

PART A: News pertaining to Planning Commission



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Compiled by:

**S. Wadhawan, ALIO
Mrs. Varsha Satija, SLIA
Planning Commission Library**

and Communication, IT & Information Division

(महापुरुषों के प्रेरणात्मक विचार)

(Character may almost be called the most effective means of persuasion. चरित्र को हम अपनी बात मनवाने का सबसे प्रभावी माध्यम कह सकते हैं.)

Aristotle अरस्तु

1. Modi Govt Likely to Unplug Headless Manufacturing Think Tank NMCC

The Economic Times: 22.12.2014

While Council's member secretary Ajay Shankar's term that expired in Nov hasn't been renewed, other senior officials have left for other pastures; 2 junior officers are left in NMCC

Current Status

*Expected Future Some speculate that NMCC would likely be merged with the revamped **Planning Commission***

Dilasha Seth & Vikas Dhoot New Delhi: While the Narendra Modi government wants to revive the beleaguered manufacturing sector through its ambitious 'Make in **India**' pitch, it seems to be unplugging a dedicated think tank for the sector set up by the UPA government that included industry captains such as Ratan Tata and Adi Godrej — the National Manufacturing Competitiveness Council (NMCC). V Krishnamurthy, the council's chairman since its inception in 2004 and who is said to be close to former Prime Minister Manmohan Singh, recently "resigned", said officials. Its member secretary Ajay Shankar's term that expired in November hasn't been renewed, while other senior officials have quietly left for other pastures. Two junior officers are all that is left of the council that has occupied significant real estate in the capital's Vigyan Bhawan, even as officials admit it achieved little purpose.

Waiting for Turn of Fate

NMCC was formed in September 2004 to advise the government on industrial and sector-specific initiatives required for enhancing competitiveness of industries

Problems Faced by NMCC

The council currently headless

V KRISHNAMURTHY, THE COUNCIL'S CHAIRMAN RECENTLY "RESIGNED"

Member secretary Ajay Shankar's term that expired in November hasn't been renewed

Other senior officials have quietly left for other pastures

Current Status

Two junior officers left



Think tank's work has been transferred to Department of Industrial Policy and Promotion

Expected Future

NMCC would likely be merged with the revamped Planning Commission

India's manufacturing sector contracted 0.7% in 2013-14

In October, industrial output dropped 4.2%



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ARUN MAIRA

a former member of the Planning

India's manufacturing sector contracted 0.7% in 2013-14, the first drop in output in over two decades and only the third after the nation gained independence. In October, industrial production dropped 4.2%, the worst in three years, with nearly half the officially tracked industrial sectors shrinking. Amid this slowdown, the headless manufacturing think tank's work has been transferred to the Department of Industrial Policy and Promotion for the time being, before the PM takes a final call on its future.

The department is also in charge of steering the Make In India campaign.

"There are no new appointments at the top level. It is to be seen whether NMCC remains or
Waiting for Turn of Fate

The council currently headless Other senior officials have quietly left for other pastures NMCC would likely be merged with the revamped [PlanningCommission India](#)'s manufacturing sector contracted 0.7% in 2013-14 In October, industrial output dropped 4.2% not and in what form. Most officials have already moved out," said a government official on the condition of anonymity.

"The Prime Minister will also take into account the significant overlapping of work by the many think tanks created under the UPA government, with little policy decisions on the ground." Krishnamurthy, as chairman of the NMCC, enjoyed the rank of cabinet minister, though he spent most of his time in Chennai. The government had also nominated the 28 members of the council, who were representatives of various industrial sectors and technical institutions, management experts and economists. "NMCC was doing what [PlanningCommission](#) should be doing in the industry arena, but it was not enough. You needed to have far more activity in NMCC regarding industry, in the form of dialogues and make [plans](#)," said Arun Maira, a former member of the [Planning Commission](#) and NMCC. The purpose of each institution must be examined from time to time, he added. NMCC was formed in September 2004 to advise the government on industrial and sector-specific initiatives required for enhancing competitiveness of industries. "The council gave many suggestions but those were not being acted upon by the government," Maira pointed out.

Another official argued that with the secretary at the Department of Industrial Policy and Promotion already holding intense dialogue with the industry and initiating steps to promote manufacturing, NMCC was in a way redundant. "So many bodies are not required. The proliferation of these bodies with overlapping work only creates confusion," he said. Some speculate that NMCC would likely be merged with the revamped [Planning Commission](#). Modi scrapped the 64-year-old [Planning Commission](#) to replace it with an yet-to-beformed think tank.

"All these bodies are being wound up and will get blended into hopefully what will substitute the [Planning Commission](#). There was anyway not much happening," said a former [PlanningCommission](#) member. Besides NMCC, there are other defunct think tanks such as the National Innovation Council and the Prime Minister's Economic Advisory Council or PMEAC, which was headed by former central bank governor C Rangarajan.

"These think tanks including NMCC and PMEAC were created by the UPA to accommodate senior retired officials close to the then regime. But what is the use to have so many such bodies when it did not result in improvement in the economy or say manufacturing," said a former NMCC member.

An industry official told ET that though the NMCC was a good idea, it degenerated into an ineffective parking place for retired officials as it never had teeth to implement recommendations, nor was it able to convince the government or the Prime Minister's Office to take meaningful corrective action to salvage the sector whose contribution to the economy has stagnated at the same level of 15% for nearly two decades.

2. The Republic of RSS

Anand K. Sahay, Deccan Chronicle: 22.12.2014

Mr Modi has tactically avoided lending his voice to the re-conversion cacophony... He has perforce to be mindful of his constitutional status when his cohorts are running a campaign that is repugnant to the Constitution.

“RSS republic” is, of course, not the same as Hindu Republic, although the Hindutva mother-body seeks to glamorise itself as the torchbearer of Hindu society and falsely presents itself as the renewer of Hinduism, its mojadidi. Witness its shrill and deeply divisive “ghar wapsi” or re-conversion pitch aimed at converting, foremost, the petty bourgeois and poor class Hindu (its presumed votebank) to its cause.

The supporting noise from senior Bharatiya Janata Party leaders in positions of power is revealing. It points to close coordination with an unelected outfit — which is transformed into an extra-constitutional authority when the BJP assumes power with a majority of its own in Parliament.

Prime Minister Narendra Modi has tactically avoided lending his voice to the re-conversion cacophony. Hence his deafening silence in Parliament. He has perforce to be mindful of his constitutional status when his cohorts are running a campaign that is repugnant to the Constitution.

The notion of a republic associated with any religion is dubious, for a republic is, by definition, founded on non-sectarian principles that embrace the equality of citizens, irrespective of faith or hierarchies. But the idea of a Hindu republic is doubly confounding. Unlike the so-called Islamic republics, which are governed by the basic laws of Islam (and less of a republic), there can be no basic laws of Hinduism governing a Hindu republic. These simply don't exist.

A Hindu view of state has not been propounded. The RSS is not about to propound one. It simply can't. In fact, it is not a body of Hindus in any religious sense. It is a deep-going political outfit. It is, of course, a serious player.

The RSS seeks to ride to power and retain it for the long term by continuing to mobilise citizens in the name of the religion of the majority and presenting the minorities as the hostile “other”. (Witness, for instance, the “Ramzadaharamzada” dichotomy emphasised by a Union minister.) Confrontations with the past are set up; the imagined victims of history sought to be consoled as part of the ploy.

But since this alone won't do in the democratic jostle at elections, the saffron leadership plays on secular slogans and the mistakes of non-sectarian political parties. Its mantra at present is “development”, although in the six months in which its representatives have adorned top office, there are few steps taken in that direction, if “development” is understood to be the use of national resources for the betterment of the lives of the people, particularly those most in need.

In fact, the opposite has been observed. A fat cat like Adani, a known bag carrier of Mr Modi since his days as chief minister, has been given a loan of one billion US dollars or about `6,000 crore by the SBI to invest in Australia. Did he first try the private banks — in **India** or Australia? Has any other industrialist received such a fat purse from any public bank in a single transaction?

More, was due diligence done by SBI in advancing the loan? Probably not, since the magnitudes are awesome. So, did the government weigh in at the highest level? Probably yes. This is as clear-cut a definition of crony capitalism as one might expect.

Therefore, just to clarify matters, should there be an investigation by appropriate authorities under Supreme Court guidance? Indubitably yes. We can't have such staggering sums vanishing into one man's pocket and wait for non-performing assets (NPAs, or loans not returned) to pile up.

If this is what the trope of "development" and "good governance" can be reduced to under the tallest men of the BJP guided by the RSS, then God help us. By the same token of good governance, this year Gandhi Jayanti (October 2) was shoved into the background by the PM's "Swachh Bharat Abhiyan" (the cleaning up of streets by preening politicians) calculatedly inaugurated on the same day, Indira Gandhi's death anniversary on October 31 sent to the dustbin in favour of Sardar Vallabhbhai Patel's birth anniversary the same day, the Christmas day nearly sent packing (but for a media outcry) in favour of holding an essay-writing and declamation contest in schools, and the old **Planning Commission** disbanded though another body or bodies will be doing similar things.

That's RSS', and by association the BJP's, distillation of the idea of development and good governance. But what's their view of parliamentary democracy that our Constitution decrees? How do they propose to manage state power — in a democratic way to further the institutions of democracy, or concentrate power in the hands of a chief who will advance the agenda of the RSS, a quasi-secret body?

We need look no farther than the conduct of government by Mr Modi and his relationship to Parliament. Mr Modi clearly looks down upon Parliament. He hardly ever sets foot in its chambers to engage on policy issues with the Opposition. He shuns discussions on matters agitating the public sphere even in his public appearances. Two-way interactions with the media — where questions are asked — are history. Mr Modi's ministers have been frightened into submission. The bureaucracy reports to work on time, but is kept busy looking over its shoulder. We have arrived at the most graphic case of the leader at the top as the issuer of instruction and the great thriver on state propaganda — the one leader syndrome at its most succinct.

3. Narendra Modi has brought hope that things can happen: Amartya Sen Indian Express: 22.11.2014

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Nobel laureate Amartya Sen at the Express Adda in New Delhi on Saturday.

Despite differences over secularism and social cohesion, Nobel Laureate Amartya Sen has praised Prime Minister Narendra Modi for providing a sense that things were once again moving in the economy, and for highlighting the need for toilets in the country.

Sen, who was the guest at a packed Express Adda on Saturday evening, also clarified his stance on government subsidies — he said the term must be “unpacked” to distinguish between essential national services such as public education and healthcare, and subsidised cooking gas and diesel. Sen warmed the chilly evening with a staggering range of stories: from how he took the former England captain Mike Brearley to his “quietest” New Year Eve in Kolkata, to how Sanskrit has 16 words for “justice”, each with a different nuance.

In the eclectic, informed audience were, among others, former RBI governor Y V Reddy, actor Sharmila Tagore, Chief Economic Adviser Arvind Subramanian, Aam Aadmi Party leader Yogendra Yadav, BJP Lok Sabha member from Mumbai Poonam Mahajan, designer Rajeev Sethi, Raheja Group chairman Navin Raheja, Brookings India Director of Research Subir Gokarn, Population Foundation of India’s Poonam Muttreja, economist A K Shiva Kumar, lawyer Rajiv Luthra, artist Jatin Das, former Chief Election Commissioner Navin Chawla, adman Suhel Seth, journalist Mark Tully and entrepreneur Ramola Bachchan.

“I am critical of Mr Modi but I have to say he has given a sense of faith to people that things can happen. It may not be in exactly the same way that I would have liked to have happened... I think it is quite an achievement. It is a compliment, but our differences on secularism and other things don’t go away,” Sen said.

He added that former Prime Minister Manmohan Singh was not able, in the second term of the UPA, to send out the signal that (positive) things could happen.

Economist-philosopher Sen is now Thomas W Lamont University Professor and Professor of Economics and Philosophy at Harvard University. In 1999, the government of Prime Minister Atal Bihari Vajpayee honoured him with the Bharat Ratna, the country's highest civilian award. Sen is one of Prime Minister Modi's most trenchant critics, who had said that he did not want Modi to lead the country because of his lack of secular credentials.

In the course of the two-hour conversation moderated by The Indian Express Contributing Editor Pratap Bhanu Mehta and Deputy Editor Seema Chishti, Sen mentioned Modi's speech on Independence Day, during which the PM had highlighted the need for toilets for all.

"I was delighted that for several years I was writing about open defecation and how the toilet is needed. This is the second thing I am praising about Mr Modi now... that on top of the Red Fort, he shared many good things, one of which was the absence of toilets and the other was the fear women suffer from. Not much has been done, but at least it is being talked about now," he said.

While praising former Prime Minister Manmohan Singh as an economist, Sen said that had Singh stepped down after his first term, he would have been considered a very successful PM.

Sen said he was not in favour of diesel and cooking gas subsidies; however, the state must provide essential national services such as healthcare and education.

Pointing to the example of the British National Health Service and the American system of public education, he said, "These are essential services and putting them in the same word as subsidising cooking gas or diesel is a huge mistake. The ability to distinguish between essential services the state has to provide is important."

By attacking these, Sen said, we only prevent the state from providing essential services. But power and cooking gas subsidies were "huge mistakes" that the previous government made, he said.

Sen also stressed that the food security programme and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) needed to be re-worked. "On food security, there was a lot of criticism from those supporting the government, but the government has actually fought with the WTO to keep the food security on, and that itself is a good policy though it has to be re-done," Sen said.

He added that while there was need for an employment scheme, its current organisation was "very bad and is strongly in need of reform".

Sen criticised the NDA government for its failure to recognise India's multi-cultural and multi-religious identity. "To me the biggest issue is that the central government hasn't looked into is the issue of social cohesion and culture. It is such a central recognition throughout Indian history," he said, adding that the issue of environment protection and clean energy must also be looked into.

On the growth-versus-development debate, Sen argued that no country in the world has succeeded in maintaining high economic growth only on the basis of physical capital while having unhealthy people and uneducated citizens and workers.

"The argument that a poor country or state can't provide universal education and healthcare is very bad economic reasoning," he said while responding to a question.

Sen gave the example of Kerala, which he said was the third poorest state in India when it started a programme of providing universal healthcare and education in the 1960s, and which is now the state with the highest income according to NSSO data.

"Gujarat, which has the second highest income, is always touted as the (state with the) highest (income)," he said.

Sen, who along with Jean Dreze has co-authored the book 'An Uncertain Glory: India and its Contradictions', has attracted criticism for advocating government spending on subsidies and welfare programmes.

Providing the universal services of education and healthcare result in a rise of incomes, Sen argued, adding that even states like Himachal Pradesh and Tamil Nadu, that had moved partially towards such policies were among the richer states now.

4. Only 40 per cent of rural households dependent on farming as main income source: NSSO

Harish Damodaran, Indian Express: 22.11.2014



Hardly 58 per cent of rural households in India are engaged in farming activity, which, in turn, contributes not even 60 per cent to their average total monthly incomes.

These are the findings of the latest countrywide “Situation Assessment Survey of Agricultural Households” conducted by the National Sample Survey Office (NSSO) for the 2012-13 crop year from July to June.

They refute a common perception regarding agriculture — how it generates just 15 per cent of India’s GDP (2012-13 data) despite rural areas housing 68.8 per cent of the total population (2011 Census). Such a view, reinforcing concerns of a widening Bharat-India divide, basically assumes “rural” to be synonymous with “agriculture”.

PROFILE OF AGRICULTURAL HOUSEHOLDS

	NUMBER (LAKH)	% OF RURAL HOUSEHOLDS	% REPORTING FARMING*	% OF INCOME**
Kerala	14.04	27.3	39.0	34.5
Tamil Nadu	32.44	34.7	66.1	43.2
Andhra Pradesh	35.97	41.5	65.4	51.8
West Bengal	63.62	45.0	58.7	30.3
Bihar	70.94	50.5	72.9	56.0
Punjab	14.08	51.1	55.6	69.3
Telangana	25.39	51.5	89.1	72.9
Karnataka	42.42	54.8	76.5	62.6
Maharashtra	70.97	56.7	74.9	59.5
Orissa	44.94	57.5	62.4	54.7
Jharkhand	22.34	59.5	73.4	56.0
Haryana	15.69	60.7	69.1	72.8
Assam	34.23	65.2	82.5	74.8
Gujarat	39.31	66.9	68.1	61.4
Chhattisgarh	25.61	68.3	81.1	64.3
Madhya Pradesh	59.95	70.8	77.9	76.5
Uttar Pradesh	180.49	74.8	68.5	69.0
Rajasthan	64.84	78.4	52.8	55.9
ALL INDIA	902.01	57.8	68.3	59.8

*% reporting farming as principal income source, **% income earned from farming.
Farming income includes net receipts from cultivation and animal husbandry;
Figures are for July 2012-July 2013 period.

But as the NSSO survey findings released on Friday show, only 9.02 crore (57.8 per cent) out of the country's estimated 15.61 crore rural households were "agricultural" — defined as those having at least one member self-employed in farming, either in principal or subsidiary status, during the last 365 days.

Further, even within the 9.02 crore agricultural households, only 68.3 per cent reported farming (i.e. cultivation, livestock rearing and other agricultural activity) as their principal source of income. Thus, a mere 39.5 per cent of rural households today are dependent on agriculture as the source yielding the maximum share of income.

Even more revealing is the data on the total income of agricultural households. Net receipts from cultivation and rearing of animals accounted for just 59.8 per cent of the average Indian farming family's monthly income.

The remaining was from wage/salaried employment, non-farm business and other sources such as remittances, interest and dividends.

In short, while barely 58 per cent of rural households are now "agricultural", over 40 per cent of income even in their case comes from non-farming economic activities. This makes the gap between agriculture's share in GDP relative to that of the population residing in rural areas not as yawning as it may appear to be.

"While 69 per cent of India is still rural, the notion of rural meaning simply wheat or mustard fields is no longer appropriate. All agriculture is rural by definition, but the converse isn't true," points

out Neelkanth Mishra, India Equity Strategist for Credit Suisse, a global financial services company.

The most obvious examples of the weakening association of rural with agriculture are Kerala, Tamil Nadu, Andhra Pradesh and, perhaps surprisingly, West Bengal and Bihar. Slightly over a quarter of Kerala's rural households are "agricultural". Moreover, just about a third of income even for them originates from farming (see table).

Rajasthan has the highest share of agricultural-to-rural households, at 78.4 per cent. But agricultural households even in this state derive less than 56 per cent of monthly income from farming.

One reason for the growing chasm between "rural" and "agricultural" has to do with the very definition of the former, which is residual: Under the Census, any area not urban is deemed to be rural. Urban, on the other hand, refers to any place having a minimum population of 5,000, a population density above 400 per square km, and at least 75 per cent of the male working population engaged in non-agricultural pursuits.

Such a wide definition implies that even if only a quarter of households in a particular place are agricultural — which is roughly the levels reached in Kerala — it will continue to be classified as rural.

As a result, while the farm sector's share to GDP will keep falling — it was 25 per cent till two decades ago — rural wouldn't register as steep a decline, though it may become less and less agricultural.

Mishra estimates that agriculture's share within India's rural GDP is already now down to 25 per cent. According to him, 75 per cent of all new factories and 70 per cent of manufacturing jobs created in the last decade were in rural areas.

PART B

NEWS AND VIEWS

Monday 22nd, December 2014

Polity

: Delhi Voters Prefer BJP, but want Kejri in Saddle

Economy

: Would a falling oil price boost GDP growth?

Planning

: Centre announces steps to boost renewable energy

Editorial

: Cautionary signals

Communication, IT Information Division
Phone # 2525

RBI's new rules not enough: White-label ATM operators

They have welcomed the permission to allow use of international credit and other cards but say it isn't enough to assure viability

NUPUR ANAND & ABHIJIT LELE
Mumbai, 21 December

The Reserve Bank of India's latest effort to improve the scope and viability of white label automated teller machines (ATMs) might not be enough.

Last week, the banking regulator allowed usage of international credit, debit and prepaid cards in this regard. However, though entities in the segment have welcomed it, they believe it will not be enough to push the rollout of ATMs from the slow lane.

Unlike bank ATMs, white-label ATMs (WLA) are owned and operated by non-bank entities. Customers of any bank may use these, for a fee.

Sanjeev Patel, chief executive, Tata Communications Payment Solutions, says RBI's latest move would expand the host of services being provided by WLAs but not have a significant impact. "It will help us to an extent but things will improve for WLA players only if the interchange fee is hiked. The deployment of ATMs is not likely to pick up till this (happens)," he said.



Entities in the segment believe they need 120-140 transactions on a daily basis for an ATM to break even

PHOTO: BLOOMBERG

Navroze Dastur, managing director of NCR, an ATM manufacturer, said the recent guidelines were a step in the right direction but will not have a big impact on profitability or viability of the entities involved.

WLA operators and private banks have both been asking for an increase in the permitted interchange fee, currently ₹15 a transaction. This has been recommend-

ed to be revised to ₹16.50, plus service tax, making it ₹18.48.

The first three transactions at other ATMs are free and after this, the bank can choose to pass on the cost to the consumer, from November. But by RBI order, banks cannot charge consumers more than ₹20. Restricting the usage further at non-home banks ATMs in this manner will end by reducing the number of transactions, mak-

ing break-even tougher for WLA operators. RBI has allowed banks to limit the number of free transactions at non-home bank ATMs to three from the earlier five in the metros.

Entities in the segment believe they need 120-140 transactions on a daily basis for an ATM to break even. Those involved say costs have been going up due to higher rentals and the need to step up security.

RBI has now also allowed WLA operators to tie up with any commercial bank for cash supply at ATMs. At present, operators have to depend on their sponsor bank alone for cash supply arrangement. Again, entities in the segment believe it is important for public sector banks to tie up as sponsor banks. So far, it is mainly private sector banks that have tied up with WLAs.

WLAs were introduced to increase the network of these machines in semi-urban and rural areas. Companies in this segment are mandated to open 67 per cent of their ATMs in rural locations (tier III-VI) and 33 per cent in urban ones (tier I and II cities).

Would a falling oil price boost GDP growth?

It might not, say quite a few, pointing to the historical evidence

SUDHEER PAL SINGH
New Delhi, 21 December

If you think the ongoing historic decline in crude oil prices would reduce inflation, the oil bill, petroleum subsidy, the fiscal deficit and interest rates, thereby boosting India's gross domestic product (GDP) growth, you could be wrong.

An analysis of year-wise movements of average global crude oil prices versus India's GDP reveals no inverse correlation, contrary to wide belief. On the contrary, the country's GDP growth has risen every time crude prices have gone up and vice versa.

Correlation

Average global crude oil prices moved between \$10 and \$20 a barrel between 1947 and 1972. There was a jump from \$15 to \$42 a barrel in 1973-74, after the petro exporters' cartel, Opec, imposed an embargo on the US, UK, Japan, Netherlands and Canada for supporting Israel. That year, India's GDP growth also jumped to 4.6 per cent from a 0.3 per cent decline the previous year.

Similarly, crude declined 40 per cent to less than \$12 a barrel in 1998-99, when Opec announced a 10 per cent quota increase amid slowing Asian economies. India's GDP growth

OIL RATE OVER THE YEARS

Year/Period	Change in crude oil price	Change in real GDP growth
1973-74	\$15 to \$42	-0.3 to 4.6
1998-99	\$20 to \$12	8 to 5.5
2002-03	\$32 to \$25	5.4 to 3.9
2004-08	\$27 to \$98	8 to 9.3
2008-09	\$98 to \$50	9.3 to 6.7

Crude oil prices in \$ per barrel; GDP growth in % over previous year
Source: Economic Survey

also slumped to an average of 5.5 per cent in 1999 from eight per cent the previous year. Again, crude prices declined 18 per cent in 2002-03 and India's GDP growth also remained a modest four per cent. A year later, in 2004, GDP growth jumped eight per cent when crude prices started rising. In 2004-08, crude oil jumped from \$27 a barrel to over \$98, due to multiple factors — Iraq war, growth of Asian economies and a weaker dollar. India's annual GDP growth rose from eight per cent to 9.3 per cent in this period. During the financial crisis of 2008-09, crude rates slumped sharply from \$98 a barrel to \$50 a barrel and India's GDP growth came down to 6.7 per cent in 2009 from 9.3 per cent the year before.

Why this correlation? According to Dhananjay Sinha, head of institutional research at Emkay Global Financial Services, positive correlation exists between not only crude oil prices and GDP growth but corporate earnings, too. "This defies popular perception. There are some possible explanations. Recent crude price declines have been triggered by growth concerns in Europe, Japan and China. So, causality runs from the growth to commodity prices. Second, there has been a sharp decline of more than 100 per cent in the demand and supply ratio of crude oil this time," he said.

He added a stronger dollar was generally accompanied by a weakening in crude, other commodity

prices and European member-currencies. "Most important, India's growth cycle has converged with the global cycle, specifically Europe's. Hence, the cost advantage from declining commodity prices is neutralised by slower growth in India," he said.

Other experts are less convinced that there is a strong correlation. "It is difficult to establish a strong causal affect between crude rates and GDP growth, unless there is a dramatic fluctuation in oil prices. GDP is impact only partially by oil prices. There are other more pressing factors at play — monsoon and the health of the European and US economies, for instance," said Amrit Pandurangi, senior director at Deloitte said. Falling crude prices might create a positive impact on balance of payments but not necessarily significantly impact the economy as a whole, he added.

Sinha agrees the benefits of falling crude prices might be exaggerated. A decline in global commodity prices, which has high positive correlation with global crude oil prices, will lower growths for both exports and imports. Hence, a decline in the current account deficit might occur during times of lower commodity prices, predominantly due to lower growth.

Telcos' body seeks 5-year extension for 4G rollout

New Delhi, Dec 21

THE CELLULAR Operators Association of India (COAI) has requested the Department of Telecom (DoT) to extend the deadline for rollout of 4G services to 2020 citing hurdles such as delay in development of technology and regulatory procedures.

"DoT is requested to review and relax the rollout obligations and extend the timelines for meeting the roll out by an additional five years," COAI director-general Rajan S Mathews said in a letter to DoT.

The body has cited difficulties in rolling out LTE-TDD (a 4G technology) as one of the reasons for the delay in rollout.

The broadband wireless access spectrum, which can be used for 4G services, was allocated through auction in 2010.

Aircel, Bharti Airtel, Qualcomm (acquired by Bharti), Tikona, Infotel (now Reliance Jio Infocomm) and Augere emerged as successful bidders of BWA spectrum. As per the conditions of the auction, successful bidders are required to provide 90% coverage in metro areas if they have spectrum there and 50% in rural areas within



In a letter to DoT, COAI cited difficulties in rolling out LTE-TDD as one of the main reasons for the delay. It also said that 4G rollout using BWA spectrum required more mobile towers compared to other waves

five years. If a company fails to meet the rollout conditions, spectrum will be taken back.

BWA spectrum was allocated to all companies, except Qualcomm, in July 2010. Qualcomm was allocated BWA spectrum in May 2012 due to a dispute with DoT, which was later resolved in court.

Till date, only Aircel and Airtel have launched 4G services in a limited way, in some service areas. Reliance Jio Infocomm, which holds pan-India BWA spectrum, plans to launch its services in 2015.

"The inability of the operators to even launch the services on the allocated spectrum is primarily on

account of delay in development of the requisite device and network ecosystem, a prime factor which is predominantly out of the control of telecom service providers," COAI said.

The industry body said that rolling out 4G services using BWA spectrum required more mobile towers compared to other spectrum for coverage.

It added that the permission for the same has been facing restrictions from municipal bodies, interference from public due to apprehensions about mobile radiation and clearances from various authorities regarding laying out fibre to connect these towers.

COAI said that telecom operators have faced severe delays in obtaining clearances from spectrum wing of DoT required for installing mobile sites.

It said that DoT has neither released full list of rural exchanges where coverage has to be provided nor finalised test schedule which gives an indication of how the coverage compliance will be assessed.

COAI also raised the issue of delay of 2 years by DoT in providing backhaul spectrum to operators which eventually affected roll out of 4G network. *PTI*

Finance ministry asks PSBs to submit capital-raising plans

New Delhi, Dec 21: The finance ministry has asked all public sector banks (PSBs) to submit their capital-raising plans following Cabinet approval for reducing government stake in state-run lenders to 52%.

"Banks have been asked to make a detailed presentation of their capital requirement over the next five years to meet Basel III norms," sources said.

The fresh presentation would take into account latest first half-year results and how much they would like to raise from the market, sources said.

Accordingly, the finance ministry would also crystallise its view on allocation towards PSBs during the current fiscal, they added.

The government has already made a budget provision of Rs 11,200 crore towards recapitalisation of PSBs for 2014-15.

Besides, information has also been sought as to how much each bank would mobilise from other means, including selling its stake in non-core business.

As part of raising capital, IDBI Bank has already initiated the process of selling its entire 5% stake in leading stock exchange NSE, which may fetch the



Banks have been told to make detailed presentations of their capital needs over the next five years to meet Basel III. These presentations need to take into account latest half-year results and how much banks would like to raise from the market

lender about Rs 1,000 crore.

Finance minister Arun Jaitley had said in the first Budget speech: "To be in line with Basel-III norms

there is a requirement to infuse Rs 2.40 lakh crore as equity by 2018 in our banks. To meet this huge capital requirement we need to raise additional resources to fulfil this obligation."

While preserving the public ownership, the capital of these banks will be raised by increasing the shareholding of the people in a phased manner through the sale of shares, largely through retail to common citizens of this country, he had said.

Keeping the huge capital requirement in mind, the Cabinet earlier had earlier this month allowed PSBs to raise up to Rs 1.60 lakh crore from markets by diluting government holding to 52% in phases so as to meet Basel III capital adequacy norms.

The Cabinet asked the PSBs to broadbase retail shareholding while going in for the fund raising.

Out of 27 PSBs, the government of India controls 22 through majority holding. In the remaining five banks, state-run SBI holds majority stake.

The total government support provided to PSU banks towards capitalisation during the past four years was Rs 58,634 crore.

PTI

EASTERN PERIPHERAL EXPRESSWAY

Project back to PPP mode as Road Min lacks funds

JAYA SHROFF BHALLA ■
NEW DELHI

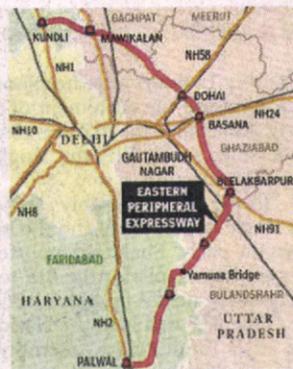
Fund crunch has forced Ministry of Road, Transport and Highways to backtrack on their offer to build the Eastern Peripheral Expressway under the Equipment-Procurement-Construction (EPC) mode. In the EPC mode, the Ministry would bear all financial obligation and the developer has to execute the project at the agreed cost.

The 135-kms long Eastern Peripheral Expressway project for connecting Uttar Pradesh and Haryana, bypassing Delhi, was expected to be launched by year-end. It will have to wait once again. The project first received Cabinet nod in July 2013, but could not take-off due to lack of private sector interest and viability gap funding requirements.

The EPC offer was lapped up by the fund-starved developers and as many as 167 submitted bids for different stretch of the ₹4,500-crore project. But now the Ministry says it will re-invite bids under the traditional format of public-private-partnership as it has no funds.

The Ministry had invited bids for smaller stretches of the under the EPC mode, as it failed to receive a single bid under the PPP mode in 2013.

"We will be calling for



fresh bids under the PPP mode soon. After studying the bids, we realised that there were a lot of dichotomies and overlaps. We also realised that the Ministry is currently not in the position to take up so much financial burden," said a senior official from the Ministry.

"It is a long project and we see no reason to rush it. We have to be certain on all fronts before we start awarding projects this time to avoid delays," he said.

The 135-km long expressway connecting Sonapat in Haryana to Uttar Pradesh at the estimated cost of ₹4,500 crore was planned in 2006 following a Supreme Court order to form a ring road outside Delhi for channelling non-Delhi bound traffic bypassing the National Capital.

In order to hasten the project, the National Highways Authorities of India (NHAI)

had split the Eastern Peripheral project Expressway into six packages. It had floated separate bids of shorter packages covering the 135-km distance between Haryana and UP.

The project was so far stuck due lack of private players coming forward with bids.

"Seeing the declining interest from private players to participate in the build-operate-transfer (BOT mode), where the financial risk on the developer alone, the government doled out bids under both the Engineering, Procurement and Construction (EPC) mode but we realised it is not feasible," said the official.

"Moreover the markets are positive and we are seeing a renewed interest in the developers. Since we will be giving out smaller stretches this time, we are expecting smaller players to come forward too," he said.

Earlier this month, the Minister for Roads and Highways Nitin Gadkari met with the Haryana Chief Minister Monahar Lal Khattar to sort out financial issues with the lenders for the Western Peripheral expressway, which is stuck midway. Khattar was also asked to sort out issues with the current contractor and find a substitute developer to ensure that the project got moving at the earliest.

Parliament panel seeks blueprint for advanced Railway e-ticketing system

Wants ministry to reduce premium to minimum on Tatkal tickets

PRESS TRUST OF INDIA

New Delhi, December 21

A parliamentary committee has asked the Railways to submit a blueprint for its plan to implement the advanced e-ticketing system under which seven lakh tickets could be booked per day.

The public transporter has envisaged a better system which would work seamlessly even during high traffic when Tatkal booking begins.

Additional resources

Taking note of the roll out plan, the Public Accounts Committee has asked Railways to spell out additional resources and expenditure which may be involved and the timeline by which the programme could be achieved.

"The committee would, therefore, like the Railway



Under the new system, 7 lakh tickets can be booked every day

Ministry to submit a detailed master plan or a blueprint as to how it envisages to implement the new generation advanced e-ticketing system," it said in its report tabled in Parliament last week.

The committee has also slammed Railways' move to sell half of its Tatkal tickets under dynamic pricing mechanism, recommending reducing the premium on such tickets to a "minimum essential level" as the system was "legitimising inequality."

"It is high time Railways institutionalise the concerns of the poor. The committee would, therefore, like the Ministry to reduce premium on tickets of Tatkal reservation to a minimum essential level," it said in its report.

Minimum premium

It observed that those who can afford to pay premium as well as those who have access to Internet are getting their confirmed berths without any hassles whereas those

It has been observed that those who can pay premium as well as those who have access to Internet are getting confirmed berths without hassles whereas those who cannot are not getting the tickets.

who cannot are not getting the tickets. The panel also felt that the percentage of advanced reservation is enhanced and that Tatkal reservation should be reduced to a feasible and sustainable level in the greater interest of the travelling public.

"The system was legitimising inequality," the committee said. The committee suggested that a certain quota restriction should be put on ticket reservation bookings by Internet so as to provide a better equitable opportunity for the poor, disadvantaged and the deprived classes of the society having no access to Internet.

Centre announces steps to boost renewable energy

GIRJA SHANKAR KAURA
TRIBUNE NEWS SERVICE

NEW DELHI, DECEMBER 21

Giving a fillip to the country's renewable energy programme, the Centre has taken a slew of decisions in a span of six months to boost "clean energy" in the country.

These decisions include providing Rs 1,000 crore to Central Public Sector units to set up over 1,000 MW grid-connected solar photovoltaic power projects, setting up of 25 solar parks each with a capacity of 500 MW requiring Rs 4,050 crore from the Centre and setting up of over 300 MW of solar power projects by defence and para military units.

With these moves, India will emerge as a major solar power producing country as nowhere in the world solar parks are being developed on such a large scale.

The government also restored Accelerated Depreciation benefit in the Union Budget 2014 to give much-needed relief to wind power developers and to ensure ramp up production. This will enable to kick start and ramp up wind capacity addition expeditiously, besides resolving the anti-dumping duty dispute.

These measures have been undertaken to make India "Solar manufacturing" hub

Measures taken

- The Centre will grant Rs 1,000 crore to Central Public Sector units to set up over 1,000 MW grid-connected solar photovoltaic power projects
- The proposal of setting up of 25 solar parks each with a capacity of 500 MW requiring Rs 4,050 crore from the Centre was approved

with priority for domestic players in line with "Make in India" programme.

In order to facilitate speedy growth of renewable energy power generation in the country, the Ministry of New and Renewable Energy (MNRE) is preparing a Renewable Energy Bill and a plan for developing solar energy in the next five years.

The government will also come out with a comprehensive National Energy Policy and focus on development of energy related infrastructure, human resource and technology. It aims at substantially augmenting electricity generation capacity through a judicious mix of conventional and non-conventional sources. It plans to expand the national solar mission and connect households and industries with gas-grids.

Centre to help with green nod for 16 coal blocks in Round One

These blocks have coal reserves of 3.4 billion tonnes

DEBABRATA DAS

New Delhi, December 21

The Centre will help get green nod for 16 of the 65 blocks to be put under the hammer in the first round and which do not have environment clearance.

According to a senior Coal Ministry official, the Government will facilitate clearances for these and 11 more blocks to be allocated to public sector companies. However, it is unlikely that the clearances will be in by the time of the e-auctions, scheduled for March 2015.

The 16 blocks without green clearances have coal reserves

Bidders for already producing blocks will need to have 80 per cent investment complete in the end-use plant



of 3.4 billion tonnes. Five of these have been earmarked for non-regulated sectors such as steel and cement and the others for the power sector.

Reverse bid

For the power sector, a reverse bid mechanism will be used where the lowest bidder wins, while for the non-regulated sector a forward bid mechanism will be used for the auctions.

It remains to be seen whether the auctions end up being successful. There are mixed reactions within the industry regarding the list of blocks earmarked for auctions and allocations.

"There are many blocks which were linked to captive power units of steel, cement, aluminium, zinc and other plants. But many of these have now been earmarked solely for the power sector. Going solely by the rules, I can't see who will have an end-use power plant ready for such blocks," said an official of a private sector aluminium maker.

As per the Coal Mines (Special Provisions) Rules, bidders for already producing blocks will need to have 80 per cent investment complete in the end-use plant while for the blocks ready to produce, investment has to be at 60 per cent.

Some of the big losers from the non-power sector include Hindalco, ArcelorMittal, Tata Steel, Tata Sponge Iron, and Rungta Mines. Blocks that these companies won between 1993 to 2010 have now been reserved for the power sector, which means these companies cannot bid for these assets.

House panel pulls up MoD for lack of IAF squadrons

Hits out for 'callous approach'; ministry blames it on delay in LCA, Rafale plans

PRANAV KULKARNI

NEW DELHI, DECEMBER 21

THE Standing Committee on Defence has pulled up the Ministry of Defence (MoD) for a "lackadaisical and callous approach" towards "upgradation of Air Force squadrons", the numbers of which stand at 34 against the sanctioned strength of 42.

The MoD on the other hand has blamed "delay in LCA programme" as one of the major reasons for the shortfall in capability building of the IAF, besides the delay in induction of 126 medium multi-role combat aircraft (MMRCA).

Expressing "deep regret" over the ministry's approach, the committee's latest report, which was tabled in Parliament last week, has warned the MoD that the delivery schedule of the light combat aircraft (LCA) "which is scheduled from June 2014 to Decem-

ber 2016 be stringently followed" and the panel be appraised about the same.

The committee's comments — included in the 126-page report — are made against the Defence Ministry's replies to the observations of the previous standing committee under the 15th Lok Sabha. Citing that the number of aircraft "due for retirement" exceeded the rate at which they were being inducted, the MoD has envisaged that the Air Force would have 35 combat squadrons by the end of the 13th Plan period. It, however, depends on the induction of LCA and MMRCA.

With the planned phase-out of MiG 21s and MiG 27s, the IAF plans to induct two squadrons of LCA and five squadrons of MMRCA, besides the induction of additional Sukhoi squadrons. The MoD had said that the delivery schedule for initial 20 LCA — with Initial Operational Clearance (IOC) — for series production was from April 2009 to December 2011,

'BULLET PROOF JACKETS TOO FEW'

CITING THE report of the previous standing committee on defence, the latest report has said that despite an approval of the Defence Acquisition Council in 2009, there was a "deficiency of 1,86,138 units of bullet proof jackets". While the MoD's reply in the report said that "efforts are afoot to complete the acquisition process within laid down timelines", the present standing committee report has sought timely procurement of the jackets as well as "action plan for future procurements".

while that in the later configuration — with Final Operational Clearance — was between June 2014 to December 2016. However, even the first 20 have yet not been delivered to the IAF.

The MoD in its reply to the standing committee has also said that the 126 MMRCA would be inducted be-

tween "three to 11 years after signing the contract". The MMRCA programme, under which French Rafale was declared the lowest bidder in January 2012, has not progressed since. The committee headed by Maj Gen (Retd) B C Khanduri has asked the MoD to keep the standing committee "intimated" about both the programmes.

In another significant admission, the MoD in its reply has also said that the much delayed induction of the intermediate jet trainer (IJT) aircraft would be completed by 2019-2020 in a phased manner beginning March 2014. While 18 aircraft were to be inducted in 2013-14, 38 are due in 2014-15, 58 in 2015-16 and so on. But, IJTs are far from being inducted into the Air Force. While Khanduri's phone was not reachable, Rajeev Satav, Lok Sabha MP and a member of the committee, confirmed the tabling of the report.

The PM has a query: Where is Gol in Delhi?

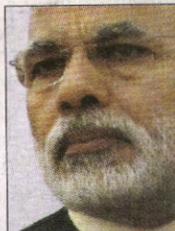
P VAIDYANATHAN IYER

NEW DELHI, DECEMBER 21

PRIME Minister Narendra Modi has a simple — but unusual — question for the Urban Development Ministry: Where is the Government of India located in Delhi?

At a review meeting of the ministry, the PM observed, "*Sarkar mein bahut bikhraav hai* (The government is too scattered)," according to an official who was present. Modi is learnt to have said it was difficult for anyone new to Delhi to figure out which door to knock in order to approach the government.

According to officials, the PM said he was aware of buildings in Lutyens's Delhi such as Shastri Bhawan, Vigyan Bhawan, Nirman Bhawan, North Block and South Block etc. But other Government of India offices are spread across the city — the EPFO office, for instance, is in Bhikaji Cama Place.



NARENDRA MODI
'Govt too scattered'

The PM has followed up on his question, which the official described as "profound". And as the ministry struggled to find the answer, the PM is learnt to have wondered, at a more recent meeting, "If finding out where the government is located takes so much time, I wonder how long it would take to know what the government actually does."

Another official said the PM had even wondered aloud if there should be a single highrise of 40 or 50 storeys in which all government offices could be located. "But this has security and other implications," the official said, adding this was only an off-the-cuff aside from the PM, not really a serious observation.

Former urban development secretary M Ramachandran said information on the location of government offices is scattered. "Parts of it is with the Director of Estates, parts with the CPWD." But there would be no information on offices such as CAG, which are autonomous.

Modi Govt Likely to Unplug Headless Manufacturing Think Tank NMCC

While Council's member secretary Ajay Shankar's term that expired in Nov hasn't been renewed, other senior officials have left for other pastures; 2 junior officers are left in NMCC

Dilasha Seth & Vikas Dhoot

New Delhi: While the Narendra Modi government wants to revive the beleaguered manufacturing sector through its ambitious 'Make in India' pitch, it seems to be unplugging a dedicated think tank for the sector set up by the UPA government that included industry captains such as Ratan Tata and Adi Godrej — the National Manufacturing Competitiveness Council (NMCC).

V Krishnamurthy, the council's chairman since its inception in 2004 and who is said to be close to former Prime Minister Manmohan Singh, recently "resigned", said officials.

Its member secretary Ajay Shankar's term that expired in November hasn't been renewed, while other senior officials have quietly left for other pastures. Two junior officers are all that is left of the council that has occupied significant real estate in the capital's Vigyan Bhawan, even as officials admit it achieved little purpose.

India's manufacturing sector contracted 0.7% in 2013-14, the first drop in output in over two decades and only the third after the nation gained independence. In October, industrial production dropped 4.2%, the worst in three years, with nearly half the officially tracked industrial sectors shrinking.

Amid this slowdown, the headless manufacturing think tank's work has been transferred to the Department of Industrial Policy and Promotion for the time being, before the PM takes a final call on its future.

The department is also in charge of steering the Make in India campaign.

"There are no new appointments at the top level. It is to be seen whether NMCC remains or

Waiting for Turn of Fate

NMCC was formed in September 2004 to advise the government on industrial and sector-specific initiatives required for enhancing competitiveness of industries

Problems Faced by NMCC

The council currently headless

V KRISHNAMURTHY, THE COUNCIL'S CHAIRMAN RECENTLY "RESIGNED"

Member secretary Ajay Shankar's term that expired in November hasn't been renewed

Other senior officials have quietly left for other pastures

Current Status

Two junior officers left



Think tank's work has been transferred to Department of Industrial Policy and Promotion

Expected Future

NMCC would likely be merged with the revamped Planning Commission

India's manufacturing sector contracted 0.7% in 2013-14

In October, industrial output dropped 4.2%



NMCC was doing what Planning Commission should be doing in the industry arena, but it was not enough. You needed to have far more activity in NMCC regarding industry, in the form of dialogues and make plans

ARUN MAIRA
a former member of the Planning

not and in what form. Most officials have already moved out," said a government official on the condition of anonymity.

"The Prime Minister will also take into account the significant overlapping of work by the many think tanks created under the UPA government, with little policy decisions on the ground."

Krishnamurthy, as chairman of the NMCC, enjoyed the rank of cabinet minister, though he spent most of his time in Chennai. The government had also nominated the 28 members of the council, who were representatives of various industrial sectors and technical institutions, management experts and economists.

"NMCC was doing what Planning Commission should be doing in the industry arena, but it was not enough. You needed to have far more activity in NMCC

regarding industry, in the form of dialogues and make plans," said Arun Maira, a former member of the Planning Commission and NMCC. The purpose of each institution must be examined from time to time, he added.

Some speculate that NMCC would likely be merged with the revamped Planning Commission

initiatives required for enhancing competitiveness of industries.

"The council gave many suggestions but those were not being acted upon by the government," Maira pointed out.

Another official argued that with the secretary at the De-

partment of Industrial Policy and Promotion already holding intense dialogue with the industry and initiating steps to promote manufacturing, NMCC was in a way redundant. "So many bodies are not required. The proliferation of these bodies with overlapping work only creates confusion," he said.

Some speculate that NMCC would likely be merged with the revamped Planning Commission. Modi scrapped the 64-year-old Planning Commission to replace it with an yet-to-be-formed think tank.

"All these bodies are being wound up and will get blended into hopefully what will substitute the Planning Commission. There was anyway not much happening," said a former Planning Commission member.

Besides NMCC, there are other defunct think tanks such as the National Innovation Council and the Prime Minister's Economic Advisory Council or PMEAC, which was headed by former central bank governor C Rangarajan.

"These think tanks including NMCC and PMEAC were created by the UPA to accommodate senior retired officials close to the then regime. But what is the use to have so many such bodies when it did not result in improvement in the economy or say manufacturing," said a former NMCC member.

An industry official told ET that though the NMCC was a good idea, it degenerated into an ineffective parking place for retired officials as it never had teeth to implement recommendations, nor was it able to convince the government or the Prime Minister's Office to take meaningful corrective action to salvage the sector whose contribution to the economy has stagnated at the same level of 15% for nearly two decades.

Capital Paradox As Modi wave continues, BJP seen winning 43-47 out of 70 seats, but Delhiites favour AAP chief Arvind Kejriwal as CM

Delhi Voters Prefer BJP, But Want Kejri in Saddle

AAP may win 22-25 seats & Cong may be decimated; Kejriwal's New Delhi seat not safe

ET-TNS POLL

Rajesh.Ramachandran
@timesgroup.com

New Delhi: The Bharatiya Janata Party is poised to win the Delhi assembly polls comfortably, but the people of Delhi want Arvind Kejriwal as their chief minister. This political paradox is the most critical of several that have emerged in an opinion poll commissioned by ET to gauge the "mood of voters in Delhi state" and conducted by TNS India during the fortnight between November 21 and December 5 in 35 constituencies among 7,113 respondents.

While BJP is expected to retain the 46% vote share it had in the parliamentary polls and win 43-47 of the 70 assembly seats, the Kejriwal-led Aam Aadmi Party, which had ruled the state for 49 days, is expected to make a leap of 7% to cross the 40% vote-share mark and win 22-25 seats. But when it comes to the choice of CM, the people of Delhi favour Kejriwal, according to the survey.

He's way ahead of the rest with 42% of respondents rooting for him. Harsh Vardhan, the MP from Chandni Chowk and a minister in the Union government, is the next closest contestant

BJP in Poll Position

BJP has Clear Edge...

Seat projections for upcoming Delhi polls

	2015*	2013	Gain/Loss*
BJP	43-47	31	12-16
AAP	22-25	28	3-6
CONG	0-3	8	5-8

*Projected

...helped by Modi

(% respondents) who think Modi will help in performance of BJP



But Kejriwal Leads Race for CM

% respondents



TNS conducted this survey for The Economic Times during Nov 21-Dec 5; sample size: 7113; survey covered 35 constituencies



Modi Magic at Work Again in Delhi Polls

Those who plan to vote for BJP when Delhi goes to polls in next few months will be doing so as a mark of support for PM Modi.

FULL COVERAGE ►► 2, 3 & 4

with 28% of respondents saying he should be chief minister.

To be sure, dates haven't been announced yet for the elections but most politicians and analysts expect them to be scheduled

sometime in February.

All the support BJP is drawing is still in the name of the prime minister: "BJP's performance is primarily pushed by the image of Narendra Modi," said the TNS survey. In fact, BJP's apparent leadership deficit in the city-state was accentuated by the response from the party's own supporters with 2% of them saying they want Kejriwal as the CM. Delhi BJP chief Satish Upadhyay and party member Jagdish Mukhi also don't seem to be popular choices with a 2% rating.



MONDAY, DECEMBER 22, 2014

Cautionary signals

The Mid-Year Economic Review for 2014-15 is realistic in its projection of 5.5 per cent growth during this fiscal. Economic data released last week on industrial output, trade deficit and inflation clearly show that the growth impulse is still weak and that the economy is yet to attain a steady state. The 4.2 per cent fall in industrial output recorded in October has raised doubts over the strength of the ongoing economic recovery. October, being a festival-season month, ought to have seen a rise in manufacturing to meet demand for goods, but output, especially of consumer goods, dipped. However, trade data for November showed a rebound in non-oil, non-gold imports — machinery imports were up by 20.32 per cent — indicating that the dip in industrial output in October may be an aberration and that November could throw up better numbers. Corroborating this assessment is the fact that the auto industry had a good month in November with car sales rising by 9.52 per cent. But in the same month, the trade deficit widened to an 18-month high due to a surge in gold imports driven by lower duties, a fall in international prices and festival season demand. Notably, the deficit widened despite a contraction in the crude oil import bill by \$1.26 billion, or 9.73 per cent.

Though export growth recovered to 7.27 per cent in November after a fall during October, from hereon the going is likely to be tough for exporters given the uncertain global environment caused by falling oil prices. Petroleum products exports, which account for a fifth of India's total exports, dipped by 14.15 per cent in November, reflecting the difficult market conditions abroad. Though it is not time to worry yet, the government and the Reserve Bank of India need to monitor the trade data closely and prepare to take corrective action on gold. What should worry policymakers is the fact that fresh investment, which is critical to the revival of growth, is just not happening. The Mid-Year Economic Review refers to how private investment is not picking up, and to make up for this it suggests that public investment should accelerate. This is easier said than done given the sorry state of government finances. The Review notes that there is likely to be a revenue shortfall of Rs.1.05 lakh crore during this fiscal due to overestimation in the Budget and slow revival. Indeed, meeting the fiscal deficit target of 4.1 per cent is going to be rather tricky in this backdrop. In the short term, therefore, it is difficult to see public investment as a saviour. It may at best be an option to consider in the medium term, and that is assuming there are no setbacks in the next year or two. The only way forward now is to encourage and support private investment — for which the government and the RBI need to work together.