

## PART A: News pertaining to Planning Commission



**02.12.2014**

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**(महापुरुषों के प्रेरणात्मक विचार)**

(हम सभी यहाँ किसी विशेष कारण से हैं.अपने भूत का कैदी बनना छोड़िये.अपने भविष्य के निर्माता बनिए.)

**Robin Sharma रोबिन शर्मा**

## 1. Cong MP Opposes Move to 'Dismantle' Planning Commission

**Outlook: 01.12.2014**

A Congress member today asked the government to desist from any move to "dismantle" the Planning Commission and sought steps to strengthen it.

Raising the issue during Zero Hour, Adhir Ranjan Chowdhury said the **Planning Commission** is an important independent institution which has been guiding the development of various states.

"If there is any deficiency, that should be mended and not ended. You should not dismantle it but rejuvenate it," he said.

His party colleague T Meinya asked the government to immediately table M P Bezbaruah Committee Report and take steps to stop attacks on the people of the northeast staying in other parts of the country and put an end to "racial profiling".

He said people from the northeast were being "targeted and attacked" in Delhi and other metros and there have been five such incidents in the recent past one after another.

Bhratruhari Mahtab (BJD) urged the government to celebrate the birth anniversary of Raja Mahendra Pratap, a stalwart of the Indian freedom movement who had established the first Indian government-in-exile in 1915 in Kabul.

Mahendra Pratap had donated everything he owned to the cause of the people and the freedom movement, including land, for establishing the Aligarh Muslim University, he said. While AMU should establish a Chair in his name, the government should also promote research on his activities in the freedom struggle.

Shashi Tharoor (Cong) wanted the government to establish a railway medical college and hospital in Thiruvananthapuram for which land has already been identified through public-private partnership mode.

TRS member A Sitaram Naik raised the issue seven mandals in Telangana which were located in Andhra Pradesh, but two MLAs and two MPs representing them belonged to Telangana.

He demanded an urgent solution to the problem to provide representation of the people, mostly tribals, living in these mandals.

2. Navbharat Times: 01.12.2014

## नया 'योजना आयोग' दो हफ्तों में मुमकिन

■ विशेष संवाददाता, नई दिल्ली : दिसंबर के दूसरे हफ्ते में योजना आयोग की जगह नए आयोग का गठन हो सकता है। सूत्रों के अनुसार, पीएमओ में बैठक और प्रेजेंटेशन के बाद इसके सुझाए कुछ नामों में सतत विकास आयोग, राष्ट्रीय विकास एजेंसी, सामाजिक आर्थिक विकास आयोग, भारत प्रगति लक्ष्य और नीति आयोग जैसे नाम शामिल हैं। 7 दिसंबर को मुख्यमंत्रियों के साथ होने वाली बैठक के बाद इस मामले में अंतिम फैसला लिया जाएगा। प्रधानमंत्री उन्हें नई संस्था के बारे में सरकारी सुझावों से अवगत कराएंगे। इस प्रेजेंटेशन के समय पीएमओ और वित्त मंत्रालय के उच्चाधिकारियों के अलावा पूर्व वित्त मंत्री यशवंत सिन्हा और आरबीआई के पूर्व गवर्नर विमल जालान भी होंगे। फिलहाल तय किया गया है कि आयोग का नाम 'नीति आयोग' रखा जाए। नए नाम के तौर पर राष्ट्रीय विकास और सुधार आयोग (एनडीआरसी) भी सुझाया गया, मगर नाम को छोटा रखने पर ही सहमति बनी। नया आयोग पहले की तुलना में मजबूत और शक्तिशाली होगा। इसमें 4 एक्सपर्ट सदस्य केंद्र की तरफ से और करीब 4 या 5 विशेषज्ञ राज्य सरकार की ओर से शामिल होंगे।



### **3. India may set bigger climate change targets before Obama's R-Day visit**

**Nitin Sethi, Business Standard: December 2, 2014 Last Updated at 00:57 IST**

#### **Union cabinet is expected to clear the final brief on Tuesday for the negotiating delegation to Lima talks**

In what could push the country into the same league as the US and China, India is likely to announce new, bigger and more effective climate change targets by the time US President Barack Obama comes here as chief guest for the Republic Day parade in January next year. The announcement is likely to include an 'aspirational' peaking year for India's greenhouse gas emissions.

The move follows discussions in the government, led by the Prime Minister's Office.

It is expected on Tuesday, the Union Cabinet will clear the final brief for the negotiating delegation to the Lima talks on climate change, led by environment minister Prakash Javadekar.

In 2010, India had committed to a 20-25 per cent cut in its carbon intensity by 2020, compared to the levels in 2005.

The process to make fresh and enhanced commitments to the international community was in the works for the past few months, with the government commissioning studies to assess and project India's greenhouse gas emissions. The results of these studies are due in December. A joint US-China announcement has incentivised India to make an early announcement in this regard.

Though the announcements by the US and China weren't seen as ambitious by the Indian government, these were appreciated for their political significance.

In a joint statement with the US, China had announced its greenhouse gas emissions were likely to peak around 2030 and fall subsequently. Developing countries, requiring more space for their developmental priorities, are expected by the global community to draw a lower-than-usual emission trajectory of their increasing emissions through the coming years and suggest a year by which their emissions will start falling in absolute terms, while developed countries are required to announce absolute emission cuts.

A source in the government said, "The consultations have begun for it. We should be able to narrow down on the nature of targets we should aspire to. It is likely to include an indicative year by which India's emissions could peak, as well as a fresh target for lowering the economy's carbon intensity."

Another official Business Standard spoke to said the National Democratic Alliance (NDA) government was looking at announcing a package that would include the ambitious solar power

targets it was planning on the domestic front. This is expected to be further beefed up with indications of the extra efforts India will make under the energy efficiency mission. The mission is also being revamped.

“Confabulations are being held with various experts and ministries and discussions have also been held at the Prime Minister’s Office,” the official said.

India and all other countries are required to formally submit their ‘intended nationally determined contributions’, or INDCs, to the UN climate convention after March. These INDCs are meant to be the voluntarily and domestically determined action these countries will take to fight climate change under a new agreement to be signed in Paris in 2015.

As of now, it is unclear how these will be reviewed on the principles of common but differentiated responsibility and equity, or for adequacy to keep global temperatures within tolerable limits.

Even as more than half a dozen Indian delegates have flown to Lima, Javadekar is slated to travel to the Peruvian capital during the weekend for the second week of talks, which are led by ministers. It is expected he will get his red-lines for the coming negotiations cleared from the Cabinet on Tuesday. "The advantage with this NDA government taking a call on multilateral negotiations such as these is the sense of decisiveness right from the top," said an official on the Indian delegation. He was referring to the differences that remained entrenched between different key personalities in the United Progressive Alliance government on climate change, leading to changes in its international stance through the years.

The discussions for the big announcement by Prime Minister Narendra Modi will take several more rounds of discussions between relevant ministries and experts, government sources said. They added these should be ready for announcement around the time Obama visited the national capital.

## A GIANT LEAP

India likely to announce an indicative greenhouse gas emissions peaking year by January, when US President Obama visits Delhi; the discussions are being led by the Prime Minister's Office

Targets could include emission intensity numbers

Indicative solar power targets and energy efficiency targets could also be bundled in

New emission profile studies commissioned by government to be in place by December

Announcement will then lead to formal submission of 'intended nationally determined contributions' to the UN Climate Convention for the Paris 2015 agreement

#### **4. Fighting the 'goat plague' with ingenuity**

**Surinder Sud, Business Standard: 02.12.2014**

With a mortality rate of 50 to 85 per cent, the PPR virus has caused huge losses for goat and sheep farmers. But a new scientific forum is expected to implement a concrete plan to stamp out this fatal virus

Most of the ongoing livestock health care programmes are targeted at cows and buffaloes. Small ruminants like goats and sheep have been overlooked. These animals are indeed the mainstay of livelihood for millions of landless people, small and marginal farmers and tribals, especially in arid and other poorly-endowed regions. They can thrive under harsh conditions and sparse vegetation in these areas to provide valuable milk, meat, wool and other products. The profitability of goat and sheep husbandry is steadily improving, thanks to the growing demand and rising prices of these items.

The contribution of goats to the gross domestic product (GDP) in 2012-13 is officially estimated at nearly Rs 22,000 crore and that of sheep at over Rs 10,000 crore. This is despite huge losses suffered by goat and sheep owners because of the frequent outbreaks of a fatal viral disease called Peste des Petits Ruminants or PPR. It has a mortality rate of 50 to 85 per cent. Nearly 30 per cent deaths of goats and sheep are attributable to PPR, though these numbers are not reflected in the official records since most cases of this infection go unreported. With better health care, the share of small ruminants in the GDP can increase perceptibly.

The PPR virus is similar to the viruses that cause the dreaded rinderpest disease among cows and buffaloes, distemper disease in dogs, and measles in human beings. Its symptoms include fever, discharges from the eyes and nose, disturbed breathing, cough and foul-smelling diarrhoea. Like other viruses, PPR is also highly contagious, spreading through contact and secretions from sick animals. Goats are more vulnerable to this infection - that is why it is also referred to as the "goat plague".

A possible reason this malady has been neglected is that goat and sheep farmers - being poor and unorganised - are not articulate or demanding. The awareness about this virus is also low. Consequently, there has been no focused nationwide programme to control or eradicate PPR, although the country has all the resources required to do so - good indigenous vaccines, diagnostic laboratories and vaccine manufacturing industry. The local vaccine is said to be highly effective and gives a long-lasting immunity. It is also not too expensive - one dose costs just Rs 2 to Rs 2.50. The installed vaccine production capacity is enough to meet the domestic demand and even export it to neighbouring countries, which face a similar threat to their small ruminant sectors from the PPR virus.

According to S K Bandyopadhyay, an animal husbandry expert who played a key role in the development of indigenous PPR vaccine, it is possible to wipe out this hazard but the initiative has to come from the government's side. Fortunately, there has been movement in this direction thanks to the formation of a National Scientific Forum for PPR eradication involving various stakeholders, including scientists, government agencies and vaccine producers. The details of the proposed forum were discussed in a national conference on PPR disease, organised in Delhi by the Indian Council of Agricultural Research and the Union animal husbandry department. Some other

national and international bodies, notably the UK's Alliance for Livestock Veterinary Medicine and the Pune-based BAIF Development Research Foundation, were also associated with this move. This forum is expected to formulate and implement a concrete plan to stamp out this ailment. More importantly, it will promote awareness among goat and sheep farmers about the disease, its symptoms and the available means for its prevention and cure.

The World Organisation for Animal Health is also understood to be formulating a programme for PPR eradication from South Asia. These initiatives can hopefully reduce goat and sheep mortality. The upshots of these efforts will range from strengthening the livelihood security of goat and sheep farmers to augmenting the availability of animal products to soften the spike in their price.

## 5. Making the cut

**Written by Jahangir Aziz, Indian Express: December 2, 2014**

The RBI's target is 6 per cent by January 2016 and thereafter, unless explicitly revised up or down.

This government was supposed to be different. But just when one believes it is being different, it has the uncanny knack of rudely reminding us how close its thinking is to that of the previous government.

Take its position on the growth-inflation tradeoff. Less than four months back, in the full-year budget, the government undertook what has been its biggest and perhaps only structural reform so far. It exhorted the RBI to shift to a "modern monetary policy framework". In the first policy review after the budget, the RBI obliged by adopting a quantitative inflation target (IT). The implications of this change could be far-reaching. History teaches us that chronic high inflation is eliminated by either moving to a fixed exchange rate regime (thereby importing some other country's inflation) or by making the IT the sole objective of monetary policy.

But inflation targeting is very different from having price stability as just another objective of monetary policy. In an IT framework, the only thing that matters is inflation: not growth, financial stability or the exchange rate. And the only topic of conversation between the central bank on one side and the government, market and public on the other, is whether the current monetary policy stance is too tight or too easy to meet the pre-determined 12-18 month-ahead IT. The RBI's target is 6 per cent by January 2016 and thereafter, unless explicitly revised up or down. There is no place in an IT framework for policy rates to be eased to boost growth, defend the currency or safeguard financial stability if that in any way compromises the IT.

So, after having persuaded the RBI to move to a "modern monetary policy framework", is the government now uneasy about the straightjacket such a framework imposes on policy choices, or is it realising that it did not really intend for the central bank to adopt an IT framework? Either way, trying to push the RBI to cut rates by publicly urging it to do so may or may not hurt its credibility, but it raises questions about the faith the government has in its own policies.

The UPA often relied on such tactics to put pressure on the RBI. However, rather than growth being boosted and sustained, such efforts only led to inflation and inflationary expectations getting more entrenched. The RBI's growth-inflation balancing framework meant that monetary policy was always forced to be reactive: if inflation surprised on the upside, policy was tightened; on downside surprises, it was eased. All this meant was that inflationary expectations were never anchored. When inflation dipped, the clamour for rate cuts heightened and the RBI reluctantly or willingly obliged, which ended up reigniting inflation a few months later.

In an IT framework, policy rates are determined by what is needed to reach the 6 per cent target on a sustainable basis, and not by monthly price volatility, unless the latter alters expectations of medium-term inflation. Thus, if the government truly believes that policy rates should be eased, it has to argue that the decline in oil and global commodity prices, fall in food inflation and lower-than-expected domestic demand will deliver an inflation rate comfortably below 6 per cent on a sustained basis. It can't argue that monetary policy needs to be eased because that might be good for growth. This argument was taken out of the reckoning when the government exhorted the RBI to adopt the IT framework, and it obliged.

The question remains if the RBI should or will ease policy today or in the near term. While the probability of a cut today is low, not least because it could be construed as the RBI giving in to external pressures, it is hard to see policy rates remaining on hold over the next year. The decline



in global commodity prices is here to stay over the medium term, given that China is structurally slowing, and there has been a significant increase in the global supply of oil. India, like many other emerging markets, has been importing disinflation because currency appreciation against the euro and yen has not been fully offset by depreciation against the dollar (that is, nominal and real exchange rates have appreciated on a trade-weighted basis and will likely continue to do so in 2015).

Despite the marked improvement in the plumbing of government decision-making, corporate India remains unconvinced of higher medium-term growth: industrial production continues to languish; credit growth is close to its lowest level in a decade; and investment growth again turned negative last quarter. The 5.3 per cent GDP growth last quarter was delivered largely on higher-than-expected agriculture and government spending. Both should trail off in the next quarters. Consequently, the near-term demand momentum could well disappoint again, keeping core inflation at bay.

Many have argued that policy rates need to be cut because real interest rates have risen sharply. This is a disingenuous argument. Real rates have gone up because inflation has declined, and almost all of the fall in prices is because of tumbling input, not output, prices. Consequently, the rise in real funding costs has likely been more than offset by the fall in other input prices, so that corporate margins have increased, not declined. Recent PMI data indicates this is exactly what's happening. The urban middle class will also benefit not just from higher real deposit rates but also from the rise in purchasing power. The only group that stands to lose is the rural farming community because MSP increases have been significantly less than even the most optimistic inflation forecast. But this has little to do with real interest rates and monetary policy.

How does one determine whether real interest rates are too high and need to be eased? We all have different explicit or implicit inflation models that are often based on smell tests or dubious econometrics. Centering a conversation with the RBI on such disparate models would be talking at cross-purposes. More efficient would be to focus the discussions on the RBI's own inflation model, which was discussed in detail in its September review. At that time, the RBI indicated that its model was forecasting inflation to be on track to print at 7 per cent by January 2016 — 100 basis points higher than the 6 per cent target. This computation was based on the assumptions prevailing then. Using the published sensitivities to different shocks to the model, a sustained \$30 per barrel reduction in oil prices lowers the 7 per cent inflation forecast to about 6.5 per cent. To push the forecast comfortably below 6 per cent, one needs not only the current decline in food inflation to sustain throughout next year, but also for 2015-16 growth to be 100 basis points less than the RBI's own forecast of 6.3 per cent. Informed dialogue on the likelihood of this and other scenarios is the right way to engage and challenge the RBI.

So when should the RBI ease? When it is convinced that from 2016, inflation will be comfortably below 6 per cent. This will likely mean that the RBI will wait until next year's budget is presented and the current commodity and food disinflation show firmer signs of sustaining before cutting rates. But when it does cut, it is likely to do so decisively. The shift to the IT framework is the single biggest structural reform undertaken by the new government. It has given the economy a real chance to end chronic inflation and move to a sustained path of recovery. Giving this up for some perceived gain in near-term growth would be repeating the same mistakes of the past five years.

PART B

## NEWS AND VIEWS

Tuesday 2<sup>nd</sup> December 2014

**Polity**

: Sena climbs down to join Maha govt

**Economy**

: At 6.3%, India does an encore;  
Manufacturing Cheers Along

**Planning**

: FinMin, RBI will Plan ways for  
Hedging Crude Imports

**Editorial**

: An avoidable controversy

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# MODI GIFTS THE NATION A NEW POWER PLANT

ON LAST DAY OF N-E TOUR, PM LAUNCHES PALATANA PLANT IN TRIPURA

STATESMAN NEWS SERVICE  
Guwahati, 1 December

On the last lap of North-East visit, Prime Minister Narendra Modi today dedicated the Palatana gas-based power plant in Tripura to the nation.

Inaugurating Unit-II of ONGC Tripura Company Ltd Power Plant, Mr Modi argued that the Centre desired to move forward on energy generation to empower the Indian economy.

After completing his visit to Assam, Manipur, Nagaland and finally Tripura in three days, the PM pointed out that his first function in the region was related to 'Goti' meaning the speed or connectivity, where as the last one is connected to 'Urja' meaning the energy.



Mr Modi argued that a nation needs both Goti and Urja with also Disha, the direction.

"Energy is lifeline. We cannot do anything without energy or power. The regional power system improvement project has been sanctioned at a cost of Rs 5,000 crore for six north-eastern states. This will strengthen intra-state transmission and distribution systems. Our goal is 24x7x365 power sup-

ply," said Mr Modi.

He expressed his gratitude to the people of all four states of the region for the love and affection they had showered on him. Mr Modi assured that the underdeveloped region would improve very soon with the proposed scheme for connectivity with the South-east Asian neighbours.

Earlier, the PM had attended the Hornbill Festival in Nagaland and con-

gratulated "the Nagas for organising the wonderful festival, which aims to preserve, promote and protect the unique cultural diversity and rich traditions of Nagaland". He also emphasised on preserving the rich biodiversity of the state. Nagaland is located in one of the 25 hot bio-diversity areas of the world. This must be protected at all costs, stated the PM. Mr Modi also pointed out that Nagaland is blessed with a young population which is well-versed in English and is in tune with current affairs. This is an advantage which must be tapped, argued the PM adding that Nagaland must capture the IT outsourcing business of the world in this part of the country.

## LS passes Bill to revive NTC & sick textile mills

STATESMAN NEWS SERVICE  
New Delhi, 1 December

The Lok Sabha today passed an amendment Bill that seeks to restore health to the long-ailing and mammoth National Textile Corporation and also speed up revival of sick textile mills. The measure will also free NTC, which has property worth Rs 25 lakh crore, from rent control laws.

The Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Bill, 2014 replaces an Ordinance promulgated during the inter session.

Allaying apprehensions raised by the Opposition members that the measure may be used to indulge in real estate business, textile minister Santosh Kumar Gangwar said: "We are not

here to sell the land....We want to revive the mills. We want to make a package for the revival."

"We need to evolve various ways and means to run the mills. It is our objective to give employment to more and more people," he said, adding that the government would come up with a new textile policy soon.

The Bill aims to ensure proper and effective implementation of the revival scheme for sick textile units.

According to the Bill, there is a need "to protect public investment in the acquired textile undertakings to explicitly clarify the status of such vesting of the lease-hold rights in the Central government".

The Ordinance route was taken to shield the NTC from rent control laws that

have been used to evict its sick textile units from prime land in several cities.

"NTC mills are turning around and the government is committed to turning them around. NTC has properties worth Rs 25 lakh crore. The Bill would help to run NTC smoothly so that in future there is no complaint against the running of NTC," Mr Gangwar said while moving the Bill.

He assured the House that the Centre will work with the Maharashtra government to build "a very good memorial" of Babasaheb Ambedkar on NTC's Indu Mill land in Mumbai.

The minister said the views of the members would be taken into consideration while formulating the new textile policy which is expected next month.



# Modi dreams big for NE, calls it the new gateway to Asia

Sanjay.Dutta@timesgroup.com

**Agartala:** Prime Minister Narendra Modi on Monday said the government wants to develop the north-eastern region as the gateway to the proposed economic corridor with India's eastern neighbours and Tripura would power that plan as an energy hub.

"If 21st century belongs to Asia, then north-east will be the gateway to Asia," the PM said after dedicating to the nation the second unit of a Rs 10,000 crore power plant built by ONGC-Tripura Power Company Ltd at Palatana, 65 km from the state capital.

Oil minister Dharmendra Pradhan, who was earlier the BJP point person for the state and coordinated Modi's visit, said at the outset the PM's mantra for governance "clearly says the country cannot grow without development in the north-east".

Modi drove the point about his government's commitment to the region's de-



PM Narendra Modi in traditional Naga attire at the Hornbill festival near Kohima on Monday. For steps to download and use the Alive app, see P 2

velopment by saying, "I have spent the last three days in the north-east. I wonder when was the last time that the people in the region had the PM's company contin-

## Earmarks ₹28k cr for rail projects

In a development package for the northeast, Prime Minister Narendra Modi on Monday promised to provide Rs 28,000 crore for laying new railway lines and announced sanctioning of Rs 5,000 crore for 2G mobile coverage. The PM said the Centre has earmarked Rs 53,000 crore in the budget for the development of the northeast and would focus on developing the "untapped" tourism potential of the region and laying of new railway lines for the purpose. "So many tourists are coming here from other parts of the country and abroad. This is the best destination for tourists. But for that, we require connectivity," Modi said. PTI

uously for three days at a stretch. It is time to act east, rather than look east.

"My first engagement had to do with speed (railway line). This is my concluding

engagement in the region and has to do with energy (power plant). You not only need speed and energy but direction also for development."

The PM used the power station as backdrop to draw the contours of his plan for turning Tripura into a hub for promoting regional cooperation for the benefit of a Bangladesh energy delegation under Tawfiq-e-Elahi Chowdhury, PM Sheikh Hasina's energy adviser, attending the function.

"We are now capable and willing to supply Bangladesh as much power as it wants," he said by way of clearing sale of 100MW sought by Dhaka and thanked the Bangladesh government for allowing movement of heavy equipment for the plant through its ports and roads.

In his speech, Chowdhury enumerated Bangladesh government's desire for sourcing fuel and power from India as well as establishing a regional energy network along with Bhutan and Nepal.

# Raise cap on cabinet size: Tripura

Sanjay.Dutta@timesgroup.com

**Agartala:** Prime Minister Narendra Modi on Monday addressed ministers of CPM-ruled Tripura on the invitation of chief minister Manik Sarkar, during which the state government raised a set of demands.

State government sources said Modi met the ministers after dedicating to the nation the second unit of a Rs 10,000 crore power station at Palatana, 65 km from the state capital.

According to sources, Sarkar raised the issue of ceiling on the size of the cabinet for north-eastern states.

Several north-eastern states have an assembly size of 60 members. Under the norm that the cabinet size should not exceed 20% of the assembly strength, these states can't have more than 12 ministers. "This is inadequate to meet ethnic, social and geopolitical requirements," sources quoted Sarkar as having told the PM.

The state government made a presentation on its demands, explaining how these were important for develop-



Tripura CM Manik Sarkar welcomes PM Narendra Modi at Agartala airport on Monday

ing Tripura as a hub for promoting regional economic co-operation.

The main demand was for transshipment rights through Bangladesh for reducing the time for movement of goods to and from Tripura. The state wants the Centre to take up with Dhaka the issue allowing movement of goods through Chittagong sea port

and Ashuganj river port. Chittagong port is 86 km from the Sabroong border and Ashuganj 40 km.

To maximise the benefit of transshipment rights, the state government stressed the need for extending the under-construction Agartala-Sabroong rail link to Chittagong. The state also demanded setting up of an IIT.

In Delhi, the Communist Party of India (Marxist) issued a statement on Monday describing the report, 'Tripura's Marxist CM invites Modi to address his cabinet' (TOI, December 1) as "misleading". The fact, said the CPM press release, is that chief minister Manik Sarkar and his ministers are going to meet the Prime Minister during his visit to Tripura, at the state guesthouse. There, they will submit a memorandum and discuss with him issues concerning the state. Such a meeting of state ministers had taken place when Prime Minister Manmohan Singh had visited Tripura as well, and to call this a Cabinet meeting to be addressed by the PM is incorrect and misplaced.



INDIA-BANGLADESH LBA

# Bill sought to ratify boundary pact

It will enable swapping of enclaves; end 67-year-old dispute

Suhasini Haidar

**NEW DELHI:** A day after Prime Minister Narendra Modi confirmed that his government will go ahead with the land boundary agreement with Bangladesh, the Parliamentary Standing Committee on External Affairs tabled its report, recommending a Constitution amendment Bill to enable the swapping of enclaves and end a 67-year-old dispute between the two countries.

Tabling the report in Parliament on Monday, the Chairman of the Parliamentary Standing Committee on External Affairs, Shashi Tharoor, said the report had been "unanimously" passed by members who included those of the BJP and the Trinamool Congress, both of which had earlier opposed swapping of the enclaves.

"The ball is now in the government's court," Mr. Tha-

roor told *The Hindu*. "What must be remembered is we are not ceding any land that is under Indian control at present. It is simply the correction of a legal anomaly by a paper-swap."

The swap will involve handing over 17,000 acres of land to Bangladesh in return for 7,000 acres in 111 enclaves in West Bengal, Assam, Tripura and Meghalaya, and was first decided under the 1974 Land Boundary Agreement (LBA) between India and Bangladesh, but never ratified by Parliament. It will require an amendment to the Constitution (the 119th amendment) ratified by both Houses of Parliament with a two-thirds majority.

The standing committee's report notes that "a number of Indian nationals living in Indian enclaves in Bangladesh territory are going to be adversely affected as they would lose their claim to Indi-

It is simply the correction of a legal anomaly by a paper-swap: Tharoor

an citizenship," and directs the governments of India and Bangladesh to ensure there is no "discrimination" against them. The number of people to be involved in the whole swap is approximately 52,000, of which about 15,000 are on the Indian side of the border.

The LBA was part of the promises made by former Prime Minister Manmohan Singh during his visit to Dhaka in 2011. However, the UPA government was unable to bring the Bill to Parliament, partly because of opposition from the BJP over Assam enclaves and the Trinamool over West Bengal enclaves.

However, as part of the new NDA government's "neigh-

bourhood outreach," External Affairs Minister Sushma Swaraj promised the Bangladesh government that the BJP would reverse its stand and push for both the LBA as well as the Teesta river water settlement. While the Congress said it would support the move, it criticised the government over its earlier opposition. "Why did they call us anti-national when we proposed the same agreement," spokesperson Ajay Maken asked at a briefing on Monday.

In Assam on Sunday, Mr. Modi gave an indication that the Bill to clear the LBA would finally be tabled in Parliament soon. Addressing BJP workers in Guwahati, he said: "I assure you that there will be no compromise on Assam's security. Land swapping will be done for a permanent solution to the problem of infiltration."

(With additional reporting by Anita Joshua)



# At 6.3%, India does an enCore; Manufacturing Cheers Along

Oct core growth at 4-month high; PMI at 21-month peak

Our Bureau

**New Delhi:** If last week ended in a black Friday after second-quarter growth slowed, data released a day ahead of the monetary policy suggested just the opposite — a super Monday. Core sector growth rebounded to a four-month high in October; the purchasing managers' index for November rose to a 21-month high and India's biggest car manufacturer reported that sales shot up last month, suggesting that the industrial sector is looking up again after a disappointing July-September quarter that dragged down overall economic growth.

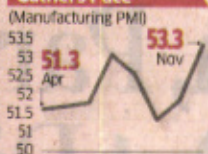
**CAR SALES VROOM IN NOVEMBER**  
▶▶ PAGE 5

## Three Cheers

### Core Sector Growth Rebounds



### Manufacturing Gathers Pace



### Car Sales Pick Up Pace In Nov

Company	Growth (%)
Maruti Suzuki	19.50%
Honda	64%
Toyota	19%

### WHAT'S GOOD

PMI shows strong domestic demand

Coal output despite coal block cancellations

Power output continues to post good growth

### NOT SO GOOD

PMI shows price pressures

Key construction sectors cement & steel still weak



\*Domestic

# FinMin, RBI Will Plan Ways for Hedging Crude Imports

Move can significantly reduce the country's oil bill from last year's level of \$155 billion

Rajeev.Jayaswal  
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**New Delhi:** The finance ministry and the Reserve Bank of India (RBI) will work out a strategy for hedging crude oil imports to take advantage of the steep fall in global prices which can significantly reduce the country's oil bill from last year's level of \$155 billion. As a first step, the RBI and the department of economic affairs will prepare a discussion paper, government sources said. The decision has been taken at a recent meeting in the Prime Minister's Office.

The strategy would aim to address concerns of state oil firms that if they lose money in hedging, they may face adverse audit comments and allegations of impropriety. "Oil PSUs can't take risk of hedging huge quantity of crude oil prices, which is completely unpredictable. Crude oil prices slumped to about \$40 per barrel in December 2008 from about \$140 in July that year only to surge again. Who will take accountability of if losses are huge

## Strategy to Help State Refiners

**OIL IMPORTS (2013-14)**  
Crude Oil: **\$142.9 billion**  
Petroleum products: **\$12.3 billion**  
Gross oil imports: **\$155.2 billion**  
Petroleum exports: **\$60.7 billion**

**\$1 per barrel increase in crude oil rate raises net import bill by ₹8,345 crore**

**\$1 increase in exchange rate raises net import bill by ₹10,337 cr**

### AVERAGE INDIAN CRUDE OIL IMPORT RATE

PERIOD	CRUDE PRICE (\$/barrel)
FY13	107.97
FY14	105.52
Apr-Nov 2014	99.46

(\*up to Nov 24)



due to hedging?" a former chairman of state refiner said requesting anonymity.

Government sources said, authorities understood the dilemma of state refiners. One proposal was to issue specific guidelines for hedging, and if a company follows these norms would not suffer if it takes a wrong bet while hedging. "But, for that a thorough understanding and analysis of oil market is required," one source said. Globally, energy firms resort to hedging to shield themselves from highly volatile

international crude oil market. Globally, many companies hedge their oil purchases by buying the commodity for a future date at a particular price.

Airlines frequently hedge their purchases of jet fuel, which accounts for up to 50% of their costs. According to a Reuters report, many international airlines had bought future contracts when Brent slipped below \$80 two weeks ago, but have suffered a notional loss because oil has dipped below \$70.

Experts say that hedging for In-

dian oil imports may be a good idea as crude prices have dropped by 40% since June this year. Brent crude plunged to a five-year low below \$68 on Monday from about \$115 in June this year.

"In such a volatile market, when international oil prices are falling continuously, no one known the bottom and therefore, hedging is risky," chairman of a state-run oil company said requesting anonymity. India imports about 80% of crude it processes and state refiners own more than 60% of 215 million tonnes per annum refining capacity. Earlier, the parliamentary committee on natural gas criticised state refiners for not hedging. It questioned Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp for shying away from hedging volatility risks when they purchase over 20% of requirements from spot market. State refiners do hedge for refining margins, which is difference between crude and product prices. Hedging crude prices in large quantity is not often prudent, said a former chairman of IOC.



# Sena climbs down to join Maha govt

## Drops Demand For Dy CM, Home Min Posts

Ambarish Mishra &  
Nitin Yeshwantrao | TNN

**Mumbai:** Shiv Sena has finally decided to kiss and make up with BJP. After more than a month of sometimes-off, sometimes-on negotiations with BJP and after saying that it would settle for nothing less than the deputy CM's post and the home portfolio, Matoshree made a clear climbdown on Monday and agreed to join the BJP-led Maharashtra government by accepting lesser portfolios.

Sena may be given the public works, energy and water conservation ministries, sources said. While firmly rejecting Sena chief Uddhav Thackeray's demand that his party should get the deputy chief ministership and the home department, BJP has offered six cabinet berths and four state ministerships to Sena, it is learned.

The cabinet expansion, which will see the induction of 10 Sena ministers, has been scheduled for December



FRIENDS AGAIN

3. Ten BJP ministers will be sworn in as well, it is said.

The new Sena-BJP arrangement is also good news for BJP at the Centre, which needs Sena's support to get the Insurance Law (Amendment) bill passed in a joint session of Parliament. Sena had last week voiced its opposition to the bill after first pledging support. The Modi government has lined up key reform bills during the ongoing winter session of Parliament.

Although BJP has a majority in LS, it needs support in the Upper House to push through crucial bills. While Sena has three MPs in Rajya Sabha, in

case of a joint session the party's 18 LS members will come handy. With 69 MPs, Congress has the maximum strength in RS, followed by BJP. Others such as SP (15) and Trinamool and JD(U) (with 12 each) have a prominent presence.

The effective strength of LS plus RS as of now (excluding Speaker and vacancies) is 782. The NDA including Sena is 392, which is just a majority. If Sena's 21 go out, it is reduced to a minority. But there are enough independents (12) as well as parties like TRS (12), NCP (12) and some smaller ones that could make good the loss.

Sena gave its nod of approval to the BJP formula after prolonged negotiations late Monday evening. Sources said the truce came about following instructions from BJP's central leadership to Fadnavis to win over Matoshree as the party lacked a majority in the assembly. The BJP high command was keen on a patch-up ahead of the crucial winter session of the legislature scheduled for December 8.



# LPG rate cut by ₹113, jet fuel prices by 4.1 %

PNS ■ NEW DELHI

Price of non-subsidised cooking gas (LPG) was cut on Monday by a steep ₹113 per cylinder and that of jet fuel (ATF) by 4.1 per cent as international oil rates slumped to multi-year lows.

A 14.2-kg cylinder of non-subsidised LPG will now cost Rs 752, down from ₹865 previously, in Delhi, oil companies announced today.

This is the fifth straight reduction in rates of non-subsidised or market priced LPG, which the customers buy after exhausting their quota of 12 cylinders at subsidised rates, since August.

In five monthly reduction, non-domestic LPG rates have been slashed by ₹170.5 per cylinder, bringing the price at three-year lows.

On similar lines, the price of aviation turbine fuel (ATF), or jet fuel, at Delhi was cut by ₹2,594.93 per kilolitre, or 4.1 per cent, to ₹59,943 per kl. This is the fifth straight monthly reduction in rates.

This reduction follows a steep 7.3 per cent or ₹4,987.7 per kl, cut in prices on November 1.

Since August, ATF prices have been cut by 14.5 per cent or Rs 10,218.76 per kl and rates have dipped below Rs 60,000 per kl level for the first time in three years.



Brent, the benchmark grade for more than half of the world's oil, have dropped to \$ 68.34 a barrel, the lowest level since October 2009. Prices declined 18 per cent last month and are 38 per cent lower in 2014.

In Mumbai, jet fuel will cost ₹61,695 per kl as against Rs 64,414.98 per kl previously. The rates vary because of differences in local sales tax or VAT.

Jet fuel constitutes over 40 per cent of an airline's operating costs and the price cut will ease the financial burden of cash-strapped carriers.

No immediate comment was available from airlines on the impact of the price cut on passenger fares.

The three fuel retailers --

IOC, Hindustan Petroleum Corp and Bharat Petroleum Corp -- revise jet fuel and non-subsidised LPG prices on the first of every month, based on the average international prices in the preceding month.

Yesterday, oil companies had cut petrol price by 91 paise a litre and diesel by 84 paise per litre. The seventh reduction in price since August has meant that petrol costs Rs 63.33 a litre in Delhi, Rs 10.27 per litre less than what it cost in July.

The third reduction in diesel rates in one month has led to price coming down to Rs 52.51 a litre. Non-subsidised LPG in Delhi was priced at Rs 922.50 in July and rates have in every subsequent month been reduced.



# Provisions for green fuels likely in amended Motor Vehicle Act

VIBHA SHARMA  
TRIBUNE NEWS SERVICE

NEW DELHI, DECEMBER 1

The government may include specific provisions for the use of green fuels in the amended Motor Vehicle Act to address pollution issues.

It aims at updating road safety and related issues such as issuance of drivers' licences and permits through amendments to the "obsolete" Motor Vehicles Act.

During a discussion on the Merchant Shipping (Amendment) Bill, 2013, in the Rajya Sabha today, Road Transport and Shipping Minister Nitin Gadkari said the amended Motor Vehicle



“The amended Motor Vehicle Act would include specifications on environment-friendly fuels such as bio-gas, bio-diesel and ethanol and to curb pollution due to burning of fossil fuels”

Nitin Gadkari, ROAD  
TRANSPORT & SHIPPING MINISTER

Act would include specifications on environment-friendly fuels such as bio-gas, bio-diesel, and ethanol and to curb pollution due to burning of fossil fuels.

The use of fossil fuels, including the release of pollutants such as ground-level ozone and sulphur dioxide from sulphur impurities in fossil fuels, affects the earth's biosphere. In partic-

ular, their burning releases carbon dioxide, a powerful greenhouse gas and one of the leading man-made causes of pollution and global warming.

At present, it is mandatory for oil companies to mix 5% ethanol in petrol. But the government is considering raising its level to "10% -15%". Industry insiders say ethanol mixing is just

about 2% largely due to resistance from the oil and automobile industry.

Sources say once it becomes mandatory by law, the industry will have little choice but to comply. In particular, the mandatory ethanol blending will also benefit the sugar industry.

Besides these, the amended Act also proposes steep fines running into lakhs of rupees for offenders. Recently, Gadkari said the new Road Transport and Safety Bill, which would replace the obsolete Motor Vehicle Act, 1988, would allow drivers' licences and permits to be issued online but only after a stringent test.



# Heavy Industry Ministry seeks higher import duty on power equipment

Higher tax, scrapping of countervailing duty will give manufacturers effective protection

SHISHIR SINHA

New Delhi, December 1

In an effort to boost the Make in India mission, the Heavy Industry Ministry plans to pitch for doubling the basic import duty on power generation equipment.

It wants the duty to be raised to 10 per cent from five per cent and the countervailing duty to be brought to 'nil.' If accepted, companies such as BHEL, L&T and Bharat Forge will gain.

"We have written to the Finance Ministry and the matter will be taken up again in inter-ministerial discussion on the Budget," a senior Government



official told *BusinessLine*. In 2012, the then UPA Government had ended the difference on basic import duty (or basic Customs duty, BCD) between power projects, by saying the same rate of duty would apply to all projects in the sector, irrespective of capacity.

Power equipment for projects of less than 1,000 MW used to attract basic duty of 5 per cent, but projects of over 1,000 MW were

exempt. In September 2012, it was decided to impose duty on all, irrespective of capacity.

This meant that generation equipment for mega power projects / ultra mega power projects of 1,000 MW and above also attracted duty. The duty imposed was 5 per cent basic Customs duty, 12 per cent CVD (countervailing duty) and 4 per cent SAD (special additional duty) — a total of 21 per cent. Added to this was education cess. The final rate is 22.85 per cent.

## Exemption

If the basic import duty is raised to 10 per cent, and the countervailing duty brought to 'nil', domestic manufacturers will get effective protection, *vis-à-vis* foreign manufacturers. The reason is that except basic import duty, all other taxes and charges are paid by both foreign and domestic manufacturers. But when CVD is nil, domestic companies

will not be required to pay excise duty, thus raising the effective protection from current 4.7 per cent.

The official also said that the list of exempt projects has now shrunk. Earlier, the notification on duty hike exempted 111 projects from paying higher duty as they were approved and had placed orders for power equipment with overseas suppliers.

Together, they accounted for the bulk of power generation capacity to be added during the 12th Plan period. As some of these projects are closed, the number of remaining companies is now around 80.

The duty revision is being proposed at a time when the largest power generation equipment manufacturer — BHEL — has, till date, got just five orders, worth ₹12,337 crore in the power sector for the current fiscal. It has an annual production capacity of 20,000 MW.



## *Indian consulate in New York to restore historic building*

**PRESS TRUST OF INDIA**

New York, 1 December

India is planning to renovate its 111-year-old consulate building here to preserve its heritage and bring it back to its former glory.

The Consulate building is a part of the Upper East Side Historic District, as declared by the Landmarks Preservation Commission of New York in 1981.

The Beaux Arts street facade is constructed of Indiana Limestone with a mansard roof of blue slate. The design is in the manner of Percier and Fontaine, who revived the French Renaissance style of Hardouin Mansart, a statement by the Indian consulate said.

The building was built for Carrie Astor, a prominent American socialite, in 1903 as a private residence.

In 1950, it was bought by the Indian government and came to be known as New India House. The building houses the Consulate General of India since then. The Consulate had already been conducting an extensive cleanliness drive, since April 2013, much before the October 2 launch of Prime Minister Narendra Modi's Swachh Bharat campaign.

Paperwork dated older than three decades, decrepit



equipment and potential bio-hazards, which were occupying precious space in the pre-war era building, were weeded out and destroyed. Roughly 90,000 documents were scanned and digitalised daily in the first few months, to salvage paperwork that was still required for reference. Incidentally, a long lost life-size

portrait of Sardar Patel was also unearthed in this drive, in addition to precious glassware and cutlery.

At the end of the cleaning phase of the drive, the Consulate is now looking into restoration and renovation of the building to bring it back to its former glory, the statement said.



## An avoidable controversy

**T**he Union government's attempt to replace German with Sanskrit as the third language taught in Kendriya Vidyalayas for Classes VI to VIII in the middle of an academic year is oblivious to the interests of students as also to the need to ensure credibility in dealings with other nations. Its explanation is that a memorandum of understanding signed between the Kendriya Vidyalaya Sangathan (KVS) under the previous regime with the Goethe Institut/Max Mueller Bhavan — to teach German as a third language — is illegal and violative of the National Education Policy. Several school systems in the country include foreign languages such as French and German as even a second language, and so far no one has ever questioned their legality. In this case, German was only one of the options for the third language offered by the KVS and the MoU was never intended to make it compulsory. The fact that over 70,000 students across 500 schools opted for it speaks volumes about the preference among students and parents to learn a foreign language to boost their career prospects. Student preference for Sanskrit as a third language remains unclear. The HRD Ministry seems insensitive to the impact of its decision so late in the academic year on students who have taken up the language. It is obvious that the present regime's eagerness to demonstrate its commitment to Sanskrit overrides the interests of students, as well as the notion of sanctity of agreements reached with institutions backed by foreign states.

The Supreme Court has questioned the haste with which Sanskrit is sought to be introduced in the middle of an academic year. The government's claim that it will ensure that students are not put undue stress by adopting an entry level syllabus and marking system shows that its keenness to promote Sanskrit is mere tokenism. The court seems to have endorsed the policy of introducing the learning of Sanskrit, described as 'the mother of many languages', as a third language, but only wants the decision to be implemented from the next academic year. To be fair, the November 11, 2014, office memorandum replacing German says students can learn either Sanskrit or any other 'modern Indian language' as third language. German will be relegated to the non-serious 'hobby class'. The moot question, however, is whether at all Sanskrit should be counterpoised against German when there should be a place for both the languages, with students being allowed to choose Sanskrit or another modern Indian or European language. Such counterpoising is all the more ironic considering that German academia has had a long tradition of scholarship in Sanskrit and Indian studies.