

# News Wrap

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President Reagan and President Gorbachev had signed a treaty in 1987, eliminating Nuclear tipped medium-range missiles, like the Pershings and SS-20s. Now USA feels that imposing limits on defences has not been wise, and is planning a missile-defence shield in Europe. The anti-ballistic missile shield would involve deployment of interceptors in Europe, though Russia may not be a target for US expansion in Europe. Aimed to destroy missiles through impact, at a speed of 26,000 km per hour, the interceptors are without explosives, but carry a chunk of metal. The debris from the collision in outer space, is expected to burn up in the atmosphere. The interceptors may be stored at Fylingdales in Youkshire, and in other silos of other US bases in Britain. The domestic reaction is bound to be stormy in Britain; and Prime Minister Tony Blair has reportedly been discussing issues with Gordon Brown, his probable successor.

Interceptor sites exist in Alaska and California, and there are plans for installing ten missile-interceptors in Europe. The interceptors are a shield against missiles from inimical states like North Korea and Iran; and would also destroy long range missiles fired from the Middle East. New interceptor sites are planned in eastern and central Europe, among NATO's recent members. The Polish and Czech prime ministers are keen on providing missile-defence sites. A new radar station may be built near Prague; and silos for missile interceptors may be installed in Poland. This has led to issue of warnings from Russia's strategic forces commander, that Poland and the Czech Republic could become targets for Nuclear weapons, if they accepted the US anti-missile defence bases. Mr Putin has reminded the Czechs and the Poles, as to why, at all they joined NATO. The defence with rockets finds opposition from Russia, fellow European leaders, and voters in the affected countries.



The UN's Intergovernmental Panel on Climate Change (IPCC) is of the opinion that human activity is overwhelmingly responsible for climate change. The global temperatures will increase by 1.1°C and 6.4°C by 2100. There could be longer and more intense heat waves with mercury rising by about 3°C, caused by carbon levels may rise by 18-59 cms to 1.4m, with contributions from accelerated glacial melting, leading to swamping of low-lying coastal cities. Man-made factors have accelerated strong tropical storms. While visible airborne particles like sulfates from coal-burning power plants have cooled the earth, by reflecting solar energy; there has been an increase in invisible carbon emission.



Beyond the purchasing capacity of most prospective buyers, property prices are rising at huge rates of 10 to 30%, every quarter in India. Within the new construction projects, one could notice empty flats, blocks and buildings. But

private banks continue to lend money, wholeheartedly, believing that the economy will keep growing at high rates. The banking system may be on a downward spiral, if the real-estate market collapses. Builders and speculators continue with the building boom, keeping the overall growth rate artificially high, as enabled by the government's directives on the banks, not to raise interest rates on home loans.

The union government appointed Committee, to study ways to reduce the problem of rural indebtedness, failed to submit its Report, before the union budget. The interest rates for farmers are much higher, than for homes and cars. On farm loans, the banks and micro-finance institutions are charging 18 to 24% interest. This is decidedly higher than the 7% interest on agricultural loans, as promised by the union government. With high loan rates, and low agricultural returns, any loan obtained leads to indebtedness. The borrowings from moneylenders continue to be high, and credit from the formal sector, has declined over the last three years.

The preliminary findings of the Committee have noted that in Punjab, with a high level of agricultural production, rural indebtedness is the most acute. 80% of the indebted house-holds in Punjab, belong to the scheduled castes, and possess small and marginal holdings. The lack of land reforms and strangle of strong feudal forces are a problem in Bihar and Uttar Pradesh. But agriculture has progressed a little in Bihar, arising from remittances by the State's migrant workers, who are working in all regions of the country, including far flung Gujarat and Kerala.

The Committee has identified two types of indebtedness . The first is of 'consumption loans' such as health care costs or marriage expenses. The second covers 'capital formation loans' extending to better farm inputs or tractors. The entrepreneurial farmers who take risks, are more prone to suicides, when investments on borrowed money do not deliver returns, as in Punjab and Andhra. Fewer 'capital formation loans' are taken in Orissa, Bihar or Assam, as there is slender economic activity amongst subsistence farmers in these states, resulting in fewer suicides. A National Sample Survey Organisation study of 2002-03, found that 40% of farmer households wanted to quit agriculture.

The West Bengal government has re-launched an old scheme of agricultural loans for share-croppers—'bargadars' and 'pattadars'—those who have been given free land by the state government. Now Rs 5000/- (earlier Rs 500/-) will be provided as loan for every one acre of land owned by a pattadar, or tilled by a bargadar. The annual interest would be 4% on the loan.

During 2006-07, agriculture grew by only 2.7%, while GDP increased by 9.2%. The GDP share of agriculture has fallen to 18.5%.



Massive power shortfalls in India, complicate efforts to widen investment in infrastructure. Power generation capacity will be much below targets during the tenth plan period (2002-07). Over the next five years, there is an urgent

necessity of adding about 75,000 MW capacity. The power shortages would require \$320 billion investments, to surmount infrastructure gaps. ~~del del~~