Planning Commission
Government of India

31.10.2014

Compiled by:

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

1. Babus asked to deliver ‘ on time’

MANISH ANAND

31 Oct 2014 The Asian Age NEW DELHI, OCT. 30

The PM will hold a review meeting of all ministries concerned with infrastructure development on November 5

With the pace of infrastructure development apparently not matching the “high” demand of the Prime Minister Narendra Modi, the government is now seeking time- bound performance report from the officials. The government is making officials accountable for the timeline for project award and their execution.

The move has come after five months of the NDA government assuming charge at the Centre during which the progress on infrastructure front was found not up to the mark, sources said. While the Prime Minister had set a target of award of projects for 8500 kms in a year, sources said that the ministry of road and surface transport could actually move forward on 1115 kms of new road projects till October 26, sources added.

The Prime Minister will hold a review meeting of all ministries concerned with infrastructure development on November 5 when progress on targets given in earlier meetings would also be reviewd, sources said. The ministries of road and transport, railways, shipping and others will be represented in the meeting in which the Planning Commission secretary Sindhushree Khullar will make presentation on progress made on earlier targets.

“The officials have been asked to fix timeline by which clearances for various new projects will be ensured and the project awarded. Once the timeline has been fixed, the officials will be held accountable for any slippage and will reflect on their performance,” sources said.

Since assuming charge, the Prime Minister has been holding meetings with secretaries of the ministries concerned with infrastructure projects. Union minister for road and surface transport Nitin Gadkari too has held a series of meetings to clear projects held up due to various reasons. Mr Gadkari has claimed that the road constrcution in the country would be an average 30 kms a day after two years time. With the land acquisition being cited as principal reason for holding up of various infrastructure projects, the Centre is soon likely to amend the law passed by the previous UPA government to ease acquisition of land.

2. Govt may downsize MGNREGA to boost scheme impact on the poor

Chetan Chauhan, Hindustan Times New Delhi, October 31, 2014

For fiscal prudence and better outcome of public expenditure, the Narendra Modi government is likely to downsize some of the social sector schemes, including the rural job guarantee programme, the biggest grosser of the central funds.

Finance minister Arun Jaitley had allocated about Rs.33,351 crore for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) in his budget this July but many believe that the huge expenditure was not resulting in the desired outcome because of its expansive spread.

The MGNREGA covers entire rural India spread over 6,600 blocks irrespective of whether there was demand for work or not. The government wants to change this and is looking at focusing on implementing the job guarantee scheme in about 2,500 blocks, where India's poorest live.

"It is one of the proposals being discussed for the next Union budget as a measure to improve impact of public expenditure," a senior government official told HT, adding that it would be discussed with the rural development ministry officials soon.

This was also an idea pushed by the Planning Commission when MGNREGA was conceived. The scheme was initially implemented in the 200 poorest districts in 2006 but within the next few years it was expanded to entire rural India.

The panel's call to make it more outcome-oriented failed to cut ice with the UPA government even though the work provided to a household in a year reduced from about 70 days to 31.6 days in 2014-15. The law provided for maximum of 100 days of work for a household at a rate prescribed by the Centre, which was not met even in the poorest of the districts.

Sources say PM Modi is keen to ensure that MGNREGA turns into a poverty alleviation scheme by creating assets that can improve agriculture productivity rather than only being a social security mechanism.

"Data has shown that the scheme is not of much use in the rich states of Punjab or Haryana. But, it can do wonders in poorer states such as Jharkhand or Odisha if its implementation is improved," an official said. For that, the government wants to adopt more micro block-level approach instead of the present district-level implementation.

3. Modernising the monetary policy

CHARAN SINGH , HINDU, 31ST OCT. 14

Since monetary policy takes time to act on output and inflation, a forward-looking assessment is essential

Bringing clarity:Transparency, clear communication and forward guidance are pillars of a modern monetary policy framework. Picture shows RBI Governor Raghuram Rajan with his Deputy Governors at a press conference in September this year.— PHOTO: PAUL NORONHA

The Finance Minister in his maiden Union Budget speech had observed that “it is also essential to have a modern monetary policy framework to meet the challenge of an increasingly complex economy. Government will, in close consultation with the RBI, put in place such a framework.” Indeed, the government, according to press reports, is working on modernising the monetary policy.

Varying objectives

The objective of monetary policy varies in different countries. In the U.K., the objective of monetary policy is to deliver price stability — implying low inflation — and, subject to that, to support the government’s economic objectives including those for growth and employment. Price stability in the U.K. is defined by the government’s inflation target of two per cent.

In the U.S., monetary policy has two basic goals: to promote maximum sustainable output and employment, and to promote stable prices.

In India, according to the Reserve Bank of India (RBI) Act, 1934, the objectives of the Reserve Bank are “...to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.” The formulation, framework and institutional architecture of monetary policy in India have evolved over time around these objectives — maintaining price stability; ensuring adequate flow of credit to sustain growth; and securing financial stability.

Modernising monetary policy framework should not be confused with another approach popularly called inflation targeting (IT) just because over the years, from 1990 to 2008, about two dozen countries adopted it, prominent amongst them being Australia, Canada, New Zealand, and U.K. IT assumes that price stability is explicitly the mandate and a quantitative target for inflation is publicly announced.

Overall, monetary policy is based on a wide set of information that includes an inflation forecast; transparency in operations; and accountability mechanism. As can be easily noted, the IT approach mounts blinkers on the central bank and absolves it from other responsibilities: IT was in disrepute after the onset of the great recession in 2008. India resisted adopting IT all these years as it binds the central banker, and, after minting its own Multiple Indicator Approach in 1997, demonstrated its efficiency by following it meticulously to stave off the Southeast Asian Crisis as well as the great recession.

The monetary policy framework can be modernised by a number of initiatives which are successfully followed in other countries. In the U.K., every month, the Agent's Summary compiled by the Bank of England's (BoE's) 12 agents, following discussions with 700 businesses, is published to assist the monetary policy makers in conjunction with intelligence from other sources. Similarly, in the U.S., the Beige Book, published eight times every year, is based on anecdotal information on current economic conditions collected by each of the Federal Reserve Banks in their respective districts through reports and interviews with key business contacts, economists, market experts, and other sources. The Beige Book is an important source of real time market intelligence for the Federal Open Market Committee (FOMC).

Another key component of modern monetary policy is Monetary Policy Committee (MPC) which consists of members from within the central bank and experts in the country. In the U.K., the external members of the MPC are appointed for three years by the Chancellor and such appointments of independent members are designed to ensure that the MPC benefits from expertise in the area of economics and monetary policy. Each member of the MPC has a vote to set interest rates and the MPC's decision is not based on a consensus of opinion.

The standard practice in the advanced countries is to disseminate research and models that are being used for forecasting. Since monetary policy takes time to act on output and inflation, sometimes more than two years, a forward-looking assessment is essential. This forecast can be prepared with the help of large macro-econometric models. As the BoE has been actively engaged in IT, the modelling experience in the U.K. can serve as a good illustration.

The history of large macro-econometric models used in the BoE dates back to 1970s and though perfected over the years, the BoE still follows a multi-model approach to project inflation nine quarters in the future.

Initially, the BoE used to supply the projected path of inflation exclusively to the Treasury. Since adopting IT in October 1992, the BoE has been placing quarterly inflation report in the public detailing its assessment of inflation and growth along with methodology of computing fan charts, and assumptions and models used in forecasting. The inflation report helps the BoE share its thinking with the public, explaining the reasons for the decision.

Transparency, clear communication and forward guidance are other pillars of modern monetary policy framework. To enhance transparency in operations, the U.S. Federal Reserve Bank (FRB) prepares a quarterly report on balance sheet developments in addition to semi-annual reports to the Congress discussing the conduct of monetary policy and the future prospects along with a testimony from the Federal Reserve Board Chair. In the U.K., minutes of the MPC meetings, with the voting pattern are also released to public within a fortnight.

Forecasting inflation

To modernise the monetary policy in India, to begin with, regional report like the Beige Book can be initiated. As inflation impacts everyone in the country, appointments to the Monetary Policy Committee (MPC) should be made by the Government. As with Mission Mars, which took a year to complete, impact of changes in interest rates can be felt in an economy only a few months later. Hence, it would be useful to estimate the transmission mechanism and the time lag that a change in interest rate would take to impact inflation, investment and growth.

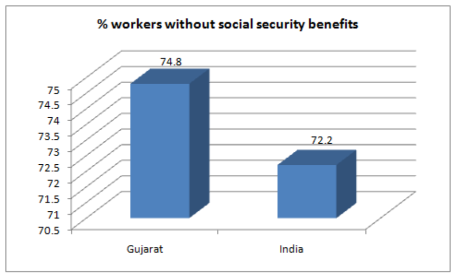
Therefore, models which are used for forecasting inflation should be placed in public domain to establish credibility and inspire confidence. In absence of such robust and trusted models, the markets would face uncertainty, misinterpret RBI's initiatives and yield contrary results. Once these relationships are quantified, and after wider and informed public discussion, India can consider adopting Inflation Targeting to yield effective results.

(*Charan Singh is RBI Chair Professor of Economics, Indian Institute of Management, Bangalore.*)

Models which are used for forecasting inflation should be placed in public domain to establish credibility and inspire confidence

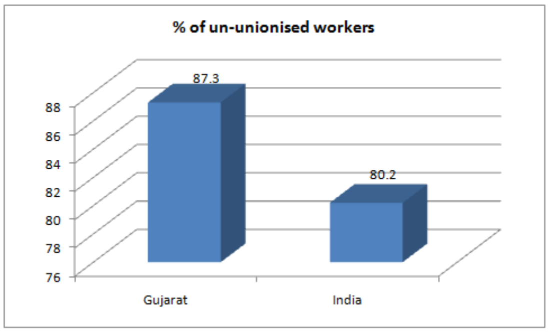
4. Gujarat model 'revealed': Social security benefit, paid leave, written contract elude majority workers

By Rajiv Shah, Times of India/ **The writer is Associate Professor, PGDAV College, University of Delhi**

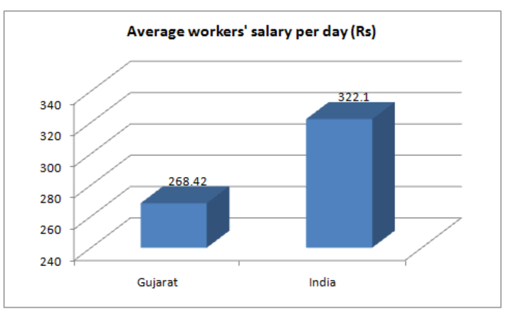


Fresh data released by the National Sample Survey Organisation (NSSO), India's premier data collection centre between decadal censuses, have revealed that, far from being a model for the country to follow, Gujarat under the years under Narendra Modi as chief minister (2001-14) failed to take care of the workers' plight in the huge informal sector which is shaping up following the state's fast-growing industrialization. According to the NSSO, the informal sector workers make up nearly 75 per cent of the state's workforce employed in the non-agricultural sector (both rural and urban), and the workers in this sector particularly have massively failed to get any social security benefits, including paid leave. With wages one of the lowest in India, the workers in this sector suffer evenmore.

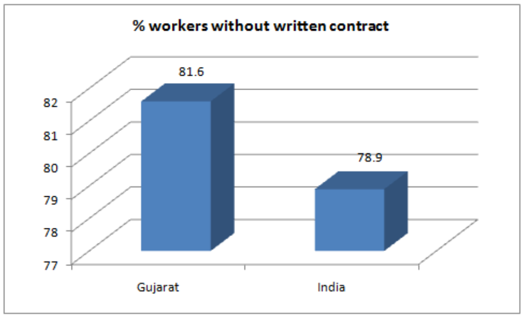
The NSSO data suggest that, as against the all-India average of 72 per cent workers not getting any social security benefits – essential during the transitional phase of an economy –Gujarat's proportion is 75 per cent. Worse, even some of the poorer Bimaru states have begun to perform better on this front. Thus, Odisha's 74 per cent workers are outside the social security net, followed by Madhya Pradesh (70 per cent), Bihar (69 per cent), and Assam (58 per cent). In fact, if the data reveal, 11 out of 20 major Indian states perform better than Gujarat. The NSSO report states, social security mainly consists of “provident fund (PF) scheme, gratuity and, health care and maternity benefits.” It adds, “Non-availability of social security benefits is a measure of insecurity in the job one performs.”



The report says, the proportion of employees not eligible for any social security benefit was higher for the construction sector as also in wholesale and retail trade, activities of households as employers, “and undifferentiated goods and services producing activities of households”. It adds, “The proportion of employees not eligible for any social security benefit was considerably lower for the industries public administration and defence, compulsory social security, education, industries information and communication, financial and insurance activities, and public administration.” Titled “Informal Sector and Conditions of Employment in India”, and finalized in July 2014, the report is based on survey it carried out between July 2011 and June 2012.



Coming to paid leave, which is essential for anyone falling ill, the NSSO finds that Gujarat’s 73 per cent workers do not get the facility – which higher than all but six of the 20 major states. Here also several “backward” states are found to be performing better – Chhattisgarh’s 72 per cent workers do not get paid leave, followed by Madhya Pradesh (71 per cent), Assam (64.1 per cent), and so on. While no reasons have been forwarded for this state of affairs, the NSSO data suggest at least one thing very clearly – that Gujarat may be suffering because of lack of workers' participation in unions and associations, must for putting up collective demands.



Thus, the NSSO report states, Gujarat's 87.3 per cent workers are not associated with any union or association, which is higher than most of the 20 major states with the exception of just four states – Rajasthan (90 per cent), Odisha (89 per cent), Jharkhand (88 per cent), and Himachal Pradesh (67 per cent). The national average on this score is 80 per cent. Kerala has the least percentage of workers who are not unionized – 45 per cent, followed by Assam (70 per cent), Karnataka (71 per cent), Punjab (73 per cent), Tamil Nadu (74 per cent), West Bengal (77 per cent), Bihar (78 per cent), Maharashtra (81 per cent), and so on.

Poor unionization also means poor wages – the average wage (for both casual and salaried classes) in Gujarat were Rs 268 per day, as India's Rs 322, and worse than all states except Chhattisgarh (Rs 237), Bihar (Rs 239), Odisha (Rs 255), Madhya Pradesh (Rs 261), and Uttar Pradesh (Rs 265). It also means a lower proportion of workers enter into contractual agreement for work. NSSO data show that 82 per cent of the workers in Gujarat work without any written contract, as against the all-India figure of 79 per cent. Only five of 20 major states have a higher proportion of workers working without contractual agreement -- Tamil Nadu, Rajasthan, Andhra Pradesh, Uttar Pradesh and Punjab.

5. Pay more to eat/ ASHWANI MAH

The Statesman, *30 Oct., 14*

The Government of India had announced the support price of top quality paddy at Rs. 1345 per quintal for the kharif season of 2013-14. This was Rs 50 higher than the previous year. This year, the government has increased the support price by Rs 55. Similarly, the government had announced that Rs 1350 per quintal would be the support price of wheat during the rabi season of 2013-14. This was increased to Rs 1400 for 2014-15. There is a provision for periodic revision of the support price for rabi and kharif crops. The Agriculture Cost and Price Commission periodically gives its recommendations, which form the basis of the support prices. For 2015-16, the commission has already given its recommendation on increasing the support price of wheat. People are reeling in the face of ballooning prices of essential commodities, most importantly food. Over the past three years, food prices have increased by nearly 50 per cent. It is natural that people in general would be wary of the rising support prices of foodgrain. This could well fuel inflation.

Some economists suggest that in order to contain inflation, we could consider importing foodgrain. However, before adopting such a policy, we need to examine the factors behind food inflation. The support price of wheat has increased from Rs 610 in 2000-01 to Rs 1400 per quintal in 2013-14; in case of paddy, it has increased from Rs 590 to Rs 1400 per quintal in the same period. This implies that in the case of wheat, there was a 130 per cent increase, while in the case of paddy it was 156 per cent. During the same period, the wholesale price index for food products increased by nearly 248 per cent. Therefore, food inflation in the past 13 years has not been due to the higher support price of wheat and rice. Similar is the situation with regard to the support price of other agricultural products.

Agriculture is no longer a profitable venture. This is clear from the fact that a large number of farmers have committed suicide in Vidarbha (Maharashtra), Andhra Pradesh and many other regions. Studies reveal that farmers' suicides are basically due to their inability to repay their loans. Even in states where fewer farmers have committed suicide, agriculture is not a profitable occupation. The fact of the matter is that many farmers are deserting agriculture after selling their land. Though there has been a nominal increase in agricultural production, more worrisome is the fact is that land under agriculture has been shrinking continuously. Land is being acquired by the government and even by private entities and then used for non-agricultural purposes in the name of Special Economic Zones, industrialisation, urbanisation, universities and so on. This has also restricted the increase in production. The burgeoning population and an increase in incomes have stepped up the demand for agricultural produce. In the absence of a sufficient increase in production, the rising demand for produce is another factor behind food inflation.

It has been observed that the proportion of foodgrain in people's food basket has been declining and that of vegetables, fruit, eggs, milk, meat etc. has been rising. Due to the inadequate increase in the production of pulses and edible oils, the country's dependence on the import of these items has been rising. Though the production of vegetables, fruit, eggs, meat and milk has also been increasing, it is not commensurate with the demand. This has led to spiralling food inflation. The country has been importing fruit on a large scale. The rising cost in the dairy sector has led to an increase in the price of milk, despite an increase in production. Vegetable and fruit are being sold at much higher prices due to the imbalance in demand and supply.

In view of the rising population and increasing incomes of the people, it is imperative to encourage agricultural production by protecting the farmers. They can be encouraged to remain in agriculture if they are given remunerative prices. It is also essential to encourage new techniques and methods of farming. Technological development in the agricultural sector has been practically stalled since 1991. Most of the prominent agricultural universities and other centres are unable to make any significant headway in agricultural research because of resource constraints. Instead, foreign companies are buttressing their agenda of imposing their techniques on Indian agriculture through the public sector agricultural research centres by bribing and financing agricultural scientists. The fact that public sector agricultural scientists are in cahoots with multinational corporations was exposed during the recent approval of field trials of GM food crops.

In India, the per hectare productivity is much lower as compared to other major producing countries. For example in 2010, the per hectare productivity of rice was 32.6 quintals, which was much lower than 65.5 quintals in China and 94.2 quintals in Egypt. In case of wheat, the productivity was 28.2 quintals in India against 47.5 quintals in China and 76.7 quintals in Britain. The per hectare productivity in case of groundnut was hardly 14.9 quintals in India, compared to 41.4 quintals in China.

Clearly, an increase in agricultural productivity is imperative. And this can be achieved only by using appropriate agricultural techniques with the support of research centres. It is surprising that India, with the largest number of agricultural research scientists in the world, contends with low productivity compared to other major producers.

It is unfortunate that whereas one-fourth of the budget used to be allocated for agriculture in the 1980s, the outlay has come down to hardly one per cent now. Neglect of agriculture by the government is affecting agricultural production. Some economists contend that we can import agricultural commodities to address the production deficit and thereby control inflation. However, the import of agricultural commodities is no permanent prescription to tackle inflation. If agriculture ceases to be a profitable venture and if the farmer gives up farming in the absence of remunerative prices, no country or group of countries has the capacity to feed India's 125 crore people. In the interest of food security, protection of the farmer and farming is essential. It is imperative that special efforts be made for agricultural development and farmers provided with remunerative prices for their produce. Agricultural land must never be used for non-agricultural purposes.

6. Govt. cuts non- Plan spending by 10%

Puja Mehra 31 Oct 2014 The Hindu

NEW DELHI: The Finance Ministry on Thursday ordered a mandatory 10 per cent cut in the Centre's non- Plan expenditure for 2014- 15.

The cut does not cover interest payment, repayment of debt, defence capital, salaries, pension or Finance Commission grants to States, says a circular.

Subsidies will face the brunt of the cuts.

The UPA government too had in place austerity measures. For 2013- 14, former Finance Minister P. Chidambaram rolled out cuts of 15 per cent on average across both Plan and non- Plan expenditures. Union Finance Minister Arun Jaitley has spared Plan expenditure from his 10 per cent spending cut.

A Finance Ministry release said the objective of the fiscal prudence and economy measures was the need to rationalise expenditure and optimise available resources. The Ministry revived its standard measures, including curbs on conferences abroad or in fivestar hotels, purchase of vehicles and staff cars, travel curbs on flying first class and ban on new posts. NEW DELHI: Announcing a series of austerity measure, Union Finance Minister Arun Jaitley has reiterated his predecessor's policy of not allowing a ministry to spend more than one- third of its Budget allocations in the last three months of the financial year along with the stipulation that during the month of March expenditure be limited to 15 per cent of the Budget allocation. These ceilings are aimed at improved planning of Government expenditure.

On Thursday at a budget targets review meeting of senior Income Tax officials, Mr. Jaitley said he expected that the rise in the prospects of the economy was likely to enable the revenue department to achieve its tax collection targets.

During the first six months of the current fiscal, indirect tax collections grew 5.8 per cent against the Budget target of 25.8 per cent. Though the gross direct tax collections grew 15 per cent in line with the Budget target, the large outgo on account of refunds depressed the rate of growth of the net collections to 7 per cent.

6. Govt cuts costs: No 5-star meeting, first-class travel

Aloke Tikku aloke.tikku@hindustantimes.com

31 Oct 2014 Hindustan Times (Delhi)

NEW DELHI: The Narendra Modi government on Thursday ordered a ban on first-class air travel by top bureaucrats as part of its austerity drive to cut down on unnecessary expenditure and make the most of available resources.

The government also told ministries to reduce non-plan expenditure, barring them from holding conferences at five-star hotels, purchasing new vehicles, creating new posts and making new financial commitments.

Government expenditure is classified under two broad heads — plan and non-plan. Funds spent on creating assets through programmes and schemes come under plan expenditure, while non-plan expenditure refers to all spending, including establishment and maintenance activities of the government.

The small-bore measures are aimed at cutting non-plan spending by 10% in the fiscal year to March 2015.

"In the context of the current fiscal situation, there is a need to continue to rationalise expenditure and optimise available resources," said an order issued by expenditure secretary RN Watal that clamped down on secretaries flying first-class while travelling abroad. Last year's austerity drive, too, had advised them to avoid first-class travel, but quite a few ignored the suggestion.

Containing expenditure is central to the government's aim to keep the fiscal deficit — shorthand for the amount of money the government borrows to fund its expenses — within the budgeted 4.1% of GDP in 2014-15.

The move comes a month after Prime Minister Modi frowned at secretary-rank officers going on frequent foreign trips, saying they should travel only if sending a joint secretary- or additional secretary-rank officer does not serve the purpose.

However, the government made a few changes to earlier versions of the austerity drive to avoid unnecessary inconvenience and paperwork. For instance, it exempted security forces from the ban on buying new vehicles

THE FINANCE MINISTRY ALSO RELAXED THE RULE FORCING ALL OFFICERS EXCEPT SECRETARIES TO TRAVEL BY ECONOMY-CLASS

In the past, security forces had to seek the finance ministry's approval for every purchase. "This rule was a big impediment and slowed down our expansion," said a central reserve police force officer. The finance ministry also relaxed the rule forcing all officers except secretaries to travel by economy-class, which will now allow officers of the rank of joint secretary and above to travel business-class. The ministry, while striking down the earlier rule that was often criticised as unnecessary, said departments would, however, not be given any more money than what is already budgeted.

"However, there would no bookings in first-class," Watal's memorandum said.

The government will also not entertain proposals for participation in study tours or conferences abroad except those that are fully funded by the sponsoring agencies.

PART B

NEWS AND VIEWS

Friday, 31st October 2014

Polity	: SP likely to back Amar's RS re-entry
Economy	: Rising orders show investment revival
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Editorial	: Giving new life to Aadhaar

Communication, IT Information Division
Phone # 2525

Hindustan Times

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Govt may allow Oppn in Lokpal panel

HT Correspondent
letters@hindustantimes.com

NEW DELHI: In the absence of a leader of opposition in the Lok Sabha, the Modi government is exploring the possibility of amending the Lokpal law to include an opposition leader in the selection panel of the anti-corruption watchdog.

The Lokpal law currently says the leader of opposition in the Lok Sabha has to be one of the five members of the Lokpal's selection committee, headed by the Prime Minister.

"There are some amendments under consideration to be able to appoint the Lokpal. No decision has, however, been taken," a government source told HT.

This is the second citizen-centric law that needs to be tweaked before being implemented. The government had discovered flaws in the whistleblower act – hurriedly passed by Parliament earlier this year – and intends to fix them during the winter session.

Lok Sabha speaker Sumitra Mahajan has already denied the LoP post to the Congress that has just 44 legislators in the lower House, less than 10% of the seats in the Lok Sabha required for the position.

A government official said one way to break the deadlock was incorporating a provision in the law that allowed the leader of the largest opposition party in the Lok Sabha be nominated to the selection panel in the LoP's absence.

RAJYA SABHA POLLS

SP likely to back Amar's RS re-entry

HT Correspondent
letters@hindustantimes.com

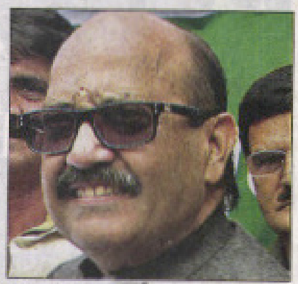
NEW DELHI: A homecoming seems to be in the offing for Amar Singh, with indications suggesting that the Samajwadi Party (SP) will back his candidature in the coming biennial polls to the Rajya Sabha.

Ahead of the party's parliamentary board meeting on Friday, sources told HT that the party had finalised names of three party candidates: Ram Gopal Yadav and Ashok Bajpai, besides former Prime Minister Chandrashekhar's son, Neeraj Shekhar.

After months of speculation about warming up of relations between Singh and his political mentor Mulayam Singh Yadav, the patch-up is said to have been finally worked out after a three hour meeting between the two last Wednesday.

After the 2012 assembly elections in Uttar Pradesh, the SP — which had only one of the 10 Rajya Sabha seats that are going to polls — can now send six nominees.

On the other hand, the Bahujan Samaj Party's share will shrink from six to two, while the BJP's position will remain static at one.



Amar Singh

Some business honchos and media barons have reportedly been seeking the SP's support for an entry into the Rajya Sabha as well.

Business Standard

Date 31/10/2014
Page No. 01

Rising orders show investment revival

India Inc gets about ₹67,000 crore worth of fresh orders in the September quarter, a rise of 45% sequentially

DEEPAK KORGAONKAR & KRISHNA KANT
Mumbai, 30 October

If order inflows are a harbinger of an improvement in the investment cycle, India Inc has reason to feel happy. In the quarter ended September this year, companies received about ₹67,000 crore worth of fresh orders, up 45 per cent on a quarter-on-quarter basis and the highest in the past four quarters (*see chart*).

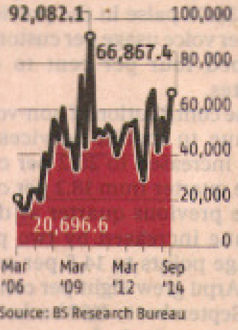
The momentum has continued into the quarter ending December, too, with companies reporting fresh orders of about ₹20,000 crore so far this quarter. In the December quarter of FY13, companies had received ₹41,654 crore worth of new orders.

Capital goods companies accounted for about 85 per cent of the overall order inflow in October, followed by construction & infrastructure firms (12 per cent). The rest is accounted for by information technology services companies and offshore service providers, data compiled by Business Standard Research Bureau show.

The order inflow in the July-September quarter was, however, lower compared to the year-ago period, though the pace of decline moderated sharply compared to fall in the previous quarter, hinting at a recovery in the coming quarters. During the second quarter, the inflow of fresh orders declined 2.6 per cent on a year-on-year basis, against the 27 per cent annual decline in the June quarter.

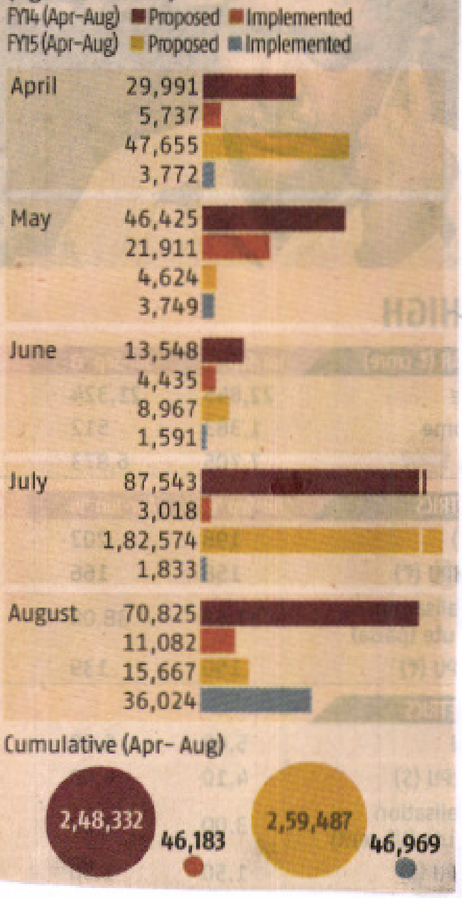
Optimism is also visible in new projects data released by the Department of Industrial Policy and Promotion. In the April-August period this year, a total of ₹2.6 lakh crore of new investment proposals have been cleared by the department, against ₹2.48 lakh crore during the corresponding period last year (*see table*). Analysts are, however, keeping their fingers crossed, saying the uptick could be due to select projects getting off the ground, rather than a secular rise in capital expenditure.

FRESH ORDER INFLOWS
(Figures in ₹crore)



Source: BS Research Bureau

INDUSTRIAL INVESTMENT (APRIL-AUGUST) IN 2014
(Figures in ₹crore)



Business Line

Date 31/10/2014
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Cong faces lonely battle in J&K, Jharkhand

OUR BUREAU
New Delhi, October 30

Even while struggling to recover from the electoral defeats in Maharashtra and Haryana, the Congress looks isolated in Jharkhand and Jammu and Kashmir too, where Assembly polls are scheduled in November.

In Jharkhand, where the grand old party is part of the ruling alliance, talks with the Jharkhand Mukti Morcha (JMM) are going nowhere. In J&K, the party is going it alone after severing ties with the National Conference.

There is pressure on the party high command to sever ties with the JMM. The local Congress leadership is demanding more than 45 seats of 81 from the JMM, which is not ready to concede more than 40. The Congress will have to share the seats allotted to it with its allies RJD and JD(U) as well.

The Congress fears that the BJP will poach its leaders, particularly from the Jammu region.

Another suggestion before the Congress high command is to break away from the JMM and forge a 'better' alliance where the Congress will have an upper hand. A final decision on the alliances will be taken by a committee headed by veteran leader AK Antony.

Congress circles feel the JMM is taking a rigid stand on the alliance for a possible post-electoral tie-up with the BJP in the State.

In J&K, the party had decided not to field senior leaders Ghulam Nabi Azad and Saifuddin Soz. However, Azad, a former CM, is likely to head the party's campaign committee. The Congress is expecting an exodus from its folds ahead of the elections.

Exodus predicted

Its senior leader Mangat Ram Sharma resigned to join the Peoples Democratic Party recently. Another Congressman, Sham Lal Sharma, had resigned from the Omar Abdullah Cabinet, accusing the State Government of neglecting the development of Jammu region.

The Congress fears the BJP will poach its leaders, particularly from Jammu. A party leader pointed out that the BJP grew in Maharashtra and Haryana by offering ticket to Congress rebels.

States set to control functioning of spot commodity markets

With Centre withdrawing exemption to 1-day forward trading

OUR BUREAU
Chennai, October 30

State Governments will now have total control over the functioning of spot commodity markets with the Centre withdrawing its exemption to one-day forward trading it granted to four spot exchanges.

The Centre had on June 5, 2007, exempted all one-day forward contracts of the National Spot Exchange Ltd (NSEL) from the provisions of the Forward Contracts (Regulation) Act, 1952 (FCRA), to facilitate electronic spot trading in commodities, which falls under the ambit of State Governments.

Riders

The exemption was given with riders that there would be no short sales and the exchanges will provide all information sought by the Centre.

Basically, the exemption, under Section 27 of the FCRA, was seen as a move to help NSEL to launch electronic spot trading across the country in the garb of one-day forward trading. However, NSEL was to follow spot trading regulations of the place where it took place.

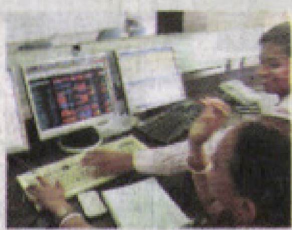
All settlements were to be made within a day and outstanding positions were to result in mandatory delivery.

Exemption

"The exemption was a temporary measure and it had to go one day. Thanks to NSEL fiasco, it has gone now," said an official of a commodity exchange not wishing to identify. While spot markets will be under the control of State Governments, electronic trading will be closely monitored by the Union Government," he said.

Spot markets in the country are controlled by the State Governments through the Agricultural Produce Marketing Committee Act.

Each APMC yard is, in turn, governed by rules framed by the respective board. The exemption granted by the erstwhile United Progressive Alliance helped NSEL to bypass these norms. The exemption also prevented the Forward Markets Commission, which regulates commodity markets across the country, from probing into the functioning of NSEL.



A Government notification issued on September 29 said that the Government is of the view that entities which were granted exemption, which facilitated unregulated forward trading on their platform, had failed to serve the purpose for which they were created. Therefore, it had veered around the view that one-day forward trading in such unregulated entities is not in public interest.

Besides NSEL, NCDEX Spot Exchange, Reliance and National APMC had also got permission to hold one-day forward trading.

Others in the fray

"NCDEX had got the permission in 2008 but it did not start one-day forward.

Since it was of no use to the exchange, it had told Government last year that it wouldn't be affected if the exemption was withdrawn," said a commodity exchange source.

Reliance and National APMC never got going. In fact, Neptune Overseas Ltd, which got permission to launch National APMC, got into trouble with the Forward Markets Commission over the issue of transfer of National Multi Commodity Exchange stake.

The ₹5,600-crore NSEL scandal last year is the main reason for the withdrawal of the exemption.

Following the scam, the Centre, earlier this month, ordered the merger of NSEL with its promoting firm Financial Technologies (India) Ltd. "The withdrawal of exemption also stems from the Government order to merge NSEL with FTIL," the source said.

The Economic Times

Date: 31/10/2014
Page No. 23

MGNREGA Workers' A/Cs to be Linked with Aadhaar Nos

Yogima.Sharma@timesgroup.com

New Delhi: To eliminate ghost beneficiaries under the rural employment guarantee scheme, Nitin Gadkari-led rural development ministry has chalked out an action plan to link two crore worker account under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to Aadhaar numbers by end of this year.

The ministry has already identified over 170 high priority districts in 8 states, accounting for 90% of the total 2.4 crore identified beneficiaries, whose bank accounts will be seeded with Aadhaar numbers to help government roll out direct transfer of MGNREGA wages in these districts. "We intend to use Aadhaar in stages for improving the delivery of services to the wage seekers under the scheme and in the first phase, which has to be completed before December 31, 2014, we intend to link at least two crore MGNREGA workers' accounts to their Aadhaar numbers," a senior government official told ET.

As part of the five-step action plan, the rural development ministry will focus on 178 districts where enrolment is high but Aadhaar seeding of bank accounts is low. The state governments will be responsible for collecting the Aadhaar number of all active workers within two months.

This will be followed by manual verification, by physically checking the workers' Aadhaar letters, in case the computer authentication fails, and freezing the accounts which are not verified.

This will be monitored weekly by the rural development ministry to ensure that the short-term target is achieved within the given time.

The Times Of India

Dated: 31/10/2014
Page No. 14

MHA may relax citizenship rules

Times News Network

New Delhi: The Union home ministry has moved to amend the Citizenship Act to relax the stipulation of one-year continuous stay in India for certain categories of applicants — including a person of Indian origin (PIO), a foreign national married to an Indian citizen and an overseas citizen of India (OCI) of five years — before they can seek Indian citizenship. The proposed amendments, on which comments/suggestions of Indian citizens have been sought by November 11, are also aimed at merging the PIO and OCI schemes and renaming the combined product as 'Indian Overseas Cardholder' scheme.

Under the proposed amendments — laid down as part of the draft Citizenship (Amendment) Bill, 2014 — certain clauses of Section 5 and 6 are proposed to be amended to allow breaks for a total period not exceeding 30 days during the prescribed period of one year immediately before applying for Indian citizenship.

BEING INDIAN

The home ministry justified the proposed breaks of up to 30 days in the one-year period of stay in India prior to application, on the ground that due to increased globalization, there was often an imperative need for people to visit abroad due to economic, social, medical needs, etc.

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

Hindustan Times

Date: 31/10/2014
Page: 12, 19.

Govt may downsize MGNREGA to boost scheme impact on the poor

REVAMP PM keen to ensure programme alleviates poverty and is not just a social security mechanism

Chetan Chauhan
chetan@hindustantimes.com

NEW DELHI: For fiscal prudence and better outcome of public expenditure, the Narendra Modi government is likely to downsize some of the social sector schemes, including the rural job guarantee programme, the biggest grosser of the central funds.

Finance minister Arun Jaitley had allocated about ₹33,351 crore for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) in his budget this July but many believe that the huge expenditure was not resulting in the desired outcome because of its expansive spread.

The MGNREGA covers entire rural India spread over 6,600 blocks irrespective of whether there was demand for work or not. The government wants to change this and is looking at focusing on implementing the job guarantee scheme in about 2,500 blocks, where India's poorest live.

"It is one of the proposals being discussed for the next Union budget as a measure to improve impact of public expenditure," a senior government official told HT, adding that it would be discussed with the rural development ministry officials soon.

This was also an idea pushed by the Planning Commission when MGNREGA was conceived. The scheme was initially implemented in the 200 poorest districts in 2006 but within the next few years it was expanded to entire rural India.

The panel's call to make it more outcome-oriented failed to cut ice with the UPA government even though the work provided to a household in a year reduced from about 70 days to 31.6 days in 2014-15. The law provided for maximum of 100 days of work for a household at a rate prescribed by the Centre, which was not met even in the poorest of the districts.

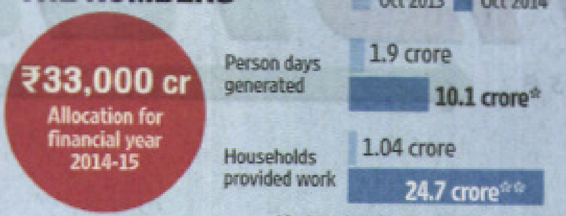
Sources say PM Modi is keen to ensure that MGNREGA turns into a poverty alleviation scheme by creating assets that can improve agriculture productivity rather than only being a social security mechanism.

"Data has shown that the scheme is not of much use in the rich states of Punjab or Haryana. But, it can do wonders in poorer states such as Jharkhand or Odisha if its implementation is improved," an official said. For that, the government wants to adopt more micro block-level approach instead of the present district-level implementation.

THE NUMBERS

MGNREGA covers all of rural India, spread over 6,000 blocks. HT FILE

THE NUMBERS



*Projected, **Figures till 29th October

8 high-growth states to reshape India's economy by 2025: report

HT Correspondent
letters@hindustantimes.com

NEW DELHI: India's growth over the next decade will be led primarily by eight high-performing states — Gujarat, Haryana, Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu, Himachal Pradesh and Uttarakhand — which will account for 52% of incremental GDP between 2012-2025, according to a new report titled "India's Economic Geography in 2025: states, clusters and cities" by McKinsey & Co.

"Along with these eight states, four "very high performing" cities/states — Delhi, Chandigarh, Goa and Puducherry — will house 57% of consuming class households in 2025," said Anu Madgavkar, senior fellow, McKinsey Global Institute, and one of the co-authors of the report.

At a more granular level, the report says 69 cities and 79 districts housing them will account for 54% of incremental GDP, similar to the eight high performing states.

Though some states and urban clusters will outshine others in growth rates, a secular rise in income levels across the board will ensure that inequality will not rise, assuming low performing states also implement necessary reforms and productive investments, said Madgavkar.

The study says five states — West Bengal, Madhya Pradesh, Odisha, Chhattisgarh and Rajasthan — will be able to lift 18 million households from poverty and account for 51 million, or 30% of all neo middle class families in India. This is expected to stimulate growth in industries such as cement, low-cost housing, pharmaceuticals, fast moving consumer goods, apparel and footwear.

Apart from the very high performing cities, the study classifies, in order of growth, high performing ones, which includes Mumbai, Chennai, Ahmedabad, Surat and Coimbatore, performing cities comprising Kolkata, Bangalore and Hyderabad among others, and low performing cities, which include Jamshedpur, Lucknow and Indore.

The Hindu

Date: 31/10/2014

Page No. 01, 09

Government unveils austerity drive

Puja Mehra

NEW DELHI: The Finance Ministry on Thursday ordered with immediate effect a mandatory 10 per cent cut in the Centre's non-plan expenditure for the year 2014-15. The cut does not cover interest payment, repayment of debt, defence capital, salaries, pension or the Finance Commission's grants to States, according to the Ministry's circular. Subsidies will face the brunt of the cuts.

The UPA Government too had in place similar austerity measures. For 2013-14, former Finance Minister P. Chidambaram had rolled out cuts of 15 per cent on average across both plan and non-plan expenditures of ministries. Union Finance Minister Arun Jaitley has spared plan expenditure, that goes primarily towards development schemes, from his 10-per cent spending cut.

A Finance Minstry release on Thursday's cuts said the objective of the fiscal prudence and economy measures is the need to rationalise expenditure and optimize available resources. It also said that the Ministry had been issuing the austerity instructions from time to time with a view to containing non-developmental expenditure and releasing of additional resources for priority schemes. The last set of instructions was issued on September 18, 2013 after the Union Budget, it said.

The Ministry also revived its standard measures, including curbs on conferences abroad or in five-star hotels, purchase of Government vehicles and staff cars, travel curbs on flying First Class and ban on new posts.

A.P. capital to come up in Guntur district

30,000 acres identified across 17 villages

Special Correspondent

HYDERABAD: The new capital of Andhra Pradesh would come up in Guntur district, with the government identifying 30,000 acres across 17 villages for building the required infrastructure for various public utilities, besides the Secretariat and the Assembly.

The issue was discussed at a marathon Cabinet meeting after which the Cabinet sub-committee on land pooling met and decided the modalities.

Briefing reporters later, Andhra Pradesh Agriculture Minister P. Pulla Rao said the farmers in 14 villages of Tullur and three villages of Managalgiri mandals would be convinced and a system of land pooling would be adopted for taking the land. He also announced that the Vijayawada-Guntur-Tenali-Mangalagiri urban body would be abolished and a new Capital Region Development Authority would be constituted.

He said that from Friday the process of convincing farmers would start and pooling would be completed in nine months. The government would pay Rs. 25,000 per acre per year for 10 years to each farmer who parted with his land. There would be a five per cent increase every year and by the end a decade the amount would be Rs. 37,500. Nearly 20 per cent of the 30,000 acres might be government land, he added.

Fertile fields dot the landscape on Tadikonda-Thullur stretch, a region identified as the probable capital region of Andhra Pradesh. - PHOTO: T. VIJAYA KUMAR

He said the 30,000 acres would be divided into six sectors and the farmers would be given 1,000 yards of fully developed land with infrastructure for every one acre they parted.

He said the farmers would be allotted that land through lottery system.

Replying to a question, he said the value of those lands would further increase in future and benefit the farmers.

The Minister said the cooperation of farmers and people was needed to build the new capital. He said that after developing the core area, other new areas would come up on a total of 60,000 acres or one lakh acres in the new capital.

He said the Chief Minister was keen that not a single tmcft should go waste into the sea and suggested that an action plan be drawn up for creating new ayacut in that region for another three lakh acres.

Irrigation Minister Devineni Uma Maheswar Rao said the people of that region were indebted selecting the region around the Krishna for locating the capital and appealed to everyone to cooperate.

The 14 villages in Tullur mandal are: Tullur, Borupalem, Nelapadu, Nekkalu, Shakamooru, Vangadam, Malkapuram, Velagapudi, Modalingapalem, Uddandarayapalem, Lingayapalem, Rayathuri, Apparaju Palem and Dondapadu. The three villages of Managlagiri are Neerukonda, Nidamarru and Kooragallu.

The Hindu
Editorial

P.C

Giving new life to Aadhaar

The imperatives of governance have a tendency to make political parties think differently once they are in power and revisit earlier misgivings. Nothing illustrates this better than the Narendra Modi government's decision to go ahead with the 'Aadhaar' scheme aimed at giving unique identification numbers to residents. The Bharatiya Janata Party had on some occasions in the past voiced its reservations about the viability and desirability of the scheme and questioned the legal basis of the Unique Identification Authority of India (UIDAI) set up by the previous United Progressive Alliance regime. Many had questioned the lack of statutory basis for the project, voiced concern over the security implications of the possible enrolment of non-citizens, and argued that collecting biometric data without enabling legal provisions violated constitutional rights. However, the Modi regime views the scheme as a possible means to meet its own policy goals. It appears to have come round to the view that having a unique identification number may improve efficiency and targeted delivery of services. The Home Ministry has in a letter to the States come out in support of the Aadhaar scheme, saying it is a sound way of authenticating beneficiaries of government schemes and services.

The NDA government is now targeting universal coverage of the entire country under the Aadhaar project by June 2015. Latest statistics show that as many as 70 crore Aadhaar numbers have been issued, making it the world's largest biometric database, and that over 50 crore people are yet to be covered. The government will have to reckon with multiple challenges before it can translate its policy goal of using authentic identification as the driving force behind delivery of benefits and services. The scheme is under challenge before the Supreme Court, and by an interim order the government has been restrained from making Aadhaar numbers mandatory for availing any benefit or service. To overcome the judicial challenge, the government needs to put in place a sound legal framework. This requires provisions for digital identity protection and steps to ensure that different kinds of personal, demographic and biometric data are truly disaggregated and do not fall cumulatively in the wrong hands — transnational databases, for instance. Secondly, the physical process of enrolling people with both demographic and biometric data remains cumbersome, and it needs to be made simpler and more accessible. Thirdly, the government must always preserve alternative means of identifying individuals and verifying their addresses so that a particular form of identification does not become restrictive or mandatory.

G.O.I