

NEWS WRAP

AGD

On relations with Iran, India is compelled to securing energy supplies and export markets for Indian products. Iran is India's second largest oil supplier, and supplies India with about 12% of its oil imports. Iran purchases large amounts of Indian Basmati Rice and Tea. For a considerable period of time, USA has been campaigning to end an arrangement which it felt was in breach of UN sanctions aimed to stop Iran's Nuclear program. Suspicions lay on an arrangement, under which an Iranian owned German Bank and Germany's Central Bank, processed oil money destined for Teheran. The Europaish–Iranische Handelbank was blacklisted by USA late 2010, but Germany has no evidence linking the bank to Iran's nuclear program or breach of sanctions. The Hamburg based EIH was left off a European Union financial sanctions list, and was free to make and receive payments. However, USA has been insisting that EIH provides financial services to four other banks, already under EU and US sanctions, as well as functioning as one of Iran's few remaining access points, to Europe's financial systems. The EIH has allegedly helped Iran proliferation by working on transactions between a weapons exporter and a designated Iranian group.

After pulling out of the Asian Clearing Union, of which Iran is a member, India started in using the EIH and the Central Bundesbank, Germany's core intra-bank payment system. Now under US pressure, India has recently agreed not to seek further payments to the EIH, via the Frankfurt based Bundesbank, even though oil shipments from Iran and payments for oil imports, did not breach any sanctions.

GROWTH AND CORRUPTION

In spite of economic growth of 8.5%, the benefits of growth have not spread widely among India's 1.2 billion citizens. Those earning less than \$3000 a year have grown to 111 million, from 101 million in 2005. Calorie consumption by the bottom 50% of the population has been declining since 1987, even as those at the top of society display rising obesity. Around 46% of children younger than three years old are physically under-sized for their age. Infrastructure in the cities and the countryside remains terribly inadequate. A persistent accompaniment to India's high growth rate has been rising prices, affecting the urban poor. Much of the ascending inflation is in basic foods. Food inflation is running at about 14%, and general inflation in excess of 10%. The public-education system is in a shambles. Land reforms needed to stimulate industrialization have never started.

The Union Government of India and the State Governments are afflicted by revelations about corruption. Economic reforms were expected to reduce graft by ending the "License Raj", a corrupt system of government permits that governed economic activity. The Union Government also reduced the tax burden on individuals and companies to encourage greater compliance to tax regulations. Economic reforms and growth have created more opportunities for graft, and corruption has become more prevalent now than earlier.

LOKPAL BILL

During a debate on demands for grants for the law ministry in 1963, the idea of establishing an authority where the citizen can seek redress against administrative acts of the government was first mooted. A forum for citizens to complain against public officials is provided by the office of Lokpal or Ombudsman. The first Lokpal Bill in India was introduced in 1968, lapsing with the dissolution of Lok Sabha. Seven times more the Bill was introduced in parliament, the last time being in 2001. In 1985 the Bill was withdrawn, and on other

occasions it lapsed. The 2001 Bill was referred to a standing committee, which accepted that the Prime Minister and MPs should be included in the Bill. Eighteen states have enacted legislation to set up the office of *Lokayukta*. Social activist Anna Hazare's fast unto death for the enactment of a strong Lokpal Bill has led to the government forming a panel joint committee, involving representatives from the government, as well as civil society, for redrafting the proposed anti-corruption Lokpal Bill. However, there are no safeguards that any constitutional office, would remain free from government control.

US SPIES IN LIBYA

The CIA has been operating clandestine operatives in Libya, to gather intelligence for military air strikes and to contact and assist the beleaguered rebels fighting Col Muammar el Qaddafi's forces. Even as there are no US military ground troops participating in the Libyan campaign, small groups of CIA operatives have been working in Libya for over three months, as part of a shadow force of western powers. In addition to the CIA presence, dozens of British special forces and M16 intelligence officers are working inside Libya. Directing air strikes from British jets and gathering intelligence about the whereabouts of Libyan government tank columns, artillery pieces and missile installations are being co-ordinated by British operatives. The US spies have been meeting rebel groups to fill in gaps in understanding who their leaders are, and the allegiance of the groups opposed to Colonel Qaddafi. □□□