

NEWS WRAP

AGD

THE INDIAN TELECOMS tycoon Anil Ambani-controlled conglomerate has used a Mauritius based fund, to make covert investments, in one of its own companies. A full investigation is on in India. Ambani's Reliance Group has interests ranging from financial services to infrastructure. United Kingdom Regulators have revealed that Mr Ambani's Reliance Group invested \$250 million in the off shore fund, which in 2007 bought securities linked to one of the companies within the Reliance Group, in violation of Indian law. Serious compliance failing at UBS, the Swiss Bank with competitive wealth management arm has been established. As many as twenty five Indian businessmen have used similar funds. Fresh questions have been raised about the structure of investment funds, known as "Pluri Cell E", which subsequently invests in Indian listed equities and derivatives. Some of the corporate activities of Mr Ambani have raised concerns at the Reserve Bank of India, which prohibits Indian corporates raising money abroad, and then pumping those funds into their own companies. \$250 million was invested in "Pluri Cell E" from Dec 2006 until Oct 2007. Reliance Communications shares rose from Rs 448.80 to Rs 706.95 during this period.

WESTERN GHATS ECOLOGY

The entire hill range on the Western Ghats is an ecologically sensitive area. Proposed new dams, based on large scale storage, like the Athirappilly of Kerala and Gundia of Karnataka, both part of hydel project sites, fall in Ecologically Sensitive Zone I. Mining in Goa is having an adverse effect on ecology, environment, human health and biodiversity. The Ecology Expert Panel has demanded an indefinite moratorium on new environmental clearances for mining in ESZ 1 and 2, and phasing out of mining from Ecologically Sensitive Zones by 2016. Some of the new industries, including coal based power plants, are far from zero pollution. Mining and related activities of Ratnagiri, Sindhudurg and Raigad district (Maharashtra) are under severe environmental and social stress.

COAL STOCKS AT POWER PLANTS

The current fuel stock at India's 89 thermal power stations, has fallen by over 35% in comparison to a year earlier. There have been lengthy delays in commissioning of new mines, and reductions in production from operational mines. Compared to 12.7 metric tons of coal stock in Dec 2010, the power stations are functioning on an 8.3 million ton coal stock. 26 power stations have reached super critical stock or stocks that can support operations for four days. Half of the 89 power stations have stocks sufficient to sustain operations for seven days. Scarcity of Railway rakes, strikes at Coal India Ltd and heavy rains have hit coal supplies. Of the 193 captive coal blocks, allotted largely to private sector companies, over the last 18 years, only 28 have started operations.

BLOOD IN IRAQ

The nine-year-old war in Iraq has cost the lives of 4500 Americans, and more than 100,000 Iraqis. The US state department has assumed responsibility for the \$6 billion civilian effort to sustain American influence in Iraq, beyond the departure of US troops. The white flag of United States Force—Iraq has been carefully folded and put away. With Shiite Iran and Turkey and Sunni Arab Gulf Nations jostling for influence in Iraq, there has been a rise of suicide bombings in Baghdad, threatening to fracture Iraq along sectarian and ethnic faultlines.

After the US and NATO withdrawal, Iraq's economic spoils are being shared by countries that neither supported nor participated in the US-led invasion that overthrew Saddam Hussein. Turkey, Iran, China, South Korea, Italy and Arab states have already invested billions in Iraq, for outpacing the US and UK in every non-oil sector, from transport and telecoms, to housing and construction. However, US and British groups have won early lucrative contracts in oil and gas, including Exxon Mobil and Royal Dutch Shell's bid to develop Iraq's huge West Qurna oil-field. Many US companies are held back because of on the ground risks and lingering sensitivities about the origins of the March 2003 invasion. Companies have to navigate a maze of bureaucracy, violence and corruption. The French are investing in telecoms and building two car plants. Construction materials maker Lafarge produces 60% of the cement sold in Iraq. Companies in Iraq spend an average of 20 to 25% of operating costs on security.

SYRIAN REGIME AND OPPOSITION

Syria is one of the remaining secular regimes in the Arab world. But it has faced anti-government uprisings since March 2011, demanding sweeping reforms and end to international isolation. President Bashar al-Assad's government asserts that Syria is besieged by a foreign plot, and offers bits of political change. The authorities' violent efforts to combat the uprising has pushed a once peaceful opposition to take up arms. The flow of life in Damascus does not reflect any crisis. The suburbs are restive, as severed from the city by government checkpoints. While security forces control these areas by day, the night belongs to the rebels.

As the Syrian government intensifies its crackdown inside Syria, there are differences over tactics and strategy between political and armed opposition factions. Tensions are rising between the Rebel Free Syrian Army, which is conducting attacks across the border from a refugee camp guarded by the Turkish military, and Syria's main opposition group, the Syrian National Council, over its insistence that the Rebel army limit itself to defensive action. The council is trying to take control of the Rebel group's finances. The escalating violence of the Assad government has killed at least 4100 people, since protests broke out in March 2011, Car bomb attacks in Damascus, linked to Al Qaeda infiltrations have been killing scores of civil and military personnel. □