Planning Commission
Government of India

PART A: News pertaining to Planning Commission

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Compiled by:

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(महान लोगों के विचार)

(Try not to become a man of success but a man of value.एक सफल व्यक्ति बनने की कोशिश मत करो , बल्कि मूल्यों पर चलने वाले व्यक्ति बनो.)

Albert Einstein **अल्बर्ट आइन्स्टाइन**

1. NPCC observes Jawaharlal Nehru’s 125th Birth Anniv

Nagaland Post: Published on 18 Nov. 2014 1:22 AM IST

Nagaland Pradesh Congress Committee (NPCC) observed the 125th Birth Anniversary of Jawaharlal Nehru, the first prime minister of India, at Congress Bhavan, Kohima November14 with C. Apok Jamir, MLA, as speaker of the function.

Speaking on the occasion, MLA said Nehru, one of the founding fathers of Modern India and a central figure in Indian politics for much of the 20th century, was rightly considered the architect of modern Indian nation state.

Asserting Pandit Nehru envisioned a socialist pattern of nation and the first step towards achieving this end was taken with the setting up of the **Planning Commission** of India and the first Five Year Plan of 1964, Apok Jamir lamented that the new government under Modi has abandoned this long established commission.

He also remarked that the creation of Nagaland was the consummation of the policy laid down by Nehru that “the tribal areas should have as much freedom and autonomy as possible so that they can live their own lives according to their customs and desire”. Apok added that “culmination of this promise came out in the form of Special Provision under Art. 371 (A) of the Constitution.” Nehru’s profound affection and interest in the welfare of the tribal people in general and the north east in particular, he said remained unmatched up to this day.

Further, stating that Nehru was widely admired across the world for his idealism and statesmanship, Apok said “rightly so his birthday, 14 November is being celebrated in India as Bal Divas - Children’s Day.”

In a press release, NPCC general secretary Vaprumu Demo said the members at the function jointly read the pledge to commit themselves to tirelessly work to redeem Nehru’s promises and to uphold his commitment to an inclusive democracy, empowerment of our people and preserving the hard earned freedom, unity and integrity of India. The function was chaired by NPCC general secretary Vaprumu Demo, invocation prayer by 11 Northern Angami II ACCC president Visiezo and vote of thanks by Kohima DCC president Prasielie Pienyu.

2. ‘A Lot of Things Relying on One Person’

The Economic Times: 18.11.2014

Speaking to ET’s Biswajit Baruah, Wood said the mandate for emerging market investors is to invest in debt and not so much in equities as they are already overweight

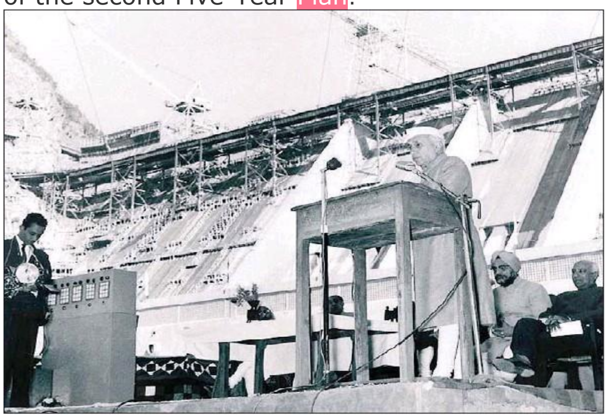
The Indian market is currently trading at their life-time highs, but the rally seems to be losing steam. What is your outlook for the market? Frankly, this consolidation in the market is quite healthy. The key point is do we get the investment cycle resuming. If that happens, then the market will be okay and if it doesn’t, the market will be vulnerable. Currently, I am nearly three times overweight on India compared with the benchmark. Going forward, if there is any significant pullback in the market, I will be looking to increase weightage on India. I have 42% weightage onIndia in Asia ex-Japan thematic equity portfolio. Lots of foreign investors want to invest in India, but all is in the price after markets have gone up so much. What is your target for the Sensex? If the investment cycle resumes in India, then it’s a matter of time before Sensex scales to 40000. So, would you say that we are at the start of a multi-year bull run in India? The bull market in India is intact which began some time last year in anticipation that the Modi government will win the elections. I believe a lot of things will change if Modi stays in the office for the next 5 years, but the big risk is a lot of things are relying on one person’s ambition. When will the current valuations start worrying you? If you (government) don’t get an investment cycle in the next two years, then I would say markets are overvalued. Global emerging market investment managers are bullish onIndia. That also partly reflects that other emerging markets are not looking as good as India as most of them are linked to commodities, which are under pressure. India is the best positioned in the emerging markets. Are you satisfied with the pace at which this government is implementing reforms? I think it’s quite reasonable what the new government has done. Maybe, for some people, it’s not been enough, but I am not. It would be wrong to say that nothing has been done. I was not expecting legislations to be passed. For me, the priority was the government needs to be working. The abolishment of the Planning Commission is a significant development symbolically. After the cancellation of the coal blocks by the Supreme Court, the government has quickly ordered the coal auction process; that is a good move. You have seen deregulation of diesel prices; you have seen removal of one of the Cabinet ministers due to underperformance. The prime minister has gone to the US and Japan seeking foreign direct investments. I see progress in a lot of areas. India has elected a prime minister who is more committed to growth than any other prime minister in the world today. What are the next big measures that you would expect from the government? I would say goods and services tax (GST). Ideally, you should give the new government 2 years to do that as you need involvement of the state governments. Another area where the government is working on is land clearances. For me, these are the two key areas. My personal opinion is that the US will not raise rates next year. I don’t think that the US economy is as strong as the consensus believes. I believe the probability of the US increasing rates in 2015 is less than what the consensus believes and I also believe that there is a possibility that the US Federal Reserve reintroduces a quantitative easing (QE) next year. My belief is that the US Fed may announce a QE than a rate hike. But if the US tries to raise rates, there will be financial stress symptoms in global financial markets and that will get reflected in rising credit spreads. If the US economy starts growing, it will be healthy for emerging markets though there will be some short-term stress as this will lead to a stronger dollar. My view is the rupee will be more resilient because India is not linked to commodities. RBI is managing is policy better and foreigners believe that the Indian economy is likely to grow from here. Will the Bank of Japan’s stimulus push and likely QE from European Central Bank (ECB) keep the liquidity tap flowing? The Bank of Japan’s move to increase QE has surprised everybody. And my base case is the European Central Bank may be doing a QE by the first quarter of 2015. And the US may probably resume some time next year. Now, people dence that investment cycle is picking up. Corporate earnings have bottomed out. Is it time for RBI to start cutting rates? I think there is significant potential for monetary easing in 2015. The Reserve Bank of India wants to defeat inflation since it has been troubling for quite some time. We believe that the RBI governor will not cut rates immediately. My view is the longer he holds the rates, the bigger is the potential for interest rates to come down. Meanwhile, I am expecting foreigners to keep buying Indian government bonds. So, it’s a benign cycle and Indian government bond yields are very attractive to foreign investors. I think India is a good story for bond investors, equity investors, and currency investors. RBI is also worried by the environment that the US may increase interest rates next year. So, will foreign portfolio money shift from equity to debt? The dedicated emerging market investors are already overweight on Indian markets. Currently, I see that the mandate for emerging market investors is to invest on debt and not so much into equities as they are already overweight. The issue is whether global money is coming in, but global investors are waiting for corrections to happen because since Modi has been elected as PM, there has hardly been any correction in the market. Which are the sectors you like? I am bullish on private banks. I am telling global investors that you cannot buy a lot of India stocks due to liquidity problem. But if one wants to play the macro proxy, then one should invest in private sector banks. The other sectors which I like are infrastructure, auto and cement. What's your next big investment theme for Indian markets? E-commerce is the next hot theme for Indian markets; there are many companies which have got pre-IPO funding. It’s a big story unfolding in India, but the issue is the e-commerce companies are heads-on with foreign companies and have less infrastructure compared with China. Though the e-commerce story is still some time away, the market hype is already there.

3. More Damned Than Damning

Bibek Debroy, The Economic Times: 18.11.2014

The Nehruvian economic model became a victim of abuse

We have now entered the period of the second Plan. The first Plan built up our food resources; the second Plan will lay the foundations for rapid creation of heavy industry.… We are going to build a big central stationery depot, with a special railway-siding of its own. There will be no fewer than 12 halls, each covering 2,000 sq ft. They will be storage halls, and, we calculate that the depot will be capable of an annual turnover of 1,400 tonnes of official forms, forms required for carrying out the commitments of the second Five-Year Plan!"



Make in India 1.0, Bhakra Dam, October 1963

This was reportedly said by Vaidya Sharma (not real name) of the ministry of planning and the quote is from a book that is still ostensibly banned in India, Alexander Campbell's The Heart ofIndia (1958). The book is patronising in tone. But it is difficult to understand why the book should be banned but for its uncharitable remarks about 'socialism', Congress politicians and Jawaharlal Nehru. The Nehruvian legacy isn't purely economic. It encompasses democratic institutions, governance and foreign policy. In retrospect, most Nehruvian errors in judgement are about foreign policy, though the 'socialist' legacy is also something Nehru is tarred with, a bit unfairly.

Granville Austin's second book on the Indian Constitution has an insight about what Nehru thought of the Ninth Schedule. In hindsight, Nehru thought that the insertion of the Ninth Schedule had been a mistake as it

"Opened the door of discretionary abuse to those less democratically-inclined. The economic legacy is more about the process set in by Second Five-Year Plan (1956-61) and less about the First (1951-56).

Consider higher education — the University Grants Commission (UGC) and the IITs — outcomes of the First Plan. It is all very well to say that higher education isn't characterised by market failures and may not even be a classic public good. But would that have been true in the 1950s?

Ditto for public sector enterprises. Had that public intervention not happened, we would neither have had the strengths in higher education nor the broad and diversified industrial base.

The Ground We Stand On

True, the Industrial Policy Resolution of 1956 wasn't as private sectorfriendly as the Industrial Policy Resolution of 1948. True, the Industries (Development and Regulation) Act of 1951 provided for small-scale sector reservations. True, the Second FiveYear Plan, influenced by Soviet planning, provided for capital-intensive development, when there was an alternative more suited to Indian conditions. (Vakil-Brahmananda and wage goods and some elements of the Bombay Plan of 1944/45). True, the public sector temples rarely had Lakshmi instated as an idol. True, the 'socialist' edifice led to a bureaucracy that reminds one of Asterix's eighth task of finding Permit A38.

However, consider any socioeconomic indicator and contrast India with any of the miracle economies of East Asia. In the early 1960s — there are data limitations for some variables — Indiadidn't compare unfavourably. Indeed, at that time, as a developing country wedded to democracy,India was regarded as a bit of a role model, most likely to succeed. India began to go off track in the mid-1960s, after two wars and successive droughts.

Is it the case that Indian planning made a mistake in the 1950s? Or is the case that Indian planning made a mistake in the 1960s and the 1970s, the two 'lost development' decades, when it was becoming clear that costs of state intervention were no longer commensurate with the benefits? These two questions aren't identical. As a counterfactual, one will never know what Nehru would have done had he remained alive. One suspects the edifice might well have changed.

The Foreign Exchange Regulation Act (Fera) of 1947 was tightened in 1973. Orders began to be added to the Essential Commodities Act of 1955 in the late 1960s. Small-scale sector reservations increased in the late 1960s. Half of the sick public sector enterprises (PSEs) were sick private sector enterprises that were nationalised. Track this nationalisation and you will find an increasing trend in the late 1960s.

Restrictive Practices

The Monopolies and Restrictive Trade Practices (MRTP) Act was passed in 1969. Chapter V-B was added to the Industrial Disputes Act in 1976. The 42nd amendment to the preamble — adding 'socialist' and 'secular' — to the Constitution occurred in 1976-77. When were banks, general insurance, coal and oil companies nationalised? The Urban Land (Ceiling and Regulation) Act was passed in 1976. Centrally-sponsored schemes started to proliferate in the late 1960s.

Errors of Commission

One can go on and on. Worst excesses of government intervention occurred during the mid-1960 and the mid-1970s, not earlier. That's why the Granville Austin insight is relevant. The Nehruvian era did allow the thin end of the wedge to get in. But it was still a thin end, despite the Second Five-Year Plan's error in judgement. Once the wedge was in, it became thicker and thicker. Like the 9th Schedule, it became subject to abuse.

The good is oft interred with the bones. What lives on after men is often not the evil men have done, but the evil they have permitted to be done subsequently. This is an important distinction worth remembering when one passes judgement on the Nehruvian economic legacy, that too, in retrospect.

4. India equities most attractive on a 5-yr basis, says CLSA MD Christopher Wood

Puneet Wadhwa , Business Standard: November 18, 2014

Interview with Managing director, equity strategist, CLSA


Christopher Wood

This year, Indian equity markets have been one of the top performers. **Christopher Wood**, managing director and equity strategist at CLSA, while sharing his views with *Puneet Wadhwa*, says despite the rally, on the basis of valuations, Indian markets aren't too expensive, if one believes the investment cycle has resumed. He adds he is waiting for a correction to raise CLSA's Asia Pacific ex-Japan asset portfolio allocation from 18 per cent to 21 per cent. Prime Minister Narendra Modi's most interesting announcement so far has been doing away with the Planning Commission, a legacy of British-style socialism, he says. Edited excerpts:

What do you think of the economic data on major economies such as the US, China and Japan, and the consequent policy action by their respective central banks?

The consensus this year is that US monetary policy will normalise and the US will raise rates next year. I have a different opinion. While people are saying quantitative easing (QE) is in the process of ending, Ithinkthat'snonsense.

In my view, the ECB (European Central Bank) will most likely engage in full scale QE in the first quarter of next year. I expect the ECB's balance sheet to expand again. We have just seen Japan launch a surprise increase in its QE programme, a surprise to me and, more important, a surprise for the market. That's why the yen has weakened.

In my view, it is true the US Federal Reserve (US Fed) will start raising rates next year. Once we see that happen, my base case is the US Fed is more likely to resume QE rather than raise rates next year. However, if I am wrong and they try to raise rates or they do raise rates, I expect financial markets to exhibit distress to the prospect.

The simplest way to look at this is viewing QE as a drug addiction — a physical addiction, not a mental one. If you have a physical drug addiction and try to stop it, you go through withdrawal symptoms, or what we call 'cold turkey'. That's what financial markets will go through if they (US Fed) started raising rates. The withdrawal symptoms will be manifested by rising credit spreads.

My base case is when presented with 'cold turkey', the US Fed will not want to take the pain and, therefore, I believe they will back off. Evidence of the way central banks react when markets are exposed to stress shows they back off. That's why they won't be able to normalise the monetary policy. If my view is correct, the central bank will be trapped.

Till when will these economies be supported by liquidity injection?

I am taking a year at a time. But since 2009, my base case is they (US Fed) wouldn't raise rates. The interesting point is no one is expecting them to raise rates. The moment of truth will come next year.

Do you think the disparate economic growth in Europe could be a catalyst for the Euro zone to disintegrate through the next three-five years?

Maybe; it's possible. But my base case is it's not disintegrating now because it remains a big political commitment, especially in Germany, to maintain the European Union. The German political consensus is 100 per cent behind retaining the Euro zone's form. That's why the track record is when the data gets worse, pressure grows to bail out the periphery and when the pressure is on, Merkel makes a concession.That's why I think if there is renewed financial stress in the Euro zone, the Germans will sanction a more aggressive form of QE.

But down the road, if we get rising representation of political parties of Euro sceptics or anti-euro, the chances of a break-up increase. My base case for the Euro zone is of a more aggressive QE, not a break-up.

Some countries in the Euro zone such as Greece, Spain and Ireland have shown progress in the way they have restructured their economies. The least progress in the Euro zone has been in the case of France and Italy, two big economies.

How does India stack up against its global peers in terms of its economy, markets and the road ahead?

To most global investors, India looks expensive. But within the context of its own history, India is just trading at the average forward PE (price-to-earnings). My view is Indian markets aren't too expensive; they are reasonably valued, if you believe the investment cycle is resuming. If it isn't, India appears expensive. Another big positive is Indian markets are not distorted by 'funny money QE'. The yield curve is not distorted. There is a conservative central bank and a conventional yield curve; that, to me, is a big positive.

What is the biggest risk to Indian markets?

The biggest risk to the markets is something happening to the prime minister; that's a far bigger risk than US rate rises or China slowing. These are almost irrelevant in that case. The longer Mr Modi is around to change the direction, other things become less important. The key is to set the changes in motion.

What is your weightage on India in the global portfolio?

In the MCSI AC Asia Pacific ex-Japan, the benchmark of India was seven per cent last week. My allocation in India is 18 per cent; so, I am 11 percentage points overweight. I would ideally like to get to 21 per cent. I have been waiting for India to underperform so that I can increase the allocation, but it hasn't. All foreign investors have been waiting for a pullback (in the markets) sinceNarendra Modi was elected PM, but this hasn't happened.

My recommendation to global equity investors is to be neutral to Asian EMs in their global equity portfolios. India remains the most attractive market in the EM world and the most attractive market globally from a five-year perspective.

How long do you think this rally will continue? What are the risks?

I have got a five-year view here. A lot depends on the investment cycle recovery but it will not be a V-shaped recovery. I have another portfolio, which is not driven by benchmarks. It has just 25 stocks in Asia linked to macro themes. In that portfolio, I have got much more in India. In that portfolio, I have got 42 per cent in India and that's not benchmark related. There will be a lot of portfolio managers who will not be allowed to be so overweight India in the context of the benchmark. I went more overweight on India post the election results, which were much more conclusive that what most people were anticipating.

Which other EMs will investors put their money in?

India is the main area. They do like Mexico, but all commodity-related areas are under pressure because of the strong dollar and China's slowing demand for commodity consumption. Apart from China, markets such as Brazil, South Africa, Indonesia and Russia are viewed as commodity-sensitive. So, EMs are obviously benefiting from weaker oil prices, as is India. In the long term, if Modi succeeds in getting the investment cycle going and recording about nine per cent growth, India will become a source of demand for commodities, which will be good news for commodity producers. But it is too early to talk about that. One needs to see these growth rates and a visible improvement.

Another issue for India is the gas prices. I believe that people have been disappointed that the gas prices have not been increased and the fact that the gas prices have not been increased as much as people were hoping. So that's one area where one can get some positive newflow going ahead. My guess is why the government has not raised the gas prices as much as people were hoping initially is because he doesn't want to be seen favouring one particular corporate group. But that doesn't mean he will never raise gas prices. It just means that he will do it with a delay.

What are the Indian stocks in your portfolio?

The Asia ex-Japan thematic portfolio for long-only absolute return investors has HDFC Bank, IndusInd Bank and ICICI Bank in the banking space; Grasim Industries in cement; Titan Industries in consumer; HDFC and GRUH Finance in housing finance; Larsen and Toubro in infrastructure; Zee Entertainment in media; Prestige Estates in property and Just Dial in the search engine sector.

In Indian markets, what are your top 'sell' recommendations? Are there any stocks or sectors you advise investors to stay away from/avoid?

I don't have one. That's why I have Titan in my portfolio. The world thinks the gold bull market is over. I don't.

What makes you so positive on the banking sector?

The area in which policy can make the biggest difference is state-owned banks and this relates to whether we can see action to clean up the banking sector. This is because if we see really strong positive action to clean up state-owned banks, these will become more interesting investments than private ones. I don't expect a lot of companies to be privatised; I don't think that's Modi's policy. The issue is whether he will create a more incentivised environment. But that's a bottom-up approach. If global investors ask me where to invest in India for the next five years, I would say private banks.

What about defensive sector stocks like pharmaceuticals and information technology (IT)?

They were great areas to own when the rupee was under pressure. They both have quality companies and that's very much a bottom-up issue. I don't think the rupee will be the positive headwind for them as it was in the last five years. In an environment where the dollar is rallying and commodities are selling off, which we are seeing right now, the rupee will be one of the better EM currencies to own.

Is there any stock that you would want to add in the e-commerce segment that many believe will see better days ahead?

We have just a few listed players in India. It is quite clear that in the next five - ten years, the e-commerce story should kick-in in India as smartphones become affordable just like it has happened in China in the last five - ten years. The big difference between China and India in e-ecommerce is that China has the physical infrastructure, which India doesn't that makes e-commerce more practical.

Besides banks, do you like any other sector?

I think cement is quite attractive. Infrastructure companies that are not too leveraged and didn't blow up in the last cycle should do well. The property sector has to be an obvious beneficiary of rate cuts.

So do commercial vehicles (CVs). And then there is the high beta area of e-commerce where we have only three existing listed players. They seem expensive but from a five-year view, I see a lot of activity in terms of companies in this area coming to the market.

Does anything in the mid-cap segment interest you?

Mid-caps have run up a lot. This time last year, it was a segment to buy because it was very cheap. But they aren't overheated. All the cheap valuations have been removed; that was where the real opportunity existed this time last year. The issue now is bottom-up and about seeing who is recording an earnings pick-up. Last year, one could buy all small-caps as they were cheap, which is no longer the case. Things are getting more stock specific now.

How do you rate the first few months of the new government?

I am completely happy with the government's performance. Many say the government hasn't done enough. I don't understand that. I think Modi has a five-ten-year view. I think there have been a lot of interesting policy announcements. Symbolically, one of the most important developments was his decision to abolish the **Planning Commission**, a legacy of British-style socialism. While this is not related to GDP (gross domestic product) growth, I think it sent a very important symbolic message. So to me the single most interesting thing Mr Modi has announced since he became the Prime Minister was to abolish the Planning Commission, which is a legacy of British-style socialism.

What are your expectations and what are the specific things you want the government to address through the next three, six and 12 months?

The key thing Modi has been addressing is attracting foreign direct investment (FDI). I think the Indian economy was bottoming anyway. The last government did a lot in its last year in office; it cleared a lot of blockages in projects. So, to me, that was already happening. Then we had a Supreme Court decision on coal block allocations. I think it is good to announce a clear auction process. In terms of legislation, the key is to make the bureaucracy work --- it doesn't require laws. Another important thing is the GST (Goods and Services Tax) implementation. I am hoping from a two-year perspective, GST is passed. I don't expect it to be passed in six months because it requires a buy-in from states.

What are your expectations from the government's next Union Budget in 2015?

I haven't got specific expectations but the markets do have expectations. One does need to see progress on land clearance laws etc.

Is corporate India decisively out of the woods? What are your expectations for growth in earnings?

I am convinced the economy and earnings downgrades have bottomed out; I am convinced one will see a big, meaningful pick-up in earnings. However, from a 12-month perspective, if we don't see a pick-up in earnings, the markets are likely to see a pullback. I don't think this will be a V-shaped recovery because the rates are still quite high. My guess is the Reserve Bank of India (RBI) doesn't cut rates aggressively quickly because of the base effect. The central bank will be cautious about cutting rates because it thinks the base effect will cause inflation to pick up. I will be amazed if we don't see rate cuts in 2015; I think it will be in the first quarter of 2015.

Will that be a token cut or do you foresee a series of rate cuts?

The longer RBI stays on hold, the more potential there is for rate cuts to fall dramatically. India remains attractive from both debt and equity market perspectives. We are already seeing investment projects picking up. But I wouldn't bet everything on the upward trajectory being continued for the next three months. I have greater confidence on a 12-month perspective than a three-month one.

Do you have any ballpark estimates of GDP growth in India through the next two years?

If we get the investment cycle back, Indian GDP has the potential go from four-five per cent to six-nine per cent through the next five years. And, I don't see why this shouldn't happen. That's what Modi will be trying to do. A key variable here is attracting FDI. That's why he made this point when he went to the US and Japan.

Which sectors, in your opinion, will attract a chunk of this FDI?

One of the potential and key areas will be infrastructure. Obviously, it could come into the automobile sector. But one big issue is to get the bureaucracy to approve the investment approval process and that's why it was interesting to see Mr Modi announce the special unit to fast track investment from Japan. But I think the first key area will have everything to do with infrastructure.

What about gold as an asset class, considering the fall we have seen this year?

For gold to bottom out and rally, the markets have to realise the US Fed can't normalise monetary policy and that's going to happen next year. My guess is gold bottoms out at $1,010-1,050 levels. I still like gold, but for gold to get a bid, people have to realise the US is not leaving the QE world.

Do you think that the crude oil prices have bottomed out?

Well, that comes down to the Saudi policies. But my guess is Saudis will be comfortable with oil around $80/barrel, in which case, it may have bottomed. But we could get an overshoot on the down side. It remained a mystery to me why oil remained above $100 in the last few years. It should have corrected to $80 years ago on increased supply of shale (gas). But it appears to be the case that the Saudi's, after the so called Arab spring, decided that they needed oil above $100 to fund increase in welfare spending that increased dramatically to keep its population docile. So that's been the case from the last few years. Whatever reasons, the Saudi's now clearly decided that in order to retain market share, it needs to let the oil go down and fundamentally, oil should go down. Allowing oil to go down, they're making shale (gas) less attractive. So that's one reason to do it. The second obvious reason is weaker oil puts pressure on Iraq and Russia.

PART B

NEWS AND VIEWS

Tuesday 18th November 2014

Polity	: Senior Bihar minister all for merger of RJD-JD (U)
Economy	: Rate cut by Reserve Bank will be a good fillip to economy: Jaitley
Planning	: Govt targets 1L mw solar power by '22
Editorial	: Trade facilitation

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FinMin, banks to discuss setting up ultra small branches in rural areas

Target under Jhan Dhan scheme likely to be raised to 10 crore accounts

OUR BUREAU

New Delhi, November 17

The Government's plan to set up ultra small bank branches in about 74,000 villages, along with the quarterly performance of public sector banks and progress in the Pradhan Mantri Jan Dhan Yojana (PMJDY), will be discussed at the meetings between the Finance Ministry and bank heads on November 20.

Financial Services Secretary Hasmukh Adhia will chair two meetings to be attended by the chief executives of public sector banks and financial institutions. The first meeting will be on performance review, while the second will be of the steering committee on the PMJDY.

This will be the first formal interaction Adhia will have with bank chiefs after taking charge from GS Sandhu earlier this month.

Jan Dhan Yojana

The agenda for the meeting of the steering committee on the new financial inclusion scheme has listed 13 items. One talks about the plan for ultra small branches in villages.

The mission document of the scheme says that depending on the viability, "banks would strive to set up a brick and mortar branch with minimum staff strength of 1+1 (one officer and a subordinate) or 1+2 (one officer and two subordinates) in 74,351 villages having population of 2,000 or more which were covered by BCs (business correspondents) in the earlier campaign. This can be done in a phased manner in a period of 3-5 years."

In 2011-12, more than 74,000 villages with population of over 2,000 (as per the 2001 Census) were covered with banking facilities under the 'Swabhimaan' campaign, launched by the previous UPA Government. The facilities were provided by business correspondents.

Another area under PMJDY will be to find out ways to increase deposits in the newly opened accounts.

Of the 6.51 crore new accounts opened till the beginning of this month, 4.95 crore have zero balance, according to data submitted by banks to the Finance Ministry. Banks mobilised deposits aggregating ₹4,857 crore from the remaining 1.56 crore new accounts, which means that new customers, on average, deposited ₹3,113 an account.

Also, the Government is expected to revise the target to 10 crore new accounts from 7.5 crore by January 26. On November 14, the Finance Ministry announced that the number of new accounts under PMJDY had reached 7.24 crore, but did not mention the amount deposited.

The meeting will also discuss an overdraft mechanism for these accounts, issues related to insurance cover through RuPay debit card, more availability of debit card machines, increasing the number of common service centres and post offices as Bank Mitra, remuneration of Bank Mitra and facility of using debit cards at Bank Mitra locations, among others.

Quarterly Performance

There will another meeting to discuss the performance of public sector banks during the three-month period ended September 30, covering bank credit in various areas, besides bad loans, recovery and progress on stalled projects. It will also consider means to support new projects.

Senior Bihar minister all for merger of RJD-JD(U)

'Merger will provide strength because in alliance there is scope of betrayal'

PRESS TRUST OF INDIA

Patna, November 17

Senior Bihar minister Ramai Ram on Monday strongly advocated a merger of RJD and JD (U) and not an alliance to become a strong force to take on BJP.

"Vilay se majbooti ayegi gatbandhan me dhokhaghari hota hai (merger will provide strength because in alliance there is scope of betrayal), Ram told reporters.

When Chief Minister Jitan Ram Manjhi was asked the same question, he told reporters that these matters would be decided by senior leaders of the two parties like Sharad Yadav, Lalu Prasad and Nitish Kumar.

Though Manjhi did not speak whether the two splinters of old Janata parivar should merge or enter into tie-up, he highlighted the positive outcome in the recent bypoll in Bihar when the two parties along with Congress contested together against BJP.

Premature issue

"We won six out of 10 seats and lost marginally on two seats. To defeat BJP we need to move together in future too," Manjhi said.

When the same question was asked to senior minister Vijay Chaudhary, a close confidante of former Chief Minister Nitish Kumar and considered as number two in the State government, he said "the issue (whether there will be merger of tie up between the two parties for Bihar Assembly poll) is premature."

But, Ramai Ram, eight term MLA and one who served as minister in the earlier government of Lalu Prasad as well his wife Rabri Devi, was strongly in favour of merger, saying that in tie-ups, parties try to "create hurdles for each other."

Ram, who is Transport minister in Manjhi Cabinet, said he was working for merger of JD (U) and RJD.

During a luncheon meeting at Samajwadi Party chief Mulayam Singh recently which was attended by former Prime Minister HD Deve Gowda, Sharad Yadav, Lalu Prasad, Nitish Kumar and representative of Om Prakash Chautala INLD, it was stressed that splinters of old Janata pariwar should unite again to take on BJP.

After success in Bihar Assembly bypoll, Lalu Prasad and Nitish Kumar are scheduled to address joint political meetings in Jharkhand poll.

The Hindu

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Rate cut by Reserve Bank will be a good fillip to economy: Jaitley

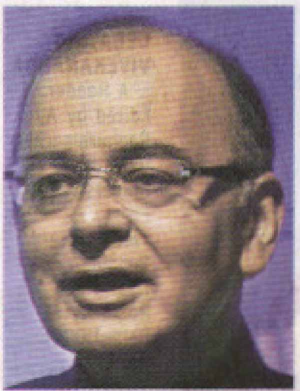
More measures to tackle infrastructure sector challenges are in the pipeline, says the Finance Minister

Puja Mehra

NEW DELHI: Union Finance Minister Arun Jaitley has said that since inflation has moderated, "if RBI [Reserve Bank of India], which is a highly professional organisation, in its wisdom decides to bring down the cost of capital [it] will give a good fillip to the Indian economy."

The Finance Minister was delivering the key note address at the Citi's Investor Summit: 'India – Poised for Higher Growth'. Also present were Finance Ministry officers and RBI Deputy Governor S.S. Mundra.

Mr. Jaitley said though the disinvestment targets for the current financial year were quite ambitious, he hoped to achieve them or at least come close to achieving them. He also said road shows for the planned disinvestments were under way in many parts of the world.



Arun Jaitley

Later, Mr. Mundra told reporters that the recent cooling of retail inflation was a combined outcome of factors, including a favourable statistical effect of a high base last year, a downturn in global commodity prices and easing of vegetable prices. Official data released earlier this month showed retail inflation too had slowed in October to 5.5 per cent, against 6.5 per cent the previous month

The Finance Minister has on several occasions called for lower interest rates.

Domestic and international investors attended the summit.

Mr. Jaitley said the government had taken a series of measures for tackling infrastructure sector challenges and that many more measures were in the offing. He said he was in discussion with the Opposition members to make the necessary procedural changes in the Land Acquisition Act to avoid delays in the implementation of infrastructure projects. He also said that the government through its Budget had laid down a direction in which the economy is likely to proceed to restore investors' confidence and assured them that there would not be any movement in the contrary direction.

Giving details of various economic reforms in the pipeline, he said he was expecting the Insurance Amendment Bill to be passed in the Winter Session of Parliament for which he was in touch with the Parliament Select Committee.

On the Goods and Service Tax (GST), the Finance Minister said he was in touch with various State governments for ironing out outstanding differences. He said States want to retain taxation authority for liquor and petroleum products. They also want entry tax and octroi to be kept out of the purview of the GST. The Finance Minster said that all these issues will be sorted out soon.

He will also apprise the Empowered Committee of State Finance Ministers about the draft Constitution Amendment Bill on GST before introducing it in Parliament.

The Times Of India

Dated: 18/11/2014
Page No. 22

Govt targets 1L mw solar power by '22

TIMES NEWS NETWORK

New Delhi: The government is looking at a solar power generation target of 100,000 mw by 2022, up from the 20,000 mw goal planned by the UPA government.

"What we inherited was 20 gw (giga watt) up to 2022, which we are trying to reset to 100 gw. On the solar front, we believe there is enormous potential to take it to 100,000 mw in next 5-7 years," power, coal and renewable energy minister Piyush Goyal said on Monday at a function organized by energy and climate think-tank Teri. He said the government was trying to make these projects viable by providing grid parity to make them economically viable and ensuring that bankability and returns were reasonably assured. "In short, we are trying to make it self-sustaining," he said.

"Renewable energy may seem expensive, but in the long run, it scores over conventional energy. The subsidy regime needs to be more robust, targeted and sustainable. The government of India stands committed to lead the revolution in the renewable energy sector. Transparency, honesty, world-class technology will be the key to dealing with key challenges," Goyal said. He sought a pragmatic approach in balancing the need for development and dealing with issues concerning the environment. "Once the development needs of a country are addressed, then talking about environment makes sense... We still have unsatiated needs for development and for roads and highways to come up, we have to take a more pragmatic view," he said.

RENEWABLE ENERGY

"If we have 1.25 billion people, we will obviously have more carbon emissions... Just because we have carbon emissions we have to stall our infrastructure plan? Only under the garb of environment protection?"

The Financial Express

Date: 18/11/2014
Page No. 13

Modi sets two-month deadline for merger of OCI, PIO status

Sydney, Nov 17: Prime Minister Narendra Modi on Monday assured a visa on arrival facility for Australian tourists and announced a two-month deadline for the long-pending merger of OCI and PIO status to woo the Indian diaspora from whom he sought support for his ambitious Clean India campaign.

Addressing a frenzied crowd of around 20,000 in the packed Allphones Arena here, Modi took a dig at the previous governments saying while they were happy to make laws he was "happier to remove" them.

"Let's open the windows let fresh air come in," Modi said referring to his government's efforts to weed out obsolete laws.

Touched by the grand reception, Modi said he was honoured and humbled and will never forget this day. "I know that behind this affection lies expectations. Yes. We want to create the India you are dreaming of."

"This welcome, this respect, this enthusiasm I dedicate it to the people of India," said Modi, the first Indian Prime Minister to visit Australia in 28 years.

Prime Minister Narendra Modi gestures before addressing the Indian community at Allphones Arena in Sydney on Monday

Modi announced that his government was working on to facilitate visa on arrival for Australian tourists and said the PIO (Persons of Indian Origin) and OCI (Overseas Citizen of India) status will be merged ahead of the Pravasi Bhartiya Divas to be held from January 7 in Ahmedabad.

Modi had announced merger of PIO and OCI during his visit to the US in September but had not given a timeline then.

The Prime Minister also said India has become an attractive destination for investment. *PTI*

The Hindu

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PIO, OCI merger before January 7: Modi

SYDNEY: Touched by the grand reception he received in Australia, Prime Minister Modi said he was honoured and humbled and will never forget this day. "I know that behind this affection lies expectations. Yes. We want to create the India you are dreaming of."

"This welcome, this respect, this enthusiasm I dedicate it to the people of India," said Mr. Modi.

Mr. Modi said the PIO (Persons of Indian Origin) and OCI (Overseas Citizen of India) status would be merged ahead of the Pravasi Bhartiya Divas to be held from January 7 in Ahmedabad. He had announced the merger during his visit to the US in September but had not given a timeline.

Referring to economic reforms unveiled by his government, he said India had become an attractive destination for investment. He also said FDI in Railways had been hiked to 100 per cent and hoped that Australian companies would invest in creating rail infrastructure in the country.

Referring to Swami Vivekananda's dream of seeing Mother India as a 'Vishva Guru' once again, he asked, "Do you share the dream?" The Prime Minister said that he felt a greater sense of responsibility, as he is the first Prime Minister born in independent India. "We did not have the fortune to fight for the country's independence. We could not die for India. But we can live for India. So we will live and struggle for India. Today, 125 crore Indians share that dream," he said.

"It took 28 years for an Indian PM to make the few hours journey to Australia. Now, you will not have to wait 28 years," the Prime Minister said.

Exhorting people to recognise the strength of India's democracy, he said, "Governments cannot make a country. People make a country."

Talking about the strength of democracy, he said, "Look at the strength of democracy. Would I have been here if it weren't for democracy? The power of this democracy brought me here."

He announced that a Sydney Cultural Centre would be established and it would be made functional by February. Mr. Modi highlighted the values of democracy and the love for cricket that India and Australia share. - PTI

P.C

The Pioneer

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G20 plans major investment initiatives in countries like India

PTI ■ BRISBANE

WHILE GROWTH IN SOME KEY EMERGING MARKET ECONOMIES IS ROBUST AND IS BECOMING MORE SUSTAINABLE, INCLUDING IN CHINA AND INDIA, IT IS SLOWING IN SOME OTHER COUNTRIES

The G20 has cited India among other countries for launch of major investment initiatives and for having a sustainable growth.

A Brisbane Action plan released as part of the G20 communique also said that the state of the global economy calls for a comprehensive and coherent policy response that restores near-term demand, removes medium-term supply constraints and builds consumer and business confidence.

"While growth in some key emerging market economies is robust and is becoming more sustainable, including in China and India, it is slowing in some other countries," it said, adding that many low-income countries are performing well."

Railways Minister Suresh Prabhu, who was Prime Minister Narendra Modi's Sherpa at the summit of the group of 20 industrialsied and emerging market economies, told reporters that India's expected growth is projected to be over six per cent in 2014-15.

India's economic growth accelerated to 5.7 per cent in April-June quarter, much better than 4.7 per cent in the same quarter of previous fiscal. The economy grew by sub-5 per cent in 2012-13 and 2013-14.

In another countries, the G20 noted that growth has picked up some advanced economies, notably the US, the UK and Canada. However, the recovery is modest in Japan and in the Euro area and inflation is well below target.

"The global economy remains vulnerable to shocks, financial fragility remains and existing risks are exacerbated by geopolitical tensions," the plan said.

"We continue to monitor the near-term and long-term effects of the global financial crisis. Economies are grappling with slower potential growth reflecting weaker investment, slower productivity growth, higher unemployment and lower labor force participation," it said.

The action plan said that the implementation of policies to comprehensively address both near-term and medium-term challenges could further strengthen the recovery by building confidence and increasing demand.

Noting that the state of the global economy calls for a comprehensive and coherent policy response that restores near-term demand, removes medium-term supply constraints and builds consumer and business confidence, the plan said that the grouping has developed comprehensive growth strategies that addresses these challenges.

G.O.I

Hindustan Times

Date: 18/11/2014

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After NY, Modi gig plays to full house in Sydney

Agencies
▪ letters@hindustantimes.com

▪ PM Narendra Modi greets Muslim members of the Indian diaspora in the packed Allphones Arena, in Sydney, on Monday. PHOTO COURTESY PIB

SYDNEY: Prime Minister Narendra Modi invited overseas Indians to help fulfill the dream of a clean and strong India during his public address at the Allphones Arena on Monday, reprising an appeal made in the US where he sold out New York's Madison Square Garden in September.

Some 16,000 people, mostly from the Indian diaspora in Australia, jammed the stadium and many turned up in bespoke "Modi in Australia" T-shirts printed with his face in the style of Barack Obama's "Yes We Can" 2008 election posters. Others chanted "Modi, Modi, Modi!" as they jumped for joy, sang and danced, with drums and music playing in the background.

Scores of supporters arrived on a chartered train from Melbourne decked out in colours of the Indian flag and dubbed the "Modi Express".

"This welcome, this respect, this enthusiasm ... I dedicate it to the people of India," Modi said.

Modi's appearance at the 21,000-seat arena, which hosted the Rolling Stones last week, underscored the rock star status he enjoys among many Indians at home and abroad.

"Modi's a rock star!" screamed a supporter as he took the stage in a white kurta-pyjama, a Dodger blue waistcoat and slip-on sandals.

Nehru brings anti-BJP parties together, Congress plays host

HT Correspondent
▪ letters@hindustantimes.com

▪ Rahul Gandhi, Prakash Karat and ex-PM HD Deve Gowda at a meet to mark the 125th birth anniversary of Nehru. ARVIND YADAV/HT PHOTO

NEW DELHI: In a veiled attack on the BJP, Congress chief Sonia Gandhi said on Monday Jawaharlal Nehru's ideas were under threat from "misrepresentation and distortion", trying to reach out to non-NDA parties to bring them together on a "secular" platform.

The remarks come at a time when the BJP and the Congress are in a tug-of-war over the legacy of India's first prime minister. The Congress invited international and the country's top political leaders for a conference to mark Nehru's 125th birth anniversary, leaving out Prime Minister Narendra Modi and the BJP.

"There could be no Indianness, no India, without secularism. Secularism was, and remains, more than an ideal. It is a compelling necessity for a country as diverse as India," Gandhi said.

"Nehru once remarked that wealth shouts but knowledge whispers. That whisper of knowledge about Nehru's life and work has weakened in recent years in our country, drowned out by misinterpretation and distortion."

The Congress, humiliated in the Lok Sabha polls and recent assembly elections, is looking to reach out to parties such as the Trinamool Congress, CPM and JD (United) that have often accused the BJP of following a communal agenda.

UPA's ₹3,000-cr hidden gift to Arun Jaitley

STREET FOOD

N SUNDARESHA SUBRAMANIAN

In March, the United Progressive Alliance (UPA) government did a smart thing. Or, so it appears in hindsight. After its multiple attempts to evince interest among investors for the shares of Indian Oil Corporation (IOC) failed amid internal protests against selling those cheap, it revived an old ghost called cross-holding.

Accordingly, the 10 per cent stake in the refiner, which the Cabinet had cleared for divestment, was placed with its cash-rich sister concerns Oil and Natural Gas Corp (ONGC) and Oil India Ltd (OIL). The 242 million shares, split equally between the two buyers, fetched the government ₹5,340 crore at ₹220 a share.

Today, a broader market rally and sector-specific sweeteners such as weak crude oil prices and diesel deregulation have taken the IOC stock to ₹355 — up 60 per cent from the deal price. At a point, it had even touched ₹400.

The market cap of IOC today is ₹86,666 crore. The 10 per cent stake today will fetch ₹8,666 crore. Even accounting for transaction and impact costs, the upstream twins are sitting on a cool profit of ₹3,000 crore.

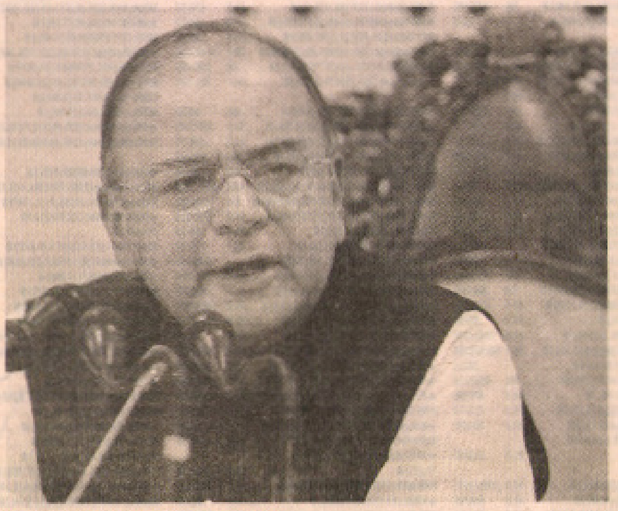
What would I do if I were Finance Minister Arun Jaitley? I would quietly get these public sector units to offload these shares in the market and pocket the gains. But wouldn't these gains go to the balance sheet of the respective companies? I can ask them to pay a special dividend. True, even the minority shareholders of these will get a portion of this dividend. Why not give them a reason to smile?

Considering the UPA move arose out of desperation and not out of any strategic intent, I can't think of any reasonable explanation for OIL and ONGC continuing to hold those shares.

I can give you reasons though why these shares should go as soon as possible. While this is the first time OIL came to hold IOC shares, ONGC already has another 8.77 per cent stake in the marketing firm, a legacy of another cross-holding exercise done more than a decade ago. Nobody knows what to do with those now. Nobody bothers. So, if you don't sell these new additions now, it is very likely that these will gather dust there forever.

Further, Life Insurance Corporation (LIC) holds 2.86 per cent and another 2.4 per cent is held by IOC Shares Trust, another decade-old legacy of the IBP (IOC subsidiary) merger. Thus, the total holding by entities directly/indirectly controlled by the government works out to 24 per cent as of September filings by the company.

The government directly holds over 68.6 per cent. You can't find a more spectacular mockery of the minimum public shareholding norms. Even the relaxed norm of 10 per cent public shareholding for PSUs is not being followed in spirit. So, sell and uphold the spirit. I am forced to milk my brains and unearth such hidden gems for Jaitley as his ministry's website shows a mighty ₹51.76 crore as divestment proceeds for the year against the ambitious target of ₹43,425 crore. Like IOC, shares of Coal India and ONGC have also rallied over 50 per cent from their year-ago levels. But, the promised divestment Diwali is nowhere in sight. I am tired of reading reports saying 'coming soon', 'roadshows', 'next week', etc. Soon, it will be Christmas and investors will go on a long holiday. By the time they return, the department will be only left with its usual, immoral, make-money-out-of-thin-air magic tricks such as LIC's bailouts and cross-holdings to meet the target. That sounds very UPA, doesn't it?



Finance Minister Arun Jaitley REUTERS

Business Standard

Date 18/11/2014

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FM Jaitley again suggests Rajan cut lending rates

Finance Minister Arun Jaitley (*right*) with Pramit Jhaveri, CEO of Citi India, at Citi's Investor Summit, "India – Poised for Higher Growth", in New Delhi on Monday PHOTO: PTI

BS REPORTER
New Delhi, 17 November

Finance Minister Arun Jaitley has again pushed for a cut in lending rates.

He said on Monday that if the Reserve Bank of India (RBI) brought these down in its policy review scheduled for December 2, it would provide a 'good fillip' to the economy.

"The finance minister said inflation, especially food inflation, had moderated in the past few months and global fuel prices had also come down. Therefore, if RBI, a highly professional organisation, in its wisdom decides to bring down the cost of capital, it will give a good fillip to the economy," said a ministry statement on Jaitley's speech at the Citi Investor Summit on Monday morning. The meet was closed to the media.

Jaitley said on Monday that if the Reserve Bank of India (RBI) brought these down in its policy review scheduled for December 2, it would provide a "good fillip" to the economy

RBI Governor Raghuram Rajan has kept interest rates unchanged since January. Despite October's retail inflation at a historic low of 5.52 per cent and wholesale inflation at a five-year low of 1.77 per cent, Rajan might not ease lending rates now. Analysts expect him to wait for at least a few more months.

In fact, RBI Deputy Governor S S Mundra, while speaking at the India International Trade Fair here, later in the day, said while CPI inflation in October had come down on many factors, including a base effect and low commodity prices, it was not easy to predict whether it would moderate further.

Jaitley told the Citi summit he was expecting the insurance amendment Bill to be passed in the coming session of Parliament. He said he was in touch with the select committee of the legislature in this regard and would try to have it give the report on the Bill at the earliest.

Jaitley also said he was in touch with state governments regarding the proposed Goods and Services Tax (GST), and most of the contentious issues had been resolved. As already reported, he said states want tax authority on liquor and petroleum products. "Two states (also) want entry tax and octroi to be kept out of the purview of the GST." The minister said all these issues would be sorted soon.

Jaitley said the targets fixed for disinvestment in the current financial year were ambitious but he hoped to achieve these or reach near. He said road shows in this regard were being held in many parts of the world.

He also said he was in discussion with opposition parties for needed changes in the land acquisition Act, to avoid delay in implementation of infrastructure projects.

P.C

The Financial Express

Date: 18/11/2014
Page No. 03

DoT, defence to work on solution to spectrum issue

New Delhi, Nov 17

DEFENCE minister Manohar Parrikar and telecom minister Ravi Shankar Prasad on Monday agreed to work in "consent, coordination and synergy" to resolve spectrum-related issues.

"I had a very fruitful meeting with the defence minister and both of us agreed that while defence's need of spectrum for the country's security is important, the growth of telecom as an infrastructure sector is equally important. We need to work in consent, coordination and synergy," Prasad said.

Based on various recommendations and agreements, the DoT expects the defence ministry to clear about 165 MHz of spectrum across the frequency bands.

Out of all bands, there is an immediate demand for 3G spectrum in frequency band 2100 MHz.

Trai has recommended that spectrum in 2100 MHz band, a part of which is with the defence ministry, should be put up for auction along with two sets of spectrum bands — 900 MHz and 1800 MHz in February next year.

Earlier, the defence ministry had vacated 15 MHz of 3G spectrum — which was auctioned in 2010. It had also vacated 15 MHz of 2G spectrum — which was allocated to new operators.

- DoT expects the defence ministry to clear about 165 MHz of spectrum across frequency bands
- Remaining 10 MHz in 3G and 5 MHz in 2G is to be vacated by defence only after alternate network by BSNL is completed

Under the agreement with DoT, the remaining spectrum — 10 MHz spectrum in 3G and 5 MHz in 2G — is to be vacated only after the alternate communication network is completed.

BSNL is creating an exclusive alternate network for defence. The PSU issued an LoI in July and the work is expected to complete in 18 months from the date of issue of LoI.

DoT is also working on the possibility to get another chunk of 150 MHz vacated from defence in the 1700-2000 MHz frequency band that can be used for commercial 3G and 4G services. *PTI*

G.O.I

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Now, bank term deposits of up to ₹1.5 lakh eligible for breaks

Higher limit is effective from November 13

OUR BUREAU
New Delhi, November 17

This fiscal, you can deposit ₹1.5 lakh in a bank term deposit and get income-tax benefits on it. This follows the Finance Ministry notifying a higher limit under bank term deposits for drawing income-tax benefit, as announced in the Union Budget. The new notification is effective from November 13.

For the current fiscal, one can now deposit ₹1.5 lakh against ₹1 lakh in a bank deposit to get tax benefits under Section 80C of the Income-Tax Act. For instance, if up to ₹1.5 lakh is put in a five-year term deposit, the amount will be deducted from income before calculation of personal income-tax.

In this year's Budget, Finance Minister Arun Jaitley had announced enhancing of the tax investment limit under Section 80C to ₹1.50 lakh to boost domestic investment in long-term savings.

Under Section 80C, one can invest in, apart from bank deposits, instruments such as five-year National Savings Certificates (NSCs), Public Provident Fund (PPF), life insurance policies, equity-linked savings scheme (ELSS), contributions to the Employees Provident Fund.

The enhanced limit also includes principal repayment toward home loans. Since PPF is an independent scheme and has different features, the Government issued a separate notification on August 19, followed by the latest separate notification for bank term deposit.

Interestingly, ELSS has a lock-in period of three years, whereas a bank term deposit can be of five years for tax saving purpose. Also, though the returns are better, ELSS is riskier as it is affected by stock market volatility. But one positive about ELSS is that these do not attract tax. ELSS is like PPF where investors get EEE (exempt-exempt-exempt) benefit, which means no tax at the time of investing the money on accumulation and on withdrawal. Yet, bank deposits have one advantage – stable and assured returns.

The new notification has been issued under Bank Term Deposit Scheme 2006, under which, a deposit can be transferred from one branch of a bank to any other branch of the same bank, but not to another bank. Unlike a life insurance policy and NSC, the deposits cannot be pledged to get loan. Also, there is no provision for premature encashment

The deposit holder will have the facility to get interests either in lumpsum or every quarter/month. However, interest will be liable to tax deduction at source (TDS). Banks, such as State Bank of India, have already launched tax-saving term deposits.

How they stack up

Tax saving instruments	Term/Lock-in (in years)	Interest/rate of return (%)
National Saving Certificate - 1	5	8.5
National Saving Certificate - 2	10	8.8
Public Provident Fund	15	8.7
Tax saving bank term deposit (SBI)	5	8.5
Equity Linked Saving Scheme*	3	14

*Money can be withdrawn after three years; rate of return is annual average of five-year period

Investment in KVP will double in 100 months

OUR BUREAU
New Delhi, November 17

As in its previous structure, the relaunched Kisan Vikas Patra (KVP) will double your money in 100 months or eight years and four months. It is likely to have a higher rate of interest, but is unlikely to offer tax benefits, such as by National Saving Certificates (NSCs) or the Public Provident Fund.

The KVPs will be re-launched by Finance Minister Arun Jaitley and Communications Minister Ravi Shankar Prasad on Tuesday to provide another option under the small savings scheme. Jaitley had announced the relaunch of the scheme in his Budget speech this year.

There will be KYC (know-your-customer) norms in this scheme on the lines of NSC, a statement issued by the Finance Ministry said.

KVPs will be available in ₹1,000, ₹5,000, ₹10,000 and ₹50,000 denominations, with no upper ceiling on investment. The certificates can be issued in single or joint names and can be transferred from one person to the other multiple times. The facility of transfer from one post office to another anywhere in India and of nomination will also be available.

KVPs can also be pledged as security to get loans from banks and in other cases where security is required to be deposited. Initially, these will be sold through post offices, followed by public sector bank branches. An investor can en-cash certificates after the lock-in period of two years and six months and, thereafter, in any block of six months on a pre-determined maturity value.

KVP was a popular savings scheme in the 1980s and 1990s, with similar assurance of doubling the money in 100 months. However, following the Shyamala Gopinath Committee report and alleged money laundering, the scheme was discontinued with effect from December 1, 2011.

The Hindu
Editorial

TUESDAY, NOVEMBER 18, 2014

Trade facilitation on track

The deal between India and the U.S. on the contentious issue of public stockholdings of foodgrains for security should put the global trade negotiations back on track. The bilateral compromise provides the much-needed window to save the multilateral Trade Facilitation Agreement (TFA), a significant step in the history of the World Trade Organization (WTO). The TFA, cleared at a WTO ministerial meeting in Bali last year, is intended to simplify customs rules, speed up the release of goods from ports, and pare transaction costs. The Narendra Modi-led BJP government refused to sign the TFA, insisting on a permanent solution to the food subsidy issue before signing it. The bone of contention is over a WTO rule that caps subsidies to farmers at 10 per cent of the total historical value of farm production. This stipulation — as is articulated at the WTO — is seen to undermine the responsibility of developing countries to feed the poor. Not surprisingly, India and some others have questioned the methodology of arriving at such a subsidy cap. A 'peace clause' in the WTO rules does indeed provide a limited-year protection to India and the like from legal challenges by member-nations should they exceed the farm subsidy cap. What if the farm subsidy concerns remained unaddressed once the peace clause expires and member-nations are allowed to legally challenge violations of the subsidy cap? Complaints based on rules limiting farm subsidy could seriously hamper the government's ability to ensure food stocking and supply for the poor. These fears were behind the blocking of the TFA by the Modi government. Had the impasse continued, the beneficial provisions on trade facilitation would have been delayed too.

The deal with the U.S. now provides for an indefinite peace clause until a permanent solution is found to the farm subsidy issue. The deal is a reflection of the Modi government's assertion of national interest while being flexible on modalities. Once India's stand and its concern over the implications for food security were explained clearly to the U.S., it came up with a reasonable response. If at one stage India risked global isolation, New Delhi did not insist on an immediate solution to the food subsidy issue but agreed to an indefinite peace clause. In all, it is a pact that enables the multilateral trade negotiations to move forward. With this deal in place, the TFA could become a reality. Of course, the bilateral pact will have to be ratified by the WTO but with the U.S. showing the way, other members would find it acceptable. It underscores once again the dominance of the U.S. in a multilateral global forum even while it is a recognition of India's place in the global economic environment.