

President Muizzu's plan to end dollar shortage is a risky gamble



Coming as it does after Indian Foreign Minister S Jaishankar's recent visit, where both sides discussed furthering economic cooperation, Maldives President Mohamed Muizzu's more recent decision for a law to compel local businesses receiving payments in dollars and other foreign currencies to pay all their dues to the government too in dollars can cut both ways. Of course, his decision has nothing to do with Jaishankar's visit and is derived from the continuing fiscal and consequent economic crisis, which is centred mostly on undue dollar exit, rather than any kind of governmental control or accounting. Resort tourism is the main culprit, beneficiary, or benefactor, whichever way you want to call it. Yet, what they are now doing is not illegal, as the investment incentive dates back to the 1970s, when the Maldives began exploring resort tourism as an economic venture. It is now the nation's economic mainstay. The Covid lockdown and early reopening through India-centric 'bubble tourism' proved it even more. The Constitution may have to be amended for the government to receive payments in dollars. At present, only the local currency, Rufiyaa (MVR), is the only legally tenderable currency. In fact, questions were raised without suitable legal and judicial follow-up when a lower court judge directed jailed former President Abdulla Yameen to pay \$5 million in fines in a money-laundering case dating back to his days in office. That question remains to be addressed or rectified. However, opinion is divided on the usefulness of such a measure. Given the current economic crisis, which is centred mainly on the dollar, some argue that any attempt of the kind as prescribed could be to disincentivise investors and investments. Others argue that the timing may not be perfect, but there has never ever been a perfect time in contemporary Maldivian history, as the dollar crunch has always been there and the economic crisis was either already there or was threatening to be there. The twin crises in neighbouring Sri Lanka may have alerted Maldivian authorities, political leaderships, and common people about what was possibly in store. Activated to face reality, the Muizzu government has been talking tough on frugality, including possible job cuts. At the same time, the government has also been promising pay hikes for the 30,000 employees, which could increase recurring expenditure, even if marginally. It would send out a message that the leadership was not walking the talk. Likewise, the government and/or the President have been talking about dream projects like an underwater tube-rail connecting capital Male to a nearby island and building a skyscraper like the 321-meter Burj Al Arab in Dubai in the city along with smaller ones in other islands. Earlier, there was also an announcement on air-conditioning all classrooms in government-run schools across the country. It is not unlikely that Muizzu, a PhD-holder in structural engineering, may be fascinated by such grandiose ideas and constructions-as he should be with the India-funded Thilamale sea bridge, the longest in the country. The President did endorse the Thilamale Bridge by visiting the project site in the very first days after assuming office. During his visit, EAM Jaishankar too inspected the bridge site. On an earlier occasion, Muizzu did talk about the tube-rail

project. The government has not denied media reports on the skyscrapers, though no official confirmation was available either. The question is how the government is talking about and/or initiating such 'white elephant' projects of the tube-rail and skyscraper kind on the one hand and enforcing fiscal discipline and frugality on the other.

Coup allegation

Of course, the announcement on accepting only dollars for revenue payments from businesses earning in American currency had nothing to do with it, but a week-end crisis over debit-card withdrawals at the Bank of Maldives (BML) might have hastened the process. The government holds 66.3 per cent of the bank's shareholding, and an overnight BML decision, fixing a \$100 upper limit for monthly withdrawals overnight, meant that Maldivian students and healthcare-seekers elsewhere and their parents back home panicked. This led to a quick-fix reaction from the government, which announced that the BML board decision was unilateral and without prior consultations, especially with the President. The central bank, namely, the Maldives Monetary Authority (MMA), intervened, and the BML withdrew its decision, restoring calm. The crisis re-focused national and possible international attention on the forex crisis afflicting the government, and the government had to be seen as doing something to try and arrest the trend. However, there are those who argue that such governmental intervention was uncalled for, as the BML had an independent board of directors that was capable of taking policy decisions based on ground realities. In a speech to his ruling People's National Congress (PNC) cadres after the withdrawal crisis had been resolved, Muizzu particularly thanked Mohamed Moosa 'Uchchu' of the Champa Group of industries for ensuring the BML director-board reversed the decision when sought. A day earlier, at the government's instance, a female director, purportedly from another business family, Universal Group, was sacked from the BML board. She has had over 40 years' experience in BML. However, there is no reason to believe that the two families are at loggerheads or that President Muizzu was attempting it. The reasons for such a social media discourse had their basis in another episode a fortnight earlier. At the time, the BML shut down operations for a few hours following an 'erroneous' transfer of \$77 billion to Universal Group companies within hours. Thankfully, the error was identified without much loss of time, and Universal readily re-transferred the funds to BML. Incidentally, the bank has since announced its decision to hold an emergency general body meeting in September to change the board, wholesale (?)

Experience, expertise

Muizzu left for Singapore for medical treatment after hurting his knee reportedly while playing football. But what has surprised many Maldivians is the way the government has gone about the ATM episode. After Muizzu hinted at it, the Maldivian Police

Service (MPS) has initiated criminal investigations into a possible coup bid centred on the BML's \$100 upper limit for debit card withdrawal. Local media reports have said that some leaders of the predecessor ruling Maldivian Democratic Party (MDP) were among the suspects, but *prima facie*, there is said to be no evidence unless the police are able to unearth the same. In Muizzu's absence, Parliament Speaker and ruling PNC strongman, Abdul Raheem Abdulla 'Adhurey', in a TV interview, vowed to defend the President from all forms of attacks. He also questioned the truthfulness of the 2015 assassination attempt on then President Abdulla Yameen, who is still considered a power centre even after drawing a blank in the parliamentary polls against the breakaway PNC under the incumbent.

Populist or revolutionary?

Call it a diversionary tactic or accidental happening(s), there is no escaping from an economic crisis and the dollar crisis feeding on each other and feeding each other. At the height of the BML withdrawal episode, if not an outright scam until proven, the grey market dollar rate went up to MVR 18.85-possibly the highest-ever-before coming down to MVR 18.60, from an earlier peak of MVR 17.50 or thereabouts only a few months back. Grey market dollar-rates are a yardstick to measure a government's popularity in the Maldives, and people will be watching for the final rate after the current crisis dies down to evaluate the economic performance of the Muizzu government from their personal experience and expertise. Yet, there is no denying the reality of a dollar crisis, which many still believe is artificial. According to them, only the grey market rates change, but not the availability.

There are thus hopes and expectations that the Muizzu government should be able to rein in the customary dollar-crunch, which, unlike in the case of Sri Lanka, is still being earned by private parties but is not showing in the government's forex reserves. Some welcome the proposed law, originally considered for the next fiscal year beginning January 1, 2025, but now fast-tracked to an earlier date, as populist. There are new concerns after the police took up investigations into 'coup' allegations without any initial evidence. BML being what it is in the nation's banking sector, such investigations, whether true or not, can lead to a loss of faith and trust in the nation's banking sector. This will particularly hit Muizzu's new initiative, as dollar-payment of all dues to the government involves the banking system full-time. However, others still say that Muizzu's is a revolutionary initiative and can change the face of the nation's economy for good. The dividing line is thin. It will require a lot of expertise from government leaders and officials, as well as party whips handling the PNC's supermajority in Parliament, to turn covert intention into law and law into action. There can be many a slip between the cup and the lip, especially where the entrenched elite's business interests are involved-and their position is purportedly being challenged.

Illegal exchanges

As if to prove that it was not targeting the nation's big businesses, most of them centred on the tourism sector, the government has also clamped down on private forex exchanges, legal, illegal, and semi-legal, run by

immigrants. In focus are the health authorities' raids on unregistered food outlets, which are believed to be among the conduits for hawala transactions, totalling millions of dollars of immigrant employees' salary-incomes that do not always take the banking route. Some even argue that this hawala network handles more dollars than possibly the travel agencies of resort owners taking overseas bookings and payments in dollars. According to them, resorts and other businesses, even while earning dollars, often end up using that money only to pay their employees and also for imports, which include almost everything, from sand for construction to furniture and fittings, food grains, vegetables and eggs, and also medicines. Then there are the notorious 'gangs' in Male and now in southern Addu. A UN study recently put the number of 'Male gangs' upwards of 40 and said how they participate in big-time drug smuggling, mostly beyond the reach of the Maldivian National Defence Force's (MNDF) naval arm across the EEZ. The Muizzu government replaced the India-gifted Dornier aircraft with Turkish drones for maritime surveillance, and the results are yet to be known. There is no question about these gangs dealing in illegal dollar transactions in a big way. According to some local reports, about ten per cent of Maldivian youth are hooked on to drug abuse, and the gangs are to blame for more than one reason. Among the sociological reasons is the fact that the Maldives has the highest rate of divorces in South Asia and Male is the most congested city in the region. Even while coming heavily on drug smuggling as a source of dollar trade is checked with a heavy hand, preferably in the source countries in the Golden Triangle and Golden Crescent, the government has to address the sociological and rehabilitation issues nearer home, which have not found much success in the past. The truth seems to lie somewhere in between, and it will be now for the officialdom, working the proposed law, if and when passed, or as and when passed, to come up with the right explanations and answers-the latter in dollar terms. If it all works to Muizzu's plan, if any, then he would have created a popular constituency of his own, going beyond the inherited or hijacked conservative constituency of Yameen. The latter had sliced it away almost completely from half-brother and 30-year-long President, Maumoon Abdul Gayoom. But the entire legislative and administrative exercise has the potential to backfire politically on the Muizzu leadership, especially if he is unable to convince the Big Business and carry them with him. After all, there are big businessmen and resort owners like Jumhooree Party boss Gasim Ibrahim and Maldives Democratic Alliance (MDA) chief 'Sun' Siyam. There are many MPs cutting across party lines who own resorts, one or more of them, and/or run other businesses receiving payments in dollars. Winning a supermajority by itself is thus not a guarantee for Muizzu's political competence. Retaining it through his five-year term is. The possibilities are many, and owing to the same, it is said, none of Muizzu's predecessors attempted anything like it. The writer is a Chennai-based policy analyst and political commentator. Views expressed in the above piece are personal and solely those of the author. They do not necessarily reflect Firstpost's views.

NDA Does Not want YSRCP Support

YS Jagan addressed a meeting with party members after losing the election, stating that YSRCP has the strength to stall government bills in the Legislative Council and exercise veto power in the Rajya Sabha. The party has 30 MLCs in the Legislative Council and 11 members in the Rajya Sabha. Both YS Jagan and Vijay Sai Reddy appeared overconfident in their strength, assuming that all members would remain loyal to YSRCP indefinitely. Despite having 4 MPs in

India set to commission third N-powered ballistic missile submarine in 6 months



Amid the ongoing border standoff with China, India is planning to commission its third nuclear-powered ballistic missile submarine (SSBN) in six months to further bolster its sea-based leg of the nuclear weapons triad, the Times Of India reported on Friday. The report comes a day after the formal induction of the second such boat into the Strategic Forces Command as INS Arighaat at Visakhapatnam on Thursday. The third SSBN is currently undergoing trials ahead of her commissioning as INS Aridhaman early next year, the report said. The third SSBN is slightly bigger than the first two, INS Arihant & INS Arighaat, and capable of carrying more long range nuclear-tipped missiles. Citing sources in the know, the TOI report says that INS Arighaat is also capable of carrying some K-4 missiles, which have a strike range of over 3,000-km, unlike her fore-runner INS Arihant that is armed only with the 750-km range K-15 missiles. Crucial for credible strategic deterrence amid the continuing confrontation with China, SSBNs are capable of staying submerged for months and thus act as the most secure, survivable and stealthy platforms for second-strike capabilities. These submarines also act as a deterrence for adversaries planning a surprise first strike. The second Arihant-Class submarine 'INS Arighaat' was commissioned into the Indian Navy on August 29, 2024 at Visakhapatnam in the presence of Defence Minister Rajnath Singh. In his address, Singh exuded confidence that 'Arighaat' will further strengthen India's nuclear triad, enhance nuclear deterrence, help in establishing strategic balance and peace in the region, and play a decisive role in the security of the country. The minister also recalled former Prime Minister Atal Bihari Vajpayee's "political will" that put India on a par with nuclear weapon states by conducting the Pokhran-II tests in 1998. "Today, India is surging ahead to become a developed country. It is essential for us to develop rapidly in every field, including defence, especially in today's geopolitical scenario. Along with economic prosperity, we need a strong military. Our government is working on mission mode to ensure that our soldiers possess top-quality weapons and platforms made on Indian soil" he said. INS Aridhaman and the fourth under-construction SSBN will be even more potent. With a 7,000-tonne displacement and 125 metres long, they will be able to carry larger number of K-4 missiles. The four submarines, built under the classified advanced technology vessel project launched in 1990s at a cost of over Rs 90,000 crore, are still less than half the size of SSBNs of the US, China and Russia.

the Lok Sabha and 11 MPs in the Rajya Sabha, recent developments have shaken this confidence. Now, Mopidevi Venkataramana and Beeda Mastan Rao have resigned and announced their decision to join TDP. Alla Ayodhya Ramireddy, Pilli Subhash Chandra Bose, Meda Venkata Reddy, R. Krishnaiah, and Golla Baburao are expected to follow suit. They seem to be aligning with other parties. Political sources suggest that only YV

Subbareddy, Vijayasai Reddy, Niranjan Reddy, and Parimal Natwani will remain with YSRCP in the Rajya Sabha. If this scenario unfolds, YSRCP's influence in the House will become nominal. As a result, the NDA may no longer need to rely on YSRCP for the passage of important bills. Meanwhile, Chandrababu's government is intensifying its crackdown on corruption during Jagan's administration. Cases are being filed against senior officials and

IPS officers involved in cross-border exploitation and illegal activities in liquor, mining, and sand dealings. CM Chandrababu has ordered a comprehensive inquiry into a case involving a Mumbai actress, which is being actively pursued. At a time when the party is in despair, the Jagan couple's trip to London is drawing significant attention in political circles.

Cognizant's Chennai Headquarters Up For Sale; Here's Why



IT major Cognizant has put its Chennai headquarters up for sale. The sale of the prime property, which

has been serving as Cognizant's India headquarters for over two decades, will fetch the company at least Rs 750 crore, Times of India reported. The property, which is located at Okkiyam Thoraipakkam, comprises a 15-acre land parcel and four lakh sq ft office space on Chennai's IT corridor. Real estate consultant JLL has been mandated by Cognizant to sell the property. It is in early discussions with local developers Baashyaam Group and Casagrand for the sale. Cognizant plans to vacate the campus by De-

cember 2024, according to the TOI report. The company will shift to its new India headquarters at MEPZ near Tambaram on the GST Road. The shifting is part of Cognizant's ongoing process of consolidating its operations in three of its own buildings at MEPZ, Sholinganallur, and Siruseri. Cognizant's current Thoraipakkam campus is the one from where co-founders Lakshmi Narayanan and Chandrasekaran operated as well. Cognizant's remote ringing of the Nasdaq opening bell was also held on this campus.

In Message To Pakistan, Jaishankar Says Actions Have Consequences

we will react."

India's Neighbourhood

During the event, Jaishankar also responded to criticisms of the country's regional influence, noting that neighbouring countries often seek India's involvement only when it suits their political needs. Attending a separate event, another NDA minister from the Narendra Modi cabinet slammed Pakistan and questioned the feasibility of engaging in dialogue. Speaking to reporters, Union Minister G Kishan Reddy responded to calls from the National Conference (NC) and Congress for talks with Pakistan, stating that India had previously attempted dialogue under leaders such as former Prime Minister Atal Bihari Vajpayee and current PM Modi. Reddy argued that despite these efforts, Pakistan has shown no genuine interest in fostering friendship with India. He accused Pakistan of perpetuating terrorism and targeting Indian soldiers,



saying, "How can we speak to them when they are intent on increasing terrorism and destroying India?" Islamabad and New Delhi have a long history of strained relations, primarily due to the Kashmir issue as well as the cross-border terrorism emanating from Pakistan. India has been maintaining that it desires normal neighbourly ties with Pakistan while insisting that the onus is on Islamabad to create an environment that is free of terror and hostility for such an engagement.

Engineering college 'student' secretly records women in washrooms, accused of selling over 300 obscene videos



On Thursday (29th August), protests broke out at the campus of SR Gudlavalleru Engineering College in Krishna district of Andhra Pradesh after a hidden camera was discovered inside the washroom of the girl's hostel. In visuals that have surfaced on social media, the female students at the hostel were heard chanting 'We want justice' and demanding strict action against the culprit. According to reports, the accused was identified as Vijay Kumar, a final-year-student of the SR Gudlavalleru Engineering College. The police have seized his laptop and recovered over 300 obscene videos. Kumar has now been arrested. It is suspected that the accused sold the videos to other students. Following an upheaval over

the crime, Andhra Pradesh CM Nara Chandrababu Naidu ordered an inquiry into the case. In a statement, TDP leader Nara Lokesh stated, "I asked the authorities for details about the protest of female students at Gudlavalleru Engineering College of Krishna District. I have ordered an inquiry into the allegations of hidden

cameras. "Strict action will be taken against the culprits and those responsible if it is found that they have committed a mistake in the investigation. Managers should take early steps without ragging and harassment in colleges," he emphasised. It remains unknown whether students other than Vijay Kumar were involved in setting up the camera, recording the female students of the college and distributing the obscene videos. The disturbing case is reminiscent of the infamous 'Udupi bathroom case' of 2023 when three students, namely, Shabanaz, Alfiya and Alimath UI Safa secretly recorded their Hindu classmate using washroom and then deleted the video to destroy evidence.

