Planning Commission
Government of India

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Compiled by:

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Planning Commission Library

(अरस्तु के अनमोल विचार)

"All virtue is summed up in dealing justly.

अच्छा व्यवहार सभी गुणों का सार है".

1. Against inflation
Government's positive changes to foodgrain policy

30 Oct 2014 Business Standard

The new National Democratic Alliance (NDA) government has implemented some well-judged, if incremental, reforms in the food sector. This includes a cap on the quantity of grain that can be acquired from states, something that should dissuade them from offering bonuses over and above existing minimum support prices (MSPs). Some states, notably Madhya Pradesh and Chhattisgarh, have routinely been declaring handsome bonuses on top of the MSP to maximise grain procurement on behalf of the Centre. This helps them enhance their revenues through mandicharges and local taxes — and aids them in cornering more central resources by passing on the procured grains to the Food Corporation of India. In the bargain, they also get considerable political mileage by appeasing farmers. By curbing this practice, the Centre has not only staved off needless accretion of foodgrain to its kitty, but has also worked to reduce the expenditure on food subsidy.

Another change is the reduction of accumulated food inventory by offloading grains in the domestic market and through export. The government sold close to 10 million tonnes of foodgrain in the open market. Food stocks were 48 million tonnes as on October 1, against 55 million tonnes at around the same time last year. As a result, the government may manage to keep the food subsidy bill within the budgeted amount — ~1.15 lakh crore. However, the current stock holding is still almost double the buffer required to be retained for food security; so it could be scaled down further. That would also help India to stay clear of the objections being raised at the World Trade Organization about its food-stocking policies. It is worth noting that some of these instructions, including the one concerning shedding of extra grains in the central coffers, have reportedly emanated from the Prime Minister's Office, rather than from the food department, which explains their meticulous implementation regardless of resistance from states.

These changes have been planned from well before the NDA government came to power. Even the government's own food policy think tank, the Commission for Agricultural Costs and Prices, advocated them. However, the embattled United Progressive Alliance government could muster neither the political courage nor the political capital to carry them out. Another important reason was the imminent implementation of the National Food Security Act, under which subsidised foodgrain is to be supplied to nearly two-thirds of the country's population. The

NDA, on the other hand, will benefit from some sort of a reprieve on this front, since it is now known that less than a dozen states are ready to roll out the food security programme. Others have asked for more time to identify subsidy recipients and improve the local public distribution system.

Some welcome consequences of these measures are already noticeable. The increase in grain supply following the release of long-held stocks to the free market has contributed to stability in cereal prices and the moderation in food inflation. However, these changes need to be made part of genuine structural reforms in the food management policy if their positive impact is to endure beyond the short term.

2. The right questions

Abheek Barua

Buisness Standard **October 29, 2014** Last Updated at 21:50 IST

A response to the 28 economists defending the employment guarantee scheme

Twenty-eight leading and not so leading Indian economists wrote a letter to the prime minister a couple of fortnights ago expressing concern over the possible dilution of the rural employment guarantee scheme, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). It is difficult to disagree with them without sounding like a heartless right-wing monster. Yet some questions need to be asked and I hope that, at least, 28 other economists have similar queries in mind.

I would like to begin with a general question. The rural employment guarantee scheme is part of a broader policy approach, redistribution through rights and entitlements (RRE) - to borrow an acronym from the new chief economic advisor to the finance ministry, Arvind Subramanian. The food security Act and the minimum support price (MSP) scheme are other elements of this approach. Many of us have persistently opposed this RRE approach arguing that it might bring short-term gains but would stand in the way in the way of long-term growth, fiscal viability and more productive employment. I would not like to revisit the arguments here, but I wonder if what the MGNREGA supporters are offering is a limited endorsement of the employment scheme, or whether their plea or counsel is part of a more general support for the RRE model. If it is, then I have a more serious bone to pick with them.

But let me stick to the MGNREGA and ask my second question. Is the MGNREGA scheme indeed a cheap way to "buy" a lot of welfare as the 28 suggest? The letter points that the MGNREGA involves expenditure of a seemingly minuscule 0.3 per cent of gross domestic product (GDP) but creates jobs for 50 million households. However, 0.3 per cent of GDP might not be that small in budgetary terms. As a percentage of total Budget expenditure, for instance, it works out to 2.5 per cent. If one bears in mind that capital expenditure of the central government last year was just 12 per cent of the total spending of the Centre, the number might not appear that small in relative terms. It is also worth remembering that many of the efforts to check the fiscal deficit in the last years of the United Progressive Alliance (UPA) regime involved a compression of capital expenditure, while protecting the allocations to the RRE schemes.

Question three comes next. Would I be wrong in pointing out that a persistent decoupling of productivity and real wages in a major segment of the economy is bound to lead to large-scale macroeconomic imbalances manifested in things such as persistent inflation. Let me present some simple statistical facts and analysis that I have partly borrowed from a Reserve Bank of India (RBI) working paper by G V Nadhanael (RBI Occasional Papers, Volume 33, 2012) to make my case. First, there was a sharp (five-fold increase) in money wage growth in rural areas from 2007, the year in which large scale implementation of the MGNREGA scheme took place. Is this just coincidence?

Mr Nadhanael's analysis suggests that in the period between 2007 and 2012, wages became a determinant of inflation rather than catching up with inflation. It also set off a wage-price spiral that intensified as the MGNREGA wages began to be indexed to consumer price inflation. But here's the most important bit. Between 2007-08 and 2011-12, rural real wages grew at 6.8 per cent annually. The latest data for growth in productivity for agricultural workers that I could lay my hands on is from the KLEMs (Capital, Labour, Energy and Material Services) project sponsored by the RBI. It turns out to be 2.59 per cent for the period 2000 to 2008. Thus, for parity to hold between wages and productivity, the latter should have doubled in the ensuing period. Even if one assumes some diversification away from farm activities, is it possible to explain a virtual doubling of productivity in the rural economy in the post-2008 period?

Again, as many MGNREGA supporters like to claim, are wages under this scheme far too low to matter in setting market wage rates? The RBI study found that in all the major labour-supplying states (Odisha, Chhattisgarh, Maharashtra, Madhya Pradesh, Bihar and Uttar Pradesh), the wages received under the MGNREGA were significantly higher than the wages received in the labour market. There was the inevitable fall in agricultural employment that followed.

This brings me to a related question. Is it fair to describe the somewhat sharp increases in minimum support prices in the post-2007 period essentially (as some do) as fiscally reckless pandering to certain interest groups? Here are some facts.

Wage costs on average constitute about 50-60 per cent of production costs in farming. Rising wages, thus, automatically pushes up the cost of production. The MSP follows a cost-plus approach and, thus, it is not surprising that with sharply rising wages, the MSP, too, climbed up. Those who like to blame the rise in the MSP for our inflation ills should perhaps take a step back and see exactly what caused a rise in the MSP.

Finally, is it unfair to ask what the impact of rising rural wages has had on manufacturing and construction companies? My sample might be small, but I have heard dozens of companies in labour-intensive manufacturing sectors complain not just about the sharp increase in their wage bill, but the fact that labour was simply not available even at significantly higher wages. By allowing this wage escalation, are we not jettisoning a process (that has been painfully slow in our country) of moving workers from the farm sector to more productive work in industry? Is it incorrect to argue that continuously accelerating rural wages would encourage more contract labour and perpetuate the low employment elasticity of manufacturing in India?

I have nothing against a robust employment scheme that works well in the poorest of the poor districts. But when it comes to supporting a nationwide entitlement programme of this kind, I have my questions.

The writer is with ICRIER. These views are personal

3. Life as an Indian woman isn't as bad as you imagine—it's worse

Diksha Madhok@dikshamadhok, October 28, 2014

Life as a woman in India, on some counts, is worse than almost every other country in the world, a new report has found.

When it comes to health and survival, Indian women are better off than only one country in the entire world—Armenia—according to a new report on gender by the World Economic Forum (WEF).

India ranks 141, above only Armenia, on the health index in WEF's *The Global Gender Gap Report 2014*, which benchmarks gender gaps in 142 countries on economic, political, education and health-based criteria.

India's overall ranking, based on all these criteria, is just as bad, as it ranks 114 out of 142 countries, below poorer neighbouring nations such as Bangladesh (68) or Sri Lanka (79).

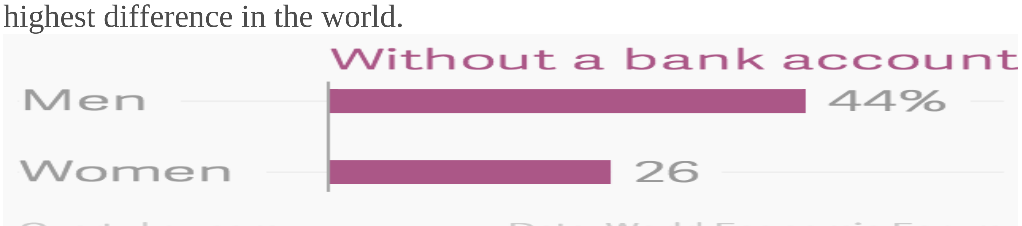
Here are some of the key findings from the report.

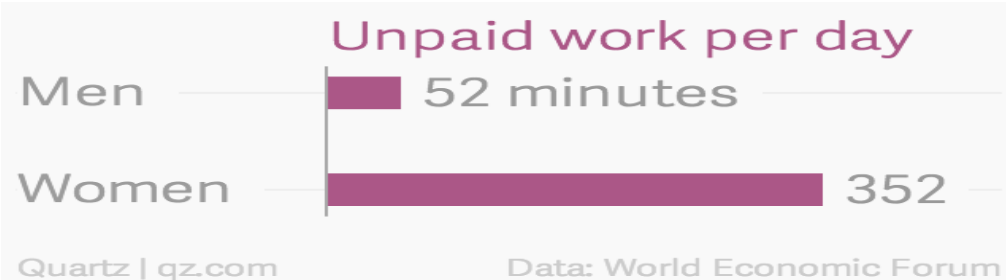
Economic participation

When it comes to women's economic participation and activity, India's position is fixed near the bottom. In 2013, it ranked 124 out of 136 nations on the WEF report. This year it ranks 134. Quartz had written earlier about India's dismal record in women's participation in the workforce.

India's female to male ratio in labour force participation is 0.36. Less than 10% firms in India have female participation in ownership and the share of women on the boards of listed companies is a measly 7%.

On an average, Indian women spend 300 minutes more than men per day on unpaid work—the highest difference in the world.





Marriage and childbearing

Almost 30% women in India get married between the age of 15 and 19, whereas in conservative Pakistan it is 16%. Last month, United Nation said India has the second-highest number of child marriages in the world. The number one spot belonged to Bangladesh.
The adolescent fertility rate (birth per 1,000 girls aged 15-19) in India is 32.8. In China, it is 8.6.

Political empowerment

The good news is that India is among the top 20 countries on the political empowerment index. It is ranked at 15. India is the highest-ranked country on the number of years with female head of state (over the past 50 years) indicator, according to WEF. The country has had a female head for 21 years. (The abbreviation "female head of state" is used to describe an elected female head of state or head of government).

4. Why you have to share a doctor with 1424 other people

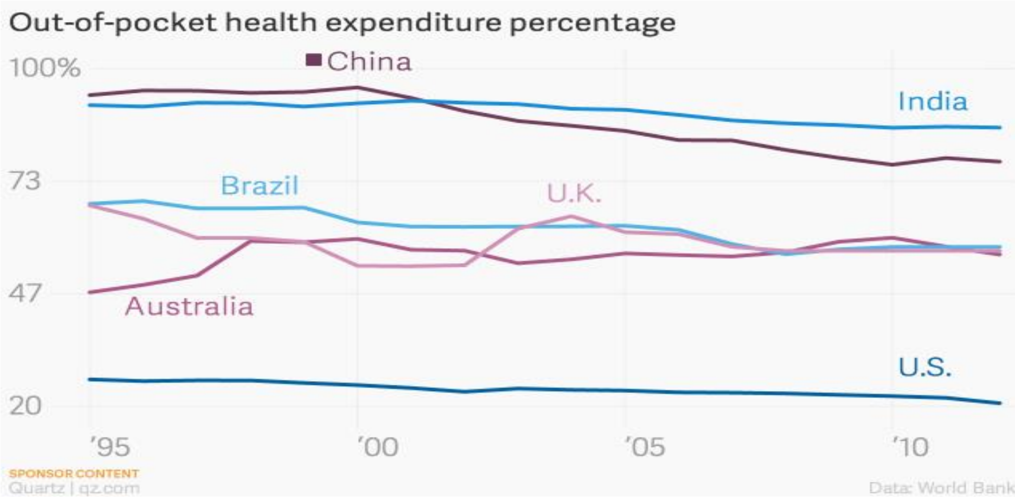
This article is part of a six-month BULLETIN series exploring GE's innovation, technology, and manufacturing initiatives in India.

India continues to struggle with providing basic medical care for its citizens. After two decades of strong economic growth, life expectancy in India falls short of most developed and developing nations; the infant mortality rate is three times higher than China's and seven times higher than the U.S.

A primary cause of this national struggle is accessibility. It is estimated that 600 million people in India are with little or no access to healthcare**,** many of them in rural locations. The cost of care is also keeping citizens from getting proper treatment, or any treatment at all. Rising private healthcare costs and a lack of quality, affordable alternatives are forcing high out-of-pocket expenses that exacerbate the problem. India's healthcare system has been described as being on "life support," with distinct gaps in equitable access and affordability crossing all regions and communities. Innovation at hospitals and new government programs, though, are showing promise that care will be more freely available and future generations will be leading longer, healthier lives.

Affordability and privatised care

Nearly two-thirds of Indian households seek healthcare from the private medical sector, and that choice is further on the rise. Many years of neglect, worker absenteeism, long wait times, shortages of supplies, and absence of diagnostic facilities are why patients are avoiding public health facilities. Visits to private practices, though, often lead to out-of-pocket expenses that most patients can't afford, causing to a significant percentage of the population to go without care.

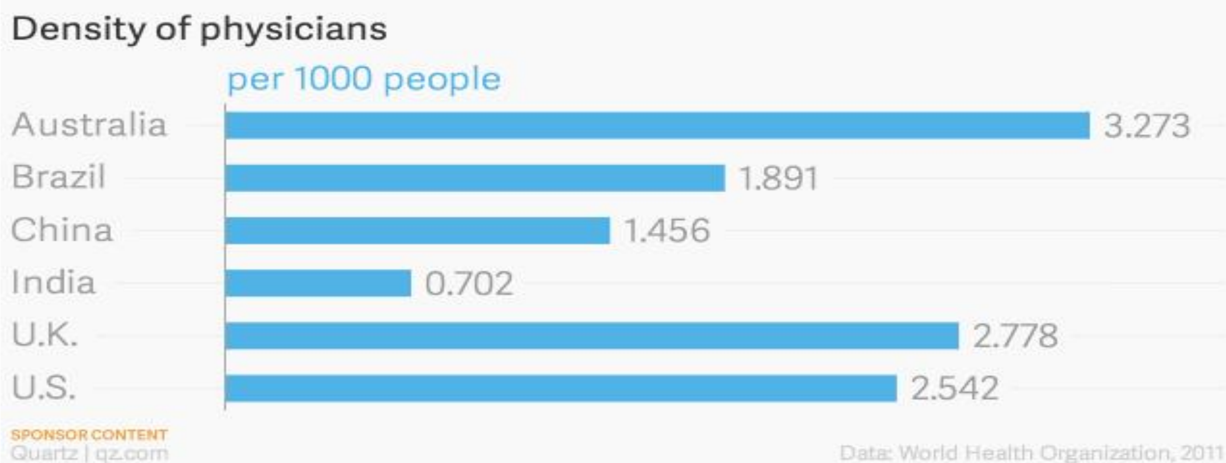


Despite the emergence of a number of health insurance programmes and schemes, only 5% of households report that a household member has coverage of any kind. India's Twelfth Five-Year Plan (2012-2017) has outlined a vision for a system of Universal Health Coverage with the envisaging of a large role for the private sector and a cooperative public-private partnership to achieve India's healthcare goals. The plan has received much criticism, however, for an apparent limited understanding of universal healthcare and a diluted commitment to public expenditures on health.

Those in support of reform are galvanized around the need for a focus on all dimensions of healthcare and an approach that ensures the highest possible access along with education and awareness of health concerns. This includes sustainable policy solutions for healthcare financing, infrastructure to fill resource gaps, enablement of quality care through a regulatory system, and greater government spending on healthcare to cut out-of-pocket expenses. Acting together, these improvements may significantly cut costs and increase survival rates by focusing on the most crucial moment for a patient: getting the diagnoses right the first time and administering the right treatment.

Accessibility

Rural communities across the country are without access to hospitals and clinics. Inhabitants that seek out treatment face long-distance travel, and often settle for care at the most convenient locations instead of finding the specialised care their conditions demand. Some of these patients are further inconvenienced by loss of a day's wages to receive attention.



Much of the problem is manpower. There are 750,000 doctors in India, which amounts to only one for every 1,425 people. (Until recently, many doctors would avoid rural service, leaving an even greater void in the places that needed it most.) With an eye towards closing this gap, the Medical Council of India has discussed the idea of shortening the curriculum for students receiving Bachelor of Medicine and Bachelor of Surgery degrees, delivering them into the field a year early. The state of gynecological oncology illustrates this desperate need for talent. There are more than 70,000 new cases of cervical cancer, the second-most widespread type of cancer among Indian women, reported each year; India produces only one gynecological cancer specialist each year to treat that mass of diagnoses.

The other problem is infrastructure and equipment: without water, power, and proper facilities, effective care is difficult to provide.

There are minds at work figuring out how to improve the rural dilemma. A paper commissioned by UNICEF India (PDF) recommends increasing availability of specialist health services in remote locations by testing improved communication technologies, monetary incentive structures for doctors providing rural service, and increased numbers of post-graduate seats in medical colleges.

Frugal innovation

Despite the immense challenges plaguing the Indian healthcare system, several Indian hospitals are working with globally trained specialists on the implementation of innovative solutions that provide affordable care to scale. The business model of these hospitals relies on drawing in wealthy patients to subsidise care to patients with low income. The result of this approach is that the hospitals can sustain their operations through their own revenue generation instead of relying upon government subsidies or insurance reimbursements.

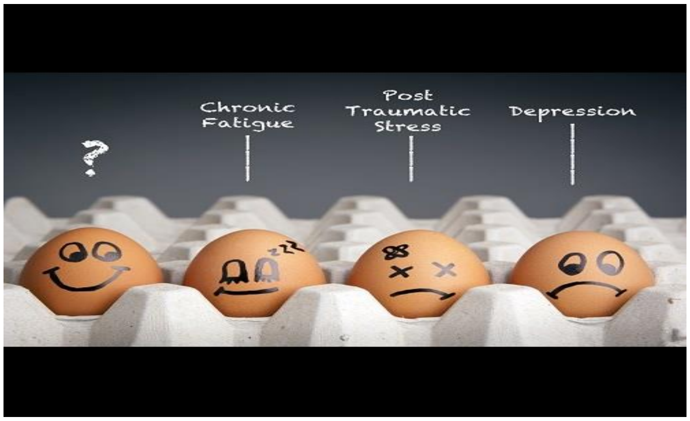
According to data gathered by HCG and the National Cancer Institute'sSEER program, some Indian hospitals are able to provide high-quality care, comparing favorably to benchmarks of top institutions in the U.K. and U.S., at ultralow prices. One of these is Apollo Health City in Hyderabad, which outperformed international standards for positive outcomes associated with coronary, knee, and prostrate surgery. This trend is partially due to reduced cost of labor, but primarily because of innovative cost-effective solutions, ranging from use of the efficienthub-and-spoke facility model to ensuring the maximum life span of equipment through constant maintenance.

Innovations at these Indian hospitals are not simply the result of a calculated design. They are achieved from adaptation, experimentation, and co-creation. This strategy–borne out of the necessity to find solutions that will be effective in the Indian context–is empowering physicians and getting diagnoses right, at increasingly affordable rates.

Given the pressure on healthcare systems across the world, these emerging innovations–particularly in a developing country like India–offer important insights on how to tackle the rising costs of healthcare. Soon it could become common for the West to look East for best medical practices.

5. Mental health disorders doubles risk of heart disease, stroke

Tuesday, 28 October 2014 - 9:02pm IST | Place: WASHINGTON | Agency: ANI



- *RNA Research & Archives*

A new study has demonstrated that people who suffer from health disorders are twice as likely to suffer from heart or stroke.

The study suggested that people who haven't developed heart disease or had a stroke are more likely to be at a high long-term risk of developing cardiovascular disease, when compared to the general population.

Dr. Katie Goldie, lead author of the study and a postdoctoral fellow at the Centre for Addiction and Mental Health in Toronto, said that this population was at high risk, and it was even greater for people with multiple mental health issues.

People with mental health disorders often exhibit behavioural risk factors, including tobacco and **alcohol** use, poor diet and physical inactivity.

Goldie said that psychiatric medications can induce weight gain and impair the breakdown of fats and sugars by the body and this could lead to obesity, high **cholesterol** and diabetes and the medications themselves account for a lot of risk in this group.

Dr. Brian Baker, a psychiatrist who specializes in people with cardiac disease, said that the prevention strategies were the same for people with mental health issues which meant eating a healthy diet, being physically active, being smoke-free, managing stress and limiting alcohol consumption and making positive health behavior changes was important to their physical health and to mental health too.

6. Tata-Airbus submit joint bid to make transport planes for Indian Air Force

Tuesday, 28 October 2014 - 7:58pm IST | Agency: PTI

Tata and **Airbus** have submitted a joint bid to replace Indian Air Force (IAF)'s ageing fleet of 56 Avro aircraft with Airbus' C295 transport planes. If the combine wins the bid, European aviation giant Airbus would supply the first 16 **planes**while the remaining 40 would be manufactured and assembled by **Tata**Advanced Systems (TAS) in India. The deal will include undertaking structural assembly, final aircraft assembly, systems integration and testing and management of the indigenous supply chain.

The tie up follows a detailed industrial assessment and stringent evaluation of the Indian private aerospace sector by Airbus Defence and Space (ADS) which concluded with the selection of TAS as the Indian Production Agency (IPA) exclusive partner for this prestigious programme, according to a statement released by Airbus. The Avro aircraft were first inducted by IAF in the 1960s.

ADS Executive Vice President (Military Aircraft), Domingo Urena Raso, said, "We firmly believe that, in the C295, we have clearly the best aircraft to replace the IAF Avro fleet and, in TAS, we have secured the cream of the Indian private aerospace sector as our partner for this project". Terming the C295 a "superbly reliable and tough aircraft with outstanding economics which is proven in the most difficult operating conditions all over the world", he said it has already been favoured by 19 countries, many of which have placed repeat orders. "And just this year it has dominated the market with orders for no fewer than 20 aircraft from five countries," he said.

S Ramadorai, the TAS Chairman, said they were extremely pleased to announce the partnership with ADS for the Avro replacement programme. "It is a landmark for the development of aircraft manufacturing capability in India now that TAS is poised to take this step towards building entire aircraft in India. The selection of TAS by Airbus demonstrates the confidence that has been built in our ability to undertake this complex programme," he said.

PART B

NEWS AND VIEWS

Thursday,30th October 2014

Polity	:Sena to decide on joining BJP-led Govt.
Economy	:Bank credit dropped in first half of October
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Communication, IT Information Division
Phone # 2525

The Financial Express

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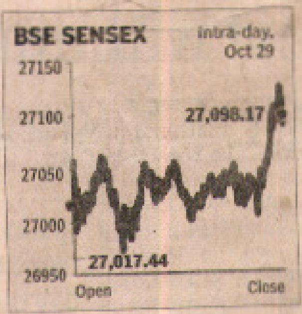
Markets at five-week high as rate-cut bets spur cyclical stocks



Mumbai, Oct 29: The benchmark stock index rose to a five-week high as metalmakers and auto companies increased amid speculation the central bank may lower interest rates as a drop in oil prices cools inflation.

Hindalco Industries was the best performer on the S&P BSE Sensex, while Tata Steel rallied the most in about five months. Tata Motors rose to a five-week high and Mahindra & Mahindra climbed the most in a week. The Sensex added 217.35 points or 0.8% to close at 27,098.17, the highest since September 22. A 23% slide in Brent crude since June has helped cut the pace of consumer-price inflation to a three-year low, increasing room to ease monetary policy.

Ashima Goyal, an adviser to the Reserve Bank of India, said last week the central bank may consider cutting rates as early as March should lower energy costs help reduce price pressures further in a nation that imports almost 80% of its oil.

"Cyclicals and interest-rate sensitives have moved up in anticipation of a rate cut," Lancelot D Cunha, chief executive officer at ITI Wealth Management, said in an interview to a private news channel. "Inflation and fiscal deficit looks under control, given oil prices are remaining soft. A rate cut is becoming a certainty, it's only a question of timing."

Standard & Poor's raised India's credit rating outlook in September, citing reduced inflation and a government plan to cut the budget deficit to a seven-year low.

Hindalco surged 6.2%, the most since July 1. Tata Steel jumped 4.5%, the best performance since June. The S&P BSE Metals Index had the sharpest advance in two months. Sesa Sterlite, India's biggest copper producer, increased for a third day after reporting profit that beat estimates. Net income rose to Rs 1660 crore ($271 million) in the three months ended September 30, compared with the Rs 1,580 crore estimated by 15 analysts in a Bloomberg survey.

Dr Reddy's Laboratories slid the most in two weeks after the drugmaker's second-quarter net income of Rs 574 crore matched estimates in a survey. *Bloomberg*

Business Line

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Bank credit dropped in 1st half of October

BS REPORTER
Mumbai, 29 October

Credit in the banking system slipped marginally despite the festive season. Data from the Reserve Bank of India suggests that in the period between October 3 and 17, bank credit slipped 0.7 per cent.

However, in the past one year, credit growth was up 11 per cent. In the period ended October 17, it was ₹62,20,004 crore, up from ₹55,97,985 crore a year before.

Though credit demand has been tepid for several quarters, this fortnightly dip came just ahead of the Diwali week, the main festive season for banks. To improve the retail demand, banks have come out with several discounts and offers on both home and automobile loans.

In the previous fortnight, buoyed by festive demand, credit demand had shown a marginal improvement but the momentum could not be sustained, suggests the data.

Though credit demand has been tepid for several quarters, this fortnightly dip came just ahead of the Diwali week, the main festive season for banks

A senior executive with Punjab National Bank said the dip in deposits and advances in the fortnight after the close of a quarter is normal. The part of business which gets booked in the run-up to a quarter's end is unwound. The demand for credit remains subdued, though the sentiment has definitely improved, he said.

Rajiv Anand, president-retail banking at Axis Bank, said the sluggishness in growth was not so much on account of retail lending but primarily due to a slowing in the corporate segment of the business.

"Traditionally, from the month of October, that is the second half of the year, we begin to see an uptick in investment demand and that drives the growth in credit off-take. However, this year, corporate demand is yet to pick up and that accounts for the slow growth. We are hoping that in a few months, we will begin to see improved demand from the corporate end," he said.

Bankers agree there has been some improvement in the corporate segment but a recovery is still a few quarters away. Deposits also declined by about one per cent in the fortnight under review. However, at the end of October 17, on a year on year basis, deposit growth continued to outpace credit growth at 13.6 per cent, to ₹82,13,873 crore, up from ₹72,94,861 crore a year before.

P.C

The Financial Express

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Govt eases realty FDI; MSP hikes kept at a 10-year low

fe Bureau
New Delhi, Oct 29

Reforms push

MSPs of rabi crops (₹/quintal)

	2013-14	2014-15
Wheat	1,400	1,450
Barley	1,100	1,150
Gram	3,100	3,175
Lentil (masur)	2,950	3,075
Rapeseed/mustard	3,050	3,100
Safflower	3,000	3,050

Note: Prices are for crop year through June

- Minimum FDI (with first six months) in construction development will now be **\$5 million** as against **\$10 million** earlier
- FDI can now come in projects with a minimum floor area of **20,000 sq m**, as against **50,000 sq m** previously
- FIPB will consider exits before completion of the project, on a **case-by-case** basis

IN keeping with the pace it has gathered recently in implementing pending reform proposals, the Narendra Modi government on Wednesday sought to speed up its 100 smart cities project by easing the foreign direct investment (FDI) policy for the construction sector and sought to curb the subsidy bill by sticking to the recent practice of modest hikes in the benchmark prices of various crops.

The Cabinet Committee on Economic Affairs (CCEA) raised the minimum support price (MSP) of wheat, the most important winter crop, by just 3.6%, or ₹50, to ₹1,450 per quintal.

The CCEA decided to raise the MSP of winter-sown crops by up to 4.2% for the crop year through June 2015, also aimed at containing inflation, the persistence of which at the retail level is the reason why interest rates remain high, stifling investments.

Wednesday's relaxations for FDI in construction will accelerate the flow of funds to relatively small real estate projects that have remained out of bounds for foreign investors and kindle the pent-up demand for affordable housing, leading domestic players in the sector told *FE*. If not immediately, the move could also lead to real estate prices coming down with increased supply some months down the line. The sector has already started witnessing a renewed interest of private equity firms, they noted.

As far as FDI in construction is concerned, the investee company will now be required to bring minimum FDI of \$5 million only within six months of the start of the project, as against \$10 million earlier. "Subsequent tranches of FDI can be brought till the period of 10 years from the commencement of the project or before the completion of the project, whichever expires earlier," said a statement issued after the CCEA meeting.

For construction-development projects, FDI can now come in with a minimum floor area of 20,000 sq m, against the lower threshold of 50,000 sq m till now. Subject to these conditions, 100% FDI will be permitted in the sector. While the three-year lock-in (since date of final investment) for FDI investors will broadly remain, the Foreign Investment Promotion Board will consider their proposals for exits before completion of the project on a case-by-case basis.

Continued on Page 2

G.C.I

The Hindu

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GSAT-6 slated for March launch

Madhumathi D.S.

BANGALORE: GSAT-6, the advanced communication satellite that got ISRO's arm Antrix Corporation embroiled in a controversy with erstwhile partner Devas Multimedia P Ltd in 2011, is slated for a March 2015 launch.

The S-band GSAT-6 satellite with five special transponders for multimedia services is "all done", integrated and should start thermovacuum tests in late November, according to ISRO Satellite Centre's Director, S.K.Shivakumar, whose centre readies all Indian spacecraft in Bangalore.

The 2,000-odd-kg satellite is to be launched on a GSLV launcher from Sriharikota. It was conceived in 2005 along with a follow-on GSAT-6A. The Centre cancelled the contract with Devas in February 2011, reserved GSAT-6 for military use; thereby hangs a hefty arbitration case pressed by Devas in The Hague.

The 2,000-odd-kg satellite is to be launched on a GSLV launcher from Sriharikota

Starting with GSAT-16 on December 5, ISRO has lined up a series of communication and Earth observation satellites over the next two or three years, Dr. Shivakumar told a news conference on Wednesday to announce Engineers'Conclave co-hosted by ISRO.

These satellites promise to fill a much needed demand for satellite capacity and continuation of services for users in the country. Currently, a third of the satellite capacity comes from on transponders leased on foreign satellites.

Among communication spacecraft, the 3,000-kg GSAT-16, as this daily has reported, will be flown on a European Ariane-5 launcher from French Guiana.

It will be followed by GSAT-15 in mid-2015; GSAT-18 [18] at the end of 2015; GSAT-17 in early 2016. (ISRO's satellite numbering order changes often.) All these satellites will be put in orbit on foreign launchers as the ISRO could not yet do it for 3000-class satellites, he said.

Among Earth observation satellites, Cartosat-2C will be the next to be flown in a year's time; it will have the highest ever resolution for an Indian satellite so far, of 62 cm. The best so far has been around 80 cm, but for select users.

"If this is achieved, it will be repeated for CArtosat-2D and 2E also," Dr. Shivakumar said.

With the GSLV-MkIII launcher set for a test flight in the coming weeks, Dr. Shivakumar said it was expected to launch ISRO satellites of up to 4,000 kg in two years. The GSLV with a 2,000-kg capability is yet to become operational.

The Indian Express

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Govt to introduce coal regulator Bill in Winter Session

PRIYADARSHI SIDDHANTA
NEW DELHI, OCTOBER 29

THE government would introduce a Bill in Parliament for setting up an independent watchdog for the coal sector and likely task it with determining a mechanism to price the fuel and specify methods to ensure supply of quality coal to the country's power and steel plants.

Setting up a coal regulator was an unfinished agenda of the erstwhile UPA government. It did introduce the Coal Regulatory Authority Bill 2013 in the Lok Sabha in December last year. But with the dissolution of the House, the legislation could not be passed.

The present government has decided to draft a Bill after extensive consultations with the stakeholders like coal and power ministries, end users of the fuel and industry houses and then seek the Union Cabinet's approval before tabling it in the Lok Sabha in the Winter Session.

At a meeting on October 24, top coal ministry officials decided to wind up the consultation process with stakeholders early to approach the cabinet next month to seek its approval on the draft bill, a source privy to the meeting said.

THE NEW Bill may empower the regulator to determine a pricing mechanism

What would differentiate the fresh legislation from the earlier one is that the proposed regulator may be conferred powers to determine a mechanism to price the fuel, which the earlier government had opposed on the plea that it would collide with the coal ministry's powers in having a say in pricing of coal.

But considering that the power companies have been consistently asking the government to disallow "profiteering" by a "monopolistic producer" like Coal India, the NDA government is keen to allow the proposed watchdog to do so without itself being a party to it.

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Cabinet relaxes norms for FDI in construction

Eases minimum area rule and minimum capital requirement

OUR BUREAU
New Delhi, October 29

The Cabinet has relaxed norms for foreign direct investment (FDI) in construction development to make the sector more attractive for overseas investors.

The minimum built-up area requirement for FDI in construction projects has been reduced from 50,000 sq metres to 20,000 sq metres, according to an official release.

The Government has also halved the minimum capital requirement for such projects from $10 million to $5 million.

Projects that commit at least 30 per cent of the total project cost toward low-cost affordable housing will be exempted from the minimum built-up area and capitalisation requirements.

Land use norms

However, there has been no relaxation in land-use norms.

The previous UPA Government was examining the option of allowing Indian companies with foreign investments to buy agricultural land with a promise to change it into non-agriculture use later.

Last month, the BJP-led Government relaxed FDI norms for the railways sector. "The announcement has come in the nick of time. The construction sector's share in total FDI has slipped from over 20 per cent in 2009-10 to about 3 per cent this year, as developers reel under high levels of debt," said Anuj Puri, Chairman & Country Head, JLL India.

The easier rules will help speed up completion of projects, which are being delayed by a squeeze on funds due to elevated debt levels, he added.

In the case of development of serviced plots, there is no condition of minimum land area.

The existing FDI policy allows 100 per cent foreign direct investment in the construction sector subject t minimum built-up area an minimum capitalisation re quirements.

Exit option

According to the new rule an investor will be permitte to exit on completion of th project or three years afte the date of final investmen subject to development o trunk infrastructure.

The Government may pe mit repatriation of foreig investment or transfer o stake by one non-resident i vestor to another non-res dent investor before th completion of the project.

These proposals will b considered by the Foreign In vestment Promotion Boar on a case by case basis.

Easing rules

- Minimum area requirement reduced to 20,000 square metres
- No minimum area set for development of serviced plots
- Minimum capitalisation requirement halved to $5 million
- Projects with 30% investment in low-cost housing exempted from minimum area, capitalisation requirements
- Investor allowed to exit on completion of project or three years after making final investment

Business Line

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Cabinet approves signing oil & gas co-operation pact with Mozambique

Also gives nod to the Earth Ministry to acquire an Ice-breaker for ₹1,051 crore

OUR BUREAU

New Delhi, October 29

The Union Cabinet on Wednesday gave its nod for the signing of a memorandum of understanding between India and Mozambique for cooperation in the field of hydrocarbons for a period of five years.

The MoU is for cooperation in the areas of upstream and downstream oil and gas sector, encouragement of trade and investment between the two countries, promoting dialogue among all concerned parties and intensify technology transfer, an official statement said.

"Mozambique is strategically located near India and is ideally suited for bringing natural gas to India at market-determined price. Participation of Indian energy companies in the project will facilitate access to LNG for the growing Indian gas market," it added.

The Union Cabinet also approved the signing of an agreement to abolish visa requirements for holders of diplomatic and official/service passports. The agreement between the countries would allow such officials to enter and exit, transit through, and stay in the other country for up to 90 days without a visa.

Acquiring Ice-breaker

In another decision, the Cabinet Committee on Economic Affairs approved the acquisition of Polar Research Vessel (Ice-breaker, Research cum Supply Vessel) by the Ministry of Earth Sciences for ₹1,051 crore. The acquisition has to be made within 34 months.

"The Ministry of Earth Sciences felt it necessary to have the country's own polar research vessel considering the need to sustain two Indian research bases in Antarctica (Maitri and Bharti)," the statement said.

The Cabinet also approved introducing the School of Planning and Architecture Bill, 2014 in Parliament to bring all three Schools of Planning and Architecture within the ambit of the legislation

The Cabinet also approved introducing the School of Planning and Architecture Bill, 2014 in Parliament to bring all three Schools of Planning and Architecture within the ambit of the legislation. The proposed Act will empower these schools to award degrees and enable them to become centres of excellence such as the Indian Institutes of Technology and National Institutes of Technology.

Land transfer

The Cabinet also approved transfer on a lease basis of 4.687 acres (instead of the earlier approved 15.19 acres) of defence land in perpetuity to the Kendriya Vidyalaya for construction of school building and other related infrastructure for the KV No. 2 school in Gurgaon.

The formalities relating to the transfer of land would be completed within three months.

G.O.I P.C.

Hindustan Times

Date - 30/10/12
Pg - eno

Forest Rights Act diluted for projects

AMENDMENT Move to ease approval for new projects near green areas not recorded as forests by British

Chetan Chauhan
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NEW DELHI: Continuing with its business-friendly regulatory changes, the Narendra Modi government has brought in a key change diminishing the applicability of watershed Forest Rights Act (FRA) for seeking statutory forest clearance for projects.

The environment ministry has exempted plantations, notified as forests within 75 years of the FRA coming into force on 13 December 2005 — and not having tribal population as per 2001 and 2011 census — from the environment ministry's 2009 circular that made implementation of the act mandatory for green approval of the projects.

It would mean that the FRA provision will not apply to a large chunk of forest areas such as the one which the Odisha government acquired despite resistance from locals for India's biggest foreign direct investment project — the Posco Steel Plant in Jagatsinghpur.

The move would ease approval process for projects coming up near green areas not recorded as forests by the British and not having tribal population since 2001. However, it fails to recognise rights of other forest dwellers.

The change notified by the ministry through a circular on Tuesday gives powers to the district collectors to notify whether FRA is applicable to the project site or not. And they will have to certify that the green area was not a notified forest in 1930 and that no tribals live in thhe villages as per the last two census.

That would be enough for the ministry's forest advisory committee (FAC) to exempt FRA compliance for the project, government officials said. It's another benefit would be that the mandatory consent of the body of villagers in and around the project site called gram sabha will not be required.

The ministry said the FRA does not apply for forest dwellers not been living in forests for more than 75 years since the applicability of the law. "Since villages will not have any person belonging to both the categories scheduled tribes and forest dwellers...question of recognition of their rights does not arise," the ministry's circular said.

The amendment is in tune with the business-friendly regulatory changes ushered in by the Narendra Modi government MANOJ KUMAR/HT FILE

EXEMPTIONS IN THE FOREST ACT

- Acquisition of land not mandatory for seeking environment approval
- Environment clearance can be sought without applying for wildlife approval
- Linear projects exempted from mandatory consent of body of villagers called gram sabha
- Relaxation given in allowing projects within 10 kms of the wildlife areas.

The Hindu

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627 names on list; SIT probe is next

Nearly half are NRIs, A-G Rohatgi tells Supreme Court

J. Venkatesan

NEW DELHI: A day after the Supreme Court rapped the Centre for "providing a protective umbrella to foreign bank account holders," the Union government on Wednesday submitted, in a sealed cover, a list of 627 Indians holding black money abroad. The Centre also gave a status report on the investigations against such account holders.

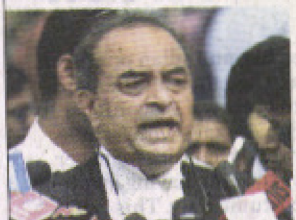
A Bench comprising Chief Justice H.L. Dattu and Justices Ranjana Desai and Madan B. Lokur made it clear to Attorney-General Mukul Rohatgi that it did not intend to open the envelopes, and asked the Registry to send them to the Special Investigation Team. It directed that the envelopes be opened only by the SIT chairman, Justice M.B. Shah, and vice-chairman, Justice Arijit Pasayat, to conduct a further investigation.

The Bench empowered the SIT to evolve its own procedure after hearing the Centre's stand on India's tax treaties and the submissions of petitioner, Ram Jethmalani. The Bench asked the SIT to submit a status report on its investigation by November 30 and posted the matter for further hearing on December 3.

Earlier, Mr. Rohatgi submitted that the first list contained details of correspondence, treaties and agreements that India had signed with France and other nations where the illegal money was said to be stashed. He said the second list contained all the 627 names and the third gave the status report on the probe in these cases. Mr. Rohatgi said more than half the people on the list of 627 were Indian nationals, while the rest were NRIs. He said most of them had accounts with the HSBC Bank, Geneva.

I-T PROBE TO BE COMPLETED BY MARCH 2015 | PAGE 10

QUEST BEGINS SUPREME COURT EMPOWERS SPECIAL INVESTIGATION TEAM TO LAUNCH A PROBE INTO BLACK MONEY ACCOUNTS IN ACCORDANCE WITH LAW



Attorney-General Mukul Rohatgi addresses the media outside the Supreme Court on Wednesday. - PHOTO: PTI

627 Names of black money account holders submitted by Centre in a sealed envelope

- **March 31, 2015** set as deadline for probe into accounts under IT Act
- SIT to submit status report in apex court by **November 30, 2014**

3 documents in envelope:

1. **Centre's correspondence** with French government
2. List of **illegal account holders**
3. **Status report on investigation** so far

"If India fails to keep the confidentiality clause, the U.S. will back out of a treaty... slap a 30 per cent withholding tax on all remittances from the U.S., including exports" - MUKUL ROHATGI, A-G

You pushed us to ask for names: SC

Krishnadas Rajagopal

NEW DELHI: On the day the Centre placed the names of 627 account holders of HSBC, Geneva, in sealed covers before the Supreme Court in the black money case, the court said it was pushed into asking for the names by the government. The court hearing on Wednesday witnessed an unexpected turn when the Bench, led by Chief Justice H.L. Dattu, refused to even open the sealed covers and glance through the names. This, when it had on the previous day insisted that the government produce the list of names.

CJI CLARIFIES WHY LIST WAS SOUGHT | PAGE 10

REVEAL ALL BLACK MONEY LISTS: CPI | PAGE 10

The Statesman

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Sena to decide on joining BJP-led govt in Maha today

PRESS TRUST OF INDIA
Mumbai, 29 October

As the BJP prepared for the inauguration of its first government in Maharashtra under Devendra Fadnavis on Friday, its estranged partner Shiv Sena has said it will announce its decision on whether it will be part of the BJP-led ministry tomorrow.

"We met Uddhav Thackeray ji and discussed the future course of action with him. The wait is over now, just one more day. We will announce our decision tomorrow," Sena MP Sanjay Raut told reporters tonight after Sena chief Uddhav Thackeray held several rounds of talks with top party leaders during the day.

Also present in the huddle were senior Sena leaders Liladhar Dahake, Manohar Joshi, Diwakar Raote, Ramdas Kadam, Gajanan Kirtikar and Subhash Desai.

Sena sources said Uddhav himself will announce the party's 'final stand'.

"Discussions are on within the party. Uddhavji will take a final call (on whether to join the BJP-led ministry)," Sena spokesperson Neelam Gorhe told reporters earlier in the day outside Uddhav's residence 'Matoshree'.

Both BJP and Shiv Sena leaders had made conciliatory noises after Fadnavis, backed by Prime Minister Narendra Modi and BJP chief Amit Shah, was yesterday elected leader of the Legislature Party.

Talks between the two saffron parties for a tie-up were not formally on and sources in BJP had said negotiations will resume only after the new government was sworn in.

A top central BJP leader, when asked if there was any breakthrough in discussions with Sena on the latter's joining the government, said talks would resume only after the oath-taking ceremony on 31 October.

"No talks (with Shiv Sena) are currently underway. Our whole focus is on making October 31 a grand success. We will resume talks only post that," he said, speaking on condition of anonymity.

Editorial

Business Standard

Date 30/10/14

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Against inflation

Government's positive changes to foodgrain policy

The new National Democratic Alliance (NDA) government has implemented some well-judged, if incremental, reforms in the food sector. This includes a cap on the quantity of grain that can be acquired from states, something that should dissuade them from offering bonuses over and above existing minimum support prices (MSPs). Some states, notably Madhya Pradesh and Chhattisgarh, have routinely been declaring handsome bonuses on top of the MSP to maximise grain procurement on behalf of the Centre. This helps them enhance their revenues through *mandi* charges and local taxes — and aids them in cornering more central resources by passing on the procured grains to the Food Corporation of India. In the bargain, they also get considerable political mileage by appeasing farmers. By curbing this practice, the Centre has not only staved off needless accretion of foodgrain to its kitty, but has also worked to reduce the expenditure on food subsidy.

Another change is the reduction of accumulated food inventory by offloading grains in the domestic market and through export. The government sold close to 10 million tonnes of foodgrain in the open market. Food stocks were 48 million tonnes as on October 1, against 55 million tonnes at around the same time last year. As a result, the government may manage to keep the food subsidy bill within the budgeted amount — ₹1.15 lakh crore. However, the current stock holding is still almost double the buffer required to be retained for food security; so it could be scaled down further. That would also help India to stay clear of the objections being raised at the World Trade Organization about its food-stocking policies. It is worth noting that some of these instructions, including the one concerning shedding of extra grains in the central coffers, have reportedly emanated from the Prime Minister's Office, rather than from the food department, which explains their meticulous implementation regardless of resistance from states.

These changes have been planned from well before the NDA government came to power. Even the government's own food policy think tank, the Commission for Agricultural Costs and Prices, advocated them. However, the embattled United Progressive Alliance government could muster neither the political courage nor the political capital to carry them out. Another important reason was the imminent implementation of the National Food Security Act, under which subsidised foodgrain is to be supplied to nearly two-thirds of the country's population. The NDA, on the other hand, will benefit from some sort of a reprieve on this front, since it is now known that less than a dozen states are ready to roll out the food security programme. Others have asked for more time to identify subsidy recipients and improve the local public distribution system.

Some welcome consequences of these measures are already noticeable. The increase in grain supply following the release of long-held stocks to the free market has contributed to stability in cereal prices and the moderation in food inflation. However, these changes need to be made part of genuine structural reforms in the food management policy if their positive impact is to endure beyond the short term.