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WRITTEN BY: ASHOK DHILLON

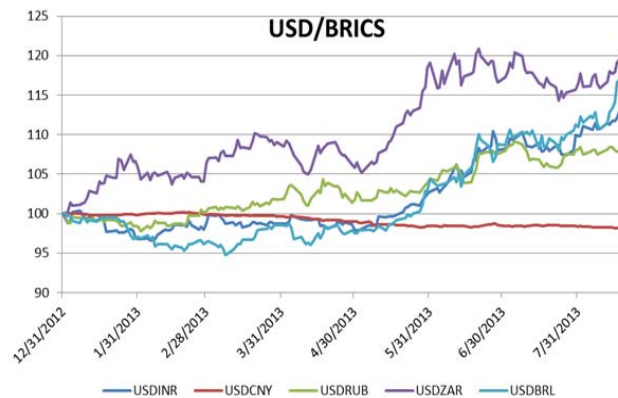


Ashok Dhillon has 40 years of front-line business experience in Canada and International markets. Mr. Dhillon's extensive experience in securing and negotiating multi-hundred million and billion dollar mandates in power project development, gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends. He has been invited to speak on international business at various forums, including as an expert witness for the Standing Senate Committee, Government of Canada, on "The Rise of Russia, China and India".

In A Gathering Global Storm – India Falters First



As the United States mobilizes itself, its allies and the World for the 'call to arms' against the Assad regime in Syria, the fragile global economies will feel additional pressure from greater tensions in the Middle East, the immediate heat from the rising oil prices, and the further faltering of the emerging market economies as demand dampens and currencies flee to the perceived safety of the U.S. Dollar. In the meantime, India is already buckling and cracking with surprising speed, under the cumulative weight of its enduring propensity for dysfunction.



The collapsing Rupee and the rising international interest rates spell ongoing rolling financial disasters for this heavily indebted, lumbering nation, that has morphed rapidly from a 'potential Super-power', to a 'potential economic and political disaster'.

Crumpled Currency

As the rupee drops, it takes fewer dollars to buy the Indian currency. Dollars per 100 rupees

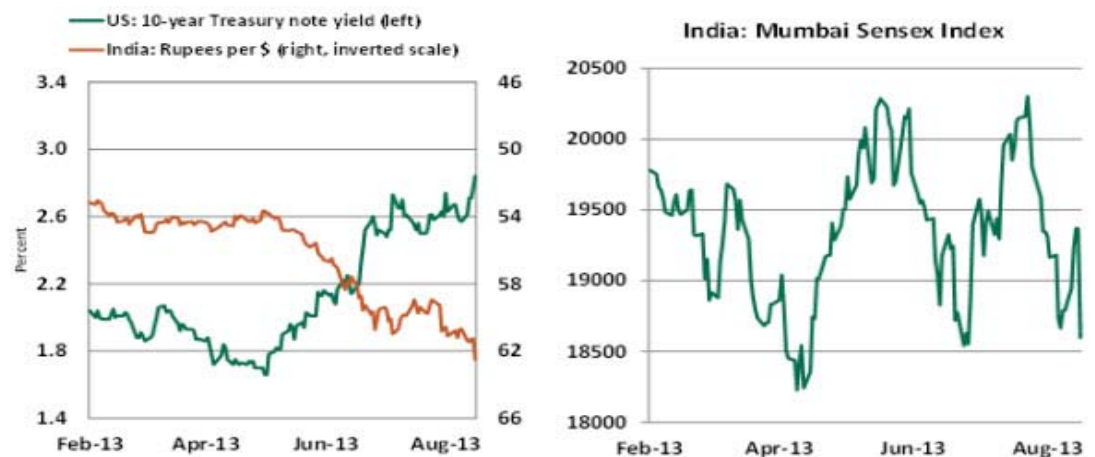


Source: WSJ Market Data Group
The Wall Street Journal

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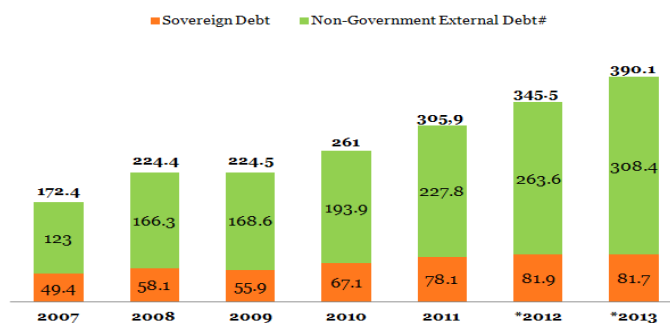
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India and Indians seem to have a particular knack for doing themselves grievous harm perpetually, through internally generated dysfunction at all levels. During the time of easy money and global trade boom, India did not prepare for the downturn that was bound to come, instead got cocky; cultivated, indulged in and fostered massive corruption; practiced enduring denial, and degenerated into political farce; resulting in calcified policy gridlock. Now as the international geo-political economic storm gathers, India is the first to start sinking, along with its currency, to new and unplumbed depths. It's a pity, as it had such promise.



Source: FRB, WSJ, Haver Analytics

India's Total External Debt, 2007 To 2013



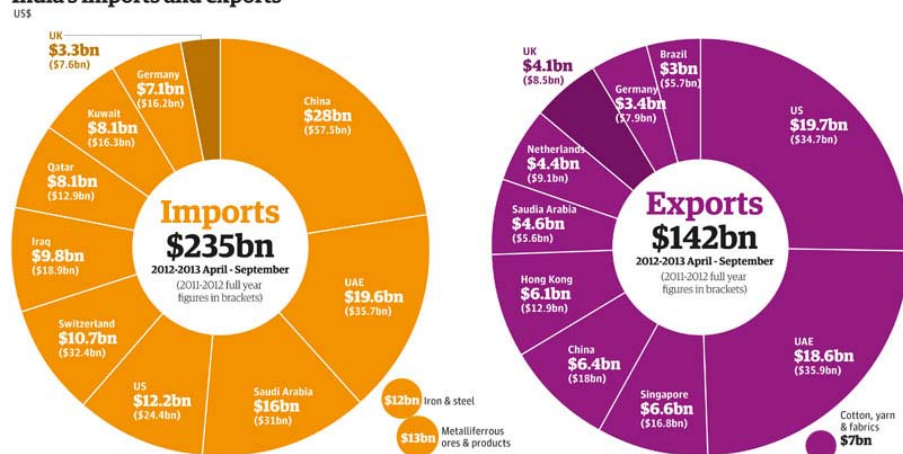
Figures in \$ bn, NOTE: *Provisional Figures #: Includes external debt of Monetary Authority
Source: Reserve Bank Of India

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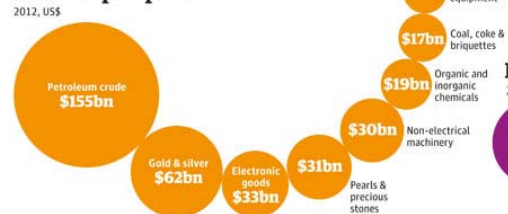
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An unraveling and sinking India must in turn negatively impact an already vulnerable global economic system, thus adding further impetus to its growing problems. This is a bad time for a plunging national currency, particularly of a country that is heavily dependent on imported oil and other fossil fuels for its massive energy needs, and is a net importer of goods. The rising importation bill due to a weakening Rupee is going to raise prices internally, fueling the already troublesome inflation in essential commodities, which will agitate public discontent as ordinary Indians struggle against the effects of the double whammy, a declining economy and rising cost-of-living prices.

India's imports and exports



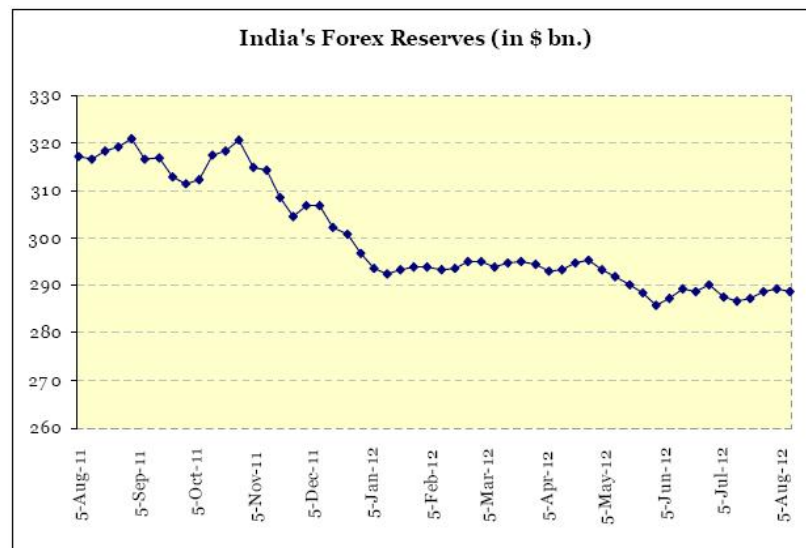
India's top import items



India's top export items



Additionally, the increasingly and substantially weaker Rupee is going to rapidly deplete India's foreign reserves, currently estimated at approximately \$278 billion, or about five months of its required foreign exchange payment needs.



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Apart from the higher cost of interest payments on dollar denominated loans, for both public and private sector, and import costs, all to be paid in Dollars, the Government must battle the free-fall of its currency through the purchase of the Rupee on the open market, through the expenditure of its dwindling Dollar reserves. The existing, and very heavy burden of the imported fuels, goods and services (*the prices of which are rising because of the dropping Rupee and international events*), the rising cost of interest on foreign borrowings, and the ongoing defense of the Rupee, are all going to deplete India's foreign reserves at a frightening rate, perhaps towards the unthinkable –face the possibility of having to approach the IMF for a bailout (*last time was in 1991*).

With Greece, Italy, Spain still teetering on the edge, China's banking sector a real global threat, a torrent of liquidity inflating asset bubbles in the international financial markets, with the Middle East about to get 'hotter', and now with India seriously faltering, the global storm clouds are gathering and it may be time to play the Rolling Stones classic "***Give Me Shelter***"!

