Planning Commission
Government of India

PART A: News pertaining to Planning Commission

05.12.2014

Compiled by:

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Planning Commission Library

(महापुरुषों के प्रेरणात्मक विचार)

(मनुष्य अपनी सबसे अछ्छे रूप में सभी जीवों में सबसे उदार होता है, लेकिन यदि क़ानून और न्याय ना हों तो वो सबसे खराब बन जाता है.)

Aristotle अरस्तु

1. After the meet, PM-CMs retreat

Vaidyanathan Iyer, Indian Express: 05.12.2014

TAKING a cue from global summits, Prime Minister Narendra Modi has called for an "agenda-lessretreat" including one-on-one meetings with all Chief Ministers on Sunday, after his discussion with them on the future of the **Planning Commission**.

While the discussions on the new structure and design of the institution that will replace the Planning Commission will occupy the first half of the day — 10.30 am to 1.30 pm, a one-hour post-lunch "retreat" will be held from 3 pm to 4 pm. The Chief Ministers will not be accompanied by their aides during the "retreat".

However, during the morning's discussions, Modi will be accompanied by his top officers, and each Chief Minister will be allowed to bring along one aide, most likely the state Chief Secretary.

A state government official told The Indian Express that Modi will set the tone of the morning meeting at the Prime Minister's Race Course Road residence. Following his opening remarks, each Chief Minister will be allowed an intervention of 5-7 minutes. They will not get an opportunity to interject when others are speaking.

Another government official of a BJP-ruled state said the Chief Ministers would be looking for signals on how aggressively they can push for reforms in their respective states, especially in areas that are a part of the concurrent list. "These include factor markets such as land and labour and social sectors such as education and health," the official said.

A senior central government official said Modi wanted the Chief Ministers to talk up the reforms they have managed to push through. "Ideally, Prime Minister Modi would like the states to compete with each other to attract investments and generate employment," the official added.

The states have been provided an agenda brief drafted by the Planning Commission on the evolution of the institution over the past 64 years. In this, the Planning Commission has emphasised that the central purpose of development planning remains even now. Many states, however, do not buy the argument and are of the view that the Planning Commission should be disbanded. Further, they contend that there is little flexibility left for states in planning and devicing schemes that are pertinent to their regions.

The agenda brief, however, has said the new institution will need to evolve a mechanism embodying the spirit of cooperative federalism as a dynamic and interactive partnership with states on priority issues in national development.

2. Plan panel to adopt Patel Chowk

Hindustan Times: 05.12.2014

NEW DELHI: The Planning Commission has taken Prime Minister Narendra Modi's Swachh Bharat campaign to a different level. The commission has decided to adopt Patel Chowk for cleaning on a weekly basis.

The commission is the first Central government office to adopt a public place, comprising a busy metro station, for conducting a cleanliness drive under Prime Minister's Swachh Bharat Abhiyan.

Planning Secretary Sindhushree Khullar will spearhead the campaign on a weekly basis. Directions have been issued in this regard and the campaign will start from next week.

3. Technological unemployment

Shyamal Majumdar, Business Standard: 05.12.2014

Job prospects are grim today, as humans and organisations aren't keeping up with the pace of technology

At an informal meeting of some wise men of Mumbai's financial world, the conversation focused on the rapid automation of more and more work once done by humans and whether it will lead to "technological unemployment" - a phrase coined by John Maynard Keynes, who in 1930 had talked about a "new disease", which is the inability of the economy to create new jobs faster than jobs are lost to automation.

One of the participants in the informal meeting gave some food for thought for the new government - after jobless growth and jobless mini-recession, will it be a case of jobless recovery? Going by the drift of the conversation, it was apparent no one knew the answer to that question.

In a strange way, I was reminded of what economist Gregory Clark had said in his book A Farewell to Alms: "There was a type of employee at the beginning of the Industrial Revolution whose job and livelihood largely vanished in the early 20th century. This was the horse".

The population of working horses actually peaked in England long after the Industrial Revolution. In 1901, 3.25 million were at work. Though they had been replaced by rail for long-distance haulage and by steam engines for driving machinery, they still had a lot of work such as toiling in the pits, hauling wagons and carriages for short distances and carrying armies into battles.

But, Clark said, "the arrival of the internal combustion engine in the late 19th century rapidly displaced these workers, so that by 1924 there were fewer than two million. There was always a wage at which all these horses could have remained employed. But that wage was so low that it did not pay for their feed".

Are humans, except for the superstar types, far behind? Technological change over the last generation has wiped out many low- and middle-skill jobs. Just think about the big army of secretaries, typists, telephone and computer operators and payroll clerks who occupied vast office space in earlier years? There are examples galore. I remember how in the early nineties, just one machine imported from Germany took away 300 jobs of people who were engaged in folding newspapers in a media organisation. The machine could do the same job in one-fourth of the time. Most of the staff who lost their jobs silently walked into the sunset. That's a classic example of how those who are left unemployed or underemployed are struggling to retrain and catch up with the new economy's needs.

If this was the past, consider the future, and here the news isn't too good for even some of the most skilled jobs. Though spoken in a different context, McKinsey Inc CEO Dominic Barton told The Economic Times last week, "If you are a heart surgeon in the US today, you better be worried about driverless cars because most of the heart transplants come from car accidents and car accidents are going to drop dramatically with driverless cars".

If heart surgeons have reasons to feel worried about driverless cars, imagine the plight of truck and taxi drivers when computers start driving more safely than humans. And it's not a remote possibility. In April 2014, the Google team working on the project announced that their driverless vehicles have now logged nearly 1.1 million km.

If you find all this talk about machines taking away jobs a little outdated, you could do what one of the participants in the informal meeting suggested - read a 75-page e-book, Race Against the Machine, by Massachusetts Institute of Technology's Erik Brynjolfsson and Andrew McAfee. The authors have brought together a range of statistics and examples to show how technological progress has deep consequences for skills, wages and jobs. Faster, cheaper computers and increasingly clever software are giving machines capabilities that were once thought to be distinctively human - like understanding speech, translating from one language to another and recognising patterns. So automation is rapidly moving beyond factories to areas that provide most jobs in the economy.

The e-book makes the case that employment prospects are grim for many today, as humans and our organisations aren't keeping up with the pace of technology. Is it time to re-imagine the Skill India mission?

4. Safety first: Examining industrial regulations 30 years after Bhopal

Business Standard: 05.12.2014

The 30th anniversary of India's worst industrial disaster - and one of the deadliest in history - should be seen as an occasion for introspection. Has India, in the decades since poison gas wafted out of the Bhopal plant of Union Carbide, done enough to ensure rational and implementable industrial safety standards? The events of December 1984 have cast a dark pall over Bhopal's present, unfairly associating that town's name with tragedy. It must be acknowledged that what happened in Bhopal was a failure of regulation and administration, not a failure of trade or of openness.

India stands poised on the brink of another leap towards industrialisation, of the sort that had led, all those decades ago, to the setting up of the Bhopal Union Carbide plant in the first place. What stands in the way of the industrial revolution that would give so many millions of young people respectable work is the inspector raj that India's regulatory edifice has become. The prime minister has spoken, correctly, about easing the burden that puts on companies. It is not the case, however, that Bhopal should be forgotten. The point of reform is not to end regulation. It is to make regulation better, more implementable and more effective. Only if more and safer factories are set up will reform have been done right.

India has an appalling record on industrial safety. The statistics are not up to date, but it has been reported that between 2007 and 2010 at least 3,000 people were killed in the organised sector alone. The number in the unorganised sector must be many times higher. And as India rebalances its economy towards the industrial sector, this number will only increase - unless something is done to repair the regulatory architecture. There are literally dozens of safety regulations that all factories must comply with, many dating back to the 19th century; most of them are unreasonable, and others are contradictory. When there are so many conflicting laws, all of them are not followed - none of them are. Inspectors, knowing that every factory is a technical lawbreaker, become rent-seekers instead of doing their jobs. Over-regulation, as India's high rate of industrial fatalities shows, is the worst possible thing for industrial safety.

So the government must honour the memory of the thousands who died in December 1984 by making regulatory reform a priority. Instead of minor tweaks to the legislation governing factories, there should be wholesale reform, followed by administrative overhauls of the inspector cadre. And all those who continue to view the Bhopal case as an opportunity with which to oppose industrialisation should recognise, instead, that their skills are needed elsewhere - in lobbying for more effective regulation.

5. Dividend or nightmare

Written by Santosh Mehrotra, Indian Express: 05.12.2014

How many jobs must be created to realise our demographic dividend (or avoid a nightmare)? Half of India's population is below 25. The worst-case scenario is that enough jobs are not created for the millions entering the labour force each year, and that this semi-educated mass becomes a force driving social conflict.

The reason that East Asian countries (especially China) rode the wave of the demographic dividend and dramatically reduced poverty is that they rapidly created jobs for those with education joining the labour force, as well as those leaving agriculture for better opportunities in industry and services, especially in export-oriented manufacturing.

But now that international demand has collapsed, India will have to rely to a greater extent on domestic demand to create jobs. Can the government's "Make in India" programme lead to private industry and the service sector creating enough jobs to absorb those entering the labour force?

Fearmongers will tell you that 12 million persons are joining the labour force every year — or that one million entrants must be provided jobs every month (that's 30,000 new jobs a day). This myth-creating number derives from a misinterpretation of the National Sample Survey (NSS) estimate that 60 million people entered the labour force in the first half of the last decade, implying that the same number of people have been entering the labour force ever since. This is the modern version of the earlier scare that "population growth will overwhelm India's economic growth".

Population growth has slowed to 1.4 per cent per year. In fact, the zero-six age population was not higher in 2011 than in 2001. The implication is that though the population that crosses over into the working-age group is growing, it is doing so at a slowing pace. India's demographic dividend will end in 25 years at most.

So, how many industrial and service-sector jobs need to be created every year over the eight year period, 2011-12 (the year of the last NSS estimate) to 2019-20 (the terminal year of the new government's tenure)?

To set the upper limit of the labour force size, we assumed that the labour force participation rate of those with secondary-and-above education would, instead of remaining the same, increase by 5 percentage points. In that case, the size of the labour force would increase by about 63.6 million, an average of 7.8 million per annum. Providing employment to this number is achievable, since in the period 2004-05 to 2011-12, 7.5 million jobs were created in industry and services (the same as over 1999-2000 to 2004-05).

The number of jobs that "Make in India" must create is nowhere close to the 1 million per month that scare-mongers are "warning" us about. The demographic nightmare can be avoided, provided the requisite number of jobs are created. It has been done before.

The second point is that as young people get more educated, they will not want to work in agriculture (currently the biggest employer — it engages half the workforce). They will want semi-skilled/ skilled jobs in construction, which currently employs 12 per cent of the workforce and is exhibiting the fastest growth. They will want jobs (casual, regular or self-employment) in manufacturing or services. So non-agricultural jobs must be created.

The third point is that a rising share of those educated, at least up to the secondary level, will be girls. The labour force participation rate for women in India is one of the lowest in the world. This is set to change, provided appropriate non-agriculture jobs exist, such as in garment manufacturing or modern services. Is the government ready to create the enabling environment to meet the demand for such jobs?

The fourth point is that jobs have to be created, not merely for those just joining the labour force, but also for those leaving agriculture for better-paying construction-sector work. For the first time in India's economic history, the absolute number of those in agriculture has been falling — since 2004-05. For the new NDA government, this is a very different reality from the one it faced between 1999-2000 and 2004-05, when the absolute numbers in agriculture actually grew by 20 million — a retrogressive development. Roughly five million people left agriculture for non-agri jobs during the UPA period. Jobs will have to be created for such migrants.

However, this last challenge is in some ways the easiest to address. If investment in rural and urban infrastructure, housing and rural public works is sustained, the unskilled who leave agriculture will get absorbed in construction, as they have been for the last decade or more. But the first three challenges are much more serious, especially if the new jobs are to be organised-sector, formal jobs. Are the government and the private sector ready?

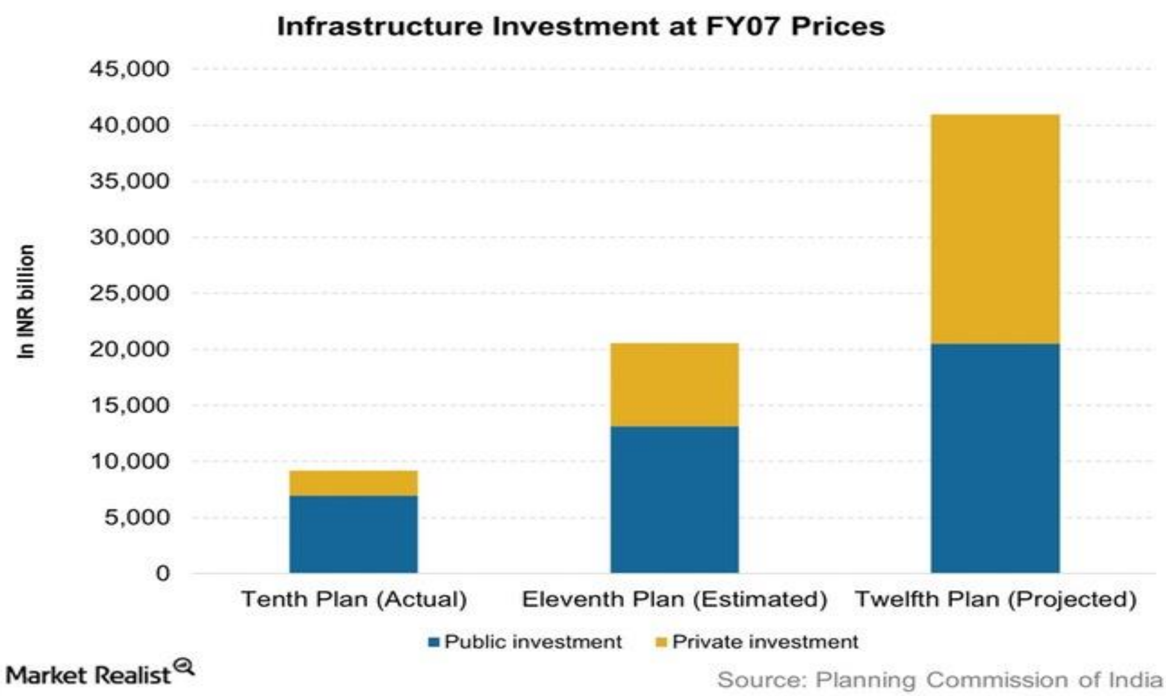
The writer is professor at Jawaharlal Nehru University, Delhi, and author of 'Policies to Achieve Inclusive Growth in India' (forthcoming)

6. India's infrastructure investment requirement
David Ashworth, Market Realist: Dec 4, 2014 11:29 am EST

Investment requirements

The **Planning Commission** of India is responsible for creating five-year plans (or FYPs) for India. The eleventh FYP, which was for 2007-12, had estimated infrastructure investment requirements to be about 20.5 trillion rupees at FY07 prices, or about $514 billion.

The Planning Commission has estimated that in order to attain an economic growth rate of 9% per annum, investment in infrastructure has to be to the tune of 41 trillion rupees, or about $1 trillion, during the twelfth FYP, from 2012 to 2017.

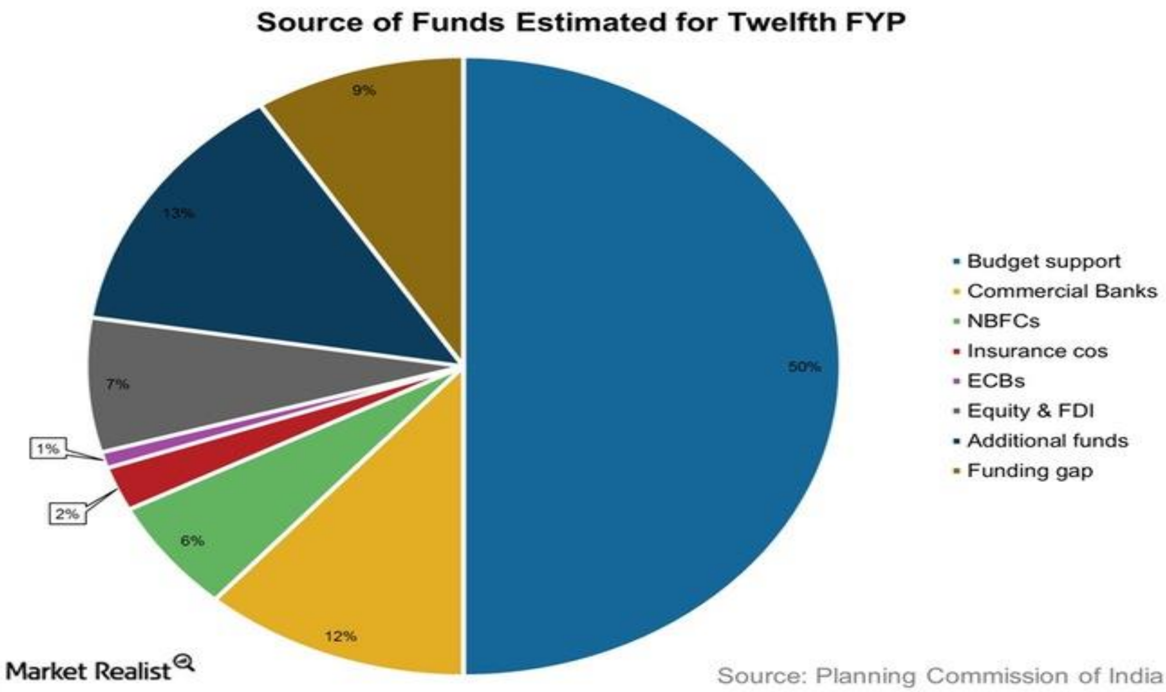


Enlarge Graph

This amount is double the amount envisaged in the previous plan. In nominal terms, given an inflation rate of 5% per year, this planned figure results into a target investment of around 65 trillion rupees for the twelfth FYP. Half of this estimate is expected to come from the private sector.

Funding gap

Even with 50% of this requirement being fulfilled by budgetary support, and making a provision of additional funds from the private sector, there is a funding gap of 9% of the total requirement. The additional funds from the private sector are expected due to policy and regulatory recommendations. Budget support quantum is not cast in stone and may change. Any shortfall on this count can significantly increase this funding gap.



Enlarge Graph

NBFCs refer to non-banking financing companies and ECBs refer to external commercial borrowings.

This gap is one reason that the government is looking for potential overseas investors interested in investing in infrastructure. Doing business ties in here, as easy norms coupled with speedy implementation will bring in the money required to fill this gap.

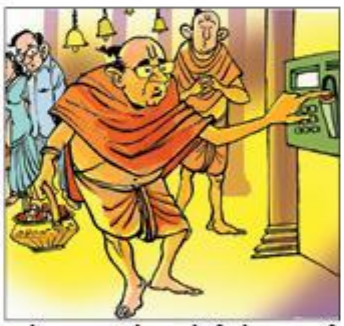
Like the doing business factors, this does not have a direct impact on India ETFs like the WisdomTree India Earnings Fund (EPI), the PowerShares India Portfolio (PIN), the EGShares India Infrastructure ETF (INXX), the iShares S&P India Nifty 50 Index Fund (INDY), and the iShares MSCI India ETF (INDA). However, persistent weakness will affect the economy as a whole and these ETFs will suffer.

7. Navbharat Times: 05.12.2014

राज्यों में भी शुरू होगी बायोमेट्रिक अटेंडेंस

वित्त मंत्रालय ने प्रदेश सरकारों को लिखा खत

■ जोसफ बर्नाड, नई दिल्ली



केंद्र सरकार के दफ्तरों में बायोमेट्रिक कार्ड सिस्टम शुरू करने के अच्छे नतीजे सामने आ रहे हैं। कर्मचारी वक्त पर दफ्तर आ रहे हैं और उनकी कार्यक्षमता बढ़ गई है। मोदी सरकार ने मार्च-2015 तक सभी सेंट्रल गवर्नमेंट ऑफिस में इस सिस्टम को लागू करने का लक्ष्य रखा है। मोदी सरकार चाहती है कि अब सभी राज्य सरकारें भी इस सिस्टम को अपनाएं। इसके लिए वित्त मंत्रालय ने राज्य सरकारों को बाकायदा पत्र लिखा है। जिन राज्यों में चुनाव हैं या होने वाले हैं, उन्हें छोड़कर सभी राज्यों को पत्र भेजा जा चुका है। सबसे अहम यह कि पत्र में लिखा है कि इस सिस्टम का लागू करने में जो भी खर्चा आएगा, वह केंद्र सरकार वहन करेगी। राज्यों को वित्तीय सहायता से लेकर तकनीकी सहायता तक उपलब्ध कराई जाएगी।

वित्त मंत्रालय के सूत्रों के अनुसार, पीएमओ की इस पर सहमति है। राज्यों की सहमति मिलते ही इस सिस्टम को वहां स्थापित करने और इसे चालू करने पर तेजी से काम की तैयारी है। इस सिस्टम को शुरू करने में ज्यादा खर्च नहीं आएगा। वित्त मंत्रालय के अफसरों का कहना है कि पूरी टीम तैयार है और हम राज्यों के जवाब का इतंजार कर रहे हैं।

डिपार्टमेंट ऑफ इलेक्ट्रॉनिक ऐंड इन्फर्मेशन टेक्नॉलजी के सेक्रेटरी रामसेवक शर्मा का कहना है कि निश्चित तौर पर केंद्र सरकार की तरफ से शुरू की गई यह पहलराज्य सरकारों के दफ्तरों का हिस्सा होगी। पूर्व वित्त सचिव एस. नारायण का कहना है कि राज्य सरकारों को इस सिस्टम को अपनाने के लिए तैयार रहने की जरूरत है।

PART B

NEWS AND VIEWS

Friday 5th December 2014

Polity	: Sena to get 12 berths in Fadnavis govt.
Economy	: Banks may soon get to finance stalled projects
Planning	: Department of Electronics plans Rs. 10,000-crore angel fund
Editorial	: Messing around

Communication, IT Information Division
Phone # 2525

Department of Electronics plans ₹10,000-crore angel fund

Will pick stakes in venture capital funds to invest in electronics, tech start-ups

OUR BUREAU

Kolkata, December 4

The Department of Electronics and IT (DeitY) plans to set up a ₹10,0000-crore corpus to fund various start-ups. Electronics and IT start-ups will be the preferred choice.

According to RS Sharma, Secretary, DeitY, the Department will look to pick up stakes in venture capital firms (VCs) through an "Electronics Development Fund" it is planning to set up.

Guidelines soon

"We will look to pick up between 15 per cent and 20 per cent stake in a VC or several. We are yet to finalise the list of VCs," he told reporters on the sidelines of Infocom 2014, an annual IT event organised in the city.

According to Sharma, guidelines are likely to be in place over the next two to three months. "We will not be investing directly in these start-ups. Investments will be done through VCs in which we have a stake," he said.

The VCs can be Indian or foreign. DeitY will appoint an external agency which will select, screen and finalise the VCs where the investments can be made. "We will have guidelines which will help the agency select the VCs," he added.

Sharma, however, said the details of the fund and how it will be allotted through the Centre are yet to be decided upon.

Nurturing start-ups Keshari Nath Tripathi, Governor of West Bengal, delivers inaugural address at Infocom 2014 in Kolkata on Thursday. (from left) Kiran Karnik, past president, Nasscom; and RS Sharma, Secretary, Electronics and IT, DeitY, are also present ASHOKE CHAKRABARTY

Meanwhile, the Centre will soon come out with a new IT policy that will stress development of new States and cities as possible IT hubs. Focus will be on the eastern region in particular.

Incentives for IT firms

Incentives will be provided to IT and IT-enabled service companies that set up shops in these cities. The policy focus will be to makeup for the regional imbalances and promote these cities as future IT destinations.

"We are working on the guidelines of this IT policy with special focus on the eastern region. We will look to overcome the regional imbalances that have come up because of lopsided IT development in some cities," he added.

The Tribune

Date: 05/12/2014
Page No. 14

Centre okays ₹65,000 cr for constructing toilets

TRIBUNE NEWS SERVICE

NEW DELHI, DECEMBER 4

The Union government has sanctioned Rs 65,000 crore for the construction of toilets at national level. Out of this amount, the government's share will be Rs 12,000 crore and the remaining amount will be financed by corporate houses, said Shankar Agarwal, Secretary, Ministry of Urban Development.

He said the 14th Annual World Toilet Summit would be held in January next year.

"The Union government will transfer the amount to the state government that will ask the local bodies department to implement the programme. There will be no dearth of finance. If needed, the government will sanction additional amount for the construction of toilets under the Swachh Bharat Campagin launched by the Prime Minister," he said.

He said the government was determined to improve the sanitation and hygiene in the country and all possible steps were being taken to achieve the goal.

Along with constructing toilets, the government would try to change the mindset of people through education for using the toilets and develop infrastructure in urban areas.

Hindustan Times

Date: 05/12/2014
Page: 15

Banks may soon get to finance stalled projects

EASING NPAs FinMin considering proposal to provide lenders opportunity to identify 'viable' stressed assets

Mahua Venkatesh and Anupama Airy
mahua.venkatesh@hindustantimes.com

NEW DELHI: Soon, banks may be allowed to pump in funds into projects, which have been classified as non-performing assets (NPAs), but can be revived if handled well.

To ease the burden of rising NPAs — loans that do not yield returns — the finance ministry is considering a proposal to provide banks a single-window opportunity to identify "viable" stressed assets and finance them to rekindle growth, a senior government official told *HT*.

However, only those projects that have been stranded due to external reasons including economic slowdown and shortage of raw materials would be considered for such restructuring.

"Such projects would be kept under scrutiny and after one year, would be classified as standard assets implying they are productive, in case they can maintain their repayment cycle and show signs of picking up," the official said, while citing the recently submitted Santosh B Nayar committee report on restructuring of stressed assets. Nayar is the chairman of India Infrastructure Finance Company Ltd.

The move would not only help restart stranded projects, especially those in the infrastructure sector, but ease the level of NPAs in the banking sector.

Asset quality in state-owned banks has been under pressure due to rising NPA levels (see graphic).

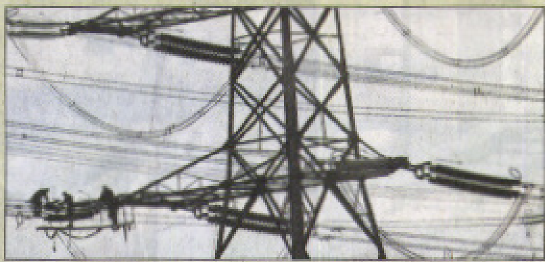
The Nayar panel report on financing infrastructure projects, which was recently submitted to the finance ministry, has underlined the need to "revive all viable projects irrespective of the asset classification status, as saving such capacities is of paramount importance in the long-term interest of the economy."

In the latest credit policy review, RBI governor Raghuram Rajan also indicated that debt restructuring norms for stressed projects could be relaxed, a move that would provide flexibility in loan repayment, especially in case of power projects that have been stranded due to non availability of raw material including coal.

The 5:25 norm, which allows banks to go in for periodic refinancing of loans of 25-year tenures, is likely to be extended even for existing projects categorised as standard and banks would be permitted to take a greater chunk of equity than the current permissible limit. The current 5:25 norm, introduced in July, is applicable only for new projects.

Finance minister Arun Jaitley met chairman of public sector banks on November 20 to take stock of bad loans and discussed steps to bring down NPAs.

"The RBI is looking into the issue and this would be critical going ahead as it would help in restarting many stranded projects, which would eventually be beneficial for lenders," said a mid-sized public sector bank chairman, who did not wish to be identified.



■ Power projects have been hit by scarcity of coal and gas

BOOSTER DOSE FOR GROWTH

Revival of stranded projects will give a fillip to the overall economy

4.4% PSU banks' NPAs as on March 31, 2014

4.4-4.7% Estimated NPAs as on March 31, 2015 according to research firm ICRA

- Banks may be allowed to invest in projects, which have been classified as NPAs, but can be revived if handled well
- Projects hit by external reasons such as slowdown and input shortage would be considered for restructuring
- Such projects would be classified as standard assets after 1 year, in case they maintain their repayment cycle, and show signs of pick-up
- The move would help restart stranded projects and ease the level of NPAs in the banking sector

Hindustan Times

Date: 08/12/2014
Page: 17

High-level panel wants India Post restructured

LETTER & SPIRIT Move can create 5L jobs, reduce subsidy elements of department; no jobs will be lost, says IT minister

HT Correspondent
letters@hindustantimes.com

NEW DELHI: In a move that can help create 500,000 new jobs in next three-five years, a high-level committee has advised the department of post to restructure itself into six strategic units.

500,000 new jobs likely to be created

This will also help the department to fully leverage its network across the country.

The report of the task force headed by former cabinet secretary TSR Subramanian was submitted to the minister for communications and information technology, Ravi Shankar Prasad on Thursday.

Subramanian also pointed that restructuring was necessary to reduce the subsidy elements. At present, the postal department is subsidising post cards, inland letters and speed posts. The tariff for postal services was last revised in 2002.

"The postal department has a social responsibility that it will fulfil and even with restructuring not even a single postal employee will lose his/her job," Prasad said.

The six strategic units are to be divided into five profitable (strategic business unit or SBU) and one not-for-profit unit.

The five SBUs will act as distributors on a commercial basis for companies such as Flipkart and Amazon.

The not-for-profit unit is for delivery of government services such as Aadhaar, ration cards, voter identification cards, Kisan Vikas Patras, etc. on agency basis.

The report has also proposed that each strategic unit should have an independent board to operate commercially as a profit centre. Addressing the media, Subramanian committee has suggested that each of the five SBUs can go for an initial public offer, if the government wishes. The recommendations of the committee cannot be implemented without amending the existing postal law.

Subramanian said that a 'Post Bank of India' run professionally could contribute for a financial inclusion of the rural poor as banking and financial services are not available in most of the over 600,000 villages of the country.

TAKING THE POST TO TASK

Move will involve splitting India Post into six strategic units

Five units will act as profit centres

- Banking and financial services
- Insurance products
- Distribution of third party products
- Management of govt services
- Parcels and packets, including e-commerce articles

Three units to be created immediately

- Banking and financial services
- Insurance operations
- Logistics and parcel delivery for e-commerce firms

Business Standard

Date: 05/12/2014
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Goldman Sachs says India's GDP growth to outpace China's

Forecasts FY16 GDP growth at 6.5% and FY17's at 7% on strong FDI inflows and a cyclical recovery

MALINI BHUPTA
Mumbai, 4 December

A day after global brokerage firm Macquarie painted a rosy picture of the Indian economy and raised its target level for the stock indices for the next 12 months, Goldman Sachs said India was set to overtake China and become the fastest-growing emerging market during 2016-18.

Goldman Sachs India managing director and chief India economist Tushar Poddar and chief Asia-Pacific strategist Timothy Moe said on Thursday they believed the Indian economy was beginning a new growth cycle, driven by reduced macro imbalances, benign global conditions (lower commodity prices) and structural reforms.

The Asia-Pacific research division of the foreign investment banking firm believes the Indian economy is on the mend. In 2015, Goldman Sachs expects the markets to give 13 per cent returns (after factoring in currency depreciation). The brokerage expects Nifty to close at 9,500 by the end of 2015, which is, however, less than 9,960 predicted by Macquarie.

The year 2015 is expected to see a rush of foreign direct investments coming into India, thanks to the reforms in the defence, insurance and construction sectors

BS FILE PHOTO

Structural reforms and the focus on reviving the economy is expected to boost India's gross domestic product (GDP) growth to 6.3 per cent in calendar 2015 (6.5 per cent in FY16) and 6.8 per cent in calendar 2016 (7 per cent in FY17), forecasts Goldman Sachs. In contrast, it expects China to grow by seven per cent in 2015 and 6.7 per cent in 2016. India's growth is expected to accelerate in the coming years, while China would witness a gradual slowdown in growth, which economists prefer to describe as "long-landing".

China's growth in the coming years is expected to remain below seven per cent, while India's growth revives in the coming years, making it the fastest-growing emerging market. Other emerging markets such as Brazil, Russia and South Africa are expected to grow at a much slower pace on weaker commodity prices.

Even though Prime Minister Narendra Modi has been faulted for his many foreign trips and absence of "big bang" reforms, Goldman Sachs believes that a cyclical recovery has already begun with demand picking up. Financial conditions have significantly eased and liquidity conditions have improved. The government is looking at easing investment conditions in India and focusing on project clearances. Also, 2015 is expected to see a rush of foreign direct investments (FDI) coming into India, thanks to liberalising the defence, insurance and construction sectors.

Moe believes Modi's recent foreign trips will result in close of $36 billion of FDI in the next calendar year. If the monthly inflow of $3 billion of FDI flows materialises, as anticipated by Goldman Sachs, it would outpace the $29 billion that came into Indian equities in 2010 — the highest in 10 years. In calendar 2013, foreign institutional investors poured in $20 billion into Indian equities, while this year has seen inflows of $16 billion so far.

Goldman Sachs also expects the Indian rupee to remain largely stable against the dollar, thanks to the capital flows. This means that even as the US Federal Reserve begins to increase rates next year, India will not see the kind of turmoil seen in 2013. However, India's rupee could appreciate strongly against other developed market currencies such as the euro and the British pound.

The biggest risk to India's growth story will come from the tardy implementation of reforms. The government has its task cut out as far as reforms in the financial sectors and in governance, labour and technology are concerned. Goldman Sachs believes the government will be able to push through reforms to boost manufacturing and infrastructure, implement goods and services tax, use technology to cut red tape and create a more friendly business environment. However, where the government can falter are labour reforms and pushing through changes in the civil services.

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■ Labour-material ratio may be changed from 60:40, focus on productive assets

Rural job scheme spend unchanged, govt may tweak structure, coverage

LIZ MATHEW

NEW DELHI, DECEMBER 4

THE NDA government is likely to retain the fund allocation for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the flagship programme of its predecessor UPA, in the Union Budget 2015-16.

Sources, however, said that the government could still look at tweaking the labour-material ratio under the scheme from the current 60:40 ratio as well as creation of more productive capital assets.

Former rural development minister Nitin Gadkari had been keen to revisit the scheme with plans to restrict it to just 200 of the poorest districts in the country.

Finance ministry sources said there will not be any cut in the social sector budget.

"The UPA has allocated Rs 34,000 crore for the scheme (MGNREGA) and we have not touched it. But the government can decide how it will distributed, it's the prerogative of the Central government," said a source in the government.

Launched in 2005 by the UPA government with cross-party support, the scheme aims to guarantee 100 days of wage employment to adult members of every rural household who volunteer to do unskilled work.

There have been also apprehensions raised by the opposition as well as non-governmental organisations that the Narendra Modi-led government may cut sector spending on programmes such as the rural job guarantee scheme.

MGNREGA BUDGET

YEAR	ALLOCATION (₹ CR)
2010-11 (actuals)	35,840.74
2011-12 (actuals)	29,212.92
2012-13 (actuals)	30,273.60
2013-14 (RE)	33,000
2014-15(interim)	33,989
2014-15 (full)	33,989

*SOURCE: BUDGET DOCUMENTS

With the Centre trying to meet its fiscal deficit target of 4.1 per cent of the gross domestic product (GDP) in 2014-15, few economists also have expressed fears that there could be reduction in the social sector spending.

The UPA government, too, had tried to bring down spending on social sector schemes in order to curtail its fiscal deficit.

According to the BJP sources, there was a suggestion that instead of having it in all the districts, the job guarantee scheme could be reduced to certain districts and blocks of the country which are extremely backward.

A BJP leader pointed out that the land holding community, expected to be a key player in the prime minister's 'Make in India' campaign, has been complaining about the MGNREGA scheme.

"There were suggestions that scheme could be implemented in backward districts or 500 blocks," he added.

A revamp in the scheme was also indicated by finance minister Arun Jaitley in the Union Budget 2014-15 where he had stressed on the government's intent to continue it.

"Wage employment would be provided under MGNREGA through works that are more productive, asset creating and substantially linked to agriculture and allied activities," he had said.

Newly appointed minister for rural development, panchayati raj and drinking water and sanitation Chaudhary Birender Singh, too, has maintained that the government will not restrict the job scheme.

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Independent regulator likely for direct selling industry

'The demand for regulator is quite relevant and legitimate'

Yuthika Bhargava

NEW DELHI: An inter-ministerial committee formed by the government is set to meet on December 8 to deliberate on the need for an independent regulator for the Rs.7,200-crore direct selling industry.

Inter-ministerial committee meet

"My Ministry appreciates the need of creating a regulatory framework for the direct selling and e-commerce sectors. We have recently formed an inter-ministerial committee. It will have its first meeting on December 8 to deliberate on the need and framework of regulations for the direct selling industry," Minister of Food, Public Distribution and Consumer Affairs Ram Vilas Paswan said here on Thursday.Speaking at the launch of FICCI-KPMG report on the sector, the Minister said it was important to distinguish between the genuine and fraudulent players, and any regulation that was proposed should keep in mind the interest of consumers as the first priority.

The independent regulator for the industry has been a long-standing demand from the direct selling sector.

Mr Paswan said he saw a lot of weight in the arguments in favour of a regulator. "I think the demand for regulator for direct selling sector is quite relevant and legitimate. We are considering it," he said.

Ram Vilas Paswan

Meanwhile, the report states that , the direct selling industry, with the right policy stimulus, is likely to reach Rs.64,500 crore in size by 2025 from Rs.7,200 crore at present. "The industry is adversely affected by lack of proper legal framework, which is compromising the growth of the industry. There is no systematic and standard policy on direct selling that is based on a constitutional structure," the report states.

As a result, many authorities have booked direct selling companies for unlawful activities as under Prize Chits and Money Circulation Schemes (Banning) Act, 1978, it points out.

P.C

The Pioneer

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Govt to ensure pension for elderly

PNS ■ NEW DELHI

With the aged population in India estimated to rise from the current 103.8 million to 173.2 million by 2026, the Centre is putting together a policy framework to face the challenge it will pose in socio-economic and public health spheres.

"We are committed to doing everything we can to address the issues of the elderly. The Government will not only continue the ongoing programmes across the country for the elderly but will also ensure pension for all elderly," said Thaawar Chand Gehlot, Minister for Social Justice and Empowerment. He was addressing the inauguration of the two-day National Conference on 'Elderly: Dignity, Health and Security' organised by the United Nations Populations Fund (UNFPA) in collaboration with the Population Research Centre (PRC).

"At present, close to 65 per cent of the population is below 40 years, and 20 years down, the percentage of the elderly is to going to double. The number of aged persons in India now is 103.8 million and it is projected to increase to 173.2 million by 2026," he said.

Four Central Ministries — Social Justice and Empowerment, Rural Development, Panchayat Raj and Health and Family Welfare, along with representatives of State Governments and research bodies, will also deliberate upon and consider the findings of a seven-State study on the elderly done by the United Nations Population Fund (UNFPA) before drafting the policy, said Gehlot.

The UNFPA study shows that although a significant proportion of the elderly were aware of social security schemes such as the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Indira Gandhi National Widow Pension Scheme (IGNWPS) and the Annapurna Scheme, the utilisation of all such measures was miniscule among the target group.

The study highlights that only 18 per cent of elderly belonging to poor households were beneficiaries of IGNOAPS, while only 3.5 per cent utilise the Annapurna Scheme. Also, only 25 per cent of all elderly widowed women use IGNWPS.

Similarly, the evidence related to issues of health and the overall well-being of the elderly reveals high levels of morbidity across a spectrum of ailments and impairments. This was further compounded by gender differentials in accessing healthcare and lack of awareness about health schemes and services, the study found.

"We will study the gaps and address issues which require attention," said Sudhir Bhargava, secretary, MSJE. "We will be prepared to cope with the complex set of problems which will be faced by the 80-plus population which is set to increase in the coming years," he said.

Bhargava said that the Government estimates the need for 10 million caregivers to address the needs of this population. "A massive training programme is in the making to create competent human resource to meet the need," he said.

The Hindu

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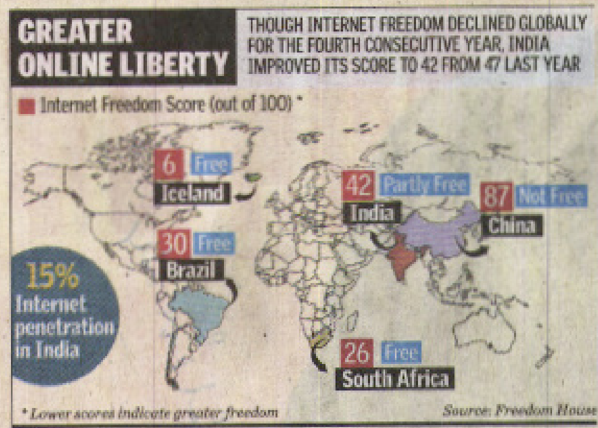
India betters rank in net freedom

Rukmini S

NEW DELHI: India is only "partly free" with a rank of 30 out of 65 countries in Internet freedom but as of May this year, it has improved its score, a new report says.

The improvement in India's score, from 47 out of 100 in 2012-13 to 42 out of 100 in 2013-14, is the largest by any country. Among BRICS and South Asian nations, Brazil and South Africa rank better.



In its 'Freedom on the Net 2014' report released on Thursday, Freedom House, an independent US-based watchdog group, ranked the countries on 21 categories under three broad heads -- obstacles to access, limits on content and violations of individuals' rights.

"India improved because of the reduced number of incidents in which ICT (Information Communications Technology) connectivity and access was restricted, the relative transparency in allocation of spectrum; less content blocking and reduced known incidents of physical attacks on internet users for content posted online," the report's lead authors for India -- Chinmayi Arun and Sarvjeet Singh of the Centre for Communication Governance (CCG) at the National Law University, Delhi -- told The Hindu.

Key Internet controls that existed in India between May 2013 and May 2014 included political, social, and/or religious content being blocked, localised or nationwide shutting down of information communication technology, pro-government commentators manipulating online discussions and Internet or phone users being arrested for political or social writings.

Mass blocks on access like those imposed following the Kokrajhar riots in 2012 did not occur in 2013 but court-imposed blocks increased. Of particular cause for concern in India, along with the infamous Section 66A of the Information Technology Act, is the proposed web filter.

Hindustan Times

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Plan panel to adopt Patel Chowk

HT Correspondent
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NEW DELHI: The Planning Commission has taken Prime Minister Narendra Modi's Swachh Bharat campaign to a different level. The commission has decided to adopt Patel Chowk for cleaning on a weekly basis.

The commission is the first Central government office to adopt a public place, comprising a busy metro station, for conducting a cleanliness drive under Prime Minister's Swachh Bharat Abhiyan.

Planning Secretary Sindhushree Khullar will spearhead the campaign on a weekly basis. Directions have been issued in this regard and the campaign will start from next week.

Mulayam chosen to lead Janata parivar

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NEW DELHI: Ageing socialist leaders of six Janata parivar constituents chose Samajwadi Party (SP) chief Mulayam Singh Yadav on Thursday to oversee their proposed reunification to counter the BJP's growing dominance.

"The integration exercise has been initiated. In the coming days, decisions on the shape and character of the new party will be formalised," former Bihar chief minister and JD(U) leader Nitish Kumar said after a luncheon meeting of the Mandal-era stalwarts.

Mulayam, who commands maximum weight in the proposed alliance with 18 MPs in Parliament, was chosen to lead the united party — informally named the Samajwadi Janata Dal. The mechanism of a collective leadership would be formalised over the next weeks, a source said.

Dropping their acrimony and bitterness of past years, Mulayam and Nitish's parties along with Lalu Prasad's Rashtriya Janata Dal (RJD), former prime minister HD Deve Gowda's Janata Dal (Secular), Haryana stalwart Om Prakash Chautala's Indian National Lok Dal (INLD) and Kamal Morarka's Samajwadi Janata Party (Rashtriya) — a party formed by former PM Chandra Shekhar — have decided to pool resources to offer a secular choice against the BJP.

The proponents of subaltern politics will seek support from like-minded parties, including the Left.

"We will support Arvind Kejriwal's AAP in Delhi," JD(U) spokesman KC Tyagi said.

It was suggested at the luncheon the SP's poll symbol, bicycle, could be adopted for the party instead of applying for a new one.

Nitish said the partners would hold a rally in Delhi on December 22 to highlight the unfulfilled poll promises of PM Narendra Modi.

Hindustan Times

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Sena puts aside differences, set to join BJP govt today

FRIENDS AGAIN Sena to have 12 ministers, five in Cabinet, but no deputy CM

Dharmendra Jore
and Sayli Udas Mankikar
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MUMBAI: The Shiv Sena will join the BJP government in Maharashtra on Friday, though without the post of deputy chief minister and any key portfolios.

Allies for 25 years, the parties decided to split just before the state assembly polls. They have now claimed that ideology, public sentiment and a stable government as the reasons for them coming together once more.

The announcement was made by chief minister Devendra Fadnavis in the presence of Sena leaders.

"We were together for 25 years, and the people of Maharashtra have given mandate to rule the state together. We have respected the public sentiment and decided to give a strong and stable government," said Fadnavis.

Maharashtra CM Devendra Fadnavis at a press conference with Shiv Sena leaders in Mumbai on Thursday. KUNAL PATIL/HT

Sena's Subhash Desai said, "The BJP and Sena are again in power after 15 years. We will give a strong government."

The cabinet will be expanded on Friday and the two parties are in the process of finalising names. Under the agreement worked out, the Sena will get 12 ministers in the 43-member council of ministers. Five of them will be of cabinet rank and seven will be junior ministers. In its last-ditch effort, the Sena got the BJP to change its mind and allow it to nominate 10 ministers for the swearing-in Friday afternoon. The remaining two ministers from the Sena will be inducted in the expansion to be held next month.

However, the party will not get key posts like home, finance, revenue, urban development, water resources and rural development.

Though the two parties have reunited, there are still doubts whether the government will function smoothly. The Sena and BJP differ over a number of issues including contentious ones like giving statehood to Vidarbha, opposition to Jaitapur nuclear power plant, handling the Maharashtra-Karnataka border dispute and Sena's sons of the soil agenda.

Anticipating some trouble in working together, the two parties have decided to set-up a coordination committee to resolve contentious issues.

The Economic Times

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SAMAJWADI JANATA PARTY SP, JD(U), RJD, JD(S) & INLD sign pact to merge their parties into one

After Serial Splits, Leaders of Janata Parivar Try to be Family Again

DECLARING THEIR ARRIVAL: Nitish Kumar, Lalu Prasad, HD Deve Gowda & Sharad Yadav at Mulayam Singh's Delhi residence on Thursday

Our Political Bureau

New Delhi: The Capital witnessed yet another get together of samajwadi politicians of the Ram Manohar Lohia school and temperament, when they signed a pact to merge their five parties. It scripted a new chapter in the colourful saga of socialist politics, but the resolve of the Samajwadi Party, Janata Dal (U), Rashtriya Janata Dal, Janata Dal (S) and Indian National Lok Dal to merge under the mutually agreed leadership of Mulayam Singh Yadav marks a turning point in Indian politics after Narendra Modi assumed power at the Centre.

If the splits were dictated mostly by ego clashes and rifts associated with power-sharing, the merger resolve is a compulsion to safeguard the respective political turfs from the advancing army of Modi-led BJP and reduce the manoeuvre room for BJP to manage them individually to pass crucial bills. The merger will also make the new party the third largest in the Rajya Sabha and nationally, with major presence in UP, Bihar, Haryana, Karnataka and pockets of influences in Maharashtra, Kerala and MP.

Though the party will coordinate with Congress against BJP, the socialists are groomed in making themselves a noisy Opposition party that could eclipse Congress. Since they are opposed to the new economic mantra, unlike the Congress, they are also likely to frequently target Modi government's reform agenda. Though the merging parties do not complement each other's votes, except Bihar, the profile of five merged parties is likely to give the new party political momentum.

At the official residence of Mulayam Singh Yadav in Delhi the top leaders of the five parties such as Nitish Kumar, Sharad Yadav, Lalu Prasad, Deve Gowda, Dushyant Chautala along with their colleagues and fellow travellers met over the lunch and inked the pact to merge into one party, tentatively called Samajwadi Janata Party.

The meeting authorised Mulayam Singh Yadav to work out modalities and clear technical requirements for the formation of the new party. Each of the five parties will hold respective conferences to pass merger resolutions. They will also work out the legal requirements before the Election Commission for registering a name and symbol.

The Economic Times

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NO SANSKRIT TEST

Govt May Waive Final Exam for Students Studying German

HRD ministry may offer to dilute the entry-level Sanskrit syllabus further

Ritika.Chopra@timesgroup.com

In Search of Answer

In case the govt drops final exam, students will be evaluated on class activities

50,000 students impacted by language change

Govt says it will take adequate measures to ensure no inconvenience is caused to students

We have no problem if govt continues teaching German till the current session concludes."

DK JHA, Sanskrit Shiksha Sangathan

New Delhi: The HRD Ministry may, as a one-time exception, offer to waive the year-end examination for students studying German as the third language in Kendriya Vidyalaya schools. The government is expected to state this in its response to the apex court on Friday, officials said.

According to sources, the ministry is likely to stick to its stand on dropping German for Sanskrit mid-session. The apex court had given the ministry a week's time to reconsider its decision and implement the change from the new academic session in the schools run by the central government to save students from any inconvenience.

The government, as a concession to the 50,000 odd affected students, has decided to teach only entry-level Sanskrit to students of Class VI, VII and VIII for the remaining part of the academic session. But officials, who spoke to ET on the condition of anonymity, said that in wake of the court's intervention the ministry could offer to either dilute the entry-level syllabus even further or waive off the year-end (pen-and-paper) examination on Sanksrit for the affected students. In case the government opts for latter, students will be evaluated based on classroom activities.

"Students' welfare is our responsibility and we will take adequate measures to ensure no inconvenience is caused," said a government official, who did not wish to be identified.

The Hindu

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Sena to get 12 berths in Fadnavis govt.

Omar Rashid &
Alok Deshpande

MUMBAI: The Shiv Sena will join the BJP government in Maharashtra at its first cabinet expansion on Friday. Twelve Sena MLAs will be inducted as ministers — five cabinet and seven Ministers of State.

After parting ways just before the Assembly elections following differences over seat-sharing, the BJP and Sena have made peace and are set to form an alliance government. The last time the two parties had an alliance government in Maharashtra was in 1995 but the Chief Minister then, Manohar Joshi, belonged to the Sena.

After a month of squabbling over the parameters of inclusion, the Sena, in a major climb down agreed to come on board without being granted it the posts of Deputy CM and home ministry. The names and portfolios of the Sena ministers will be finalized tonight.

The BJP will also induct up to 10 of its own MLAs as ministers at the swearing-in ceremony tomorrow. Out of the 12 Sena MLAs, 10 are expected to take oath on Friday. Chief Minister Devendra Fadnavis said the smaller allies of the BJP would also be inducted into the government but at a later stage, possibly in the second cabinet expansion expected in February.

Maharashtra Chief Minister Devendra Fadnavis addresses a press conference with Shiv Sena leaders Subhash Desai and Diwakar Raote in Mumbai on Thursday. – PHOTO: PTI

After its first re-shuffle, Mr. Fadnavis' cabinet will expand to 32-34 ministers. At present, it has 8 cabinet and two MoS.

Announcing the formation of a 'Mahayuti' government, at a joint-press conference, Mr. Fadnavis, who was flanked by senior Sena leaders, said the two parties have decided to run the government together keeping in view the mandate of the people. "To honour the sentiment of the people who want to see the Sena and BJP work together for Maharashtra, we will come together as an alliance. The priority of both the parties is the development of Maharashtra," Mr. Fadnavis said. The Chief Minister also clarified that there would be no deputy CM post in his government.

Though the two parties after failing to agree on seat-sharing chose to contest the assembly polls separately, the ties never broke completely.

Sena's representative in the Modi cabinet, Anant Geete, stayed on and the two parties continued to run the cash rich Mumbai civic body and several other municipalities in the state.

The bargaining strength of the Sena dwindled substantially after the NCP, which has 41 members in an Assembly of 288, extended unsolicited and unconditional support to the BJP government which was short of 23 members for a simple majority.

With the Sena on board, the CM can breathe easy as he faces the winter session of the Assembly beginning on December 8 at Nagpur.

The alliance will extend to the local civic and panchayat bodies as well, Mr. Fadnavis said. With a combined strength of 185 MLAs, (BJP 122 and Sena 63), the government looks stable and will no longer require the "outside" support of the NCP.

Business Line

Editorial

Messing around

The excise hike on petrol and diesel makes a mockery of the commitment to oil decontrol

The stiff hike in central excise duty on petrol and diesel (nearly 60 per cent in the case of branded petrol and 20 per cent in the case of branded diesel) smacks of the ad hocism that characterises policy-making in petroleum. The move, which is expected to rake in ₹4,000 crore, is linked to government fears about overshooting the fiscal deficit target, which crossed the 90 per cent mark four months to go. What better sitting ducks than petrol and diesel? The present tax hike curbs the space for oil marketing companies to reduce prices in line with global trends. By interfering with market-based price determination, successive governments have gone back on their avowed commitment to oil decontrol. A road map for a globally aligned price for petro products, broadly laid down by three committees since 2006, involves a reduced reliance by the government on petroleum as a source of revenue. Central and State taxes on petroleum raked in ₹3 lakh crore in 2013-14. The only saving grace is the application of specific rather than *ad valorem* duties; the latter would have resulted in windfall gains along with the rise in prices, more than the additional ₹60,000 crore that the Centre and States picked up in 2013-14 over the previous year. It is time to put an end to such fiscal laziness as well as policy surprises; a formula-based change in levies, based on world prices, may work better.

Political opportunism has derailed the reform process in the case of kerosene and LPG. Subsidies on kerosene and LPG were expected to be phased out in three to five years after 2002, but we are nowhere near that. Falling global prices have led the Centre to announce a reduction of about ₹113 in the price of an LPG cylinder, while failing to pare the full subsidy amount of about ₹400 a cylinder. The reasons are not far to seek: LPG is largely used by the well-heeled, and with elections in Delhi around the corner, this constituency cannot be displeased. Under-recoveries on diesel, at about ₹62,000 crore in 2013-14, have mercifully disappeared. This has happened on account of falling oil prices and calibrated increases in diesel prices since January 2013 to negate years of populism. Petrol prices were freed in June 2010. But the opportunity to use subdued world prices to cut LPG subsidies, at about ₹46,000 crore last year, should not be missed.

Loading more taxes and duties on petrol rather than diesel is not a good idea. This has encouraged private diesel consumption. Cars and SUVs account for 27 per cent of total diesel use. Diesel use for agriculture purposes, in tractors and pumpsets, accounts for another 13 per cent. While correcting this anomaly, the Centre should encourage a shift to solar pumps and electric cars, in keeping with developments the world over. Market determined pricing and the pursuit of energy efficient practices are two sides of the same coin. If only policymakers could see things that way.