

NEWS WRAP

AGD

With an annual growth rate of about 7%, Bangladesh still has concrete problems. 40% of the delta, on which 145 million people live, is flooded for three months every year. The population is projected to increase to about 250 million, by 2050. River erosion destroys 1% of agricultural land every year. After the army captured power two months earlier, president Iajuddin Ahmed, under pressure from the military, declared a state of emergency on 11 Jan '07, apparently for preventing rigged and violent polling. Without rolling tanks and automatic weapons fire, more than 50,000 political goondas are under detention. Numerous senior members and activists of the Awami League (AL) and Bangladesh Nationalist Party (BNP) have been arrested. Since the last military government, the two major political parties have looted and misruled Bangladesh, for sixteen years. Teams of military and civil investigators have re-enforced the "speedy trial tribunals" set up by the BNP, which governed Bangladesh till end 2006.

The military backed government has appointed a new electoral commission, and has eased out members of the anti-corruption authority.

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Five years ago, the "New Partnership for Africa's Development" (Nepad) was created, as a "vision and strategic framework for Africa's renewal". The new look Africa Union (AU) emerged, along with the African Peer Review Mechanism, whereby panels of independent members, from across the African continent, would assess each country. Rwanda, Ghana and Kenya have been reviewed, followed by Mauritius and South Africa. The draft review report on South Africa is now in unofficial circulation, though there is a threat to delay in publication, until the next A U meeting, in July '07. South Africa's post-apartheid achievements include a liberal constitution, sound economic policy, rational new laws and free politics. But brittle rece relations, rising hostility against immigrants from Zimbabwe, reluctance of certain whites to accept a new South Africa, persistence of inequalities, HIV/AIDS epidemic, and violent crime continue.

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North Korea has agreed to close its nuclear reactor, in exchange for food, fuel and other aid from USA, China, Russia and South Korea. Under the accord, North Korea will have to disarm within 60 days, and within an undefined time schedule; North Korea will have to remove Nuclear weapons, and the fuel manufactured to produce them. The nuclear project at Yongbyon is to be closed and sealed and North Korea will "discuss" with the other countries, a list of all its Nuclear programmes, including the amount of plutonium extracted from used fuel rods. The process would be verified by international inspectors.

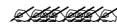
In return for North Korea dismantling Nuclear programmes, the partner nations have agreed to provide about \$400 million in various food, fuel and economic aid, USA and Japan have agreed to discuss normalizing relations with Pyongyang. There has been agreement that USA will remove North Korea from its list of terror sponsoring states, and also terminate US Trade and financial sanctions.

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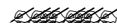
Under US Suzereinty of the Afghan war since October 2001, maintenance of order is by armed warlords. Afghanistan has evolved into druglord-run provinces. 30% of the farmers now cultivate poppies. As per UN estimates, poppy cultivation has risen by 59%, over the last year.



Data from National Survey Organisation reveals rise in unemployment figures in urban India, affecting men and women. While there has been a decline in unemployment statistics for Mumbai, Chennai and Bangalore, unemployment has risen in from 7% to 8.1% Kolkata, from 3.2% to 5.3% in Delhi, from 7.3% to 13.7% in Patna, from 5.5% to 9% in Vadadora, from 3.6% to 7.2% in Jaipur, and from 4.5% to 8.5% in Pune. Unemployment among men has incveased from 7.3% (1999-2000) to 7.4%(2004-05). Towns with population of less than 50,000, have experienced rise in unemployment from 7.2% (1993-94) to 8.7% (2004-05). Women have suffered rise in unemployment from 9.2% (1999-2000) to 11.7% (2004-05). These are strong indications that in the rural and urban areas, there is higher unemployment among the secondary and above educated, compared to those whose education level was lower than the secondary level. With about 70% of the population below 30 years of age, the unemployment rate is distinctively higher among the 15 to 29 years aged youth, compared to the population as a whole.



Through Foreign Direct Investment, Foreign Institutional Investment, NRI remittances, tourist earnings, software export earnings, private equity, and venture capital, there has been a gush in the money supply in India. Excess demand has caused inflation to rise to 6.58%,and inflatiion in manufactured products increasing from 1.9% (March 06) to 6.2%. The cash reserve ratio (CRR) has been increased by Reserve Bank in two portions of 25 basic points each,to 6% (effective 17 Feb and 03 March respectively). Even though Rs 14,000 crores may become un-available for the banking system, the money supply may not be reduced to desired levels.



The Cauvery Water Dispute Tribunal has decreed that the annual quantum of water released to Tamil Nadu from Karnataka would be 192 thousand million cubic (tmc) ft. In 1994-95 the release was 394 tmc ft and in 2005-06 the release was 383.91tmc ft. Hence the tribunal's award has been less than the average out-flow of water, except for drought years like 2002 and 2004. Karnataka has been, allowed to raise the ceiling on cultivation from 11.20 lac ares to 18.85 lac aeres, and permitted new water harvesting projects.

