

NEWS WRAP

AGD

INDIA'S NEAR RETREAT FROM double digit economic growth rates is pressurising the Reserve Bank of India to reverse interest rate rises. The Indian economy is failing to grow above 8% without causing unsustainably high prices on its 1.2 billion population. Growth in 2011-12 is estimated to drop to 7% from 8.5%, as food and primary articles inflation is slowing down. In the past two years, India's benchmark lending rates have been raised thirteen times. The rupee depreciation is raising inflation, without any worsening global outlook. Threats of a slump in growth and fall in much required job creation loom heavily. Around 9.2 million workers are employed in factories, of which about 3 million are in rural areas, and 5.3 million in urban areas. Workers are receiving the grant of fewer opportunities and high consumer inflation, with industry facing slow growth and high input price inflation. 42% of children in India, below five years of age are under weight and nearly 60% are stunted.

MARWARIS IN BENGAL

For second and third generation entrepreneurs, Bengal is a second home for Marwaris. Bengal has Marwari roots since the 18th century, going back to pre-independence when the Birlas set up their first cotton mill in Calcutta. Marwaris account for nearly 60 to 80% of trade bodies and chambers of commerce, including local or regional chapters of national bodies. They dominate the fragmented tea industry from Kolkata. As part of corporate social responsibility, they have established most private hospitals, schools and charitable trusts. Now following the 09 Dec 2011 fire at private AMRI hospital in Dhakuria, a number of prominent Marwaris who were members of the board of directors of the hospital have been arrested. Earlier the land largesse to several Marwari businessmen close to CPM commenced from the early 1990s. The present chief minister wants the law to take its own course. In spite of gatherings like 'Bengal Leads', an investor meet of industrialists, organised by the state government, the mood among Marwari industrialists is sharply low. Expansion plans and fresh investment in West Bengal have been put on hold by most Marwaris. Many are stepping down from the boards of directors of companies, where they serve as independent directors. Businessmen are avoiding the health care sector after the AMRI catastrophe. A few trusts have closed private hospitals, which were not conforming to fire-safety norms. Certain traditional Marwari families are reportedly selling their property in West Bengal.

CHILDREN'S EDUCATION

Only 6% of India's total investment in elementary education, focuses on providing free text books, uniforms and handling out of school children. 78% of the education budget, which is the largest investment, is invested in teachers and management costs. 14% is spent on school infrastructure. Improvement of quality of education receives only 1% of the expenditure. The schools are deprived of any role in the decision making, as sanctions and procurement of funds

for infrastructure development are conducted by the district administration. In the process of implementing the Right to Education Act, the union government had placed about Rs 6314 per child in 2009-10, but the per child investment has varied from state to state, with West Bengal ranging at Rs 3982.

US JOBS GROWING

During December 2011, the US economy created 200,000 jobs. Besides strengthening President Barack Obama's chances of re-election, the US jobs growth has avoided a new recession provoked by the eurozone crisis. The US unemployment rate has declined from 8.7% to 8.5%. The dollar index is rallying to higher levels. But the job creation has been too slow to fortify the US labour market. There has not been any sustainable fall in unemployment. The 42,000 increase in courier jobs failed to receive sustenance after Christmas 2011. There have been increasing cutbacks in government jobs. 23,000 jobs were added by the manufacturing sector, and the private sector raised jobs by 164,000 positions. It is possible that much of the recent fall in the unemployment rate was caused by people who gave up their search for work, and left the labour force.

IRANIAN MISSILES AND ENRICHED URANIUM

A major missile testing site near Tehran has been destroyed in a huge explosion in mid-November 2011. It is a major setback for Iran's most advanced long range missile programme. The Iranian base was a central testing centre for advanced solid fuel missiles, which can be launched almost instantly. It is unclear as to what caused the explosion. US officials believe that it was an accident, because of Iran's inexperience with a dangerous technology. Iran has also declared it an accident, although the Iranian news media have described the death of the chief of Iran's missile programme, General Hassan Moghaddan, as one of the martyrs killed in the massive explosion. Certain Iranian officials have been insisting on an act of sabotage. Over the last few years, several Iranian nuclear scientists have been assassinated on Tehran's streets. In the second week of January 2012, Iranian nuclear scientist, Mostafa Ahmadi-Roshan from Iran's Natanz uranium enrichment site was assassinated by a magnetic bomb on his car, in Tehran traffic. Recently a highly sophisticated computer worm attacked Iran's main uranium production facility. There are suspicions that the missile base could have been hit by some kind of weapon, including one fired from a US drone.

The highly protected underground bunker south of Tehran at Fordow, near the Iranian holy city of Qom has just become operational, producing enriched uranium at concentrations of up to 20% short of, but close to weapons grade. Iran has been enriching uranium at its main site at Natanz for some years. The Qom site is difficult to attack from air, because of its location below a mountain, in a protected bunker, Iran insists that its nuclear programme aims to provide civil nuclear power. □□□