

# Today's Chronicle of Events

## November 3<sup>rd</sup>, 2008

### Manmohan to meet top corporate leaders today

Hindu, Monday the 3<sup>rd</sup> November, 2008

Special Correspondent



**Manmohan Singh**

NEW DELHI: Prime Minister Manmohan Singh has convened a meeting of top corporate leaders and leading industry associations here on Monday to discuss the impact of the financial crises and measures to help India make a soft landing.

The meeting comes in the wake of several measures by the government to ease the liquidity crunch and a fortnight before global leaders are scheduled to discuss regulations to avert speculative build ups in financial systems. Before the Washington meeting to be attended by Dr. Singh, Union Finance Minister P. Chidambaram will meet his G-20 counterparts at Sao Paulo on November 8.

Monday's interaction will be attended by industrialists Ratan Tata, Mukesh Ambani, Anil Ambani, Sunil Mittal and Deepak Parikh among others. The interaction has been preceded by meetings within industry associations such as the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) to collate their wish lists. The Presidents of CII, FICCI and Assocham, K.V. Kamath, Rajeev Chandrasekhar and Sajjan Jindal, will also participate in the meeting.

The industry has been urging relief from high interest rates and a squeeze on liquidity but with the Reserve Bank of India announcing measures on both measures, India Inc would now be pressing for an all-round easing of the credit crunch and high interest rates including overnight bank lending rates. Industry, however, expects Mr. Chidambaram to put across some of their demands to heads of public sector banks when he meets them this week.

#### **CII holds meeting**

The CII held a meeting of 16 past presidents on Friday to discuss the global slowdown and FICCI had also prepared an agenda that sought a further one percent cut in the cash reserve ratio to release more liquidity in the system. In a statement the FICCI said it would like to get the focus back on "growth and growth alone." Due to global contractions, "inflation will moderate by next year and so this continuing focus on inflation at the expense of growth is not necessary," noted the Chamber while pressing for a half per cent cut in the repo rate with the aim to pare it to five per cent in future.

# Trinamool Congress, 'Save Nano' panel members clash at Singur

Hindu, Monday the 3<sup>rd</sup> November, 2008

Raktima Bose



**VIOLENCE AGAIN: Supporters of the Trinamool Congress and the Nano Bachao Committee clash at Ghanshyampur near Singur in West Bengal on Sunday. —**

SINGUR (WEST BENGAL): Vehicles, motorcycles and cycles were set ablaze as Trinamool Congress supporters and members of the Singur Nano Bachao (Save Nano) Committee (SNBC) clashed with sticks, iron rods and bricks here on Sunday.

Police burst tear-gas shells to disperse the protesters.

The violence broke out when SNBC members put up road blockades at Ghanashyampur, 3 km from the site where Trinamool Congress chief Mamata Banerjee held a rally in support of her demand for the return of a portion of land acquired for the Tata Motors Nano project.

The situation turned volatile as Trinamool supporters started congregating for the rally.

Leader of the Opposition and senior Trinamool leader Partha Chatterjee was assaulted by the SNBC members and the window-screen of his car smashed as he tried to reach the rally site bypassing the road block.

## Alleges negligence

"It is a case of total negligence by the State administration as well as the police who could not provide security to an Opposition leader, even though I had informed the Home Secretary Ashok Mohan Chakroborty of my visit to Singur," Mr. Chatterjee said.

Trinamool supporters set on fire the office of a syndicate comprising members of the SNBC, who had supplied building material when the Nano project was being constructed.

## Photographer assaulted

The photographer of *The Hindu* was assaulted by the Trinamool supporters as he was taking photographs of the burning vehicles. This correspondent was threatened.

Addressing the rally, Ms. Banerjee reiterated her demand for the return of the 400 acres allegedly acquired forcibly from farmers for the project.

"The State government did everything to ensure that I cannot hold the meeting here. We have proved we can," she said.

She announced that protest meetings and rallies would be organised across the State for the next two days.

Ms. Banerjee blamed the State government for Tata Motors' exit.

"Had the State government acted according to the agreement reached on September 7 before Governor Gopalkrishna Gandhi, both the project and agriculture could have flourished here."

## **Lalu urges all MPs, MLAs in Bihar to quit after November 15**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**



**Railway Minister Lalu Prasad addressing a press conference in Patna on Sunday.**

Patna: Railway Minister Lalu Prasad on Sunday urged all MPs and lawmakers belonging to all parties from Bihar to resign after November 15 to protest against attacks on north Indians, particularly Biharis, in Maharashtra.

"It will be a total resignation by MPs and legislators from all parties and independents," the Rashtriya Janata Dal chief said at a press meet here.

"Chhat" is now being celebrated in Bihar. The resignations will take place after November 15 as Mr. Prasad wants to give about a week's time to all the parties after "Chhat" is over.

Mr. Prasad criticised Maharashtra Navnirman Sena chief Raj Thackeray and Shiv Sena leader Bal Thackeray for repeated attacks on north Indians.

"Attacks and killing are the handiwork of communal forces such as the MNS and the Shiv Sena," he said.

He said an all-party agitation would be launched on the issue of Bihari 'asmita' (honour).

"We will take to streets in and outside Bihar to warn elements such as the MNS and the Shiv Sena," he said.

On the all-party Bihar delegation, which last month submitted a memorandum to Prime Minister Manmohan Singh seeking action against the MNS and Mr. Raj Thackeray, Mr. Prasad said it was time to show the united face of Bihar. It would send a strong message that the State would not tolerate any such incident.

The RJD chief made it clear that he, along with all his party's 24 MPs, 4 Rajya Sabha members and 55 legislators, including his wife and Opposition leader in the Assembly Rabri Devi, would resign along with MPs and legislators belonging to other parties and independent members.

"It is for other parties to decide and ensure the resignation of their MPs and legislators."

Mr. Prasad blamed Chief Minister Nitish Kumar for attempting to create cracks in Bihar's unity and said that MPs of the Janata Dal (United) would resign after November 6.

#### Joint battle

"How could the JD(U) alone take the decision when it was decided at the time of the all-party meeting to fight a united battle," Mr. Prasad asked.

The JD(U), part of the main Opposition Bharatiya Janata Party-led National Democratic Alliance, has five members in Parliament. The JD(U)-BJP coalition is in power in Bihar.

#### Dares Nitish

Mr. Prasad dared Mr. Kumar and the BJP to snap ties with the Shiv Sena on the issue.

"Either Mr. Kumar and the BJP should sever ties with the Shiv Sena or make their relationship with the Shiv Sena clear before the people," the RJD chief said.

He suggested the formation of a steering committee of all parties in Bihar to lead the agitation in and outside the State.

Mr. Prasad said Prime Minister Manmohan Singh had warned the Maharashtra government on the issue and written many letters in this regard.

#### Reiterates demand for judicial probe

Mr. Prasad reiterated the demand for a judicial probe into the killing of Rahul Raj, who was shot by the Mumbai police on Monday.

The RJD chief called the shooting "brutal murder" and expressed unhappiness over the Maharashtra government's action.

"I am for a judicial probe by a sitting judge of the High Court into Rahul Raj's brutal murder and stern action against Maharashtra police officials who are guilty," Mr. Prasad said. — IANS

## Smart solutions to global emissions in ICT sector

Hindu, Monday the 3<sup>rd</sup> November, 2008

Meena Menon

MUMBAI: The ever expanding Information Communication Technology (ICT) sector contributes two per cent of the total greenhouse gas emissions and this is all set to double in the future. Few know the emissions from the sector are as high as aviation, one of the worst offenders. Yet ICT can come to the rescue of the problem with

smart solutions that are energy efficient, according to a new report by a U.K.-based, independent non-profit organisation, The Climate Group and the Global e-Sustainability Initiative (GeSI).

### Thrust areas

The report, SMART 2020, which was released in Mumbai recently, highlights the transforming potential of the ICT sector. It explains how smarter use of technology could reduce global emissions by 15 per cent and save global industry €500 billion in annual energy costs by 2020, transforming the way people and businesses use technology. Four thrust areas have been identified — efficient power grids, building automation, improved logistics and motor systems efficiency.

Of particular relevance to India is the study on smart grid technologies which could reduce carbon emissions substantially. Reducing transmission and distribution losses in the power sector by 30 per cent is possible through better monitoring and management of electricity grids, first with smart meters and then through integrating more advanced ICTs into the so-called energy internet, the report says.

Jim Walker, global Chief Operating Officer (COO) of The Climate Group, said the organisation was set up five years ago in five countries and was now creating an outreach in India.

### Applications

The GeSI is a network of IT companies and it mainly focuses on how ICT can be applied to other sectors to reduce energy use. Personal computers, mobile services are a rapidly growing sector and there was enormous potential through applications to reduce emissions by five times.

Better management of electrical grid systems could save power and now with a diverse range of potential new applications, total saving of energy could cross €600 billion by 2020, said The Climate Group's adviser, Mr. V. Raghuraman, who is also an advisor to the Confederation of Indian Industry (CII) on energy, environment and climate change. The suggestions by The Climate Group have received an enthusiastic response in India particularly from the Ministry of Power.

### Open source metering

The Indian government is committed under the Accelerated Power Development and Reforms Programme (APDRP) to reduce transmission losses by 15 per cent and the Ministry is keen on open source metering, which is one of the key areas for increasing efficiency.

"We have a solution framework and instead of confronting, we have to learn to collaborate," he added.

Mr. Raghuraman admitted that ICT was a high mortality industry and moved very fast and e-waste was a major issue. However, it was not averse to change.

That is a great advantage as the sector can provide solutions and there is no reluctance to change. ICT per se is the main thing and performance is the key to reducing energy, he said.

Countries together can look at constructive ways of solving issues, he explained.

### Partnerships

The Climate Group is an enabling company which helps governments by providing case studies to prepare strategies on policy decisions and share best practices by improving the flow of information. It also identifies new ways of collaboration between sectors by working with governments and businesses.

As part of this effort, 50 or so organisations have signed up to a set of principles and share best practices. The more we look at a low carbon economy the more convincing it is that it means more jobs, efficiency, security and this is an economic opportunity, says Mr. Walker.

The Climate Groups mission is to accelerate the low carbon economy by building close partnerships with the world's most influential businesses and governments, by engaging and convening the 1,000 most influential individuals on the carbon intensity of the world economy, and by launching and incubating a number of strategic initiatives with members and partners.

## Buddhadeb, Paswan escape IED blast

Hindu, Monday the 3<sup>rd</sup> November, 2008

Marcus Dam



**Caught in blast: The pilot vehicle, that was part of the convoy of Union Steel Minister Ram Vilas Paswan, which was damaged in an IED blast at Salboni in West Midnapur on Sunday.**

KOLKATA: West Bengal Chief Minister Buddhadeb Bhattacharjee and Union Steel Minister Ram Vilas Pawan had a narrow escape when a powerful improvised explosive device went off moments after their convoys passed through Kalaichandi in Paschim Medinipur district on Sunday. The blast damaged a pilot vehicle.

The leaders were returning from Salboni after attending the foundation laying ceremony of Jindal Steel Works' mega steel plant.

The police pilot jeep that was following the convoy was riddled with holes caused by splinters from the blast. The other vehicles, including the one in which the Mr. Paswan was travelling, continued on their way. The incident occurred about 4 km away from Medinipur.

On reaching Medinipur, Mr. Bhattacharjee expressed concern over the blast and said six police personnel in the pilot vehicle were injured, two of them seriously.

Police suspect Maoists to be behind the incident. The extremists have a presence in certain pockets of the district and high on their list of targets is the Chief Minister, according to intelligence reports.

Kuldeep Singh, Inspector-General, Western Range, told *The Hindu* from Paschim Medinipur district that the blast occurred around 2 p.m. "It happened five to ten minutes after the Chief Minister's convoy passed the spot. The pilot car was part of Mr. Paswan's convoy."

Governor Gopalkrishna Gandhi, who is in Delhi on an official visit, conveyed his "sense of shock at the landmine explosion."

In a statement issued from the Raj Bhavan here, he expressed his "great relief that no harm came to the Chief Minister, the Union Minister and to other dignitaries" in the conveys, but was saddened by the injuries sustained by the men on duty.

Mr. Gandhi observed "that this latest incident is yet another pointer to the security hazards of our times ... The State's commitment to all-round peaceful progress will not be thwarted by such acts of senseless violence."

A senior official said the State administration ordered a high-level inquiry into the incident. The blast occurred near a culvert on the Salboni-Medinipur road. The explosive device was attached to a wire that stretched a distance of nearly two km across an adjoining paddy field. The explosion caused a huge crater by the road and its impact was such that it caused the overhead high tension wire to snap.

Biman Bose, Secretary of the West Bengal State Committee of the Communist Party of India (Marxist), said those responsible for the blast "do not want development in the State."

"Those engaged in such activity — whether it is a landmine blast or bidding goodbye to the Tatas from Singur — are the fruits of the same tree; they represent the same force," Mr. Bose added.

## India-U.S. nuclear deal not at the cost of IPI gas pipeline, Pranab tells Iran

Hindu, Monday the 3<sup>rd</sup> November, 2008



**READY FOR DEAL:** External Affairs Minister Pranab Mukherjee and his Iranian counterpart, Manouchehr Mottaki, after a media briefing at the conclusion of their talks in Tehran on Sunday. —

Tehran: India said on Sunday that the India-U.S. civil nuclear deal was not at the cost of the Iran-Pakistan-India gas pipeline.

"Nuclear power is one source of energy. The other important source is the Iran-Pakistan-India (IPI) gas pipeline. One is not exclusive to the other," External Affairs Minister Pranab Mukherjee said at a joint press conference with Iranian Economic Minister Shamseddin Hossein.

They were interacting with reporters at the conclusion of the two-day Joint Commission Meeting of the two countries.

The nuclear deal with the U.S. would have no impact on the IPI gas pipeline, Mr. Mukherjee said. "India's energy requirement is quite substantial and we have to locate various sources of energy, including civil nuclear cooperation with countries like the U.S., France and Russia or any other country willing to cooperate with us."

Asked about the implementation of the Liquefied Natural Gas project, Mr. Hossein said there were several financial and technical issues that had to be considered.

"All negotiations have not been finalised. We will sign it when all negotiations are completed," he said.

India and Iran signed the LNG project in 2005. But the project could not be implemented after Tehran raised issues of pricing citing rise in global prices.

Mr. Mukherjee, who met Iranian President Mahmoud Ahmadinejad and other senior leaders, said he got positive indications about expanding the political relationship between the two countries.

The two sides signed an Extradition Treaty and a Mutual Legal Assistance Treaty, four Memoranda of Understanding, including a working plan on agriculture and sister port arrangement between the Shahid Rashid Port in Iran and Jawaharlal Nehru Port Trust near Mumbai.

The two sides also finalised the text of the Bilateral Investment Promotion and Protection Agreement (BIPPA) which Mr. Mukherjee hoped would be signed soon.

The leaders initialled the Double Taxation Avoidance Agreement and a pact on civil aviation.

These would be signed after the Union Cabinet approved them.

#### Invites investments

Addressing a seminar on 'India and Iran: ancient civilizations and modern nations' here, Mr. Mukherjee drew a parallel between the India-U.S. civil nuclear deal and the IPI gas pipeline. The basic imperative was to secure energy, he said while inviting Iranian investment in India, particularly in the oil and gas sectors.

Mr. Mukherjee said New Delhi's foreign policy would remain independent and guided by the interests of its own people even while it strengthens ties with the U.S., Russia, China or any emerging economies of Asia, Latin America and Africa. "We are working on a realisation that an economy that is growing at 8 to 9 per cent would require investments, energy, resources and technology at a hitherto unprecedented scale," he told a gathering of Iranian intellectuals and policymakers.

Referring to the nuclear deal, he said the sharp rise in fuel prices and the country's huge energy needs for next 20-25 years prompted New Delhi to conclude that "there is no alternative but to develop nuclear energy" as 50 per cent of its energy requirements are met by coal and fossil fuels.

"The basic imperative of the India-US civil nuclear agreement is the same as that which binds us to the Iran-Pakistan-India gas pipeline. Our energy needs are too large to be met from any one single source."

#### Trilateral mechanism

The two countries decided to set up a trilateral mechanism at the Petroleum Ministers' level to resolve the differences over various aspects of the Iran-Pakistan-India (IPI) gas pipeline project, including pricing. A meeting of the Petroleum Ministers of India, Pakistan and Iran will be called soon to discuss the matter.

This decision was taken after the Indian side made the proposal during a meeting between Mr. Mukherjee and Iranian Oil Minister Gholam Hossein Nozari on Sunday.

In an interview to Iranian news agency IRNA ahead of his visit here, Mr. Mukherjee said Iran had every right to develop nuclear energy for peaceful purposes, in a manner consistent with its international obligations and commitments.

"The Prime Minister has stated our position which is well known. We have all along been saying that all issues relating to Iran's nuclear programme must be resolved through dialogue and understanding and that confrontation must be avoided.

"We believe that the IAEA must play a central role in resolving all the outstanding issues," he said. — PTI

# India has constraints in intervening in Sri Lanka, says Karunanidhi

Hindu, Monday the 3<sup>rd</sup> November, 2008

Special Correspondent

CHENNAI: Chief Minister M. Karunanidhi on Sunday said India had constraints in intervening in the internal affairs of Sri Lanka.

"Should we not be conscious of India's limitations? The Centre is helping the Tamils because we have adopted a resolution at the all-party meeting," he said in a statement.

The Chief Minister's reaction came in the wake of allegations of PMK founder S. Ramadoss that Tamil Nadu had failed in persuading the Centre to effect a ceasefire in Sri Lanka.

"The PMK is also part of the government at the Centre. Dr. Ramadoss' son is a Union Minister. He also has the responsibility to persuade the Centre," the Chief Minister said.

Recalling the reservations expressed by Congress leaders when a resolution of the all-party meeting decided to submit the resignations of the MPs from Tamil Nadu, Mr Karunanidhi said the CPI(M) also did not express its stand openly.

"Even *Tamil Osai*, the PMK's official organ very carefully used the resolution and talked only about the resignation of Lok Sabha members and not all MPs from Tamil Nadu," he said. While 22 MPs of the DMK, including its Rajya Sabha members, submitted their resignations to him, MPs of other political parties did not come forward to do that.

Mr. Karunanidhi said the purpose of the resolution would have been defeated if the DMK MPs alone had resigned. He explained that there would be no one to exert pressure on the Sri Lankan government to help the Tamils if the government at the Centre had fallen in the wake of resignation of the MPs from Tamil Nadu.

Listing out the promises made by External Affairs Minister Pranab Mukherjee after his visit to Tamil Nadu, Mr. Karunanidhi said both Prime Minister Manmohan Singh and Mr. Mukherjee had stressed that there could be no military solution to the Sri Lankan ethnic crisis.

As for Dr. Ramadoss suggestion for sending telegrams to the United Nations, the Chief Minister said it was the DMK that first gave the call to send telegrams to the Prime Minister. "In 1983, we collected one crore signatures in support of the Sri Lankan Tamils and forwarded it to the UN," he said.

Stating that blaming each other would in no way help resolve the crisis, he said the objective was to protect the Tamils in Sri Lanka.

## Completion of grade separators delayed: Baalu

Hindu, Monday the 3<sup>rd</sup> November, 2008

Special Correspondent

CHENNAI: Union Minister for Shipping, Road Transport and Highways T.R. Baalu on Sunday admitted that there was a delay in completion of grade separators at the Maduravoyal and Koyambedu junctions.



### **STATUS CHECK: Union Minister T.R. Baalu being briefed on an NHAI project in Chennai on Sunday.**

Mr. Baalu, who reviewed four major projects of the National Highways Authority of India (NHAI), pulled up the contractors and engineers for the delay and asked them to expedite the work by deploying more workers at the Padi junction to ensure its completion by December.

The Minister inspected the work to widen the Chennai bypass phase-I (Irumbuliyur junction) and construction of phase-II grade separators. He sought an explanation in writing from the contractor of the project at the Koyambedu junction. Talking to mediapersons, he said the Maduravoyal project was delayed by more than one and half years due to the presence of loose soil.

However, it had been set right by erecting pillars. The work at the Padi junction was delayed due to the construction of road overbridge. The Minister asked the engineers to work in three shifts to complete it by the month-end, so that it could be thrown open for traffic by December.

Mr. Baalu said the widening of Chennai-Tiruchi highway up to Kollidam would be completed by December and the entire stretch, barring 2-3 bridges, by January.

The four-laning of Ennore-Manali Express Highway is being taken up at the cost of Rs.537 crore spanning 30.1 km. It also includes 1.2-km road with an under pass to join Chennai bypass (Irumbuliyur junction) from the rear end of Madras Export Processing Zone.

## **Two Hizb militants arrested in Jammu**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

JAMMU: Two Hizb-ul Mujahideen militants have been arrested in Jammu region, with police on Sunday claiming that they entered the country through Nepal to disrupt the coming Assembly elections. The duo, identified as Farooq Ahmed Bhat alias Najeebullah of Budgam district of Kashmir and Ashiq Hussain alias Faizal Iqbal of Handwara tehsil of Bandipora, were arrested in Jammu and Ramban districts on Saturday night.

"They were trained in Pakistan and were sent by Hizb leadership in Pakistan-occupied Kashmir to disrupt the forthcoming elections and create terror by triggering explosions in the State," police said. – PTI

## **Wind power can prevent climate change: study**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

Aarti Dhar

NEW DELHI: Wind power could produce 12 per cent of the world's energy needs and prevent 10 billion tonnes of carbon dioxide emissions within 12 years, according to a report.

The 'Global Wind Energy Outlook 2008,' published by the Global Wind Energy Council (GWEC) and Greenpeace International, looks at the global potential of wind power up to 2050 and found that it could avoid as much as 1.5 billion tonnes of carbon dioxide emissions every year, which would add up to over 10 billion tonnes in this timeframe. The report also explains how wind energy can provide up to 30 per cent of the world's electricity by the middle of the century.

China has the world's fastest growing wind power market and is expected to become the biggest manufacturer of wind energy equipment by 2009-end.

Wind energy has already become a mainstream power generation source in many regions around the world and it is being deployed in over 70 countries. In addition to environmental benefits, wind energy provides a sustainable answer to increasing concerns about security of energy supply and volatile fossil fuel prices.

It is becoming a substantial factor in economic development, providing more than 3,50,000 'green collar' jobs both in direct and indirect employment. By 2020, this figure is projected to increase to over 2 million.

The existing power sector is responsible for around 40 per cent of global carbon dioxide emissions and there are only three options to reduce this by 2020 — energy efficiency, fuel switching, and renewables, predominantly wind power.

A coalition of wind companies, associations and non-governmental organisations will launch a campaign shortly to increase government action on wind energy globally. Entitled 'Wind Power Works,' the campaign will run for a year until the next round of climate change talks at Copenhagen in December 2009.

## Acute shortage of vitamin C reported

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

Vidya Venkat

CHENNAI: It is that time of the year when most people have cough and running nose. But the most commonly prescribed pill for these, vitamin C, is hard to find in the market now.

Pharmacies and medical stores across the city have reported an acute supply shortage of the vitamin C tablets 'Celin,' 'Suckcee,' 'Chewcee' and 'Limcee' for the past one week. Customers, however, claimed that they could not get enough tablets for more than a month now.

A medical store officer at Government General Hospital said there was need for 1 lakh vitamin C tablets but they had only 10,000 tablets in supply.

Pharmaceutical Manufacturers Association president for Tamil Nadu B. Sethuraman said that manufacturers of vitamin C supplements across India were compelled to suspend operations after the National Pharmaceutical Pricing Authority (NPPA) recently revised the ceiling price. "The drug price control order failed to reckon the hike in input costs. While the rise in the value of the U.S. dollar has added to the problem, the real issue lies in supply crunch from China, from where most raw materials are imported," he said.

"Ahead of the Olympics, the chemical industry in China suspended manufacture of raw materials in view of the pollution problem. This had a spiralling effect on supply in the Indian market," he explained.

Tamil Nadu Drugs Control Department in-charge K. Sundaraswamy told *The Hindu* that the issue had been brought to the notice of the Union government.

Sources in the NPPA said talks were on with the manufacturers.

Those depending on the supplement are facing a tough time.

Bodybuilder and gym instructor Murali Vijaykumar lamented that his hard-earned muscles were taking a beating as he could not supplement his workouts with vitamin C.

Preparing for upcoming championships, he hoped the crisis would end soon as whole foods, gooseberry (*amla*) and other citrus fruits would not have the same effect as supplements.

“Natural body builders need at least 1-1.5 grams of the vitamin spread over equal doses throughout the day to ensure that the stress hormone, cortisol, does not affect the muscles and health. It is impossible to eat 20 oranges a day for that.”

Trainer and national body builder Murtuza S. Rasheed said that the supplement was vital for cartilage health, not only for body builders but also sportsmen, and hence the crisis had to end soon.

## Needle removed from boy's lung

Hindu, Monday the 3<sup>rd</sup> November, 2008

Kannal Achuthan



**SAFE NOW: Senthilnathan, professor of paediatric surgery, displays the needle removed from three-year-old Shiva's lung at the Institute of Child Health on Saturday. —**

CHENNAI: When three-year-old Shiva swallowed a sewing machine needle, an X-ray showed that it had entered the boy's right lung. A medical team at the Institute of Child Health (ICH) in Egmore succeeded in removing it after a 90-minute surgery a week ago. The boy is safe and will be discharged soon.

Shiva had swallowed the needle when he was playing at his grandfather's house at Kalakkad in Tirunelveli district. When he was taken to a private hospital, the doctors found that the needle had slipped to the lowest lobe of the right lung and removal would be difficult. The case was referred to a tertiary care centre and the family brought Shiva to the ICH. Luckily, the blunt end of the needle was facing the lung tissue and had not caused injury.

S.V. Senthilnathan, professor of paediatric surgery, said that the ICH was equipped with bronchoscopes and pulmonoscopes small enough to insert into the trachea of a three-year-old. "On two occasions, doctors tried to

remove the needle using a bronchoscope as surgery could be avoided. But the needle had slipped very low down the lung," he said.

Apart from cough, Shiva did not suffer from pain but the needle could cause infection and other complications if not removed at the earliest. Finally, the doctors decided on thorocotomy, a surgery to reach into the lung. The operation was done on October 25. The medical team that performed the surgery included Prof. Philip Chandran and Assistant Professors Muthukumaran and Mohan Kumar.

Dr. Shantha Parthiban and her team were in charge of anaesthesia, a tricky procedure as the surgery was on the lung.

As Shiva sleeps soundly on her lap, his mother Esakiammal shows the thick needle that he had swallowed. "I wonder how the doctors managed to remove it. I am very grateful," she said.

Her husband Pechimuthu, a daily wage earner, has returned home after the surgery but will come to Chennai when his son is discharged.

## **Sadhvi, 2 others to be produced again in court**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

NASHIK: Sadhvi Pragya Singh Thakur along with two other accused, who were arrested by Maharashtra ATS in connection with the September 29 Malegaon blasts and remanded to ATS custody till November 3, will be produced again in a Nashik court on Monday.

## **Two more arrested in Assam blasts case**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

GUWAHATI: Two prime accused in the Assam serial blasts case, Muzamul Haque and Anwarlul Haque, were arrested on Sunday, taking the total number of arrests to five.

## **Relief to KSEB as generation cost falls**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

P. Venugopal

THIRUVANANTHAPURAM: The fall in international crude oil prices will considerably bring down the cost of power generation at the liquid fuel stations in the State, but its benefit will reach the consumers only by the beginning of December.

This is because the stations running on liquid fuels are holding at least one month's stock of naphtha and diesel purchased at high cost.

Thermal power stations are required by the regulatory authorities to announce their per unit generation cost every fortnight. According to the latest data, announced on Saturday, the cost of generating one unit of electricity at the naphtha-based station of the National Thermal Power Corporation at Kayamkulam is Rs.4.98. It

was close to Rs.9 last month. The per unit generation cost at Kayamkulam had even crossed Rs.12 in July, when the price of naphtha touched the level of more than Rs.63,000 a tonne. The station is now receiving naphtha supply at around Rs.27,500 a tonne.

The lower generation cost at the liquid fuel stations will come up as a new factor at the public hearing exercise now being conducted by the Kerala State Electricity Regulatory Commission (KSERC) to decide whether the existing 'thermal surcharge' on electricity should be continued or not.

The commission is holding a sitting in Palakkad on Monday and another in Thrissur on Wednesday, after one in the State capital on Saturday. The Kerala State Electricity Board (KSEB) on Saturday had told the commission that its additional liability on purchasing costly electricity from the liquid fuel power stations would come up to Rs.8.2 crore daily for the rest of the year. The KSEB had also indicated its desire to impose another hike in electricity charges and more restrictions in power supply to reduce the quantum of this liability.

The KSEB will now have to rework the data it had presented before the commission on Saturday. It should be noted that the crude oil prices will keep fluctuating. So also other factors such as availability of power from the coal and lignite-based power stations outside the State, because of uncertainties in fuel supply in the recent months.

The approach the commission has taken, therefore, is to review the situation from time to time to take decisions according to the changing equation.

## **Rice levy order enforced; State to procure 33 p.c. of produce**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

**S. Rajendran**



**Bangalore:** The State Government has enforced the rice levy order from Sunday, to procure 33 per cent of the rice produced in the State, to safeguard the interests of Karnataka in the national foodgrains procurement pool managed by the Food Corporation of India.

Sources in the State Government told *The Hindu* that the Union Government had categorically told Karnataka that the quantity of rice made over to the State under the Public Distribution System (PDS) would be substantially reduced if the State failed to procure levy rice and pass it on to the Central pool.

The levy order will be particularly enforced in the rice-growing districts of Bellary, Koppal, Raichur, Shimoga, Davangere, Mandya and Tumkur.

To ensure smooth collection of the levy rice, the Government has banned inter-State movement of both paddy and rice.

**Permission**

However, paddy growers, rice millers and even commission agents and wholesalers can transport rice across the State borders with the permission of the Deputy Commissioners of their respective districts.

Such permission will, however, be granted only if they have fulfilled the levy quantum. The collection of levy rice will not have any effect on the prices prevailing in the retail market as only the lower qualities of rice are made over to the Central pool.

### Meeting

Chief Minister B.S. Yeddyurappa, who chaired a high-level meeting with top officials of the Food Ministry and rice millers, is stated to have ordered that the collection of levy rice should commence right away following which directions have been issued to the Deputy Commissioners of rice-growing districts.

### Protection of interests

The Chief Minister has also mentioned that the interests of rice millers, paddy growers and consumers will be taken care of. The sources said the State Government had signed an undertaking with the Union Food Ministry to procure the levy rice in all earnestness.

While the State has a PDS rice allocation of 17 lakh tonnes a year, the total levy rice procurement in the last year was a meagre 20,000 tonnes.

### 'Low order'

Levy rice procurement in the State has been of a very low order during the past 10 years and this has reportedly prompted the Centre to act tough.

The Commissioner for Food and Civil Supplies, Shivaram, told *The Hindu* that the department had evolved a new method for levy rice collection. The procurement from millers would be directly proportionate to their power consumption — for every 40 kilowatt (Kwhr) consumption, they have to handover one tonne of rice.

Similarly, wholesalers and commission agents will have to pass on 10 per cent of rice sales to the levy pool of the Government.

### Target

Mr. Shivaram said the State had fixed a target of 2.5 lakh tonnes (if not 33 per cent) for the levy pool.

Achieving the target should not be much of a problem given the fact that the State produced around 40 lakh tonnes of rice annually .

The target was also for both the Kharif and Rabi seasons and covered all varieties of rice.

The levy rice collection was based on quantity and not the quality, he added.

### Foodgrain availability

Levy rice, as the name indicates, is procured by the State Government making it available to people who are dependent on the Public Distribution System, which in turn ensures availability of foodgrains at a subsidised rate.

The strict enforcement of levy procurement had, however, been given a go-by over the past decade following the buffer stocks both in the Central pool and in the State pool.

# Chiranjeevi is a political novice: YSR

Hindu, Monday the 3<sup>rd</sup> November, 2008



**Gearing up:** Chief Minister Y. S. Rajasekhara Reddy, APCC president D. Srinivas and Finance Minister K. Rosaiah at the PCC office bearers meeting in Hyderabad on Sunday.

HYDERABAD: Chief Minister Y. S. Rajasekhara Reddy described Praja Rajyam president Chiranjeevi as a “political novice” who lacked a clear understanding of various issues.

Addressing the maiden meeting of the newly appointed Andhra Pradesh Congress Committee office bearers here at Gandhi Bhavan on Sunday, Dr. Reddy targeted the PR chief saying that he was ignorant of the ground realities and preferred to read a prepared text without doing an in-depth study of the issues.

## Confident of victory

Dr. Reddy called upon the office bearers and other leaders to work in close coordination so that the party retained power without any difficulty. He exuded confidence that the Congress would win 235 seats. “No other political party can dream of coming to close to us,” he reportedly told the office-bearers.

## TRS, Left flayed

He also reportedly criticised the TRS and the Left parties for their desperation to forge alliances with other parties. “It is unfortunate that these parties have given a go by to their ideologies. They only want to defeat the Congress and Rajasekhara Reddy,” he reportedly remarked.

APCC president D. Srinivas told reporters that party functionaries were told to publicise the government’s developmental and welfare programmes. “Rely on word of mouth campaign,” he said and added that though advertisements in television and newspapers were okay, they had a limited reach.

## Rosaiah's advice

Finance Minister and APCC Campaign Committee chairman K.Rosaiah urged the leaders to highlight

# “UPA government lacks political will”

Hindu, Monday the 3<sup>rd</sup> November, 2008

Sushanta Talukdar

**Guwahati:** Communist Party of India (CPI) leader D. Raja on Sunday accused the Congress-led United Progressive Alliance (UPA) government of lacking both political will and ability to fight terrorist forces.

He told journalists here that repeated terrorist attacks including the serial blasts in Assam had fully exposed the total failure of the intelligence agencies at the Central and the State level.

The Left leader was rushed by his party in the midst of National Council meeting in session in Delhi, to take stock of the situation in Assam in the wake of the serial blasts. Mr Raja, accompanied by senior State CPI leaders visited the blast sites in the city and met the injured admitted in the hospitals.

He pointed out that it had become routine for the UPA government to come out with the claim of unearthing the plot and locating the "master mind" after every such terror attack. But it failed to act on its words. Mr. Raja said that the CPI national executive expressed deep concern and anxiety at the rise of communalism, regional chauvinism and terrorism in various parts of the country.

Referring to serial blasts in Assam, the national executive stated in a resolution that "there are reports that in this heinous crime some Muslim fundamentalists have been helped and supported by fundamentalist organisations from Bangladesh and Pakistan."

Mr. Raja, who is the Secretary of the party's national council, said that considering Assam's geographical location, the government should have been vigilant against all evil forces.

He accused the Bharatiya Janata Party (BJP) of trying to communalise the incidents of terror attacks. The Sangh Parivar was carrying out a very hostile anti-minority campaign and top BJP leaders L.K. Advani and Rajnath Singh themselves were leading the campaign, he alleged.

#### An eye opener

Referring to the Malegaon blasts probe, Mr. Raja said that though the revelations in the case was an eye opener, the investigating agencies were underplaying the Sangh Parivar's involvement in the blasts. The national executive also alleged that the Home Ministry unofficially patronised the unleashing of a campaign of maligning a community. This had created a fear psychosis among the minority community and brought about a sense of alienation.

## Rs. 35,000-crore steel project in West Bengal

Hindu, Monday the 3<sup>rd</sup> November, 2008

Special Correspondent

**Salboni** (West Bengal): West Bengal Chief Minister Buddhadeb Bhattacharjee on Sunday inaugurated the first phase of the Rs.35,000-crore steel project of JSW Steel and urged the local people to be hospitable to engineers and experts who would come from outside the State and the country to set up the 10 million tonne steel plant.

Traversing 150 km by road from Kolkata to arrive at this near-barren location in Paschim Medinipur district, Mr. Bhattacharjee walked in to a rousing welcome from a 5000-strong gathering who cheered as he unveiled a symbolic structure of the project by remote control. He said 10,000 people would be employed by the project which would have steel, cement and power plants.

The government signed the project agreement with JSW Steel in January 2007. The function was attended by leaders of all main political parties, barring the Trinamool Congress.

The Sajjan Jindal group, which is setting up this project, has got possession of 4,500 acres of land. "Some have voluntarily given their land which was acquired directly by the government and some land has been given by the State government which had vested land here," the Chief Minister said.

In an obvious allusion to the threats made to contractors and employees of Tata Motors at Singur, he appealed to the locals to help outsiders set up the project. He said amid thunderous applause that the youth wanted jobs, not disruptive politics.

JSW vice-chairman and managing director Sajjan Jindal said the project realised the dream of his father, O.P. Jindal, who started his entrepreneurial journey from here. He said the company had no plan to bring in people from outside and would train locals for the jobs.

The compensation package, he said, was a model of inclusive growth and offered one job to every family of land seller and free equity shares in addition to cash compensation.

However, a reported mine blast in the vicinity of the road through which the convoy of the Union Steel Minister was returning cast a shadow on the event. The pilot car's window was smashed and some of the occupants were injured.

## **NCP toes the Raj Thackeray line**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

New Delhi: The 'Raj Thackeray effect' seems to have rubbed off on the Nationalist Congress Party (NCP) too with the Sharad Pawar-led party advocating "sons of the soil" ideology and warning that if there was no "redrawing of balance" between Maharashtrians and others, "the people will themselves do it."

Union Minister and senior NCP leader Praful Patel also rejected demands for removal of Maharashtra Chief Minister Vilasrao Deshmukh and the immediate detention of MNS leader Raj Thackeray under the National Security Act in the wake of attacks on some north Indians.

Mr. Patel, whose party is a major partner in the Congress-led Maharashtra government, saw nothing wrong in party leader Chhagan Bhujbal's "sons of the soil" slogan. He asked non-Maharashtrians to respect the sentiments and culture of the State.

### **Veiled attack**

In an interview to Karan Thapar in 'Devil's Advocate' programme for CNN-IBN, he made a veiled criticism of the lack of development in certain States from where people migrate to Mumbai, which was predominantly Maharashtrian 30-40 years ago.

Mr. Patel downplayed Prime Minister Manmohan Singh writing a strongly worded letter to Mr. Deshmukh. — PTI

## **Rajnath blames UPA for linking terrorism with Muslims**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

Special Correspondent

**BHUBANESWAR:** Bharatiya Janata Party president Rajnath Singh on Sunday said if the party came to power at the Centre it would bring in a new law to deal with terrorism.



**Rajnath Singh**

At a press conference here, Mr. Singh blamed the United Progressive Alliance government at the Centre for linking terrorism with Muslims.

"Terrorism will not end in the country when Ministers in the Central government seek citizenship for Bangladeshi infiltrators and term the SIMI a socio-cultural organisation," he observed, while criticising the UPA government for doing away with the Prevention of Terrorism Act.

The BJP president, who was here to attend a meeting of the party's Orissa unit, held the UPA government responsible also for the financial crisis facing the country.

"The problem of inflation and price rise facing the country was the result of the wrong policies and mismanagement of the UPA government," he said.

As regards the Kandhamal crisis, Mr. Singh condemned the killing of Vishwa Hindu Parishad leader Laxmanananda Saraswati in the district on August 23. He, however, was silent about the anti-Christian violence that followed.

Demanding that the Orissa government strictly implement the law pertaining to conversion, the BJP president said that if required, the Central government should also bring a law to check conversion by use of force or allurement.

## **Organ donation awareness gains momentum**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

Aarti Dhar

NEW DELHI: Naval sailor, Virat Sharma was a braveheart during his lifetime. He now lives on even after his death.

Virat met with a road accident here on October 18 during which he sustained a serious head injury. After battling for life at the Army Hospital (R&R), he was declared brain dead on October 24. His father, S.K. Sharma, and other family members took the humanitarian decision of donating his organs.

Their noble gesture saved many lives.

The liver was transplanted to a serving soldier who was suffering from liver failure due to Budd-Chiari Syndrome, a condition where the veins of the liver are blocked. The kidney was given for transplantation to the Organ Retrieval and Banking Organisation (ORBO) at AIIMS. The corneas were used on two patients, one of whom was a young girl from Bihar who had lost her vision in one eye due to viral infection, and the heart valves have been preserved for transplantation.

Since Virat died in a road traffic accident, medico-legal formalities were involved. The Delhi Police and Head of Forensic Medicine at the Vardhaman Mahavir Medical College were very prompt and provided all the help to facilitate organ donation in this case, according to the Army medical sources.

The low awareness of brain death and organ donation in our country has been a matter of concern.

The Armed Forces addressed this issue by constituting the Armed Forces Organ Retrieval and Transplantation Authority (AORTA) in April 2007.

The AORTA, based at Army Hospital (R&R), coordinates all activities related to creating awareness of brain death and organ donation within the armed forces.

Till date, a total of 57 patients have been declared brain dead at the Army Hospital (R&R). As many as 35 cases have been counselled for organ donation and in 17 instances relatives of the deceased agreed to donate the organs of their loved ones. The donated organs and tissues have been successfully transplanted to the needy in the hospital.

The liver transplant team has already performed 16 deceased-donor liver transplantations, the most such transplantation by any institution in the country.

The campaign has seen over 2,000 soldiers and their dependents pledging to donate organs in the event of brain death. Senior armed forces officers and commanders have pledged their organs in the event of brain death and have motivated the men under their command to do the same. The enthusiasm generated by the campaign has resulted in entire military units and establishments pledging for organ donation in the event of brain death.

The message has hit home as evident by the fact that the last six brain deaths have resulted in organ donation.

## **We have a righteous wind at our back, says Obama**

**Hindu, Monday the 3<sup>rd</sup> November, 2008**



**ALL SMILES: U.S. presidential candidate Senator Barack Obama at a rally with wife Michelle Obama and daughters Malia and Sasha, in Pueblo, Colorado, on Saturday.**

WASHINGTON: In the U.S. presidential contest's final frenzied weekend, Senator Barack Obama promised to heal America's political divisions while rival John McCain fought to hold on to Republican States and pledged to score a historic upset.

For Mr. Obama, it was a time for soaring rhetoric and forays deep into Republican territory, buoyed by record campaign donations and encouraging poll numbers. "We have a righteous wind at our back," he said on Saturday of his bid to become the first African-American President.

For Mr. McCain, the weekend was his last chance to persuade voters to defy the polls and sweep him into office. "We're a few points down but we're coming back," he told supporters in Virginia. "I'm not afraid of the fight, I'm ready for it and you're going to fight with me," he added.

Mr. Obama on Saturday campaigned in Nevada, Colorado and Missouri, all states that voted for President George W. Bush four years ago. Both candidates were backed by supporters manning phone banks, handing out brochures and spinning journalists as the campaigns made their final push in a race that carried a price tag estimated at \$2 billion. Mr. McCain's hopes hinged on winning all or nearly all the states that carried Mr. Bush to victory in 2004, and possibly carrying Pennsylvania to give him a margin for error in America's state-by-state system of choosing a President. Mr. Obama sought to saddle Mr. McCain with the record of President George W. Bush. Vice-President Dick Cheney said on Saturday the U.S. "cannot afford the high tax liberalism of Barack Obama and Joe Biden" and supported Mr. McCain.

Mr. Obama pounced on the remark in Pueblo, Colorado, where he said Mr. McCain had earned the endorsement through support of White House social and economic policies, seeking to appeal to American voters anxious about the teetering U.S. economy. In an awkward moment for Mr. McCain's running-mate Sarah Palin, she was hoodwinked by a Canadian comedian posing as French President Nicolas Sarkozy into saying that "maybe in 8 years" she will be President. — AP

## West seeks Gulf's petro-dollars

Hindu, Monday the 3<sup>rd</sup> November, 2008

Atul Aneja



**Money matters: British Prime Minister Gordon Brown (left) speaks to Saudi Arabia's King Abdullah in Riyadh on Saturday.**

DUBAI: The energy-rich Gulf countries are being flooded with visitors from the West who are seeking funds to contain the international financial crisis.

On Saturday, Saudi Arabia received British Prime Minister Gordon Brown, the latest among the string of high-profile visitors who are seeking substantial doses of petro-dollars to treat their ailing economies. Later on Sunday, Mr. Brown would be travelling to Qatar, before arriving in the United Arab Emirates on Monday.

U.S. Deputy Treasury Secretary Robert Kimmitt has already visited the region, seeking investments for the troubled U.S. economy. Ahead of his visit, Mr. Brown has been quoted as saying he was seeking funds from China and the Gulf to beef up the IMF's \$250-billion bailout fund. These visits precede the meeting in Washington on November 15 of G-20 leaders, which include Saudi Arabia's King Abdullah. The conference will discuss a restructuring of the international financial system, including the IMF. Analysts point out that in order to succeed, Mr. Brown might have to reconcile his differences with the energy-rich countries over oil pricing.

## Oil pricing

He had opposed the recent decision of the Organisation of Petroleum Exporting Countries (OPEC) to slash daily production by 1.5 million barrels to shore up falling oil prices.

Last week, OPEC's Secretary-General Abdalla Salem El-Badri expressed his surprise that OPEC countries, which produce around 40 per cent of the world's crude, were being asked for help by keeping prices down. OPEC members are also not convinced they should help in defusing a crisis that originated in the U.S.

Despite their reservations on donations, some of the key players in the Gulf countries are, nevertheless, scouting for good commercial bargains in the West. On Friday, it was announced that Sheikh Mansour bin Zayed Al Nahyan, who belongs to the Abu Dhabi royalty, had pitched \$5.6 billion of his personal fortune into Barclays, the second largest British bank. Combined with a substantial investment by Sheikh Hamad bin Jassim Al Thani, chairman of Qatar Holding, the two have now acquired a powerful one-third stake in Barclays.

With Gulf funds in critical demand, editorials in the local media have begun to appear noting that unlike the past, Western establishments, facing a financial crisis, are no longer blocking Arab investors in their countries on security grounds. Commenting on the Barclays deal, the Saudi daily *Arab News* said: "It is so very different to the situation a couple of years ago when a public outcry in the U.S, largely whipped up by the Congress, forced Dubai Port World to sell the six American ports it had bought from British-based P&O because of security concerns about Arab ownership of ports in the U.S."

## U.N. wants credible polls in Bangladesh

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

Haroon Habib

DHAKA: U.N. Secretary-General Ban Ki-moon has said the U.N. hopes "fair, objective and credible" polls in December will guarantee Bangladesh's peaceful return to democracy.

Mr. Ban, who ended his two-day trip to Bangladesh on Sunday, said the caretaker government and political parties should cooperate in holding the elections. "We discussed the forthcoming parliamentary election," he told reporters following his talks with Bangladesh Foreign Adviser Iftexhar Ahmed Chowdhury. "I am convinced that the leadership of Bangladesh's government and the political parties will have closer cooperation in this matter," he said.

Referring to Bangladesh's role in U.N. peacekeeping, Mr. Ban said: "I am very much grateful again for a strong partnership between the U.N. and Bangladesh, particularly in the area of peacekeeping operations." Mr. Ban also met the government's chief adviser Fakruddin Ahmed and leaders of the BNP and Awami League.

On Saturday, he said Bangladesh's most pressing need is to ensure a peaceful transition to democracy and reform to stem a recurrence of confrontational politics.

The current political dialogue between the government and the parties in the process of transition must succeed, he said.

He lauded the government's effort to hold a credible election. "The photo-voter list commands widespread confidence. I am proud that the U.N. was able to contribute toward this important achievement," he said.

# Murdoch: China, India will reshape the world

**Hindu, Monday the 3<sup>rd</sup> November, 2008**

SYDNEY: Media tycoon Rupert Murdoch has said the ongoing metamorphosis of China and India from historic backwaters into economic powers will reshape the world in the next few decades.

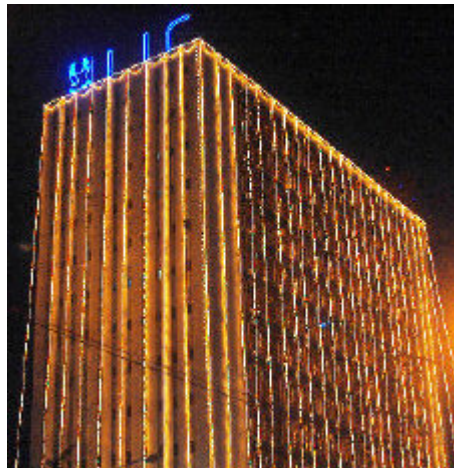
The News Corp chief gave an upbeat assessment of the future and made a vigorous case for free markets despite troubled economic times and what he called “naked, heartless aggression” in the world.

In the first of a series of speeches in his birth country of Australia on Sunday, Mr. Murdoch spoke of “the great transformation we have seen in the past few decades, the unleashing of human talent and ability across our world, and the golden age for humankind that I see just around the corner.”

“The rise of their economies is creating a new middle class that would be three billion strong within 30 years and is setting a new benchmark for global competitiveness,” Mr. Murdoch said — AP

# ‘Inappropriate timing’ of Centre’s moves

**Hindu, Monday the 3<sup>rd</sup> November, 2008**



**Life Insurance Corporation’s corporate office in Chennai.**

The Cabinet approval for the introduction of a comprehensive bill in Parliament to raise foreign direct investment (FDI) limit in insurance was long coming ever since the Left parties walked out of the UPA (United Progressive Alliance) over Indo-U.S. nuclear deal. But when it came on Friday last, it came at a very inappropriate time.

Predictably, it has drawn angry reactions from the Left parties and others. The Cabinet also gave its nod to introduce another bill to raise the paid-up capital of Life Insurance Corporation of India (LIC) from Rs. 5 crore to Rs. 100 crore to bring it on a par with private insurers with a view to ensuring a level-playing field.

There was also this totally unconnected exercise by an industry body, which drew rebuff from the Government for the ‘inappropriate timing’. The Associated Chambers of Commerce and Industry of India (Assocham) was forced to withdraw its analysis in double quick time in the wake of criticism from powers-that-be for its “irresponsible behaviour”. Assocham had suggested, in a recent report, that 25-30 per cent of jobs in seven industry segments could be axed over 10 days following Diwali in the wake of the global meltdown. The industry body took back the report clarifying that “it was not representative of the industrial segments in its totality.” A

minister at the Centre came down strongly on “totally irresponsible” Assocham for coming out with such a report, predicting scary forecasts.

If the chamber could be criticised for putting out such a ‘scary report,’ the Central Government too should take the blame for pushing for a hike in FDI limit in the insurance sector at an inopportune time. The speed with which the U.S. Government acted to pick up equity by pumping huge money into AIG, one of the biggest insurance groups in the world, still remains fresh in the minds of the public at large. In fact, the uncertainty that followed the bail-out of AIG has created anxiety in the minds of people who have bought life insurance products from Tata-AIG, a private life insurer in India. Coming as it does at a time when the world’s biggest capitalist nation is turning part-socialist in a no-holds-barred bid to rescue an economy which appears to have got into a quicksand kind of a situation, the move by the Centre on the insurance front is bound to set off a huge opposition.

Given the timing of the move, the opponents of the move are bound to get support and sympathy from known as well as unexpected quarters. That companies with name, reputation and history could go down the drain is scary enough for even the so-called new Indian with a global outlook to quietly join the opposition ranks. If it took several years for effecting a change in the mindset of an inwardly looking Indian, the collapse of global giants could take him back in time and make him a cautious Indian of yester-year.

Given the current situation, the anti-reformists are bound to exploit the grounds well of negative perceptions. They have all proofs in front of them to press forward their opposition to the move. If the timing of the release of the Assocham report was inopportune, the move to hike FDI limit in insurance is inappropriate for its timing, to say the least.

## Market meltdown and monetary policy financial scene

**Hindu, Monday the 3<sup>rd</sup> November, 2008**



**GUARDING: A security person at the Reserve Bank of India headquarters in Mumbai during the announcement of credit policy last week.**

It is not an exaggeration to say that the recent Reserve Bank of India’s monetary policy statement — the Mid-Term Review of the Annual Policy — was hijacked by the extraordinary circumstances under which it was presented. As the new RBI Governor D. Subbarao put it, the review is set in the context of several complex and compelling policy challenges. The global financial system is amidst a crisis of unprecedented dimensions.

Across the world, there have been severe disruptions in money markets, sharp declines in stock markets and extreme risk aversion in financial markets. Governments, central banks and financial regulators are responding to the crisis with radical, unconventional and aggressive measures to restore confidence and stabilise the markets.

If the preamble is easily understood, the RBI's 'inaction' in the policy announcement — it neither reduced the CRR nor effected a cut in the repo rate — has disappointed many, including notably the stock markets.

Although there is a rational explanation in the policy statement for the central bank not touching the key rates, the market's disappointment seemed to linger well into the following week.

Did the RBI miss the bus as most commentators suggest?

There is little doubt that the market's appetite had been whetted: the RBI had, since mid-September 2008, brought down the CRR by a massive 2.50 percentage points and reduced the policy repo rate by one percentage point.

### Buildup of expectations

The repo rate cut came barely four days before the scheduled credit policy announcement. In addition, the central bank had taken a number of other measures to ease liquidity.

What the government and the RBI considered to be aggressive pre-emptive action was only taken as the starting point — a plateful of appetisers may be — for other, stronger signals in the policy statement proper. The government was seen to be in a crisis mode and responding to the falling stock indices (among other indicators of a deep financial crisis) with monetary measures. From that standpoint, further easing of monetary policy was to be expected in the policy statement; hence the disappointment manifested in further decline in stock prices.

However, while such a view is extremely popular, it ignores the fact that a macro economic policy such as the monetary policy cannot be bent to address short-term concerns such as those posed by a rapidly falling stock market. If (further) interest rate cuts were deemed necessary, it is for the RBI to justify them. Stock market concerns, however sensational, cannot guide monetary policy.

But that is the impression the government — much more than the RBI — seems to have conveyed. It is true that an extraordinarily difficult environment calls for extraordinary responses. But there is nothing to be gained — and plenty to be lost — by correlating stock market behaviour to economic policies.

The collapse of the stock markets is due to the exit of foreign institutional investors which have come to dominate the Indian stock markets.

### Risk of wrong moves

There is nothing that the government can do to influence them to stay invested in India in the present context. That India's economic fundamentals are still strong is beside the point.

So is the distinct possibility of 7.5–8 per cent growth, among the highest in the world, to influence FIIs to stay on in India.

A wrong diagnosis of the causes behind the market meltdown will have unfortunate consequences. If reports are true, government-owned institutions such as the Life Insurance Corporation may be asked to provide funds to buy stocks in a bid to stabilise the market.

Not only is such a move unfeasible in today's context, but at a later stage the public sector enterprises may have to answer for some dud investments.

Public sector banks have always been risk-averse. In the present juncture, even as the RBI, prodded by the government, seeks to provide liquidity, there is the danger that some of the measures aimed at attracting

foreign exchange — thereby minimising the impact of the withdrawal of FIIs — may be counterproductive over the medium term.

Relaxation in external commercial borrowing norms and a hike in interest rates on NRE deposits are two such measures. These are debt creating inflows which official policy has earlier sought to discourage. Moreover, at the present juncture, tapping these two sources may not be such a sound idea. Credit markets abroad will take some time to unfreeze and, even when they do, not much credit may flow to emerging markets like India.

Monetary policy is in any case about the balancing of several often contradictory objectives. These include price stability, sustaining the growth momentum and financial stability. At present, financial stability ranks at the top of policy objectives. Inflation, though coming down sharply, is still in double digits.

Growth is definitely moderating. Central banks the world over have been cutting their benchmark interest rates. But the circumstances in those countries are vastly different from those in India.