Planning Commission
Government of India

PART A: News pertaining to Planning Commission

13.11.2014

Compiled by:

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Planning Commission Library

(महान लोगों के विचार) **Greg Anderson ग्रेग एनड्रसन**

जब हम ऐसे लक्ष्य से प्रेरित होते हैं जिनका गहरा अर्थ हो , ऐसे सपनो से प्रेरित होते हैं जिनके पूर्ण होने की चाहत हो,और ऐसे प्रेम से प्रेरित होते हैं जिसको व्यक्त करने की ज़रुरत हो तो हम वाकई में ज़िन्दगी जीते हैं.

1. JAIRAM RAMESH ARTICLE: BIG BREAKTHROUGH IN BEIJING | The Hindu: 13.11.2014

To address climate change, India has committed itself to a 20- 25 per cent reduction in intensity of carbon emissions by 2020, but the international community will want more

India's opposition to a concrete proposal for equity in greenhouse gas emission cuts put forward by the Africa Group has been an unwise stance

U. S. President Barack Obama and Chinese President Xi Jinping have just signed a historic bilateral accord on climate change and clean energy cooperation in Beijing. This accord will have impacts in the run- up to the Paris Conference in December 2015 when the world community is expected to clinch a new agreement to combat global warming. The agreement was in the works no doubt, but it certainly came sooner than expected. Another agreement on trade in technology-intensive industries has been signed and this has great relevance for the World Trade Organization (WTO). With these two accords, the U. S. and China have signalled that they will influence multilateral outcomes through their bilateral agreements.

BIG DEAL: China has publicly announced that its emissions of carbon dioxide will peak by 2030. Picture shows a traffic jam in Beijing.

A historic accord

The accord is historic for a number of reasons. First, China has publicly announced that its emissions of carbon dioxide will peak by 2030 and that the intention is to have the peak year earlier. Second, China will increase the non- fossil fuel share (mainly nuclear, solar and wind) of all energy to around 20 per cent by 2030. Third, the U. S. will cut its carbon dioxide emissions by 26- 28 per cent below 2005 levels by 2025 with an aspirational goal of an 80 per cent reduction by

2050. Fourth, the two countries will vastly expand cooperation in clean energy, phasing down of the use of hydrofluorocarbons in refrigerators and air- conditioners, demonstration of carbon capture and sequestration (CCS) technologies and climate- smart urbanisation.

The joint announcement recognises the special responsibilities that the two largest emitters have to curb their emissions. However, the statement understates their contribution to global warming. It acknowledges that “the U. S. and China account for over one- third of global greenhouse gas emissions” whereas the facts are that the U. S. and China account for around 15 per cent and 29 per cent respectively of global greenhouse gas emissions, making a total of about 44 per cent. China’s peaking year of 2030 means that it would peak at about 10 tonnes per capita (compared to the present level of around 7 tonnes per capita) while the U. S.’ s per capita emissions then would probably be in the region of 15 tonnes.

China and the U. S. have been engaged at different levels over the past year at least to come up with such a joint announcement. The recent commitments of the 28- member European Union to deep cuts in their emissions by 2025 and 2030 has undoubtedly put a little extra pressure on China and the U. S. not to lag behind in demonstrating to the world that they recognise the onus is on them to do something dramatic. And to the credit of both, the Beijing announcement is indeed a landmark. It is a hugely important starting point, even with all the political upheavals that the U. S. has witnessed in the recent midterm elections.

Significance for India

What does this agreement mean for India? To be sure, India with about 6 per cent of global greenhouse gas emissions is simply not in the same league as China, the U. S. or the EU. Even with 8 per cent economic growth over the next decade and a half, its share will not cross 10 per cent at most. Of course, in per capita terms India will be more advantageously placed simply because its population, already 1.24 billion, will increase by about 400 million over the next 35 years. But it would be extremely unwise to dismiss the significance of this agreement on the grounds that India is “different” because of the per capita argument. The international community will now expect India to make some firm commitments for 2025 and 2030. It has already committed itself to a 20- 25 per cent reduction in emissions intensity (tonnes of carbon dioxide divided by dollars of GDP) below 2005 levels by 2020 and there should really be no problem to unveil plans for 2025 and 2030 as well. This would be in keeping with domestic imperatives as well.

The Planning Commission’s expert group on low carbon growth strategy had in its final report submitted in April 2014 projected that the contribution of solar, wind and biomass to electricity supply can realistically increase from the present 6 per cent to 18 per cent by 2030. Similarly, it had projected that nuclear energy (which does not entail emissions of carbon dioxide) could increase its share in our electricity supply portfolio from the current level of around 8 per cent by 2030. It is the government’s prerogative to do what it wants regarding the Planning Commission but it would be most unfortunate if this expert group’s report is ignored even without a discussion in the Union Cabinet or in the newly reconstituted National Council on Climate Change chaired by the Prime Minister himself. The Prime Minister has, on occasions, maintained continuity. His September 30th joint statement with Mr. Obama, for instance, has remarkably similar (at times even identical) language on climate change, energy and environment issues as the September 27th 2013 joint statement of former Prime Minister Manmohan Singh with Mr. Obama. Hence, it should not be difficult really for the Prime Minister to have the targets suggested by the expert group accepted as publicly stated objectives both domestically and internationally. The passage of a new and comprehensive law with specified goals would also add to India's position as will demonstrable actions to ensure cleaner coal production and use actions which unfortunately have not been visible so far.

Balance of growth and ecology

The Sino- U. S. agreement does not automatically mean that the Paris Conference will yield something constructive that will meet political, economic and environmental objectives all at once. Paris will be more of a starting point rather than a final destination. But even for that starting point to be achieved, India has to start thinking creatively. It has long been a champion of equity in any international agreement but it has been opposing a concrete proposal put forward by the Africa Group in this regard. This has been a most unwise stance. In any case, equity gets reflected in the nature of mitigation responsibilities a country takes on — the fact that India is allowed to pledge reductions not in absolute levels of emissions but in relative levels measures of emission intensity is itself a reflection of equity considerations. India's continued insistence on the Annex I (industrialised countries)/ non- Annex I distinction that forms the bedrock of all climate change negotiations also needs to be relooked. Differentiation is essential but is this distinction made in a completely different era over two decades back still meaningful? Simply put, it is not.

Strong domestic actions are needed not just to strengthen our global standing but also to address growing public health and livelihood security concerns domestically. Rapid growth is imperative. But it needs to be sustainable as well. The current ruling dispensation seems to think that environmental and forest regulations and laws are a drag on economic growth. This is a profound misreading of the situation. In fact, in some cases, like in the case of emissions of sulphur dioxide and mercury, new concentration standards are required. To say that growth and ecology have to be integrated is fine in theory, but in practice there are choices to be made, complexities to be unravelled, contradictions to be understood and conflicts to be managed. There will be trade- offs and these have to be made public and transparent. The balance of growth and ecology calls for great nuancing and sensitivity which, alas, has not yet been in evidence.

(Jairam Ramesh is a Rajya Sabha MP and former Union Minister.)

2. Six months on
Shankar Acharya, November 13, 2014

A preliminary stocktaking of the Narendra Modi-led government

In the coming fortnight the Narendra Modi-led National Democratic Alliance government will complete six months in power, a good time for a preliminary stocktaking. What have been the notable economic and financial developments in these six months? What are the emerging policy priorities and initiatives of the new government? Are they well-crafted to deliver good results in terms of the objectives of strong, sustainable growth of output and employment, curbing inflation, alleviating poverty and strengthening India's external finances?

Before trying to answer these questions, it is important to recall the main features of the exceptionally weak economic legacy bequeathed by a decade of United Progressive Alliance governance. This included: overall economic growth having collapsed to below five per cent for two successive years of 2012-13 and 2013-14, for the first time in a quarter century; industrial growth hovering near zero for over two years; employment stagnant; consumer inflation averaging 10 per cent for a record six years; external finances still vulnerable; major infrastructure sectors reeling from the backwash of massive scams in telecom and coal; public sector banks under serious stress; widespread policy paralysis and malfeasance across government; and the heavy burden of populist legislation (such as for rural employment guarantee, food security and land acquisition). To use Finance Minister Arun Jaitley's oft-repeated understatement, the legacy was certainly "challenging"!

Recent economic data

The official data that have emerged over the last six months are subject to three caveats: all data come with a lag of typically one or two months; most of this data get revised later; and finally, since policies influence economic outcomes with lags (variable and uncertain), much of the recently available information reflects, predominantly, the policies of the previous government. That said, here's what we know:

Economic growth (in gross domestic product or GDP) revived to 5.7 per cent in the first quarter of 2014-15, mainly because of an uptick in industrial production, exports and government-expenditure-driven services. Since all three elements have slowed in subsequent months and agriculture will be damped by the sub-par monsoon, GDP growth may well have slowed to five per cent or lower in the July-September quarter.

Industrial growth (the focus of "Make in India") rose to 4.2 per cent in the April-June quarter, but has subsided since, with all indications pointing to industrial production showing less than two per cent expansion in July-September 2014.

Inflation in consumer prices (Consumer Price Index) is at last abating, from 10 per cent at the beginning of the calendar year to 5.5 per cent in October, below the Reserve Bank of India's target of six per cent by January 2016. Policy factors (such as conservative monetary policy, restraint on food procurement prices and offloading of excess public food grain stocks) have combined with good luck (the recent crash in international oil and other commodity prices) to bring about this healthy trend.

External finances have improved, mainly because of sharply lower international oil and commodity prices and surging inflows of foreign portfolio investment into India's booming stock market. For medium-term strength, more rapid export growth remains necessary.

Business expectations and stock markets have certainly soared since May but such buoyancy has yet to reflect in indicators of real investment.

The fiscal deficit of the Centre remains a worry, running at over 6.5 per cent of GDP in April-September 2014, mainly because of revenue shortfalls from exaggerated projections in the government's July Budget and despite the relief on subsidies from lower oil prices. Possible additional borrowing could put upward pressure on interest rates.

In short, the economic situation remains "challenging".

Economic policy initiatives

Both the July Budget and subsequent developments have made plain this government's aversion to attempting "big bang reforms" through legislative amendments to populist entitlement laws (rural employment, food security, education), the onerous new land acquisition act, the Indira Gandhi vintage, job-destroying central labour laws or even the notorious, retrospective "Vodafone amendment". However, since the disappointing July Budget, clear signs of a pragmatic, incremental approach to policy improvements have emerged. Several strands of this broad strategy can be discerned and exemplified:

Streamline, energise and improve governance and implementation. Examples include: the abolition of the numerous Groups of Ministers of dubious utility, the obvious strengthening of the Prime Minister's Office, dominated by a politically powerful and energetic prime minister; focusing on rapid resolution of governmental bottlenecks, such as environmental clearances, to implementation of backlogged projects; and responding swiftly to fresh challenges, such as the Supreme Court's cancellation of coal block allocations.

Rein in unsustainable fiscal populism. Here the examples include: the moderation of minimum support price increases for kharif crops to two-three per cent and limiting procurement from states that offer bonuses; raising of rail passenger fares by 15 per cent (after a decade of irresponsible non-adjustment); seizing the opportunity of lower international oil prices to deregulate diesel prices and cap cooking gas subsidy; and adjusting some parameters of the national rural employment guarantee scheme to reduce bogus claims and moderate expenditures.

Push ahead with reforms where possible. These include: the diesel price deregulation; the enabling ordinance to conduct e-auction of coal blocks for designated uses, with a possibility of commercial mining; the renewed (and likely successful) push to obtain agreement with states on implementing the goods and services tax; the raising of the foreign direct investment cap in defence industries to 49 per cent; and the path-breaking central government support (and consequential presidential assent) to the modest but significant labour law reforms by the Rajasthan government.

Undertake social and economic mobilisation. Two prominent examples of this are the Swachh Bharat programme and the Jan Dhan Yojana. The former commits long overdue political attention and capital to grave problems of basic cleanliness, sanitation and public health, although its programmatic and policy content remain to be defined. The latter, in concert with the reenergised Aadhaar programme, could, potentially, transform India's massive, inefficient and corruption-ridden subsidy programmes into far more efficient direct cash benefit transfers.

Will incrementalism work?

That's the big question. As Zhou Enlai reportedly said about the success of the French Revolution, it's too early to tell. One has also to ask whether there really is an alternative? The so-called "big bang reforms" of the early 1990s relied more on administrative measures (within the framework of extant legal authority) than on legislative changes. The latter are always more challenging for a government, especially when the ruling party is far short of a majority in the Rajya Sabha. One can also take hope from Mr Jaitley's recent reported statements that where legislative amendments are deemed essential (as perhaps in the case of the land acquisition act), they will be vigorously pursued.

My guess is that this multi-strand, incrementalist approach could achieve quite a lot. Economic growth may rise from 5-5.5 per cent this year to 6-6.5 per cent in 2015-16 and perhaps cross seven per cent by 2016-17. But such improvement will not yield the pace of job creation that the "youth bulge" requires. For that we need a more urgent and focused dismantling of constraints to labour-intensive manufacturing, whether they be labour laws, infrastructure deficiencies, foreign trade restrictions or skill shortages.

3. NCUI: 61st All India Co-op Week celebrations kick off
Rohit Gupta, Indian Cooperative: 13.11.2014

Preparations for NCUI's 61st All India Co-op Week celebrations are afoot. Mohanbhai Kalyanjibhai Kundariya, Union Minister of State for Agriculture and Cooperation is going to inaugurate the function.

The function is scheduled for tomorrow (14th November, 2014) at 11.00 a.m. at NCUI Auditorium in New Delhi. The mega cooperative show is being attended by the representatives of cooperative organizations, international cooperative organizations, Government of India, representative of NCDC, RBI, NABARD, Planning Commission, ICA, ILO and members of the NCUI Governing Council.

As a matter of rule National Cooperative Union of India celebrates the All India Cooperative Week every year from 14th – 20th November. The weeklong celebrations provide an opportunity to review the problems and to formulate action programmes for cooperative development. The theme of this year's celebration of cooperative week is "Cooperatives Model for Sustainable and Inclusive Growth".

The commencement of Cooperative Week coincides with the Birthday of first Prime Minister late Pandit Jawaharlal Nehru, a true champion of the cooperative movement. The Cooperative Week is celebrated all over the country.

The inaugural function of the Cooperative Week will be followed by a Press Conference at 12.30 p.m. in which key representatives of Indian Cooperative Sector will be present.

4. Narendra Modi’s plan for Nehru’s 125th birth anniversary: ‘Connect him with masses’
Indian Express: 13.11.2014

Indira Gandhi might have received low-key attention from the Narendra Modi government on her 30th death anniversary recently, but her father Jawaharlal Nehru is likely to be treated very differently. Prime Minister Modi wants the government to initiate activities that will ‘connect’ Nehru with the people during his 125th birth anniversary that is being commemorated this year. That is what Modi told members of the committee that has to decide on the programmes to honour the memory of India’s first Prime Minister.

“Hum jo bhi karen, kuch aisa karen ki Nehru ko janmaanas ke saath joda ja sake (Whatever we do, it should be something that helps in connecting Nehru with the masses),” Modi is learnt to have said in his brief opening remarks at the first meeting of the reconstituted committee on November 1.

According to sources who attended the meeting, Modi then went on to offer his own suggestion on how to go about doing this. “Ek tareeka ye hai ki abhi sarkaar ki jo bhi prathmiktayen hain unke saath Nehru ko joda jaye (One way of doing this is to link this government’s priorities with Nehru’s views),” he said.

While remembering Nehru’s love for children, Modi said the government’s Swachh Bharat campaign could be taken to schools as a message on cleanliness from Nehru to the students. Children can then be made a special focus group for the cleanliness drive, he said.

The other thing Modi recalled was Nehru’s stress on developing science and technology and his efforts in building scientific institutions. He said as a tribute to Nehru some programmes could be launched to help in spreading scientific temper amongst people, especially children who always were Nehru’s special constituency.

After offering his suggestions, Modi is learnt to have said that he had come to hear the ideas of others. Some members who were part of the original committee formed last year during the UPA rule informed the Prime Minister about the proposals that had been approved in earlier meetings. A website for Nehru, hosted and managed by the Nehru Memorial Museum and Library (NMML), a Rs 10 crore grant for the uplift and upgradation of the NMML, and creation of a grant for scholars engaging in research on Nehru were some of the decisions that had been taken earlier.

Modi said the government will honour all the earlier decisions but repeated that whatever activities were undertaken, these should aim at 'connecting' Nehru to the people, 'bringing him closer' to the masses, according to sources who attended the meeting. "Nehru ko janmaanas ke saath jodna zaroori hai (It is important to connect Nehru with the masses)," he is learnt to have repeated.
Modi's comments came just a day after the government marked Sardar Vallabhbhai Patel's birth anniversary with much fanfare and greater zeal than it had been done in recent times. In contrast, it largely ignored the death anniversary of Indira Gandhi which happens to fall on the same day. Modi did not attend the morning programme at Indira Gandhi's memorial because it coincided with the National Unity run organised at India Gate to mark Patel's birthday.

The government's interest in Patel has often been seen as an attempt to create a counter-narrative to Nehru. Urban Development Minister M Venkaiah Naidu only added more fuel to the fire when, speaking at the India Gate event, he said India's history would have been very different had Patel become India's first Prime Minister instead of Nehru.

Incidentally, the Congress party is organising an 'international conference' on November 18-19 in memory of Nehru and has decided not to invite Modi for the event. Congress spokesperson Anand Sharma said only those who believed in Nehru's ideals had been invited.

Congress members in the commemoration committee — Karan Singh, Ghulam Nabi Azad and Mallikarjun Kharge — were however said to be very satisfied with Modi's remarks at the meeting. Karan Singh had told The Indian Express that contrary to the belief that the government was likely to ignore Nehru, Modi seemed quite interested in Nehru and came out as someone very keen to take Nehru's message to the people.

5. GRADUAL ECONOMICS, AGGRESSIVE POLITICS

Gautam Mukherjee, The Pioneer: 13.11.2014

The 2015 Budget is under preparation and India desperately needs foreign direct investment **and foreign institutional investor funding, as we simply do not have enough domestic resources to finance our plans**

The Narendra Modi Government, almost six months in power, is still robustly mindful of its political and electoral agenda. It is in near perpetual campaign mode, and means to create a 'Congress-*mukt* Bharat'. As it sees it, along with over a third of India's voting public which supports the BJP — Congress is the root of many evils, distortions, and hypocrisies that have long bedeviled this country.

The big contrast with NDA I, which was a massive raft of a coalition, when the Government chose to ignore the party apparatus, causing its defeat after just one term, could not be starker.

Perhaps half of Prime Minister Modi's strategic attention, in tandem with his gifted alter-ego and Party president Amit Shah, goes towards relentlessly winning State Assembly elections as they are scheduled. There is no resting on laurels, no relaxation into flattered complacence. Their is a two-term agenda, and the second termwill, if all goes according to the plan, see a majority in both the houses, with all the important States in the BJP's fold.

Of course, this winning of State Assemblies *via* excellent organisational ground work, popular candidates, and Mr Modi's inspirational campaigning, must be accompanied by a further surge in vote share. It is already projected at an average of over 35 percent nationally, with the rural and urban vote showing equally, but it could cross the half way mark, if the BJP has its way.

Delhi, Jharkhand and Jammu & Kashmir are next on the anvil, and none of them will be lost if the BJP can help it. Even the recent addition of a number of the new Ministers is evidently with an eye to winning on its own in Bihar, Punjab and Uttar Pradesh later. And perhaps, also in West Bengal.This time, not only does the BJP have a majority of its own, but those political parties still in actual or tacit alignment with the Congress, not exactly numerous, are out in the cold too. The old secular-communal shibboleths are redundant with the voters, and they are fed up with the chronic non-performance.

Some electorally diminished regional parties, realising that the alternative is the political wilderness, are hastening to offer support to the BJP. This has been seen in Maharashtra, and to some extent, is unfolding in Kashmir too, where the comfortable, if inimical, bipolarity of the National Conference and the People's Democratic Party, is suddenly under siege.

The political dexterity of the BJP, in Government at the Centre and several of the States, harnessed in tandem with a strong party organisation,well — coordinated with the RSS and other support groups, is unprecedented, and proving very effective. Even brand extensions, such as the Swachch Bharat, have paid to the AAP, and added endorsements from a host of cricketing, Bollywood and other celebrities.

That the Shiv Sena, out-dated and out-manoeuvred, is having trouble digesting its changed fortunes. This is likely to isolate the Shiv Sena, not only on the national stage, but in its own backyard of Maharashtra as well.

The Samajwadi Party, the Janata Dal (United), the Rashtriya Janata Dal, in an opportunistic family-firm Yadav triumvirate, are hoping to stop the BJP in Bihar and Uttar Pradesh. But should they fail, they are likely to fall in line soon enough in order to forge an equation with the Centre.In the midst of such excellent politics, what is the Modi Government's preferred pace of economic reform and change?

So far, it seems to be stately and gradual, with only the diesel deregulation qualifying as a big-bang reform. And this too was aided by a substantial reduction in crude prices. A barrel of oil is $30 billion lower than its all-time highs.

But, at the same time, there have been small liberalisations and administrative changes to economic policy, almost on a weekly, if not daily basis. And other actions that benefit ordinary citizens such as accepting self-attestation on documents and the recent digitisation of proof-of-life for over one crore pensioners. These moves, in themselves, are most welcomed, but put together and cumulatively, do succeed in shifting the narrative substantially. The diplomatic projection work overseas has been spectacular and extremely well received.

The 2015 Budget is under preparation. But neither Finance Minister Arun Jaitley nor Prime Minister Narendra Modi are suggesting, lest it provide ammunition to a down and out Congress, that it will contain any Margaret Thatcher style sweeping privatisation, or Reaganomics tax cuts. However, the Airports Authority of India, 51 per cent of non-performing-assets-ridden public sector bank equity, and Air India, may well be headed for a sell-off, along with other non-performers. These are large PSUs and lose huge amounts of tax payer money, despite many incompetent*sarkari* efforts towards their revival. But there is not a word about shrinking the size of the unwieldy and expensive Government itself, for example.
With all this deft nuancing, the nagging question is: How much will actually get done, and by when? India desperately needs Foreign direct investment and Foreign Institutional Investor funding, as we simply do not have enough domestic resources to finance our plans. And the foreigners are watching and waiting for a serious acceleration of the 'red carpet not red tape' promise made.

So, will things happen as part of the next Budget or outside of it? Will it happen in 2015 or later? Will the Insurance Bill find passage, and succeed in raising the permitted FDI quantum to 49 per cent?

The Government, ham-strung because of inadequate numbers in the Rajya Sabha, may need to resort to a joint session, or ordinances, or both. There is the Insurance Bill, and Goods and Services Tax, and changes in the Land Acquisition Act, changes in Labour Laws, scrapping of manufacturing taxes demanded by foreign investors such as Japan, etc etc. as the 'King of Siam' might have put it.

But the tea leaves augury is indeed good. Notable bureaucratic reinforcements in the shape and form of Arvind Subramanian and Rajiv Mehrishi, have been added to the Ministry of Finance. And most recently, the political bench strength has also been enhanced by inducting Harvard educated Jayant Sinha into the Minister of State slot at the Ministry of Finance. But there is little on the reforms front that has been made obvious as yet. Inflation may be down, for example, but when will the Government cut interest rates?

The formula being followed seems to be definite and bold about political consolidation. When it comes to economics however, the style is to give nothing away before the action. However, the emphasis on Railways and Defence, both equipped with brand new ‘can-do’ Ministers, seems to indicate that a strong surge of investment and modernisation will soon be seen in these sectors.

PART B

NEWS AND VIEWS

Thursday 13th, November 2014

Polity	: Fadnavis wins Maha trust vote, Sena, Congress lose it
Economy	: Retail inflation drops to 5.5 per cent in Oct
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Editorial	: Needed, a wider debate

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Hindustan Times

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Fadnavis wins Maha trust vote, Sena, Congress lose it

UGLY Guv heckled, hurt as oppn protests voice vote, 5 Congress MLAs suspended

Dharmendra Jore and
Surendra Gangan
letters@hindustantimes.com

MUMBAI: The BJP government led by Devendra Fadnavis in Maharashtra won a crucial confidence motion on Wednesday through a voice vote that the Shiv Sena described as "strangling democracy" and the Congress called "a black day".

The BJP, with 121 MLAs in the 288-member assembly, passed the test to prove its majority through a simple "Aye" from legislators supporting the 13-day-old minority government, though their voice got muffled in the din raised by the Shiv Sena and the Congress.

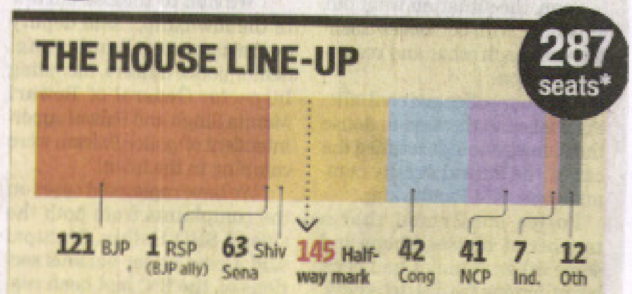
Speaker Haribhau Bagde suspended five Congress legislators for two years after they allegedly heckled governor C Vidyasagar Rao who was injured in the melee as protests inside and outside the assembly turned ugly.

The BJP government needed to prove its majority because it was 22 short of the halfway mark in the assembly. Having snapped its 25-year alliance with the Shiv Sena, it didn't have the 63 MLAs of its former ally to bail it out.

Bagde, who was elected unopposed earlier in the day, called the voice vote valid and rejected the opposition's demand for a poll.

"The House should be run as per rules and the Constitution should not be trampled upon. The new government is strangling democracy. We sought division but the trust motion was passed by voice vote," said opposition leader Eknath Shinde of the Shiv Sena.

The Congress questioned the legitimacy of the trust vote and said it would request the governor to ask the government to prove its majority through a poll.



The Shiv Sena and Congress' charge that I did not respond to their request for division (of votes) is wrong. They did not demand it when I conducted the voice vote. I followed all rules and regulations.

HARIBHAU BAGDE, speaker

This is like strangling democracy. We asked for a poll but our demand was ignored. The trust vote was conducted in violation of rules and regulations.

EKNATH SHINDE (Shiv Sena), opposition leader

HT SPOTLIGHT P10

Centre equation in focus

Sena's decision in Maharashtra has put the focus back on its ties with BJP at the Centre, and on whether its minister Anant Geete will quit the Modi cabinet.

Speaker elected unopposed

BJP talked Sena and Congress into withdrawing their nominees against Haribhau Bagde, reminding them of state's tradition of electing the speaker unopposed.

*Effective strength of assembly (after death of a BJP MLA)

The Hindu

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Retail inflation drops to 5.5 per cent in Oct

NEW DELHI: Helped by softening prices of food items, the retail inflation declined to 5.52 per cent in October, the lowest since the new series of data was introduced in January 2012. This is the fourth consecutive month of decline in the Consumer Price Index based inflation or retail inflation, which had fallen to 6.46 per cent in the previous month.

The overall food inflation measured on CPI came down to 5.59 per cent in October against 7.67 per cent in the previous month.

Retail prices of vegetables declined by 1.45 per cent against a rise of 8.59 per cent in September, according the data released by the Ministry of Statistics and Programme Implementation.

Inflation in fruits slowed to 17.49 per cent from 22.4 per cent in September. Similarly the rate of price rise in protein rich items like eggs, fish and meat was at 6.34 per cent in October, slightly down from 6.35 per cent in the previous month.

The data on inflation based on Wholesale Price Index for October will be released on Friday. WPI inflation had dropped to a near five-year low in September to 2.38 per cent, helped by moderation in food and fuel prices.

RBI has started targeting retail inflation, while deciding on its bi-monthly monetary policy.

RBI has been targeting a retail inflation of 8 per cent by March 2015 and 6 per cent by March 2016. Retail inflation in cereals and products also came down to 6 per cent in October from 6.42 per cent in the previous month. — PTI

The Economics Times

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PMO WANTS REPORT ON IMPLEMENTATION OF FSLRC GUIDELINES

Modi Seeks Fast Revamp of Fin Sector Rules

FSLRC report has pitched for a complete overhaul of the financial sector, governed by as many as 60 Acts and multiple rules and regulations

Pressing for Overhaul

WHAT DOES FSLRC RECOMMEND?

Complete overhaul of financial sector, governed by as many as 60 Acts and multiple rules and regulations

SUGGESTIONS TO CREATE

- Uniform Indian Financial Code
- Creation of a Unified Financial Agency
- Insurance Regulatory and Development Authority
- Pension Fund Regulatory and Development Authority
- Forward Markets Commission
- Independent debt management office
- Resolution Corporation
- Statutory framework for Financial Sector Development Council

There are some important recommendations of the Financial Sector Legislative Reforms Commission like the enactment of the Indian Financial Code which is considered necessary for better governance and accountability. It will be my endeavor to complete the ongoing process of consultations with all the stakeholders expeditiously on this.

FINANCE MINISTER ARUN JAITLEY said in his July budget speech

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New Delhi: Prime Minister Narendra Modi wants to expedite the revamp of financial sector rules as recommended by the Financial Sector Legislative Reforms Commission (FSLRC) after the matter is said to have been flagged by the President.

The Prime Minister's Office has sought a status report from the finance ministry on the implementation of FSLRC recommendations after their tardy implementation was brought to the attention of Modi by President Pranab Mukherjee early October, a few days ahead of the bureaucratic reshuffle that saw Rajiv Mehrishi replacing Arvind Mayaram as finance secretary, said a government official aware of the deliberations.

The perceived delay is said to be among the reasons for the change in personnel. The FSLRC report pitched for a complete overhaul of the financial sector, governed by as many as 60 Acts and multiple rules and regulations. Some of these, such as the RBI Act and the Insurance Act, date back to the 1930s when many of the financial products available today couldn't have been conceived of. Similarly, today's derivatives market didn't exist in 1956, when the Securities Contract Regulation Act was enacted.

The finance ministry is understood to have sent a detailed response to the PMO on implementation milestones after having received the report.

As finance minister, Mukherjee had announced the government's intent to set up the FSLRC in the 2010-11 budget. The commission was notified in March 2011. The panel submitted its report on March 22, 2013.

It suggested a uniform Indian Financial Code and the creation of a Unified Financial Agency to subsume the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority, the Pension Fund Regulatory and Development Authority and the Forward Markets Commission, besides the establishment of an independent debt management office and a Resolution Corporation apart from providing a statutory framework for a Financial Sector Development Council.

Prime Minister is very keen on replacing or doing away with obsolete laws in all sectors

P Chidambaram, who succeeded Mukherjee as finance minister, placed the report in the public domain for feedback while regulators were asked to move ahead with the non-legislative reform agenda. Those items that needed parliamentary approval were left to the new government.

The Modi administration has expressed its support for the changes proposed with the PM being very keen on replacing or doing away with obsolete laws in all sectors. "There are some important recommendations of the Financial Sector Legislative Reforms Commission like the enactment of the Indian Financial Code awhich is considered necessary for better governance. It will be my endeavor to complete the ongoing process of consultations with all the stakeholders expeditiously on this," finance minister Arun Jaitley said in his July budget speech.

The Tribune

Date: 13|11|2014
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Modi invites ASEAN to invest in India

NAYPYITAW, NOVEMBER 12

Asserting that India and ASEAN have "no irritants" in their ties, Prime Minister Narendra Modi today invited the 10-nation bloc to be part of his country's "new" economic journey even as his strong "Make in India" pitch got the support of the grouping.

The PM in his interaction in Hindi at the round table said a "new era" of economic development, industrialisation and trade has begun in India. The rapidly developing country (India) and ASEAN can be 'great partners' for each other, he said.

Noting that India's 'Look East' policy has become 'Act East' policy, Modi assured ASEAN leaders that he will give his "sustained personal" attention to India's relations with the regional bloc.

"We have embarked on a new economic journey in India, we invite you to this new environment in India," Modi said. ASEAN plans to become one economic community by the end of next year.

Modi's comments came at a time when India seeks to deepen its engagement with the bloc of 10 small and medium economies.

"We have no irritants in our relationship. We see encouraging opportunities and challenges in the world in similar ways," he said. At the same time, Modi said the potential for India-ASEAN ties is much higher than where they are at the moment.

Currently, India-ASEAN trade is around $ 76 billion which is just 3% of the total ASEAN trade. They have set a target of $ 100 billion for bilateral trade by 2015.

Modi noted that both India and ASEAN are keen to enhance their cooperation in advancing balance, peace and stability in the region.

"My government has been in office for six months and the intensity and momentum with which we have enhanced our engagement in the East, is a reflection of the priority that we give to this region," the prime minister said at the summit held at the sprawling Myanmar International Convention Centre on the second day of his 10-day three-nation tour of Myanmar, Australia and Fiji.

Modi said in this age more than physical connectivity there was need for information highways or i-ways. He met the ASEAN leaders for separate bilateral meetings. — PTI

Prime Minister Narendra Modi with Aung San Suu Kyi, Chairperson and General Secretary of the National League for Democracy, at Naypyitaw in Myanmar on Wednesday. PTI

Obama calls Modi a 'man of action'

- Prime Minister Narendra Modi had a brief interaction with Barack Obama during which the US President called him a "man of action"
- "Prez Obama greets PM @narendramodi at Gala dinner - 'You are a man of action!,'" External Affairs Ministry spokesperson Syed Akbaruddin tweeted after the dinner
- Modi and Obama met each other for the second time in six weeks at a gala dinner in Myanmar capital

PM's Instagram debut

- Modi, known for his social media prowess, on Wednesday made his debut on Instagram, sharing a picture from the venue of the ASEAN and East Asia summits
- "Hello World! Great being on Instagram. My first photo ...this one from the ASEAN Summit, @Nay Pyi Taw," Modi said in a post on his Twitter account

The Hindu

Date: 13/11/2014
Page No. 01

No pollution certificate, no petrol from Dec. 1

Jatin Anand

NEW DELHI: From December vehicle owners not having pollution certificates would not be able to buy fuel from the petrol pumps across the city. A decision to this effect was taken in a meeting chaired by Delhi Chief Secretary D. M. Spolia on Wednesday, which was attended by the senior officials from the Transport and Environment department, besides the Delhi Traffic police.

"The Chief Secretary directed officials that all petrol pumps should have PUC centres by this month-end," an official said. The suggestion to ban sale of fuel to vehicles owners without PUC certificate was made a few months back.

Post green signal from the Chief Secretary, the traffic police have planned an elaborate scheme to enforce the decision.

It would, for the first time, entail the deployment of traffic police personnel both inside and outside petrol pumps.

"We will enforce the decision at as many petrol pumps as possible," said Muktesh Chander, Special Commissioner of Police (Traffic). "On-the-spot fines, amounting to at least Rs. 1000, will be levied on drivers without valid PUCs," Mr. Chander added.

GREEN MOVE?

Mr. Spolia has also underlined the need of launching a public awareness campaign about the government decision without delay. Sources in the traffic unit admitted that verification of valid PUCs had lately taken a backseat given manpower constraints.

From December, teams of two to three traffic personnel would be stationed at petrol pumps.

While one of them, according to sources, would be stationed near the vending point, the rest would be at the exit.

The Economic Times

Date: 13/11/2014
Page No. 01

RIGHT TIME TO CUT INTEREST RATES?

Rising IIP, Cooling Inflation Deepen Focus on Rajan

Sept IIP recovers to 2.5% and retail inflation falls to 5.52% in October, but consumer demand weak

Our Bureau

New Delhi: Industrial production growth picked up marginally in September to a three-month high and consumer inflation fell to record low, yet few would be willing to risk a wager on Reserve Bank of India Governor Raghuram Rajan cutting interest rates next month to stimulate the economy despite voices calling on him to do just that.

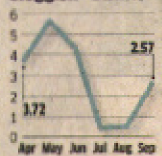
Industrial growth recovered to a better-than-expected 2.5% in September from less than half-a-per cent in August, data released by the statistics office on Wednesday showed, lifted by the high growth in usually volatile capital goods.

The separately released consumer price index (CPI) showed retail inflation slowed further to 5.52% in October, another low on the gauge that was launched in 2011, because of softer food and fuel prices.

Difficult Equation for RBI Governor

LOW GROWTH + LOW INFLATION = HIGH INTEREST RATES

Industrial Growth Sluggish (% ANNUAL GROWTH)

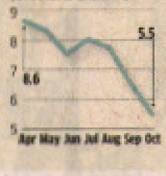


Slight pick-up due to better mfg growth of 2.5%

Mining (0.7%) & electricity (3.9%) below recent trend

11.6% rise in capital goods

Consumer Inflation at Record Low (% ANNUAL GROWTH)



Decline due to sharp fall in food inflation to 5.59% from 7.67% in September

Oct retail inflation in vegetables at -1.45%

Modi Seeks Fast Rejig of Fin Sector

PM Modi wants to expedite the revamp of financial sector rules as suggested by FSLRC. ▸▸ 15

Business Standard

Date 13/11/2014
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Industrial output grows at 3-month high of 2.5% in Sep

A surge in capital goods gives IIP a push

BS REPORTER
New Delhi, 12 November

Aided by capital goods, the rate of industrial growth rebounded to 2.5 per cent in September, compared with sub-one per cent levels in the previous two months, even as consumer durables' production continued to contract, official data showed on Wednesday.

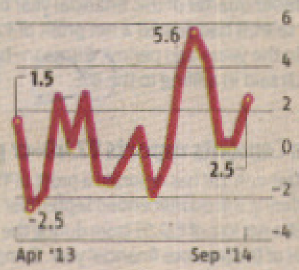
The Index of Industrial Production (IIP) had risen 0.5 per cent each in July and August. Growth in the index was 1.13 per cent in July-September and 3.07 per cent in the previous three-month period. In the first half of the year, the rate of rise was 2.8 per cent, compared with 0.5 per cent in the year-ago period.

These numbers are expected to have an impact on gross domestic product (GDP) growth in July-September, after a two-year high rate of 5.7 per cent in April-June.

The increase in IIP in September, though, was not broad-based; it was mainly driven by capital and basic goods. The rise in production of manufactured goods in the month was 2.5 per cent, against a contraction of 1.2 per cent the previous month and 1.4 per cent in September last year.

Turn to Page 20

ON THE REBOUND
IIP growth (%, YoY)



Source: Ministry of Statistics and Programme Implementation

Retail inflation drops to 5.5% in October

Helped by softening food prices, retail inflation eased to 5.52 per cent in October, the lowest since the launch of a new series in January 2012. This was a fourth straight month of decline. 4

Indirect tax collections up 5.6% in Apr-Oct

Indirect tax revenues rose 5.6 per cent to over ₹2.85 lakh crore in the April-October period, mainly on account of an increase in service tax and Customs collections. 4

THE SMART INVESTOR II, 2

- Brent oil slips towards $81 a barrel

Business Standard

Date 13/11/2014
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Industrial output grows at 3-month high of 2.5% in Sep

Electricity generation in the month rose 3.9 per cent over a year ago but the rate of increase declined by about two-thirds from 12.9 per cent in September 2013. Expansion in mining also declined to 0.7 per cent in the month, against 3.6 per cent a year ago and two per cent in August.

Production of capital goods increased 11.6 per cent in September, against a decline of 6.6 per cent a year ago and 9.7 per cent in August this year. However, given that there usually is a lot of fluctuation in this segment, there is little certainty that the surge will be maintained.

More than one percentage point of 2.5 per cent IIP growth in September was accounted for by capital goods. Compared with the previous month, there would be a decline in industrial growth in September, if the capital goods segment were to be excluded.

Mining might see some turnaround in the March quarter, with some of the measures the government is trying to put in place

Icra Senior Economist Aditi Nayar said: "The decline in growth of IIP ex-capital goods to 1.2 per cent in September from 2.1 per cent in August is symptomatic of the broader sluggishness in the country's economic activity."

Deloitte India Senior Director Anis Chakravarty said IIP growth in September was mainly because of orders coming with a lag. "The level of variation in capital goods is very high."

Mining might see some turnaround in the March quarter, with some of the measures the government is trying to put in place. "But a turnaround in manufacturing looks difficult, unless long-term measures are put in place," Chakravarty said.

The narrow surge in industrial production could be gauged from the fact that production of consumer durables continued to be hit by low demand. It fell 11.3 per cent in September, against a decline of 10.6 per cent in the same month last year and 14.9 per cent in August 2014. Unlike capital goods, consumer goods were consistent, but that was in their downward swing — despite phenomenal growth in certain categories, due to an earlier onset of festive season this year.

"Items like colour TV sets, air conditioners and two-wheelers recorded growth rates in excess of 40 per cent in September. That might partly be attributed to inventory accumulation ahead of an earlier onset of festive season," Nayar said.

This segment, hit hard by rising interest rates, has not expanded in the current financial year so far (except in May). However, inflation has been coming down in recent months which might have some boosting effect on the sector.

Consumer non-durables growth crawled at 1.5 per cent in September, partly due to a high base of 12 per cent expansion in the same month last year. The segment, comprising fast-moving consumer goods, had contracted 0.4 per cent in August this year.

Basic goods also expanded reasonably, at 5.1 per cent, though the rate was lower than the 6.7 per cent in September 2013 and 9.2 per cent in August this year.

Intermediate goods, which are inputs for other industries, saw a rise of 1.8 per cent in September. The rate was lower than the 4.4 per cent in the year-ago period but higher than 0.1 per cent in August.

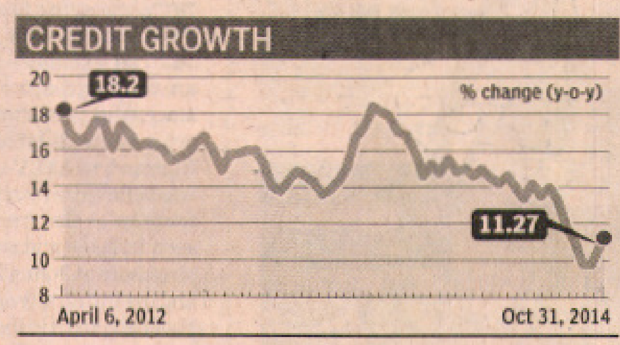
The Financial Express

Date: 13/11/2014
Page No. 10

Deposit growth sluggish at 12%, non-food credit rises 11.27%

fe Bureau
Mumbai, Nov 12

DEPOSITS in the banking system recorded a growth of just 11.96% y-o-y to Rs 82,76,945 crore for the fortnight ended October 31, according to RBI data. While time deposits grew 11.11% y-o-y to Rs 75,19,415 crore, demand deposits were up 13.12% y-o-y at Rs 7,43,760 crore.



Credit growth, which fell to decade low of 9.8% in the fortnight ended Sept 5, appears to be picking up in what is typically a busy season

Meanwhile, non-food credit — or loans to companies and individuals — grew 11.27 % y-o-y to Rs 61,63,646 crore for the fortnight ended October 31. For the 14-day period ended October 17, non-food credit growth came in at 11.16% y-o-y at Rs 55,391.33 crore.

Credit growth, which had plummeted to a decade low of 9.8% in the fortnight ended September 5, appears to be picking up in what is typically a busy season. Bankers said they were now trying to grow their books by focusing on retail loans as there were few projects taking off.

Retail credit has been growing although the festive season didn't really see a big spurt in demand.

Corporates have been tapping other means of cheaper funds, such as bonds and commercial papers. While base rates of most public sector banks are in the 10.00-10.25% band, AAA-rated firms can raise 10-year bonds at 9.40-9.60%.

Credit demand in 2013 had increased in August and September as the RBI had taken extraordinary liquidity tightening measures in July to stem the slide of rupee, which had hit a lifetime low of Rs 68.825 in August.

Business Line

Date 13/11/2014
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Economic cheer: Sept factory output up 2.5%, inflation down

Consumer Price Index-based inflation at 3-year low in Oct

OUR BUREAU

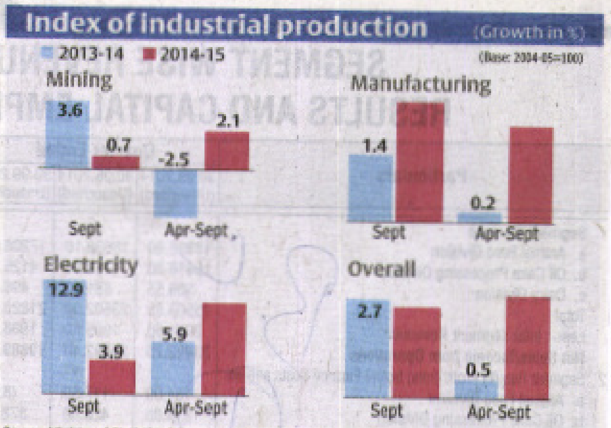
New Delhi, November 12

Wednesday brought double delight for the economy with the retail inflation dipping to a record low of 5.52 per cent in October and factory output surging by 2.5 per cent in September.

Continuing its downward trend, Consumer Price Index-based inflation hit a new low of 5.52 per cent in October on softening prices of food items. This is the lowest since January 2012 when the new series of data for computing CPI was introduced.

Overall food and beverages inflation was 5.68 per cent in October compared to 7.67 per cent in the previous month.

This has revived expectations of a rate cut by the Reserve Bank of India, which considers CPI-based inflation its monetary policy anchor.



Source: Ministry of Statistics & Programme Implementation

Powering up

Showing signs of recovery, industrial production grew 2.5 per cent in September. The index for industrial production comes with a lag of a month.

Growth in electricity generation and manufacturing pushed up the IIP. The power sector growth was 3.9 per cent while manufacturing grew at 2.5 per cent, a Ministry of Statistics and Programme Implementation statement said. Manufacturing accounts for a weight of over 75 per cent in the index and the power sector for 10.32 per cent.

The mining sector, which accounts 14.6 per cent in the IIP, had a relatively slower growth at 2.5 per cent.

"The upturn in industrial production underpins the perception that the growth momentum is positive for industry and the economy is showing signs of revival based on the 'feel good' factor and positive investor sentiment," said Chandrajit Banerjee, Director-General of CII.

According to use-based classification, basic goods grew 5.1 per cent in September 2014, over the same month last year, while capital goods and intermediate goods posted an increase of 11.6 per cent and 1.8 per cent respectively. Consumer durables contracted by 11.3 per cent while consumer non-durables grew 1.5 per cent.

P.C

Hindustan Times

Date: 13/11/2014
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MANUFACTURING UPDATE

Product cost & quality hold key to success of 'Make in India': FM

HT Correspondent
letters@hindustantimes.com

NEW DELHI: In a bid to boost the manufacturing sector, finance minister Arun Jaitley on Wednesday said the government is working towards addressing labour issues, infrastructure deficit and high cost of capital to help the sector grow.

Calling increasing of the manufacturing share in GDP from current 15 to 25% an "uphill task", Jaitley added that reducing the cost of production in merchandise goods will help India gain a competitive edge.

"I still find in merchandise products, our cost of capital, or labour regime, our infrastructure, the improvements, which are required in our trade facilitation — these still have to be assisted in order to bring down the prices of our manufactured products," he said. "And as part of 'Make in India' campaign these are special areas, which we will have to address and address very soon. We are in the process of doing so," he added.

Jaitley's remarks, at a services conclave organised by the Confederation of Indian Industry, come at a time when India is endeavouring to become a global manufacturing hub.

From left: Commerce minister Nirmala Sitharaman, finance minister Arun Jaitley and CII president Ajay S Shriram at the CII services conclave in New Delhi on Wednesday PTI

The real job creation apart from manufacturing is essentially in the "services sector, whose growth is a low-hanging fruit in India," the finance minister said, adding there is huge space for growth.

"Our success in IT and ITes is well known... Several US Presidents have tried to impose restrictive regimes on outsourced services to save jobs in the US. But that indirectly translated in simple language means that you are compelling US consumers to buy costlier services from within their own country when the same service is available almost in same real time at a fraction of that cost outside. They have substantially not succeeded," he said.

The department of commerce is working on ways to expand the scope of the 'Serve for India Scheme' (SFIS) in the new five-year foreign trade policy, commerce secretary Rajeev Kher said. "What we are trying to do is to make it (SFIS) more effective and also come with some more ideas on services exports."

The Hindu
Editorial

Needed, a wider debate

The Gujarat government's new law making voting compulsory in local body elections will surely attract judicial attention, as it expressly raises the constitutional question whether citizens, qualified to be electors, can be compelled to vote when they do not wish to. The idea of making voting compulsory in response to declining voter turnout in successive elections has been debated for many years, but so far this country has not been able to make up its mind on such a far-reaching measure. The principal objection has always been that voting in a particular way, or even refraining from voting, is a matter concerning the freedom of expression. Even though the right to cast one's vote is only a statutory right, the Supreme Court has recognised that the act of choosing one candidate over another falls under the freedom of expression guaranteed in Article 19(1)(a) of the Constitution. It is as a complementary or auxiliary right flowing from this fundamental right that it held that voters had a right to know the background of candidates so that they can exercise their right in an informed manner. Therefore, there is little doubt that the Gujarat Local Authorities Laws (Amendment) Bill, 2009 will impact on this fundamental right. Former Governor Kamla Beniwal had declined to give her assent and returned the 2009 Bill to the Gujarat government for reconsideration in 2010 on the same grounds, observing that "forcing voters to vote is against the principles of individual liberty".

The Gujarat Assembly adopted it again in March 2011. Once again, Ms. Beniwal did not give her assent. It has now received the assent of Governor O.P. Kohli. According to the statement of objects and reasons, "... due to low turnout of voters to discharge their duty by exercising their right to vote, the true spirit of the will of the people is not reflected in the electoral mandate." It says that if a voter failed to vote for reasons other than those permitted in the rules, he may be declared a "defaulter voter". However, the penalty has not been spelt out and it may find a place only in rules to be framed in future. The ruling Bharatiya Janata Party considers it a revolutionary measure, while the Congress has opposed it. The amendment includes a provision to fix the reservation for women in local bodies at 50 per cent, a provision that nobody objects to. While Gujarat has the right to adopt laws in tune with the aspirations of its own people, legislation such as this with far-reaching consequences is best adopted after evolving a wider consensus. As far as general voting principles go, it is relevant to see what Section 79(d) of the Representation of the People Act says: that "electoral right" includes the right "to vote or refrain from voting at an election".