

NEWS WRAP

AGD

Assam, which is India's largest tea producing state, has experienced abnormally high rainfall since April 2010. Excessive rains have destroyed hundreds of acres of tea gardens, and is expected to reduce tea output. The Himalaya originated Brahmaputra river and other smaller rivers have been flooding the region; and more than a tenth of the, 18000 hectares of tea plantations have been washed away. Several tea gardens have collapsed into the rivers, and many are on the verge of disappearing. There is a possibility of a tea production loss, and overall loss to the tea industry, in the long run. In 2009-10, India exported a fifth of its 979 million kg of tea output, which has fetched about \$579 million in foreign exchange. After the East India Company lost its monopoly in the tea trade with China, the East India Company started growing tea commercially in Assam, since early 19th century. There are about 850 tea gardens in Assam, employing over 800,000 people. Assam produced nearly 500 million kg of tea in 2009-10, and exported strong tea to over eighty countries, including Russia and Britain.

The annual summer floods and heavy monsoons rains have caused rivers to break river banks, and wear slopes of the tea gardens. Already faced with problems of falling productivity and extortion by rebel separatist groups, Assam's tea industry is now faced with the problem of shifting rivers affecting tea output.

WHEAT PROCUREMENT

Against the earlier target of 26 million tons of wheat procurement for April-June 2010, the wheat procurement by Food Corporation of India (FCI) and state agencies has been barely 23 million tons. Many states like Gujarat, Rajasthan and Uttarakhand wound up their wheat procurement operations by the third week of May 2010. Despite a record harvest, wheat procurement has fallen by nearly 4%, since the current marketing year commenced in April. In order to ensure buffer stocks, strategic reserves and supply of food grains to states for implementation of targeted Public Distribution System, the FCI and state agencies lift grains from the wheat 'mandis' across India. While Haryana and Punjab have contributed more than 80% of the total wheat lifting for the central pool, wheat arrivals have gone down, resulting in wheat purchase by the government agencies slowing down.

Compared to the wheat purchases of 2009-10, Punjab and Haryana's contribution has fallen by 5% and 8%, respectively. Between April-June 2010, the bumper harvest of 8 million tons wheat in Madhya Pradesh, has led to a rise of procurement of 3.34 million tons, from 1.58 million tons of the comparable period, last year. The adequate wheat stock holdings with the FCI, have stabilised wheat prices, in most of the wheat producing states.

CPI (MAOIST) WAR MONEY

The amount that the Maoist outfits extract from regions under their domination is substantial. The guesswork estimations of extortion money in the Red Corridor vary from Rs 1400 corers to Rs 2000 corers annually. Jharkhand could be contributing Rs 300 corers annually, followed by Chattisgarh with Rs 150 corers annually. A huge legal and illegal industry, along with a large forest produce trade amounting to corers of rupees,

makes Jharkhand a principal financial pillar to the Maoists. In Bihar and Orissa, sizeable contributions are being made by forest produce contractors, road contractors, mining companies, transporters and large and small scale industries. Comparatively, the money forcibly collected from individuals is meagre. The enormous financial base, allows the Maoists to procure arms and ammunition from illegal arms markets of Bangladesh and Myanmar. Large scale extortion and intimidation build up “annual budgets”, with sums earmarked for arms, ammunition and explosives; intelligence gathering; computer training, and propaganda and documentation.

In the different Maoist dominated areas, security officials allege that a large part of the money, collected for revolution, are being misused for personal wealth of the leaders. While schools are being destroyed in remote tribal areas, some of the children of the top Maoist leaders are reportedly pursuing engineering and medical studies in big cities. There may be little scope for personal aggrandisement by the top leaders. Even then criminalised fringe outfits have mushroomed in Jharkhand. Corruption in civil administration in states like Bihar and Jharkhand is also feeding the conflict. Since there is huge money and no accountability in Naxal affected districts, there are many block development officers, who willingly pay bribes, for a posting in the violent areas. The Maoists, bureaucrats and politicians receive equal financial benefits from the *illegal mining activities of Jharkhand*. There is a burgeoning Maoist war economy, besides the loot and extortion. Contractors constructing roads in the remote areas, willingly conceal explosives under the road surface, on behalf of the Maoists. The explosives generally target culverts and small bridges and permanently erase evidence of sub-standard civil engineering work. Delays in grants for mineral concessions enlarge the scope for illegal mining. The expenditure made by armed police, security forces, and para military forces in the ongoing anti-Maoist operations are excluded from local audit, similar to “war system of accounting” of the defence forces. The liberty of non-adherence to established accounting procedures and lack of transparency leads to corrupt practices and wasteful expenditure in the state forces.

IRAN'S URANIUM

In Feb 2010, Iran resumed enrichment of uranium from an original 3.5% to nearly 20%. Although weapons grade material requires enrichment to 90%, Iran's action alarmed Israel and western powers. Sometime in the second half of May 2010, Iran concluded agreements with Brazil and Turkey to exchange its Low Enriched Uranium (LEU), for higher-enriched non weapons grade fuel rods. Iran has now opted to despatch bulk of its LEU (around 1200 kgs) abroad for enrichment which it has agreed to conduct abroad in Turkey. Within twelve months, Turkey is expected to deliver processed nuclear rods. The new agreement does not prevent Iran from continuing low-level uranium enrichment, which could produce nuclear weapons, breaching five UN resolutions. It also reflects a new willingness, on the part of emerging regional powers, to take a step towards “south-south” diplomacy, where western powers have failed to find solutions on intractable issues. Brazil brokered the deal together with Ankara. Fuelled by fears that ballistic missiles developed by Iran could be directed at strategic sites in Israel, the Jewish state has deployed three submarines equipped with nuclear cruise missiles in the Persian Gulf. □