



For Private Circulation Only

www.rotaryclubofbombay.org

Europe's financial woes may soon engulf the globe, warns 'the world's biggest asset manager'

The world economy is going rapidly downhill. Growth rates are falling or remain static. Stock markets are down. Money is moving from one country to another in search of stable economies and governments. Inflation is growing in an uncontrolled manner.

Europe is in a far greater mess than the USA. The Euro zone is in danger. The Euro, as a currency, is likely to face collapse and extinction.

Things are only going to get worse as time goes by. But, as the wise sage said: Faith, have patience. As things go from bad to worse, they will plateau out and better times will return, perhaps in the financial year 2014.

Meanwhile, remember that gold will continue to give good returns, even though it will remain violently volatile. Invest in it if you have the stomach for such churning.

These words of financial wisdom flowed at the last meeting from the mouth of Mr. Naganath Sundaresan, President and Chief Investment Officer in India of DSP BlackRock Investment Managers Pvt. Ltd., the biggest asset manager in the world.

Nandan Maluste, who introduced him, said that Mr. Sundaresan, who joined DSP BlackRock at the time of its inception in 1996, had earlier worked with Credit Suisse Asset

Management, New York, as portfolio manager for international equities; and with Merrill Lynch Asset Management and GT Management as portfolio manager in Hong Kong.

Mr. Sundaresan started off by stating that the world economy was in a "pretty bad" shape and things would only get worse over the next three to six months. They could improve later. As far as investing in stock markets was concerned, it was more about assessing what other people thought of a certain development and how one positioned oneself in relation to that.

A key point to remember was that the stock market always responded to change in news at the margin. This meant that at times when there was a succession of bad news, if, at a certain point, the news turned "less bad", that was seen as a bullish sign. But if the news got worse, then it was a bear sign.

In other words, it was the incremental flow of news that affected prices. Was the news incrementally getting better or worse? It was this flow and how it was perceived by a body of investors that resulted in a rise or fall in stock prices.

Mr. Sundaresan recalled that in the midst of the fiscal crisis of 2008 big banks in developed markets were in



Greece has identified hairdressing and accountancy as hazardous jobs, hence Greeks retire at 50 or 55 and sit by the sea, confident of bailouts from Germany and France! Mr. Naganath Sundaresan, President and CIO in India of DSP BlackRock, 'reveals' at the last meeting

trouble, with a lot of loans going sour, their finances going haywire, people borrowing short and so on. At that time, one commentator had said in jest: "When I look at all these big banks that are in trouble and their balance sheets, what do I see? When I look on the right, there is nothing left, and when I look at the left, there's nothing right!"

That had captured the essence of the problem. And that, in many

ways, also epitomised the state of the financial markets and of large institutions and banks even today, especially in Europe where there was considerable unease about big banks and their requirements of additional funding. Did they have large losses that they had not yet disclosed? There were several other concerns, too.

(Continued on Page 2)

Forthcoming meetings

November 22, 2011

The Rotary Club of Bombay Award for Social Service to be presented to Dr. G.G. Parikh.

He will address the Club on "Employment generation as a people's movement".

November 29, 2011

Ms Manisha Girotra to address the Club.

December 6, 2011

Public holiday. There will be no meeting.

December 13, 2011

The annual general meeting of the Rotary Club of Bombay.



Two Trustees and three Presidents. Rotary Foundation Trustees John Germ and Ashok Mahajan (fourth and fifth from left) attended the District Foundation Seminar at the Trident on November 12. With them are, from right, President Samir Javeri of Bombay Bayview, President Adarsh Bagaria of Bombay Central, Governor Vijay Jalan, President Paul George and Rotary Foundation Support Chairman B.M. Sivarraj (Please see Pages 4 and 5)

'AUSTERITY MEASURES UNPOPULAR WITH PEOPLE AND POLITICIANS, TOO'

(Continued from Page 1)

"So we have two problem spots as far as the world economy is concerned. One is the US with slow growth; and two, the bigger problem of Europe. The US is slowing down, there appear to be periodic signs of some sort of recovery, but unemployment has been an intractable problem over the last couple of years and will probably remain one. Companies which have done well are sitting on large piles of cash but are unwilling to invest and thus create new jobs because they are uncertain about the future of their economy and of the world economy.

"It's somewhat of a gridlock... there's a pocket which is doing well but unwilling to create new jobs and invest; there's a government which is under pressure to downsize spending and therefore it is shedding jobs. Thus, the mix is one that contributes to somewhat anaemic growth. (Earlier) they were growing at 3%, they are now growing at only 1% a year. And it looks likely that the unemployment level will remain well above 8% at least for the next couple of years. Interest rates in the US, which are near zero, will remain there for the next two years.

"But when we look at the rest of the world, especially Europe, it appears that the US is in a relatively better position compared to Europe and relative to its own economic trajectory in the last two years."

Mr. Sundaresan said the situation in Europe was very bad. Many large economies were under severe fiscal stress and, worse, there was complete lack of cohesion as far as the European Union was concerned. Earlier, the focus was on Greece but it had now turned on Italy. **While Greece owed \$450 billion in outstanding debt to external lenders, Italy owed \$2,500 billion or \$2.5 trillion! And Spain owed \$1.5 trillion.**

If those countries defaulted, they would not be given any further assistance, but then the banks would have to take a loss; if that happened, then it would be necessary to infuse new capital into those banks. This, in effect, meant that it would be necessary to hand out money. That would create bailouts funded by the tax-payer, something that was very unpopular in most of the big countries.

For example, the average German on the street felt that he had worked really hard over the years since the unification of East and West Germany. He had been paying his taxes and now suddenly he was being asked to bail out somebody in Greece ("where, apparently, the retirement age is 50 or 55; people take early retirement and the retirement plan is very generous").

A media review of *Boomerang*, a book by Michael Lewis, said that "apparently, the Greek government has identified 600 jobs which are hazardous and that require early retirement. One of them is hair-dressing, the other one is accounting!" Many people retired at 50 or 55, collected a hefty pension and went to sit on the beach, enjoying the sun and then sand. And when the problem became acute, they told Germany and France to send money to bail them out. "The Germans are working really hard; they ask, why should we do this?" the review noted.

The popular opinion about all that was going on had got the politicians in Europe extremely worried, said Mr. Sundaresan.

What had Greece done? It had called for a referendum and then quickly brought in a technocrat to form the government. Clearly, no politician wanted to be in power when austerity measures had to be taken. If he was identified with the implementation of such measures, nobody would vote for him for the next five to ten years.

Instead of losing a flourishing career, political leaders preferred to quit, letting others lead the changes and to return after some years to reap the benefit of the austerity measures presided over by somebody else. Winston Churchill had won the Second World War but lost the elections held immediately after it ended.

Thus, public perception was important and it was hardly surprising to see the leaders of many countries receding to the background. They were doing it with grace and humility, but the fact remained that they wanted somebody else to take the tough decisions so that they could bide their time to make a return some years later.

Such developments had taken place in Greece and in Italy. The markets



The Euro zone faces a split. Germany may revert to the Deutschemark, thus triggering the extinction of the Euro as a currency. These were among the points made by Mr. Naganath Sundaresan

were happy, went up by two to three percent, some austerity measures were passed in parliament and everybody was satisfied.

But, Mr. Sundaresan said, it was one thing to pass austerity measures demanded by the European Union in parliament, it was another thing to get them approved by the people at large – and that was the true test in any democracy. If parliament decided to raise tax rates by 20% or to cut pensions by 50% and if a few lawmakers approved this measure, this did not mean that the entire Greek population or the Italian population had accepted it.

Once the new measures were implemented and there was a public backlash, the markets would once again become unsettled.

"It's going to be very tough, no matter whether you have a technocrat government or you have approved these kinds of laws... I feel that all of this is going to be somewhat disappointing for the markets, which means that in the next two or three months investors will feel that they have probably cheered a little too early and that maybe things are not proceeding in the way that they should have. Prices will fall, sentiments will get hurt."

The last point that Mr. Sundaresan made about Europe was to wonder whether it would stay together or splinter. People were saying all kinds of things. Some felt that nothing would happen for the next five to ten years, that the politicians were committed to keeping the Euro zone together for it was based on the grand vision for Europe going back to the late '80s and the '90s. At the same time, the people in some countries were uneasy about bailing out others with their hard-earned savings.

Therefore, a situation could develop when Germany could decide against putting up with the demands of defaulters, decide to get out of the Euro and return to its own currency.

Some people had suggested that Germany was benefiting because 50% of its economy was driven by exports and it was doing well because the Euro was not very strong. If it went back to the Deutschemark and if that currency emerged as a strong currency, it would appreciate and hurt its exports.

The counter to this argument was that if Germany stayed in the Euro zone, it was likely that its exports would be affected because at some point the world economy would face recessionary pressures. That would hurt Germany's exports – and, at the same time, it would be asked to continue sending cheques to help the banking systems or treasuries of other coun-

tries. The amount involved could be as high as one trillion dollars – and that would affect exports as well as the population.

Which was the lesser evil? Writing cheques for other countries? Or exiting the Euro zone and returning to its own currency, the Deutschemark? If the latter, then the one trillion dollars saved could be spent on shoring up the country's economy and for the betterment of the German people.

Mr. Sundaresan said this debate would continue for months because now even France was being seen as less credit-worthy than before. It was also possible that the Euro would disappear in two or three years.

The euphoria seen over the last two weeks was unlikely to sustain and Europe would remain a problem zone for the next three to six months. Markets would decline if the measures adopted by parliaments were not implemented or if they failed to yield the desired results.

In a nutshell, there would be damp or negative sentiment across the world for equities in general and for financial markets and a few European banks would be under pressure.

Mr. Sundaresan revealed that as the financial crisis had unfolded in Greece, one-fourth of all bank deposits had been taken out by the wealthy who feared that if their country left the Euro zone their deposits would lose 50% of their value. They had kept their money in German or French banks. A similar thing could happen with the wealthy in France, Spain or Italy.

Once such an outflow started off, even if as a slow trickle, it could quickly turn into a flood and have a stampeding effect on the banks of the respective countries which would become more vulnerable and require emergency funding – and suddenly the crisis would assume critical proportions.

The change in mood, from "This is a sovereign crisis, nothing will happen!" to "Oh my God! This is as bad as 2008!" could occur in a flash once the inflection point was reached. And this could happen in the next three months.

What about India? Mr. Sundaresan said that India had not had a robust economy over the last 12 months and the outlook for the next 12 months was cloudy. But that could change at short notice. India's economy was estimated to grow at 8.5% in fiscal 12 (April 2011 to March 2012). But now it was more likely to grow only at 7.5% or even at 7%. For fiscal 13 (2012 to 2013), the expectation was 7.5%.

(Continued on Page 6)



Nirav Shah donates \$11,111 to The Rotary Foundation

President Paul George revealed at the last meeting that President-Nominee Nirav Shah had made yet another spontaneous contribution to The Rotary Foundation of Rotary International.

He said Nirav had donated the equivalent of \$11,111 (Rs. 5.55 lakhs) at the District Foundation Seminar hosted by the Club on November 12 in the presence of two Foundation Trustees.

Paul joined members as they expressed their appreciation of Nirav's generosity with loud applause.

Please see Pages 4 and 5

Club Roster with CD

As members are aware, the Club's new Roster has just been published and circulated, thanks to the herculean efforts put in by President-Nominee Nirav Shah.

Now, Nirav and his team have gone ahead and released the Club Roster in a user-friendly CD format. It contains a number of portable data (or pdf) files offering information under various heads.

Hon. Secretary Jagdish Malkani has appealed to members to use the data only for personal and Rotary-related activities and to guard against misuse of the same.

Members may pick up their respective copies of the Club Roster and the accompanying CD from the Rotary Secretariat.

Solar lighting project to be inaugurated

Madhusudan Daga, Chairman of the Solar Energy/Environmental Committee, appealed to members at the last meeting to register their names for the trip to Wavar village in Thane district for the formal inauguration of the ambitious solar lighting project.

As members are aware, the project involves providing solar lighting to an *ashramshala* (boarding school) in the remote village of Wavar which houses around 540 tribal children but where electricity is erratic at best and non-existent at worst. This has made studying, eating and even the simplest daily chores of the tribal children and the teachers extremely difficult.

After preliminary studies and a site visit with experts, Madhusudan and the members of the Committee conducted due diligence and are now about to provide solar lighting to ensure 24x7 electricity to the students of the boarding school.

So impressed is Dr. Pramod Deo, the Chairman and CEO of the Central Electricity Regulatory Commission, with the plans, that he has agreed to fly down from New Delhi to inaugurate the project on November 26 along with District Governor Vijay Jalan and President Paul George.

The Committee is planning a visit for all interested Rotarians to the scenic village which reportedly has an almost Alpine look. The trip, through verdant hills and gushing streams, will be like a Fellowship picnic with a difference. The Committee members are sure that apart from having a lot of fun, Rotarians will also find it to be a life-changing experience.

Members are requested to register their names with the Rotary office as soon as possible so that adequate travel and other arrangements can be made.



Are you coming to Khandala? Ashok Jatia (right), who is hosting a Fellowship picnic at his bungalow in Khandala on December 4, confirms the presence of (from left) Bharat Kumar Taparia, Pranay Vakil and Sitaram Shah

The Jatis' Fellowship

Ashok and his spouse Vatsala Jatia are hosting a Fellowship picnic-cum-party for all Club members and their spouses at their lovely home in Vikas Valley at Khandala.

Hon. Secretary Jagdish Malkani reminded members about the programme at the last meeting. He told them that Fellowship Chairperson Shernaz Vakil had assured members that the Jatis had promised a great time to all Rotarians and their families. They would have a great time there, enjoying the salubrious environs of the hill station all through the day on Sunday, December 4.

Members and their families can "enjoy a carefree Sunday with our gracious hosts", said Shernaz, adding that the Fellowship would include a lot of exciting events, including outdoor garden games, music, entertainment, drinks, lunch and much more.

She had requested members to register their names with Mr. Eruch Irani at the Rotary Secretariat as soon as possible.

For the Cancer Endowment

A contribution of Rs. 20,000 has been received from Mr. Alpesh Patel towards the Aloo N. Dalal Cancer Endowment established at the Rotary Club of Bombay by the family of Rotaryann Dr. Soonnu Balsara in memory of her mother.

President Paul George announced at the last meeting that the donation had been received through the good offices of Farokh Balsara and thanked him for arranging the same.

Birthday donation

Nanu Daruvala has made a birthday donation of Rs. 7,500. President Paul made an announcement to this effect at the last meeting.

Harbour cruise cancelled

Sorry. Ratan Tankha, Chairman of the Committee for Senior Citizens, regrets that the proposed harbour cruise, being arranged for senior citizens by the Indian Navy on November 30, stands cancelled.

At the last meeting

(Held on November 15, 2011)

PRESIDENT Paul George called the meeting to order and welcomed the guest speaker, the Visiting Rotarians, Rotaryanns, guests and others.

CONDOLENCE

To Dr. Anand Shah who lost his mother recently. Paul said a letter of condolence was being sent to the bereaved family.

BIRTHDAYS

Members and spouses celebrating their birthday during the week were felicitated.

ATTENDANCE

Members	103
Visiting Rotarians	1
Rotaryanns	3
Total	107
Svc. box collection	Rs. 5,100



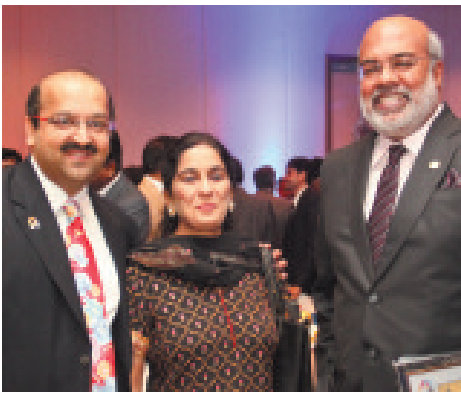
One RT and two PPs. Past Presidents Nalin Parikh and Dr. Rahim Muljiani snapped with Ratan Tankha at the last meeting. As Chairman for Senior Citizens, Ratan was probably seeking the advice of his senior colleagues. At right is another trio: Dr. Mukesh Batra with Parvesh Mehra and Pradeep Gujarathi



Welcome to the District Foundation Seminar. District Governor Vijay Jalan welcomes the gathering at the Seminar held on November 12. President Paul George, one of the three co-hosts, also welcomes the delegates at right



This is for the man who has been a major donor year after year after year. Foundation Trustee John Germ presents a memento to PP Arvind Jolly. At right, President-Nominee Nirav Shah announces his donation of \$11,111



And where is your spouse? Radhika Mehta, who came sans Dipan, with Nirav and Paul. In the second photograph, PDG Raju Subramanian interacts with (from left) DG Vijay Jalan, Nowroze Vazifdar, Meera Alreja and Nirav Shah



A trio of significant donors to The Rotary Foundation. The first picture has PP Arvind and Rashmi Jolly flanking PP Darshana Doshi. All three are major donors. At right, John Germ presents a memento to President Paul



FULL ATTENDANCE FOUNDATION

There was room for only 160 delegates in the Rooftop and the number was 186. In other words, 186 concerned together to attend the District Rotary Foundation Seminar. John Germ and Ashok Mahajan, both Past R.I. Directors, felicitate those Rotarians who had made major donations this year. And also to urge more and more Rotarians to follow. The Seminar was hosted by three Clubs, the Rotary Club of Bombay Bayview, and among the attending serving Officers of Rotary District 3140. It was an evening of excellence in several ways – the Rooftop was breathtaking; the ambience inside the Seminar was significant; the delegates' involvement was deep. And specially sculptured Paul Harris Trophies were both given. The three major donors from the Rotary Club of Bombay – Nirav Shah and Meera Alreja, were recognised at the Seminar. Of course, the loudest applause was reserved for President Paul George who made a spontaneous announcement – he said that in coming year 2011, he wanted to make a donation of a similar amount, into the handsome sum of Rs. 5.55 lakhs and led to a presentation by Trustee John Germ, who was accompanied by his spouse and their respective Presidents for the excellent arrangements. In a separate communication, Ashok Mahajan listed all the reasons why it was one of the best that he had attended in a long time. He mentioned that it was provided all through the evening by a quartet of musicians. District Governor Vijay Jalan applauded the three host Clubs. For his part, President Paul George has lauded his co-hosts and their excellent team work that had led to the spectacular success. It helped ensure that there was nary a glitch in the arrangements. Among those who attended the Seminar from the Rotary Club of Bombay were Elect Nowroze Vazifdar, Hon. Joint Secretary Sitaram Mehta, and Arin Master (who came along with her spouse Perveen Mehta), Vazifdar, Devina Shah, Jyoti Doshi, Rashmi Jolly and Meera Alreja. Finally, John Germ presented specially-etched plaques to the host Clubs.

Meanwhile... with a Thai gathering, the Convention offers lowest registration rates in a decade.

Rotarians have been advised to register for the 2012 R.I. Convention at the lowest registration rates in a decade. This is being made possible by a special subsidy to Rotary International which will hold the Convention in Thailand. According to information received from the Convention Organizing Committee, Rotarians will have to pay only (US) \$160 each to register. Children and spouses will pay \$50. Similarly, Interactors and Rotary Youth Exchange students will pay \$50. Rotary Foundation Alumni, all that they have to pay is \$50. United Airlines and its Star Alliance partners are offering a special discount ticket would help save as much as 15%, whereas business class conditions would definitely apply.)

Further information reveals that among the keynote speakers will be Yunus, who will address the Convention on Monday, May 14. He provides small loans to entrepreneurs, particularly women. Another keynote speaker who has confirmed his engagement is Dr. Jeffrey Sachs, CEO of the Global Poverty Project, an organisation dedicated to eradicating poverty. The Global Poverty Project recently added polio to its list of priorities. Speaking of polio, the data available as on 11-11-11 shows that against the "\$200 million Challenge" had reached the goal and the goal would be achieved!

But trust Bill Gates and Rotarians to do something more. At the CHOGM (CHOGM) in Perth, Australia, in October, the governments of the Commonwealth of Nations Foundation, made a combined pledge of more than \$100 million. That meeting came a few days after World Polio Day, and an impassioned plea for funds by offering to double the Paul Harris Award or more. Rotarians responded generously to that call and a "Polio Concert" on October 28 to raise additional funds. The Rotary Club of Bombay Rotarians had teamed up with the group to encourage government leaders responded positively.

DANCE AT THE ON SEMINAR

at the (Oberoi) Trident. But when the final tally was made, and committed Rotarians from 41 different Clubs got seminar held on Saturday, November 12.

ctors and current Foundation Trustees, were present to ions to The Rotary Foundation during the current Rotary ow their example.

o of Bombay, the Rotary Club of Bombay Central and the ndees were several Past District Governors and past and

view of Bombay's famed "Queen's Necklace" from the minar Room was outstanding; the speeches were brief but d the applause as the major donors were recognised with uenuine and generous.

ay (so far) this year, PP Arvind Jolly, President-Nominee seminar.

nt-Nominee Nirav Shah who surprised one and all when he mmemoration of the previous day's historic date of 11-11-11, viz., \$11,111 to The Rotary Foundation. That converted prolonged applause from the delegates.

se Judy, was full of praise for the host Clubs and thanked ents that they had made.

the points that had led him to assert that the Seminar was ade special mention of the live Indian classical music that musicians and the delectable spread laid out for the delegates. Clubs for their outstanding performance.

sts, Adarsh Bagaria and Samir Javeri, pointing out that it ar success of the Seminar. Their coordinated efforts had gements.

y Club of Bombay were IPP Pradeep Saxena, President- Shah, PP Sandip Agarwalla, Rajas Doshi, Bipin Kapadia, y), Manoj Israni and Rotaryans Sheila Paul, Niloufer Radhika Mehta, who came sans her spouse Dipan Mehta. to thank the three host Club Presidents for the excellent

overnment subsidy, the R.I. istration charges in a decade

I. Convention by December 1 this year in order to enjoy the le possible by the government of Thailand which has offered its Convention in Bangkok from May 6 to 9, 2012.

n headquarters, Rotarians and their spouses and/or partners aged between five and 18 would be charged a nominal \$10. nts would have to pay only \$10. And as for Rotaractors and 50.

ng travel discounts to Bangkok for Rotarians. An economy s class would result in a savings of 20%. (Of course, some

kers will be the Nobel Peace Prize recipient, Mr. Muhammad ay 7. Mr. Yunus is the founder of Grameen Bank, which n, in impoverished communities.

gement with Rotarians is Mr. Hugh Evans, co-founder and icated to motivating people to take action to end extreme eradication to its list of campaigns.

(or November 11, 2011) shows that the total collection e tantalising figure of \$ 195.2 million. One last push

re. At the Commonwealth Head of Governments Meeting nts of Australia, Canada and Nigeria, along with the Gates million in **new funds** for polio eradication.

October 24, which was utilised by Rotary to make another Harris Recognition points for online contributions of \$100 also worked along with the Global Poverty Project's "End

The concert coincided with the CHOGM meeting in Perth; ernment leaders to put polio eradication on the agenda; the



It was quite a rare occurrence indeed, when two Trustees of The Rotary Foundation addressed a Seminar in Bombay. While John Germ is at left, at right is Ashok Mahajan. Others seated are co-hosts Samir Javeri, Paul and B.M. Sivarraj



Another major donor of the Rotary Club of Bombay, Meera Alreja receives her trophy. At right, Paul is flanked by IPP Pradeep Saxena and PDG Raju Subramanian. The Seminar was held in the Rooftop Room of the Trident on November 12



Enjoying the Fellowship at the end of the Seminar. The first picture features Percy Master, Sitaram Shah, Arin Master and Devina and Nirav Shah, while the second captures Rajas and Jyoti Doshi in conversation with Bipin Kapadia



Saying it with flowers... President-Elect Nowroz Vazifdar (first picture) presents a bouquet to Judy, the spouse of John Germ. At right, it's Club First Lady Sheila Paul offering a lovely bunch of roses to Trustee John Germ

'Go for gold if you can stomach the violent price fluctuations!'

(Continued from Page 2)

"The big uptick in numbers for growth will probably come in fiscal 14 (April 2013 to March 2014); but it is quite possible that if the sentiment changes from bearish to somewhat more optimistic at the margin, then the stock markets may actually do much better next year, after they have a bit of a down draught in the next few months.

"But let's not confuse the outlook for the economy with that for the stock market. During the (last) crisis, the markets fell to 8,000 and yet, from March to July 2009, in a matter of four months, 8,000 had gone close to 15,000. Of course, there was the big one-day rally during the election results in May, 2009. But even if it did not tell you that there was a significant change in the headline numbers relating to growth or consumption, sentiment can change, it can turn on a dime and can provide great opportunities to invest."

Mr. Sundaresan said stock prices rarely rose in a linear fashion; 80% of the price movement happened during 20% of the time. For example, if one looked at individual stocks, one would notice that they remained flat and even; then suddenly in a given year they went up three or four times and it appeared as though the compounded annual growth rate over a ten-year period was very good. But much of that gain would probably have come over a very short period of time.

While things would be bad globally over the next three to six months, it would be necessary to remain alert to that negative sentiment affecting Indian equity markets. The markets here had held up reasonably well, but if global markets fell 20 or 25% over three to six months, Indian markets could also fall by an equal measure – and that would be the time to consider buying. This comment was especially for those who had not participated in the rally of the last two or three years.

Real increase in growth rates would occur in 2013-14, but around the middle of 2012, as inflation would start

to come off its highs and interest rates began to decline (it would not be necessary for RBI to cut rates by 3%; a mere quarter of a percent reduction would signal that the rate cycle had changed), things would start improving at the margin.

Mr. Sundaresan felt that with that signal, the rupee, which was at 44 against the dollar just three months ago and was now at 50.50, would slowly begin to appreciate (of course, it could even go up to 52, the low seen in 2008, before that).

For a foreign investor with a two-to three-year view, if the market was at 14,000 and the rupee at 52 against the dollar, it would be a great time to buy – because in two years the index could go up to 20,000 and the rupee to 45 and thus give very good returns.

But that would also be the time when money would start flowing into the Indian markets. Such stampedes had occurred in the past, too, with investors not wanting to miss the next 20% rise in prices.

"In a nutshell, you will get a great buying opportunity in the next three to six months, consequent to external factors not being great, consequent to our own economy not looking particularly good in terms of relative growth rates – although 7% is a great rate of growth compared to Europe where it is less than 1% and the US where it is 1.5%.

"We think that the tide will turn as we enter the next financial year, the second quarter. It can happen even earlier, but let's be conservative and say that from April onwards things will improve. And then we could have a market that rallies another 20% or 30% off the lows for the remainder of 2012.

"And by the time we get to 2013, the headline numbers may look great but by then the stock market has already done its jig and possibly holds its altitude."

Mr. Sundaresan then turned to the sectors in which to invest. For the conservative investor, who was happy buying equities and not just putting

money in the bank, the one sector that held out the most promise was the banking and financial services sector, especially banking. The sector had remained under pressure and would continue to remain under pressure as loans turned bad, as more write-offs had to be considered, rates remained high and funding was difficult to obtain.

Banking stocks, whether of the private or the public sector, could keep falling and, at some point in the next three to six months, they would be worth looking at even as they declined because, when the rebound came about, the banking sector would be the first out of the gate. These stocks had significant weight in the indices and most funds had 15 to 30% of their portfolios in this sector. At the time of the rebound, banks would do even better than the broad market averages.

As for the aggressive investor, Mr. Sundaresan said it was time to take a look at the most beaten-down sector, viz., infrastructure. It was unloved, had not done well and many stocks were back to their 2008 lows, down about 80% to 90% from their highs. Some analysts even joked that these stocks were trading like options! Those buying them had to have the nerve to see them fall another 10 to 30%.

However, once the tide turned, rates came down and funding became available, a tide of money would flow back and infrastructure stocks would begin to perform. That was how the stock market operated; five research analysts would write a report about infrastructure, saying the tide had turned and things were looking good; six hedge funds would agree that it looked good and suddenly the stocks would zoom. A Rs. 100 stock trading for Rs. 10 or Rs. 5 would move up by 20 to 30%, the market's spotlight would turn on the sector and it would start doing well.

Similarly, nobody seemed to like the real estate sector. But in five years' time, when the inflationary environment was different, the same real estate firms now being penalised for holding large land banks, for not being

able to monetise and to build, could benefit as prices started to rise. Interestingly, prices in Southern markets which used to be very stable had gone up two to three times in the last couple of years for no apparent reason. Thus, for those with the risk appetite, these two sectors, infrastructure and real estate, were the stocks to look at.

Mr. Sundaresan said that inflation would continue to be an issue for three to five years. It could even lead to hyperinflation. And the sectors that benefited most during high inflationary periods were hard assets, property, companies with good asset bases and with good pricing power who could pass on cost increases easily.

Finally, he turned to commodities. "We continue to remain optimistic about gold because it is not just another commodity. It is an alternate currency. That's how a lot of large investors around the world look at gold. Gold is in a class by itself and has remained one for thousands of years, so you can't question its utility just because we have had paper currencies taking centre stage in the last 40 years.

"Don't forget, today's global financial markets don't have a long history. Globalisation, floating exchange rates and so on are only 40 years old; we have already had one crisis and are staring at another one. There is talk among analysts and commentators that at some point in the next five or ten years, as governments... do pump-priming, monetising and so on, the value of paper currency in the Western world may have to be re-examined and at some point gold could assume a place of eminence when it comes to currencies and their exchange rates.

"I'm quite bullish that gold will continue to be a reasonably steady performer over the next two to three years. It is prone to some very violent price swings, so you should have the nerve for absorbing those. But I still think that it has some more room to go up," Mr. Sundaresan concluded.

The vote of thanks was proposed by Sidharth Punshi.

APM TERMINALS
Watch your business **GROW**
at
APM Terminals Mumbai

Bajaj Electricals Ltd.
Inspiring Trust

Appliances Fans Lighting
Luminaires Engineering & Projects

Bajaj Electricals Ltd.
45/47, Veer Nariman Road, Mumbai 400 001.
Tel: 22043641. www.bajajelectricals.com

HP

Clarity is
our promise
Windscreen Wipe

ST. MARY'S INTERACTORS GO RUSTIC

Class IX students of the Interact Club of St. Mary's School, ICSE, Mazgaon, have been quite busy since the start of the academic year. With 30 students on the rolls, they have taken up one significant project after another and have learned the virtues of discipline and team work along the way.

At the beginning of the year they prepared for display thought-provoking charts for use all through the year that highlighted social and environmental issues, team spirit and communal harmony, the importance of various

school activities, festivals and their place in society, concern for others and ways of interacting with people.

Apart from witnessing a PowerPoint presentation on "Child Labour", they were encouraged to use their creativity to make useful and/or decorative items out of scrap material available at home. Among the items they made were pencil stands, paper bags, book marks and envelopes. Other useful activities were stitching buttons and preparing nutritious sandwiches.

But the most important activity of the year was the camp which took them away from home and far from the city. This year, they went to the Redstone Study Learning Resource Centre at Panchgani and it turned out to be a truly unique experience for all of them.

A spirit of eco-friendliness, service, discipline, team work, inputs on organic farming, conservation of power and culture awareness characterised the camp. The Interactors mingled with the children and the youth of the nearby Bhoze village and were touched by their simple lives, their openness and immense talent in music and dance.

It also gave the students an insight into the life of villagers. Many of them came to realise that everyone needed a place under the sun. It was indeed an enriching and heart-warming experience for most of them.

On the whole, the Interactors returned an enriched lot with mutual sharing of ideas and good interaction among themselves and with others. As the year progressed, it would give them ample opportunities to develop their personalities and to grow up as caring and responsible individuals.



It was a truly unique experience for the Interactors, all students of Standard IX. This trip was only one of the many activities undertaken by the Club in the course of the year



Getting their hands dirty. Members of the Interact Club of St. Mary's School, ICSE, Mazgaon, enjoy their visit to the Redstone Study Learning Resource Centre at Panchgani



The trip gave them an insight into the life of villagers as they mingled with the children and the youth of Bhoze village and were touched by their simplicity, openness and natural talent



'Thank you for 25 years of love, affection and fellowship, I have enjoyed being a member of this Club.' Bipin Kapadia, who completed 25 years as a member of the Rotary Club of Bombay on November 18, made a brief speech at the last meeting, thanking all his fellow members. He recalled that his father, the late Hakubhai, was President of the Rotary Club of Bombay North which was sponsored by the Rotary Club of Bombay 50 years ago. His uncle, Babubhai, had served this Club as Hon. Secretary

INNER WHEEL MEMBERS CELEBRATE DIWALI



Members of the Inner Wheel Club of Bombay celebrated Diwali on October 19 with a lot of enthusiasm and festivity. Wearing colourful saris and traditional attire, they performed a traditional 'garba' and played 'dandiya' as well. Seeing their graceful, rhythmic movements, some of the senior members perked up and danced or sang some popular old songs. President Susmita Mitra went solo with a melodious Hindi song. The Diwali programme was hosted by Vandana Daga who treated members to a sumptuous spread for lunch and served up a most memorable afternoon. Among those who can be spotted in these pictures are Sweta Vakil, Vandana Daga, Roopal Thakkar, Soni Israni, Malti Jain and Mayuri Sekhsaria

ROTARY CLUB OF BOMBAY

FOUNDED 19 MARCH, 1929
 Charter No. 3128, Dated 08 May, 1929
 97-B, Mittal Tower, Nariman Point,
 Mumbai 400 021, INDIA
 Tel.: +91-22-2202 4089
 Fax.: +91-22-2202 4509
 rotaryclubbombay1@gmail.com
OFFICE-BEARERS 2010/11

PRESIDENT	PAUL GEORGE
Imm. Past President	Pradeep Saxena
President-Elect	Nowroze Vazifdar
Vice-President	Nirav Shah
Honorary Secretary	Jagdish Malkani
Joint Hon. Secretary	Sitaram Shah
Hon. Treasurer	Ishraq Contractor
CLUB SERVICE – New Members	
Director in charge	Nowroze Vazifdar
Classifications	PP Dr. Adi Dastur
Membership	PP Ashish Vaid
Member. Dev. & DisCon	Nirav Shah
Information	PP Dr. Kekoo Kavarana
Mentoring & Assimilation	PP Sandip Agarwalla
CLUB SERVICE – Programmes/Meetings	
Director in charge	Framroze Mehta
Fellowship	Shernaz Vakil
Co-Chair	Pranay Vakil
Culinary Delight	Ritu Prakash Desai
Co-Chair	Renu Basu
Sports	Hiranmay Biswas
Programme	Dolly Thakore
Co-Chair	Nandan Maluste
Sergeant-at-Arms	Roda Billimoria
Co-Chair	Hiren Kara
Attendance	Arvind Agarwal
Bulletin & Website	Farokh Balsara
COMMUNITY SERVICE – Medical	
Director in charge	Dr. Vandana Bulchandani
Chairman Emeritus,	
Talwada	PP Dr. Rahim Muljani
HTEC, Talwada	PP Dr. Rumi Jehangir
ADMC, Talwada	Dr. Sorab Javeri
Oral Health	Dr. Mala Jagtiani
Control of TB	Prof. Rohini Chowgule
Polio & Jaipur Foot	Shyyamniwas Somani
Cancer Aid	Zinia Lawyer
Co-Chair	Farokh Balsara
COMMUNITY SERVICE – Non-Medical	
Director in charge	Shailesh Haribhakti
RCC	PP Kalpana Munshi
Old Age Homes/	
Senior Citizens	Ratan Tankha
Health & Heart Care	Dr. Aashish Contractor
Differently Abled	Naresh Kumar Jain
VOCATIONAL SERVICE	
Director in charge	Vineet Bhatnagar
Rotary & Public Awards	Nelum Gidwani
Four-Way Test	Suresh Jagtiani
Legal Case Practice	Sameer Tapia
Arts & Public Relations	Priyasri Patodia
INTERNATIONAL SERVICE	
Director in charge	Ashok Minawala
R.I. Programmes	PP Arun Sanghi
Rotary Foundation	PP Arvind Jolly
Fund-Raising	(Dr.) Sonya Mehta
Co-Chair	Pradeep Chinai
NEW GENERATIONS – Education	
Director in charge	Arin Master
Bhavishya Yaan	Manoj Kumar Patodia
Co-Chair	Manish Reshamwala
Suraksha Loans	
Scholarships	Ashok Jatia
Merit-cum-Means	
Scholarships	Freyaz Shroff
TEAC Junior College	Bipin Kapadia
Management Studies	Poonam Kumar
NEW GENERATIONS – Youth	
Director in charge	Arjun Jolly
Interact - I	Meera Alreja
Interact - II	Shahzad Qadir
Rotaract	Mehul Sampat
Co-Chair	Ravindra Fotedar
Night Study Centres	Bimal Mehta
Road Safety	Deepak Kapadia
DISTRICT THRUST PROJECTS	
Director in charge	Suresh Goklaney
Water Conservation/	
Rural Development	Dilnavaz Variava
Solar Energy/Environ.	Madhusudan Daga
Disha/Vocational Trg.	Sunny Pariyaram
Slumber Kits	PP Rajnikant Reshamwala

Dr. GG Parikh went to jail both before and after the Independence movement

Dr. G.G. Parikh, who will receive this year's Rotary Club of Bombay Social Service Award at the meeting of November 22, was born on December 30, 1924, in Surendranagar and was educated in Saurashtra, in Rajasthan and then in Bombay.

A medical practitioner, he has been a freedom fighter in the true sense of the term and continues his struggle for the emancipation of the poor and the downtrodden even 64 years after Independence.

Jailed during the Quit India movement, Dr. Parikh was associated with the Congress Party and was active in the students' movement. He was president of the Bombay unit of the Students' Congress in 1947 when the country became free.

After Independence, he became a cadet (youth) member of the Congress Socialist Party when it was

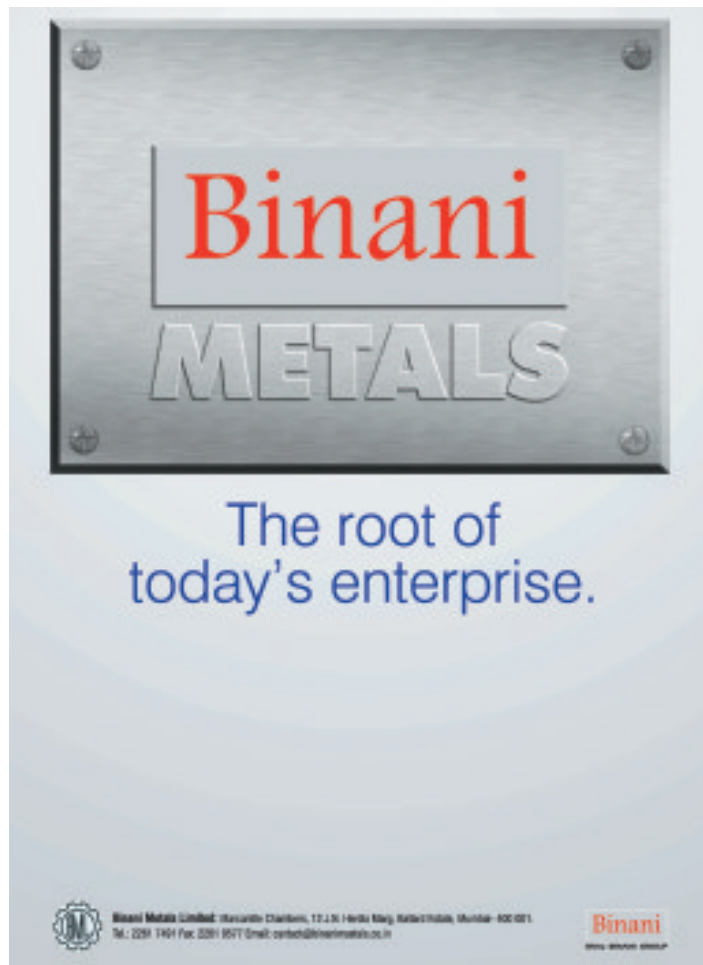
formed and remains a Socialist even today.

He was put behind bars by Indira Gandhi's Congress government during the infamous Emergency period in the mid-1970s.

Dr. Parikh was active in the trade union movement for many years and promoted several consumer co-operatives. He has looked after "Janata", a Socialist weekly, since the early 'Fifties and at present helps edit it.

He was one of those who promoted the Yusuf Meherally Centre in 1961 and has served it in some capacity or other since then. At present he is its Chairman.

Interestingly, Dr. Parikh was associated with the Yusuf Meherally Centenary Committee as its Secretary when Prof. Madhu Dandavate was its President.



Binani
METALS

The root of today's enterprise.

Binani Metals Limited, Corporate Chairman, 17, 21 & 24, Park Road, Malad (West), Mumbai - 400 064. Tel.: 2281 1461 Fax: 2281 8577 Email: corbnd@binanimetals.co.in

Happy Birthday



Dadabhai Patel
November 22



Farokh Balsara
November 25



Anil Goyel
November 25



Natwarlal Brahmabhatt
November 26



Prabhakar Deshpande
November 27



Sameer Kaji
November 27

Spouses/Rotaryanns

- Priti Gupta
November 23
- Kamal Katgara
November 25
- Lata Palekar
November 25
- Sandra Merchant
November 26
- Hansa Dalal
November 27
- Chandrakanta Juneja
November 28

**One Profits
 Most Who
 Serves Best**

**Service
 Above
 Self**

Editorial Consultant: Anmol Purohit, Sajjan Sons, 203/204 Triveni, Mith Chowki, Marve Road, Malad (West), Mumbai 400 064. Cell: 09322227026; Landline: 022-28880712
 E-Mail: anmolsp@gmail.com

Regd. No. MH/MR/South-109/
 2009-11, R.N.I. No. 14015/60