

NEWS WRAP AGD

The gap between the rich and the poor in India remains unchanged, as the high growth fails to feed India's hungry. India's economic growth targeted at 9% (forecast 8.5%) in 2010-11, makes it the fastest growing large economy after China. The rapid growth is concentrated in a handful of South and West Indian states, and among a tight circle of businesses. Helped with dynamic manufacturing and service sectors, the established economies of Maharashtra, Gujarat, Karnataka, Tamil Nadu and Delhi are driving India's growth rate. Having the lowest per capita income, the rural and over populated hinterland of Uttar Pradesh, Madhya Pradesh, Orissa, Chattisgarh, Bihar and Jharkhand have long been characterized by low growth. However, Bihar with a population of 90 million has recently recorded higher rates of growth. With a population similar to Brazil, the state of Uttar Pradesh has a low growth rate, added with extreme social marginalization. The Indian sovereign state with the highest per capita income average was four and half times the per capita income of the poorest Indian state. Not much has been addressed to the chronic under-nourishment of tens of millions of Indians. The quality of lives of 1.2 billion Indians is yet to be transformed. Without poverty being tackled, the highly populated states of Uttar Pradesh, Madhya Pradesh and Chattisgarh continue to have per capita incomes, considerably lower than the national average.

The average calorie intake among India's poorest has been stagnant, for more than a decade. More than 80% anaemia prevails in 11 out of 19 states. Inadequate nutrition causes stunting and poor development in more than half of India's children under the age of five. Higher public spending on health and education remains inadequate. Of India's 28 states, at one extreme India is an industrialized and wealthy country, on the other it is chronically poor. Rising onion and milk costs have driven food inflation to 15%, compounded with hoarding and speculation.

INDIA'S SOLAR LIMITS

Recently India has announced that it has selected thirty companies to receive government subsidies for generating solar power. These firms are barred for the next several months from importing certain types of solar panels, which convert sunlight into electricity, and will face a complete import ban from April 2011. As India embarks on a major rollout of solar power, they threaten to cut American and European firms out of a promising market. India has one of the most ambitious solar projects in the world, aimed to spend tens of billions of dollars to subsidize the generation of 20,000 megawatts of power by 2022. Solar panels convert sunlight into electricity. But limiting access to high quality solar equipment that is available outside India, could discourage investors from developing solar projects in India. India hopes that \$20 billion on solar energy programme will bring manufacturing of solar panels and jobs into India. Under the policy, foreign companies are allowed to set up manufacturing facilities in India through joint ventures. There is a risk that import restrictions will cut off Indian solar companies from advanced technologies.

The rules are intended to project two Indian companies, Moser Baer India Ltd, and Tata BP Solar India Ltd, a joint venture of Tata Power and BP Solar International, Inc, who allegedly do not produce a wide range of highly efficient solar panels for power generation. India has a reliance on coal, which fuels more than half of India's 167,000 megawatts of electricity output. While India avoids accepting a cap on carbon emissions, it is, of late, investing in cleaner energy as well. Lenders and investors feel that solar power plants will not be economically sustainable. At the recent auction for solar power from generating companies, the highest price has been 28 cents a unit.

STRATEGIC ARMS

The original Strategic Arms Reduction Treaty (START) of 1991 expired at the end of 2009, between USA and Russia. In the nuclear field, for the first time in decades there was no mutual inspections and monitoring between Russia and US. On 08 April, 2010, USA and Russia signed the New START treaty, representing a strengthening in the nuclear commitments of both countries. The treaty reduces the number of strategic weapons to a level of 1550, and restarts a verification scheme. The recent ratification of the New START re-introduces legally binding limitations on the numbers of nuclear war heads and an affective verification regime. Non-proliferation, disarmament and peaceful uses of nuclear energy fortifies European Security and the global non-proliferation regime. However, the treaty itself imposes only modest limits on long range nuclear missiles deployed by Russia and USA, in comparison with their current levels, and by certain counts reduces their totals, marginally. The US Senate has rallied to support and ratify the showpiece arms control treaty with Russia. US-Russian Co-operation, which has increased on subjects such as Iran and Afghanistan, has been raised by the treaty. □□□