

NEWS WRAP

AGD

India's internal conflicts include an upsurge of violence in Kashmir and widespread Maoist insurgency. There are fresh allegations that China has been meddling on the Indian side of the border, along Ladakh and Arunachal Pradesh. The Karmapa Lama fled China in 2000, and the senior Tibetan spiritual leader now faces suspicions of being a Chinese spy, after police found \$1.6 million worth of foreign cash, in one of his monasteries in Dharmasala (Himachal Pradesh). As part of prime minister Manmohan Singh's success in stabilizing the North-East, India has strengthened its border areas to secure the disputed territory of Arunachal Pradesh, over which China has claims. Substantial funds have been allotted to Arunachal Pradesh, for development of border areas, porter and mule tracks, and administrative centres in remote areas. The armed forces have diverted more resources to an area, long deprived of economic development and infrastructure. The military has formed a battalion of local, high-altitude trained troops, upgraded fourteen air strips, and accelerated modernization of roads. The Indian military force in Arunachal Pradesh is estimated to number 1.5 million.

On the eastern part of Arunachal Pradesh, adjacent to Namdapha National Park (Changlang district), reside the Lisu group of people, who also call themselves the Yobin tribe in Arunachal Pradesh. Occupying a fringe on India's border with Myanmar, since the early 19th century, the Lisus claim to live on their own land, under the Vijaynagar area of Changlang district. Myanmar recognizes the Lisus, as one of the seven Kachin minority groups. A small number of Lisus also live in Thailand. The Lisus comprise one of 56 ethnic groups officially recognized by China. With scarcely any territorial administration, the Lisus live like uncared refugees. At Gandhigram (Vijaynagar Circle), there is an army base camp, which similar to the Arunachal Pradesh frontier, is accessible only by helicopter. Trudging through the Namdapha forests for four days, with night camping, the Lisus reach Miao, 157 km away, to obtain essential food items. Construction work on the grand plan of the Border Roads Organization, to connect Vijaynagar to Miao, remains incomplete. In some of the extremities of Arunachal Pradesh, the Chinese military airdrops blankets and food items to local people, on a regular basis. Chinese choppers do their rounds even in bad weather. Inhabitants of scattered villages, who are beyond the reach of India government programmes, face harsh winters with the China airdropped food and materials.

The Lisus in Arunachal Pradesh number a mere 1293. However, their literacy rate is nearly 72%. The educated teach their illiterate tribe Lisu, Hindi and English. Some young Lisus study at North Eastern Hill University, in Shillong. The Lisus are tagged with the Chakmas, of Bangladesh, without scheduled tribe status.

CHINESE WORKERS EMPOWERED

Effective March 2011, the minimum wage of workers has been raised by about 20%, in industrial areas of China. The base monthly salary has become 1300 renminbi (\$200). This has imposed tremendous pressure on the manufacturing sector, especially the labour intensive industries. Firms from Hong Kong, Taiwan, Korea and Japan are facing similar pressures in the traditional manufacturing belts in the Pearl River and Yangtze River deltas, East Dongguan and Guangdong Province. Chinese workers are now caught in a double edged sword of rising wages and a spiral of wage-price inflation. This has accelerated the movement of workers inland and sharpened labour market imbalances. More and more workers in the manufacturing regions, are staying back in their villages in the countryside, after the annual Lunar New Year vacations, and taking jobs with those companies moving into the interior. After a year of rising wages and labour unrest in Chinese Coastal

manufacturing regions, some manufactures are moving to less costly locals in the hinterlands, or out of China altogether. Fed up with rising wages and production costs, along with labour shortages in coastal regions, many firms are planning to move labour intensive production out of China, to lower cost countries like Vietnam and India. Rapid urbanization and economic development in China's interior have led to increased wages and reduced the incentives for workers to uproot and seek work in coastal factory hubs. The premium leather goods brand Coach is shifting to Vietnam and India. Foxconn, China's biggest manufacturer producing gadgets like iPhones and iPods for Apple, has shifted production inland, with a few giant new factories moving along with entire supply chains.

AFGHAN BANK PANIC

There is a broad financial panic in Afghanistan, raising concerns that the country's largest bank could collapse, following fraud and mismanagement, resulting in potential losses over \$900 million. The Afghan government's efforts to avoid a collapse of the Central Bank of Afghanistan requires large infusions of cash from an already strained budget. Kabul Bank's troubles could prompt a run on solvent banks. Much of the defrauded money has gone into the pockets of small group of privileged and politically connected Afghans, who prevented earlier verification of the bank's dealings. Kabul Bank pays Afghan Security Forces. The US military which pays the salaries, is looking for new banks, to process the \$800 million payroll monthly. The missing millions were invested in a real estate bubble, that has since burst in Dubai. Some of the ill-gotten money was diverted to dubious projects and donations to Afghan politicians. □□□