

# NEWS WRAP

## AGD

Since 2007, food and grain prices have doubled, resulting in violent protests in over thirty developing countries, and the overthrow of the Haitian prime Minister Jacques Edouard Alexis. The problem has become dire with the severe worldwide recession drastically reducing family income in developing countries. An expanding middle class and a corresponding increase in demand for animal protein in the family has been caused by the significant economic growth of China and India, and other speedily developing economies like Brazil, Russia and several African countries. While the increased demand for meat is a favourable trend in poverty reduction, it has led to additional grain production to feed animals and poultry, resulting in the rise of global grain prices. The average grain prices between 2000-2008, have increased by 30%, as a consequence of United States subsidies and European Union directives for grain-based biofuels. The price of fertilizers is closely correlated to the price of oil. Since they can no longer afford to buy fertilizers owing to rise in oil prices, small-holder farmers, like those in East Africa, have reduced planting of crops.

Higher energy and fertilizer costs account for about 15% of the increase in food production prices. Export quotas and trade restrictions by food exporting countries, in order to keep prices low within their own countries, have resulted in additional price increases, in net food importing countries. Forty-eight countries have imposed price controls, consumer subsidies, export restrictions, and higher tariffs. Failing to finance purchases of fertilizers, poor farmers in some countries have reduced food production. The slow down in the world economy may lead to a decline in the demand for animal proteins in the diets of the growing middle classes in developing countries. But should the economic cycle return to a growth path, the demand for animal proteins could be rising again.

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The real Irish Republican Army (IRA) has been rearming and reorganizing over the past one year. On 05 Mar 09, Sir Huger Orde, the chief constable Northern Ireland had confirmed that undercover soldiers from Special Reconnaissance Regiment (SRR) had been instructed to carry out surveillance operations on dissidents. There were warnings that the threats against the constabulary and military personnel were at the highest for almost a decade. Two soldiers were shot dead and two others seriously injured at 9.40 pm on 07 Mar 09. Violence was brought back to the streets of northern Ireland by dissident Republicans. The attacks happened at Massereene Barracks, 16 miles North west of Belfast.

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On 03 March 09, armed with rifles, grenades and rocket launchers, a dozen men attacked the Sri Lankan Cricket team in Lahore. Six players, an umpire and an assistant coach were amongst the wounded. Six policemen, a driver and an unidentified person were killed. Sport is now threatened and attacked. There were no policemen with guns, in the bus, in which the Sri Lankan cricket players were travelling. On the main road, the Pakistan security forces failed to shoot anyone among the terrorists.

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With 1.3 billion adherents, Islam is the world's fastest growing religion. 300 dedicated Islamic banks and funds worldwide, operate in 75 countries. Following Wall Street's economic implosion, the champions of Islamic finance are promoting the sector as a safe haven from the mal- functionings of the global economy. In the Muslim countries of Asia and the Gulf, one in five banking customers would opt for Islamic financial products. It is estimated that by 2012, nearly a third of all business deals in the Gulf will be done through Islamic finance. Justice is the central concept of Islamic finance. Transactions that could be unjust for either the borrower or the lender are avoided. Risks are shaved for all financial undertakings. To conform to the Koran's ban on interest, Islamic banking relies on the 'murbaha', which allows a markup to be added to the transaction's cost for every loan or sale. The parallel system of Islamic offerings make available Islamic mortgages, Islamic car loans, Islamic credit cards and Islamic insurance. Generally, losses are carried by the banks, and profits are shared in a pre-determined ratio.

Critics point to Islamic banks promoting conventional products as Islamic. Recent studies have indicated that 85% of bonds marketed as sharia compliant are *illegitimate*. The top sheikhs charge huge fees for a single decision. 1% of the global finance is captured by Islamic finance. The Islamic finance industry's yearly value is estimated at about \$500 billion. The annual growth of Islamic finance is 15%. While Islamic finance may be a religious identity as a form of identity politics, the top-tier global firms such as Deutsche Banks, HSBC and Citibank consider spiritually alternative Islamic finance as a large and attractive market for Western investors.



Procurement of wheat commenced in Punjab from beginning April '09. The warm winter with above normal temperatures in Dec 08 and Jan 09 has hit productivity, but there has not been a major decline in wheat production in Punjab. The procurement has brought in 102 to 105 lac metric tons of wheat in Punjab. The problems of stocking continue, as nearly 50 lac metric tons of last year's wheat is lying all over Punjab, due to slow movements of stock from the state. Most of the new wheat harvest is lying on open plinths. Bleak possibility of private purchase amid falling global prices makes the problem of stocking yield more acute.



In the last five years, the agriculture and allied sector of Jammu and Kashmir, has contributed 27% of gross state domestic product. From 2004-05 to 2006-07, the net sown area in J and K has declined by 11000 hectares and irrigated area by 2000 hectares. The J and K state had spent 85% of Rs 5550.68 crore allocation (excluding centrally sponsored schemes) for the agricultural sector, to meet establishment costs. There was no significant expenditure on crucial areas of agricultural production. Funds provided under the centrally sponsored schemes were not fully utilized. □□□