

International Business News

India's inflation leaps to more than 7pc

India's wholesale inflation rose sharply in December, data showed Thursday, bolstering market expectations of monetary tightening by the central bank when it meets later this month.

The wholesale price index, India's main gauge of inflationary trends, jumped to 7.31 percent year on year in December due to particularly big rises in the cost of potatoes and sugar, provisional data from the commerce ministry showed.

The latest reading follows a string of impressive data that has shown the Indian economy bouncing back rapidly from a slowdown brought on by the global financial crisis and recessions in developed countries.

The wholesale inflation rate had climbed by a larger-than-expected 4.78 percent in November from a year earlier after rising by 1.34 percent in October.

Analysts say that when the Reserve Bank of India meets on January 29 it will likely drain some of the liquidity that was pumped into the financial system last year to encourage lending.

"Although the key risk to inflation is from shortages of rice, sugar and pulses, it (the headline rate) would feed in to general inflationary expectations sooner or later," said Rupa Rege Nitsure, chief economist at Bank of Baroda.

France, Kuwait sign nuclear cooperation deal

Kuwait and France signed on Thursday a cooperation agreement for the peaceful use of nuclear energy, officials said.

The oil-rich emirate had announced plans to set up a civilian nuclear project mainly to produce power and also established a national committee for the peaceful use of nuclear energy.

"This is the first step of cooperation and to share experience in the nuclear field," the head of France's Atomic Energy Commission, Bernard Bigot, told reporters during a visit to parliament.

"It is to help Kuwait (develop) nuclear energy ... and to assist it to decide for its future needs," Bigot said.

The secretary general of Kuwait's national committee on nuclear energy Ahmad Bishara said the agreement "does not stipulate the building of a nuclear power plant at this stage."

But he added that Kuwait has "the will, the resources and the need" to do so.

The 20-year agreement allows the "supply of nuclear material, equipment and facilities" and is subject to international treaties.



Zheng Xiaosong, director general of China's finance ministry (R), Haruhiko Kuroda, president of Asian Development Bank (L), and Remeshore Prasad Khanal, secretary of Nepal's finance ministry, talk at a forum on the global financial crisis held at the ADB headquarters in Manila yesterday. Chinese officials blamed the global financial crisis on Western nations' "excessive consumption" and warned that borrowing would not help troubled economies recover.

Greece presents crisis plan to EU today

Greece will present to the European Commission on Friday its blueprint for emerging from a financial crisis that has shaken the eurozone, the Socialist government said on Thursday.

The plan aims to rein in the country's runaway public deficit and bring it under the limits imposed for countries sharing the euro currency by 2012, Prime Minister George Papandreou said.

"Our three-year effort will be decisive for the future of the country," Papandreou told a cabinet meeting on the crisis programme which European authorities have requested. "We want to turn the page as fast as possible."

"We have defied predictions in the past, we will do it again today," he said. "I am sure that our European partners will appreciate our efforts, not only from a government but from an entire population."

Obama to unveil bank fee to cover bailout losses

President Barack Obama will Thursday unveil a fee on 50 top financial firms which each hold at least 50 billion dollars in assets, to recoup billions of taxpayer dollars used to bail out the industry.

The proposal, to be included in Obama's next budget, will be unveiled as many of the firms rescued by public funds gear up to announce huge bonus payouts to top executives at a time of economic misery and high unemployment.

The scheme is designed to raise 90 billion dollars over 10 years for the public finances, a senior US official said on condition of anonymity.

TECHNOLOGY

Google founders under lens

Google Inc co-founders Sergey Brin and Larry Page have always said they put their principles before profit, even to the point of using their control of the company to take a stand.

The billionaires' idealism underlies a potentially expensive decision disclosed this week: Google's threat to leave China's rapidly growing internet market in defence of free speech and its users' privacy rights.

It's a bold move unlikely to be made without the explicit support of Page and Brin, given the possible fallout. Departing the world's most populous country could slow Google's earnings growth and weigh on its stock.

Although Google has thousands of shareholders, it has two classes of stock, giving Page and Brin veto power over everyone else, including the company's chief executive, Eric Schmidt. Combined, Page and Brin hold 58 percent of the voting power among shareholders while Schmidt has less than 10 percent, according to the company's disclosures.

Google said this week's China bombshell was the result of an "incredibly hard" decision, but the company declined to elaborate on the internal debate. Google declined requests to interview Page, Brin and Schmidt.

Page and Brin, both 36, pledged to strive to do the right thing in a manifesto that they distributed just a few months before Google took its stock public in 2004.

"Don't be evil," they wrote, evoking the phrase that has become Google's motto. "We believe strongly that in the long term, we will be better served - as shareholders and in all other ways -- by a company that does good things for the world."

Critics contended Brin and Page broke that promise in 2006 when Google created a Chinese version of its search engine, at Google.cn, to be in a better position to profit from China's booming economy. To gain the foothold, Google complied with the Chinese government's demands for censorship of internet search results about political dissent and other hot-button issues.

Human rights groups and even some Google shareholders have been urging Google to pull out of China for the past four years, only to have Schmidt diplomatically reject the idea. He has maintained that Google needs to be in China to protect its franchise as Chinese becomes the Internet's predominant language - a transition that Schmidt thinks could occur within five years.

Brin, though, has never been completely comfortable with Google playing by the Chinese government's rules.



People gather outside the Google China headquarters in Beijing yesterday. Google vowed to stop bowing to Chinese internet censors and risk banishment from the lucrative market, in protest against "highly sophisticated" cyberattacks aimed at Chinese human rights activists. The authorities in the world's most populous nation regularly block content and websites they deem politically objectionable.

In each of the last two years, Brin abstained from voting on shareholder proposals demanding that Google defy China's censorship policies. The symbolic act was designed to show he shared some of the concerns outlined in the measures, according to Brin.

Some of Brin's misgivings can be traced to family's own experience under Communism. He was born in Moscow in 1973. He and his family fled the Soviet Union when he was 6 years old, but he has said the oppressive policies of the government and the anti-Semitism directed at his family and other Russian Jews have helped shape his thinking on political and social issues.

Page, born in Michigan, voted against the shareholder proposals that tried to get Google to change its ways in China.

But those votes occurred before Google became a target of computer attacks originating in China.

In a blog posting about the assault, Google said hackers broke into the e-mail accounts of human rights activists who challenge China. The chicanery led Google to conclude "we are no longer willing to continue censoring our results on

Google.cn." That act of defiance might be the first step toward leaving the country completely.

China hasn't turned into a big moneymaker for Google yet, partly because it's a distant second to the homegrown Baidu.com in the country's Internet search market. Analysts estimate Google could get \$250 million to \$600 million in revenue from China this year, a small slice of Google's \$22 billion in worldwide revenue.

Google's absence from China would likely loom larger as more of the country's people get Internet access and the economy continues to grow.

By 2013, about 840 million Chinese will be surfing the Web at least once a month, predicts research firm eMarketer Inc. That would open far more opportunities to show the online ads that account for most of Google's earnings. Analysts estimate somewhere between 330 million and 400 million Chinese regularly use the Web now.

Broadpoint.AmTech analyst Benjamin Schachter is worried Google's stock will suffer if the company leaves China. "The obvious concern is that China's growth has been solid and its market potential is enormous," he wrote in a Wednesday research

report.

Google shares held up fairly well Wednesday, dipping just \$3.39, or less than 1 percent, to close at \$587.09. That's nearly seven times higher than Google's IPO price of \$85 in 2004, a performance reflecting the company's evolution into one of the world's most powerful entities.

By taking a stand in China, Google could win more goodwill among Internet users opposed to the Chinese government's policies.

Google won widespread praise in 2006 when it took on the US government in a privacy battle. Unlike several of its rivals, Google refused to comply with a subpoena seeking potentially sensitive information about its users' search requests. Google went to court instead, and a judge sided with the company.

"Being righteous is in their DNA," said Gartner analyst Whit Andrews.

Leading up to the IPO, Page and Brin advised people not to buy Google's stock unless they felt comfortable with the duo's unconventional approach to business.

"You are placing a potentially risky long term bet on the team," Page wrote in 2004, "especially Sergey and me."

RECESSION FALLOUT

Indian weddings slim down in tough times

Preeti Punamiya is a young and excited bride-to-be, preparing to get married in a traditional Indian wedding which usually features days of lavish celebrations.

But the impact of the global economic downturn has caused her to rethink the extravagance, following a trend that has seen many Indian families scale down their celebrations over the past 12 months.

"It's our families who wanted to make it a grand affair," said Punamiya, a biotechnology researcher in her early 20s who is marrying a US-based software engineer.

"I have wanted it simple, keeping costs under check," said Punamiya, who has cut back the days of festivities to three from the five customary in her family and also slashed the number of ceremonies to three from nine.

India's wedding seasons from mid-October to January and April to July bring with them street drummers and musicians, processions and open-air ceremonies where the statement often seems to be: the bigger and louder the better.

The industry is estimated to be worth 1.25 trillion rupees (27 billion dollars) a year. One leading wedding website Shaadi.com put the average cost of a high-end marriage at 44,000 dollars.

But wedding planners say that as the effect of the worldwide recession hits exports, imports and the service industry, India's wealthier urban upper classes are cutting back on costs.

"People are curbing expenses," said Tejal Kadakia, who founded Knot Forever, a Mumbai-based wedding management firm.

"For Indians, a wedding is a one-time event. People want a stylish, quality event, but they are trimming catering costs and even those on the guest list," she told AFP.

A traditional Asian wedding is lengthy and elaborate, starting with a trip to the



In this file picture taken on November 25, 2005, an Indian groom and a young boy ride a white horse heading for his wedding in New Delhi. India's wedding seasons from mid-October to January and April to July bring with them street drummers and musicians, processions and open-air ceremonies where the statement often seems to be: the bigger and louder the better.

astrologer or family priest who chooses the auspicious day and time of the ceremony considering phases of the moon.

Rings are exchanged at the engagement, followed by the "mehndi" ceremony, where the bride's arms and legs are intricately painted with brown henna dye to ward off evil and strengthen love.

The next day sees an elaborate "sangeet" -- a musical, dance or even Bollywood-style extravaganza. The wedding itself usually comes 24 hours later, followed by cocktails and a lavish evening meal.

Moroccan- or Turkish-style weddings -- with billowing tents, vast pavilions, hookah

smoking pipes and finely-upholstered, low-slung divans -- have proved popular with expat Indians who travel home to tie the knot.

But Tejal said: "These themes are vanishing. People prefer Rajasthani or Lucknowi themes which are traditional and cheaper."

"Until three years back there was a certain childishness, an urge to show wealth. That has gone. Now it is not who beats whom. I would say we all seem to have been beaten by recession."

Candice Pereira, creative head of "Marry Me" wedding consultants, said: "Some people do prefer to combine the 'mehndi'

and 'sangeet' events."

Tejal also said families are choosing to skip the music and dance altogether. "Earlier there was a demand for only well-known singers or bands," she added. "The musical event is becoming optional or is personally choreographed. A lively family dance is considered enough."

Nevertheless, Bollywood song-and-dance events remain hugely popular with overseas Indians, particularly those from the United States and Canada.

Compared with many Western countries, wedding planners like Tejal and Pereira, whose firm charges upwards of one million rupees per event, are a new breed in India.

Wedding management firms have mushroomed in recent years across India's big cities, attracting clientele from medical doctors like Punamiya's family to industrialists and construction firm bosses.

But this year, Tejal said she has organised weddings for just six to eight clients, compared with 10 to 12 in 2008.

Many overseas-based Indians or people of Indian origin choose to get married in India due to cheaper costs and its cultural significance. Overseas, the cost of hiring venues, catering and ethnic Indian wedding wear quickly adds up.

India's salaried urban middle classes are also learning to streamline costs, amid concern for their jobs.

One recently-married Mumbai media consultant, who asked not to be identified, said he had been under pressure to have a traditional "multi-function" marriage -- but was conscious of the cost.

"At one point I considered a court (civil) marriage, but the process is complex," he told AFP. "We finally did a two-day event, skipping the 'mehndi' and 'sangeet'."

The couple printed few cards, sending out most invitations on email or through mobile phone text messages.

"My honeymoon will have to wait. I had to be back at work," he added.