

NEWS WRAP

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The US-led aid boycott on Vietnam was eased in 1993. Diplomatic relations between Vietnam and USA are cheerful. Vietnam is co-operating in tracking the remains of US soldiers, who went missing in war action of the 1960s and early 1970s. Certain irritations still continue. During the Indo-China war, US forces had sprayed a defoliant, *Agent Orange*, suspected of causing cancer and birth defects, on the innocent population of North Vietnam. On USA's failure to compensate victims of *Agent Orange*, the Vietnamese remain annoyed. A number of US victims of the chemical have succeeded in winning out-of-court settlements. The US second circuit court of appeal upheld an earlier ruling in February 08, that Vietnamese victims had not fully proved their case against the manufacturers of *Agent Orange*. The Government of Vietnam has described the ruling as "erroneous and unfair". But development is being put before old enmities, as Vietnam searches for direct foreign investment.

US destroyed four hamlets in Sony My district, suspected of harbouring 'Viet Cong' guerillas, in March 1968. After a year, the truth about the killing of more than 500 civilians on 16 March 1968 emerged. One of the worst atrocities by US forces in the Vietnam war, was the My Lai massacre of forty years ago. Bodies of the Vietnamese victims were mutilated, women were gang raped, and babies were utilized for target practice. The subsequent trial, even though it was a cover-up, helped American public opinion, go against the war.

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Since June 07, when Hamas, the Palestine Islamist movement took administrative control of Gaza, there have been sporadic exchanges of home-made 'Qassam' rockets fired by the Palestinians and Israeli missile attacks on Gaza. In the beginning of March 08, an Israeli civilian died in Sderot town, near Gaza, following a Palestinian rocket attack. The consequent Israeli aerial and ground attacks killed about 110 Palestinians over a period of five days to balance the loss of two Israeli soldiers. The Israeli army affirms that 90% of those killed were armed fighters. The Palestinian Centre for Human Rights in Gaza counters that half of the casualties were unarmed bystanders, and about a quarter were children.

International outrage has prompted the Fatah party to suspend talks with Israel. Similar to the rockets fired by Lebanon's Hizbullah on Israel in 2006, the Palestinians fired twenty Katyusha Grad rockets (manufactured in Iran), hitting the Israeli city, Ashkelon, North of Gaza, which is outside the range of 'Qassam' rockets. Arms continue to flow to the Hamas, through the weapons smuggling tunnels, under the Gaza-Egypt border. The Muslim Brotherhood, the apex movement of Hamas in Egypt, is gaining strength.

Now scepticism overshadows the annual summit of Arab leaders. Off the Lebanese coast, American war-ships have arrived, to lend support to the pro-western parliamentary majority in Lebanon, facing insurrection from the Syrian backed opposition led by Hizbullah, a political-cum-military Islamist Shia group.

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Close to the mouth of the Bay of Bengal, is Nayachar, a riverine island. The West Bengal government plans to construct a chemical hub at Nayachar, on the belief

that it would not cause any big problem to nearby human settlements and marine life. The 47 square km-island was created by huge sedimentation in the river Hooghly. A Citizens Experts Commi-ttee, consisting of scientists, geologists and engineers has recently concluded that the fragile island may not be able to sustain the industrial activity, required by the hub. Ecology and marine life around the Sunderbans would be severely degraded by the chemical hub. Business activity of exporters and multinationals in Nayachar, could damage the fragile ecosystem in adjacent Sunderbans. The upper regions of Bay of Bengal have already suffered from the flow of heavy chemical deposits, emanating from Diamond Harbour and Kolkata. A chemical hub would further destroy marine life and the breeding system of marine animals. The livelihood of about 2.5 lac fishermen would be endangered by the chemical hub. The fishermen conduct fishing with zero investment. The projected employment from the chemical hub would never exceed a few thousands. The proposed area could have been developed as an attractive tourist hub, with a motorable tiger reserve.



Rural banking was a monopoly of money lenders, until 1904. The money lenders continue to remain in present day India. There has been an increase in the share of money lenders in total dues of rural households from 17.5% (1991) to 29.6% (2002). Even where banking diffusion is satisfactory, money lenders' shares were highest in states like Bihar, Manipur, Punjab, Rajasthan, Tamil Nadu and Andhra Pradesh. The number of registered money lenders (as distinct from pawn brokers) has increased from 12,601 (March 1995) to 19,627 (March 2006). The average size of a loan varies between Rs 1000 to Rs 30,000.

The average annual interest rate varies between 18% to 36%. In spite of efforts at financial inclusion, money

lenders are still a dominant force in rural credit markets. They provide loans to rural households and small businesses. Their interest rates are high, ranging from 18% to 36%. This is due to the high risk involved in lending to rural areas. Money lenders are also involved in the collection of loans. They use various methods to collect loans, including door-to-door visits and the use of intermediaries. This often leads to harassment and exploitation of borrowers. The presence of money lenders in rural areas is a major barrier to financial inclusion. It is necessary to take steps to reduce their dominance and provide alternative financial services to rural households and small businesses.