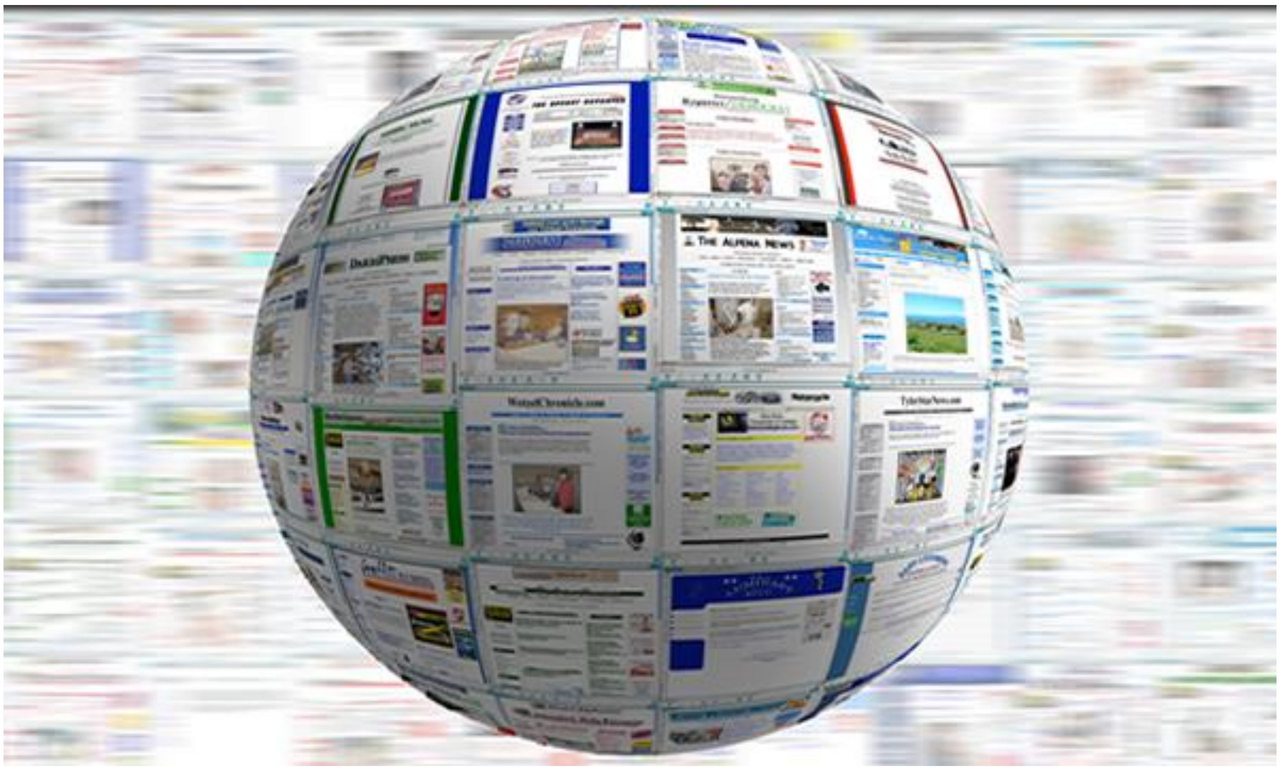
Planning Commission
Government of India

PART A: News pertaining to Planning Commission



10.10.2014

Compiled by:

S. Wadhawan, ALIO **and** **Communication, IT & Information Division**
Mrs. Varsha Satija, SLIA
Planning Commission Library

आज का विचार (महात्मा गांधी के मूल्यवान वचन)

"जैसे मैलें बर्तन में डाला हुआ साफ पानी भी मैला हो जाता हें वेसे ही मैलें मन में अच्छे विचार भी मैलें हो जाते हें"

5-year-plan to continue till ’17

Financial Chronicle: 10.10.2014

NOTWITHSTANDING the government’s move to revamp the planning commission, the 12th five year plan will continue to be implemented till the end of its term in March 2017.

“The parliamentary standing committee on Finance was told by the planning commission officials that the 12th five year plan will not be dropped and will continue till the end of its policy period, that is March 2017,” said a source.

The panel, headed by the former oil minister M Veerappa Moily, had called ministry of planning representatives earlier on Thursday to hear their views on demands for grants for 2014-15.

The meeting was also attended by former PM Manmohan Singh, who is a member of the committee. Sources said that during the meeting, a senior most official, explaining the working of the Commission, said that the 5-year policy document will be operational till the end of its term.

In December 2012, the country's apex policy making body National Development Council (NDC) had approved the 12th Five Year Plan (2012-17) with an aim to achieve average growth rate of 8 per cent, generate 50 million new jobs and increase investments in the infrastructure sector.

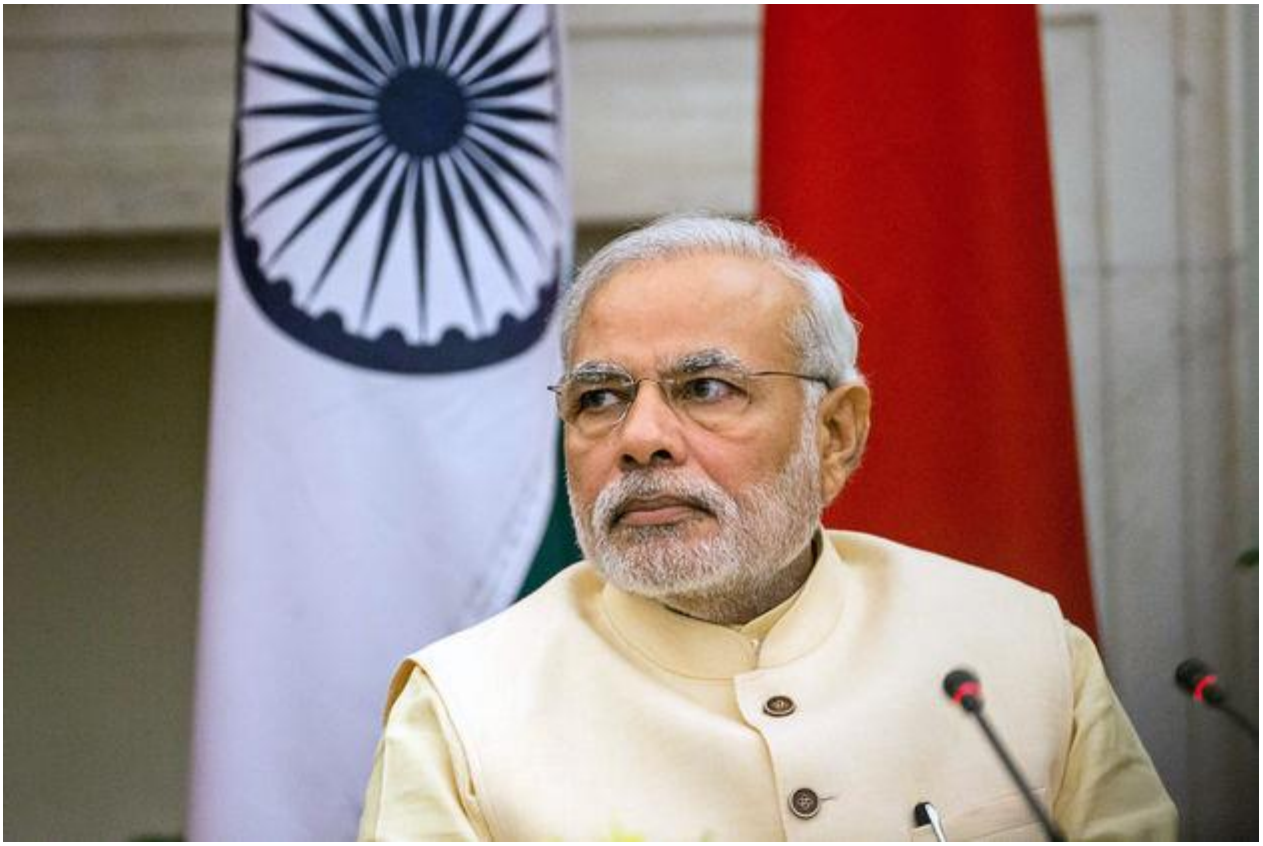
According to the source, the Commission's official also told the Committee that the deadline for the Aadhaar project to generate unique identification numbers for the entire population has been advanced to June, from December 2015.

Under the arrangement, the Unique Identification Authority of India (UIDAI) will generate UIDs for the entire population, while all residents would be issued National Multipurpose Identity Card under National Population Register.

At present, the biometrics details of residents are being collected under the UIDAI and NPR projects. In a bid to speed up the residents' enrolment, government has already allowed UIDAI to operate in four more states including UP, Bihar, Uttarakhand and Chhattisgarh which have cumulative population of around 40 crore.

2. Modi Says Indian States Need Investor-Friendly Policies

By Bibhudatta Pradhan and Abhijit Roy Chowdhury, Bloomberg.net Oct 9, 2014



Narendra Modi, India's prime minister. Photographer Graham Crouch/Bloomberg **Close**

Indian states with business-friendly policies will attract the largest portions of the $100 billion of international investment promised for the country over recent weeks, Prime Minister **Narendra Modi** said.

"$100 billion of investment from Japan, **China** and America has applied for a visa, and now it is the turn of the states to capitalize on the opportunity," Modi said today at an investment conference in Indore in the central Indian state of Madhya Pradesh. "The roads are wide open. The states that are ready can walk away with a major share."

Modi, who came to power in May with the biggest mandate in three decades on the promise of development, is keen to lure foreign investment to boost growth and improve **living standards** that are lowest among **emerging markets**. The federal government last month launched a "Make in **India**" campaign to turn the country into a manufacturing hub and implement business-friendly policies.

India fell to 134 of 189 economies in the **World Bank**'s Ease of Doing Business index, from 131 last year. It's ranked 76th of 143 nations in the Global Innovation Index 2014, published by **Cornell University**, and 71 of 144 in the **World Economic Forum**'s Global Competitiveness Report, behind Brazil and Vietnam.

In the 14 years through July, India attracted **cumulative foreign direct equity investment** of $228 billion, with more than a third coming from Mauritius, according to the department of industrial policy and promotion. Flows stood at $12 billion for the first seven months of calendar year 2014, a 47 percent jump from the year-earlier period.

Madhya Pradesh

Japan pledged about 4 trillion yen ($32.68 billion) in economic investment in Indian infrastructure during Modi's trip there last month, while Chinese President Xi Jinping announced plans to invest $20 billion during his visit to India in September.

Madhya Pradesh is pursuing a similar path to Modi's home state of Gujarat by showcasing its growth potential and rapidly expanding infrastructure network at the investor conference.

The **economy** of Madhya Pradesh expanded 11 percent in the year ended March 31, the fastest of any major Indian state, according to Planning Commission data. That compared with India's 4.7 percent pace. The state is larger than Italy and more populous than the U.K.

Gujarat, during Modi's tenure as chief minister, started bi-annual "Vibrant Gujarat" investor summits to showcase the state as a business friendly destination. The strategy has lured companies such Ford Motor Co. and Bombardier Inc. to set up factories in the western state and sparked off a competition among states.

Legal Changes

Madhya Pradesh, a landlocked state, hasn't been a prominent investment destination, attracting overseas investment of $6 billion since 2000, about 0.5 percentage of the total proceeds into India. Maharashtra, where Mumbai is located, has garnered 30 percent during that period.

The state has reserved 20,000 hectares (49,421 acres) of land for investors and is developing 27 new industrial areas and 3 information technology parks. It also has started the process to amend **labor laws** and regulations governing land acquisition to make them more investor-friendly.

To contact the reporters on this story: Bibhudatta Pradhan in **New Delhi** at **bpradhan@bloomberg.net**; Abhijit Roy Chowdhury in New Delhi at **achowdhury11@bloomberg.net**

3. Govt looking at developing multi-modal transport hubs at 18 major airports

Sharmistha Mukherjee, Business Standard: 10.10.2014

The Centre plans to build multi-modal transport hubs across major airports.

Multi-modal transport hubs are where many systems such as airport, Metro, bus and rail merge together.

The government is mulling ways to make these hubs at six airports at Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad. In the second phase, 12 more will be taken up.

"The old terminal at the Delhi airport is not linked to the metro. We are looking at ways to develop the hubs at all major airports, accounting for 80-85 per cent of air traffic in the country, to provide seamless connectivity," said an official with the civil aviation ministry.

The Frankfurt airport is linked to the mass rapid transit system, rail, buses and cabs. Prime Minister Narendra Modi in his meetings with ministries has stressed the need to develop infrastructure facilities to propel economic growth.

"We are reaching out to states to implement this strategy of developing multi-modal transport hubs. The monthly review meetings will also give boost to such a programme as it provides a common platform for discussion", the official said.

Modi has been holding monthly meetings with secretaries of railways, road transport and highways, civil aviation, power, coal, renewable energy, ports and shipping, telecommunications, and petroleum and natural gas ministries. These are to review the country's infrastructure targets and achievements.

The Cabinet secretary has been mandated to ease hurdles in infrastructure development.

Modernisation of airports and development of low-cost airports for connectivity to remote and regional areas is a focus area for the government.

The Bharatiya Janata Party manifesto talks on the "potential for (developing) inland air transportation to remote and local locations in the country. Such airstrips will be developed so low-cost air travelling becomes possible in the country."

For the current financial year, the government has a target of developing five no-frill airports and awarding management contracts for four airports to private operators

4. Preparing for a stronger dollar

Akash Prakash, Business Standard: 10.10.2014

The reasons the dollar is up are structural - and it may underpin a revival of the India story

The dollar has been strengthening for some time now. Since this rally began in July 2014, the dollar has strengthened against 32 of the 33 major currencies of the world, the sole exception being the Chinese yuan. The worst affected currencies have been the rouble, the New Zealand dollar and the Brazilian real, all of which have weakened in excess of 10 per cent. The rupee has been one of the most stable currencies in this period, down only about 2.5 per cent.

The stability of the rupee has been linked to India's improving macroeconomic outlook (a better current-account and fiscal position), to the credibility of the Reserve Bank of India, as well as to the relative calm in United States treasury markets. Given the nature of portfolio flows into India so far this year, wherein debt flows at $20 billion have swamped equity inflows of $14 billion, the relative stability of the rupee is more dependent on calm in United States fixed-income markets than any dollar move. Debt flows tend to be faster money than equity, and can vanish as quickly as they come in. Remember the taper tantrum of May-August 2013, in which the rupee fell by 30 per cent, peak to trough: it were debt outflows that caused the initial run on the rupee. Equity flows were actually still positive in that period and non-disruptive. Policy makers need to keep a watch for any disruption in global fixed-income markets, which could spook debt investors, and cause money to flee emerging markets.

While there is now a general consensus that the dollar will continue to strengthen, what may surprise is the extent of the move and the reasons underpinning it. As many research analysts, most notably at HSBC, have pointed out, past episodes of dollar strength have some common patterns:

• United States economic growth and its outlook tends to be far stronger than its major trading partners'.

• The outlook for monetary policy in the United States will be far tighter than its peers.

• Some type of global shock adds to the allure of the dollar.

• The dollar rally only falters when the United States current-account position becomes unsustainable.

If we look at the state of affairs today, then most of the above conditions are fulfilled. There is no question that compared to the European Union (EU) and Japan, the growth outlook for the United States is far more robust. Forecasters are upgrading their growth and employment numbers for the United States, while simultaneously reducing them for both the EU and Japan. Even on monetary policy, while the United States Federal Reserve will have to begin raising rates in the coming six months, we are expecting some form of quantitative easing to commence in the other two regions.

A triple-dip recession in the EU and it's impact on the European financial system could be the economic shock that will catalyse a further surge in dollar strength.

However, the biggest crisis facing most of the developed world today is the threat of deflation. Globally, inflation is currently above target in only eight of the 34 major economies of the world. If we look at forecasts for 2015, only three countries out of these 34 are expected to have inflation above their respective central-bank targets. In most of these countries, rates are already near zero, and, thus, will have limited impact in pushing inflation higher. The only tool left to fight deflation is a falling currency. Currency weakness is being used as a tool to import inflation. Given the relative economic strength of the United States, and the pervasive deflationary pressures almost everywhere else, it is the only currency against which others can depreciate.

No other country is willing or able to accept a stronger currency. China may be the exception, given its need to rebalance its economy, but its currency is not freely convertible and not yet accepted as an alternative to the dollar.

If the dollar is clearly going to strengthen, the next question is, by how much?

As pointed out by HSBC, the average dollar rally has been about 20 per cent, and lasted for almost a year. The rally would also typically fizzle out due to the United States current-account deficit widening to unsustainable levels. Today, the United States current-account deficit has narrowed from over six per cent in 2008 to about two per cent and, given the shale revolution, looks unlikely to worsen in a hurry. Any dollar appreciation will not be stopped by current-account woes. It is also a fact that the dollar itself has weakened about 20 per cent, after the commencement of the two bouts of quantitative easing.

Since the start of the current move, despite all the strong-dollar talk, the trade-weighted dollar has only strengthened by about five per cent. If the typical 20 per cent move is any barometer, there is clearly a long way to go for the greenback. Unconstrained by current-account deficit issues, the dollar could easily overshoot.

If we are entering a period of a much stronger dollar, that has obvious implications for global commodities, emerging-market assets, and even Indian companies and their hedging policies.

A strong dollar has historically been bearish for both commodities and emerging-market assets, and both are likely to come under pressure. India stands out as being a major beneficiary of weakening crude oil and other commodities, and this may further underpin the India bull story.

A gradual weakening of the rupee, entailed by a strengthening dollar, may also impact sectoral choices in equity portfolios. Both software and pharma exporters', as well as other exporters', profitability and relative attractiveness will be enhanced in such a scenario.

Those Indian companies sitting on large piles of unhedged dollar debt need to quickly hedge and not be lulled by the stability of the rupee over the past few months. A strong dollar means a weak rupee. There is no getting away from that. As long as the United States fixed-income markets are stable, we should see no undue pressure on the rupee; but weaken it will, if for no other reason but to maintain its relative value in trade-weighted real terms. The Reserve Bank of India may smoothen the fall, but it will not prevent it.

5. Intellectually challenged

Mathew Kavanagh, The Asian Age: 10.10.2014


Matthew Kavanagh

Narendra Modi would do well to be suspicious of US policymakers and their IP 'working group'. If US policymakers get their way, it will help US multinationals, but at the expense of the health of people in India and throughout the global South.

Philadelphia, Pennsylvania

Last week, when Prime Minister Narendra Modi met with leaders in New York and Washington, DC, there was an all-out campaign by pharmaceutical companies to force the Prime Minister's hand on intellectual property.

Threatened by free trade of high-quality and affordable Indian generic medicines, US-based pharmaceutical companies and politicians friendly with the industry spent the week using prominently placed Opinion pieces, paid advertisements and letters to President Barack Obama to spread false information. They claimed India's IP rules were not legal, that they were discouraging innovation, and would harm ever-desirable foreign direct investment. Evidence shows none of this is true, but truth is rarely a brake on political machinations here in Washington, DC.

The signals about how successful this campaign was are mixed. On the one hand, Mr Modi is reported to have told US companies that "India needs medicines that are affordable for its population." At the same time, the White House reports that the two sides agreed to a "high-level Intellectual Property Working Group." Perhaps this is shrewd play by Mr Modi — give the Americans a chance to vent without undermining Indian health and industry. However, these types of "working groups" have often been used quite effectively by American administrations to manipulate other governments on behalf of US corporations behind closed doors. Seemingly "technical" changes to the other countries' policies often turn out to have major negative affects. Following America-led policy proscriptions could severely damage the Indian economy and health system, as well as restrict access to affordable medicines for patients around the world.

So what exactly is the misinformation being spread?

American companies have been threatening to withhold foreign direct investment if India does not adopt weaker patent laws that would extend pharmaceutical monopolies and stymie the country's generic industry. The bullying has been far-reaching. In anticipation of the Prime Minister's visit, US Senator Robert Menendez said, "We need to see real reforms on (intellectual property), which significantly impacts the ability of US companies to do business in an important market." Yet if we actually look at how companies behave, we see that there is no evidence that maximalist intellectual property laws result in greater investment, especially for growing middle-income countries like India.

Think tanks funded by pharmaceutical companies have also been repeating the mantra that "innovation" is harmed by India's patent laws. Yet experts are increasingly bemoaning the US' maximalist system that actually rewards copy-cat products instead of true innovation.

India's pharmaceutical industry has been able to flourish because of the country's pro-public health patent laws, in which patents are only granted on new medicines or for significant changes on old medicines. The US, in contrast, regularly gives out patents on frivolous changes and slightly modified versions of old medicines that do not provide enhanced therapeutic benefit, but extend monopoly protection and keep drug prices high. Studies show middle income countries with extremely broad IP rules don't see more investment in research and development, but they do see far higher medical costs that undermine their public health systems.

Finally, the claim has continually been made that India's IP laws are not internationally legal. The US Trade Representative listed India on its "priority watch list" in this year's Special 301 Report, which is annually published to shame countries with a veiled threat of trade sanctions if their intellectual property legislation is not beneficial to American businesses. Members of the US Congress have also demanded an investigation into what they call India's "IP protectionism". Yet, expert opinion is clear on this — India's laws are entirely compliant with World Trade Organisation rules. The evidence of this is in what the Obama administration is not doing — if they really believed there was a violation of international law, they would have filed a complaint at the WTO. They have not done so because they know they would lose. India's Supreme Court last year confirmed this in a high-profile case — India's law is legal, it just doesn't benefit multinational pharmaceutical companies as much as it does the health of India's people.

Indian generic drug manufacturers currently provide India, and much of the world, with high-quality affordable medicines: 90 per cent of HIV patients in low- and middle-income countries rely on Indian generics for their treatment; and around the world people rely on high-quality Indian generic medicines against TB, cancer, heart disease and a wide variety of ailments because they cost less than 1 per cent of what big US companies charge. Indeed, as much as 40 per cent of US generic drugs come from India.

India is also likely to be important in curing Hepatitis C — a disease that affects more than 100 million people worldwide. US companies have been making headlines by charging outrageous prices that threaten to bankrupt the public health systems in US states. Indian firms, meanwhile, are likely to be able to make versions of these new drugs for as much as 500 times cheaper.

Rather than shaming India, the US should learn from the country's use of intellectual property policy to promote true innovation and equitable access to medicine.

Giving US pharmaceutical companies longer monopolies would help their bottom line — but at the cost of the Indian economy and the lives of millions of people. India fully complies with international law while also making it possible for billions of people in India and around the world to access life-saving affordable drugs.

Those of us interested in public health have to hope that Prime Minister Modi will stand strong against all this pressure. His recent push for significant expansion of health insurance will depend on this — without affordable drugs, health insurance schemes will be bankrupt before they even get started.

India currently holds a place in the global medicine architecture rivaled by none — and is poised to leverage this for stronger growth. Mr Modi would do well to be suspicious of US policymakers and their IP "working group". If US policymakers get their way it will help US multinationals, but at the expense of the health of people in India and throughout the global South.

The writer is senior policy analyst at the Health Global Access Project and a fellow at the Leonard Davis Institute of Health Economics, University of Pennsylvania

PART B

NEWS AND VIEWS

Friday, 10th October 2014

Polity	: Will make it unaffordable for you, India tells Pak
Economy	: We have political will to undertake financial reform: RBI Gov
Planning	: Govt plans to link airports to rail, Metro, bus for seamless travel
Editorial	: Unstable equilibrium

Communication, IT & Information Division
Phone # 2525

The Tribune

Date: 10/10/2014
Page No. 01

Will make it unaffordable for you, India tells Pak

Border fire Jaitley tells Islamabad to stop adventurism; Forces have responded well: PM

AJAY BANERJEE/
RAVI KRISHNAN KHAJURIA

NEW DELHI/JAMMU, OCTOBER 9

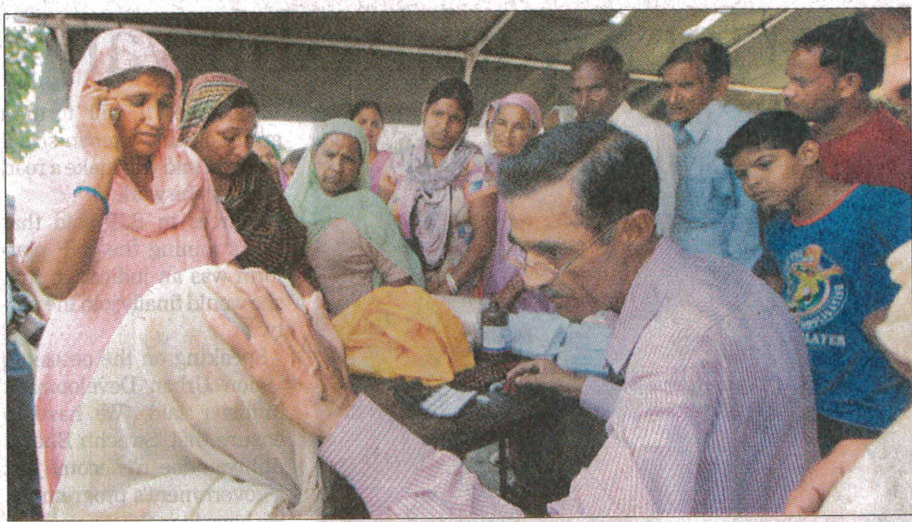
Defence Minister Arun Jaitley today broke his silence on the ongoing cross-border firing between India and Pakistan saying the neighbouring country will not be able to bear the cost of this "adventurism" if it persists with such "unprovoked" aggression.

This comes amid incessant overnight firing by Pakistan Rangers that left at least 15 persons, including three BSF jawans, injured along the 198-km-long International Border in Jammu and Kashmir. Over 30,000 persons from Jammu, Samba and Kathua districts have been evacuated to safer areas.

Pakistan targeted at least 70 Indian posts and 110 villages in Hiranagar, Ramgarh, Samba, Arnia, RS Pura, Kanachak and Pargwal subsectors overnight even as the two sides hardened their positions and did not ask for a flag meeting.

Prime Minister Narendra Modi, in his address at an election rally in Baramati, Maharashtra, said Pakistan has realised that times have changed and their old habits will not be tolerated... Where the jawans have to speak, they speak with their finger

CONTINUED ON P14



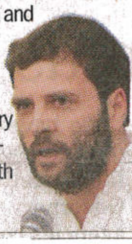
Villagers receive medical aid at a border migrant camp at Deoli village in Jammu on Thursday. AFP

"If Pakistan persists with this adventurism, our forces will make the cost of this adventurism unaffordable"
Arun Jaitley, DEFENCE MINISTER

"The enemy (Pakistan) has realised that times have changed and their old habits will not be tolerated"
Narendra Modi, PM

Cong's dig at Modi

Cong V-P Rahul Gandhi mocked the PM saying he used to claim he would teach China and Pak a lesson if he became the PM. "Chinese army entered our territory when Xi was enjoying a swing ride with Modi," he said.



Sharif convenes NSC meet

ISLAMABAD, OCTOBER 9

Pakistan Prime Minister Nawaz Sharif has convened a meeting of the National Security Committee on Friday to discuss with top military and civilian leaders the current situation along the border. Sharif has been under fire from the Opposition for not adequately responding to the crisis.

"We don't want to convert border tension between two nuclear neighbours into confrontation.... Pakistan is fully capable of responding befittingly to any Indian aggression. India must act in a responsible manner"
Khwaja Asif, PAK DEFENCE MINISTER

The Foreign Office said the meeting would "discuss the recent ceasefire violations by India at the Line of Control and Working Boundary". Sharif will preside over the meeting of Defence, Interior, Finance and Information Ministers and Adviser on National Security and Foreign Affairs with Chairman Joint Chiefs of Staff Committee, the three services chiefs and other senior officials. So far, 11 people have been killed and 73 injured on the Pakistan side, said defence sources. — PTI

The Tribune
Date: 10/10/2014
Page No. 14

Will make it unaffordable for you: India

FROM PAGE 1

on the trigger... And they will continue to speak that way". Modi criticised those targeting the government on the border flare-up through a public discourse, saying it demoralised the jawans fighting on the border. "People know my intentions and I need not express those in words."

The Defence Minister, who spoke to the media at his official residence in New Delhi, said: "If Pakistan persists with this adventurism, our forces will make the cost of this adventurism unaffordable." The forces — the Army and the BSF — have been doing a commendable job in the face of these unprovoked acts of aggression by Pakistan, he said.

Jaitley accused Islamabad of having triggered the latest round of firing. "Pakistan, in these attacks, has clearly been the aggressor. But it must realise that our deterrence will be credible."

India is a responsible state and "is never an aggressor but at the same time it has a paramount duty to defend its people and territory," he said. The forces had only one option that is to respond adequately and defend their territory and their people, Jaitley added.

"If Pakistan wants peace on the borders, it should stop what it is doing. As long as that continues how can there be peace?"

On Pakistan's motives behind the escalation, Jaitley said he would not like to speculate but firing could be a cover for infiltration and an effort by it to precipitate tension where none existed.

He refused to speculate if this was building towards a short skirmish between the two nuclear-armed neighbours. On talks between the leaders of the two countries, Jaitley said: "How can you talk when firing is on?" He refused to comment on Bilawal Bhutto's remark about Modi.

Meanwhile, Border Security Force Director-General DK Pathak has said he has submitted a report to the Ministry of Home Affairs on the situation along the border. The report says the firing started from the Pakistan side on October 2, just hours after India defeated Pakistan in the Asian Games Hockey final in South Korea.

Also, Union Minister of State Dr Jitendra Singh said the response to the Pakistan firing had proved beyond doubt that Indian forces were competent to fight the enemy on the border.

Those who were hesitant or scared of coming out wholeheartedly in praise of the Army and paramilitary were, in fact, either trying to appease separatist elements in Kashmir or afraid of causing displeasure to militants, he added.

Pakistan has so far been firing 82 mm mortars — a battalion-level weapon, which has an optimum range of 5 km. Against the backdrop of Pakistan's truce violations and shelling of civilian areas, Indian defences were being reinforced along the borders, including Line of Control, say sources.So far, seven civilians have been killed and 74 injured in shelling by Pakistan along the International Border.

"Pakistani Rangers continued with unprovoked mortar shelling and heavy automatic weapons firing on nearly 70 BSF posts along the IB since 8.45 pm last night, but we responded in a befitting manner," said a senior BSF officer. Three BSF men from 192 Battalion sustained injuries at a forward post in Arnia around 6.25 am today, he said. The injured — head constable BS Rakhi, constable Irfan Khan and constable Meti — have been shifted to a government hospital in Jammu.

Ten civilians were injured in the Arnia area of RS Pura sub-division and three others from a family were hurt in Kanachak village in Akhnoor sector today, said a police officer. At Kanachak village, Bachan Lal (50), his wife Kamla Devi and Bachan's younger brother Makhan Lal were injured when a mortar exploded in their house around 11 pm last night, said Jammu Deputy Commissioner AK Sahu.

The victims were shifted to Government Medical College in Jammu by Naib Sarpanch Raj Kumar. Two more persons were injured at Nanga village of Ramgarh sub-sector in Samba district.

A senior official said more than 20,000 people have migrated from border hamlets in Jammu, and another 10,000 from Kathua and Samba districts to relief camps or to their relatives' houses.

BSF alert on Kutch borders

Ahmedabad: The BSF has been issued a high alert on the Kutch borders with Pakistan. Sources in the BSF at its west zone headquarter in Gandhinagar said the Kutch border was alerted after Pakistani rangers shelled the civilian areas and border outposts in Jammu and Kashmir.Sources said the current heavy shelling on the J&K border could be a cover to help nearly 450 terrorists infiltrate into India. — TNS

The Pioneer

Date: 10/10/2014
Page No. 11

We have political will to undertake financial reform: RBI Gov

PTI ■ NEW YORK

Underscoring the need for financial sector reforms, Reserve Bank of India Governor Raghuram Rajan has stressed that the "time to deliver begins now" and there is political will to undertake reforms and improve India's economic growth.

"Financial reform is not difficult - we have the political will to improve," the Indian Consulate here tweeted the RBI Governor as saying during an event yesterday.

"Time to deliver begins now. We need to focus on deliverables," another tweet quoting Rajan said.

The head of India's central bank addressed a select gathering of prominent and influential Indian-American businessmen from the finance and investment banking sector at an event organised by the Consulate General in collaboration with the India-America Chamber of Commerce.

Outlining the major areas that require change and immediate implementation, Rajan said it is a good time to invest in the Indian economy now.

Developing infrastructure, improving quality of human capital, optimum regulation for good business and extensive financial sector reform should be the next steps for improvement and development of the Indian economy, according a press statement issued by the Consulate.

Rajan encouraged the Indian-American business community to get involved in the "nitty gritty of the implementation process," saying such involvement was not difficult especially since the Indian government has the political will to reform.

"Over the years, India has outgrown its institutions," Rajan was quoted as saying in the statement.

"Such institutions only worked well when we had the practice of resource allocation, which was a source of revenue. This was a time when coal could be extracted from the ground with your bare hands."

Rajan said the Indian economy can no longer work with this model, adding that just as there were drastic democratic changes that reacted to the economic slump in the past decade, institutions also have reacted.

He emphasized on the need to convert talk about change into delivering and implementing reforms, the press statement said.

Making crucial recommendations to creating a more investment-friendly market in India, Rajan said stalled projects need to get back on track and "clearance should be from capital and on ground."

He further said that complex labor laws need to be improved to benefit both employers and workers and self- certification should be allowed to eliminate the stressful and cumbersome process of inspections.

Business Standard

Date 10/10/2014
Page No. 08

Govt plans to link airports to rail, Metro, bus for seamless travel

SHARMISTHA MUKHERJEE
New Delhi, 9 October

The Centre plans to build multi-modal transport hubs across major airports.

Multi-modal transport hubs are where many systems such as airport, Metro, bus and rail merge together.

The government is mulling ways to make these hubs at six airports at Delhi, Mumbai, Chennai, Kolkata, Bangalore and Hyderabad. In the second phase, 12 more will be taken up.

"The old terminal at the Delhi airport is not linked to the metro. We are looking at ways to develop the hubs at all major airports, accounting for 80-85 per cent of air traffic in the country, to provide seamless connectivity," said an official with the civil aviation ministry.

The Frankfurt airport is linked to the mass rapid transit system, rail, buses and cabs. Prime Minister Narendra Modi in his meetings with ministries has stressed the need to develop infrastructure facilities to propel economic growth.

"We are reaching out to states to implement this strategy of developing multi-modal transport hubs. The monthly review meetings will also give boost to such a programme as it provides a common platform for discussion", the official said.

Modi has been holding monthly meetings with secretaries of railways, road transport and highways, civil aviation, power, coal, renewable energy, ports and shipping, telecommunications, and petroleum and natural gas ministries. These are to review the country's infrastructure targets and achievements.

The Cabinet secretary has been mandated to ease hurdles in infrastructure development.

Modernisation of airports and development of low-cost airports for connectivity to remote and regional areas is a focus area for the government.

The Bharatiya Janata Party manifesto talks on the "potential for (developing) inland air transportation to remote and local locations in the country. Such airstrips will be developed so low-cost air travelling becomes possible in the country."

For the current financial year, the government has a target of developing five no-frill airports and awarding management contracts for four airports to private operators.

The Frankfurt airport is linked to the mass rapid transit system, rail, buses and cabs REUTERS

The Tribune

Date: 10/10/2014
Page No. 14

Central Govt flags universal health coverage idea to states

ADITI TANDON
TRIBUNE NEWS SERVICE

Mission proposes 80 free drugs for all

- National Health Assurance Mission seeks to provide 50 allopathic generic drugs, 30 AYUSH drugs and a range of medical diagnostic facilities free of cost to the entire population at the government primary health centres and hospitals

NEW DELHI, OCTOBER 9
Much-awaited universal health coverage is on track with the Centre today discussing the idea with health secretaries of state governments at a meeting held in AIIMS, here.

In this first meeting with senior health bureaucrats of states, Health Minister Harsh Vardhan flagged board contours of the BJP's manifesto promise — the National Health Assurance Mission (NHAM), which seeks to provide 50 allopathic generic drugs, 30 AYUSH drugs and a range of medical diagnostic facilities free of cost to the entire population at the government primary health centres and hospitals. Vardhan also shared with health secretaries a report of the expert group set up to recommend the mission features.

What's more, he sought inputs from the states on the proposed new National Health Policy and the idea of making health a "social mission" by reducing tobacco use, creating awareness around diseases and reducing dependence on allopathy by promoting Ayush (ayurveda, yoga, siddha, yoga and homeopathy).

As for NHAM, it is proposed to be funded through an insurance model, proposes free medical care to BPL families from primary through to tertiary levels. Non-BPL individuals will have access to free 80 medicines and a list of diagnostics at government facilities but will have to pay a predetermined insurance premium for secondary and tertiary care.

The government is considering 30 per cent premium for secondary level services and 50 per cent for tertiary care. Top Health Ministry sources said: "These percentages can change if the insurance firms get a boarder client base. We are currently considering an 80:20 funding pattern for the mission between the Centre and states. The mission will work through insurance and comprise a list of secondary and tertiary level care for diseases. It will also comprise a preventive and promotive health package. The idea will be discussed with state health secretaries tomorrow."

The Health Ministry plans to broad base the existing Rashtriya Swasthya Bima Yojana to cover the BPL households under the mission and the scheme currently being run by the Labour Ministry, will soon come to Health Ministry. For the rest, it will depend on states to work our best possible agreements with insurance firms.

The Financial Express

Date: 10/10/2014
Page No. 05

$100-bn foreign investments knocking at India's door: Modi

Indore, Oct 9

When we talk about 'Make in India', then we want to create confidence in the world that there is a huge investment possibility in India. Please do not consider India only as a market... Dump goods, sell them and make profits

PRIME MINISTER Narendra Modi on Thursday said $100 billion worth of foreign investment was knocking at India's door and it was up to the states to lap up as much as they can.

Describing his 'Make In India' initiative a win-win proposition, Modi said foreign investors should not treat India merely as a market, but focus on turning it to a manufacturing hub with a view to increase the purchasing power of Indians.

"$100-billion investments from Japan, China and America have applied for visa. Now it is turn of the states to capitalise on the opportunity. The roads are wide open. The states which are ready can walk away with major share," he said while inaugurating the Global Investors' Summit here.

The meeting is being attended by industry bigwigs including RIL chief Mukesh Ambani, ADAG's Anil Ambani, Adani Group head Gautam Adani and Tata Group chief Cyrus Mistry.

In the last couple of months, the Prime Minister has visited Japan and the US and launched the Make in India campaign to lure foreign investments into the manuf cturing sector.

"When we talk about Make in India, then we want to create confidence inthe world that there is a huge investment possibility in India. Please do not consider India only as a market.... dump goods, sell them and make profits.

"I tell the World, do not confine yourself to this. If India does not prosper, then its purchasing power will not increase. If India's purchasing power does not increase, then the dream to see India as a market will remain a distant dream," Modi said.

The focus of the government, he said, is to generate employment by encouraging agriculture, manufacturing and services sector.

The Prime Minister said states should rise above narrow political considerations on development agenda and Centre will extend all possible assistance to them. *PTI*

The Financial Express

Date: 10/10/2014
Page No. 10

Govt makes quarantine approval mandatory for fruits, veggies before export

Sandip Das

New Delhi, Oct 9: Following the EU imposing a ban on import of mangoes and a few vegetables from India in May because of alleged presence of pesticides in consignments, the government has made it mandatory for these goods to get plant quarantine approval from 25 approved pack houses before they are exported.

As per the new norm, fruits and vegetables consignments destined for the EU will go through phytosanitary inspection at Agricultural and Processed Food Products Export Development Agency's (Apeda) pack houses located across key cities such as Mumbai, Bangalore, Kolkata, etc. The inspections are being carried out by officials from National Plant Protection Organisation (NPPO).

The EU had a imposed ban on India's premium Alphonso mangoes, brinjal, bitter gourd, snake gourd and the taro plant by stating that it had found contamination of fruit fly and other quarantine pests in 207 consignments.

An Apeda official said there has been serious concern about detection of pests and higher than permissible levels of pesticide residues in consignments shipped in the last couple of years. "Due to enforcement of stringent quality norms, the export of fruits and vegetables in the first few months of the current fiscal has not declined sharply compared to last year," Santosh Sarangi, director, Apeda, told *FE*.

According to the latest data, India's exports of fruits and vegetables during April-July 2014 declined marginally to ₹2,625 crore compared to ₹2,654 crore reported in the same period of the last fiscal. This is notwithstanding a ban on five fruits and vegetables imposed by the EU.

Fruits, veggies export trend

(Value in ₹ cr)

2011-12	4,832
2012-13	5,986
2013-14	8,760

During 2013-14, India exported fruits and vegetables worth ₹8,760 crore, which comprised of fruits worth ₹3,298 crore and vegetables worth ₹5,462 crore.

Meanwhile, a team from EU's food and veterinary office (FVO) visited a number of Apeda-approved pack houses last month to ascertain the quality protocol being followed.

The FVO will write to each EU member about its findings before a final decision on lifting the ban on import of five fruits and vegetables from India is considered.

A Bangalore-based exporter said the EU is keen to take a 'relook' at the ban following demand from the trade community in Europe and efforts put in by the government in the last couple of months.

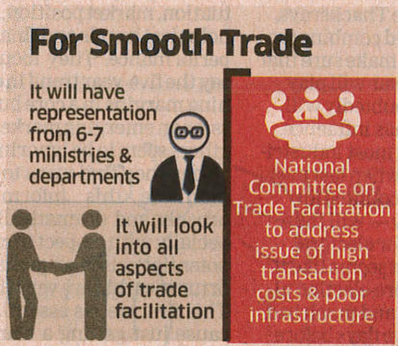
The major destinations for Indian fruits and vegetables are UAE, Bangladesh, Malaysia, UK, Netherlands, Pakistan, Saudi Arabia, Sri Lanka and Nepal.

Though India's share in the global market is still about 1% only, there is increasing acceptance of horticulture produce from the country.

The Economic Times
Date: 10/10/2014
Page No. 11

India Plans Committee to Ease Customs Norms for Boosting International Trade

Dilasha.Seth@timesgroup.com



New Delhi: Two months after it blocked an international agreement on easing trade regulations, India has initiated measures to reform customs procedures and cut red tape to speed up international trade.

The government has decided to set up a national committee on trade facilitation, which will suggest and implement measurers to ensure seamless movement of cargo by addressing constraints like high transaction costs and poor infrastructure.

"The national committee on trade facilitation will be put in place soon, which will have representation from 7-8 departments. It will look after all aspects of trade facilitation," a senior commerce department official told ET on condition of anonymity. "India is not against trade facilitation. We are expeditiously working towards it."

India had on July 31 vetoed the trade facilitation agreement at the World Trade Organisation (WTO), which sought to speed up global trade by reforming customs procedures, arguing that there should be a parallel deal on food security. Delhi, however, maintained that it was fully committed to trade facilitation.

The trade facilitation goal requires harmony between departments like customs, shipping & ports, road transport & highways, and the Directorate General of Foreign Trade (DGFT). It is important to get each of them on board, said the official quoted above.

The WTO trade facilitation pact, signed in December 2013, contains legally binding provisions to standardise customs rules in all 159 member-countries for faster and more efficient movement of cross-border cargo.

"WTO deal or no deal, we are carrying out trade facilitation and customs reforms. It will cut transaction cost for exporters," said the official. "We are anyway working towards ratifying the WTO TFA. We need to make legal amendments in two to three places. We are prepared," he added. During his US visit, Prime Minister Narendra Modi had told President Barack Obama that trade facilitation was important for India and it expected the US' support in addressing India's concerns over public stockholding for food security.

Finance minister Arun Jaitley had made several announcements in the budget, allocating significant funds towards trade facilitation.

It included extension of 24x7 customs clearance facilities to many more ports, airports and sea ports.

States Get 6 More Mths to Roll Out Food Security Plan

Our Bureau

Food Security Act Stuck In Slow Lane

- **ACT PROVIDES** for coverage of up to 75% of rural population & up to 50% of urban population
- **UNDER THE ACT,** a person is entitled to get 5 kg of food grains per month
- **ONLY 11 STATES** have implemented the act so far

New Delhi: The Centre has decided to give states an additional six months to implement the National Food Security Act that gives two-thirds of the country's population the right to highly subsidised food grains.

This is the second extension given by the Narendra Modi government to the states. A three-month extension given earlier has expired on October 4.

More than 6.1 crore tonnes of rice, wheat and coarse cereals are expected to be distributed to 81 crore people, covering 75% rural and 50% urban population, under the programme.

So far, eleven states — Haryana, Rajasthan, Maharashtra, Punjab, Chhattisgarh, Delhi, Himachal Pradesh, Karnataka, Madhya Pradesh, Bihar and Chandigarh —have implemented the law, food minister Ram Vilas Paswan said on Thursday.

States have to prepare the list of beneficiaries, issue cards to them and set up infrastructure to carry out the programme, the minister said. "This is taking time." According to government officials, Uttarakhand, Kerala and Gujarat have given commitment to implement the law at the earliest.

States have been asked to make public distribution systems totally transparent through end-to-end computerisation so as to ensure that the benefits of the National Food Security Act reach deserving people. They have also been advised to list beneficiaries on Web portals and display movement of ration and related information. Communication modes like SMS would also be explored to inform the beneficiaries about allocation.

According to Paswan, three other welfare programme - above poverty line, below poverty line and Antyodaya Anna Yojana – are currently running apart from the Act. Households having BPL ration cards are issued 35 kg of rice and wheat at ₹5.75 and ₹ 4.15 a kg, respectively, while those under Antyodaya Anna Yojna pay ₹2 a kg for wheat and ₹3 for rice. APL card holders get rice at ₹8 a kg and wheat for ₹ 6.

The Economic Times

Date: 10/10/2014
Page No. 16

Home Min Raises Concern Over Use of Aadhaar for Procuring SIM Cards

Aman Sharma &
Anandita Singh Mankotia

New Delhi: The BJP government's ambitious plan to make Aadhaar as a universal electronic Know-Your-Customer (e-KYC) proof for procuring SIM cards has encountered strong objections from the home ministry. The ministry has not agreed to give the go-ahead so far to the proposal citing security concerns despite two meetings chaired by the telecom secretary on the issue since August, including one held on October 8, **ET** has learnt.

The ministry has questioned how Aadhaar as e-KYC would be a better check than the existing mobile subscriber verification norms which involve physical verification of the subscriber and his address and identity documents. The e-KYC process involves installing biometric machines at all mobile vendors where a potential subscriber will give his fingerprint and the vendor can get instant verification of his Aadhaar details and the SIM card can be immediately activated instead of a 2-3 day long process at present. But the security agencies fear that this can be misused by terrorists to obtain SIM cards.

The security agencies fear that Aadhaar can be misused by terrorists to obtain SIM cards

"The Intelligence Bureau has some objections which have been raised in detail with the telecom ministry. The officials of home and telecom ministries will have another meeting on this," a top government official said.

It is learnt that IB has asked DoT for putting a secure encryption in place for the data transmitted between its various units as it cannot vouch for the process and data integrity of UIDAI since it is not aware of back-end e-systems, e-processing, and e-auditing currently in place and also on how data is transmitted between various units of Unique Identification Authority of India (UIDAI).

The UIDAI claims that both end-points of the data transfer are secured through the use of encryption and digital signature as per the Information Technology Act, making e-KYC document legally equivalent to paper documents. IB also says Aadhaar cards do not contain the nationality and permanent address of the cardholder, which could lead to a general presumption that the cardholder is Indian, thus posing a security threat to India as agencies of neighbouring countries can procure this 'identity' for their agents.

Business Standard

Date 10/10/2014
Page No. 06

RBI governor might get veto in price stability mechanism

BLOOMBERG
New Delhi, 9 October

PATH-BREAKING PROPOSAL

- A finance ministry proposal calls for the formation of an eight-member committee, headed by the RBI governor, with a deputy and a government nominee with no voting rights, with veto power to the RBI chief
- The RBI governor, a senior finance ministry bureaucrat and an outside expert will help pick the other five members
- The finance ministry's proposal is in response to January recommendations from an RBI panel on the most sweeping overhaul to monetary policy since the waning years of colonial rule
- Sources say Modi's government backs RBI's proposal to make Consumer Price Index (CPI)-based inflation the "predominant objective" of monetary policy for the first time

Prime Minister Narendra Modi's administration has proposed giving the Reserve Bank of India (RBI) governor veto power over a new monetary policy council that for the first time would focus on price stability as its main mission, people with knowledge of the matter said.

The finance ministry proposal calls for the formation of an eight-member committee headed by the RBI governor and a deputy that includes one government nominee with no voting rights, according to two people who asked not to be identified because the discussions are private. The RBI governor, a senior finance ministry bureaucrat and an outside expert will help pick the other five members, they said.

The finance ministry's proposal is in response to January recommendations from RBI on the most sweeping overhaul to monetary policy since the waning years of British colonial rule. Modi's government backs RBI's proposal to make Consumer Price Index (CPI)-based inflation the "predominant objective" of monetary policy for the first time, the people said, while also saying it should promote economic growth and employment.

The proposal differs from the RBI panel backed by Governor Raghuram Rajan, which called for a five-member committee in which the majority would determine the policy decisions, with the central bank chief breaking a tie if a member was absent. Under that proposal, members would include the governor, his deputy and two outside experts picked by them, along with an RBI official handling monetary policy.

The changes are a compromise with another set of recommendations made last year by a finance ministry-mandated panel that called for a seven-person committee with five external members appointed by the central government, according to Prasanna Ananthasubramanian, chief economist at ICICI Securities Primary Dealership in Mumbai. Under that proposal, the governor would have power to override the committee.

Discussions between the government and RBI are continuing, the people said. Both plan to sign a framework agreement in the next few months that takes effect in the next financial year beginning April 1, they said. D S Malik, a finance ministry spokesman, declined to comment on discussions related to the monetary policy framework.

While the adoption of a government-endorsed inflation target would enhance its credibility, the failure to change the underlying legislation governing the Reserve Bank of India dilutes its effectiveness, Ananthasubramanian said.

"At any point, a future government can change it," he said by phone from Mumbai. "To that extent, there will be some uncertainty over inflation targeting in India." Under current rules, the governor alone makes policy decisions with input from an advisory group and central bank officials. Rajan has held the repurchase rate at eight per cent for the past four meetings after adopting the RBI panel's recommendation to bring down CPI-based inflation to six per cent by January 2016.

Rajan said last month the central bank was on pace to hit that target, discounting an RBI model that said seven per cent was likely. India's retail inflation of 7.8 per cent is the highest among 17 Asia-Pacific economies tracked by Bloomberg, and compares with two per cent in China and 4.53 per cent in Indonesia.

The finance ministry proposal said the CPI target would be agreed to during consultations between the government and central bank, the people familiar said. The central bank had proposed a target of four per cent with a plus-or-minus two percentage point band.

We've political will for financial reforms, says Raghuram Rajan

Underscoring the need for financial sector reforms, RBI Governor Raghuram Rajan has stressed the "time to deliver begins now" and there is political will to undertake reforms and improve the country's economic growth.

"Financial reform is not difficult. We have the political will to improve," the Indian Consulate in New York tweeted the RBI governor as saying during an event on Wednesday. "Time to deliver begins now. We need to focus on deliverables," another tweet quoting Rajan said.

The head of the country's central bank addressed a select gathering of prominent and influential Indo-American businessmen from the finance and banking sector at an event organised by the Consulate General. PTI

The Financial Express

Date: 10/10/2014
Page No. 03

Govt defers rollout of food security Act by six months

New Delhi, Oct 9: The government on Thursday deferred the country-wide rollout of the National Food Security Act, 2013, by another six months, to the first week of April 2015, because of states' inability to create requisite infrastructure and identify beneficiaries.

This is the second time the government has deferred the pan-India roll-out of the Act, which envisages providing highly subsidised foodgrains to 84 crore people.

The food security legislation was passed in Parliament in July last year and states were given a year's time to complete the roll-out.

The deadline was later extended by three months till October 4 as many states could not put in place infrastructure such as better grain storage facilities and identify beneficiaries.

"A large number of states wanted the roll-out deferred as the beneficiaries ' list is yet to complied," food minister Ram Vilas Paswan said. Official sources told *FE* that the majority of states were yet to digitise the data regarding the lists of beneficiaries, foodgrain godowns and fair price shops.

Eleven states and Union Territories – Punjab, Haryana, Rajasthan, Himachal Pradesh, Madhya Pradesh, Bihar, Chhattisgarh, Maharashtra, Karnataka, Delhi and Chandigarh —have so far implemented the Act, some fully and others partially. However, many of the larger states, including Uttar Pradesh, West Bengal, Odisha, Jharkhand, Andhra Pradesh and Telangana, with a substantial poor population, are yet to take the plunge.

Even the Gujarat government, which expressed reservations about the food security law, had sought a one-year extension for implementation of the legislation.

fe Bureau

The Indian Express

Date: 10/10/2014
Page No. 13

Changes proposed by Centre weaken MGNREGA, says activist Aruna Roy

EXPRESS NEWS SERVICE
NEW DELHI, OCTOBER 9

SLAMMING the NDA-led government for attempting to "undermine" the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) by restricting its coverage, squeezing funds and making it more material-intensive, social activist Aruna Roy Wednesday quoted internal government documents to claim the proposed changes would adversely affect as many as five crore households and would go against the "spirit of the Act".

Roy, as part of the People's Action for Employment Guarantee (PAEG), said the government is attempting to roll-back the Act in three ways—changing the labour-material ration from 60:40 to 51:49, rationing funds and restricting coverage to only one third of the blocks in the country.

"The government is in denial...It knows how important MGNREGA is but has initiated a discussion on it to spread misinformation...None of the people I've met in rural areas want the scope of MGNREGA to be reduced in any way," she said.

Roy quoted internal communication of the Rural Development Ministry, obtained through RTI queries, in which senior ministry officials say the decision to change the labour is to material ratio and make it applicable to the district level "runs contrary to the spirit of the act" and that "5 crore households will be adversely affected by this decision". The document goes on to say there is "no case" or demand from any state, except Madhya Pradesh, to increase the material component. "The labour-material ratio is being changed. It will lead to contractor Raj," Roy said.

The Financial Express
Editorial

Unstable equilibrium

Global financial conditions remain quite precarious

If it wasn't bad enough that the IMF further lowered its global growth forecasts a few days ago, the Global Financial Stability Report (GFSR) puts several important caveats to even this growth. As the report puts it, 'although economic benefits are becoming evident in some countries, market and liquidity risk have increased to levels that could compromise financial stability if left unaddressed'. A sample of the 300 largest banks in advanced economies finds that 40% of them—70% in the euro area—are not strong enough to support the credit required in case there is a recovery.

Though the impact of extra QE-liquidity is well known, the GFSR's numbers highlight the extent of the vulnerability. So, after pointing out that volatility levels across asset classes are at a 15-year low, the GFSR makes a few additional points. One, capital markets have become a far more significant provider of capital since the crisis—the share of credit instruments held in mutual fund portfolios has doubled since 2007 and currently accounts for 27% of global high-yield debt. Two, around half the increase in US equity prices since the end of 2012 has been due to a decline in risk premiums, not due an increase in earnings. Three, US corporate bonds spreads—for B- and CCC—are no longer sufficient to protect against even an average default cycle; indeed, around 30% of leveraged loan transactions this year had leverage ratios of more than six times ebitda. As a result, a simulation that the IMF does, of credit risk premiums reverting to historic norms—this means repricing of credit risk by 100 bps—as a result of US interest rates rising, for instance, shows over $3.8 trillion of global bond portfolios getting wiped out. Considering that's around 8% of their value, that's a big risk and can cause significant disruption in global markets.

For emerging markets like India, the worry is an immediate one. Equity portfolio allocations to EMEs from advanced economies have risen from 7% of the stock of advanced economy portfolio investments in 2002 to around 20% in 2012. And in the case of fixed income allocations to EMEs, this grew from 4% of the total stock of outward portfolio investments from advanced economies in 2002 to almost 10% in 2012. While the natural response for the RBI is to buy as much of forex reserves as it can in case equity and debt inflows start reversing—$13.7 billion of equity inflows have in this calendar and $20 billion of debt inflows—there is more that needs to be done. For one, if more swap lines, including from the IMF, can be tied up, the government would do well to do this before there is a crisis. Two, if the right policy decisions in the oil and telecom sectors are taken, large amounts of FDI inflows will come in from these two sectors alone. Three, especially given the RBI data on how just 15% of India Inc's foreign borrowings in July-August were hedged, the central bank needs to strengthen provisioning norms further—a decision on lowering bank exposure norms to individual corporates has still not been taken—and to force more transparency in corporate foreign currency exposures.