

PART A: News pertaining to Planning Commission



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(महान लोगों के विचार) Geoffry F. Abert जेफ्री एफ़ ऐबर्ट

(The most important thing about goals is having one. लक्ष्य के बारे में सबसे ज़रूरी चीज है कि वह होना चाहिए)

1. Planning Commission: Returning to an original foundation

Live mint Wed, Nov 05 2014. 11 36 AM IST

India needs, not a single institution, but a competitive environment for generating innovative ideas

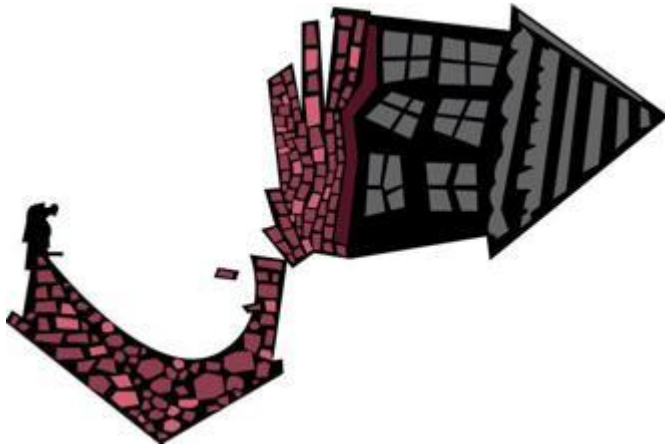


Illustration: Jayachandran/Mint

Prime Minister [Narendra Modi](#) proposed to replace the Planning Commission in his first Independence Day address from Red Fort, more than two decades after the end of the license-permit raj that it presided over and three decades after the end of the Hindu rate of growth that has come to epitomize the failure of that form of planning. In the same speech, he proposed a “new institution having a new design and structure, a new body, a new soul, a new thinking, a new direction, a new faith towards forging a new direction to lead the country based on creative thinking, public-private partnership, optimum utilization of resources, utilization of youth power of the nation, to promote the aspirations of state governments seeking development, to empower the state governments and to empower the federal structure”.

What now?

There have been many proposals, but no formal announcements about what the successor will look like. There is an apparent consensus (at least among commentators) that the successor should focus on formulating a strategic vision, including ways to navigate anticipated technological, economic, and social change. There is near-unanimity that while the successor body might consider and comment on private as well as public sector roles in the vision and strategy, it should limit its direct orders to public sector action and [investment](#). There are various proposals for institutional design, but the most common seems to be some kind of think tank of the nation for generating the vision

and reliance on existing first among equals entities such as cabinet committees or the finance ministry to monitor the progress.

We agree with the general consensus on the successor's role but we argue for a different institutional design that acknowledges the political as well as technical aspects of forward looking policymaking. Any body that articulates, monitors, and updates a particular vision for the nation, choosing among possible alternatives, is necessarily making a political decision. There is no one right vision and the strategy chosen will involve trade-offs between competing goals across alternatives that have distributional implications over time and across regions. The Planning Commission has played a political role in the past—witness the annual Delhi Durbars of the deputy chairman at which chief ministers petition him for adjustments in their five-year and annual plans, the de facto shaping of states priorities via the centrally sponsored schemes, and in being the arbiter of parameters of the government's early choice of discretionary licences and permits as policy instruments. (The 1950 resolution establishing the Planning Commission ordered it to contribute to the nation's welfare and social and economic justice, but did not say how this was to be accomplished. The licence-permit raj was chosen from among a variety of possible approaches.) The successor's proposed activity—choosing a vision that defines the contours of public policy—should be a political decision involving, among other things, aggregation of households', states' and regions' preferences.

It should also be a federal decision for the Indian Union. We argue that a strengthened version of the Interstate Council (ISC) enabled under Article 263 of the Constitution should undertake the political function of selecting a vision for the nation. ISC was in fact meant to address these kinds of collective deliberations about matters affecting the centre and states. Article 263 lists its potential role as "... (b) investigating and discussing subjects in which some or all of the States, or the Union and one or more of the States, have a common interest; or (c) making recommendations upon any such subject and in particular, recommendations for the better coordination of policy and action with respect to that subject", and gives the President the right to establish a Council as needed. The standing ISC that we see today was established by Presidential Order in May 1990 (on the basis of the Administrative Reforms Committee of 1969's recommendations) with duties including "investigating and discussing such subjects, in which some or all of the States or the Union and one or more of the States have a common interest, as may be brought up before it", and

“making recommendations upon any such subject and in particular recommendations for the better coordination of policy and action with respect to that subject”.

Strengthening would have to include building a technically skilled secretariat (more on its role below), as well as revisiting ISC’s composition and rules of business. As per the Interstate Council Order of 1990 and the ISC Amendment Order of 1996, it is chaired by the prime minister and includes chief ministers of all states and Union territories (UTs) with legislative assemblies, administrators of other UTs, 6 Union ministers of cabinet rank nominated by the prime minister, and permanent invitees from other ministries as nominated by the prime minister. It meets at least three times of year with a quorum of 10 members and has the right to determine its own guidelines to select the issues for discussion. Decisions are taken by consensus and are recommendatory. The council has the ability to set up a secretariat as the chairman sees fit. It is beyond the scope of this column to evaluate alternative approaches, but we are writing a longer paper on various alternatives. The main point here is that there is no legal or constitutional reason that ISC could not be far more relevant for federal dialogue than it is today. Each of these features can be changed by presidential order.

Empowering ISC would represent an important step toward realizing the constitutional intent that India be a Union of states. As Modi noted in the Independence Day address, “state governments have been at the centre of development and I consider this a good indication. If we have to take India forward, it can happen only by taking the states forward. India’s federal structure is more important today than in the last 60 years. To strengthen our federal structure, to make our federal structure vibrant, to take our federal structure as a heritage of development, a team of chief ministers and prime minister should be there, a joint team of the centre and the states should move forward, then to do this job”.

The technical function of generating options for the strategic vision should be open to the broader, even global community of experts. We need a competitive environment for generating innovative ideas as to how to serve technical functions better and not necessarily a single institution for that purpose. Designation of the successor as the official think tank of the nation does not automatically confer credibility or remove conflicts of interest. It merely circumscribes the ideas and intellectual inputs that become part of the plan. Moreover, its researchers would be—or should be part—of larger professional communities that compete with any narrow incentives that could be created within the organization. And if we are going to acknowledge that point, then why not open the

challenge of creating India's vision to the broader, even global, community of relevant experts? Operational ministries of the centre, states and Union territories, and groups of ministries could also be included, particularly for visions for interrelated sectors (for example, energy and water or energy and transport).

The finance ministry or the Reserve Bank of India, both of which have extensive research departments and policy interests in knowing what lies ahead, could formulate alternative short-term macro scenarios for the economy to set boundaries for the vision options. The alternative pathways for India's economy, however, including rolling scenarios for development within this macro envelope in the short (the coming fiscal year and the next), the medium (the next five fiscal years) and the long term (the next 20 years) and their evaluation from a social cost-benefit perspective should be open to the broader research community. These are important documents with significant implications for other federal processes—the medium and long term scenarios chosen by ISC would provide the background for the Finance Commission's deliberations and decisions, for example.

The secretariat to ISC should manage the solicitation, selection, and initial screening of the proposals as well as monitoring the implementation of the selected strategic vision and suggesting responses to significant deviations from the anticipated circumstances. One part of the secretariat would thus function as a Public [Investment](#) Board charged with design, monitoring, and coordination between various agencies and levels of government. As part of the Secretariat to ISC, its actions would be based on clearly federal decisions, with the participation and commitment of the Union and states and for which both Union and states can be held accountable.

Needless to say that implementation of chosen scenarios will not only involve actions by private and public sectors including households and non-governmental organizations but also monitoring and coordination of their actions. These are complex tasks and the performance of the economy would depend crucially on their successful execution. Careful thought, taking advantage of evolving information and communication technologies, is needed in setting up mechanisms of monitoring including those for gathering needed information, regulatory regimes including a system of contingent corrective actions as needed. The secretariat of ISC would be responsible for designing and installing the system for coordination of actions of active entities, monitoring and taking corrective actions as needed.

We believe that our proposal incorporates the needed political ownership and accountability in our federal system, while leaving room for a more open process to generate innovative ideas for India. The main point is that we rely on ISC deliberation and choice, rather than a designation as the official think tank of India to confer legitimacy on the strategic vision. The ISC secretariat must have the technical competence to formulate terms of reference for research groups to propose scenarios and to evaluate (from a social cost-benefit perspective) the responses received, but we would rely on the global community of experts to generate a range of options. Most importantly, the reliance on ISC also recognizes the constitutional foundation for India as a Union of states.

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2. How to reform and how not to

4 Nov 2014 *The Hindu*

Mihir Shah

Every effort needs to be made to reform MGNREGA, as it has been both a major success and a huge failure. The best way for this is to study carefully the conditions that made it a success and also to undertake a diagnostics of its failures

Where the State leadership has understood the potential of the programme, every effort has been made to make it more spectrum.” effective, and this is true across the political

An impression has gained ground in recent weeks that the National Democratic Alliance (NDA) government at the Centre is inimical to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Part of the reason for this is the notion that this was a “partisan” programme benefitting only a certain political dispensation. The short history of the programme makes it clear that this is patently untrue. Indeed, some of the best work under MGNREGA has happened in Bharatiya Janata Party (BJP)- ruled States.

This year, the National Award for Leadership in MGNREGA Implementation went to the Government of Chhattisgarh. The Chief Minister of Madhya Pradesh is a strong votary of the programme, and under his dynamic leadership, some of the most innovative work in implementing MGNREGA on watershed principles has been initiated. Nitish Kumar, as Chief Minister of Bihar, worked hard to explore imaginative, decentralised solutions to the flood problem, using resources available under MGNREGA. Tamil Nadu, under Ms. Jayalalithaa, has been one of the best performing States. And the Chief Minister of Odisha has taken important steps in recent years to make MGNREGA a success in the tribal regions of the State.

State inputs

It is clear that where the leadership has understood the potential of the programme, every effort has been made to make it more effective, and this is true across the political spectrum. I can personally testify to the remarkable inputs that almost all State governments gave to the committee set up under my chairmanship to reform the programme and create MGNREGA 2.0, which helped

to introduce a large number of new productivityenhancing works and build synergies between MGNREGA and agriculture.

This is not to say that the programme has been an unqualified success. Indeed, every effort needs to be made to reform MGNREGA, as the programme has been both a major success and a huge failure. The best way to reform such a programme is to study carefully the conditions that made it a success and also to undertake a diagnostics of its failures, so as to learn how best to fix it. The NDA government is rightly concerned with the many failures of the programme in not being able to generate more than 50 days of work per annum, in the poor quality of assets created, in the delays in payments to workers and also in the inability of the really needy areas of the country to take full advantage of the programme.

Insights

All of these problems need to be addressed. The best way to do so is to study where the programme has been able to deliver. I have in mind the thousands of villages where water harvesting structures have been created, agriculture has improved, nearly 100 days of work has been provided, distress migration has reduced and women have been empowered. MGNREGA is one programme where all this has been rigorously documented by scholars from all over the world. This research also throws up insights on the features that characterise locations where success has become possible: one, availability of strong technical support to the main implementing agency, the gram panchayat; two, capacities to undertake decentralised **planning** exercises and creation of a robust shelf of works; three, awareness among MGNREGA work- seekers of their entitlements and procedures under the programme; four, active and vibrant gram sabhas, which debate and decide the works to be undertaken and all procedures related to the programme; five, open and effective social audits that check corruption; six, accountable gram panchayats, where the leadership responds to the legitimate demands and grievances of the people; and seven, a system that ensures timely payment of wages.

A lot of what the NDA government is proposing clearly reflects a desire to learn from these successes and merits strong support. For example, the proposal to focus on the 2,500 most backward blocks of the country is a step in the right direction.

Regional backwardness

Chief Ministers have long emphasised the need to understand **India**'s regional backwardness in terms of blocks rather than districts. Many advanced districts in **India** hide pockets of backwardness and not all blocks in the so- called backward districts may be equally deprived. As Member, **Planning Commission**, I oversaw a remarkable exercise to rank **India**'s subdistricts in

order of backwardness. The importance of this exercise for a programme like MGNREGA is that demand for work has been shown to be the highest in these most backward subdistricts. Hence, the NDA government has correctly sought to focus intensive participatory **planning** exercises in the 2,500 most backward subdistricts and also set up cluster facilitation teams there. These teams are multidisciplinary teams of professionals who will support gram panchayats in these 2,500 subdistricts to effectively **plan** and implement MGNREGA. The teams include social mobilisers who will help generate greater awareness about the programme among work- seekers.

This is an excellent example of learning from the successes of MGNREGA and I am extremely optimistic that this reform will lead to more effective implementation of the programme where the demand for it is the greatest. What should not be done, however, is to say that work- seekers in other areas of the country will not be provided work on demand. The very *raison d'être* of MGNREGA is that it is a legal guarantee for work. It is undoubtedly true that the attempt to universalise the programme in a top- down manner went against the spirit of the Act and also encouraged a proliferation of corrupt practices, in an eagerness to show expenditure on the programme, even where there was no demand for it. I describe this as the “U without Q” (universalisation without quality) syndrome that afflicts many of our flagship programmes. In the rush to universalise, we compromise the quality of work and at times create perverse effects, such as the incentivisation of corruption. For example, there are countless instances of labour- scarce areas in the country, where the pressure to spend under MGNREGA led to contractors, in collusion with bureaucrats, deploying machines for doing the work and fudging entries in job- cards of workers, who sat at home and pocketed part of the wages. To avoid such situations, it is imperative that the demanddriven character of MGNREGA be deeply respected. For the self- identification of beneficiaries is the most powerful element of the programme. But, by the same token, when there is demand for work, it cannot and must not be denied.

Wage- material ratio

Finally, to the vexed question of the wage-material ratio, which has been fixed at 60: 40 under the programme. There is a notion that it is this ratio that has led to the creation of poor quality assets under the programme. That such a myth can endure in a country with a rich tradition of earthen engineering, where water security was traditionally provided to millions of people through earthen water harvesting structures, is a matter of great sorrow. Each of these structures was designed in a truly location- specific manner, based on a deep understanding and study of local geology, soil types, topography and rainfall patterns and based on intricate engineering techniques, designed and perfected over centuries of practice, deeply grounded in rich, local, cultural

traditions. It is real testimony to how divided we have become as a nation that planners and policymakers, sitting in distant urban locations, show such deep ignorance of our rich social, ecological and cultural heritage, from which we have so much to learn. They also seem completely oblivious that the 21st century is seeking to make a break with energy- heavy, fossil fuelbased technologies and seeking to build with green materials.

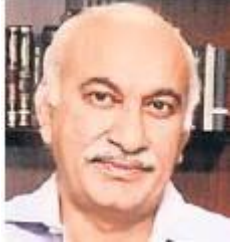
As a matter of fact, excellent earthen engineering work has been done under MGNREGA, where care was taken to learn from these traditions and also to empower gram panchayats to understand the principles underlying this watershed approach. Changing the wage- material ratio in a blanket fashion has the inherent danger of converting this people- centred programme, into a contractor-machinery driven one, which would further weaken grass- roots democracy in **India**.

There is, however, a case to be made for permitting greater flexibility in this ratio in certain parts of the country, where material costs tend to be exorbitantly high: the Himalayan region, for instance, where transport costs are steep, or deserts where long distances need to be traversed. In such regions, lowering the wage- material ratio could actually enable more work to be provided under MGNREGA. This has been a long- standing demand of some States. Elsewhere, there is abundant scope for individual works with a lower wage- material ratio, because it is only the average that needs to be 60: 40. Many such works were introduced into the programme by my committee and are doing very well on the ground. Thus, there is enough flexibility that has already been created. Doing more than what is warranted by these legitimate concerns, would be to compromise the fundamental power of the MGNREGA.

(Mihir Shah is a grass- roots activist who has lived and worked for 25 years in the tribal villages of Central **India**. From 2009 to 2014, he was Member, **Planning Commission**, Government of **India**.)

3. India's public planners couldn't end poverty, but its private sector can

2 Nov 2014 The Times of India (Mumbai edition)



The writer is national spokesperson of the BJP

Now that the last rites are being read over the corpse of the **Planning Commission**, perhaps it is time for an obituary.

Jawaharlal Nehru set up the **commission** in 1950 to guide **India** towards a “progressive widening of the public sector and a reorientation of the private sector to the needs of a **planned economy**”. Thus was created the licence raj. This philosophy was established as a prevailing religion at the 1955 Avadi Congress through the AICC resolution on socialism. There was some logic in this affirmation, for capitalism had been a handmaiden to colonialism with the help of tycoons who placed personal interests far above society. There was, moreover, lingering fear of economic dependence after Independence. But 64 years later, what is the story?

In 1950, it is estimated, some 60% or more Indians lived below the poverty line. This year, the Rangarajan report placed the figure at 30%. There are two options. If you have had a nourishing breakfast before reading this, you can be smug and congratulate yourself. Or you can consider the following facts.

It has taken 64 years to reduce extreme poverty from 60 to 30%: can we wait for another six decades to bring 30 down to zero? An Indian population larger than America's teeters on the edge of subsistence, staring at nothing, bereft of hope, lost without literacy, uncertain about its next meal, blank about its future. Will Indian democracy be able to bear the burden of such despair for two more generations? We have managed to stave off the rage of bellies swollen not by obesity but starvation; but for how much longer?

What is the answer? It is not widely known that Article 399 (a) of our Constitution directs the state to ensure that “...the citizen, men and women equally, have the right to an adequate means of livelihood”. The term is, correctly, livelihood. This means jobs. Jobs, unlike dole, bring self-respect with individual and national growth. Where can jobs come from?

You have to be bizarre to believe that the public sector, once in charge of the economy's commanding heights, can still deliver. Properly cooked socialism has failed; its undercooked Indian variety was always indigestible. The nation's economy gradually degenerated because of some principal structural faults. After brief glory, the much-vaunted state sector fell into the grip of stagnocrats, a new plutocracy that protected its interests with the confidence of a class that knew the cost of its inefficiency would be met by the public purse.

This, in turn, made them partners of politicians who converted a stuttering doctrine into a vote machine. **India**, paradoxically, became a nation where socialism could never generate the surpluses needed for social welfare. Also, moribund governance blocked **India**'s entrepreneurial creativity through an invasive, abortive regulatory regime. Inevitably, since it was out of harmony with private sector-driven growth centres of the world, **India**'s economy was latched on to the coattails of a dying monolith like the Soviet dinosaur. The Soviet Union was a superpower which committed suicide through infection from toxins of a gangrenous economic model.

When, in the 1990s, we finally diagnosed our cancer, we thought a band-aid was sufficient to prevent fatality. It was only in his last year as Prime Minister that Manmohan Singh asked the **Planning Commission** to introspect. Maybe he was offering a pope's absolution to a doctrine on its deathbed. It was too late for Dr Singh to do anything, but hopefully not too late for others.

Prime Minister Narendra Modi recognized the crisis in his first remarks to Parliament: the era of poverty alleviation was over, he said, and the age of poverty elimination had begun. Which brings us back to the basic question: where are the jobs going to come from? The private sector.

The body that will replace the **Planning Commission** must have a clear objective: its role will not be to command, but to enable the private sector to become the prime engine of development. Primacy does not mean exclusivity. It also brings with it responsibility. **India** needs an honest business environment, not crony capitalism. The success of the private sector does not lie in the domination of a handful of empires, but in the harvest of small businesses and the multiplicity of new ideas, born in unknown minds, each with its fertile space in a vast and varied garden. The new body therefore has to be an incubator, and utilize information technology to sift the useful idea from the maverick weed. Every acorn cannot grow into an oak; but many seeds will flower if offered the sunshine of encouragement and the fertilizer of appropriate finance.

Of course it will not be easy. Nothing is easy in governance, but more is possible than we imagine if only we learn to believe in ourselves.

4. Unclear about nuclear?

3 Nov 2014 Mint ST

OPPOSING VIEW JAIRAM RAMESH Respond to this column at feedback@livemint.com The author is a Rajya Sabha MP and former Union minister.

India's vast atomic energy infrastructure is the creation of Homi Bhabha with the full backing and participation of Jawaharlal Nehru. The Bhabha approach had its critics even in the 1950s with Meghnad Saha and D.D. Kosambi publicly voicing their differences. But there can be no doubt that this infrastructure has played a pioneering role in developing India's scientific, engineering and technological capabilities across a wide spectrum.

It has, of course, made the country a nuclear weapons power. However, our performance on the nuclear power front has been disappointing, to say the least. No doubt, sanctions imposed after the first Pokhran explosion of May 1974 severely handicapped the expansion of our nuclear power programme. Even so, the fact remains that 45 years after the first nuclear power plant at Tarapur became operational, nuclear power still accounts for just about 3.5% of India's electricity supply.

A nuclear power plant is less polluting than its coal-fired counterpart. It does not emit carbon dioxide that is responsible for global warming or sulphur dioxide that harms human health. Thus, with increasing environmental and climate change concerns, it is a pity that India's nuclear power portfolio is still so small.

As of now, the total installed capacity is just about 4,780 megawatts (MW) and another 4,800 MW of capacity (that includes the two 1,000 MW plants at Koodankulam that are in an advanced stage of commissioning) is under various stages of construction. Other than this, everything else is still really only on paper. For instance, the Jaitapur nuclear power park that would host 9,600 MW of capacity with French technology got environmental clearance four years back, but is nowhere in sight. The landmark 2005 Indo-US nuclear agreement has not much to show for itself till now, except that India has been able to get natural uranium from other countries to increase the capacity factor of existing nuclear power plants. Five years ago, the capacity factor was an abysmal 50%, but is now up to around 82-83%.

But there is one extraordinary development amid this somewhat depressing scenario on nuclear power. And this has to do with India becoming the second country in the world to have a commercial scale fast breeder reactor running on a mix of plutonium and uranium oxides. India's 500 MW prototype fast breeder reactor (PFBR), started 11 years ago at Kalpakkam near Chennai, is almost 97% complete and is likely to become fully operational by this time next year.

Russia is the only other country to have operating fast breeder reactors—it has two reactors with a total capacity of around 1,200MW. France used to have a 250 MW fast breeder which it operated smoothly for almost 35 years and then decommissioned it. A second 1,200 MW fast breeder reactor was commissioned in 1985 but was shut down following an accident involving leakage of molten sodium that is used as a coolant in the reactor. The UK and Japan both shut down their commercial scale fast breeders in the 1990s.

India's logic for the fast breeder programme is fundamental and impeccable. Without such a programme that uses the spent fuel from natural uranium reactors, India will not be able to use its vast reserves of thorium. Thorium, unlike uranium, is not a fissile material. It cannot produce electricity by itself. It is a fertile material that can get converted into a fissile material like uranium-233.

Estimates vary quite widely, but it is generally accepted that India could well have some 25% of the world's thorium reserves. The fast breeder route is the only way our abundant reserves of thorium can be used to produce electricity. The other benefit of a fast breeder is that by recycling the spent fuel, most of the long-lived radioactive waste is eliminated. Current plans are to install another two 500 MW fast breeder reactors at Kalpakkam itself that will come on stream sometime towards the later part of the next decade and another two such reactors elsewhere in the country. India, clearly, is a world leader in this area. The atomic energy establishment's projections envisage a nuclear power generation capacity of some 63,000 MW by 2030. It is important to think big and act bold especially when we confront the challenge to move on to a low carbon growth path at the earliest. But in light of past performance and current realities, this target does appear very ambitious and unrealistic.

The Planning Commission's low carbon strategy expert group had scaled it down to 40,000 megawatts which itself is a formidable goal. At this level of capacity in 2030, nuclear will account for around 8% of electricity supply roughly on par with solar and wind contributions.

To achieve even this lower figure will call for urgent steps to address the concerns of global companies on the unlimited liability imposed on them by the nuclear liability legislation passed by Parliament and that came into force in November 2011. Having said this, it is perhaps time to revisit assumptions related to the acquisition of imported reactors and have a much bolder strategy for the expansion of indigenous heavy water reactors themselves.

Finally, India also needs to put in place a truly independent regulator along the lines proposed in the legislation introduced in Parliament three years back. Such a regulator has to necessarily address public concerns on safety and other risks associated with nuclear technology.

Earlier this year, **India** had agreed to have a peer review of its nuclear regulatory system under the auspices of the International Atomic Energy Agency (IAEA) and hopefully, this review will commence in the next few months. This would be the first time such a formal review would be taking place and should help in generating greater public confidence in the **plans** of the atomic energy establishment.

5. Arun Jaitley, Mukesh Ambani to speak at India Global Forum

Daily News And Analysis: Monday, 3 November 2014 - 9:21pm

Union Finance and Defence Minister Arun Jaitley will kick off the two-day India Global Forum meeting in Delhi with a keynote address on November 9.

The India Global Forum is organised by the International Institute of Strategic Studies (IISS) and the Observer Research Foundation (ORF).

Jaitley will be followed by Minister for Commerce and Industry Nirmala Sitharaman who will address the second plenary session "The New Global Economic Order – Multilateral Institutions and the New Regionalism".

Other star speakers on the first day include Suresh Prabhu, Prime Minister Modi's G-20 Sherpa, Yasutoshi Nishimura, Senior Vice Minister, Cabinet Office, Japan, Dino Patti Djalal, Deputy Foreign Minister, Indonesia, Saumitra Chaudhuri, former Member, **Planning Commission** of India and Amitabh Kant, Secretary, Industrial Policy and Promotion, India.

On the second day, Mukesh Ambani, Chairman, Reliance Industries Limited, and Sunil Bharti Mittal, Chairman, Bharti Airtel Ltd, will address the forum in the session titled "The Soft Power of Indian Enterprise".

Earlier in the day, Dr. Ngozi Okonjo, Finance Minister of Nigeria, Felipe Larrain Bascunan, former Finance Minister of Chile and Sheikh Mohammed bin Essa Al Khalifa, Political and Economic Advisor to the Crown Prince's Court, Bahrain, will speak at the session on "The Geo-Economics of Commodities".

Given the wide range of countries represented at the conference, the India Global Forum will offer a broad global perspective on how India's resurgence under the leadership of Prime Minister Modi is viewed around the world.

"The India Global Forum will focus on India's strategy for economic revival, its view of multilateral economic institutions and multilateral economic negotiations, the challenge of energy and cyber security, regional security and the business opportunities being provided by India's new defence manufacturing policy," says Sanjaya Baru, Director for Geo-economics and Strategy, IISS.

Sunjoy Joshi, Director, ORF, says "India is undergoing multiple transformations and these will significantly reshape its economic and strategic engagements in the region and beyond. Economics, for India is its key foreign policy proposition and this forum seeks to unpack some of the crucial debates".

A special feature of the Forum will be a session devoted to "The Soft Power of Indian Enterprise", featuring business leaders Mukesh Ambani and Sunil Mittal.

Meeting against the backdrop of the recent elections in Maharashtra and Haryana, and in the context of Prime Minister Modi's renewed call for good governance, the Forum offers an important opportunity for an assessment of India's renewed economic resurgence and its implications for India's role in the world.

While proceedings at the plenary sessions are on record and open to media, the special sessions will follow the Chatham House rule. Participation at the Forum is by invitation only.

PART B

NEWS AND VIEWS

Wednesday, 5th November 2014

Polity

: Centre approves dissolution of Delhi Assembly; polls next year

Economy

: NCAER lowers GDP growth outlook to 5% on weak fundamentals

Planning

: Land acquisition law may be eased for PPP projects

Editorial

: Mid-year relief

Communication, IT Information Division
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Centre approves dissolution of Delhi Assembly; polls next year

New Delhi, Nov 4

THE Union Cabinet on Tuesday recommended dissolution of the Delhi Assembly, paving the way for fresh polls ending eight months of political hibernation after the fall of the AAP government in February.

The decision was taken at a meeting of the Cabinet presided over by Prime Minister Narendra Modi after LG Najeed Jung sent his recommendation after talks on Monday with BJP, Congress and AAP who all expressed their inability to form government and sought fresh mandate.

"The Union Cabinet recommended dissolution of the Delhi Assembly with immediate effect," a senior Union minister said after the brief

The process for the November 25 by-elections to three constituencies, for which last date of nominations is November 5, will be cancelled

meeting.

While the fresh elections may be held early next year, the process for the November 25 by-elections to three constituencies, for which last date of nominations is November 5, will be cancelled.

The LG held consultations with political parties in the wake of the Supreme Court putting the issue on the fast track and giving him time till November 11 to explore the

possibility of forming a government.

The court was hearing AAP's petition seeking early dissolution of the Assembly which has been under suspended animation since February after the fall of the AAP government.

In the outgoing Assembly, BJP and its ally Akali Dal have 29 MLAs in a House of 67. Three seats fell vacant after the incumbents were elected to the Lok Sabha.

BJP had emerged as the single largest party in the December Assembly polls winning 31 seats but fell four seats short of a simple majority. It had refused to form government then, saying it will not resort to any "unfair means" to take over the reins.

AAP had formed the government in Delhi with the support of Congress. *PTI*

NCAER lowers GDP growth outlook to 5% on weak fundamentals

Overall economy looking weak with uncertain growth prospects, says think tank

PRESS TRUST OF INDIA
New Delhi, November 4

The National Council of Applied Economic Research (NCAER) has lowered India's GDP growth forecast to 5 per cent in the current financial year on weak economical fundamentals and uncertainties in growth prospects.

The economic think tank in its earlier projection had suggested that the Indian economy was likely to grow at 5.7 per cent in 2014-15.

"NCAER is predicting a slower growth for the economy unlike other forecasts. The fundamentals of the economy remain weak with uncertainties prevail. The only redeeming feature is the weakening of inflation and FDI inflows. Whether that will help us

revive our growth prospects will depend on a number of factors including revival of the external economy and the extent of damage on agriculture due to deficit rainfall," it said in a release on Tuesday.

NCAER said that the overall economy is looking weak with uncertain growth prospects.

"The economy is giving mixed signals. On one hand, we had the Sensex reaching record levels partly driven by record foreign institutional investment and FDI."

However, the business confidence index is showing rise in sentiments on the back of a stable political regime with the new government, it said.

Weakening of prices due to



Bleak prospects The fundamentals of the economy remain weak as uncertainties prevail.

cheaper food and fuel inflation is also positive, but agricultural growth is predicted to be lower than last year as there was deficit rainfall with uneven spatial and temporal patterns.

"The pace of growth shows signs of slowing down in the services sector. Not surprisingly,

bank credit to the commercial sector has not picked pace and continues to languish.

"Further, the slowdown in the external economy, except the US, shows little growth prospects for the external sector even though exports grew in the first quarter," it said.

Integrated Logistics Ministry essential to develop infrastructure: industry body

Says differences between Centre, States affecting major projects

OUR BUREAU

Chennai, November 4

A separate Ministry for logistics integrating ports, railways, roads, airways and inland waterways will help in developing transport and shipping sector to contribute at least 2 per cent to the country's GDP, the Madras Chamber of Commerce and Industry said in a presentation to Union Minister of Roadways, Highways and Shipping Nitin Gadkari on Monday.

J Krishnan, chairman of the logistics committee of the chamber, said in the presentation that infrastructure has to underpin the 'Make in India'

programme launched by Prime Minister Narendra Modi recently.

Inter-ministerial rivalries



Nitin Gadkari

and trust deficit between the Centre and States due to different political affiliations has remained a major roadblock for commissioning and completing major infrastructure projects. To create a world class infrastructure, a holistic approach needs to be adopted. In the Indian context ministries controlling infrastructure are road, rail, air, shipping, industry and different state governments.

Railway focuses on passenger movement while National Highways Authority of India and ports do not enter into pre-planning consultations. As the project progresses, access bottlenecks emerge and disrupt the progress of the projects, said Krishnan.

The chamber also suggested creation of a mega port on east and west coast for sustained operation of mega containerised (mother) vessels. Ships are getting large, and not all ports can today handle those vessels. Such large ports also cannot operate in isolation, and need to be interconnected with rest of India. There is a need for a port expressway and railway connecting landlocked port to a back up land infrastructure facility. This will ensure speedy evacuation of cargo from the port, said Krishnan.

However, ports like Chennai suffer due to lack of such infrastructure. Responding to the chamber's presentation, Gadkari said he would look into the issues.

Land acquisition law may be eased for PPP projects

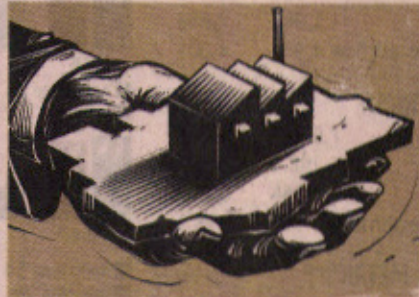
Need for consent of affected families and social-impact assessment could go

MANSI TANEJA &
SURAJEET DAS GUPTA
New Delhi, 4 November

The National Democratic Alliance government is planning to exempt public-private partnership (PPP) projects from the need to obtain consent of affected families and the mandatory social-impact assessment, through amendments to the land acquisition law.

In the Bill put up by the previous government and passed by Parliament, PPP projects need consent of 70 per cent of affected families and have to study the social implications in the neighbourhood.

Most states, irrespective of being ruled by the Congress or the Bharatiya Janata Party, sought scrapping of the social-impact study, claiming it would delay land acquisition by two years. The same reason was cited against the consent clause, too. An alternative formula was suggested, for reducing the consent requirement to 50 per cent of land owners. "The Act provides for obtaining consent from 70 per cent of affected families in the case of acquisition for PPP projects. This will be a big ask and identifying land owners in the initial stage will create problems. This will delay initial acquisition proceedings," Kerala's revenue



EASIER ACQUISITION

- PPP projects could be exempted from consent clause & mandatory social impact assessment study; the Act asks for consent from 70% of land owners

- A cut in rehabilitation & resettlement services in the Act unlikely
- The Act had come into force in January this year under the previous government
- Rural Development Minister Nitin Gadkari consulted all states and proposed amendments in the Act
- It is yet to be decided whether the amendments will be brought in through an ordinance
- The 13 Acts in the fourth schedule of the new Act might be proposed to be given a concession period of five years (against one year earlier)

minister had argued.

The exemption is one of the amendments that might be proposed by the department of land resources. The department of law and justice has endorsed the changes and has said the Centre has the powers to bring these in through an ordinance. A final decision is awaited.

The draft amendments in The Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation & Resettlement Act are expected to go to the Cabinet for clearance. The Act came into force on January 1, by repealing the Land Acquisition Act, 1894.

No dilution has been pro-

posed in rehabilitation & resettlement practices. However, projects governed by 13 laws in the fourth schedule of the Act could be given a concession period of five years, to bring in rehabilitation & resettlement provisions on par with or greater than those provided in the law.

In the earlier law, the concession period was around one year. Some of the laws that provide for land acquisition include The Atomic Energy Act, 1962; The Metro Railways (Construction of Works) Act, 1978; The Land Acquisition (Mines) Act, 1885; The National Highways Act, 1956; and The Special Economic Zones Act, 2005.

Some state governments had

represented to the Centre that projects needed by farmers, such as irrigation, canals and roads, were being delayed by lengthy procedures and contradictory sections in the new law. These will be streamlined.

The new land acquisition law was formulated by the previous government and passed by Parliament. Soon after the NDA government took over, there were consultations to bring in changes. Rural Development Minister Nitin Gadkari held discussions with all states in June. His ministry sent a list of proposed amendments to the Prime Minister's Office after it received inputs from the states.

Parties oppose EC's transparency norms

United Against Disclosing Anonymous Funds

Pradeep.Thakur
@timesgroup.com

New Delhi: Even as the political discourse in the country centres around black money, leading national parties led by the Congress have come together and written to the Election Commission objecting to its transparency guidelines. Specifically, the parties have opposed disclosure of anonymous unaccounted receipts and demanded that the EC circular on the issue be withdrawn. The total income of these parties, reluctant to abide by disclosure norms, has been close to Rs 1,000 crore in 2012-13.

The ruling BJP has not yet responded.

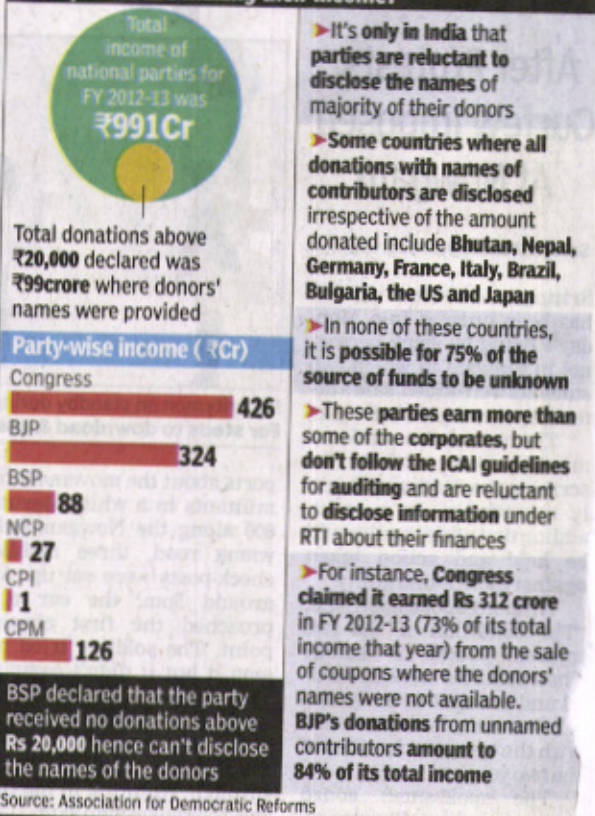
All these parties, including the BJP, have collected more than Rs 5,800 crore in the last ten years but they refuse to reveal the names of all their contributors. Funds from unnamed donors constitute up to 90% of total income of many of these parties (100% in case of the BSP).

The Congress has challenged the Election Commission's (EC) powers to ask parties to record each donation less than Rs 20,000, audit the same and report it to the poll watchdog. Motilal Vora, veteran Congress leader and treasurer of the party, has written to EC saying it must refer this matter to the law ministry as the commission is not competent to ask for names of each donor and make it mandatory for parties to get their entire account audited and submitted to the commission.

The EC had in a directive issued on August 29 asked parties to follow certain transparency guidelines. They require parties to maintain names of individuals, companies and entities making donations, even if less than Rs 20,000, except petty sums donated by the public during rallies, and deposit the amount collected into the party's authorized bank accounts within a week of receipt. What has also rattled these parties is the fact that EC had asked these parties to make all future payments exceeding Rs 20,000 through cheque/draft only. Implementation of this guideline was intended to bring down black money in polls.

DONATIONS & INCOMES

How parties are making their income?



► It's only in India that parties are reluctant to disclose the names of majority of their donors

► Some countries where all donations with names of contributors are disclosed irrespective of the amount donated include Bhutan, Nepal, Germany, France, Italy, Brazil, Bulgaria, the US and Japan

► In none of these countries, it is possible for 75% of the source of funds to be unknown

► These parties earn more than some of the corporates, but don't follow the ICAI guidelines for auditing and are reluctant to disclose information under RTI about their finances

► For instance, Congress claimed it earned Rs 312 crore in FY 2012-13 (73% of its total income that year) from the sale of coupons where the donors' names were not available. BJP's donations from unnamed contributors amount to 84% of its total income

Parties fail to submit LS poll spend info

Bharti.Jain@timesgroup.com

New Delhi: It's not only the BJP and Congress that have failed to submit their Lok Sabha poll expenditure statement to the Election Commission on time, but also among the defaulters, as on November 3, are recognized state parties such as Aam Aadmi Party (AAP), Samajwadi Party, RJD, TRS and JD(U).

Interestingly, the EC's latest consolidated statement on political parties filing their expenditure details for general elections to the LS and state assemblies of Odisha, Andhra Pradesh and Sikkim, reveals that one of the four national parties and 8 of the 22 state parties who furnished the statement have either left certain columns blank or not followed the prescribed format. Such parties

include CPI, which submitted the expenditure details almost 20 days after the August 26 deadline, and state parties like INLD, DMDK, PMK (who filed in the old format), National Conference, J&K People's Democratic Party, IUML, Naga People's Front and Mizo National Front.

The "errors" found in the statements filed by the above parties included leaving the column for "gross total expenditure" in Part C of the form blank, missing Part A, B or C of the format or filing of statement in the old format.

Among the national parties, the BSP, CPM and NCP furnished the LS expense details within the stipulated time, showing expenditure of Rs 30.06 crore, Rs 18.69 crore and Rs 51.34 crore respectively.

For the full report, log on to www.timesofindia.com

New gas price will lead to additional revenues from MA field: Niko

Development of other India projects will depend on the future price outlook

OUR BUREAU

New Delhi, November 4

Niko Resources, one of the foreign partners in Reliance Industries-operated KG-D6 block, said India's new gas price will provide incremental revenue of about \$4 million to the company from the MA field from November 1, 2014, to March 31, 2015.

This, Niko said, was based on the current projections of gas production from the field.

Around 40 per cent of the natural gas sold from the D6 Block during April-September was produced from the MA field and the rest came from the D1 and D3 fields.

"The cash flow benefit of the revised price on the company's share of gas sales from the D1 and D3 fields is not expected to be available to the company unless



A view of Reliance Industries-operated KG-D6 block

and until the cost recovery dispute is resolved in favour of the contractors of the D6 block," Canada-based Niko said in a statement.

The KG-D6 block is currently producing slightly below 12 million standard cubic metres a day, or mscmd, (7.1 mscmd from D1-D3 and 4.7 mscmd from MA). The third partner in the block is UK-based BP.

New formula

India on October 18 revised its domestically produced gas price effective November 1. Initial

price for the period of November 1 to March 31, 2015, is \$5.05 a unit (gas is measured in million British thermal units) based on the gross calorific value of the sales gas.

This price equates to around \$5.61 a unit based on the net calorific value (NCV) of the sales gas, an increase of approximately 33 per cent from the \$4.20 a unit NCV that natural gas sales had been priced at prior to the new formula.

This price is applicable to all natural gas produced in India, including the NELP blocks such

as KG-D6 with an exception of D1 and D3 fields in the D6 block, where a dispute between the contractors and the Government on the recovery of certain costs is under arbitration, the October 18 statement had said.

For D1 and D3, the contractors will be paid the earlier price of \$4.20 a unit and the difference between the revised price and the old price will be credited to a gas pool account.

"Whether the amount so collected is payable or not to the contractors of this block would be dependent on the outcome of the award of the pending arbitration and any attendant legal proceedings," it said.

Price outlook

Niko also said its other development projects such as R-cluster and Satellite areas in the KG-D6 block will depend on the future long-term price outlook for gas sales in these projects and uncertainty in this outlook could mean that development of these discoveries could be deferred.

Farm distress looms as global crop prices crash after 10-year bull run

PRICES FALL ■ From cotton to rubber, cane to corn; Govt scrimps on MSP, states cut procurement

HARISH DAMODARAN
NEW DELHI, NOVEMBER 4

FOR the last 10 years, farmers in India benefited from both increased production and higher price realisations — leading to rising rural incomes and declining poverty rates. That happy story may now be near its end — which could be the precursor to a renewed crisis in agriculture.

The main reason is declining global prices for most agricultural commodities (see Table 1).

Over the last five-six

SEEDS OF CRISIS AN EXPRESS SERIES PART-1

TOMORROW
SUGAR'S BITTER HARVEST

months, corn, wheat and soybean prices have crashed to \$ 3.7, \$ 5.4 and \$ 10.3 a bushel respectively at the Chicago Board of Trade (CBOT) exchange. Even these represent a minor recovery from the lows reached in early October.

Just for comparison, CBOT corn futures had peaked at \$ 8.49 per bushel in August 2012. The same highs for soybean and wheat were \$ 17.94 (reached in September 2012) and \$ 13.34 (February 2008) respectively.

“The prices now are almost going back to the Jurassic Age,” said B K Anand, Director (Grains & Oilseeds Crush), Cargill India, one of the country’s biggest commodity traders.

BEHIND THE TUMBLE: SUPPLY GLUT

COMMODITY	UNIT	CURRENT	1 YEAR AGO	2 YEARS AGO
WHEAT	\$/bushel	5.38	6.63	8.65
CORN	\$/bushel	3.74	4.26	7.40
RICE	\$/tonne	424	439	579
SOYBEAN	\$/bushel	10.30	12.57	15.27
PALM OIL	\$/tonne	710	814	818
COTTON	Cents/lb	70	84.60	80.30
SUGAR	Cents/lb	15.93	18.32	19.45
RUBBER	\$/100 kg	171.30	250.25	303.30
SKIM MILK POWDER	\$/tonne	2,464	4,541	3,325

Wheat, corn and soybean prices are CBOT quotes; Rice: Thailand 5% broken; Palm oil: Malaysia futures; Cotton: Cotlook A Index; Sugar: Raw ICE futures; Rubber: RSS-4 Bangkok; Milk Powder: Average Fonterra Global Dairy Trade auction price; One bushel equals 25.4 kg of corn and 27.22 kg of soybean/wheat.

Govt working on auctions for iron ore, bauxite

PRIYADARSHI SIDDHANTA
NEW DELHI, NOVEMBER 4

HELP WITH END-USE PLANTS



- The first set of mining leases (MLs) will be auctioned only in areas where the estimate of mineralisation has already been established and fully prospected only by state-run exploration agencies
- The list of 31 leases up for auctions would be notified when the states assure the Centre of helping the winning bidders in setting up their end-use plants

THE government is learnt to have finalised a blueprint to auction 31 mining leases for iron ore and bauxite mines by April 2015. It has also asked the states to give a list of fully prospected areas for auctioning them out in the subsequent phases.

The first set of mining leases (MLs) will be auctioned only in areas where the estimate of mineralisation has already been established and fully prospected only by state-run exploration agencies.

The Prime Minister's Office had in September this year asked the mines ministry to expedite its decision on

over 60,000 MLs pending both with the central and state governments.

The list of 31 leases of bauxite and iron ore mines whose leases will be formally notified for auctions once the states assure the Centre of helping the winning bidders in

setting up their end-use plants.

The decision to expedite the auction for non-coal sectors comes in the wake of the recent Supreme Court cancellation of 214 mining allocations saying these was illegal and arbitrary.

A source in the mines min-

istry said strict criteria have been set for the auction.

They are the composite marking of experience of the bidders, their technical expertise, financial strength, required manpower, investment proposed by them, value addition proposals and finally the financial bids. The Union mines ministry is also learnt to have asked the Indian Bureau of Mines (IBM) to verify the facts and data furnished by the states on the mines before bidding them out. The financial parameters for the bids are being currently worked out in consultation with the finance ministry's department of economic affairs, the source said.

A communication from the mines ministry to the state

governments on September 14 including Chhattisgarh, Goa, Jharkhand and Orissa says it is imperative to "facilitate easy transfer of reconnaissance permits and prospecting licences on commercial consideration to promote investment by specialised exploration companies".

"These should be done within a defined time limits for disposal both by the central and state governments," the letter added. The MB Shah Commission of Enquiry into illegal mining in Orissa in its five-volume report on the illegal mining in the state had recommended auctioning of leases of iron ore and other minerals, except the strategic ones in the future.

India Inc to spend ₹14,000 crore towards CSR in 2014-15: Jaitley

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 4

FINANCE minister Arun Jaitley on Tuesday said companies are expected to pump in as much as Rs 14,000 crore for Corporate Social Responsibility (CSR) activities in 2014-15 and the amount will be increasing in subsequent years.

"... CSR alone in its very first year is going to contribute about Rs 14,000 crore into the (social) sector and that's reasonably a large amount of money. This is going to increase year after year as corporate profits increase," he said while speaking at a function organised



Finance Minister Arun Jaitley addresses speaking at the India Social Entrepreneur of the Year 2014 award function in New Delhi on Tuesday.

jointly by the Jubilant Bhartia and Schwab foundations.

Under the new Companies Act, certain class of profitable companies are required to spend at least 2 per cent of their three-year av-

erage annual net profit for CSR activities.

The minister later gave India Social Entrepreneur of the Year 2014 award to Hanumappa Sudarshan of Karuna Trust.

BANKS' CDR BOOK TO SURGE BY UP TO ₹1 TRILLION BY MARCH: REPORT

THE TOTAL BAD LOANS AND RESTRUCTURED ASSETS STAND AT ABOUT ₹6 TRILLION AT PRESENT

PRESS TRUST OF INDIA
Mumbai, 4 November

India's banking system is likely to witness a surge in restructured assets by a whopping Rs 60,000-1,00,000 crore over the next five months, according to India Ratings.

Currently, the total bad loans and restructured assets stand at about Rs 6 trillion. Of this around 45 per cent, or Rs 2.55 trillion, is NPAs and the remaining 65 per cent, or Rs 3.45 trillion, is restructured loans.

"We expect the restructured assets in the banking system to shoot up by another Rs 60,000 crore to Rs 1 trillion over the next five months," India Ratings senior finance director Deep N Mukherjee said in a report today.

The domestic rating


agency has analysed the credit metrics of the top 500 corporate borrowers, with aggregated debt of Rs 28,76,000 crore, which is 73 per cent of the total bank lending to the industry, services and export sectors.

The report said around 82 of these 500 borrowers have already been formally tagged as financially distressed or identified as non-performing assets (NPAs), or their loans have already been restructured.

Another 83, that is 17 per cent of these top borrowers, accounted for 9 per cent of the overall debt (which is Rs 28.76 trillion) and they have severely stretched credit metrics.

Within these 83 corporates, operating profitability barely covers the interest required to be serviced in most cases, and there is

CAUSE FOR WORRY



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- Another 83, that is 17 per cent of these top borrowers, accounted for 9 per cent of the overall debt (which is Rs 28.76 trillion) and they have severely stretched credit metrics

also the absence of any strong parent, the report said.

These corporates with severely weak credit metrics have limited expectation of

an immediate improvement in profitability.

India Ratings further said potentially one-third to half of these 83 accounts could be in the category of

SMA-2 (special mention accounts) with delays in debt servicing ranging between 61-90 days.

"If some of these corporates are unable to generate significant cash flow or infuse significant equity in the near-term, they may be identified by their lenders for restructuring pursuant to RBI guidelines," the report said.

Some of these corporates could also even deteriorate further to be tagged as NPA, the agency said.

The RBI, since May last year, has provided several directives and guidelines to banks with the purpose to gradually withdraw prevalent regulatory forbearance and simultaneously boost their risk management practices by early identification of stressed corporate accounts.

The calibrated withdrawal of regulatory forbearance will pick up speed from April 1, 2015 and it will require banks to keep higher provisions on restructured accounts, besides entailing a suitably stringent classification of restructured accounts as sub-standard assets.

"The gradual withdrawal of regulatory forbearance could persuade banks to take a decisive call on the weak corporates that need to be restructured," the report said.

"Thus, there is sufficient economic motivation for banks to undertake the Rs 60,000-1,00,000 crore 'big bath', where accounts whose performance may deteriorate could be addressed at one go, enabling banks to start FY16 on a relatively clean slate," the report said.

NCAER LOWERS GDP GROWTH FORECAST FOR THIS YEAR TO 5%

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Weakening of prices due to cheaper food and fuel inflation is also positive, but agricultural growth is predicted to be lower than last year as there was deficit rainfall with uneven spatial and temporal patterns.

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"Further, the slowdown in the external economy, except the United States, shows little growth prospects for the external sector even though exports grew in the first quarter," it said. P11

No SC bar on making use of Aadhaar scheme: Officials

R SEDHURAMAN
LEGAL CORRESPONDENT

NEW DELHI, NOVEMBER 4

The Centre has decided to make use of the Aadhaar card scheme for various purposes, including for ensuring attendance of government officials, as the Supreme Court has not invalidated or stayed the scheme, official sources said today.

After hearing a PIL petition against certain aspects of the Aadhaar scheme, the Supreme Court had passed an order merely placing certain restrictions on the government, they said.

The interim order passed by the Supreme Court on September 23, 2013, said it had decided to hold a final hearing on the PIL.

"In the meanwhile, no person should suffer for not getting the Aadhaar card in spite of the fact that some authority had issued a circular making it mandatory.

"And when any person applies to get the Aadhaar card voluntarily, it may be checked whether that person is entitled for it under the law and it should not be given to any illegal migrant."

Towards better services

Officials reason that as the Supreme Court restriction pertained only to non-denial of services, the government was free to make use of the scheme for other purposes aimed at improving efficiency and productivity



Officials maintained that it was clear from the Supreme Court order that the court was not against the scheme per se. During the arguments also, the Bench had only questioned the logic behind denial of government services to those not having the Aadhaar card.

The Bench had orally observed that for non-possession of Aadhaar card, people should not be denied driving licences, marriage certificates, ration cards or subsidised LPG cylinders, as the scheme had not yet been approved by Parliament and as such, the Unique Identification Authority of India was not a statutory body. Therefore, there has never been any judicial impediment to making use of the unique identification number provided under the Aadhaar card scheme to crores of peo-

ple or to covering the remaining population under the scheme by issuing them the card, the sources clarified.

Since the Supreme Court restriction pertained only to non-denial of services, the government was free to make use of the scheme for other purposes aimed at improving efficiency and productivity, they reasoned.

Even the PIL petitioner, Justice KS Puttaswamy, a retired judge of the Karnataka High Court, has recently suggested that the Aadhaar card be converted into a Citizenship Card.

Nevertheless, the petitioner has pleaded in the Supreme Court for quashing the scheme, contending that it was illegal and unconstitutional to have vital biometric information collected through private companies without people's consent.

Business Standard

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Mid-year relief

With an uncertain global outlook, much work is still ahead

The India International Centre (IIC) in New Delhi has been organising an annual mid-year review of the Indian economy for a long time, in collaboration with different research institutions each year. This year's edition was presented by the National Council of Applied Economic Research (NCAER). This kind of stock-taking exercise had significant value in earlier years, when data were published after long lags and the community of analysts was relatively small. With shorter data lags and many more analysts, the economy is being assessed in virtually real time; the mid-year exercise has diminished in utility. However, this has not been a normal year for some obvious reasons domestically, but equally, for some very important global reasons. Making a collective assessment based on all these developments certainly has value in this context. The IIC-NCAER report presents a balanced picture, clearly highlighting several positives, but also cautioning about looming risks and bottlenecks.

On the external front, against a backdrop of the rollback of its unconventional monetary policy by the United States Federal Reserve and a dramatic decline in oil prices, the situation for India has become quite positive. Rising expectations of the new government aggressively pursuing structural reforms and the narrowing of the current account deficit or CAD, which will be sustained by lower oil prices, have induced a surge in foreign portfolio investment. Both better prospects for returns and a significant reduction in currency risk have played a part in this. India's vulnerability to the reversal of global liquidity conditions now appears rather low; foreign investors are clearly preferring it to several other emerging market economies, many of which are experiencing significant slowdowns in growth. Going forward, currency risks will remain muted as long as oil prices persist at current levels. This is a dramatic change from the high levels of vulnerability that a surging CAD had created over the past three years.

Oil prices also have very positive implications for the fiscal situation. Without lifting a finger, fuel and fertiliser subsidies will shrink, making it that much easier for the government to exceed its deficit target for the year, even if revenue collections fall short of estimates. Of course, this favourable development has been reinforced by the decision to de-regulate diesel prices and the movement towards putting an aggregate cap on liquefied petroleum gas subsidies. The government's resolve will be tested if and when oil prices rise sharply, but, for the moment, good luck and good policy make a powerful combination.

Does all of this translate into better growth prospects? The report itself is somewhat hedged in its forecast, but seems to largely endorse the 5.5-6 per cent range for the current year's growth in gross domestic product. It points out that some global forecasters have turned much more positive, but perhaps caution is appropriate here; it takes a while for favourable macroeconomic conditions to translate into accelerating growth. The global economic outlook has turned bearish. This is not good news for the Indian economy. While India will benefit from lower commodity prices, its exports and, therefore, the domestic growth that they fuel are likely to suffer. Besides, many structural impediments remain, one or more of which could dilute or offset the benefits of the current combination of good luck and good policy. Reassuringly, the report is far more positive about declining inflation; lower oil prices will help to counter, at least for a while, other persistent inflationary pressures. In short, the Indian economy at mid-year 2014-15 looks good, but there is much work ahead.