Planning Commission
Government of India

PART A: News pertaining to Planning Commission

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आज का विचार (महात्मा गांधी के मूल्यवान वचन)

" जो लोग रिश्वत लेते हैं वे अपने और अपने मुल्क के साथ गुनाह करते हैं।"

1. Treating waste: What Andhra Pradesh can teach

Christin Mathew Philip,The Times of India: Oct 14, 2014

Tamil Nadu lags far behind Andhra Pradesh in treating solid waste generated in its cities, as per the latest planning commission figures. Observers say the state should draw lessons from Andhra Pradesh (figures come from undivided AP) while it moves forward to handle the solid waste challenge.

The commission's May 2014 report 'Waste to Energy' says that only 1,607 tonnes (11%) of the total 14,532 tonnes of collected garbage in TN is being treated every day. The garbage is treated through composting (162 units), vermi-composting (24) and refuse derived fuel (RDF) plants (3). In composting, organic waste is biodegraded. In vermi-composting, worms aid biodegradation. In RDF, waste is processed to produce fuel that is typically burned to generate power.

The **planning commission** report indicates that undivided AP treats 90% of the 10,656 tonnes it generates. But a recent report by the Central Pollution Control Board (CPCB) says AP treats only 3,656 tonnes of garbage per day. Despite this discrepancy, AP is far ahead of Tamil Nadu, and the rest of the country - in treating municipal solid waste. Across the nation, only 25,884 tonnes of the total 1.33 lakh garbage generated every day are treated.

Andhra's success has been largely due to its source-segregation efforts feeding into recycling. But, Almitra Patel, an activisit who was instrumental in drafting municipal solid waste management rules, says most of the waste-to-energy and RDF plants in Andhra Pradesh have failed and are no longer functioning. "The only solution is to segregate waste at source," she said. "Citizens should give only wet waste to garbage collectors and donate all dry waste to rag pickers for a safe city," she added.

B Janardhan Reddy, who was the director of municipal administration of united Andhra Pradesh, said: "Our waste-to-energy plants are not functioning, but we have initiated several composting and vermi-composting facilities in several civic bodies. This has resulted in the increase in the treatment of solid waste".

Dharmesh Shah, environmentalist, said apart from composting and recycling, other solutions are not sustainable. "TN does not need to go around the world looking for models to emulate. We need to understand the problem and then apply appropriate solutions instead of shopping for solutions to fit a problem," he adds.

2. India betters its rank in Global Hunger Index

By Sayantan Bera , Live Mint; 14.10.2014

Nutrition programmes scaled up after 2006 helped India improve its ranking but hidden hunger continues to remain a serious challenge

New Delhi: A sharp reduction in the percentage of underweight children has helped India improve its hunger record, shows the Global Hunger Index (GHI) released on Monday. India now ranks 55 among 76 emerging economies, but is still trailing behind countries like Thailand, China, Ghana, Iraq, Sri Lanka and Nepal.

India's improved ranking is due to its progress in dealing with underweight children, the report said. Between 2005 and 2014, the prevalence of underweight children under the age of five fell from 43.5% to 30.7%. This helped improve the severity of the hunger situation in India from alarming to serious.

The country's latest child undernourishment number (30.7%) is a provisional estimate based on a survey by the ministry of women and child development with support from Unicef in 2013-14. The survey results are yet to be published by the government.

However, India remains home to the largest number of chronically malnourished and stunted children under five, the report said.

India ranked 63 last year and 65 in 2012 on the hunger index. The gauge has been released since 2006 by the International Food Policy Research Institute (IFPRI), a global think-tank on food security, together with non-profits Welthungerhilfe and Concern Worldwide.

In the first index in 2006, India ranked 96 among 119 countries—lower than the hunger hotspot of Sudan which was ranked 95 (Sudan, including the newly independent South Sudan, ranks 72 in GHI 2014).

Globally, between 1990 and 2014, the GHI score improved from 20.6 to 12.5—a reduction of 39%. But, despite the progress, the number of hungry people in the world remains unacceptably high at 805 million, the report said, adding that a critical aspect, hidden hunger or micro-nutrient deficiency, is often overlooked.

"Hidden hunger affects more than an estimated 2 billion people globally. The repercussions of these vitamin and mineral deficiencies can be both serious and long lasting," it said.

GHI is calculated by a simple average of three indicators: proportion of undernourished people as a percentage of the population, prevalence of underweight children under five, and mortality rate among under-five children. A lower GHI score implies better nutritional standard and a higher rank for a country.

In the latest report, GHI scores were calculated for 120 low-income countries. Of these, 76 were ranked. The severity of hunger was found to be low (GHI score less than 5) in 44 countries. These include Algeria, Argentina, Brazil, Cuba, Iran, Kazakhstan, Mexico and Turkey.

India's improved score

India was able to improve its GHI score as the government rolled out and expanded several programmes after 2006 that targeted a mix of direct and indirect causes of malnutrition, the report said. The main reasons were "a final push to expand the Integrated Child Development Services (ICDS) programme that aims to improve the health, nutrition and development of children in India and establish 1.4 million centres, and the launch of the National Rural Health Mission (NRHM), a community based outreach and facility-based health initiative to deliver essential health services to rural India."

The rural jobs programme and reforms in the public distribution system (PDS) are other likely indirect factors that helped improve India's hunger record, the report noted. "Another key element was the creation of a body called the commissioners to the Supreme Court on the Right to Food case, a group that supports independent monitoring of the delivery of food based programmes like the ICDS and PDS," it added.

Hidden hunger

Citing numbers from the Food and Agriculture Organization (FAO) of the United Nations, the report said the effects of micro-nutrient deficiency—which afflicts more than 2 billion individuals, or one in three people—can be devastating, leading to mental impairment, poor health, low productivity and even death.

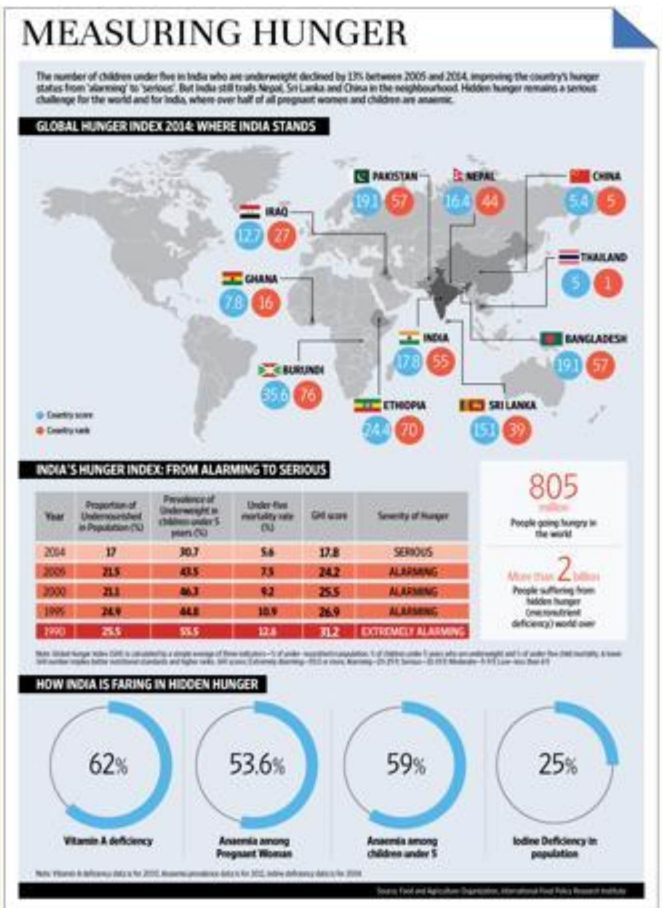
"Although a larger proportion of the burden of hidden hunger is found in the developing world, micronutrient deficiency, particularly iron and iodine deficiency, is also widespread in the developed world," the report said.

"The nature of the malnutrition burden facing the world is increasingly complex. Developing countries are moving from traditional diets based on minimally processed foods to highly processed, energy-dense, micronutrient-poor foods and drinks, which lead to obesity and diet-related chronic diseases. With this nutrition transition, many developing countries face a phenomenon known as the 'triple burden' of malnutrition—undernourishment, micronutrient deficiencies, and obesity," it added.

The numbers flagged in the report present a worrying picture: micro-nutrient deficiencies cause an estimated 1.1 million of the 3.1 million child deaths every year due to undernutrition. Nearly 18 million babies are born with brain damage due to iodine deficiency, while severe anaemia contributes to the death of 50,000 women during child birth every year. An estimated 190 million preschool children and 19 million pregnant women are affected by vitamin A deficiency.

In India, over 40% of preschool children are anaemic (iron deficiency is a leading cause), the report notes.

Although the GHI report does not provide country-wise disaggregated numbers on the prevalence of hidden hunger, numbers provided by FAO show the situation in India.



Incidence of anaemia is 53.6% among pregnant women in India and 59% among children under five. About 62% of the population in India is vitamin A deficient and 25% is iodine deficient.

The way out of hidden hunger, the report said, is by diversifying diets, fortifying commercial foods (successfully done in iodized salt) and bio-fortification—using conventional or transgenic methods to increase micro-nutrient content in food crops.

The report added a cautionary note that an overemphasis on high-yielding staple crops during the Green Revolution (from mid 1970s to mid 1990s) “may have both improved and worsened nutrition”.

“The increase in total output of food staples translated into a drop in the prices of starchy staples relative to the prices of more micronutrient-rich non-staple foods, such as vegetables and pulses. While staple cereals became more affordable, the prices of non-staple foods in some countries rose, making micronutrient-rich foods less attractive to poor people,” it said

3. Narendra Modi's smart cities is a step in right direction but infrastructure needs to built first: HDFC CEO Keki Mistry

Daily News And Analysis: 14.10.2014

Costs of housing has only been on the upmove due to scarcity of land and concentration of businesses in few pockets. To make housing affordable, infrastructure development is the path to adopt and encourage businesses migrate to areas where land and labour are cheaper. In the bargain, the government can ensure distribution of people over a wider geographical area, says HDFC's vice-chairman & CEO, Keki Mistry, in an exclusive interview with OP Thomas.

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- HDFC CEO Keki Mistry

How has been the case with HDFC under the high but stable-rate era?

Our average loan size is about Rs 22 lakhs. We take into consideration the family income and not just individual incomes. Our loan to cost ratio being 65% we are typically discussing properties where average value is around 36 lakhs.Such homes are usually in smaller towns or tier 2,3 cities and on the peripheries of large metros..This does not mean we do not cater to the other category but our focus is more on smaller cities. In cities like Mumbai, property prices in Mumbai can range from Rs 3500-4000 a sq ft in the extended suburbs like Boisar to over a Rs 1 lakh in southern Mumbai, but the mass demand is from smaller size loans. The multiple of the annual income of the average customer vis-a- vis the cost of a house has remained stable in the last ten years. When you also look at interest rates being high, you also need to take into account the effective rates. What has happened is that prices (of homes) have gone higher but income too has gone up. Affordability has remained the same and when you look at interest rates, which may be higher, do not forget the tax benefits. On the principal there is a tax deduction of up to Rs 1.5 lakhs and on interest ,tax is deductible up to Rs 2 lakhs. For example if one avails of a Rs 20 lakh home loan, at 10.15%, and assuming the customer has no other savings like provident fund, or other saving instruments, the effective cost, after discounting the tax benefits can be as low as 4.2%.

...On defaults and restructuring in your loan portfolio

There has not been many job losses in the system. We saw a shade of it though in October-December 2008 where a few did face job losses after the bankruptcy of Lehman Bros and the subsequent financial crisis. However, in the last two or three years there have been no reported job losses though new job creation has definitely slowed down. As for defaults, on our individual books in past ten years, has been lower than the previous year when you compare each quarter with the corresponding quarter of the previous year's. Seasonal defaults do occur like say during festive seasons or when people go on vacation etc, but non-performing assets in the last ten years have been shrinking or on the decline from the already low numbers that we have had historically.

Looking forward, the new government under the Prime Minister, Narendra Modi, seems to be pro- growth. What is your take on the affordable housing of the new government?

My sense is that it can be a reality but obviously will take time. Affordable housing may not be in the city of Mumbai but mainly on the outskirts. The problem with housing today is not the construction costs as much as the escalation in land prices which are significantly high. If one needs to really bring down property prices in Mumbai, then infrastructure needs to be improved significantly. Create a road path over the sea that connects the north and south of the city with inlets connecting to various parts of the city and improve transport. Simultaneously, one would need to create more schools, colleges, medical centres, hospitals, water supply, sewage lines and only then should buildings in the city be permitted to go higher which means more supply leading to pressure on property prices. Property is like any other commodity. It is more a function of demand and supply. You have to create a supply, because demand is high and difficult to control. The only option is to increase supply for which you need to create the right infrastructure. Would that mean prices in Mumbai may not be down? Prices can come down if land is made available at lower price. But being an Island city ultimately to bring prices down you need to create infrastructure. Our prime minister's policy of creating smart cities is a step in the right direction. Once smart cities are created, say on the outskirts of Mumbai, you will see lots of businesses from the city migrating to the new city due to cheaper land, labor and property. Once the ball starts rolling, people too will become mobile as jobs get created and one could ultimately have a distribution of people over a wider geographical area. There are some interesting statistics—that the top 10 cities of India, which have 8% of India's population and only 0.1% of land area, contribute 15% of gross domestic product (GDP). Further, the top 100 cities take up only 0.24% of land area, contribute 43% of GDP and have about 16% of India's population. The point I am making is that if 43% of India's GDP can be generated on just 0.24% of land area, then if you utilise land more effectively by creating more cities, towns, business and urban centres, you can get a quantum leap in GDP numbers. Therefore, focusing urban infrastructure is critically important. Now both these things we talked about—tackling inflation and creation of urban infrastructure—are capital-intensive. So you need to have a separate avenue to raise money.

How can one fund such capital-intensive projects when on the other hand black-money generation, according to some, estimated at a $1trillion , continues to expand?

My suggestion would be to give a one-time amnesty (for holders of black money). We know for a fact that there are huge amounts of unaccounted money with Indians in India and abroad. And we have to find a mechanism to bring that unaccounted money back into the system. You can charge them a higher tax rate, say 40%, but at least 40% of that black money can come into the system. Then you can set up something like the SIT (special investigation team), which could identify defaulters with the understanding that such defaulters could get into serious trouble. That would be an incentive for people to use the amnesty scheme. So 40% you collect as revenue, 60% which is to be paid back to the individual can be retained with the government through issuance of a five-year interest-bearing bond to the individual. These funds then can be utilised for funding infrastructure and tackling inflation, etc for the next five years. We have progressed a lot in terms of where the currency has stabilised. Just around a year ago we were talking of our currency hitting 75-80 a dollar. But today, the rupee has stabilised and is one of the best performing currencies. True interest rate has not gone down but it has also not gone up and the country stands benefitted by virtue of global oil prices, and once inflation is down we will structurally start seeing lower rates.

...On the merger of HDFC Bank with HDFC

From the long term perspective, it makes sense to merge the entities. There are also regulatory costs and we are in the process of evaluation on a continuous basis. Whenever shareholders of both the entities see the value proposition we will go ahead with it.

4. India misses a short cut to vikas
Ravi Bhoothalingam, Business Standard: 14.10.2014

The country's 'security' fears in engaging more closely with China's regional economic outreach programmes are overdone

What is remarkable in the joint statement released after the visit of China's President Xi Jinping last month is what it did not contain rather than what it did. There was no mention at all of the Maritime Silk Route (MSR) - an idea floated by President Xi himself during a tour of Southeast Asia in October 2013 and strongly advocated since then (along with a spate of other overland "Silk Routes") by the Chinese government. Presumably, Xi's overtures received a tepid response. So, how should India view the MSR in the light of our own national interest?

There is a sense of dejà vu here. When the "Kunming Initiative" was mooted by China in 1999, India's reaction was unenthusiastic. It was only in 2013 that India agreed to participate in a multilateral "study" of the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). And while the BCIM-EC does find a place in the Modi-Xi joint statement, the phraseology is noticeably lukewarm.

China's policy of economic outreach is very clear. Whether it is the BCIM, the Greater Mekong Sub-regional programme, the Silk Road Economic Belt spanning China's West and Central Asia, the China-Pakistan Economic Corridor, or now the MSR, the name of the game is multi-modal connectivity with its extended neighbourhood. The economic logic is based on the observation that no country in modern times has achieved sustained development without increasing its share in world trade and investment. And connectivity provides the channel to do so.

Spreading its overseas investment also improves China's risk-return equation, compared to the now dismal returns on US Treasury bonds. It also generates orders for China's capital goods companies, many with large surplus capacities after years of over-investment. These are all elements of China's plan to achieve the "Chinese dream" of "a moderate level of prosperity" for her people by 2020.

Since our new government has articulated "vikas" (development) as its goal, India should welcome any connectivity initiatives that could extend our own economic outreach. We see ample evidence of the Association of Southeast Asian Nations (Asean) countries putting this model into practice through their integration into the production, investment and supply chains of China, Japan and East Asia to their lasting benefit.

But there is an underlying fear of a Chinese design to use the MSR to draw India (and others) into a sphere where China's writ will hold. Such realist geo-political reasoning does not fully comprehend the complex and interdependent nature of global business and modern geo-economics.

Whoever wields greater economic power does not always wield the greater clout. In the corporate world, for example, minority partners can wield strong influence over - or even control - a company with a small shareholding, if they add exceptional value by way of management, access to markets or intellectual property. A long-term view of business, where all stakeholders prosper, is a better bet than a tactical "winner-takes-all" game. So, if the MSR is crafted as a tide that lifts all boats and meets India's aspirations towards vikas, should ill-defined "security" concerns blunt the growth impact of the connectivity corridors? The worst security threat, after all, is a restless population that sees its modest aspirations for a better life receding into a distant horizon.

India's aim, therefore, in the MSR, as in the other corridors, must be to actively participate to ensure that the financial, investment, trade, dispute-resolution and governance mechanisms that will frame the rules of the game, are constructed on the basis of fairness, transparency and equity. The recently-announced BRICS Development Bank is an example. Shareholding patterns are equal among the partners. The first President of the bank is to be an Indian. India can, thus, seek to play an active role in how the Bank will work. The proposed Asian Infrastructure Investment Bank is another opportunity to access low-cost funds. Even if shareholding patterns are not equal, as long as the institutional arrangements are generally equitable in terms of powers, benefits and safeguards, a going concern can operate on a shared vision and mutual benefit.

To make the most of this refreshed Sino-Indian engagement, India's own economy needs to be revitalised and strengthened across many dimensions. That, now, is a separate story.

5. Why repealing AFSPA in J&K is the smartest move for India

Ajai Shukla , Business Standard: 14.10.2014

Jammu & Kashmir (J&K) remains in the news, mostly for negative reasons - the devastating flood and its aftermath; ceasefire violations on the border; and for what is shaping up to be a communally polarised election. With New Delhi failing to engage Srinagar meaningfully, resentful Kashmiris have dismissed its flood rescue effort as a self-serving gimmick, and blamed Indian bull-headedness for ceasefire violations. The forthcoming elections - which New Delhi likes to hold up as Kashmir's acceptance of democratic India - will be dissed by Kashmiris as an Indian ploy.

If Prime Minister Modi is to drain the Kashmiri ulcer, he cannot be deterred by the strident, pro-azadi rhetoric, which reflects just one side of the Kashmiri brain. Instead, he must reach out to the other side, launching a serious initiative to convince Kashmiris that their future lies with India. New Delhi's shabby practice for winning Kashmiri hearts has traditionally been to throw money at the valley through leaky schemes that benefits only the venal political-contractor lobby that is India's constituency in the valley. Most Kashmiris find this practice deeply offensive, yearning as they do for political solutions to the 25-year-old armed uprising and the six-decade-long political struggle.

Mr Modi must, therefore, reach out to the valley with eye-catching political concessions. The obvious, low-hanging fruit waiting to be plucked is the Jammu & Kashmir Armed Forces (Special Powers) Act, 1990 (AFSPA), the emergency law that legally empowers the army to search, apprehend, destroy property and shoot to kill on suspicion. The generals insist they need the protection of AFSPA in an environment in which militancy has taken control of the judiciary. In 2011, when J&K chief minister, Omar Abdullah, proposed revoking AFSPA in the districts of Srinagar, Budgam, Jammu and Samba, the army's top commander in the valley, Lieutenant General Syed Ata Hasnain - an officer acclaimed for his outreach - flatly rejected the idea as premature.

Hasnain offered a comprehensive rationale for retaining AFSPA. He argued that the peace of 2011, coming after three straight years of mass street agitations across Kashmir, was a separatist strategy to rest, regroup and recruit; before resuming the agitation in 2012. Declaring that Kashmir presented not just a law and order problem but also an existential threat to India, Hasnain said the army's road lifelines to its defences on the Line of Control pass through Srinagar and Badgam. He pointed out that the air approaches to Srinagar airfield, used by civilian airliners and military aircraft, needed to be secured by the army, as did the Srinagar cantonment, from where war with Pakistan would be directed. Underlying the army's reluctance to forego AFSPA is the conviction that, once lifted, its reintroduction would be politically impossible, even in a crisis. Neither the central, nor state, governments have reassured the army on this account.

The army steadfastly rejects the proposal to withdraw AFSPA from Srinagar and Badgam, even though the J&K Police and the Central Reserve Police Force protect these districts, neither of which are covered by AFSPA. The generals argue that police and CRPF protection is just one layer of security. As important for keeping these districts safe are "area domination" operations by army columns to keep militants at bay. These operations, says the army, must be covered by AFSPA.

So far the army's apprehensions have proved to be unfounded. The years since 2011 have gone by without renewed street protests. Now a new spectre has been raised - the army says the Nato drawdown from Afghanistan at the end of this year could bring jihadi hordes flooding into Kashmir. Next year the bogey could be The Islamic State. One Kashmiri has asked me whether complete, global peace is a pre-requisite for lifting AFSPA and restoring normalcy in Kashmir.

Thinking strategically, rather than merely tactically or operationally, it is hard to dispute that AFSPA has emerged as a potent symbol of oppression, the disadvantages of which transcend any protection that it might once have provided the military. The army understands that, in battle, when a defensive position is under overwhelming attack, it is time to withdraw to a fall-back position. Yet the generals have not translated that battlefield common sense to an identical situation on the psychological and perceptual plane. Defending AFSPA is simply too damaging for the army's own image. It is time to fall back to the next position, by devising operating procedures that do not require the protection of this draconian law.

Criticism of AFSPA, which resonates worldwide, is embarrassing for New Delhi. In 2005, the Jeevan Reddy Committee, established to review AFSPA, termed it "a symbol of oppression, an object of hate and an instrument of discrimination and high-handedness". In 2013, the Justice J S Verma Committee, which was set up to examine criminal law relating to sexual assault, sharply criticised AFSPA and recommended its immediate repeal. Last year, the Justice Santosh Hegde

Commission, mandated to examine extrajudicial executions in Manipur, noted that AFSPA had made "a mockery of the law". International criticism has been as sharp with several UN special rapporteurs, and international human rights bodies urging New Delhi to repeal the law.

Repealing this law is essential for enhancing India's moral stature and that of the army. It would substantially defang the criticism of human rights groups and that of Kashmiri separatists. Finally, it would send out an unmistakeable signal that New Delhi is ready for a political dialogue with Kashmir, a prerequisite for restoring normalcy to that troubled state

6. Govt lays down global standards for infra cos

The Hindustan Times: 11.10.2014

All new big projects to be pitted against world leaders; investment efficiency to be measured annually

The Planning Commission has come out with a detailed action plan incorporating new efficiency parameters for infrastructure ministries such as civil aviation, railways, ports & inland waterways, power & renewable energy, roads & highways and petroleum & natural gas. This is in line with Prime Minister Narendra Modi's recent review of the core sector and the announcement to develop worldclass infrastructure facilities in India.

BHARAT, THE WORLD BEATER

Prime Minister Narendra Modi wants big infra projects to compete with the world's best, and the plan panel has chalked out new norms

Sector	Existing parameters	Additional parameters	International benchmarking
Civil aviation	Customer satisfaction; non-aeronautical revenue; route optimisation	On time performance of Air India & revenue per employee for Air India	AI's performance to be benchmarked against best-in-class domestic and world carriers
Ports, inland waterways	Average turnaround time; cargo handled	Revenue per employee for major ports	Comparison with ports at Colombo, Singapore etc
Railways	Freight carried; electric & diesel loco utilisations	Punctuality; revenue per employee; traffic output per route km	Benchmarking against comparable railway systems especially China, Russia, US
Petroleum & natural gas	Gross refining margin; internal energy consumption	LPG coverage in rural areas; parameters related to conservation	Direct comparison with leading global players

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NOT A COMPREHENSIVE LIST

Under the action plan, all big infrastructure projects in the country will be benchmarked to the best available practices and international standards. For instance, if a major port is being developed, it will be benchmarked a g ainst the most efficient ports in China, Singapore and other countries. Similarly, for railway systems being developed in India, a comparison will be carried out with those in Russia and the US.

Then, a new parameter called "investment efficiency" has been introduced for all infrastructure ministries. "Investment efficiency will be measured annually and will be worked out as the difference between completion cost and the original cost and the difference between original times and the actual time of comPrime Minister Narendra Modi wants big infra projects to compete with the world's best, and the plan panel has chalked out new norms

Sector Civil aviation Ports, inland waterways

Railways Petroleum & natural gas Existing parameters Customer satisfaction; non-aeronautical revenue; route optimisation Average turnaround time; cargo handled Freight carried; electric & diesel loco utilisations Gross refining margin; internal energy consumption Additional parameters On time performance of Air India & revenue per employee for Air India Revenue per employee for major ports Punctuality; revenue per employee; traffic output per route km LPG coverage in rural areas; parameters related to conservation pletion," a senior government official said.

Ministries have been asked to monitor these parameters on electronic reporting formats and on an annual basis. They have also been directed to ensure a 10% increase in these efficiency parameters each year.

The Narendra Modi-led government is keen to speed-up investments and infrastructure development in the country to boost economic growth, which International benchmarking AI's performance to be benchmarked against best-in-class domestic and world carriers Comparison with ports at Colombo, Singapore etc Benchmarking against comparable railway systems especially China, Russia, US Direct comparison with leading global players remained at sub-5% levels during 2012-13 and 2013-14.

Modi had reviewed the progress of major infrastructure sectors on September 12.

"Following the review by the PM, the Planning Commission held a meeting with these ministries on September 19 and finalised efficiency parameters besides adopting global best practices for developing infrastructure projects in India," a senior Planning Commission official told HT.

PART B

NEWS AND VIEWS

Tuesday, 14th October 2014

Polity	: 2 states vote tomorrow, big test for Shah
Economy	: Economic recovery in India still uneven, says Rajan
Planning	: Stalled projects may power India
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Polls project BJP ahead in Maharashtra, Haryana

2 states vote tomorrow, big test for Shah

AGE CORRESPONDENT
NEW DELHI, OCT. 13

BJP's internal assessment says Jats still likely to support Chautala

The high-voltage campaign for the October 15 Assembly elections in Haryana and Maharashtra came to an end on Monday evening as Prime Minister Narendra Modi wrapped up his offensive against the Congress and other rivals who gave back in equal measure. All eyes are now on BJP president Amit Shah's gamble of going it alone in the two crucial states.

The BJP snapped its 25-year-old alliance with the Shiv Sena in Maharashtra over the seat-sharing formula, while in Haryana it ended its alliance with Kuldeep Bishnoi's HJC, that had wanted to contest equal number of seats. There are 288 Assembly segments in Maharashtra while Haryana has 90. In the last Assembly elections, the BJP had won 46 seats in Maharastra and has four members in the outgoing Assembly.

While most opinion polls have predicted that the BJP will emerge as the single largest party in both states, a BJP internal assessment shows that in Haryana, the powerful Jat community prefers Om Prakash Chautala's INLD. Also, a multi-cornered fight and factionalism might hurt the saffron party's poll prospects in Haryana, where the Opposition has accused it of "borrowing leaders" from other parties.

But the BJP's own assessment has shown that the leadership's decision to go solo has boosted its poll prospects as well as charged up its cadre. But the party's poll managers are still keeping fingers crossed as the final picture will start emerging only after the votes are cast.

In both states, the party's poll managers are also heavily banking on the charisma of their star campaigner, Prime Minister Narendra Modi, who has addressed more than 30 rallies in both states. In both, the BJP leadership also refrained from projecting any face, apprehending that it could give rise to factionalism, especially in Haryana, where there are many aspirants for the post of chief minister.

The Financial Express

Date: 14/10/2014
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Economic recovery in India still uneven, says Rajan

New York, Oct 13: RBI governor Raghuram Rajan has exuded optimism that the country will be 'solidly' in the 5% growth bracket during the course of this fiscal and accelerate further in the next financial year.

Rajan also said he is not overly worried about any interest rate hike by the US Federal Reserve, saying the country had enough foreign exchange reserves.

"It is still an uneven (economic) recovery, so, my guess is that this quarter may be a little weaker than the previous quarter, but, I think, over the course of this year, we will be solidly in the 5% growth range and, by next year, we should be solidly in the 6% growth range," he said.

> It is still an uneven recovery... so, this quarter may be a little weaker than the previous quarter, but, I think, over the course of this year, we will be solidly in the 5% growth range and, by next year, we should be solidly in the 6% range
>
> **RAGHURAM RAJAN**
> governor, RBI

Rajan was speaking at the Institute of International Finance in Washington on Saturday. He said there was no need for 'grand-sounding announcements' and that the India needed to 'fix the plumbing', including correcting problems in coal and gas sectors to accelerate improve recovery and get the Indian economy back on track.

Rajan said while India has to do its basic homework, the 'good news' is that there are 'lots of low-hanging fruit and we got to pluck them'.

"Of course, the big question is why we did not do it before but I think there is an environment and there is a willingness at this point to do what it takes.

In a lighter vein, Rajan said the expectations need to be toned down. Rajan said beyond 2016, the Indian economy will grow depending on what the country does over these couple of years. *PTI*

The Asian Age

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Stalled projects may power India

AGE CORRESPONDENT
NEW DELHI, OCT. 13

India can solve its energy problem within 18 months by putting in place thermal capacity of about one lakh mega watt (MW), which is lying incomplete, chairman of the Advisory Group for Integrated Development of Power, coal and renewable ene-rgy Suresh Prabhu said on Monday.

"Within 18 months, the country can solve energy problems by putting in place thermal capacity of about 1 lakh MW, which is lying incomplete, blending it along with about 2,50,000 MW capacity available as of today," said Mr Prabhu at a conference organised by Assocham.

Revamp on mind

- **Centre plans to solve energy crisis within 18 months by putting in place a 1lakh MW thermal power plant**

He was power minister in the previous NDA-led government.

"If we use this opportunity now, we can address the energy problem in a very significant way," he said.

Terming financing as an extremely challenging issue being faced by the renewable energy sector, Mr Prabhu said, "We need \$7.5 billion of equity and \$22.5 billion of debt and to make that happen we need to put in some sort of an instrument in place".

He noted that equity is going to be extremely challenging unlike debt financing.

He suggested that the government should transfer the clean energy cess worth ₹100 per tonne being collected from Coal India to the Indian Renewable Energy Development Agency as they could leverage this by nine times as part of capital adequacy norms for non-banking financial companies (NBFCs).

The Economic Times

Date: 14/10/2014
Page No. 15

GDP Data All Set to be Updated by 2015

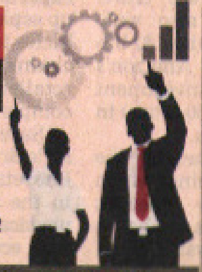
New GDP Series on Cards

NEW BASE YEAR 2011-12

EARLIER BASE YEAR 2004-05

WHEN?
It will be released on Jan 31, 2015

GDP data from 2011-12 will be revised



India is currently the10th largest economy in the world in nominal GDP terms

MAJOR CHANGES

Incorporate co data from MCA21 data base instead from RBI	Latest census surveys will be considered
Incorporate data from Sebi and PFRDA	Use consumer price index
Changes in other indices	
By Jan 2017 all nos. from 2011-12 will be updated with new indices	New IIP & WPI series to be released by Mar 2016

From now on, base year of all economic indices may be revised every five years

Our Bureau

New Delhi: Come 2015 economy watchers and experts will have more updated GDP data to analyse the Indian economy that is showing signs of reversing two years of slump. The statistics office said on Monday that the base year of GDP will be revised to 2011-12 and the new data will be available from 2015.

The overhaul of the GDP is expected to expand the size of the Indian economy, due to broadening of coverage of unorganised sectors, agriculture and corporate sector.

"In accordance with the recommendation of the National Statistical Commission to revise the base year of all economic indices every five years, it is proposed to revise the base year of national accounts from 2004-05 to 2011-12 in 2015," ministry of statistics and programme implementation said in a statement on Friday.

The new series will provide more updated information about the Indian economy that has seen a remarkable growth surge from 2004-05 up to global financial crisis in 2008 and deep slowdown in the last couple of months. "The new series of national accounts is tentatively scheduled for release on January 31, 2015," the statement said.

According to experts, widening of national accounts coverage in different sectors will likely push up India's absolute GDP numbers substantially from the ₹113 lakh crore in 2013-14.

India is currently the10th largest economy in the world in nominal GDP terms. The changes are based on the recommendations of the Advisory Committee on National Accounts Statistics (ACNAS) headed by Prof K Sundaram.

The new series will incorporation corporate information from the MCA21 database of the ministry of corporate affairs instead of the results obtained from the RBI study on Company Finances, which would mean a more comprehensive inclusion of corporate data in GDP numbers.

CSO will directly source corporate data from the ministry of corporate affairs database of more than 3.5 lakh companies to estimate GDP.

Advisory Committee on National Accounts Statistics headed by Prof K Sundaram suggested these changes

The statistics department currently relies on financials of about 2,500 firms compiled by the Reserve Bank of India to get an estimate for the entire industry. "Use of MCA database will considerably change the manner in which we estimate corporate sector data," said a Mospi official.

It will also help improve accuracy, particularly for the services sector, which accounts for about 60% of GDP.

The revision has got delayed as the earlier exercise with base year 2009-10 had to be aborted as that year there was a severe drought. Base year is carefully selected because of the impact it has on the numbers and is usually choses as one in which no serious anomaly was present.

The new series of Index of industrial production and wholesale price index will be released by March 2016, with revised base of 2011-12.

The Economic Times

Date: 14/10/2014
Page No. 15

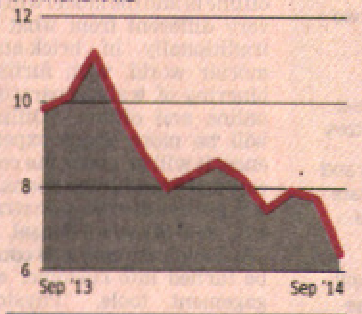
Retail Inflation Eases to 6.46% in Sept, Ball in Rajan's Court Now

If inflation numbers remain low in October as well, it could prompt RBI to cut rates in next policy meet

A Strong Case for Rate Cut

Retail inflation at its lowest in the new consumer price index

% ANNUAL RATE



UPSIDE RISK LIMITED

Inflation could inch up after the effect of high base is over in the new calendar

Pressure on RBI to cut rates

RETAIL INFLATION IS LIKELY TO FALL FURTHER IN THE COMING MONTHS BECAUSE

Softening crude price that will lower fuel prices in India

With the onset of winter vegetables prices may moderate further

Softer global growth to pressure commodity prices

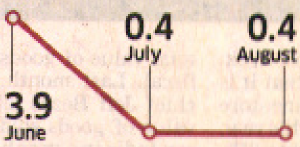
CORE INFLATION HAS MODERATED

6.90% August

5.90% September

INDUSTRIAL GROWTH HAS SLOWED

% ANNUAL GROWTH



GLOBAL ECONOMY EXPECTED TO GROW AT A SLOWER RATE

Our Bureau

New Delhi: Retail inflation fell sharply in September from the previous month, dropping to its lowest since the government launched the consumer price index (CPI) in 2012 and making a strong case for the Reserve Bank of India governor Raghuram Rajan to slash interest rates after industrial growth disappointed for the second successive month in August.

Consumer inflation fell to 6.46% in September compared to the year-ago period, from 7.8% in August, due to the sharp decline in vegetables inflation and the base effect of high inflation last year, data released by the statistics ministry on Monday showed.

Retail inflation in vegetables eased to 8.59% in September from 15.1% in the previous month. "In case the inflation numbers remain low in October as well, it could trigger RBI to cut rates in the next policy meet," said Madan Sabnavis, chief economist, CARE Ratings. RBI has maintained a status quo on the repo rate after the 25 basis points hike in January. It has set a target of bringing inflation down to 8% by January 2015 and 6% by January 2016. It will be under greater pressure to cut rates after industrial growth rose just 0.4% in July and August and inflation is likely to ease further due to lower fuel prices and high base effect of last year.

JP Morgan has lowered GDP growth forecast for 2014-15 to 5.1% from 5.3% following weak inflation data. "Retail inflation numbers provide some optimism in light of the near-stagnation in industrial output in July-August 2014. Softening of prices of various commodities including crude oil and domestic prices of unregulated fuels would benefit the CPI trajectory in the near term," said Aditi Nayar, senior economist, ICRA.

Core inflation, a measure of inflation that removes volatile food and fuel elements and is followed closely by central bankers for signs of demand pressures, eased further in August, ticking one more box in support of a rate cut. Core CPI was down to its lowest ever to 5.9% in September against 6.9% in the previous month. Wholesale inflation numbers for September will be released on Tuesday.

RBI has set a target of bringing inflation down to 8% by Jan 2015 & 6% by Jan 2016

SBI's chief economist Soumya Kanti Ghosh expects this important measure to ease further in the months ahead despite base effect weakening by the end of the year.

"It should be lower than 5% by March 2015, given the fall in crude prices and also the fact that vegetable prices have actually declined at the mandi level on a month on month basis," he said. Global crude oil prices fell below $90 per barrel last week with Brent crude at a four-year low on Monday. Fuel inflation eased to 3.45% in September. Wholesale inflation has been following a declining trend, with August inflation at a five-year low of 3.74%.

The Indian Express

Date: 14/10/2014
Page No. 14

Plans to do away with outdated provisions for labour welfare

LabourMin drafts separate Bill to regulate small factories

SURABHI
NEW DELHI, OCTOBER 13

MICRO, small and medium enterprises employing up to 40 workers will now be brought under the ambit of a new labour law that is, however, poised to cut down on cumbersome procedures by permitting online registration of units and e-filing of compliance returns by employers through a single unified form.

The labour ministry has drafted the Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014, that seeks to regulate small industries but at the same time provide ease of doing business to these units.

"The objective of the Bill is to simplify the law for small manufacturers but at the same time ensure welfare of the workers employed by them," said a senior labour ministry official.

Accordingly, the draft Bill has sought to provide each employer a labour identification number that would allow him to register online and submit a single compliance report for all 44 labour laws.

Significantly, the new Bill also plans to do away with outdated provisions for labour welfare such as spittoons and washing and drying lines in each factory, that have been included in the new Factories Bill as well.

Instead, taking cognisance of the fact that small units often run out of a single room, the government plans to allow a cluster of small factories to provide washroom and toilet facilities to their combined workers.

"The employer shall provide sufficient latrine and urinals as may be prescribed and they shall be so conveniently situated as may be accessible for the worker employed in the small factory. Provided that in case it is not possible, due to constraint in space or otherwise several employers, may provide common facilities," the draft Bill has proposed.

Further to establish an employer-employee relationship as well as step up efforts to financial inclusion, the Bill has proposed that employers must transfer wages into a bank accounts instead of cash payments.

"Often it is seen that workers are not given any benefits as the employer pays them by cash and there is no record of their employment. Ensuring that salaries are paid into bank accounts means that there is proof of employment while at the same time encouraging workers to save a part of their earnings," said the official.

The ministry has now circulated a draft of the Bill to stakeholders, seeking all comments by November 15. The Bill is likely to be tabled in Parliament during the Winter Session.

"We are hopeful that given the focus on labour law reforms, this bill too will be enacted soon," said the official, adding that most of its provisions are compliant with the new Factories Bill. The need for a separate labour law for small factories was highlighted by the Second National Commission on Labour, way back in 2000, which felt that not only would it encourage more small scale industries but would also boost employment opportunities in the sector.

EASIER COMPLIANCE NORMS

THE LABOUR ministry has drafted the Small Factories 2014 that seeks to provide ease of doing business to these units

THE OBJECTIVE of the Bill is to simplify the law for small manufacturers but at the same time ensure welfare of workers

The Indian Express

Date: 14/10/2014
Page No. 14

New govt body to have power to initiate product recalls

AVISHEK G DASTIDAR
NEW DELHI, OCTOBER 13

INDIA is gearing up to establish its first ever authority with the power to initiate mass-scale product recall. Designed on the lines of the Federal Trade Commission of the US, the authority will intervene with class action against manufacturers or providers of services whose faulty products have impacted a large number of buyers.

Operating in multiple levels of intervention, right from product inspection to complaints by consumers, the Minister of Consumer Affairs is going to create the authority with the necessary teeth that safeguards individual consumers from having to engage in lawsuits against manufacturing giants.

"If there is complaint about a newly launched car, chances are a large number of cars will have the same problem.

In that case, it does not make sense to treat that as an individual customer's grievance. The authority will then intervene with class action," Consumer Affairs Minister Ram Vilas Paswan told *The Indian Express*.

Misleading ads in posters, wall-writings, billboards and the like with dubious claims of products promising to make the consumer taller, thinner, fairer etc will be nipped by suo motu intervention by the authority.

To gain feedback about products in the market, the ministry is in the process of creating a web portal so that consumers can log in and complain. Apart from complaints from consumers, the nature of triggers prompting action from the authority will also be product inspection and market survey on customer feedback.

The idea of the authority, operating at national, state and district levels, is to embed the powers and scope of the Prevention of Unfair Trade Practices Act in the authority and equip it with tools for necessary executive action in the overall consumer-protection ecosystem of the country, said a senior ministry official.

"Assuming the lift in an apartment building does not function as promised, the residents welfare association will not need to fight with the manufacturer in an individual case, but can alert the authority for class action," the official said.

MANUFACTURING WATCHDOG

- The body is designed on the lines of the Federal Trade Commission of the US
- It will intervene with class action against manufacturers or providers of services whose faulty products have impacted a large number of buyers
- The authority will have the necessary teeth that safeguards individual consumers from having to engage in lawsuits against manufacturing giants
- It will have multiple levels of intervention — from product inspection to consumer complaints

The Pioneer

Date: 14/10/2014
Page No. 05

Move to expedite rail overbridge plans

Inter-ministerial panel headed by Gadkari to clear infra projects

JAYA SHROFF BHALLA
NEW DELHI

With over 180 rail overbridges (RoB) awaiting approvals from the Railway Board, causing massive delays in road construction, the Government has decided to streamline and ease the processes and expedite clearances.

The infrastructure panel, which meets every month for removing hurdles hindering project pace, has decided to take up RoB clearances in their monthly meetings.

The Government had recently decided to form the infrastructure committee headed by Minister of Road, Transport and Highways (MoRTH) Nitin Gadkari to remove roadblocks causing delays in big ticket infrastructure projects.

"The road and railways Ministries will work in close cooperation to ensure that these projects get clearances at the earliest," said an official from MoRTH.

"This committee was set up to fast track big infrastructure and industrial projects that are held up for want of various Government approvals. The Government wants to push through infrastructure projects to quicken growth after two years of sub-5 per cent economic growth," he said.

The infrastructure committee comprising representatives from both roads and railways Ministries has decided to develop set templates for railway overbridges, as in the past differences between the two Ministries have stalled these projects. The Railways Minister also announced that they would waive off maintenance charges to expedite project completion.

"The maintenance charges, at 30 per cent of the cost of the bridge, are an upfront payment made to the railways. For PPP projects, this has been an extra cost since responsibility of maintenance is with the concessionaire. This will be a welcome move," said the official.

"The set templates would help the road developers struggling to get the designs of the RoBs get faster approvals," he said.

The Railway Ministry has also decided to develop a web portal to upload standard and basic design templates for such bridges so that companies can follow a uniform model.

"The final clearance call would lie with the committee. A process which took 2-3 years or more for completion, would now take anywhere from six to eight months to get a RoB cleared from the date of application for project," said the official.

The committee has decided that the rail Ministry will move the approvals for rail overbridges online. This move will ensure transparency in the process and one would track the movement online.

"The move will not just bring down project completion time but also help improve the viability of the projects. The delays in clearances during the term of the UPA Government saw a major slowdown in lending from banks in the highways sector," said the official.

The issue of safety clearances from the railways which at times take even two to three years to procure is being dealt with by the two Ministries.

The Statesman

Date: 14/10/2014
Page No. 01

Hudhud: AP, Odisha mount relief efforts, death toll 24

PTI & SNS
Visakhapatnam/Bhubaneshwar/New Delhi, 13 October

Andhra Pradesh and Odisha today mounted massive relief efforts on a war footing to restore communication and power links and clear roads that were battered in the powerful cyclone Hudhud in which the death toll rose to 24.

The worst hit port city of Visakhapatnam, home to a major naval base, resembled a war zone as tens of thousands of people in several districts were rendered homeless and over seven lakh people including five lakh people in AP evacuated and put up in relief camps.

As authorities grappled with fixing the badly smashed infrastructure in nearly a dozen districts, including Vishakapatnam which is home to two million people, Prime Minister Narendra Modi announced that he will visit Visakhapatnam tomorrow.

"A total of 15 deaths were reported from Visakhapatnam district, five in Vizianagaram and one in Srikakulam," Special Commissioner in AP Disaster Management Authority, K Hymavathi told PTI, as authorities assessed the extent of loss to human lives. Three people had died in cyclone-related incidents in Odisha where no fresh deaths were reported.

The Centre, however, put the combined death toll at 17. "A total of 17 people have lost their lives--14 in Andhra Pradesh and 3 in Odisha," a Union Ministry of Home Affairs statement said in Delhi.

Advisor (Communications) to AP Government, Parakala Prabhakar said most of the deaths occurred due to falling of trees on the victims.

Authorities in AP said yesterday the storm had claimed five lives as torrential rains and gale force winds packing a speed of nearly 200 kmph pounded Visakhapatnam, Vizianagaram and Srikakulam districts. The cyclone had moved from coastal AP to Odisha, where it damaged about 50,000 thatched houses, power network and roads, before heading to Chhattisgarh and weakening into a "deep depression".

Besides Visakhapatnam, the other north coastal Andhra districts of Srikakulam, Vizianagaram and East Godavari have

suffered widespread damage. Odisha's Gajapati, Koraput, Malkangiri and Rayagada were the worst affected out of the eight districts hit by the cyclone.

The Centre was also keeping a close watch on the situation.

The Visakhapatnam airport also bore the brunt of the cyclone fury with the roof over a portion being blown away due to the gales.

Andhra Pradesh Chief Minister N Chandrababu Naidu, who has decided to camp in Visakhapatnam to oversee the relief operations, said in Rajahmundry that the government's priority is to restore access to affected villages, establish communication networks and take care of those provided shelter. "There has been extensive damage to houses and electrical infrastructure due to the cyclone which passed the state late last night," Naidu's Odisha counterpart Naveen Patnaik told reporters in Bhubaneshwar.

The Statesman

Date: 14/10/2014
Page No. 11

'Power crisis can be solved within 18 mths'

STATESMAN NEWS SERVICE
New Delhi, 13 October

Revival of one lakh MW thermal power capacity plants that are lying idle due to various reasons can make India overcome the power crisis it is currently facing, according to the chairman of the Advisory Group for Integrated Development of Power, Coal and Renewable Energy, Mr Suresh Prabhu. He exuded confidence that India's electricity problems can be solved within a short time.

Inaugurating a seminar on "Financing & Regulatory Issues in Renewable Energy" organised by industry body Assocham, Mr Prabhu said within 18 months, the country can solve energy problems by putting in place thermal capacity of about one lakh MW, which is lying incomplete, blending it along with about 2,50,000 MW capacity available as of today.

He said: "If we use this opportunity now we can address the energy problem in a very significant way."

Terming financing as an extremely challenging issue being faced by the renewable energy sector, he said: "We need $7.5 billion of equity and $22.5 billion of debt and to make that happen we need to put in some sort of an instrument in place."

Mr Prabhu said equity is going to be extremely challenging unlike debt financing. He said the government should transfer the clean energy cess worth Rs 100 per ton being collected from Coal India to the Indian Renewable Energy Development Agency.

Policy synergy linked to global growth

STATESMAN NEWS SERVICE
New Delhi, 13 October

India has garnered support from the emerging market economies for greater international policy coordination to deal with the negative spillovers at G-20 Deputies meeting held in Washington last week, the finance ministry said in a Press statement today.

Mr Arvind Mayaram, finance secretary, made a detailed presentation on the subject during the Growth Strategies Session of G-20 Deputies Meeting on 10 October at Washington DC on the sidelines of the Annual IMF/World Bank meetings.

Mr Mayaram said domestic policy efforts are country specific whereas to reach the target of two per cent global growth in the next five years greater synergy would be required in the international policy coordination.

He reminded the dignitaries present at the meeting that in 2008, at the Washington Summit, it was agreed to that a broader policy response is needed, based on closer macroeconomic cooperation, to restore growth, avoid negative spillovers and support emerging market economies and developing countries.

A list of measures that could possibly have negative spillovers was also shared during the session.

Mr Mayaram made a case for international organisations (IOs) to include negative spillovers in their models which currently focus only on the positive spillovers.

He said currently the spillover analysis done by the IOs and the growth assessment are completely delinked.

Business Standard

Date 14/10/2014
Page No. 04

ALARM BELLS ON RURAL JOBS GUARANTEE LAW

Economists petition Modi against dilution of MGNREGA

BS REPORTER
New Delhi, 13 October

A group of around 30 economists from India and abroad have written a letter to Prime Minister Narendra Modi, asking him to ensure there is no dilution or restriction of the provisions of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

They have argued the scheme has wide-ranging social benefits, beside creation of productive assets. They have said corruption was and remains a problem in implementation but experience shows this can be curbed. And, the gains achieved have been substantial and amply justify further efforts to make it a success.

"Against this background, it is alarming to hear of multiple moves (some going back to the preceding government) to dilute or restrict the provisions of the Act. Wages have been frozen in real terms and long delays in wage payments have further reduced their real value. The Act's initial provisions for compensation in the event of delayed payments have been removed," the letter said.

There have been reports that the rural development ministry has plans to scale down coverage under the programme to 250 backward districts, instead of the entire country as now.

The economists who wrote the letter include Dilip Abreu, professor of economics at Princeton University; V Bhaskar, professor of economics at the University of Texas at Austin; Jean Dreze, visiting professor at the department of economics in Ranchi University; Pulin Nayak, professor of economics, Delhi School of Economics and Sujata Visaria, assistant professor of economics at the Hong Kong University of Science and Technology.

The letter said the labour to materials ratio under MGNREGA is sought to be reduced from 60:40 to 51:49, without any evidence that this would raise productivity of works under the programme. For the first time, the central government has plans for capping MGNREGA expenditure by state governments, undermining the very principle of work on demand.

The economists point to signals from the government on an amendment aimed at restricting the scheme to the country's poorest districts.

Business Standard

Date 14/10/2014
Page No. 04

India improves rank in Global Hunger Index

BS REPORTER
New Delhi, 13 October

India has improved its position in the Global Hunger Index. The country climbed eight positions in the index from 63 last year to 55 this year, though it still trails nations like Malawi, Ghana and Suriname.

A significant reduction in the number of underweight children as well as the successful roll-out and expansion of programmes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the Public Distribution System helped India get a better rank.

However, some poor African nations — like Suriname at 9, Ghana at 16 and Malawi at 32 — had better rankings.

The index is prepared by International Food Policy Research Institute (IFPRI), along with Welthungerhilfe and Concern Worldwide.

India's score in the index improved significantly from 21.3 points last year to 17.8 points this year. The lower the score, the lesser the incidence of hunger as estimated by the IFPRI. India's improvement has left behind neighbours Pakistan and Bangladesh. Both had an identical score of 19.1 points and were placed at 57. Last year, both had scores better than India.

China managed to pull an equal number of people out of hunger in 2014 as in 2013, and it acquired the fifth position among 76 countries that have managed to elevate a significant number of people.

GLOBAL HUNGER INDEX

Country	Rank 2012	Rank 2013	Rank 2014
India	65	63	55
China	02	05	05
South Africa	09	04	--
Thailand	18	09	01
Indonesia	30	23	22
Sri Lanka	37	42	39
North Korea	52	51	44
Pakistan	57	57	57
Nepal	60	49	44
Bangladesh	68	58	57

NOTE: The ranking is based on a score. Lower the score lesser is the incidence of hunger as estimated by IFPRI. Not all countries have been included

Source: International Food Policy Research Institute

In India's case, the index has shown a consistent fall since 2000, when it had 25.5 points.

"India has made a significant improvement in number of underweight children under five and the prevalence of under weight in children fell by almost 13 percentage points between 2005-2006 and 2013-2014. It no longer ranks second-to-last in the world on underweight in children," the report said.

The IFPRI added that the sharp drop by India in the Global Hunger Index (GHI) score outpaces the drop seen in other South Asian countries.

"India is no longer in the category with 'alarming' hunger and has moved to 'serious'," IFPRI said. It said the country's overall score has improved due to the government's roll-out and expansion of several programmes that target undernutrition, including the Integrated Child Development Services and the National Rural Health Mission.

The Supreme Court has also appointed a commission to monitor the delivery of food-based programmes.

The IFPRI said indirect factors that contributed to less hunger in India may have included the MGNREGA and reforms to the PDS that distributes food among the poor.

On a long-term basis, the IFPRI data showed that in the last 14 years, GHI scores for Southeast Asia showed the steepest decline compared to other parts of the globe.

South Asia reduced its GHI score by three points between 1990 and 1995, mainly through a decline of almost 9 percentage points in underweight children. Following a 10-year slowdown, the region has made considerable progress again since 2005.

Several Southeast and South Asian countries, including Vietnam, Cambodia, Thailand and Bangladesh, have shown dramatically improved scores since 1990, the IFPRI said.

Business Line

Date 14/10/2014
Page No. 04

Govt to start reimbursing electronic firms under special incentive scheme soon

Scheme provides subsidy for capex investments

S RONENDRA SINGH

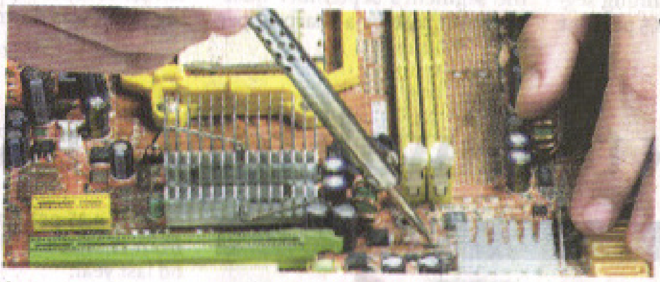
New Delhi, October 13

Companies such as Samsung Electronics and Bosch India would be the first ones to benefit from the Government's Modified Special Incentive Package Scheme (M-SIPS) policy.

According to a senior official at the Department of Electronics and Information technology (DeitY), the Government is working on a proposal for reimbursing these companies from this year itself.

"We will speak with the Finance Ministry soon and it (proposal) would go to the Cabinet for the approval," the official told *BusinessLine*.

The Cabinet had approved the investment proposals worth ₹961 crore from Samsung, Bosch and Sahasra for the setting up of electronic systems design and manufacturing (ESDM) facilities in the country in July 2012.



SHUTTERSTOCK/RTEM

The Government had decided to incentivise investments in ESDM under the policy.

The Scheme provides subsidy for investments in capital expenditure – 20 per cent for investments in special economic zones (SEZs) and 25 per cent in non-SEZs. It also provides reimbursements of countervailing duties (CVD)/excise for capital equipment for the non-SEZ units.

The Government till last year had received investment proposals close to ₹4,600 crore for manufacture of consumer electronics, telecom products, hand-held devices, automotive electronics, and semiconductors.

Till August 2014, the Government received 40 applications with investments of around ₹14,624 crore under the M-SIPS policy. Out of these, 16 projects with investments of around ₹2,230 crore have been approved, the DeitY official said.

The official said that as part of the Prime Minister's 'Digital India' campaign, project implementation is quicker and therefore, the Government wants to process all the required procedures such as reimbursement of investments at a faster pace.

Manufacturing clusters

With the laying down of two foundation stones in Madhya Pradesh – greenfield Electronic Manufacturing Clusters at Purva, Jabalpur, and Badwai, Bhopal – such clusters are expected in other States too.

"Madhya Pradesh is the first State to start the clusters because of the quick decision of the Chief Minister and we expect other States' ministers to also show interest soon," the DeitY official added. The incentives are available for a period of 10 years from the date of approval of application. Manufacturers of electronic products such as smart cards, liquid crystal modules, fully automatic washing machines, refrigerators, air-conditioners and microwave, would benefit under the Scheme.

Business Standard

Date 14/10/2014
Page No. 01, 20

HISTORIC LOW

Retail inflation eases to 6.5% in September

But RBI likely to still wait for comfort on Jan 2016 target before cutting interest rate

BS REPORTER
New Delhi, 13 October

The rate of retail inflation in September eased to 6.46 per cent — the lowest since the series was launched in January 2012 — driven mainly by a significant drop in food prices and subdued demand for industrial goods. The rate, as measured by the consumer price index (CPI), had stood at 7.73 per cent in August and 9.84 per cent in September last year.

However, despite the inflation rate falling to a level much below the Reserve Bank of India's target of eight per cent for January 2015, a lowering of the key policy rate is unlikely in the near future. According to economists, the central bank might wait for more surety on its target for the next year — having the retail inflation rate at six per cent in January 2016.

"We expect the RBI's January 2015 target to be comfortably achieved. But the likelihood of a repo rate cut in 2014-15 remains low," said Icra Senior Economist Aditi Nayar.

However, Deloitte India Senior Director Anis Chakravarty said the RBI would find some comfort in these numbers and might aid in the nominal anchoring that had been set. "We do not expect the rates to be revised till the trend of sub-seven per cent retail inflation holds," he added.

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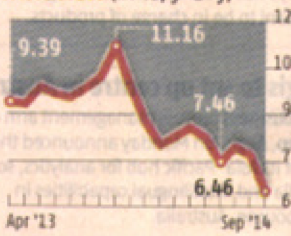
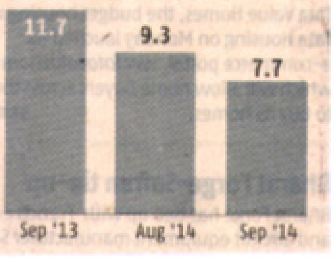
SOME COMFORT

Rate of CPI-based inflation (in %, y-o-y)



Rate of CPI-based food inflation (in %, y-o-y)



Retail inflation...

With the wholesale inflation rate having already declined to a five-year low of 3.74 per cent in August, industry has been calling for a cut in the repurchase rate by the RBI. The demand has grown louder, with the annual industrial growth rate in August falling to 0.4 per cent, the lowest this financial year.

The lowest rate for CPI-based inflation before this was seen in June (7.46 per cent). At the time of the launch of the series in January 2012, the rate was 7.65 per cent. In September, retail inflation declined in both urban and rural areas - at a much steeper rate in the latter. While it came down by 0.70 percentage points from the previous month in urban areas (from 7.04 per cent in August to 6.34 per cent), the rural areas saw it plunging 1.59 percentage points (from 8.27 per cent to 6.68 per cent).

The drop in retail inflation was largely driven by the food component of it. The retail food inflation rate declined 1.68 percentage points in the month - to 7.67 per cent from 9.35 per cent in August - partly because of the Pitra Paksha period, when Hindu devotees observe dietary restraints. Food has a weight of 45 per cent (the highest) on CPI.

Still, among food sub-components, inflation in pulses rose from 6.88 per cent in August to 7.18 per cent in September. The data came at a time when advance estimates for food production indicated production of pulses in this year's kharif season would be 14 per cent lower than a year ago.

Cereal prices in the month rose 6.42 per cent on a year-on-year basis, against 7.39 per cent in August.

Oils and fats did not see any annual price change in September, while it was 0.70 per cent the previous month. However, kharif production of oilseeds is projected to decline 12 per cent from last year; this might increase inflation in their prices in the near term. Eggs, fish and meat turned 6.35 per cent more expensive in September (on a year-on-year basis), against 7.71 per cent in August. Inflation in vegetable prices fell to 8.59 per cent from 15.15 per cent in August, while fruit prices rose at 22.40 per cent (against 24.27 per cent the previous month). Fuel & light turned 3.45 per cent costlier on a yearly basis, compared with 4.15 per cent in August.

A softening in prices of various commodities, including crude oil and domestic prices of unregulated fuels, are expected to benefit the CPI trajectory in the coming months. Besides, according to economists, a favourable base effect would moderate retail inflation till November this year.

The Financial Express
Editorial

Fixing MGNREGA

What's clear is it has helped few in its current form

Activists have come down heavily on rural development minister Nitin Gadkari for attempting to restructure the MGNREGA by, among others, changing the mandatory amount reserved for labour; the number of districts that the scheme is to be used for is also to be reduced to just the needy ones. This has been done, the activists argue, to help the contractor mafia and will reduce the amount of jobs available for the poor. Gadkari, in turn, has responded by arguing that the scheme has become a source of corruption and that no productive assets are being created through it.

At the outset, it has to be recognised MGNREGA, in its current form, has hardly benefitted anyone. Just around 4% of all households registered under it have been provided the mandatory 100 days of work in a year. As a result, since it has created just around 1-2% of all jobs in the country, it doesn't really provide any meaningful help in alleviating poverty. Even for those who get what MGNREGA promises, at ₹140 a day, the wages don't even cover subsistence for a family of five.

Gadkari is, no doubt, wrong when he talks of how no productive assets were created out of MGNREGA since providing this was never its main aim; the scheme was positioned as unemployment dole. Where Gadkari is right, though, is that the scheme simply isn't working. The minister is also right in wanting to stress on creating more irrigation facilities since it is these, along with rural roads, that really lead to the sharpest reduction in rural poverty. But what he also needs to keep in mind is that, over the past decades, India has had several wage-linked asset creation schemes, and few, if any, have worked. One solution is to simply merge MGNREGA with other government subsidies that are to be delivered to the poor through direct benefit transfers (DBT). The other, which Gadkari is attempting, is to create more rural infrastructure. This will certainly benefit more people than MGNREGA has, but it is a lot more difficult to deliver on. That doesn't make it any less worthwhile to try, but this needs to be kept in mind. Also, if rural infrastructure is to be created, the funds available under MGNREGA are hardly near enough. The scheme needs to be merged, either with DBT or some other rural infrastructure one.