1) The Shailoh (In brief):

The hair of human hair sheitels are imported primarily from China and India, with a much smaller share coming from Europe and the U.S. The export leader is China. However, a lot of the hair also originates from India, which is the source of the Avoda Zarah problem. The hair is procured from women Hindu worshippers who offer their hair to the temple gechkehr inside a special "barbering" room. Devotees sit on the floor and bend their heads forward to let a temple barber shave their scalp with a straight razor blade. They do this as a "gesture of gratitude" to the gechkehr, or, in the words of one temple official, to "sacrifice their regalia" (whatever that is supposed to mean). The hair is then auctioned off (unknown to the shavees) for a hefty profit to Western bidders. It is a booming business: 500 temple barbers shave 26,000 foolish idol worshipping heads a day.

The Shailoh is whether these hair offerings are considered food or item that became forbidden to own or to derive benefit from. There is no way to "Kasher" it - it remains "Tref" forever and must be burned and buried. Moreover, any profits derived from the sale or commerce are also "Tref" and must likewise be destroyed. Hence, the magnitude of the Avoda Zarah shailoh is enormous: Many sheitel business would face the prospect of having to destroy all of their inventory and even their homes and property derived from the sheitel business profits - a serious shailoh indeed!

However, many people are unaware that there are many detailed Halachic conditions that determine what constitutes a true Avoda Zarah, and what is Halachically regarded as genuine. This is not the forum for a proper scholarly treatment of this topic, but suffice it to say that the mere fact that naive people shave their hair and donate it to a gechkehr does not render the hair "Avoda Zarah". The Shulchan Aruch and the Shas Meker discuss various conditions, among them, the requirement for a kind of a mitzvah i.e. an act resembling an Avoda in the Mizbech. In the case of the hair, it could take the form of "shoteh", burning on an altar (not relevant here because the hair is not on a temple is saved), or a kind of "shoteh", i.e. throwing the hair at the idol or altar in a manner that a kind of "shechah" of the hair for the gechkehr in the form of the cutting of the hair. This last possibility might be a problem if, in fact, the cutting of the hair is part of the Avoda Zarah ritual. The facts on this point are unclear. However, this factor might indeed be part of the point of Halachic contention fueling this "tumut". At this point, no one seems to know. Following is some current conclusive information: