

NEWS WRAP

AGD

The blasts in Mumbai of 13 July 2011 reflect that India's intelligence gathering and surveillance operations are not fully able to cope up with cross-border and a host of domestic terrorists. Most terrorist attacks since 2010 in India have remained unsolved. India's leading cities have suffered over half a dozen terrorist attacks since February 2010. Even though there are allegations that the Mumbai blasts should be viewed in the context of "proxy war" by Pakistan against India, the nascent peace process between the two countries, continues. The Mumbai police are following the trials of a domestic terror group, the Indian Mujahideen. Demands are rising for dismantling the infrastructure for terrorism created by Pakistan. The attack on Mumbai, the commercial capital, is the *eighth* in eighteen years.

POPULISM

Populist measures announced by West Bengal's Chief Minister, over the last four months will make West Bengal, poorer by Rs 425 crore (approx) a month. The figures cover more than a dozen voluminous schemes announced since the new government assumed power, and providing Naxal dominated Jangalmahal a special place. Over and above, the special package assured for Darjeeling would cost Rs 250 crore (approx). Most of the West Bengal government cabinet approved schemes are yet to be passed by the state finance department. West Bengal's debt is expected to soar above Rs 2,00,00 crore in 2011-12. An embargo has been placed on bills worth Rs 3500 crore. Exceeding 27% of last year, recently West Bengal was given one of the highest hikes in annual allocation from the Planning Commission at Rs 22,214 crore. Traditionally dependent on ways and means advances and overdrafts from Reserve Bank of India, West Bengal lacks fiscal consolidation, due to low resource mobilization.

TEMPLE TREASURES

Around 800 AD the first structures in the Sri Padmanabhaswamy temple in Thiruvananthapuram were built, though much of the temple that exists today was built in the 1700s. An idol of Vishnu lying on Sheshanaag, the multiheaded king of snakes, can be found in the dim lit main sanctuary room. Archeological experts and the Travancore Varma royal family estimate the temple's wealth around \$22 billion. Previous attempts to open the temple vaults have been unsuccessful because the entrance is sealed with a thick steel door and granite pillars. In 1931, a previous king failed to enter the vaults during the Great Depression. The coastal state of Kerala is disinclined to seize the treasure, even though it has a debt of \$16 billion, and is planning to build a subway system in its largest metropolitan area, Kochi. The state is providing security to the temple with dozens of police and commando officers, and high technology surveillance systems. By an order of July 2011, the Supreme Court has postponed the opening of the last six vaults under the temple. The Travancore Royal Family still oversees the temple. The vaults contains gold and other valuables.

US ECONOMIC WOES

Roughly on an average 18,000 new jobs are being created in USA, every month. A further fiscal contraction is expected over the next year. The Obama administration's economic stimulus and monetary stimulus are either exhausted or petering out. Introduced in 2010, amid the reduction of jobs in the financial crisis, the extension of unemployment benefits finishes by the end of 2011. Washington's extra payment to the states for healthcare for the poor, are also being withdrawn. The curtailment of post-crisis benefits amounting to \$37 billion, is a scary scenario for the 2012 presidential poll. Self-imposed fiscal contraction is being experienced by many states, either through spending cuts, or forcing public employees to raise pension contributions. The payroll tax cuts are expected to continue into next year. Oil prices are likely to rise in 2012, as Saudi Arabia is struggling to keep with demand. The unemployment rate in USA is currently more than 9.2%. US debt is over \$4000 billion. But they still derive comfort from being called the lone superpower. □□□