrial Centre. This change is important in fact for the Iraqi government and this change will take a lot of discussions and specification for the impression and wonderful and real fact for Iraqi people, who have the right to live in dignity and security, and to give up the old links and be provided fully with modern thinking for a classy economic life.

European Union Countries had followed this policy with their people for a developed society and to create a social environment. For the stability of the sister country Iraq, the application of it, the decision vision is strong and taking into account our Logo is having awareness among intellectual islands and behavioral aspects in a prosperous economic life while there is no contradiction in providing social freedom and safety that was made for Iraq to be in the course of activity development and in the mutual relations with the Iraqi

people as a whole.

Iraq has entered in the global economy and development without contradiction with a better social development in the human values. Can we connect between the human values with the currency? ; While it's known that the proportion of the rich people or the world that live in welfare is no more than 10 percent of the global community.

It is necessary to think about these things, especially in a world whose streets are yelling for the economic and political affiliation, such as old-age insurance, childhood and giving the right for development its time, and not being indifferent and existing religious wars that are giving a negative impact of the economy and political development.

Now, it has become evident for you how a person should think twice today in these questions, especially that the youth run after for years, you will find one who has the opportunity to play a part in the formation of the near future.

In the heart of the task and with rationality in dealing with tissues of vital urgent importance now and in the future, it also put in consideration the

strict belief in the victory of the Iraqi people. In addition to that the main researches set involve a cadre of well-educated national citizens in order to get the typical benefit from a programme that is specially designed for this purpose. The devotion and duty feeling are the things that distinguish these professionals, which is strikingly in their development and it implanted the spirit of initiative and courage, which will light the way to a better future.

The role of the centre in transferring quality planning to the government to present governing with international standards to its people in accordance with the same, "As it is not isolated from such developments, it sought to adopt necessary measures to cope with the requirements of evolution that has been proven in the recent years that it is one of the most effective measures in the country in monitoring international events."

Dr. Muhibah Khalil is working hard in pursuing, analyzing and investigating local, regional and international developments on a scientific and systematic basis organizing the event that direct the decision making- process with coop-



eration with Sheikh Jamal Al Bateekh and the Iraqi government which came from the inspiration of this process through proper and inclusive guidance and the unlimited support from the government of the Republic of Iraq and this will grow on the need to enhance the thinking skills of the citizens and helping them to develop their capabilities to achieve progress in the modern world.

Through various concrete achievements, they have proven their ability to overcome challenges and obstacles, in addition to academic excellence not only in the Arab world but also all over the world.

Consequently, we still need to continue our support to the Iraqi Government in the course of enhancing the scientific and intellectual traditions which lay the basis for building modern societies which look for following the course of speedy development and progress.

Thinking and intellectual insight are the way for developing policies that make it possible to fulfill the "various achievements and contributions and support the taking care of the honest people and continuous support which is praise worthy of Sheikh Jamal Al Bateekh and the sister Iraqi Government to Dr. Muhibah Khalil and in supporting and taking care of her various activities and close monitoring of such activities with great interest and enrichment of course with the proper guidance, and enhancing her activities and achievements, God Willing, and

this support will help in enforcing her performance towards the fulfillment of excellence and wise leadership, which is anticipated to make the information technology and communications sector the fifth pillar of Economy. A lot of companies have presented their express opinions about the solutions and programmes that enhance the mutual relations between the state and India in information technology and communications sector (e.g. Opinion Express Group, Pantel Technology), these companies have provided Dr. Muhibah Khalil with technological solutions in the field of information technology and communications which may cover health care services and vital identification card system, and small loans system for less cash in the society and the national security services and national identity cards and similar capabilities. This will lead to improve the relationships between the two friend countries - and according to Dr. Muhibah Khalil - convert the country towards the field of knowledge. The vision of Sheikh Jamal Al Bateekh and Mr. Prashant Teuray is that they strongly feel that the information technology and communications sector may be used as a fuel for the huge growth of economy. The technology of Pantel with the partnership of Consortium that wishes to coordinate to facilitate the following reference to achieve these objectives:

1) Excellent infrastructure for information technology and communications sector

2) Good infrastructure to facilitate good quality of living.

3) Provision of skilled human resources for all the classes of technology information professions.

4) Effective cost of operations.

5) The policy of easiness of the organizational and institutional frame.

This aims at setting a pioneer model of constructive interaction between the leadership and the people as well as it gives our wise leaders utmost priority to the interests of the citizen and they don't save any effort in providing them with a dignified life, and similarly our leaders are highly appreciated by the citizens who are ready to play any effective role in the national development and strengthening the position of the state among the other nations and the close interaction between the wise leadership and the people, which is a real reflection to the policy of openness which is based upon keenness to know the needs of the citizens and on the following:

"A special interest is being given by the Prime Minister of Iraq and Sheikh Jamal Al Bateekh to secure and provide dignified life to the citizens, who are considered to be the real treasure of this nation." "The wise leadership of the country believes strongly in that the human resources are the most valuable which contributes actively and positively in the process of development and is a means to national progress and prosperity". "We are keen to communicate with people and keen to provide better services for both the country and the citizens which is the core of the vision of our wise leadership to national development through human resources which is the main drive for development and the most valuable assets in the country. This explains well the keenness of our wise leadership in listening to citizens and exerting efforts to enhance their welfare in fields such as modern education, comprehensive health care and social services in order to provide the people with dignified life. This is one feature of the concrete features of the phase of empowerment which was launched "to provide an appropriate environment to empower the citizens in order to participate in their social and political life."

During their meeting the tribal citizens have expressed their gratitude, satisfaction and loyalty and there have been similar mutual treatment of intimacy and appreciation between the leadership and the people for security, stability and prosperity.

INDIA'S 'CRAZE FOR FOREIGN' MUST END

Raghuram Rajan has been conspicuous only in being part of a team that has crash-landed a once soaring economy.





Raghuram Rajan is greeted at his office in New Delhi after he was appointed as the next governor of the RBI on Tuesday. PTI

It would take extreme effort for Raghuram Rajan to do a worse job of ensuring economic growth than his immediate predecessor Duvvuri Subbarao, who will leave behind a banking and industrial wasteland by the time his extended term concludes in a few weeks' time. Given that he has been a loyal chela of the economic adviser to the Prime Minister, C. Rangarajan, it would be understandable if he were to expect to be given the Padma Vibhushan at the next investiture ceremony. Odder choices have been known

to occur, no doubt inspired by the Nobel Peace Prize awarded to Henry Kissinger or the European Union. More apt than simply a national award would be the gifting of a ministerial-level commission chairmanship to Subbarao. This body could be given the task of boosting economic growth in India. Given the skill of Subbarao in ensuring the opposite, all that would be needed to speed up growth in the country would be to implement the polar opposite of the committee's recommendations.

Except to the "experts" at the Reserve Bank of India (RBI) and at the Ministry of Finance, there is no mystery about why the Indian rupee has been diving in recent months. All that the

Except to the "experts" at the Reserve Bank of India (RBI) and at the Ministry of Finance, there is no mystery about why the Indian rupee has been diving in recent months. All that the mandarins have to do is to go to - for example - Singapore and get hold of some of the brochures being put out by banks there to attract NRI dollar deposits. These explicitly promise an annual return of about 20% in dollars for any money invested. Indeed, it would make sense for an NRI to take a loan from a Singapore bank and place the loan as an NRI deposit, taking advantage of the more than 5% spread between the cost of the loan and the interest on the deposit.





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The (already high) assured return of 20% is subject to the rupee falling to about Rs 72 to the US dollar, but the more adventurous investors can get a higher return by accepting a higher risk. The number of "get rich quick" NRI deposit schemes based on the absurdly generous incentives given by the Manmohan Singh government to such investors has multiplied, with banks advertising such offers and even provoking lawsuits on the part of those angry at being denied access to the India Gravy Train because they are not NRIs. However, despite the several heady mentions given to individuals such as Raghuram Rajan (who, thus far, has been conspicuous only in being part of a team that has crash-landed a once soaring economy), the geniuses in Mint Road and North Block seem

Any hawala operator can tell them how those holding huge hoards of cash - mostly politicians and officials - are flocking to hawala operators in order to exchange their hoards into dollars.

unable to comprehend the correlation between the high returns given to those making dollar deposits in Indian banks and the fall of the rupee.

Any hawala operator can tell them how those holding huge hoards of cash - mostly politicians and officials - are flocking to hawala operators in order to exchange their hoards into dollars. This is then sent to destinations such as Singapore or Dubai, where otherwise unemployed relatives are packed off as NRIs. These are then supplied with dollars which can be placed in NRI deposits, although in many cases, these big depositors have no known source of income except remittances from mysterious channels. It has become such a nightmare to operate in India, and so easy to make money out of the system if one is an NRI, that there has been a huge increase in this

category, several of whom have made large NRI deposits to get the massive dollar denominated returns that such deposits bring. This is in contrast to the domestic investor, who gets a pittance, that too in a depreciating rupee that is plunging towards the Rs 100 to a US dollar mark, thanks to the PM's hand-picked economic team.

It is this legal and illegal conversion of rupees into dollars that is the primary cause of the falling value of the rupee, not the esoteric reasons being trotted out by a section of pink press commentators who are PROs for the IMF and the World Bank. Unless this unhealthy concentration of effort on getting short-term funds through the NRI route get replaced with schemes for an amnesty for foreign funds held abroad and investment in physical assets rather than in hot money destinations. Raghuram Rajan, with his attention fixed to the needs of those influential in Chicago rather than Kolkata, is unlikely to make a positive difference to an economy which has been almost destroyed thanks to giving foreign money and foreign capital way, way more value than the rupee and domestic investors. Hopefully, this "Craze for Foreign" (as V.S. Naipaul once put it) of the Indian policymaker will cease before the streets of India erupt in fury.

RUPEE ON VENTILATOR

Reckless imports put rupee on ventilator

● S Gurumurthy

After watching the relentless fall of the Indian rupee for 18 months with saintly restraint, Finance Minister P Chidambaram declared on August 12 that he would cut the Current Account Deficit (CAD) - the excess outgo over receipts of foreign exchange - and stabilise the rupee. In January 2012, Indians could buy one US dollar by paying Rs 45. But, by August 12, they needed to pay more, Rs 61 for a dollar, the dollar rising by over 35 percent since January 2012, mirroring an equal fall in the rupee value.

This is the direct outcome of the burgeoning CAD since 2004-2005. On August 12, Chidambaram announced "measures" to reduce the CAD and arrest the rupee slide. But, within 36 hours, on August 14, the rupee fell further, to `61.50 per dollar.

This forced the Reserve Bank to restrict investments and remittances abroad to reduce the dollar's flow out of India. Even that did not work. It is Rs 62 to a dollar now. Even as the rupee was crashing, in January, The Economist magazine [2.1.2013] reported that the real value of the rupee, namely its purchasing power, equated a dollar to just Rs 19.75 - a third of the market value of the dollar today.

The Economist said the rupee is the most undervalued currency in the world market. Why does the already-undervalued, high real-value rupee keep losing value? Who is responsible for it? Chidambaram himself had acknowledged that the NDA had left behind a healthy economy.

In his budget speech (July 2004) Chidambaram said: "The economic fundamentals appear strong" and "the balance of payments robust". From "robust" balance of payments, the nation is today in a balance of payments crisis reminding the country of the dark days of 1991.

How did the UPA manage to mess up the prosperous economy it had inherited in 2004?

Galloping CAD

A quick look at some simple facts will bring out the drastic change for the worse after the UPA came to power in



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2004, which turned disastrous for the country after the UPA was voted back in 2009. Take the recent history of the CAD. The country incurred a CAD of \$35 billion in 10 years from 1991 to 2001. But, under the NDA regime, it posted a substantial current account surplus - yes, surplus - of \$22 billion for the first time since 1978. After the current account surplus of the NDA days, nine of years of the UPA regime saw unprecedented CADs of \$339 billion, when Chidambaram [5 1/2 years] and

Pranab Mukherjee [3 1/2 years] stewarded the national economy. See the transition from surplus into deficits under their economic leadership. While the NDA handed to the UPA a current account surplus of \$13.5 billion in 2003-2004, the UPA quickly turned it into a CAD of \$2.7 billion (2004-5) and trebled it to \$10 billion each in the second and third years and thereafter multiplied it to \$16 billion (4th year) \$28 billion [5th] \$38 billion (6th) \$48 billion (7th), \$78 billion (8th) and \$89 billion (9th). The government repeatedly said oil prices and high gold imports are the culprits for the relentless CAD. Is the



story of oil and gold as culprits true? Or the complete truth?

Reckless Imports Destroy Production

A closer look at the import data reveals a shockingly different picture.

Unnoticed (or suppressed?) in popular discourse, capital goods import skyrocketed under the UPA rule. The capital goods import during the NDA period averaged about \$10 billion a year. But

in 2004-2005, the very first year of the UPA, it leaped to \$25.5 billion and then relentlessly rose year after thus: to \$38 billion in the second year, \$47 billion (3rd), \$70 billion (4th), \$72 billion (5th), \$66 billion (6th), \$79 billion (7th), \$99 billion (8th) and \$91.5 billion (9th), aggregating to \$587 billion in nine years.

Import of capital goods is a sign of vibrant economy. And in theory it generates higher national production. But, see what happens. The Index of Industrial Production (IIP) annually averaged 11.5 percent during the first four years of UPA rule. But in the next five years the annual average IIP came down to less than 5 percent - finally to a peanut of 2.9 percent for 2012-2013.

Import of capital goods is a sign of vibrant economy. And in theory it generates higher national production. But, see what happens. The Index of Industrial Production (IIP) annually averaged 11.5 percent during the first four years of UPA rule. But in the next five years the annual average IIP came down to less than 5 percent - finally to a peanut of 2.9 percent for 2012-2013. Far from rising with the import of capital goods, the IIP growth has fallen from 11.5 percent in the first four years to 5 percent in the latter five years, a fall of over 56 percent. In contrast, it was in the latter five-year period the capital goods import was \$407 billion (79 percent) out of the \$587 billion for the UPA's entire nine years, the average in the first four years being \$45 billion and the later five years was \$80 billion.

A Rise of 78 Per Cent

Is it not shocking that when the capital goods import rises by 79 percent, the national production falls by 56 percent. The 2008 meltdown cannot be cited as an alibi for the decline in the IIP. Because the GDP has risen from 6.7 percent in 2008-2009 to 8.6 percent in 2009-2010 and to 9.3 percent in 2010-





2011. Also, an economic slowdown affects investment first and production later.

Production falls after investment contracts. But here investment (read capital goods import) has risen by two thirds but production has fallen by half. Why this conundrum? The reason for the fall in national production in the latter five years itself is the rise in imports. The domestic capital goods industry slowed down and later declined because of the import of capital goods. Even as the GDP rose to 8.6 percent in 2009-2010, the IIP rise of 5.3 percent did not keep pace with it. Later the index of domestic capital goods production fell - yes actually fell - by 4 percent in 2011-2012 and 5.7 percent in 2012-2013. More, in the last three years to 2012-2013, the production of intermediate goods hardly grew. If capital goods import under the UPA hit the capital goods industry like a tsunami, foreign-manufactured goods flooded the Indian market.

The average annual import of manufactured goods during 2001-2004 (the NDA period) was just \$600 million. But from 2004-2005 to 2012-2013, the

The average annual import of manufactured goods during 2001-2004 (the NDA period) was just \$600 million. But from 2004-2005 to 2012-2013, the average soared to \$5.5 billion, by 8 times. The nominal national GDP grew by 3.2 times in this period, by just a third of the growth of manufactured goods imports. The 9-year UPA regime saw manufactured goods imports of \$50 billion against just \$2.3 billion during the NDA regime.

average soared to \$5.5 billion, by 8 times. The nominal national GDP grew by 3.2 times in this period, by just a third of the growth of manufactured

goods imports. The 9-year UPA regime saw manufactured goods imports of \$50 billion against just \$2.3 billion during the NDA regime. Obviously, the capital goods import did not add to, but actually destroyed, national production, ably aided by import of manufactured goods.

CAD Kills GDP Growth

It is basic economics that trade surplus adds to national wealth (GDP) and trade deficit cuts into it. So, the CAD, which is the trade deficit, brings down the nominal GDP by a like amount. Calculations show that the CADs have brought down the real GDP by 0.8 percent in 2007-2008, by 1.5 percent (2008-2009) by 2.1 percent (2009-2010) by 1.4 percent (2010-2011) by 2.6 percent (2011-12) and by 3.9 percent (2012-13). If the CADs were removed, theoretically, the real GDP of India would have been 10.8 percent (not 9.3 percent) in 2007-2008, 8.2 percent (not 6.7 percent) in 2008-2009, 10.7 percent (not 8.6 percent) in 2009-2010, 8.8 percent (not 6.2 percent) in 2010-2011, 8.8 percent (not 5 percent) in 2011-2012, and 8.9 percent (not 5 percent) in 2012-2013. True, oil and gold too have eaten into the forex

And see how the oil and gold story is not true or is true only partly. The gross value of gold, silver and precious stones import of \$402 billion during the UPA's nine years looks huge. But if the export of jewellery and precious stones of \$251 billion is set off, the net deficit is \$161 billion in nine years.

holdings. But there is a fundamental difference between them and capital goods. Indians buy a quarter to a third of the global supply of gold, which is not produced in India. Domestic oil production is just a quarter of national needs, necessitating the import of the balance three-fourths. But most imported capital goods, which are actually produced in India, has displaced domestic production of capital goods and brought down the GDP.

Oil and Gold as Alibis

And see how the oil and gold story is not true or is true only partly. The gross value of gold, silver and precious stones import of \$402 billion during the UPA's nine years looks huge. But if the export of jewellery and precious stones of \$251 billion is set off, the net deficit is \$161 billion in nine years. Likewise, the petroleum imports of \$804 billion in nine years look gargantuan. But, if the export of petroleum products (\$279 billion) is set off, the net import is down to \$515 billion. It is less than the capital goods import of \$587 billion. In the last five years, the net petroleum import is worth \$360 billion, but the capital goods import is worth \$407 billion. Does it need a seer to say that the real culprit is the reckless capital goods import and that it has killed the rupee through the CAD and hit domestic production and GDP? Just see one fallout of rupee depreciation. A calculation shows that for every additional rupee paid to buy dollars for oil imports, the additional oil bill for India is ₹9,500 crore. In today's rupee value, the extra annual petrol bill will be ₹1,60,000 crore. But the CAD is only part one of the story of destruction. Await further testimony on the decade-long destruction.

S Gurumurthy is a well-known commentator on political and economic issues.



Currency sell-off: Tragedy in three acts

Emerging market darlings have lost their lustre as investors ponder life without US quantitative easing

● Victor Mallet

India, 1991. Thailand and east Asia, 1997. Russia, 1998. Lehman Brothers, 2008. The eurozone from 2009. And now, perhaps, India and the emerging markets all over again.

Each financial crisis manifests itself in new places and different forms. Back in 2010, José Sócrates, who was struggling as Portugal's prime minister to avert a humiliating international bailout, ruefully explained how he had just learned to use his mobile telephone for instant updates on European sovereign bond yields. It did him no good. Six months later he was gone and Portugal was asking for help from the International Monetary Fund.

This year it is the turn of Indian min-

This year it is the turn of Indian ministers and central bankers to stare glumly at the screens of their BlackBerrys and iPhones, although their preoccupation is the rate of the rupee against the dollar.

isters and central bankers to stare glumly at the screens of their BlackBerrys and iPhones, although their preoccupation is the rate of the rupee against the dollar.

India's currency plumbed succes-

sive record lows this week as investors decided en masse to withdraw money from emerging markets, especially those such as India with high current account deficits that are dependent on those same investors for funds. Black humour pervaded Twitter in India as the rupee passed the milestone of Rs65 to the dollar: "The rupee at 65 - time to retire".

The trigger for market mayhem in Mumbai, Bangkok and Jakarta was the realisation that the Federal Reserve might - really, truly - soon begin to "taper" its generous, post-Lehman quantitative easing programme of bond-buying. That implies a stronger US economy, rising US interest rates and a preference among investors for US assets over high-risk emerging markets



Droopy rupee: India's currency plumbed record lows this week as investors withdrew money from emerging markets

in Asia or Latin America.

The fuse igniting each financial explosion is inevitably different from the one before. Yet the underlying problems over the years are strikingly similar.

So are the principal phases - including the hubris and the nemesis - of the economic tragedies they endure. No one who has examined the history of the nations that fell victim to previous financial crises should be shocked by the way the markets are treating India or Brazil today.

First comes complacency, usually generated by years of high economic growth and the feeling that the country's success must be the result of the values, foresight and deft policy making of those in power and the increasing sophistication of those they govern. Sceptics who warn of impending doom are dismissed as "Cassandras" by those who forget not only their own fragilities but also the whole point about the Trojan prophetess: it was not that she was wrong about the future, it was that she was fated never to be believed.

So high was confidence only a few months ago in India - as in Thailand in the early 1990s - that economists predicted that the local currency would rise, not fall, against the dollar.

Indian gross domestic product growth had topped 10 per cent a year in 2010, and the overcrowded nation of 1.3bn was deemed to be profiting from a "demographic dividend" of tens of millions of young men and women entering the workforce. The Indian elephant was destined to overtake the Chinese drag-

FREE FALL

Gurumurthy noted with satisfaction that The Economist said the rupee was the most undervalued currency in the world market.

If so, why the currency sell-off, devaluing the Rupee to unprecedented levels? Remember how the rift between Kamaraj and Indira Gandhi widened as Kamaraj opposed devaluation because he "saw it as undermining the policy of national self-reliance."

Is there an opposition in the country to raise this issue of devaluation and ask the SoniaG regime to quit?

Charade games have become a Parliamentary pastime. Policy-makers have become actors of charade games in and out of Parliament.

Is it possible to restore a semblance of economic reasoning in this State though something is very rotten in the state run by SoniaG?

—Kalyanaraman

Deeply ingrained in the Indian system, says Pratap Bhanu Mehta, head of the Centre for Policy Research in New Delhi, was an "intellectual belief that there was some kind of force of nature propelling us to 9 per cent growth ... almost of a sense of entitlement that led us to misread history".

on in terms of GDP growth as well as population size.

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the Centre for Policy Research in New Delhi, was an "intellectual belief that there was some kind of force of nature propelling us to 9 per cent growth ... almost of a sense of entitlement that led us to misread history".

In the same way, the heedy success of the southeast Asian tigers in the early 1990s had been attributed to "Asian values", a delusional and now discredited school of thought that exempted its believers from the normal rules of economics and history because of their superior work ethic and collective spirit of endeavour.

The truth is more banal: the real cause of the expansion that precedes the typical financial crisis is usually a flood of cheap (or relatively cheap) credit, often from abroad.

Thai companies in the 1990s bor-



	Prime Ministers	Tenure	Rs devaluation against \$
	Jawahar Lal Nehru	1947-1964	1-4.76
	Lal Bahadur Shastri	1964-1966	4.76-6.35
	Indira Gandhi	1966-1977	6.35-8.73
	Morarji Desai	1977-1979	8.73-9.12
	Indira Gandhi	1980-1984	7.86-11.36
	Rajiv Gandhi	1984-1989	11.36-16.22
	VP Singh	1989-1990	16.22-17.50
	PV Narsimha Rao	1991-1996	22.74-35.43
	HD Devegowda	1996-1997	35.43-36.31
	IK Gujral	1997-1998	36.31-41.25
	AB Vajpayee	1998-2004	41.25-45.31
	Manmohan Singh	2004-Aug 22, 2013	45.31-65.56

rowed dollars short-term at low rates of interest and made long-term investments in property, industry and infrastructure at home, where they expected high returns in Thai baht, a currency that had long been held steady against the dollar.

The same happened in Spain and Portugal in the 2000s, although the low-interest loans that fuelled the unsustainable property boom were mostly north-to-south transfers within the eurozone and therefore in the same currency as the expected returns. Indeed, the euro was labelled "a deadly

painkiller" because the use of a common currency hid the dangerous financial imbalances emerging in southern Europe and Ireland.

Phase Two of a financial crisis is the downfall itself. It is the moment when everyone realises the emperor is naked; to put it another way, the tide of easy money recedes for some reason, and suddenly the current account deficits, the poverty of investment returns and the fragility of indebted corporations and the banks that lent to them are exposed to view.

That is what has started happening

over the past two weeks as investors take stock of the Fed's likely "tapering". And the fate of India - the rupee is one of the "Fragile Five", according to Morgan Stanley, with the others being the currencies of Brazil, Indonesia, South Africa and Turkey - is particularly instructive.

It is not that all of India's economic fundamentals are bad. As Palaniappan Chidambaram, finance minister, said on Thursday, the public debt burden has actually fallen in the past six years to less than 70 per cent of GDP - but then the same was true of Spain as it



entered its own grave economic crisis in 2009.

Like Spain, India has tolerated slack lending practices by quasi-official banks to finance the huge property and infrastructure projects of tycoons who may struggle to repay their loans.

Ominously, bad and restructured loans have more than doubled at Indian state banks in the past four years, reaching an alarming 11.7 per cent of total assets. According to Credit Suisse, combined gross debts at 10 of India's biggest industrial conglomerates have risen 15 per cent in the past year to reach \$102bn.

For those who take the long view, a more serious failing is that India has manifestly missed the kind of economic opportunity that comes along only once in an age.

Instead of welcoming investment with open arms and replacing China as the principal source of the world's manufactured goods, India under Sonia Gandhi and the Congress party, long suspicious of business, has opted to enlarge the world's biggest welfare state, subsidising everything from rice, fertiliser and cooking gas to housing and rural employment.

Former fans of her prime minister, Manmohan Singh - who as finance

minister liberalised the economy, ended the corrupt "licence Raj" and extracted India from a severe balance of payments crisis with the help of an IMF loan - could only shake their heads when he boasted last week that no fewer than 810m Indians would be entitled to subsidised food under a new Food Security Bill.

The bill is a transparent attempt by Congress to improve its popularity ahead of the next general election, but the government's critics are horrified at the idea of offering Indians more handouts rather than creating the conditions that would give them jobs and allow them to buy their own. The resulting strain on the budget may also worsen the risk of "stagflation", a toxic mixture of economic stagnation and high inflation.

India's annual growth rate has already halved in three years to about 5 per cent and could fall further towards the 3 per cent "Hindu rate of growth" for which the country was mocked in the 1980s.

If currency declines and balance-of-payments difficulties develop into a full-blown financial crisis in the coming months, India will be propelled unwillingly into the third and final phase of the trauma.

Phase Three is when ministers and

central bank governors survey the wreckage of a once-vibrant economy and try to work out how to rebuild it.

It is traditional for those governments that survive, and for the ones replacing those that do not, to announce several false dawns and to see "green shoots" that turn out to be illusory.

It is hard when times are bad to impose financial discipline that would have been easier to apply before. Indian policy makers are already torn between the need to lower interest rates to boost growth and the necessity of raising them to protect the rupee and tackle inflation - the same kind of tension between austerity and easy money that has afflicted developed economies since 2008.

India's underlying economy is nevertheless sound and its banks are safe, say Mr Chidambaram and other senior officials. There is therefore no need to contemplate asking for help from the IMF or anyone else.

Mr Sócrates said much the same in Lisbon three years ago. "Portugal doesn't need any help," he said, almost leaping from his chair. "We only need the understanding of the markets." The markets did not understand, and Portugal did need the help.

The five policy missteps that have led India to economic crisis

● Shankar Acharya

Yes, we are in an economic crisis, albeit in its early stages. How else would you describe a situation where economic growth has collapsed, industrial output has stagnated for two years, jobs are being shed, consumer inflation is close to 10 per cent, the current account deficit (CAD) in the balance of payments is nearly five per cent of GDP at last count, investment is fleeing abroad, external debt maturing in the current fiscal year exceeds \$170 billion and the rupee is touching new

lows (or highs against the dollar!) each week? It was all avoidable, if our policy-makers had been more competent and effective (and less venal, some might add). There was plenty of warning commentary by independent analysts (this columnist included) over the past five years as each major policy misstep was taken. For the record and for future lesson-drawing, it is useful to briefly outline the five biggest economic policy mistakes (out of a long list), aside from the pervasive nine-year long drought of productivity-enhancing economic reforms.

The fiscal blowout of 2008-09

In the six years to 2007-08 the combined (Centre and states) fiscal deficit had been brought down from nearly 10 per cent of GDP to four per cent. This remarkable fiscal consolidation was squandered in the single, pre-election year of 2008-09 when the combined deficit (inclusive of off-Budget items) leapt to over 10 per cent of GDP. The central government budget deficit target of 2.5 per cent of GDP, presented by the current finance minister in February





2008, was massively overshoot in the course of the year to yield an outcome of 8.2 per cent of GDP (including off-Budget items), easily the biggest overshooting in India's history. Although later rationalised as "fiscal stimulus" to counteract the global crisis, in fact, the great bulk of the overshooting occurred before the Lehman crisis of September 2008, mainly in the form of pay increases, subsidy hikes and NREGA rollout.

This unprecedented splurge of fiscal profligacy may indeed have cushioned the fallout from the global crisis for a year or two. But the composition of the huge expenditure hikes (mainly government pay, subsidies and entitlement programmes) made subsequent retraction politically difficult. As a result, the persisting high fiscal deficits since 2008 have fuelled the long bout of inflation, kept interest rates high, reduced public savings and fed the rising CAD.

Exchange rate mismanagement since 2009

Although senior government spokesmen tend to project India's external deficit pressures as a recent problem, in fact, the CAD has been consistently above the prime minister's "safe benchmark" of 2.5 per cent of GDP since 2009-10. That means we are in the fifth year of a dangerously high CAD. A significant contributory factor has been the authorities' (government plus RBI) shift since spring 2009 to a relatively "hands off" policy towards the rupee's exchange rate. So, when capital inflows recovered since 2009, the rupee was allowed to appreciate sharply in 2009 and 2010, despite a clearly rising CAD. As some of us pointed out then, the authorities should have instead followed the well-tested, pre-2008 policy of limiting appreciation and building

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reserves through dollar purchases by the RBI. The failure to do this led to an overvalued rupee, which weakened India's international competitiveness and helped fuel the pattern of rising external deficits that now haunt the economy.

The supply shocks of 2010-12

These were multiple, all reflecting policy and governance weaknesses. They include the sudden and damaging





tightening of environmental regulations in 2010; the eruption of serious scams in 2G telecom spectrum allocation, coal-block allocations and various land scams (all with roots in earlier years) and their debilitating aftermaths in the impacted sectors; the sweeping judicial restraints on iron ore mining in Karnataka and Goa; the fiasco of missing coal and gas supply for many thousand megawatts of freshly completed power projects; the anti-investment tax measures of the 2012 Budget; and the generalised "policy paralysis" in regard to activation, completion and clearances of major projects. All these supply problems reduced production, investment and growth and some also directly hurt the external balance, as in the case of coal and iron ore.

While each of these supply-side problems had distinct characteristics and policy histories, together they constituted a major (and persisting) supply shock to the Indian economy.

The neglect of manufacturing

In marked contrast to the great majority of emerging nations, the share of manufacturing in GDP has stagnated at around 15-17 per cent for decades in India. While the problem is long-standing, the failure to enhance the share during the past decade was a significant contributory factor in the current economic crisis. In the high growth peri-

od, 2003-11, services (including construction) accounted for well over 70 per cent of all growth, while industry (essentially manufacturing and mining) accounted for less than 20 per cent. This lopsided pattern could not sustain high growth for long, and hasn't once services expansion started to flag. The major policy impediments to industrial growth have been unreformed rigidities in the labour market, growing impediments to land acquisition and the continuing weaknesses in infrastructure, especially power, roads, railways and ports. Slow industrial growth has led to limited growth of jobs for low-skilled labour and a steady widening of the merchandise trade deficit, which, in turn, widened the CAD.

Faulty monetary policies of July 2013

As everyone knows, between the 15th and the 23rd of July, the RBI announced draconian (if somewhat opaque) monetary measures, which effectively increased the short-term policy rates by 300 basis points and sharply reduced liquidity. The measures were taken ostensibly to defend the falling rupee by restricting "speculation". The diagnosis was fundamentally incorrect. The rupee was not weakening due to short-run "speculation" but because of a persisting high CAD, mounting short-term, external debt obligations and changes in the global envi-

ronment for capital flows.

So the cure had little connection with the disease. As predicted, the measures did not solve the rupee's weakness; the rupee was trading at a lower value by end July compared to July 14. Instead, these measures significantly increased interest rates across the entire term structure, curtailed credit growth for productive purposes, made government borrowing more difficult and costly, weakened the health of banks (especially government banks) and, above all, further damped the outlook for recovery in output and investment. In the process, the policy steps may have inadvertently increased the incentives for withdrawal of equity investments by FII in the Indian stock market, thus adding to the rupee's weakness. Though described as "temporary", there is little prospect of reversal. The damage has been done and will continue.

Even a quick perusal of the above list of major policy errors suggests that it will take of lot of time and work to repair the damage to the economy; even more if further unsound policies are adopted, such as tighter import restrictions. So, the outlook for the rupee remains: Volatile with a downward bias.

The writer is honorary professor at Icrier and former chief economic adviser to the government of India. Views expressed are personal

State of national security since independence

National security after 66 years of independence

● Col R Hariharan

[This background note on the state of national security since independence was prepared for two TV interviews on August 15 and 16, 2013.]

Overview on national security since 1947

Indian armed forces were guardians of British colonial rule before independence. They have now distinguished themselves as the defenders of independent India by shedding their blood on more than one occasion. This has not been an easy process. It meant moving away from the Commander-in-Chief system of the British to Chiefs of staff for each of the three services. It also meant downgrading the status of Service Chiefs in the government hierarchy; C-in-C was next only to the

As a result, inability to take timely and informed decisions on vital matters affecting national security has become the hallmark of our strategic defence management. This has not only affected timely procurement of weapons and equipment but lead to corruption by vested interests of a wide variety including politics, business interests and bureaucracy.

Viceroy in Colonial India. The Chief of Army Staff (COAS) is now on par with the Chairman of the Union Public Service Commission. But the armed forces have reconciled to this realizing that elected government is supreme in a democracy.

But this is having its impact on the decision making process on national security and management of strategic

defence. We see the anachronism of Defence Secretary - a bureaucrat - leading a delegation of three chiefs for holding a strategic dialogue with China. Chiefs of armed forces who had access to the Prime Minister in Pandit Nehru's times have access only to the Defence Minister. Security chiefs are merely on listening watch in the decision making process after they have had their say





Enormous delays are dogging the development of indigenous capacities for manufacture of warships, submarines, combat aircraft and even small arms and artillery guns because we continue to worship the holy cow called public sector abetted by private business and political interests. Grandiose plans take decades to make snail-like progress to see them through.

with the defence minister.

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Enormous delays are dogging the development of indigenous capacities for manufacture of warships, submarines, combat aircraft and even small arms and artillery guns because we continue to worship the holy cow called public sector abetted by private business and political interests. Grandiose plans take decades to make snail-like progress to see them through.

For instance the Defence Minister launched the first Indian built aircraft carrier three days back. This is no doubt a laudable achievement. But the proposal to build it was lying with the bureaucracy for over a decade, according to former Naval Chief Admiral Arun Prakash. The decision was taken only after it was decided to buy "Admiral



Gorshkov", the half built Soviet carrier.

We are one of the three Asian powers boasting of nuclear capability which is a testimony to our defence research capability. Unlike Pakistan, in our country there are a lot of grey areas in the chain of command for decision for making on use and safeguarding of nuclear weapons during peace and war. Former service chiefs and K Subrahmanyam committee appointed in the wake of Kargil war have pointed this out. But so far the neither the nation nor its parliament has been taken into confidence by the government on this subject.

Despite all this we have creditable

Despite all this we have creditable achievements. We have made big strides in developing our missile capability; we have just launched a nuclear submarine made in India and our shipyards are producing warships though at a slow pace. After sleeping for decades we seem to have woken up to the need for timely procurement and manufacture of state of the art weapons and systems.

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yards are producing warships though at a slow pace. After sleeping for decades we seem to have woken up to the need for timely procurement and manufacture of state of the art weapons and systems.

China's growing influence in neighbouring countries

China has emerged as global economic power, while India continues to be a regional one. China has gained a lot of advantage due to changes in the dynamics of global security environment and economic liberalisation. But as a result of the economic downturn in the U.S. and European Union, China's export-based economy has also suffered, although it continues to clock the highest growth rate among other growth economies.





South Asian countries' under-exploited markets offer an attractive green field option for Chinese products and investments. So China has entered South Asia in a big way. Cheap Chinese goods have flooded markets in India, Nepal, Bangladesh, and Sri Lanka. Chinese companies are involved in major infrastructure and power projects in most of the South Asian countries.

China's multi-faceted entry in South Asia is a matter of concern for India as it is eroding our influence in the neighbouring countries. This will have far reaching effects on our trade and economy, and impact our strategic security relations with our close neighbours like Nepal, Bhutan, Bangladesh and Sri Lanka. China's strategic partnership with Pakistan will be further strengthened and we will have to factor it in our threat perceptions.

However, for the time being both India and China appear to be keen on building a peaceful relationship although the Chinese pinpricks along the border continues.

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Capability to defend against China

India and China have three contentious issues that hold the potential to explode into an armed confrontation. These are historical issues relating to China's dispute over India's traditional border with Tibet, China's occupation of Indian territory in Ladakh and China's suspicions about India's intentions in giving refuge to Tibetan spiritual leader Dalai Lama and nearly two lakh Tibetan refugees who aspire for an independent Tibet. These disputes are unlikely to be resolved in the next decade or more.

Areas of potential conflict with China are in the Aksai Chin region in Ladakh in the proximity of Daulat Beg Oldi near Siachen, and the Tawang region in Arunachal Pradesh, where Chinese feel they have stronger claims. Of course as Chinese do not recognize the Mc Mahon Line as the border in the Northeast, a few passes along the Himalayan border could also face Chinese threat.

The usual question is how can India defend itself against PLA - China's army of over 2.25 million - the world's biggest military force. PLA is becoming very powerful as it is rapidly modernizing not only the army, navy, air force and strategic nuclear missile force but also its weapon systems, cyberwarfare and command and control set up. They have better lift capability to move troops and are carrying out training in joint operations which used to be their weakspot. China's research has progressed well in a number of defence related areas like satellite based reconnaissance and communication. All these make PLA a formidable foe to any nation, let alone

India.

More than all this, it is backed by China's huge international diplomatic, economic and political clout. But PLA's responsibilities are equally big; it has defend 9.6 million sq km of territory of the second biggest country in the world and guard its 22,117 km long land borders with 14 countries. It also has internal security responsibilities. Considering this, Indian security forces would not face the entire forces of PLA. However, unlike our tardy approach to building strategic infrastructure along the border, Chinese have constructed roads and airfields close to our borders; this gives them greater ability to move troops faster and in huge numbers.

Our army is roughly half the size of PLA. They are well trained and their weapons despite the deficiencies are capable of defending our territory from aggressors. Our air force is fairly modern; though smaller in size it is professionally very competent. Our air lift capability is moderate. But our infrastructure to move troops is abysmal as it is insufficient to meet even the normal day to day requirements of the people. This remains our strategic weakness.

Considering this, our communication centres would become choke points in times of war for the enemy to bottle up and incapacitate our troops. This would reduce our military capability to a defensive war, even if tactical requirements dictate an offensive to reduce pressure on one front. And China's superior capability in hacking and cyber warfare could cripple our command and communication system. We have only taken the first steps to

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address this growing threat.

PLA operating in tandem with Pakistan army would be the biggest challenge as it would augment the threat while dividing our strength. This is an altogether different scenario.

China's weakest link is its navy which is rapidly acquiring new platforms and capabilities. Its superiority in submarines is neutralized by the limited experience of the navy in carrying out fleet operations well outside its shores. Conscious of this PLA navy (PLAN) is increasingly refining its skills and is now regularly operating a large number of warships in anti piracy duties off Somalia and Gulf coasts.

This does not mean a war with China is imminent. But local confrontations should not be discounted. Conventional wars of long duration are no more cost effective and the networked world's political and economic environments are unlikely to sustain it. Chinese perhaps realize this and are focusing on winning local wars in hi-tech environment.

On India's loss of influence with its neighbours

It would be incorrect to say India has lost its influence with the neighbouring countries. It still remains the biggest and strongest economic power in South Asia. It has a lot of international clout and its economic power is growing. As one of the three nuclear powers of Asia it will have a say in any strategic dis-



pensation worked out by other big powers like China and the U.S.

At the same time, it is true that India has lost some of its overwhelming influence in countries like Sri Lanka, Nepal, Maldives and Bangladesh. Each of these countries have their own internal political problems affecting their external perceptions particularly relating to India, which as a huge neighbor unnerves them at times. The entry of Chinese in this region has broadened their options on handling India's dominance.

India has been responding to this challenge as and when the situation arises. This reactive response has been producing band-aid solutions for issues that require a strategic vision. This is where the Chinese excel.

Indian leadership has continued to be indecisive and often its actions contradict each other. This has created an image of the nation lacking self confidence in dealing with other countries. This has been compounded by the inability of our leadership to create transparent process and communicate with the public. People are better informed and their expectations from the elected government are higher than ever before; unfortunately the government does not seem to have realized the need for real time public communication. It is taking baby steps which are neither adequate nor attractive.

Thoughts on improving national security

1. Building a responsive national

decision making and implementing system to respond in real time to needs of national security is the number one priority. This can be only done by national leadership which seems to be lost while dealing with critical national security issues.

2. Security chiefs should be part of the national security planning and decision making systems with service officers manning the defence ministry alongside bureaucrats. This would pave way for greater accountability.

3. Unless national security forms part of the political agenda of parties it will not happen. Now it is limited to comments against China and Pakistan. Political class seems to have more confidence in bureaucracy in dealing with matters of defence, than the services. This results in chaos due to lack of understanding and prioritizing while handling defence issues. They need to shed this colonial baggage as armed forces have repeatedly proved their loyalty to the country and the colour.

4. Though defence R and D has some great achievements to its credit there is need for greater accountability and timely completion of projects. Research developments are not adequate as they have to be translated into operational models and produced within a reasonable time frame. This is costing us dearly.

5. India is one of the largest importers of weapons. This dependency on external sources for even basic weapons is a potential threat to

national security. This is laughable in a country which has demonstrated achievements in manufacture of aircraft, ships, tanks and other hi-tech systems. This was mainly due to political pressure to entrust it exclusively to public sector. Even imports are entrusted to them. This has resulted in colossal cost, delays, corruption and obsolescence. The Tatra vehicle scam is a very good example of this. The criteria should be timely delivery and appropriate technology and performance and not private or public sector.

6. Government has shown insensitivity and casualness in handling pay packages and pension settlement of armed forces personnel. This has added to the lack of credibility armed forces personnel existing due to poor governance. Their families at home have a lot of problems and civil administration is not as sensitive to it as they used to be in British days. There is a need to handle defence personnel-related matters without tardiness and delay. Even court judgements in favour of war wounded are routinely contested at present. Armed forces on their part need to shed their elitism and cantonment mindset and interact more with ordinary people.

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World learns to manage without the US

● David P. Goldman

The giant sucking sound you here, I said on August 15 on CNBC's The Kudlow Report, is the implosion of America's influence in the Middle East. Vladimir Putin's August 17 offer of Russian military assistance to the Egyptian army after US President Barack Obama cancelled joint exercises with the Egyptians denotes a post-Cold-War low point in America's standing. Along with Russia, Saudi Arabia and China are collaborating to contain the damage left by American blundering. They have been doing this quietly for more than a year.

The pipe-dream has popped of Egyptian democracy led by a Muslim Brotherhood weaned from its wicked past, but official Washington has not woken up. Egypt was on the verge of starvation when military pushed out Mohammed Morsi. Most of the Egyptian poor had been living on nothing but state-subsidized bread for months, and even bread supplies were

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at risk. The military brought in US\$12 billion of aid from the Gulf States, enough to avert a humanitarian catastrophe. That's the reality. It's the one thing that Russia, Saudi Arabia and

Israel agree about.

America's whimsical attitude towards Egypt is not a blunder but rather a catastrophic institutional failure. President Obama has surrounded himself with a camarilla, with Susan Rice as National Security Advisor, flanked by Valerie Jarrett, the Iranian-born public housing millionaire. Compared to Obama's team, Zbigniew Brzezinski was an intellectual colossus at Jimmy Carter's NSC. These are amateurs, and it is anyone's guess what they will do from one day to the next.

By default, Republican policy is defined by Senator John McCain, whom the head of Egypt's ruling National Salvation Party dismissed as a "senile old man" after the senator's last visit to Cairo. McCain's belief in Egyptian democracy is echoed by a few high-profile Republican pundits, for example, Reuel Marc Gerecht, Robert Kagan, and Max Boot. Most of the Republican foreign policy community disagrees, by my informal poll. Former defense secretary Donald Rumsfeld blasted Obama for





undermining the Egyptian military's ability to keep order, but his statement went unreported by major media.

It doesn't matter what the Republican experts think. Few elected Republicans will challenge McCain, because the voters are sick of hearing about Egypt and don't trust Republicans after the debacles in Iraq and Afghanistan.

Neither party has an institutional capacity for intelligent deliberation about American interests. Among the veterans of the Reagan and Bush administrations, there are many who understand clearly what is afoot in the world, but the Republican Party is incapable of acting on their advice. That is why the institutional failure is so profound. Republican legislators live in terror of a primary challenge from isolationists like Senator Rand Paul (R-KY), and will defer to the Quixotesque McCain.

Other regional and world powers will do their best to contain the mess.

Russia and Saudi Arabia might be the unlikeliest of partners, but they have a profound common interest in containing jihadist radicalism in general and the Muslim Brotherhood in particular. Both countries backed Egypt's military unequivocally. Russia Today reported August 7 that "Saudi Arabia has

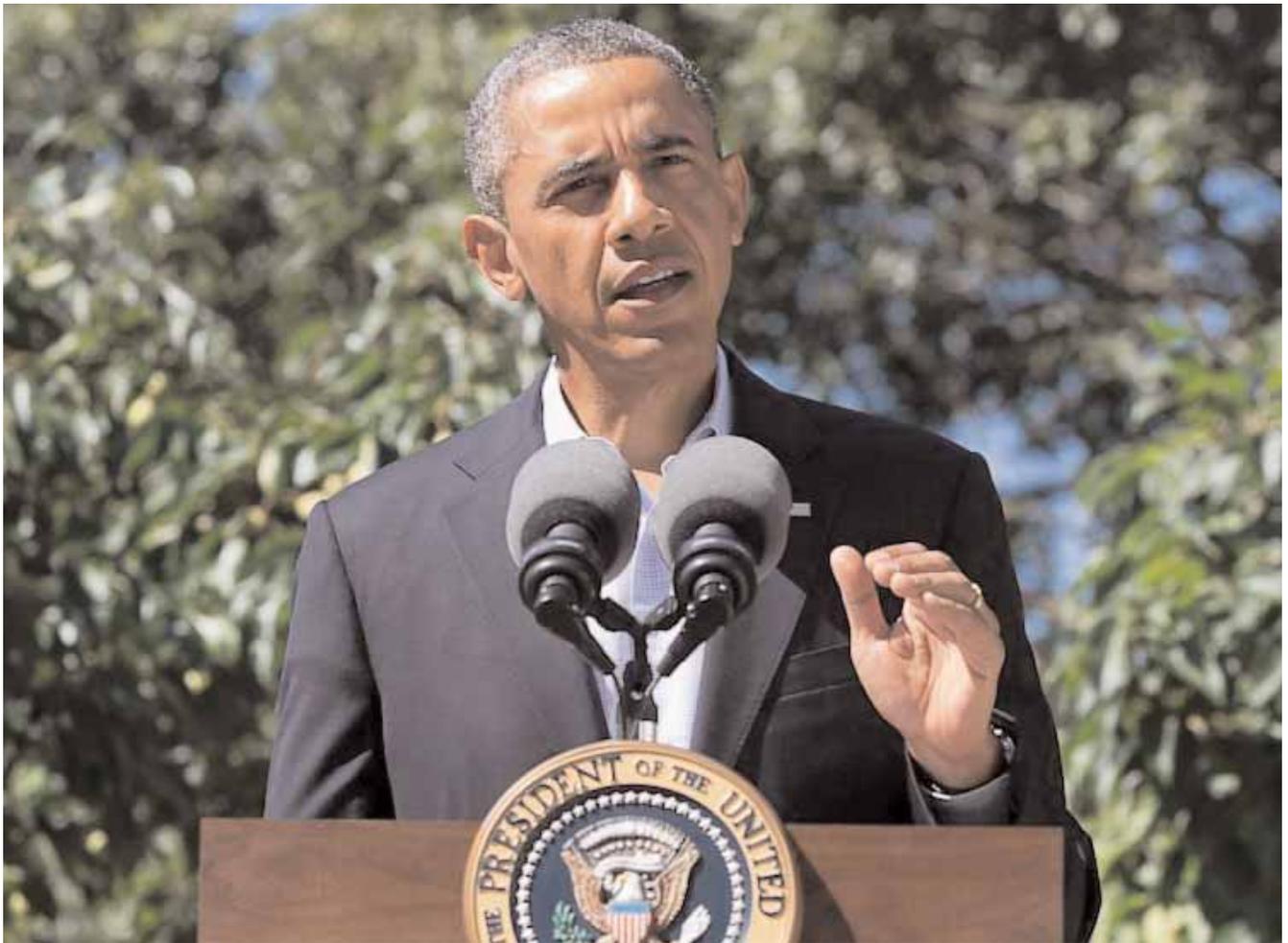
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reportedly offered to buy arms worth up to \$15 billion from Russia, and provided a raft of economic and political concessions to the Kremlin - all in a bid to

weaken Moscow's endorsement of Syrian President Bashar Assad."

No such thing will happen, to be sure. But the Russians and Saudis





probably will collaborate to prune the Syrian opposition of fanatics who threaten the Saudi regime as well as Russian security interests in the Caucasus. Chechnyan fighters - along with jihadists from around the world - are active in Syria, which has become a petrie dish for Islamic radicalism on par with Afghanistan during the 1970s.

The Saudis, meanwhile, have installed Chinese missiles aimed at Iran. There are unverifiable reports that Saudi Arabia already has deployed nuclear weapons sourced from Pakistan. The veracity of the reports is of small relevance; if the Saudis do not have such weapons now, they will acquire them if and when Iran succeeds in building nuclear weapons. What seems clear is that Riyadh is relying not on Washington but on Beijing for the capacity to deliver nuclear weapons. China has a profound interest in Saudi security. It is the largest importer of Saudi oil. America might wean itself of dependence on imported oil some time during the next decade, but China will need the Persian Gulf for the indefinite future.

A Russian-Chinese-Saudi condominium of interests has been in prepa-

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ration for more than a year. On July 30, 2012, I wrote (for the Gatestone Institute):

The fact is that the Muslim Brotherhood and its various offshoots represent a threat to everyone in the region:

The Saudi monarchy fears that the Muslim Brotherhood will overthrow it (not an idle threat, since the Brotherhood doesn't look like a bad choice for Saudis who aren't one of the few thousand beneficiaries of the royal family's largesse;

The Russians fear that Islamic radicalism will get out of control in the Caucasus and perhaps elsewhere as

Russia evolves into a Muslim-majority country;

The Chinese fear the Uyghurs, a Turkic Muslim people who comprise half the population of China's western Xinjiang province.

But the Obama administration (and establishment Republicans like John McCain) insist that America must support democratically elected Islamist governments. That is deeply misguided. The Muslim Brotherhood is about as democratic as the Nazi Party, which also won a plebiscite confirming Adolf Hitler as leader of Germany. Tribal countries with high illiteracy rates are not a

benchmark for democratic decision-making ... As long as the United States declares its support for the humbug of Muslim democracy in Egypt and Syria, the rest of the world will treat us as hapless lunatics and go about the business of securing their own interests without us.

The Turks, to be sure, will complain about the fate of their friends in the Muslim Brotherhood, but there is little they can do. The Saudis finance most of their enormous current account deficit, and the Russians provide most of their energy.

Apart from the Egyptian events, American analysts have misread the world picture thoroughly.

On the American right, the consensus view for years held that Russia would implode economically and demographically. Russia's total fertility rate, though, has risen from a calamitously low point of less than 1.2 live births per female in 1990 to about 1.7 in 2012, midway between Europe's 1.5 and America's 1.9. There is insufficient evidence to evaluate the trend, but it suggests that it is misguided to write Russia off for the time being. Not long ago, I heard the Russian chess champion and democracy advocate Gary Kasparov tell a Republican audience that Russia would go bankrupt if oil fell below \$80 a barrel - an arithmetically nonsensical argument, but one the audience wanted to hear. Like it or not, Russia won't go away.

American analysts view Russia's problems with Muslims in the Caucasus with a degree of Schadenfreude. During the 1980s the Reagan administration supported jihadists in Afghanistan against the Russians because the Soviet Union was the greater evil. Today's Russia is no friend of the United States, to be sure, but Islamist terrorism is today's greater evil, and the United States would be well advised to follow the Saudi example and make common cause with Russia against Islamism.

In the case of China, the consensus has been that the Chinese economy would slow sharply this year, causing political problems. China's June trade data suggest quite the opposite: a surge in imports (including a 26% year-on-year increase in iron ore and a 20%



In February 2011, I said that we did not know whether then-beleaguered president Hosni Mubarak of Egypt "will be replaced by an Islamist, democratic, or authoritarian state. What is certain is that it will be a failed state." And in March 2011, I added about Syria, "We do not know what kind of state will follow Bashar Assad. We only know that it will be a failed state."

increase in oil) indicate that China is still growing comfortably in excess of 7% a year. China's transition from an export model driven by cheap labor to a high-value-added manufacturing and service economy remains an enormous challenge, perhaps the biggest challenge in economic history, but there is no evidence to date that China is failing. Like it or not, China will continue to set the pace for world economic growth.

America, if it chose to exercise its power and cultivate its innate capabilities, still is capable of overshadowing the contenders. But it has not chosen to do so, and the reins have slipped out of Washington's hands. Americans will hear about important developments in the future if and when other countries choose to make them public. Readers

should be warned that those of us with reasonably good track records won't do as well in the future.

My track record in general has been good. I warned in 2003 that the George W Bush administration's attempts to build nations in Iraq and Afghanistan would have a tragic outcome. And in early 2006, I wrote: "Like or not, the US will get chaos, and cannot do anything to forestall it."

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In April 2011, I declared Israel to be "the winner in the Arab revolts" because "the most likely outcome [in the Arab world] is a prolonged period of instability, in which two sides that have nothing to gain from compromise and everything to lose from defeat - the dispossessed poor and the entrenched elite - fight it out in the streets. Like Yemen and Libya, Syria will prove impossible to stabilize;

whether Egypt's military can prevent a descent into similar chaos remains doubtful."

In January 2012, I announced a "recall notice for the Turkish model", adding, "Among all the dumb things said about the so-called Arab Spring last year, perhaps the dumbest was the idea that the new democracies of the Arab world might follow the Turkish model."

Now the dogs of war are loose and will choose their own direction. You don't need foreign policy analysts any more. You can hear the dogs bark if you open the window.

Mr. Goldman, president of Macrostrategy LLC, is a fellow at the Middle East Forum and the London Center for Policy Research.

New shining Russia

● Prashant Tewari from Moscow

It is amazing to witness the change that former Soviet Union has experienced in its new avatar of Russia. In just a decade, the entire system has changed. The governance, economy, life style & culture have comprehensively altered in a new Russia.

Opinion Express team visited Russia to experience the remarkable change and everybody was amazed to witness the transformation of staunch communist country in a capitalist avatar. Moscow is buzzing world class city with booming growth, focus on trade & commerce is enormous. The new rich class are flaunting wealth, mega housing complexes are mushrooming, five star hotels are visible on every corner of the roads, expensive cars are showcased by locals with pride, western influence in dressing with world's most expensive brands is a common sight. There is just no trace of communism any where in the country.

The change must have a driver,

surely the man in charge of Russia since last decade must take credit of the transformation. Vladimir Putin is a remarkable yet underrated world leader in global arena. He has ruled Russia with iron hand, brought remarkable changes in the system, influenced the world order and scripted history of modern Russia. Post destruction of erst-

while Soviet Union, many countries within CIS that includes Russia was fighting the economic tsunami. Off course, Boris Yeltsin proved disaster but his decision to bring Putin to mainstream proved a master stroke for the country. Vladimir Putin marched ahead with strength to consolidate his undisputed leadership within Russia and one





of the most powerful leader of recent times.

But the India Russia relations have surely scaled down from the peak of Soviet Union days. The G2G relations are exceptional but B2B & P2P relations are gradually going down. The International trade has forced India to ally with USA & block hence dependence on Russia is now restricted to defence sector. But the trade potential between Russia & India is drastically under utilised, the respective governments have not focused on this vital issue too. The business groups, lobbyist have not worked extensively on improving trade & commerce between both countries. The obsession for US led businesses have shifted the focus from Russia, similarly new generation of Russia is far too obsessed with western culture. The Pizza Hut, KFC, Macdonalds, Adidas, Mercedes, BMW are chased by present generation in Russia. The era of Raj Kapoor, Hindi films is almost over. So we have to plan

the entire strategy to consolidate mutual relations with a new approach.

Opinion Express Chief Editor Prashant Tewari visited Indian Embassy in Moscow to meet Mr Ajey Malhotra, Indian Ambassador to Russia to explore the official version on the subject. Hon'ble Ambassador was confident that the relations between both countries will flourish and leadership of the two countries can script a new world order. Ambassador is confident of G2G relations though he diplomatically admitted that B2B relations minus defence deals must be improved to enhance P2P relations. Indian companies are putting investment in oil & gas sector, mining to explore mega business opportunities in Russia. Ambassador is looking to consolidate commerce department in the embassy to facilitate bilateral trade opportunities between two countries. The embassy has set up links with local lobbyist to push for next generation trade reforms. To his credit, Ambassador Malhotra brought visa



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reforms to push for better P2P connectivity wherein the VISA granting time is reduced from 21 days to 3 days.

Opinion Express team met several prominent political leaders, business leaders, media people, trade centre, Chamber of commerce delegation to sensitise about the policy making group of Russia. The concept of BRIC nations, emerging economies, developing world, bilateral relations between India & Russia were discussed in length and finally Opinion Express Group have decided to put a dedicated bureau in Russia to streamline flow of information to keep people in India updated on the latest developments in CIS countries.

SINGH LAW WINS DOMESTIC TORTS LAWSUIT

Wins Six-Figure Jury Verdict for Wife after Shocking Life of Extreme Cruelty and Dowry Abuse By Husband and In-laws

PRINCETON : After a short term marriage of brutal abuse, involving Assault, Battery, Intentional Infliction of Emotional Distress, Civil Conspiracy, Conversion and Theft, the plaintiff, a young Indian woman who came to the United States on an H4 (Dependent) Visa immediately following an arranged marriage with her husband in India, filed a Complaint with the Middlesex County, New Jersey Superior Court for divorce and domestic torts. The defendants were her husband, father-in-law, and mother-in-law, and she won a significant 3-pronged Jury Verdict of more than six figures and was awarded more money than her official demand. Her attorney, Seema M. Singh, a well-known New Jersey consumer advocate, founder of the Asian Women's Safety Net (a 501 (c)(3) organization advocating for women victims of domestic violence) and human rights activist, grew up in India and knew quite well the traditional and deadly roots of the conflict that created such a catastrophic set of circumstances for her client.

"One thing that is sometimes forgotten in the quest to address human rights abuses- from voting rights infractions to unlawful detention of prisoners, there are always individual victims involved and legislation alone will seldom correct the injustice," says Seema Singh. "With every litigation, we look for more than symbolic justice. We seek compensation to be immediate and meaningful."



The abuses suffered by this plaintiff at the hands of her husband and in-laws were immediate upon boarding the plane, and unfortunately, typical of torture inflicted on Indian newlywed brides due to the impact of customs involving dowries, which were banned in India in 1961. A dowry, brought by the bride's parents to the husband and his parents, is often considered a necessary component of the marriage contract. Too often, the law is still ignored, and a groom's family remains involved in the dowry practice and its abuses.



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Unfortunately, dowry deaths are the most extreme punishment and it is calculated that "Indian dowry deaths" occur every 90 minutes. This fact illustrates why this domestic violence must be met with immediate remedies for those who experience even modest forms of harassment. Apart from this ultimate price of death, there are harsh conditions created for the bride if the bride's family refuses to pay-starving, frequent beatings, being 'jailed' inside the home or being denied all contact with her birth family. All of these conditions happened to the plaintiff while

imprisoned in her home. Essentially, the plaintiff was treated like an indentured servant and she lost almost 2/3 of her body weight. She was forced to put up with her new husband's extramarital affair with an old girlfriend; the mother-in-law's consistently aggressive and incessant demands for a larger dowry and refusal to allow her to pursue further studies and to maintain intimate relations with her husband; and keeping her a prisoner in the home. Ultimately, the plaintiff was being abused by all 3 defendants who engaged in a pattern of physical, verbal and mental torture towards her.

Finally, she escaped with the one-way ticket to India her husband had purchased for her previously as a threat to send her away if she did not comply with his and his mother's wishes. After a period of healing herself physically, when Plaintiff returned to the United States to seek justice, she tapped into the resources offered by the Asian Women's Safety Net (www.asianwomenssafety.net) and engaged Singh Law (www.singhlaw.com) to represent her case. Over the course of 18 months, Singh Law employed various legal tools to vigorously represent their client.

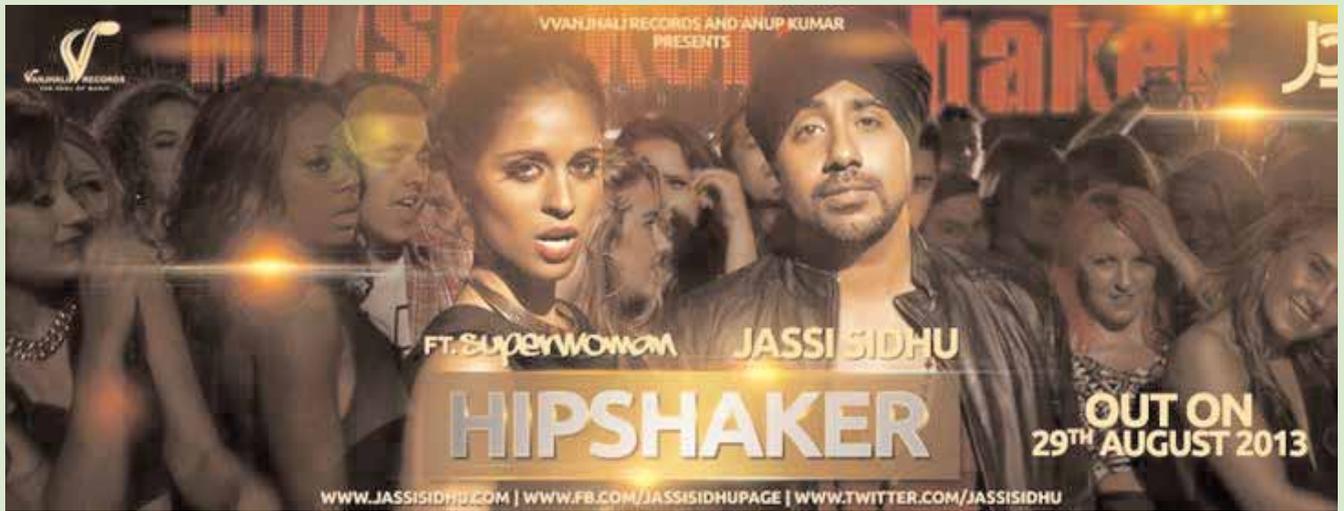
"This victory sends a compelling message that the law will be respected in U.S. courts," says Seema Singh. "I hope women and their families from India will hear that the best of our customs and traditions can be celebrated, but these outdated and abusive practices will not be tolerated. They have a choice."

The plaintiff was awarded a Jury Verdict/Judgment against her husband and mother-in-law for assault, battery and intentional infliction of emotional distress. She was also awarded an additional Jury Verdict/ Judgment against her mother-in-law and father-in-law for theft and conversion. The divorce is now final.

Full details of the coverage of this case can be reviewed on the American Lawyer's Media (www.alm.com) Verdict Search (www.verdictsearch.com) and Lexis Nexis.

Seema Singh, General Counsel and experienced Attorney, based in the U.S., with extensive experience guiding corporations operating domestically and internationally. Singh brings a breadth of experience to successfully meet the full range of challenges facing her clients in life and business. Law offices in New Jersey and New York. www.SSinghLaw.com

JASSI SIDHU IS BACK HIPSHAKER



Not many artists make music that crosses generations...not many artists have successful careers that span almost 2 decades...not many artists are born & raised in the united kingdom, yet listened to across the entire world...then again not many artists can be the ambassador of UK Bhangra music Jassi Sidhu.

More than 2 years after his last release Jassi Sidhu is back with his brand new single 'Hipshaker'.

After the success of his 2011 album 'singing between the lines' Jassi embarked a non-stop touring schedule which saw him perform in countries as far & wide as Africa, USA, Canada, Hong Kong, Malaysia, India, Australia as well as the UK. He also ventured back into the world of bollywood&hollywood with a feature in the 2011 international film breakaway (Speedy Singhs).

Now 2013 see's the most recognizable voice of his generation come back with a new sound & vibe for 'Hipshaker'.

Featuring the co-production skills of long time friend and international superstar DJBupsSaggu& the rap debut of Canadian Youtube sensation & comedienne Superwomen the song promises to enthrall the masses worldwide.

'Hipshaker' is traditional with a twist...traditional punjabi lyrics, modern

day electronica beats, a fresh new female rap artist with her own unique style & of course the unmistakable voice of Jassi Sidhu.

The big budget video for the song directed by renowned actor AmeetChana (Bend it like Beckham)& featuring international model & actress Jasmine Jardot (Jab TakHaiJaan) raises the bar for UK productions with its eye catching look, feel & picturisation.

After 17 years at the top of the Bhangra industry, Jassi Sidhu's fans have come to expect quality over quantity & once again with 'Hipshaker' he

lives up these expectations & delivers like only he can.

As the summer of 2013 comes to an end Jassi Sidhu's 'Hipshaker' guarantees to keep temperature's soaring on dance floors across the globe.

HIPSHAKER IS RELEASED WORLD-WIDE ON ITUNES ON 29/08/2013 BY VANJHALI RECORDS

PROMO LINK
:http://www.youtube.com/watch?v=IU NAYhAj1ag

www.jasssidhu.com | www.facebook.com/jasssidhupage | www.twitter.com/jasssidhu





Strategic Location

- Located in the Rajpuri Creek on the West Coast of India
- Advantageously positioned along International Shipping Routes
- 42 Nautical miles South of Mumbai
- 160 kms from Mumbai by road
- 42 kms off NH 17 and the Rail Network
- Identified node on DMIC & DFC

Immediate Hinterland

Roha, Khopoli, Mahad, Patalganga, Nagothane, Navi Mumbai, Mumbai, Thane-Belapur, Nasik, Pune

Secondary Hinterland

Goa, Madhya Pradesh, Gujarat and the land locked States of North India

Connectivity

By Road

Northern Shore SH 96, SH 92 and SH 90
Southern Shore SH 97 and SH 98

By Rail

Connectivity - Northern and Southern bank
Proposed Alignment: Agardanda - Indapur - Mangaon

Development Potential & Planned Facility

Phase I - 5 Berths :

- 4 Multipurpose Berths, 1 Ro Ro Terminal
- Capacity to handle 30 million tonnes
- Dedicated Approach Channel with a depth of 14.5 m chart datum
- Extensive land bank for development
- Waterfront encompassing Northern and Southern Banks

SEZ & FTWZ

Port based multi-product SEZ inclusive of FTWZ

Dedicated world-class infrastructure for warehousing & logistics
State of the art cargo handling equipment transportation & support infrastructure facilities

Cargo Potential

- Containers
- Steel
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- LNG
- POL
- Minerals
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- Fertilizers
- Cement
- Iron Ore
- Edible Oil, etc...

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