

## NEWS WRAP

AGD

INDIA HAS ONE OF THE FASTEST growing tobacco markets, with a tenth of the world smokers residing in the country. A majority of India's 100 million smokers, puff the 'bidi', an unfiltered tightly rolled leaf. The highly affordable 'bidi' cigarette, is a uniquely Indian industry, with political support. Three years earlier, India introduced legislation, banning smoking in public places. India is one of a minority of developing countries to restrict the habit. In 2010, the Union Government of India, blocked new foreign investment in the tobacco industry. Foreign companies interpret the move as protection of local interests. The 'bidi' industries magnates comprise some who are close to power, including cabinet and state ministers. The Union Minister for heavy industries, owns one of India's biggest 'bidi' and tobacco derivatives businesses, Ceeja Tobacco. Political influence finds reflection in the protected status of the 'bidi' industry, alongwith chewing tobacco, as one of the cheapest, most lightly regulated, as least taxed tobacco products of the world.

### ENERGY SUBSIDIES

To enable the exposure of India's population to real fuel prices, and reduce pressure on the fiscal deficit, there are calls for a dramatic cut in energy subsidies. India achieved 8.6% growth in 2010-11. But the distortions created by energy subsidies have been crippling India's state owned oil companies for long. India depends heavily on imported oil. The reduction in fiscal deficits has to be balanced with the requirement of spending more on infrastructure, health and education. About 9% of India's gross domestic product is spent on energy and other subsidies. India's per capita oil subsidies are three times as high as China's. The price of petrol has been liberalised in India, and increased 41% since Feb 2010. Diesel fuels India's truck fleet, and New Delhi is hesitant at raising state controlled diesel prices, fearing inflationary impact. The India Economic Survey of the Organisation for Economic Co-operation and Development has recommended the phasing out of diesel subsidies, and the conversion of kerosene and liquefied petroleum gas subsidies into cash payments to the poor.

### OIL WAR IN SUDAN

In June 2011, President Omar Hassan al-Bashir of Sudan despatched troops and tanks to violently annex Abyei, a battle scarred town on the contested border, dividing northern and southern Sudan. Thousands of his soldiers are fighting in two volatile areas, Blue Nile and Southern Kordofan. A crippling blockade of the south continues, strangling food and supplies. Renegade southern militias, believed to be armed by Mr Bashir's intelligence services, have increased their attacks, hitting army bases, snatching weapons and stretching southern troops. UN vehicles are being hijacked to get to the battle field. President Bashir is accused of conducting a genocide in Darfur. His strategy is to ensure his northern government controls as much oil as possible, or at least is richly compensated. Both the northern and southern economies are dependent on oil. The north has the pipelines and refineries, the south about 75% of the reserves.

### NATO OPERATIONS

The four months old mighty NATO operation has been going on in sparsely populated Libya. The fiscally stressed US Superpower is steadily unwilling to subsidise the cost of operations. The allies are beginning to run short of munitions, requiring USA to furnish the difference, European NATO allies are yet to meet the alliance's benchmarks for defence

spending. The Pentagon has supplied precision guided bombs and other munitions to allies in the Libyan theatre. To run the air war over Libya, an augmentation of US targeting specialists is needed. A NATO command centre in Italy, established to handle 300 sorties a day, possesses enough aircraft to launch about 150. □