

NEWS WRAP

AGD

MILLIONS OF INDIAN households operate savings bank accounts, worth about Rs 14,469 billion. The average account size is Rs 22,000. The Reserve Bank of India deregulated interest on savings accounts at the end of October 2011, which was considered as one of the biggest reforms in India's commercial banking industry. After five months, only a handful of India's banks have responded by raising interest rates. There has scarcely been a rush by depositors seeking higher returns. Only small, private lenders with limited branch networks, have lifted rates, hoping to grab a bigger share of India's retail banking market. The large banks that dominate the industry have suffered negligible, if any, because of account migration. Since May 2011, the interest on a savings account, continues at 4% per annum, even as customer inquiries have raised call centre traffic and branch visits. Depositors who want to save larger sums typically opt for fixed term deposits, with high rates of interest. The public sector banks, including the post office savings bank, remain uncompetitive, as the vast rural customers, who do not have the option of private sector banks, which are absent outside large cities, remain a captive audience.

SUBMERGING VILLAGES

A hydel project constructed on river Ravi by Punjab, has resulted in the rising waters of the Ranjit Sagar lake. Twenty-three villages in Kathua sub-division (Jammu) have been submerged due to the lake, work on the 600 MW hydel project commenced in 1981, and was operational in 2001. About 65% of the total land submerged belonged to Jammu and Kashmir. Land relating to the submerged villages in Basholi Tehsil was acquired by the state government, and compensation was paid to the villagers. J and K state did not get a single unit of power, nor a single drop of water, as Punjab did not construct the barrage on the J and K side of the river. A large portion of land has already disappeared under the rising water level. On the remaining portion of the land, wide cracks have appeared in houses, buildings, and across vast stretches of vacant land. 170 families of the affected villages are being relocated to alternative vacant plots. The eroded villages are cut off from the mainland, and emerging as stacks in the lake. To obtain a due share of water from the Ravi river, J and K state is constructing the remaining portion of the Ravi canal, from village Satwain, in Kathua district.

CHINA NAVY IN SEKCHELLES

China has funded construction and upgrades of ports in Myanmar, Bangladesh, Sri Lanka and Pakistan. In case of a regional conflict, these ports could provide Chinese navy ships with supplies and refuge. Since late 2008, Chinese ships participating in the anti-piracy patrols in the Indian ocean, has so far been using ports in Djibouti, Oman and Yemen to collect supplies. Chinese frigates have been on friendly visits to Tasmania, South Africa and the Seychelles. With

the competition in naval dominance of the Indian ocean by USA, India and China, Seychelles is a potential strategic platform. The archipelago is about 1600 km east of Tanzania, with a population of about 89,000. The Seychelles government has appealed to China and other countries to help it expand anti-piracy operations around the country's territorial waters. The suggestions include the basing of two or three planes from China, probably Y-12 twin engine turboprop surveillance aircraft, at the main airport in the Seychelles, along with enough personnel to maintain and operate them.

USA currently operates surveillance drones from the Seychelles, to assist with anti-piracy patrols. There are possibilities that some of the drones are armed, and could be used from counter terrorism operations over East Africa. Basing Chinese aircraft in the Seychelles is turning controversial, as it appears to be the first example of China installing military assets overseas. Indian navy ships regularly visit the Seychelles, which is considered as a strategic backyard. This makes China's military growth sensitive. The European Union and NATO are also operating defence aircraft from Seychelles. □□□