



## PART A: News pertaining to Planning Commission



14.11.2014

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(महान लोगों के विचार)

Jawaharlal Nehru जवाहरलाल नेहरु

(जब तक मैं स्वयं में आश्वस्त हूँ की किया गया काम सही काम है तब तक मुझे संतुष्टि रहती है.)

## 1. Nehru's tryst with **India's** destiny: Aiming high, looking far

**Manish Sabharwal, Business Standard: 14.11.2014**

**India's** first prime minister is one of the many reasons Pakistan and **India** born on the same night have had different destinies, writes

As a child I memorised Jawaharlal Nehru's spectacular Tryst with Destiny speech and found inspiration in his letter from Ahmadnagar jail that said, "Whether we were foolish or not, the historians of the future will judge. But we aimed high and looked far." But one of many prices of growing up is the realisation that all humans are a bundle of contradictions or what philosopher Immanuel Kant called "cracked vessels". I was born and brought up in Kashmir. People often blamed Nehru for the Pakistan occupation of part of Kashmir but reluctantly agreed that there are many reasons that **India** and Pakistan born on the same night have had very different destinies but Nehru is one of them.

**tes Manish Sabharwal**



**Nehru didn't always agree with the strong team of rivals that got us independence – Gandhiji, Patel, Azad, Rajaji, Bose and so on – but he always worked with them**

I work in **India's** broken people supply chain; Nehru's blind spot about primary education is a baffling blunder but his creation of IITs was masterful. I began my career in the Licence Raj; the socialist and big state vision articulated by the **Planning Commission's** second **plan** was nutty but Nehru's vision of self-reliance has created an economy driven by strong domestic consumption that other BRIC countries envy.

He balanced thinking and doing. The wonderful depth and reflectiveness of his prolific writing – facing the canes of mounted policemen in a protest against the Simon **Commission** Nehru wrote in his autobiography that "in those seconds I realised the line between cowardice and courage was a thin one and I might as well been on the other side" – is complemented by his action bias and letters from jail lamenting about being "denied the artistry of action".

Nehru admired democracy; he chided his friends in the Soviet Union for Dominion Status and Jawaharlal was unwilling for anything other than complete independence.

The fantastic three-volume biography by S Gopal shows how Nehru was a child of his times in his economics but ahead of his times politically. His economics of socialism, flirting with communism, public sector, **planning** and so on were the intellectual weather of the moment. But he did see industrialisation as the only way to combat poverty and, unlike Gandhiji, believed khadi and village industries were only "temporary expedients of transition rather than solutions". His politics of universal franchise, free press, independent judiciary, respect for institutions and foreign policy were far ahead of any of his peers and **India** has benefited from his view of science as the natural agent of progress.

The Congress party of today should take inspiration from Nehru's 1936 party president speech that said "the Congress party has largely lost touch with the masses and, deprived of the life-giving energy that flows from them, we dry up and weaken and our organisation shrinks and loses the power it had". But it must also remember that Nehru does not belong to any political party. In fact, as historian Ramachandra Guha magnificently points out, Nehru's legacy will rise once it is unpacked from the performance of his family and party since 1968. And those of us who believed that his economic thought was flawed must dig deeper because he often quoted George Bernard Shaw's definition of socialism as the "the economist's hate of waste and disorder, the aesthete's hatred of ugliness and dirt, the lawyer's hatred of injustice, the doctor's hatred of disease, the saint's hatred of the seven deadly sins". This is a definition to which we must aspire. **India** missed its tryst with destiny but she has made a new appointment and this is one she will keep. The second appointment owes more to the first than many of us believe. Their refusal to allow Boris Pasternak to receive the Nobel Prize, yet set an unfortunate precedent by unfairly dismissing the Kerala state government in 1959. He struggled to reconcile his admiration of science and his Indian identity; for him "the atomic reactor at Trombay facing the Trimurthi statue at Elephanta caves symbolised the need for both physical and spiritual power working together since neither by itself was enough". He knew when to change his mind but also how much; he ferociously opposed linguistic states till he accepted that it was the will of his party but insisted on the important compromise around Hindi that allowed **India** to avoid the corrosive emotions around language that ravaged Pakistan and Sri Lanka.

Nehru had a bitter-sweet relationship with elitism; he had a wealthy upbringing in a huge house with a swimming pool and tennis court and even though he developed a wonderful vision of neutering old elites like the Talukdars and maharajas, he backed down from aggressive land reforms. He didn't always agree with the strong team of rivals that got us independence – Gandhiji, Patel, Azad, Rajaji, Bose and so on – but he always worked with them. He was clear about the role of the Army; he had the Army Chief move out of Teen Murti Bhavan because the prime minister should live in the best house in Delhi and did not allow serving officers working in the defence ministry to wear uniform. He picked his battles; Nehru reluctantly obeyed his father by not sitting for the Indian civil services exam and returning to **India** in 1912 because he was the only son, but stood up to him firmly in 1928 when Motilal wanted to accept

## 2. Jawaharlal Nehru: Tribute or Elegy? The Economic Times: 14.11.2014

Champion of national, institutionalised modernity A contest is on to claim the legacy of Jawaharlal Nehru, **India's** first prime minister, whose daughter and grandson also became prime ministers. The rival claimants are keen on appropriation, for the purpose of denying the other possession. But of real value is the substance of his legacy, which partisan distortion no less than outright ignorance has obfuscated. A rabid socialist-atheist who, apart from begetting a dynasty, smothered **India's** spiritual soul as well as the economy — this is how the opponents of the Nehruvian idea of **India** as a plural democracy where people of all faiths can live in harmony and dignity wish to portray him. Nothing could be farther from the truth.

Nehru was a builder of institutions, in politics, administration, education, science and the economy. Don't spare me, he told Shankar, the cartoonist, setting a democratic standard for the attitude towards dissent that his epigones in the prime ministerial chair have not lived up to. He set up the **Planning Commission**, where the finest economists of Europe and the US brainstormed, rather than determined sectoral allocations. He initiated **India's** space and atomic programmes, set up the Indian Institutes of Technology (IITs) along with the state sector steel plants, dams and machine tool factories that many graduates of these IITs mock gratuitously, without appreciating that their time coordinates made these public enterprises the building blocks of **India's** economic muscle. He set up term-lending financial institutions — IFCI, ICICI and IDBI — to transfer the public's savings to Indian capitalists, who also were given the benefit of a protected market and demand from purchasing power generated by public investment in infrastructure. Capitalist is as capitalist does.

Nehru's own party men have focused on his milestones than on the direction of the journey the nation needed to undertake, to redeem its tryst with destiny in full. In adapting Nehru's vision to contemporary challenges, they have been timid. This has made space for the opponents of his idea of **India** to lay claim to his mantle.

### 3. Modi to Convene First NDC Meet in Dec

Yogima.Sharma @timesgroup.com, The Economic Times: 14.11.2014

#### Council likely to consider structure of body replacing plan panel, GST, Land Act

New Delhi: Having initiated a series of reforms and launched some of his pet social projects, Prime Minister Narendra Modi is getting ready to take states on board in his national development plan as promised. The government will next month convene a meeting of the National Development Council – all chief ministers are part of it – to arrive at a consensus on key issues such as the structure of a new institution that would replace the Planning Commission, goods and services tax and the Land Acquisition Act. It will be first meeting of the NDC since Modi took over as PM in May. The previous meeting was held in December 2012 to get the 12th Plan approved by states. Senior government officials told ET that the Prime Minister's Office is in the process of finalising a date for the meeting which has never been convened at such a short notice. Ideally, the decision of convening the NDC is taken at least six months in advance and chief ministers are advised to plan their schedules accordingly. According to an official in the know of the matter, Modi is keen on enhancing the involvement of states in the new institution that would replace of the Planning Commission. "The NDC has been an advisory body to the Planning Commission and hence its views will be significant in finalising the structure and function of the new institution that will be constituted in place of the commission," the official said. The PM is likely to also use this forum to present his government's stand on the much controversial Land Acquisition Act so that there is not much opposition when the changes are finally introduced, either through an amendment to the Act or through the ordinance route as proposed by Finance Minister Arun Jaitley, the official added. While the PMO has yet to finalise the agenda of the meeting, another official involved in the exercise told ET that the PM is toying with the idea of enabling an atmosphere where states would compete among themselves for funds based on performance, and may use the meeting to seek states' view. "There can be no other forum but the NDC to deliberate on the possibility of higher budgetary allocation to states which perform better than others, and hence this issue could also come up for discussion," he said. The National Development Council, or the Rashtriya Vikas Parishad, is the apex body for decision-making and deliberations on development matters in India and is presided over by the Prime Minister. It is an extra-constitutional and non-statutory body. The council was set up on August 6, 1952 to promote common economic policies and ensure balanced and rapid development of the country. It comprises the Prime Minister, Union Cabinet ministers, chief ministers of all states or their substitutes, representatives of the union territories and members of the Planning Commission, and has so far met 57 times.

## 4. India is what it is today because of Nehru: Prez

### The Free Press Journal: 14.11.2014

President Pranab Mukherjee on Thursday described Jawaharlal Nehru as "the jewel of India" and said "India is what it is today because of Nehru," reports IANS.

Delivering the 46th Jawaharlal Nehru Memorial Lecture, the president said Nehru's service to India was immeasurable and his legacy continues to lead the country to new heights of achievement. "He was one of the greatest figures of our times. Nehru had a clear vision of what modern India should look like and he set out to realise his dreams by establishing strong pillars which would support the young nation," he said.

"India is what it is today because of Nehru, his vision and his lifetime of dedication to the nation. Let us celebrate his legacy and draw inspiration from his life to take our nation towards greater and greater glory," he said.

The lecture was held a day before the birth anniversary of Nehru. Several events have been lined up to commemorate the 125th anniversary of Nehru.

Mukherjee also referred to criticism of Nehru in later years for having accorded primacy to the government in economic matters but said these policies must be seen in the context of his times.

"Capital formation in a society, exploited for 190 years, was a huge task which could not be left to the private sector alone. Planning helped allocate scarce resources in accordance with national priorities. The relative merit of a regulated economy was widely accepted those days," Pranab said. He also referred to Nehru's role in setting up the Planning Commission, which is being scrapped by the Narendra Modi government.

Referring to the change of power in the general elections earlier this year, the Mars mission and the civil nuclear agreement with the US, the president said the disparate events have a common thread and illustrate "how Nehru's legacy is not just intact, but continues to lead modern day India to new heights of achievement".

If India has become the third largest economy in the world in terms of purchasing power parity, it is because of the multi-purpose projects, the public sector undertakings and institutions of higher learning established by Nehru as well as the systematic planning process initiated by him. Nehru promoted scientific temper and built a chain of scientific research laboratories across the country, he said.

The president, who was speaking on the topic "Jawaharlal Nehru and the Making of Modern India", also recalled Nehru's role in the freedom struggle. Nehru spent 3,262 days in jail during the freedom struggle with 1,040 days during the 1942 Quit India Movement as the longest spell. Nehru penned the 1,200page manuscript of The Discovery of India while under arrest in Ahmednagar Fort and it was written in flowing hand using rationed war time paper with no cut, blemish or correction.

"Nehru was prodigiously productive in terms of writing and thinking during his different periods in jail," Mukherjee said, and also referred to his book Glimpses of World History.

He said Nehru did not use the excuse of the partition of India and the consequent communal violence or influx of refugees to postpone elections and treated parliament with great respect.

He said it was because of Nehru's consistent efforts that India established itself as a secular state. Nehru's policy of nonalignment did not mean equidistant or isolationism but independence of judgment and action.



Mukherjee said democracy has struck deep roots in **India** thanks to Nehru's stewardship of the nation in its early years.

## **5. Meet on reinventing plan panel held at PU**

**Hindustan Times, Chandigarh, November 13, 2014** First Published: 20:56 IST  
(13/11/2014)

Justice Haripal Verma of Punjab and Haryana high court presided over the function. Ronki Ram, dean arts, Ramanjit Kaur Johal, dean international students, and Gurmail Singh, former chairperson of economics and international students departments, were the panelists.

Former local member of Parliament (MP) Satya Pal Jain chaired the function.

Justice Haripal Verma said that the makers of Indian constitution considered the economic justice as an integral part of the ideals of justice.

"The **Planning Commission** was an indispensable part of the development history of India's republic after the independence. It was envisioned to seriously reform or restructure India's economic management,"he added.

Justice Haripal Verma emphasised that the commission should be capable of evolving with the needs of the economy, and its actions must be open to public scrutiny.

"The new government has proposed for the scrapping of the Planning Commission and substitute it by a 'think tank' team, which will consist of eminent personalities who can contribute constructively in the development of the country,"he informed, adding that only the time could testify that how this new economic philosophy regarding the development of our federal country would be helpful in achieving the long awaited ideals of economic justice and governance.

## **6. India to have National Innovation Initiative in primary and secondary education: Smriti Irani**

**Business Standard: 14.11.2014**

### **The HRD Minister says it will inculcate desire for inquiry-based learning**

To inculcate interest in mathematics and science, the government will launch a national innovation initiative in schools, said Smriti Irani, Union minister for human resource development. Speaking at the Ficci Higher Education Summit on Thursday, Irani said the initiative, Rashtriya Aavishkar Abhiyaan, would be rolled out next year.

“This will ensure in primary and secondary education, we can inculcate the desire for inquiry-based learning and a desire to possibly oscillate towards the field of mathematics and science as a profession, rather than take it as a part of their academics,” she said. Irani said her ministry would take necessary steps to ensure higher education gives due importance to research and industry exchange of ideas and collaborations.

These measures will enable those who come up with innovative ideas to get the funding to turn their ideas into viable business models. They will not have to leave India to make their dreams into a reality, she said.

“The government seeks to find money so that ideas don't leave our shore and youngsters realise their ideas will not only turn into successful business models but also have a societal impact,” she said.

On education reforms, Irani said the ministry is in the process of designing a path that is not only holistic in nature but also takes cognizance of the needs of the future.

The minister said Madan Mohan Malviya Teachers Training Programme will be launched soon, for training and re-training of teachers across the country.

Irani said professors from the UK and other nations would come to India under the global initiative on academic networks. Under this initiative, launched by the government, industry experts and academicians from overseas can come and teach at least for one semester in higher education institutions.

She said it will help students get high-quality education, especially those who can't afford to go abroad.

Taking note of the desire for transparency and accountability, she said the government has launched the Know Your College portal. Those who are registered with the regulators can engage with the youth and their parents so that informed choices can be made before a journey begins in higher education.

"There have been concerns expressed on whether education is affordable. Recognising the need for affordable and quality education, the Indian government has set up a platform of 'Swayam', an Indianised version of Massive Open Online Courses," she said.

This has all Indian Institutes of Technology (IITs), Indian Institutes of Management (IIMs), central universities and selected best colleges and institutions of India. They will provide undergraduate, graduate and post-graduate courses free of cost to all citizens.

She added that those who seek a degree or certification in studies through Swayam can sit for an examination by paying a nominal cost at that particular institution and get a degree or certification at a very concessional rate.

To enable migrant workers, Irani said the University Grants Commission has implemented choice-based credit transfers. This will be implemented in all central universities across the country, so those who move to other cities in search of a job do not leave their education behind.

Emphasising the Narendra Modi government has already made a good progress in education reforms, she said: "For too long, we have waited for new initiatives; for too long we have waited for reforms to come."

Among other issues, Irani talked about the Padhe Bharat Badhe Bharat Abhiyaan, which was launched in August. Through this, the HRD ministry aims to increase the learning outcomes in Grade 1-3 in reading, writing and comprehension and increasing learning outcomes in Grade 6-8 in the fields of mathematics and science.

Irani also mentioned the Unnat Bharat Abhiyaan - in which the IITs, IIMs and central universities adopt one village each (some have taken up 10 villages). Through this scheme, these institutes aim to develop rural India for a better tomorrow.

# Congress, BJP in tussle over Jawaharlal's legacy

## Rahul accuses PM Modi of 'spreading poison'

PREETY ACHARYA  
NEW DELHI, NOV. 13

The fight over appropriating Jawaharlal Nehru's legacy intensified Thursday with the Congress, in a desperate bid to resurrect its secularism plank, launching a blistering attack on Prime Minister Narendra Modi. While Congress president Sonia Gandhi and vice-chief Rahul Gandhi took care not to mention names, it was evident the PM was their prime target.

In a scathing attack at a party function on the eve of Nehru's 125th birth anniversary, Mr Gandhi accused the PM of "spreading the poison" of communalism in the garb of his Swachhh Bharat Abhiyaan. "On one hand houses are being painted and roads cleaned. Photo opportunities are happening. On the other hand, poison is being spread."

The BJP hit back at the Congress, saying it was "using Nehru's birth



Congress president Sonia Gandhi and party vice-president Rahul Gandhi at the 125th birth anniversary function of Pandit Jawaharlal Nehru at Talkatora Stadium in New Delhi on Thursday.  
— BIPLAB BANERJEE

anniversary to divide society".

The Congress attack on Mr Modi's Swachhh Bharat Abhiyaan came in the backdrop of government moves to leave its own stamp with a "Bal Swachhta Varsh" (year of sanitation campaign by children) on November 14, also observed as Children's Day.

Mrs Sonia Gandhi, with Rahul, former PM Manmohan Singh and former Delhi CM Sheila Dikshit beside her, trained her guns at the PM, without mentioning him by name. "Massive attempts are being made to destroy the vision of Nehru," she said.

## India to see average growth of 6.7% over 2015-19: OECD

**Nay Pyi Taw, Nov 13:** Indian economy is expected to see an average growth of 6.7% over the 2015-19 period and a further boost would depend on reform plans of the government, says a report.

However, the Organisation for Economic Cooperation and Development (OECD) on Thursday also said India and China face significant challenges.

"India's growth should remain stable at 6.7%, before any potential boost from the new government's reform plans," the report, released at the ASEAN Business and Investment Summit here, said.

"Emerging Asia" is set for healthy growth over the medium term even as outlook for many OECD countries remains subdued, as per the grouping's latest economic outlook report for Southeast Asia, China and India.

"India's growth should be

**Country's growth prospects depend on the implementation of the reforms of the new Modi govt. The report also said both India and China face great challenges**

stable over 2015-19, but the prospects could change depending on the implementation of the reforms of the new Modi government," the report said.

These plans include promoting domestic and foreign investments, creating jobs, improving food security, raising standards of education and skills development, building new infrastructure, enhancing water governance and increasing the country's overall competitiveness, particularly in

the manufacturing sector, it added.

In October, the International Monetary Fund and the World Bank projected 5.6% growth rate for India this year, citing renewed confidence in the market due to a series of economic reforms pursued by the new government.

Meanwhile, OECD in its report said that annual GDP growth for the ASEAN-10, China and India is forecast to average 6.5% over 2015-19. "Growth momentum remains robust in the 10 ASEAN countries, with economic growth averaging 5.6% over 2015-19," it noted. However, the report said that China's growth is expected to slowdown to 6.8% over 2015-19 period. It also noted that public sector reforms have made substantial progress in Southeast Asia, China and India. Paris-based OECD is a grouping of about 34 countries.

PTI

## Govt plans new norms to tackle corrosion issues

SURESH P IYENGAR

Mumbai, November 13

With the country losing about ₹7,000 crore a year due to corrosion/rusting, the Government plans to prescribe new regulations to reduce such losses by adopting the best practices followed in the United States.

The Joint Secretary in the Commerce Ministry will hold an interaction on Friday with Arun M Kumar, Assistant Secretary for Global Markets, US Department of Commerce, and Dr Samir Degan, Chairman, National Association of Corrosion Engineers, the US-based body that works closely with the Government on regulatory issues.

### Government engagement

The meeting follows the recent visit of Prime Minister Narendra Modi to the US. Modi has sought US President Barack Obama's intervention for a Government-to-Government engagement to evolve a policy in India for bringing down losses due to corrosion.

Speaking to *BusinessLine*, Dr Degan said the outcome of the interaction at the joint secretary level would be recorded and circulated to all the Ministries for framing a comprehensive policy for different industry.

"The awareness on loss due



Samir Degan

to corrosion is high among the oil and gas sector and to an extent in the infrastructure space," he said.

NACE, which was founded in 1943, has laid down industry-wise quality standards which are being considered by different countries to be incorporated in the regulation. It also conducts certification programmes for engineers and provides solution at the project designing stage to tackle issues on corrosion.

The recent gas pipeline blast of Gail at Kakinada has led to more oil and gas companies taking the issue of corrosion more seriously. India has gas pipeline network of 35,000 km and is in the process of building another 20,000 km. A small hole in a gas pipeline can cost about \$4 billion and priceless human lives if it is not rectified at right time, said Degan.

# World must reject linkage between religion, terror: Modi

**Nay Pyi Taw:** Prime Minister Narendra Modi on Thursday asserted that the world community must reject any linkage between religion and terrorism while formulating a "genuinely international" partnership in the fight against all forms of terror acts.

In his intervention at the East Asia Summit, the PM said it should be ensured that cyber and space remain a source of connectivity and prosperity, and not new theatres of conflict. Leaders of 18 countries including US President Barack Obama and Chinese Premier Li Keqiang are assembled at the one-day ninth East Asian Summit here.

"We support the East Asia Summit Declaration on the ISIS. At the same time, comprehensive response against terrorism requires a genuinely international partnership against all terrorism. Those who believe in humanity must come together. We should also reject any linkage between religion and terrorism," he said.

"Challenges of terrorism and ex-



At East Asia Summit, PM Narendra Modi said it should be ensured that cyber and space remain a source of connectivity and prosperity, and not new theatres of conflict

tremism have increased. There is close link with drug trafficking, arms smuggling and money laundering," he added.

On economic issues, Modi pushed for a "balanced" Regional Comprehensive Economic Partnership Agreement, which gives equal emphasis to goods and services, saying this could become a "springboard" for regional integration and prosperity. Modi also conveyed India's best wishes for the goal of creating an Asean Community in 2015. PH

# India-U.S. deal paves the way for global trade pact

## Food security deadlock resolved ahead of WTO meet

Puja Mehra

**NEW DELHI:** Decks have been cleared for a possible global trade deal after India and the U.S. agreed on the way forward to break the logjam in global trade negotiations. With the agreement in place, India is all set to move its proposal on food security before the WTO's General Council at its next meeting scheduled for early December.

This proposal will seek to make open-ended the interim protection of a 'peace clause' that was agreed to at the Bali Ministerial last December.

The clause safeguards support prices for farmers against the WTO's limits on agricultural subsidies. India was in danger of breaching these subsidy caps.

India wants to make sure that this protection would be available in perpetuity, should a permanent solution

### COMMON GROUND

INDIA AND U.S. RESOLVE DIFFERENCES OVER PUBLIC STOCK-HOLDING FOR FOOD SECURITY UNDER WTO

**December 7, 2013** WTO members agree to ratify Trade Facilitation Agreement by July 31, 2014

**Trade Facilitation Agreement**  
• Build infrastructure to ease trade around the world

**Agreement on Agriculture**  
• Cap subsidies to farmers in developing nations at 10% of total farm output  
• Quantum of subsidy is based on 1986-88 prices

**Peace clause**  
• Members to get immunity till 2017 against penalty for breaching subsidy cap

**July 25, 2014** India says deadline for TFA should be postponed to December 31 so that progress is made on food security in the meantime

**November 13, 2014** India-U.S. agree peace clause should continue till a permanent solution to food subsidy is found  
• India to put forward the proposal to the WTO General Council in December

to the problem of the WTO agriculture subsidy caps not be found. Whether the Bali Declaration provides that the 'peace clause' could be available beyond 2017 was open to interpretation.

### India's right

Announcing that an agreement had been reached with the U.S., Minister of State for Commerce and Industry Nirmala Sitharaman said on Thursday that the U.S. had agreed that India's right to protect its right to food security cannot be denied by the WTO, paving the way for removing the imperfections in the Bali Ministerial package.

U.S. Trade Representative

Michael Froman also released a statement which said the agreement with India reflected shared understandings regarding the WTO's work on food security.

Sources on the Indian side indicated that the resolution was possible after an understanding was reached with the U.S. that India's subsidies are not trade-distorting and aimed at achieving food security. India, on the other hand, was able to reassure the U.S. that it was not opposed to trade facilitation and in fact was on course to implement it.

■ **CLEARs WAY FOR TFA** | PAGE 12

## India-U.S. deal comes after setback at Bali

Puja Mehra

**NEW DELHI:** "The agreement announced today between the United States and India paves the way for full implementation of the WTO's Trade Facilitation Agreement (TFA), the first multilateral trade agreement to be concluded in the history of the WTO," the U.S. statement on the India-U.S. agreement on food subsidies said on Thursday.

At the WTO's Ministerial Conference held in Bali last December, all its members, including the U.S and India, had agreed to a package of measures including a TFA and a commitment to find a permanent solution to the problematic agricultural subsidy caps. India's position is that the WTO's farm subsidies need to be updated as they are benchmarked to food prices of the 1980s.

Efforts to put the TFA in place were dealt a setback in July, when India refused to ratify, it raising concerns over the unsatisfactory pro-

gress on the WTO's work on food security issues. The U.S statement said that delay has now been overcome with the agreement with India in place for moving forward with the full implementation of the Bali package.

"We supported the Bali Package but when subsequent developments belied that hope, India had no option but to seek a course correction," the India statement said. It also said that the impasse at the WTO was now likely to end, opening the way for implementation of the TFA.

"We are extremely happy that India and the U.S have successfully resolved their differences relating to the issue of public stockholding for food security purposes in the WTO in a manner that addresses our concerns," the India statement said. The agreement will facilitate Prime Minister Narendra Modi's bilateral meetings at the ongoing G-20 summit in Brisbane.

# India, US resolve food row, signalling end to WTO impasse

WTO General Council to discuss New Delhi's proposal in December

**OUR BUREAU**

New Delhi, November 13

India and the US reached a compromise on issues relating to food security and trade facilitation at the World Trade Organisation (WTO), which could soon lead to a resolution of the current impasse in global trade talks.

However, neither country shared the finer details of the agreements. US Trade Representative Michael Froman said the bilateral agreements were a result of discussions between President Barack Obama and Prime Minister Narendra Modi.

Commerce and Industry Minister Nirmala Sitharaman, who said an agreement has been reached with the US, ducked questions on whether Washington had agreed to concessions over and above an indefinite continuation of the 'peace clause', which it had already agreed to last month.

"These are details that we will share with the General Council of the WTO when it meets next month. We don't want to disclose them here," she told reporters here on Thursday.

**Subsidy caps**

A peace clause is an undertaking that action won't be taken against a member for breaching agriculture subsidy caps (fixed at

## Smoking the peace pipe

**The sticking point**

India's National Food Subsidy Ordinance promises 5 kg of foodgrain every month to about 850m citizens, at subsidised rates. Developed countries, such as the US, argue that this is a "trade-distorting" subsidy under the WTO

**The counter**

But India and other developing nations argue that the subsidies are required for food security of the population and are outside the WTO's 'Aggregate Measurement of Support' mechanism

**The impact**

- India vetoed a global Trade Facilitation Agreement on streamlining customs rules that would add \$1 trillion to the world economy
- The 'Bali Package' was disrupted as India linked it to the resolution of its food security concerns



Nirmala Sitharaman  
Commerce Minister

**The Peace Clause**

- The pact got derailed over the Peace Clause, which promised to hold subsidy programmes such as that of India's legal for four years
- But India wanted the clause to remain till a permanent solution was formalised

**The resolution**

India has secured a commitment from the US to protect its food scheme from any challenge in the WTO, paving the way for the trade pact to go through

58  
KG

The average food aid that India provided to 475 million people in 2010

\$13.8  
BILLION

The amount that India said its state food procurement programme cost in 2010-11

10 per cent of production) till the formula for calculating such subsidies is re-worked. The concessions, which India had been pitching for, include dropping the condition that the tool can be used only when subsidies are non-trade distortive and on submission of data.

Sitharaman made it clear that India was pleased with the compromise.

"We are extremely happy that India and the US have successfully resolved their differences relating to the issue of public stockholding for food security purposes in the WTO in a manner that addresses our concerns. This will end the impasse at the WTO and also open the way for implementation of the Trade Facilitation Agreement," she said.

India had refused to support a

protocol on trade facilitation — a pact to ease movement of goods between borders by upgrading infrastructure and improving processes — on July 31, as agreed to in Bali last December, as it wanted a better deal on food security.

**For a permanent solution**

New Delhi had demanded that, as a permanent solution, the subsidies should either be dropped from the list of trade-distorting subsidies, calculated on a more recent base year (as opposed to existing base year of 1986-88), or indexed to inflation.

The agreement between the US and India also sets out elements for an intensified programme of work and negotiations to arrive at such a permanent solution, the US

Trade Representative's office said in a statement.

**Congress' charge**

Congress leader and former Commerce Minister Anand Sharma said: "We have not been holding any bilateral negotiations on this issue. Then, how can the Government hold a bilateral meeting and claim that issues have been resolved? It has to be discussed in a ministerial conference." At the WTO's Bali ministerial, Sharma had negotiated that a permanent solution should be found latest by the eleventh ministerial scheduled in 2017. "We had ensured that India's interests will be protected. I do not think there is any change in the position," Sharma told *Business-Line*.

# The culture of loan waivers must end: Raghuram Rajan

Says it hampers credit flow, and often does not benefit the intended recipients

## OUR BUREAU

Mumbai, November 13

Politicians must put an end to the culture of loan waivers, normally offered as a part of pre-poll sops, as it does more harm to the system than offer any help, said Reserve Bank of India Governor Raghuram Rajan.

Recently, politicians from the newly formed States of Telangana and Andhra Pradesh announced a loan-waiver scheme before assembly elections in these States.

"Clearly this is another form of transfer but again waiving loans does widespread damage. It does damage to the credit culture... it makes it hard to let the flow of credit to happen," Rajan added.

He cited studies on how loan waivers disrupt credit flow and makes the recipients only better off in the short-run but worse off in the long term.

"I think the message that should be sent widely and clearly is to not do loan waivers," Rajan

said. He instead suggested other measures such as loan restructuring for people affected by calamities as possible alternatives to loan waivers.

He also cautioned that such waivers end up benefiting the wrong people instead of the intended recipients and added that such doles (in other forms) must be more targeted.

This was, in fact, borne out in the 2008 loan waiver announced by the UPA-I government. ₹71,000 crore was later found to have been massively misappropriated.

## Interest subvention

The RBI Governor also added that interest subvention is another practise that needs to be checked.

Subvention is a scheme where the Government encourages lenders to give credit at cheaper rates than market rates to borrowers and then compensates the lenders.



**Plainspeak** Raghuram Rajan, Governor, RBI, at the 'National Micro Finance Conclave 2014' in Mumbai on Thursday. SHASHI ASHWAL

"To my mind, broad-based interest subventions distort the price of credit and lead to misuse. They also lead to wrong kind of information.

"For example, if you incentivise short-term loans, you don't get long-term investments," he added.

He suggested using Direct

Benefits Transfer instead of encouraging interest subventions.

"If you want to incentivise a particular activity of, say, small and marginal farmers, give them direct transfers and let them use it in whichever way they want.

"Do not force them to get into borrowing by offering them lucrative benefits," Rajan added.

# Govt to Simplify Export Procedures: Ajit Seth

Says will be meeting industry representatives & top govt officials soon

Our Bureau

**New Delhi:** Soon after India and US struck a deal to revive the WTO trade facilitation pact, cabinet secretary Ajit Seth said the government will expedite work on improving the ease of doing business and simplify export procedures.

The cabinet secretary would shortly meet industry representatives and top government officials including Commerce Secretary Rajeev Kher and Amitabh Kant, secretary to the department of industrial policy and promotion, to discuss steps that can be taken to streamline archaic and arduous official procedures that hamper economic activity.

While the Prime Minister's Office and the cabinet secretariat have held a few meetings in recent months on improving the ease of doing business — according to the World Bank's parameters, India ranks a lowly 142 on that front — Seth said that it is now time to accelerate the process.



Cabinet secretary Ajit Seth

"I propose to convene a meeting very shortly, maybe in the next 10-12 days on the ease of doing business and how to make trade simpler. We have had a couple of meetings on the issue in the past, but we need to lend a greater momentum to the process and we will try to accelerate it," Seth said, while addressing the valedictory session of the Services Conclave in the capital.

Seth said that it is a matter of concern that though the services sector accounts for over 60% of India's GDP, the country only accounts for 3.5% of the global services trade. "This situation has to be remedied

quickly," he said, stressing the need to improve standards and skills across the services sector with an eye on the growing global market as well as domestic opportunities.

"We need a culture of standards, whether it is for skills or quality. Why, for instance, should the BIS (Bureau of Indian Standards) be the only institution eligible to do testing and certification?" said the cabinet secretary.

Stressing that the government would co-ordinate more effectively to promote the services sector, Seth said that the sector suffers from lack of ownership among ministries.

"Who owns Services (in the government) is like asking who owns the Internet... When there isn't a specific answer, someone has to step in to co-ordinate so I am talking to the different departments engaged in services, to bring about some congruity in the steps that we take," Seth said, pointing to the Make In India program launched by Prime Minister Narendra Modi which departments are working together to implement.

# Modi to Convene First NDC Meet in Dec

Council likely to consider structure of body replacing plan panel, GST, Land Act

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**New Delhi:** Having initiated a series of reforms and launched some of his pet social projects, Prime Minister Narendra Modi is getting ready to take states on board in his national development plan as promised.

The government will next month convene a meeting of the National Development Council — all chief ministers are part of it — to arrive at a consensus on key issues such as the structure of a new institution that would replace the Planning Commission, goods and services tax and the Land Acquisition Act.

It will be first meeting of the NDC since Modi took over as PM in May. The previous meeting was held in December 2012 to get the 12th Plan

approved by states.

Senior government officials told ET that the Prime Minister's Office is in the process of finalising a date for the meeting which has never been convened at such a short notice. Ideally, the decision of convening the NDC is taken at least six months in advance and chief ministers are advised to plan their schedules accordingly.

According to an official in the know of the matter, Modi is keen on enhancing the involvement of states in the new institution that would replace of the Planning Commission.

"The NDC has been an advisory body to the Planning Commission and hence its views will be significant in finalising the structure and function of the new institution that will be constituted in place of the commission," the official said.

The PM is likely to also use this forum to present his government's stand on the much controversial Land Acquisition Act so that there is not much opposition when the changes are finally introduced, either through an amendment to the Act or through the ordinance route as proposed by Finance Minister

## Ready to Take States on Board

IT WILL BE FIRST MEETING OF NDC since Modi took over as PM in May. The previous meeting was held in Dec 2012 to get 12th Plan approved

PRIME MINISTER'S OFFICE is in the process of finalising a date for the meeting which has never been convened at such a short notice

THE PM IS LIKELY TO also use this forum to present his government's stand on the much controversial Land Acquisition Act so that there is not much opposition when the changes are introduced

Arun Jaitley, the official added. While the PMO has yet to finalise the agenda of the meeting, another

official involved in the exercise told ET that the PM is toying with the idea of enabling an atmosphere where states would compete among themselves for funds based on performance, and may use the meeting to seek states' view. "There can be no other forum but the NDC to deliberate on the possibility of higher budgetary allocation to states which perform better than others, and hence this issue could also come up for discussion," he said. The National Development Council, or the Rashtriya Vikas Parishad, is the apex body for decision-making and deliberations on development matters in India and is presided over by the Prime Minister. It is an extra-constitutional and non-statutory body.

The council was set up on August 6, 1952 to promote common economic policies and ensure balanced and rapid development of the country.

It comprises the Prime Minister, Union Cabinet ministers, chief ministers of all states or their substitutes, representatives of the union territories and members of the Planning Commission, and has so far met 57 times.

**NO OMISSION OF EMISSIONS** US President Barack Obama, Chinese Premier Xi Jinping & the Pacific island countries are likely to push the reduction of carbon emissions agenda with PM Narendra Modi

# India Under Pressure to Lay Out Climate Plans at G20 Summit

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**New Delhi:** Prime Minister Narendra Modi and his Australian counterpart Tony Abbott may want to focus on economic growth, investments and jobs at the G-20 summit this weekend, but the US-China climate deal on Wednesday is set to put emissions on top of the agenda in Brisbane.

With US President Barack Obama and his Chinese counterpart Xi Jinping expected to use the G-20 platform to get other members to come forward and announce plans to reduce carbon emissions, India may feel the pressure the most as the third largest emitter of greenhouse gases behind the US and China, accounting for 6% of global emissions. In the past, the G-20 has served as a platform for giving important political directions on climate change.

In the 2007 G-20 meeting in Germany, for example, the then PM Manmohan Singh had committed that India's per capita emission of carbon dioxide would never exceed the per-capita emissions of advanced developed countries.

The Brisbane Summit could see a push for some kind of indication of intent by the world's biggest economies. The G-20 accounts for 66% of the world's population,

## Laying Down the Green Carpet

G-20 has a history of being the stage for crucial political action on climate change

Pacific island nations may also urge PM Modi to reduce India's carbon emissions



### INDIA LIKELY TO HIGHLIGHT

**EFFORTS** to reduce growth rate of emissions

**IMPROVED** energy efficiency, renewable energy

**NATIONAL Action Plan on Climate Change**

**DOUBLING** of the coal cess in Budget

### GROUP OF 20 ACCOUNTS

**66%** OF WORLD POPULATION

**85%** OF GLOBAL GDP

**76%** OF CARBON EMISSIONS



85% of global GDP and 76% of global carbon emissions.

But it is not just G-20 summit that will put India in focus. During Modi's visit to Fiji after the Australian tour, Pacific island countries may urge him to announce India's efforts to reduce its carbon emissions and tackle climate change.

Tony de Brum, foreign affairs minister of Marshall Island, has called on "all major emitters" to announce their plans and has said that he will be discussing the issue during Modi's visit to the Pacific. "The G20 is the perfect opportunity for the world's biggest economies to recommit to having their

proposed targets on the table by March 2015, at the very latest. I

look forward to discussing this personally with both Chinese President XI and Indian Prime Minister Modi during their respective visits to the Pacific following G-20," he said.

As of now, New Delhi has no plans to make any announcements at the G20 summit. "We are consulting experts, former negotiators, and civil society organisations in order to craft our position

in Lima (climate meet in December)," a senior government functionary said.

Indications are that India will showcase its efforts to reduce the rate of growth of emissions, focusing on improving energy efficiency and enhancing renewable energy portfolio. The package is expected to include the doubling of the coal cess announced in the Budget, a dedicated adaptation fund, and the nine missions comprising the National Action Plan on Climate Change.

Environment minister Prakash Javadekar has already held a round of consultations with the members of the re-constituted Prime Minister's Council on Climate Change.

While India will not be expected to set a peaking year, or take steps to reduce the amount of carbon emitted, as a growing economy it will be expected to put forward measures that would reduce the rate of growth of carbon emissions or the amount of carbon it emits for every dollar of GDP.

The EU's position is echoed by several other countries, but given India's important and visible role in climate negotiations, particularly over the last five years, there is an increasing expectation that India will step up and make public its efforts to do its share in addressing climate change.

**Jairam Ramesh suggests that the government 'think creatively'**

## GST, insurance bill on the way, says Jaitley

**HT EXCLUSIVE**

Gaurav Choudhury

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**NEW DELHI:** The government is readying a raft of big economic measures in the coming weeks, including higher foreign investment ceiling in insurance and steps to roll out a nationwide goods and services tax (GST), finance minister Arun Jaitley said Thursday.

"We will have the insurance bill, and we will have the coal ordinance. Hopefully, these will be passed (in Parliament's winter session). I also intend to introduce the Constitution amendment bill to introduce the goods and services tax," Jaitley told Hindustan Times in an

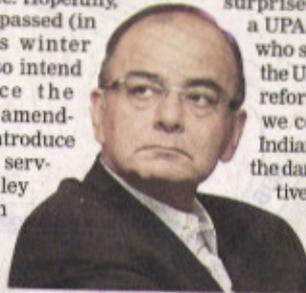
exclusive interview.

"We are in the process of discussing possible changes in the land acquisition law and therefore, nobody has said it will come in the winter session," he added.

The minister also took a dig at his predecessor P Chidambaram, who recently said he felt let down that Jaitley had not repealed the retrospective tax law despite having a clear majority in Parliament.

"Some people become bolder when they are out of office. That seems to be the case with my predecessor. I am quite surprised at the stance of

a UPA finance minister who says undoing what the UPA did is economic reforms. To the extent we could cushion the Indian economy against the dangers of retrospective tax, I have already done," he said.



■ Arun Jaitley

# Small, payments bank licence window to open by mth-end

## Inculcate Savings Habit Before Pushing Credit, Says Rajan

TIMES NEWS NETWORK

**Mumbai:** The Reserve Bank of India will start accepting applications from prospective promoters of small banks and payments banks by month-end. The central bank will also allow small banks a nationwide presence as long as they lend only to small businesses and will consider allowing them to evolve into full-fledged commercial banks.

"We will put out guidelines on new entities called payments banks which will offer accounts to the excluded and they will use technology to link them over the last mile. Presumably, there will be an extended use of mobiles and we visualize mobile companies and companies with a large rural presence and possibly post offices coming into these payments bank licences," RBI governor Raghuram Rajan said while speaking at a microfinance conclave organized by Nabard and Sidbi here on Thursday.

### REVOLUTIONARY IDEAS

- > Bring in Aadhaar requirement for priority sector lending
- > Lenders should consider picking up equity in micro enterprises
- > Replace interest subvention with direct benefit transfer

### EARLIER IDEAS

- Idea** | Experiment with privatizing a small public sector bank
- Status** | Government yet to act
- I** | Introduce a COO for RBI
- S** | Discussions on with government
- I** | Review priority sector status for overseas loans for students
- S** | Yet to be reviewed

- I** | Differentiated licence for payments banks & small banks
- S** | Draft norms out; application window to open soon

- I** | Allow IndiaPost to operate a payments bank
- S** | Awaiting guidelines



"Similarly, we expect to licence small finance banks. We are open to the suggestion that instead of having local area banks we should allow for an all-India institution which focuses on small lending. Both the guidelines are with the government and I am hopeful that by the end of this month, we will issue the call for applications for small

bank as well as payments banks," he said.

Making it clear that banks will have a larger role in making available financial services to the unbanked, Rajan said that complete financial inclusion would take five to 10 years. He also said, "It is important to inculcate a savings habit—the financial management habit so that they can

### No fortune at bottom of pyramid: RBI gov

Raghuram Rajan strongly criticized management guru C K Prahalad for his book, 'Fortune at the Bottom of the Pyramid', the philosophy adopted by many microfinance companies. "C K Prahalad did a great disservice by saying there is a fortune at the bottom of the pyramid," said Rajan. "You cannot make a fortune from lending to the bottom of the pyramid. You can at the most expect a reasonable profit," he added.

Rajan also lashed out against government loan waivers – stating that they disrupt credit flows – and interest subvention. **TNN**

handle money. It is only later when people learn to handle money that you expose them to credit. That is increasingly a tent of the microfinance movement," said Rajan.

# New PPP model for airport projects to take-off soon

Tariff bids likely; move to safeguard airlines, passengers from high user charges

SHARMISTHA MUKHERJEE  
New Delhi, 13 November

The aviation ministry is considering privatising airports through tariff bids as protection against high user charges for airlines and passengers.

An airport identified for privatisation could be awarded to the private operator quoting the least tariff. Airports Authority of India (AAI) will lease out the airport for 30 years for a fixed fee or rent to ensure user charges stay low.

"Our experience with privatisation has shown tariffs in cost-plus projects are based on investments made by the operator. User charges conse-

quently shoot up. We are now looking at a model where airports can be privatised on the basis of tariffs," a government official said. "The turnaround cost for a jet is around \$6,000 at an Indian private airport and \$2,300 at Changi airport (Singapore)."

Tariff bids also address the Comptroller and Auditor General's observations on the privatisation of the Delhi and Mumbai airports. "Once there is certainty about the tariff structure, there will be little room for private operators to gold-plate airport upgradation



**Airports Authority of India will lease out the airport for 30 years for a fixed fee or rent**

projects," another official said.

The government had earlier this year considered privatising airports by setting landing and parking charges before the award and subsequent increases would be indexed to inflation. This suggestion by the Planning Commission was shelved because of the upward bias in charges even after an operator had recovered its investment. The aviation ministry also felt it would restrict the role of the Airports Economic Regulatory Authority.

Privatisation of the six airports at Chennai, Kolkata,

Lucknow, Guwahati, Jaipur and Ahmedabad, initiated last year by the United Progressive Alliance government, was put on ice over differences between the aviation ministry, then headed by Ajit Singh, and the Planning Commission over terms of the award.

The National Democratic Alliance government will privatise only the Ahmedabad and Jaipur airports instead of the six originally planned. A draft aviation policy announced on Monday says management contracts will be issued for the Kolkata and Chennai airports and the privatisation of Guwahati and Lucknow airports has been put on hold.

# Move beyond grandstanding

Now that the WTO standoff is over, India must focus on a larger economic story

**W**hile the Narendra Modi regime has **ourtake** built a narrative around how it took on the international system to defend the Indian farmer at the World Trade Organization (WTO), the truth

is that India's hard-nosed tactics over its food subsidy limits have only baffled the world. Given the general high expectations about the Modi government, the WTO subsidy battle has been largely brushed under the carpet as a case of a newly-elected regime's naiveté. Thus, the announcement of a compromise agreement between the United States and India on the subsidy issue is welcome. It will allow the Modi government and India's international friends to focus on a larger, more constructive India economic story rather than an embarrassing side story.

There was always something peculiar about India's decision to block the trade facilitation agreement (TFA) and, in effect, blackmail the rest of the world into agreeing to a long-term increase in India's food subsidy limits. One, New Delhi had signed the earlier subsidy agreement with open eyes before suddenly turning around and saying it wasn't enough. Two, the TFA had nothing to do with food subsidies and, in theory, was an agreement India itself supported. Three, many of the claims New Delhi made in defence of its decision — that the subsidy levels were fixed at mid-1980s price levels and that it would be taken before the WTO tribunal after 2017 — were little short of specious. Four, much of India's hue and cry hid the simple fact that it was the Indian government that had failed to file the subsidy data that the WTO required over the years, making it unclear as to what it was basing its complaints on. Finally, the Modi government has been talking about a cash benefit reform of the subsidy system that would, in effect, make the WTO's subsidy limits irrelevant.

The right way to convert this to India's interest is for the Modi government to use the domestic political capital it has earned from this ill-conceived action to begin plotting a more strategic trade policy. The last government had signed over a dozen free trade agreements without any serious thought as to how they fitted in with the country's long-term economic strategy. The Modi government has sketched out such a framework: One that stresses a revival of the manufacturing sector, which seeks to make agriculture more competitive through infrastructure and greater productivity. This cannot be done in a protectionist environment. In fact, manufacturing success from Japan to China, Germany to Singapore, has been accomplished by a great degree of trade and investment openness. A sensible review of trade policy is required, not one that is obsessed with short-term issues and grandstanding at international fora.