

NEWS WRAP

AGD

In the Second week of April, 2010, radioactive Cobalt 60 at the Mayapuri (New Delhi) scrap market, left one dead and seven critically ill. The waste has been traced to Delhi University's chemistry department. The gamma irradiator was purchased by the Chemistry department in 1968, from Canada, and was lying unused since 1985. For purposes of reselling, scrap dealers dismantled the equipment. In the process, the lead covering on the radio active substance peeled off, causing radiation exposure. Poor labourers handle hazardous waste in an extremely crude manner, without observing any safety norms. In 2009, around 5.9 million tons of hazardous wastes, generated in other countries, particularly USA and Europe, reached India, in the shape of scrap and reusable material. The imported waste is mainly life-expired electronic items, or e-waste, which contain dangerous toxic materials like mercury, cadmium, lead, heavy metals and radioactive substance. The domestic e-waste generation is around 4 lac tons, annually.

DIAMONDS

India has a share of 60% of the diamond cutting and polishing industry. Now China seeks to develop a competitive cutting and polishing industry, as domestic demand for diamonds expands. China has been obtaining larger quantities of rough diamonds from Africa, by providing the African nations with medicines and resources to build infrastructure. By direct deals with African governments, China has been locking up the supply of rough diamonds to India. The Indian diamond industry is the world leader, in cutting and polishing the precious stones. Competition between India and China for natural resources, particularly energy, minerals and land is reflected in the scramble for African diamonds. Some Indian companies have already conducted barter deals with African mining companies, exchanging diamonds for assistance, in installing polishing factories. India has exported an estimated \$17.5 billion in cut and polished diamonds during 2009-10.

CRICKET CORRUPTION

The annual six week Indian Premier League cricket tournament, which is based on the shortened Twenty 20 format of cricket has been a running success, since it was launched three years ago. It attracted international players and advertisers in huge numbers. Industrialists and movie stars own the eight teams. The competition is valued at \$ 4 billion in terms of broadcast rights, advertising, sponsorship, team franchises, and other sources of revenue. Sony holds \$2 billion of the nine-year broadcast rights, and Google holds the internet broadcast rights. Now a corruption scandal, evolving on allegations of money laundering, match fixing and bleak business dealings, threatens to destroy the tournament. India's most powerful politicians have infiltrated the Board of Control for Cricket in India and the IPL which control the tournament.

IRRIGATION EFFICIENCY

Agriculture accounts for about 84% of India's water use. In recent years, water tables have fallen in India's rural and urban areas. India holds just 4% of the world's water resources, even though it accounts for 14% of the world's population. Irrigation canals and tubewells irrigate about 69 million hectares, of India's estimated 140 million hectares

of cultivable land. Rest of the cultivable land is drenched by rains. 70% of pumped water either evaporates or irrigates unwanted weeds, rather than the intended crops, making India's irrigation efficiency, one of the lowest in the world. Drip-irrigation technology made Israel's deserts bloom in the 1960s. Since the mid-1990s when small drip-irrigation systems were introduced in India, the cotton yields, on drip-fed land has quadrupled. Sales of drip-irrigation systems, manufactured by Netafirm, the Israeli company that pioneered drip irrigation in the Negev desert and by Jain Irrigation Systems, has increased from Rupees 906 million (2004-05) to Rupees 9 billion (2009-10) in India. Two million hectares is under drip irrigation.

Drip irrigation and sprinkler systems deliver water only to the plants, which the farmer wants to grow, thereby reducing water consumption, labour costs, and requirements of weeding, fertilizer and fuel. Indian farmers still face obstacles in obtaining drip irrigation due to insufficient and restrictive credit for agriculture, and cumbersome processes for obtaining government subsidies. Falling water tables and spiralling food price inflation call for increased use of modern technologies to irrigate India's farms.

OIL EXPORTS AT RISK

Gas consumption is growing in Saudi Arabia at 7% per year. But for years little attention has been paid to the kingdom's gas reserves, which is the world's fourth largest. All the oil producing states of the Gulf are faced with the problem of the impact of domestic demand on exports, with the exception of gas-rich Qatar, the only state able to meet its gas demand. While populations are expanding and wastage growing, electricity and fuel continue to be heavily subsidized. The Gulf states are seeking to attract energy-intensive industries, such as aluminium plants and petrochemicals, with the objective of developing their economies, notwithstanding gas shortages. Unless Saudi Arabia improves its efficiency of energy uses, the kingdom's oil available for exports, could decline by three million barrels per day, by 2028.

Saudi Arabia produces about 8.5 million barrels per day, and raised its production capacity to 12.5 million barrels per day, in 2009. As it seeks to diversify its economy, Saudi Arabia has been burning increased amounts of crude to fuel power plants, desalination units and new industries. Rapidly rising domestic demand coupled with natural gas shortages indicates that the oil availability for exports is likely to decline. Global oil demand is expected to rise from about 86 million barrels per day, to 105 million to 110 million barrels per day, by 2030. The region's countries are searching for potential alternatives to meet domestic demand. Gas is being imported by the United Arab Emirates. In 2009, the UAE has awarded a \$20 billion contract to a south Korean consortium to build nuclear power plants, to help meet energy needs. Saudi Arabia is setting up a civil nuclear and renewable energy centre, to examine new energy sources.

GREEK DEBT CRISIS

The Greek sovereign debt crisis has highlighted the weaknesses of the existing co-ordination framework for economic policies within the euro area. In return for a multi-billion euro loan from the euro zone and the International Monetary Fund, Greece has agreed to a Euro 24 billion austerity package. The measures are intended to slash the budget deficit by 10 to 11 percentage points of gross domestic product, over the next three years. The package includes an increase in value-added tax, wage freeze, cuts in allowances, recruitment freeze, the abolition of short term contract and closure of hundreds of state entities. Decades of wasteful spending, mismanagement and corruption have led to IMF intervention.

GOLDMAN SACHS FRAUD

In 2007, Goldman Sachs, the US bank, failed to disclose that Paulson and Company, a hedge fund had a major role in structuring a mortgaged-backed collateralised debt obligation, so that it could bet against it. Goldman Sachs committed fraud in marketing complicated financial instruments. German and British banks were among the biggest victims. At the time of the financial melt-down, the Wall Street powerhouse inflated the housing bubble earlier in the decade, and then made profits from its collapse in 2007. Goldman Sachs viewed its clients, not as valuable customers, but as objects for profits.