



PART A: News pertaining to Planning Commission



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आज का विचार (महात्मा गांधी के मूल्यवान वचन)

“हेतु शुभ होगा तो आत्मा कलुषित न होगी”।

1. Where is Team Modi?

Shankar Acharya, Business Standard: 09.10.2014

(The author is honorary professor at ICRIER and former chief economic adviser to the government.)

The success of the government will depend substantially on the quality of its team of key ministers, officials and advisors

The past few weeks have witnessed an extraordinary demonstration of energy, oratory, skillful projection of personal authority, high diplomacy and popular showmanship by Prime Minister Narendra Modi. At the end of August, he launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) for financial inclusion to extend bank accounts to every Indian household. Early last month, he was in Japan engaging with his counterpart, Shinzo Abe, promising a special fast-track for all Japanese investors, playing jugalbandhi on drums and generally deepening the Indo-Japanese partnership. Back in India, the prime minister delivered an exhortatory Teachers' Day speech to millions of teachers and students. He then hosted Australia's Prime Minister Tony Abbot and finalised an agreement to import uranium for India's nuclear programme. Within days he was off to flood-ravaged Jammu and Kashmir to review the devastation and promise full support for reconstruction and rehabilitation. By mid-month, Mr Modi was welcoming President Xi Jinping of China in Ahmedabad and Delhi, holding summit talks against the tense background of an untimely military stand-off on the border and emphasising the importance of delineating the Line of Actual Control and solving the long-standing boundary issue.

September 24 saw the prime minister in Bangalore at the Indian Space Research Organisation's Tracking and Command Centre watching and celebrating the successful placement of India's Mars Orbiter in stable orbit around the red planet. The next day he was back in Delhi launching the "Make in India" programme in front of a galaxy of applauding industrialists. Then on to the United States, where he gave a strong speech at the United Nations General Assembly, wished the power of "The Force" to Hugh Jackman at an event in New York's Central Park, thrilled the packed non-resident Indian audience at Madison Square Garden, and had a small private dinner with President Barack Obama in Washington, followed by official talks the next day, which breathed new life into the flagging United States-India relationship. Back in India, he launched the "Swachh Bharat" programme on Gandhi Jayanti, celebrated Dusshera and then, over the last weekend, kicked off the Bharatiya Janata Party's election campaign in the Maharashtra and Haryana Assembly elections with a series of rousing speeches in both the states. Like the legendary Superman, Narendra Modi seemed to be everywhere at the same time.

This whirlwind of media-intensive activity, oratory and multiple summitry had several positive consequences. It stamped the full authority of the prime minister on the government after a long decade of weak and divided leadership under the United Progressive Alliance. It left all our major

foreign interlocutors in no doubt as to who was in charge of the country. It amplified the sense of forward movement to most arms of the government. And, like his election campaign of earlier months, it fanned the hopes and aspirations of citizens and voters. All this was helped by the fact that Mr Modi's high-profile public speeches and press statements generally struck the right notes on all the varied range of subjects and audiences he took on.

The hyperactivity of the last few weeks also raises some important questions. Is there governmental capacity to deliver on all the promises that the prime minister has made to foreign and domestic audiences? For example, the PMJDY could become a very effective programme for financial inclusion if it also becomes a game-changing vehicle for transforming India's massive, corruption-ridden and highly inefficient subsidies for food, fuel and fertilisers into much more efficient and targeted direct cash benefit transfers. Will this happen or might the PMJDY simply degenerate into one more expensive and inefficient populist giveaway of scarce public resources? How effectively can the central government take the Swachh Bharat programme forward, when its core elements of water, sanitation and waste disposal fall under the purview of state governments? Can a fast-track favouring Japanese investments be made to work? How rapidly will the better business climate promised by the prime minister to American corporate leaders actually fructify? Can the "Make in India" boost to manufacturing take off without significant amendments to current laws on labour relations and land acquisition, and major improvements in infrastructure sectors?

Beside the new promises of the past few weeks, what about the ongoing major economic and social challenges facing the nation, from old ones like stagnant employment, weak infrastructure, low economic growth and high inflation to new ones like the Supreme Court's retrospective cancellation of nearly all coal-block allotments for captive mining? Behind these queries hangs another over-arching one: is this government too reliant on one man, the prime minister, or is there an effective team of ministers, officials and advisors in the making? A prime minister with energy, vision and commitment can certainly make a huge difference, but for sustained, successful governance of a nation of 1.25 billion people, he surely needs a competent and effective team? Is a strong Team Modi in the making?

A cursory review of our history over the past 40 years suggests that our most effective governments in taking the nation forward may have been the P V Narasimha Rao government of 1991-96 and the Atal Bihari Vajpayee government of 1998-2004. While these two governments obviously differed in many respects, they had three common ingredients that probably contributed significantly to their success. Both governments were led by prime ministers with clear political authority; both had strong, competent ministers in the Cabinet; and both had well-led and mandated set-ups in the Prime Minister's Office (PMO).

Compared to these two examples, the political authority of Prime Minister Modi is clearly unquestionable and may indeed be stronger than that of either Rao or Mr Vajpayee. However, Mr Modi's ministerial team is composed mainly of newcomers to the Union government. As has been

widely and frequently noted, competent and experienced ministers are few and look even fewer when the minister for finance, defence and company affairs (Arun Jaitley) has to spend an entire month in hospital. Even with his full-time return (for which we should all wish), the ministerial team is clearly weaker than Mr Vajpayee's or Rao's. As a well-wisher of the government (indeed of any Union government), I hope to see early appointment of two tried and tested stalwarts, Arun Shourie and Yashwant Sinha. They would add valuable competence, wisdom and heft to Team Modi. At the PMO, Nripendra Misra is a fine, experienced and dedicated principal secretary. However, by all accounts, he does not start with the enormous advantages of either Amar Nath Varma or Brajesh Mishra in having his prime minister's confidence from the word "go". One can only hope that this will be acquired and augmented over time.

Ultimately, the responsibility for creating and welding a strong and responsive Team Modi rests with the prime minister. The programmatic and political success of his government will depend substantially on the quality of his team of key ministers, officials and advisors.

2. India home to 1 in 3 of the world's poor in 2011

Business Standard: 09.10.2014

World Bank-IMF study for 2011, however, says the pace of reduction in absolute poverty has been substantial; report stresses skills training for youth as key

India was home to about a third of the world's poor in 2011, according to a progress report on various social indicators from the World Bank and the International Monetary Fund (IMF), issued on Wednesday. In other words, the highest number of the poor lived in India in 2011.

China, whose population is more than our billion-plus number, had only eight per cent, says data given in the Global Monitoring Report 2014-15.

The report said three-fifths of the world's poor resided in only five countries in 2011 —India, Nigeria, China, Bangladesh and Congo. Between India and China was Nigeria, which had 10 per cent of the world's poor. Bangladesh had six per cent and Congo had five per cent.

If another five countries —Ethiopia, Indonesia, Pakistan, Madagascar and Tanzania —are taken into account, a little over 70 per cent of the world's poor resided in these 10 nations.

There were 1.01 billion poor in 2011 in the world (14.5 per cent of the population in the world), of which 30 per cent lived in India. This meant 300 million in India. India's total population was 1.21 bn in 2011. The estimate is 24.7 per cent of India's population as poor in 2011, by the World Bank measure of so classifying anyone spending less than \$1.25 a day.

The bright side is that the Bank had earlier given poverty figures for 2010 in India and that showed 32.68 per cent of the population as poor. This meant a reduction by almost eight percentage points in a year. And, in 2008, 41.6 per cent of Indians were poor, according to Bank estimates. These figures are based on purchasing power parity of 2005.

The latest report noted this in saying the world's most populous countries, China and India, have played a central role in the global reduction of poverty. "Together, they lifted 232 million people out of poverty from 2008 to 2011," it said.

The Bank's calculation was close to India's official figure for poverty at 21.9 per cent in 2011-12. The estimate depends on the way the poverty line is defined. The official figure for 2011-12 was based on the Suresh Tendulkar method, according to which the line was Rs 33 a day expenditure by a person in urban areas and Rs 27 in villages.

After this was criticised, the government appointed a panel headed by C Rangarajan, then the Prime Minister's economic advisory council head. This panel found 29.5 per cent of India's population was poor in 2011-12. The committee took the poverty line as Rs 47 expenditure a day in urban areas and Rs 32 in villages.

If the World Bank's poverty line of \$1.25 daily expenditure is raised to \$1.51, which was done by the Asian Development Bank, close to half of India's population was poor (47.5 per cent) in 2010.

World Bank Vice-President and chief economist Kaushik Basu admitted the poverty line could drawing a flak but also said the larger issue is the huge number of poor in the world.

"If it is shocking to have a poverty line as low as \$1.25 per day and it is even more shocking that 1/7th of the world's population lives below this line," said Basu.

According to the IMF-Bank report, 17 per cent of the developing countries' population was poor in 2011 and this is projected to come down to 5.7 per cent in 2030. Taking the narrower group of South Asia, 24.5 per cent of the population was poor in 2011, roughly the same as with India. By 2030, no more than 2.1 per cent of South Asia's population is projected to be poor.

By 2030, 4.9 per cent of the world's population is forecast to be poor. The Bank aims to bring it down to three per cent by then. Even in 2030, as much as 23.6 per cent of the population in sub-Saharan Africa is forecast to be poor.

The report laid stress on skills education to raise employability among youth. It quoted a study to emphasise that as many university and college graduates are poorly trained in India, companies in the software, banking, pharmaceutical and retail sectors are increasingly designing their own training programmes and even building campuses to train recruits.

3. Centre moves to link hydropower projects with Ganga rejuvenation

Utkarsh Anand , The Financial Express:09.10.2014

SummaryThe government plans to link hydropower projects (HEPs) in the country with its ambitious Ganga rejuvenation plan...

The government plans to link hydropower projects (HEPs) in the country with its ambitious Ganga rejuvenation plan, in the process proposing a whole new set of norms to be complied with by all the project proponents before procuring environmental clearances.

In its affidavit to the Supreme Court, the government stated that it wanted to make sure that clearances to HEPs do not obstruct or hamper the Ganga clean up plan in any manner since “they hold the key to the successful rejuvenation and restoration of the wholesomeness of the river”.

It said that a “synergy and fine balance has to be established between the objective of the Ganga River Basin Environment Management Plan and the mechanism/ strategy to be followed by this ministry for deciding environmental clearances to the HEPs on Ganga and its tributaries”.

The Centre put forth a new set of three imperative conditions, which included maintenance of a minimum quantum of environmental (e)-flow, longitudinal river connectivity and aviral dhara (continuous flow) for the river upon which a HEP is proposed. The three components, it said, are required to maintain ecological integrity and bio-diversity of the river and non-disruptive biota movement and sediment transportation. These clauses are likely to be applicable across the board for all HEPs in the country.

“Therefore all HEPs on Ganga and its tributaries in Uttarakhand shall have to adhere to these specifications while designing and operating the HE plants,” the ministry of environment and forest has told SC, which will examine the proposal on Thursday.

The bulk of hydro power projects are either commissioned or being constructed in Ganga sub-basins in Uttarakhand. 24 of the total 39 proposed projects in the state were stalled after the SC held them to be significantly impacting biodiversity in two sub-basins of the Alaknanda and Bhagirathi rivers. Besides Uttarakhand, the other four Himalayan states of Himchal Pradesh, Jammu & Kashmir, Sikkim and Arunachal Pradesh also have HEPs.

Admitting that the aspect of e-flow was “unfortunately not adequately addressed while granting environmental clearances (EC) for the HEPs in Uttarakhand”, the MoEF said it wanted to make such clearances mandatory also for projects below 25 MW in capacity, which had been exempted under the existing rules with a view to promote smaller capacity HEPs. It pointed out that the at least 8 out of the stalled 24 projects had been found to be having significant adverse impact on biodiversity.

“The ministry proposes to bring these projects also under the purview of the environmental appraisal by making EC mandatory for them. Besides, the issue of aviral dhara and longitudinal connectivity shall also apply for HEPs, regardless of the capacity and size of a HEP since they are essential for rejuvenation of Ganga,” it added.

The MoEF said the 24 projects, irrespective of the fact whether or not ECs have been granted to them, should be subjected to fresh appraisal on the three-point criteria, as suggested by the IIT consortium, constituted to reconcile the two reports of the expert committee set up under SC orders.

“The critical appraisal may entail design modification and capacity alteration in the HEPs for ensuring longitudinal connectivity and release of suggested e-flow all the time during lean and monsoon periods, besides other general environmental issues and concerns such as biodiversity, muck disposal, catchment area treatment etc,” said the MoEF, adding grant of EC and goal of Ganga rejuvenation plan should not be in conflict with each other.

It added that HEPs other than these 24 would also have to comply with norms while all the projects, commissioned or under operation or for which construction is yet to commence, must also undertake the design modifications in the dams to fulfill these criteria. The MoEF said it also proposed to conduct a full-fledged carrying capacity and cumulative impact assessment study of all the sub-basins of Ganga in Uttarakhand in order to have a holistic and integrated view on then impacts of these projects and to take decisions of any future projects

4. Giving India a leg-up

Gauri Kohli, Hindustan Times: 08.10.2014

The performance of Indian universities in the recent major global rankings has hardly sprung any surprises. No Indian institute features among the top 200 in the 2014 QS World University Rankings. As last year, the top placed Indian institution is 222nd in the world, a position held this time by IIT Bombay, which overtakes IIT Delhi for the first time, the latter slipping to rank 235. In the Times Higher Education (THE) rankings for 2014-15, apart from Panjab University and IISc, Bangalore, only the IITs of Bombay and Roorkee could make it to the top 400.

India's strength is in the QS survey of academics, in which two leading IITs, Delhi University and IISc feature in the top 200. The weakest elements for India are the proportions of foreign staff and students. Ben Sowter, who is responsible for the rankings as head of the QS Intelligence Unit, says: "India may not have made as much progress as it would have liked in the new rankings, but Indian universities are engaging with the rankings more than ever before and this should bear fruit in the medium term."

QS and THE are two of the major ranking systems globally and officials from both the rankings have expressed interest in lending support to India and also help in developing the necessary system for an India-specific ranking, if needed. So, is QS working on developing a ranking system for Indian universities? "We have always maintained that domestic rankings should be led by domain experts who are better placed to understand the nuance, mood and requirements of the country where they are based. The Indian Centre for Assessment & Accreditation (ICAA) has been instrumental in helping many Indian institutions understand our approach and in engaging with key policy makers in India. In return, should they proceed with a ranking in India, QS would gladly lend expertise and counsel, and subject to the agreement of institutions, shared data where we have it. Any such conversation is at an early stage and would require extensive consultation with the sector," says a spokesperson from QS World University Rankings.

As an external observer, QS is also interested in HRD minister Smriti Irani's ambitious plans for a higher education system overhaul, which includes a proposal to create a national ranking system of central universities.

"It is certainly an interesting idea. Rankings create a data-driven culture which can have a positive impact on the governance of universities, access to public funding and private investments. This, in turn, will affect and hopefully improve the overall students' experience," adds the QS spokesperson.

Times Higher Education Rankings is happy to be working with the Indian government to share data and insights over time to ensure that India's top universities can track progress towards their goals. Phil Baty, editor of the THE's World University Rankings, says that if more Indian universities open up for evaluation against global benchmarks, a new matrix could be developed specifically

for India. “The global rankings don’t perfectly capture everything that India does, the local nuances and the good work Indian universities do, but officials in the government, the Planning Commission and Indian varsities now agree that one has to compare themselves with the best globally, otherwise India risks falling behind. We ran a policy dialogue on rankings with the MHRD and Planning Commission in 2013, and have remained in informal discussions about this,” says Baty.

5. ‘Modi government is diluting MGNREGA’

Dhirendra Kumar, Millenium Post: 09.10.2014

Social activist Aruna Roy has alleged that the Narendra Modi-led NDA government is cutting funds for flagship rural scheme MGNREGA on the sly. The people-friendly rural employment scheme was conceptualised by the National Advisory Council, a quasi-government body under the UPA government, where Roy as a member had played a steering role.

The former NAC member levelled strong allegations against rural development minister Nitin Gadkari for diluting MGNREGA by changing the labour material ratio from existing 60:40 to 51:49, rationing of funds, despite it being a demand driven law and reducing the coverage of the scheme to only one-third of the total blocks in the country.

Roy, who heads Mazdoor Kisan Shakti Sangathan (MKSS), said: ‘The NDA government that came to power with the pledge to bring ache din has started cutting rural jobs. The scheme which was labour-driven has been converted into material driven, which will bring back contract raj system.’

Roy, while citing startling revelations fetched through an RTI reply, alleged that on Gadkari’s direction the labour-material ratio was changed overruling the concerns of his ministry officials that altering the material labour ratio from 60:40 to 51:49 will result in total employment coming down to 136 crore persons day, a sharp fall of 40 per cent in employment generated, which will adversely hit five crore households.

In the RTI reply, senior officials have admitted that material-intensive works demand a higher order of organisational skills brought only by the contractors and the past experiences show that whenever highly material intensive structures have been taken up, it brought ‘benami’ (fronting for somebody else) contractors, which in turn resulted in corruption.

The document says the ministry has estimated that to implement the change in labour-material ratio ‘the central government will have to first provide additional resources for wages which may amount to Rs 20,000 crore. It is therefore clear that no change in the ratio should take place till the finance ministry allocates an additional Rs. 20,000 crore.’

Commenting on the Centre’s move to fix fund allocations for the financial year economist Prabhat Patnaik said it reveals how the demand driven nature of the act has been changed to an allocation-based one by the Modi government. Patnaik added that ‘this is one of the country’s most important programmes that has not only enabled the rural workers to overcome conditions of acute distress but has also helped protect rural India from the disastrous effects of the last global economic

collapse. However, the budgetary allocation on this programme has been steadily falling, and this year's allocation is significantly less than last year's allocation in real terms.'

On the issue of restricting the applicability of MGNREGA to one-third blocks, Roy said, 'With so many people depending on the MGNREGA, the announcement of Gadkari that the MGNREGA would be restricted to tribal/backward districts of has come as a death warrant for the Act. The RTI application reveals that ministry is examining this issue 'as instructed by PMO...'

Additional Solicitor General Indira Jaising alleged that the changes in the act were totally illegal as MGNREGA is an act passed by parliament and it cannot be amended through an executive order.

A letter to the prime minister endorsed by more than 200 public figures was sent on Wednesday which states that these proposed amendments to the MGNREGA will be resolutely opposed by the people. Through the letter they have demanded immediate revocation of all moves made to dilute the act.

मोदी के स्मार्ट सिटीज प्रोजेक्ट को लगे पंख

स्मार्ट सिटीज की पहचान 1 महीने में होगी, काम 6 महीने में शुरू होगा

■ गुलशन राय खत्री, नई दिल्ली

प्रधानमंत्री नरेंद्र मोदी के ड्रीम प्रोजेक्ट स्मार्ट सिटी बनाए जाने वाले शहरों की पहचान एक महीने में कर ली जाएगी। 6 महीने में इस प्रोजेक्ट पर काम शुरू हो जाएगा। इन शहरों में पूरा सिस्टम ही ऑनलाइन होगा। सरकार की प्लानिंग है कि इन शहरों को स्मार्ट बनाने के लिए प्राइवेट कंपनियों की मदद ली जाए। इससे माना जा रहा है कि इन शहरों में रहने वालों को बेहतर सुविधाओं के लिए ज्यादा पैसा चुकाना पड़ सकता है।

शहरों की खासियत से स्मार्ट

गौरतलब है कि चुनाव अभियान के दौरान ही मोदी ने देश भर में 100 नए शहर बनाने का अजेंडा जनता के बीच रखा था, लेकिन अब सरकार नए शहर बसाने की जगह पहले से बसे शहरों को स्मार्ट बनाने की तैयारी कर रही है। शहरी विकास सचिव शंकर अग्रवाल ने बताया कि अब तक नए शहर बनाने का अनुभव ज्यादा अच्छा नहीं रहा है। इसलिए मौजूदा शहरों को स्मार्ट सिटी में बदला जाएगा। उन्होंने बताया कि स्मार्ट सिटी के लिए शहरों की पहचान का काम अगले एक महीने में पूरा कर लिया जाएगा। उन्होंने कहा कि कोशिश यह की जाएगी कि उन शहरों को ही



चुना जाए, जहां रोजगार की असीम संभावनाएं हों, भले ही किसी भी तरह का रोजगार हो सकता है। बनारस में टूरिज्म हो सकता है और मुरादाबाद में ब्रास का बिजनेस भी। सरकार का इरादा है कि रोजगार की संभावनाएं बढ़ाने के अलावा इन शहरों की लाइफ स्टाइल भी सुधरेगा।

स्टेट कैपिटल बनेगी स्मार्ट सिटीज

उन्होंने कहा कि सभी राज्यों की राजधानियों को भी इस श्रेणी में लाया जा सकता है। इसके अलावा धार्मिक दृष्टि से महत्वपूर्ण शहर भी होंगे और कुछ सैटलाइट टाउंस को भी स्मार्ट सिटी बनाने की श्रेणी में रखा जाएगा।

प्राइवेट सेक्टर से निवेश

शहरी विकास सचिव ने बताया कि शहरों को स्मार्ट बनाने के लिए इंफ्रास्ट्रक्चर पर होने वाला ज्यादातर निवेश प्राइवेट सेक्टर से ही होगा। हालांकि सरकार वायबिल्टी गैप फंडिंग कंसेप्ट के तहत अपनी ओर से फंड मुहैया कराएगी। लेकिन प्राइवेट कंपनियों का वैसा एकाधिकार नहीं होगा, जैसा दिल्ली में प्राइवेट बिजली कंपनियों का है। नगर निगमों को भी इस मामले में भागीदार बनाया जाएगा।

कंपनियां सिर्फ सुविधाएं देंगी

उन्होंने कहा कि प्राइवेट सेक्टर की भागीदारी सिर्फ पानी और बिजली तक ही नहीं होगी, बल्कि सीवरेज, सॉलिड वेस्ट, सड़क और सफाई समेत

शहर बनेंगे सुंदर

- कोशिश की जाएगी कि उन शहरों को ही चुना जाए, जहां रोजगार की असीम संभावनाएं हों, जैसे बनारस में पर्यटन को विकसित किया जाएगा
- सरकार वायबिल्टी गैप फंडिंग कंसेप्ट के तहत अपनी ओर से फंड मुहैया कराएगी। लेकिन प्राइवेट कंपनियों का दिल्ली में प्राइवेट बिजली कंपनियों जैसी मोनापॉली नहीं होगी

जनता से जुड़ी सभी सुविधाओं में प्राइवेट सेक्टर को शामिल किया जाएगा, लेकिन प्राइवेट कंपनी पब्लिक से अनाप-शनाप पैसा न वसूले, इसी वजह से एक से ज्यादा कंपनियों को सुविधाएं देने के लिए रखा जाएगा, ताकि लोग खुद तय कर सकें कि वह किस कंपनी से सुविधा लेना चाहते हैं। लेकिन यह कैसे होगा, इस पर सरकार काम कर रही है। इस बारे में जल्द ही नियम और शर्तें तय होंगी।

PART B

NEWS AND VIEWS

Thursday, 09th October 2014

Polity

: UPA panel set tough norms for tribal land, NDA sits on report

Economy

: Govt readies plan for over 6% growth

Planning

: IT Ministry plans major rejig of Electronics manufacturing policy

Editorial

: US-style monetary policy

Communication, IT & Information Division
Phone # 2525

UPA panel set tough norms for tribal land, NDA sits on report

JAY MAZOOMDAAR

NEW DELHI, OCTOBER 8

■ *"Amend the new Land Acquisition Act to safeguard tribal land and disallow acquisition by a non-tribal, including private companies."*

■ *"Make gram sabha consent mandatory for acquisition of land, even by the government for its own use."*

■ *"Introduce penalties to prevent deliberate flouting of the Forest Rights Act, such as (through) exception to linear projects, and (through) decisions of the Cabinet Committee on Investment."*

■ *"Appoint a judicial commission to investigate cases of 'Naxal offences' filed against tribals and their supporters."*

THESE are some of the key recommendations of the high-level committee constituted by the UPA to study the socio-economic, health and educational status of tribal communi-

NO ACTION TAKEN

AUGUST 14, 2013: High level committee was constituted.

MANDATE: To prepare a position paper on socio-economic status of the STs and suggest policy initiatives; Submitted report on May 29, 2014.

GOVT'S OPTIONS: Accept/reject the report in full/ parts and submit ATR in Parliament. But more than four months later, government is yet to act.

ties, and to "identify areas of intervention by government" and "suggest policy initiatives". The NDA government has been sitting on the report for four months now.

Set up in August 2013 in line with the Sachar Committee, the seven-member panel chaired by Virginius Xaxa, a member of the UPA's National Advisory Council, submitted

CONTINUED ON PAGE 2

Govt links hydel projects to Ganga clean-up, proposes new clearance rules

UTKARSH ANAND

NEW DELHI, OCTOBER 8

THE NDA government plans to link hydro electric projects (HEPs) with its ambitious Ganga rejuvenation plan, for which it has proposed a new set of norms that all the project proponents will have to comply with before procuring environmental clearances.

In its affidavit to the Supreme Court on Wednesday, the Ministry of Environment and Forests (MoEF) stated that it wanted to make sure that clearances to HEPs do not obstruct or hamper the Ganga clean-up plan in any manner since "they hold the key to the successful rejuvenation and restoration of the wholeness of the river."

It said a "synergy and fine balance has to be established between the objective of the Ganga River Basin Environment Management Plan and the mechanism/ strategy to be followed by this ministry for deciding environmental clearances to the HEPs on Ganga and its tributaries."

The government proposed a new set of three imperative conditions: maintenance of a minimum quantum of environmental flow, longitudinal river connectivity and *aviral dhara* (continuous flow) for the river on which such a project is planned. The three conditions, it said, are required to maintain ecological integrity and biodiversity of the river, non-disruptive biota movement and sediment transportation. These clauses are likely to be applicable across the board for all HEPs.

"Therefore, all HEPs on Ganga and its tributaries in Uttarakhand shall have to adhere to these specifications while designing and operating the plants," the MoEF said. The SC will examine the proposal on Thursday.

The bulk of HEPs are either commissioned or being constructed in Ganga sub-basins in Uttarakhand. Twenty-four of the total 39 proposed projects in the state were stalled after the SC held that they were significantly impacting biodiversity in two sub-basins of the Alaknanda and Bhagirathi rivers. Besides Uttarakhand, Himachal Pradesh, Jammu & Kashmir, Sikkim and Arunachal Pradesh also have HEPs.

UPA panel set tough norms for tribal land

its report on May 29, three days after the Narendra Modi Cabinet took oath. Sources in the Ministry of Tribal Affairs said the report was forwarded to the Prime Minister's Office in the second week of July and the PMO sent it back to the ministry in August.

Since then, the Tribal Affairs Ministry has been tightlipped about it. Tribal Affairs Minister Jual Oram told *The Indian Express*, which has accessed the report, that "the HLC (high-level committee) report is still under consideration". He refused to say if his ministry had received any specific instruction from the PMO.

"When I met the minister in August, I was told the government was studying our report. I wrote to the ministry three weeks ago but I am yet to hear from them," Xaxa said.

Tribal Affairs Secretary Hrushikesh Panda was the member-secretary of the Xaxa committee and contributed one chapter to the report. Dr Usha Ramanathan, Dr Joseph Bara, Dr K K Mishra, Dr Abhay Bang and Sunita Basant were the other members.

The government's dilemma, say ministry sources, is over certain observations and recommendations in the report that challenge the policy push to

clear bottlenecks and road blocks in land acquisition for development projects, mining, large dams etc.

The thrust of the panel's recommendations:

LAND ACQUISITION

- Prevent all kinds of tribal land alienation and restore alienated land to tribal owners as per the PESA — Panchayat (Extension to Scheduled Areas) Act — and confirmatory Acts by states.

- Halt measures of institutions such as the Cabinet Committee on Investment that pursue priorities in direct breach of law.

- Limit exercise of 'eminent domain' and definition of 'public purpose'.

- Review the practice of signing MoUs with companies, that takes away the neutrality of the State.

- Curb government agencies acquiring land to transfer it to private companies for "public purpose". The public-private partnership mode is simply a backdoor method of alienating land in violation of the provision restricting transfer of tribal land to non-tribals in Scheduled Areas.

- Government officials should not be seen as negotiators on behalf of project authorities.

- Government must have the mandate to return unutilised tribal land with it or PSUs, or use the same for resettlement of displaced tribals. The suggestion of the Vijay Kelkar committee (2012) that "unutilised and underutilised land resources" be used for "raising resources" to "finance infrastructure needs" is against the purpose and intent of the land acquisition law.

- Stop forthwith the move to notify rural areas as urban areas in order to nullify PESA provisions.

MINING

- Amend the Coal-Bearing Areas (Acquisition and Development) Act, 1957, to provide for return of land to original land holders post-mining.

- States must adopt the amended Andhra Pradesh Scheduled Areas Land Transfer Regulation, 1959, to facilitate Registered Scheduled Tribe Cooperative Societies taking up mining activities. Minerals in Scheduled Areas should be exploited only by tribals.

LARGE DAMS

- Large dams have harmed tribals. Evolve strategy for water-harvesting structures on various small and large water sources, including big rivers.

- Development projects lead to influx of outsiders to tribal areas. Don't allow reduction of areas declared Scheduled further.

GRAM SABHAS

- Cases of consent of gram sabhas being fraudulently obtained should face penalties, and such projects should not be allowed to proceed.

- Gram sabhas should be empowered to restore alienated land pending a long legal battle, to discourage a prospective non-tribal buyer.

- Public policies should learn from the experience of Niyamgiri and adverse lessons of Salwa Judum.

GRASSROOTS MOVEMENTS & NAXALISM

- State should engage with grassroots movements against exploitation of tribals instead of crushing them.

- There is no legal basis for terming anything a "Naxal offence". Many are charged in areas where there is resistance to projects, and the acquittal rate is "extraordinarily high", leading to the belief that law is being used as a tool to suppress dissent. Appoint a judicial commission to investigate cases filed against tribals and their supporters.





Govt readies plan for over 6% growth

Hopes 5.7% GDP Growth In April-June Picks Up Pace As Sentiment Improves

Surojit.Gupta@timesgroup.com

New Delhi: The government is working on a strategy to boost growth to "6% plus" in the short term and authorities are confident that the steps taken so far will help accelerate expansion, officials said.

The encouraging April-June quarter GDP data, which showed the economy expanded 5.7% year-on-year after a sustained period of sluggish growth, has given hope that the momentum can be sustained, officials said, adding that political certainty has helped boost confidence. Renewed investor interest after Prime Minister Narendra Modi's trips to Japan and the US have added to the optimism. "Why 6%? It is 6% plus that we

STEPPING ON GAS		RISKS
BOOSTER FACTORS		
<ul style="list-style-type: none"> ➤ Improving sentiment, business confidence 	<ul style="list-style-type: none"> ➤ Political stability, strengthening governance 	
<ul style="list-style-type: none"> ➤ Renewed investor interest 	<ul style="list-style-type: none"> ➤ Reform measures undertaken by the govt ➤ Cooling global oil prices to help govt finances 	

are aiming for now," said a top government official, who did not wish to be identified. He said the steps taken to streamline the decision making process, remove bottlenecks to investment and the surge in

investor interest is expected to fuel growth in the months ahead. Economists and multi-lateral agencies expect the economy to grow in the 6% range in the current financial year and then accelerate to

6.5% next year. While acknowledging that inflation still remains a worry, the official said the steps taken to tackle the problem will yield results in the medium term.

Other officials said several positive factors have helped improve the sentiment after two successive years of below 5% growth. The developments on the global front have also augured well for the economy at a time when it is showing signs of a turnaround. Falling global crude oil prices are expected to take the pressure of government finances and help the government in its efforts to tame the yawning fiscal deficit at the targeted 4.1% of gross domestic product (GDP) for the current fiscal.

The impact of patchy mon-

soon rains has also been muted so far, although the government may need to keep a hawk eye on prices of vegetables and other food items in the short term. Experts also say that the government will have to ensure that investment picks up and projects, which have been approved, kick off as the manufacturing sector still remains sluggish.

Officials downplayed investor criticism about the pace of reforms. "Reforms will be carried out based on the capacity of the economy and its ability to absorb the changes. The steps to improve governance will add to growth as decision making improves," said an official. "It cannot be just one or two issues which decide the pace of reforms."

IT Ministry plans major rejig of electronics manufacturing policy

Special incentives to be extended for another five years

OUR BUREAU

New Delhi, October 8

The Government's 'Make In India' slogan is now getting some serious policy thrust. The Ministry of Information Technology has proposed changes in the two-year-old special incentive package scheme.

The revisions include lowering the eligibility threshold and extending the benefit to new product categories, such as air conditioners and refrigerators. The changes have been proposed with the objective of widening the scope of the scheme and removing procedural bottlenecks.

The industry had earlier told the Government that more needs to be done to achieve the target of zero net imports of electronic goods.

Until now 40 applications involving investments of nearly ₹14,600 crore have been received under the scheme. Of these, 16 projects worth ₹2,230 crore have been approved.



Widening policy scope

Existing provision	Proposed change	Why?
Scheme open till July 2015	Period extended till 2020	Target of net zero imports is still far away
Incentive to be disbursed annually	To be disbursed as soon as minimum threshold is reached; thereafter, every quarter.	To offset issues such as high transactional cost. Investors will be able to organise funds
Scheme available for units set up in State Govt notified electronics manufacturing clusters	Practice of notifying areas to be done away with	Multiple agencies causing delays in approval

However, the domestic demand of electronic goods is projected to grow to \$400 billion by 2020, of which domestic production can cater to only \$100 billion.

Cabinet note

To bridge this gap, the IT Ministry has floated a Cabinet note proposing broad changes to the 2012 policy. The minimum investment required to be eligible for the incentive has been brought down to help smaller players take advantage of it.

For example, if a company wants to set up an LCD fabrication unit, it can claim benefits with a minimum investment of

₹1,500 crore instead of ₹4,000 crore as stipulated by the existing policy.

The incentives will be disbursed immediately after the investment threshold has been achieved. Thereafter, it will be made on a quarterly basis instead of on an annual basis under the existing policy.

No change in incentive

There is, however, no change in the actual incentive.

The scheme provides a subsidy in the form of reimbursements of capital expenditure.

Companies get a 20 per cent subsidy for investments in Special Economic Zones and 25 per

cent in non-SEZs. The scheme was open to applications made before July 2015.

The IT Ministry proposes to extend this by another five years.

"While the policy has been able to create positive trends in investment in electronics, the proposed investments are still short of the intended target and therefore there is a need for extending implementation of the scheme," said the Cabinet note, which was seen by *Business Line*.

One of the limitations of the scheme is the time taken to process applications.

Approvals, involving multiple agencies, take as much as eight months.

Don't undermine MGNREGA: Activists

SNS & PTI

New Delhi, 8 October

Activists today claimed that attempts are being made by the government to undermine the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the support it provides to vulnerable rural families. Terming these measures as 'anti-poor' and 'anti-labour', they have sought an assurance of withdrawal of these 'retrograde policies' from Prime Minister Narendra Modi.

The activists, including Aruna Roy, claimed the Centre has asked states to cap MGNREGA expenditure for the rest of the financial year. Citing a statement by Rural Development Minister Nitin Gadkari, the activists said changes in MGNREGA aiming at its restriction to tribals and backwards through an amendment in the Act

have been proposed.

"These changes are inimical to the spirit of the Act and compromise its basic objectives. They will only benefit the contractor class and other middlemen, and severely undermine the employment generating potential of the MGNREGA. The changes are also being undertaken without any public consultation," a letter addressed to the PM said.

The activists said there has been an "unwarranted budget squeeze", leading to widespread reports of employment rationing and acute delays in wage payments.

They have demanded that the government revoke such decisions and said any attempt to dilute MGNREGA should be discarded.

"With so many people depending on the MGNREGA, announcement of Union Rural Development Minister

to restrict it to tribal and backward districts of the country has come as a death warrant for the Act. Over the last eight years the MGNREGA has served as a lifeline for the poor with 1 out of every 3 rural household having worked in the programme," Roy said.

The members of the group demanded that there should not be any scaling down in the coverage or the provisions of the MGNREGA as mandated through the law.

"Budgetary allocations should be based on generation of demand keeping with the spirit of the Act. The budget of MGNREGA should be enhanced in line with the rate of inflation and quota based rationing to states with discretionary cuts is unacceptable and illegal.

"Any proposed amendments must be done through public consultations with all relevant stakeholders,"

Roy said.

A letter to the Prime Minister of India Narendra Modi endorsed by more than 200 hundred public figures was sent today.

"This is one of the most important laws passed unanimously by India's parliament and under no circumstances will this insidious attack on the working poor be accepted by the people of India," Roy added. "The Rural Development ministry officials themselves have pointed out the disastrous impact of changing the labour material ratio from 60:40 to 51:49 citing that will result in sharp fall of 40 per cent in employment generated and will adversely affect 5 crores households."

"They also warn that this will bring in 'benami contractors' and corruption and will lead to ultimate deterioration of the people," said Nikhil Dey, an activist.

INDUSTRY TO SEE LOW GROWTH

CRISIL FORECASTS SUBDUED REVENUE GROWTH OF 9 TO 10 PER CENT IN Q2 THIS FISCAL

PRESS TRUST OF INDIA
New Delhi, 8 October

Indian industry is likely to log a lower revenue growth of nine to 10 per cent for the second quarter of the current financial year due to slower export expansion and weak performance by the investment sector, research firm Crisil said today.

On the profitability front, Crisil foresees a 0.5-per cent year-on-year jump in EBITDA (operating profit) margins in the second quarter of the current fiscal.

"Crisil Research expects India Inc. to report a revenue growth of 9-10 per cent year-on-year in the September 2014 quarter, lower than 13 per cent growth reported in the June quarter, due to slower growth in export-oriented sectors and the continued weak performance of investment-linked

Q2 PERFORMANCE UNDER SCANNER



- Revenue growth of IT service providers to decline to an eight-quarter low of 12 per cent
- Revenue growth of the pharmaceutical sector is also forecast to fall to 14 per cent from 16.3 per cent in the preceding quarter
- Automobile and steel sectors are expected to post 12 to 14 per cent revenue growth

■ The forecast is based on an analysis of 600 companies, except financial services and oil companies

sectors," the firm said in a release.

The forecast is based on an analysis of 600 companies, except financial services and oil companies, representing 71 per cent of the overall market capitalisation of India Inc.

Export-oriented sectors had been performing extremely well for the past five quarters. However, in the July-September quarter, the rupee appreciated by three per cent against the US dollar on a year-on-year basis;

so no gains will be reported on that front.

"Despite healthy volume growth, we project revenue growth of IT service providers to decline to an eight-quarter low of 12 per cent. Similarly, revenue growth of the pharmaceutical sector is also forecast to fall to 14 per cent from 16.3 per cent in the preceding quarter," said Mr Mukesh Agarwal, president, Crisil Research.

In textiles sector, cotton spinners are likely to see a

nine per cent revenue decline on lower export demand from China.

Automobile and steel sectors are expected to post 12 to 14 per cent revenue growth on the back of higher sales volumes as well as strong performance of overseas operations of some companies.

FMCG companies are likely to grow by about 15 per cent, propelled by an increase in realisations and superior product mix, Crisil said.

"Investment-linked sec-

tors such as construction and capital goods will continue to perform poorly, as the pace of project execution continues to be tardy," it added.

Crisil, however, said that the cement industry is forecast to buck the trend and is expected to see revenue growth of 15 to 17 per cent, driven largely by increase in realisations on a low base last year.

"The steel and cement sectors will see a 0.9 per cent and 1.8 per cent improvement, respectively, owing to higher realisations," said Mr Prasad Koparkar, senior director, Crisil Research.

The research firm expects the IT services sector's margins to improve by about 0.85 per cent due to better employee utilisation. It said surge in data revenues and cost control will drive a 1.1 per cent expansion in EBITDA margins of telecom operators.

Govt racing against time to build urban loos

UD Ministry trying to find ways to increase budgetary allocation

ARCHANA JYOTI ■ NEW DELHI

The Government is racing against time to ensure its ambitious 'Swachhh Bharat Mission' starts off at the ground level in urban areas across the States. The Union Urban Development Ministry has set a target of constructing 5,480 toilets every day as it intends to build over one crore toilets in the next five years.

However, it is wary that with more than half of the fiscal 2014-15 almost complete, there will not be much time left to receive proposals from States and release funds to them. There's a feeling that this may result in a backlog which would impede the pace of construction.

The Ministry is also trying to find out ways to increase the budgetary allocation per toilet as it provides just one-third of what the Rural Development Ministry is providing in rural areas.

Urban Development Minister Venkaiah Naidu on Wednesday in a meeting with his officials shared his concern noting that while the Mission has

NAIDU'S STRESS POINTS

- ▶ Focused approach to ensure things move in time
- ▶ Status of progress on Melinda and Bill Gates Foundation's proposal for help in ensuring quality toilet technologies
- ▶ Progress on Smart Cities' initiative
- ▶ Infrastructure provision status in 500 identified urban habitations
- ▶ How to spend ₹500 crore on skill development within this fiscal?
- ▶ Progress on regularisation of unauthorised colonies
- ▶ Unclogging Delhi

been launched with good initial impact, "the issue is how to sustain this, how to plan for identified outcomes and how to monitor and how to coordinate with States on a regular basis".

In this connection, the States/UTs will be soon asked to prepare action plans for the next five years.

"We need to build 1,00,04,000 household toilets in urban areas. This amounts to building 5,480 toilets every day over the next five years. Are we equipped for this

task? How to get the States going on this to meet the target," he asked.

The Minister also flagged the issue of huge differences in payment being doled out for toilets in rural and urban areas. While the RD Ministry is shelling out ₹12,000 each for construction of toilets in rural areas whereas the UD Ministry is giving only ₹4,000.

Indicating that he meant business, Naidu, who also holds the portfolio of Housing and Urban poverty Alleviation (HUPA), has directed the officials above the Joint Secretary level to meet regularly once a week. "This helps us in exchanging views on implementation issues, reviewing the progress and setting agenda for the next week," he said.

The meeting was held to enquire into the time frames for the launch and implementation of the initiatives being undertaken by the new Government so far since it took over in May.

"There is so much of commonality among Smart Cities, Housing for All, Swachhh Bharat Mission initiatives... We all need to have a focused approach to ensure that things move in time," Naidu added.

On 100 Smart Cities project, Naidu wanted to know the fate of the concept paper released in September. Through the Smart City project, the Government aims at building the capacity of urban local bodies to achieve the goal of urban transformation.

Indian economy to see better growth momentum

PTI ■ LONDON

The Indian economy is projected to see a pick up in growth momentum while most of the other major economies are anticipated to see stable prospects, Paris-based think tank OECD said on Wednesday.

Only India is anticipated to witness better growth momentum among the BRIC bloc whereas other member countries are expected to see "stable growth momentum".

The Organisation for Economic Cooperation and Development (OECD) today said that its indicators point towards a mixed outlook across major economies.

The readings are based on Composite Leading Indicators (CLIs), that are designed to anticipate turning points in economic activity relative to trend, for the month of August.

"India is the only major economy where the CLI points to a pick-up in growth momentum," OECD said in a

**ONLY INDIA IS
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statement.

The country's CLI stood at 99 in August, higher than 98.8 recorded in July.

Since April, when it stood at 98.5, India's CLI has been on the rise.

Last month, the Reserve Bank of

India (RBI) pegged Indian economy to grow 5.5 per cent in the current fiscal (2014-15) and accelerate to 6.3 per cent in 2015-16.

India's growth was below 5 per cent in the last two financial year.

Earlier this week, the International Monetary Fund and the World Bank projected 5.6 per cent growth rate for India this year, citing renewed confidence in the market due to a series of economic reforms pursued by the new government.

Meanwhile, CLIs for the OECD area -- comprising 33 nations -- as well as for the US and Canada signal stable growth momentum.

"In Europe, signs are emerging of a loss of growth momentum in the euro area, with stronger signals in the case of Germany and Italy, while in France and in the United Kingdom the outlook continues to point to stable growth," the statement said.

For Japan, the CLI points to a loss in growth momentum, even though it may be related to one-off factors"

Model villages to get smart schools and pucca houses

RUHI TEWARI

NEW DELHI, OCTOBER 8

IN what the NDA government hopes will change the face of villages in the country, the "model villages" under Prime Minister Narendra Modi's Sansad Adarsh Gram Yojana (SAGY) will have it all — 'smart schools', universal access to basic health facilities, pucca houses for the homeless, universal PDS for eligible families, e-governance, and Aadhaar cards for all.

SAGY, announced by Modi in his first Independence Day speech, will be launched on October 11. Under the scheme, each MP will adopt a village every year for all-round development, and the implementation will be aided by

his/her MPLAD fund.

According to a detailed blueprint of the ambitious programme prepared by the Rural Development Ministry, which has been accessed by *The Indian Express*, the scheme will ensure "holistic development" of identified villages in all aspects — personal, human, social, economic and environmental development as well as provision of basic amenities and services, social security and good governance.

As per the contours of the scheme, all schools in the village will be converted to "smart schools" with IT-enabled classrooms, e-libraries and web-based teaching. It also promises "universal access to education facilities up to Class X". In the health sector, "universal access to basic

health facilities consisting of health card, medical examination" will be provided, along with total immunisation.

Continuing with this government's emphasis on the UPA's Aadhaar project, SAGY will ensure the provision of Aadhaar cards to all.

Pucca houses for all homeless or those living in kutcha houses will be a key focus of the scheme, besides ensuring toilets in each household and all public institutions. Other facilities include piped drinking water, all weather connectivity to the main road, electricity connection to all households, village libraries, telecom and broadband connectivity as well as CCTVs in public places.

For social security, old-age, disability and widow pen-

sions, insurance schemes like Aam Aadmi Bima Yojana and "universal access" to the Public Distribution System to eligible households will be provided. Under the scheme, each MP will be free to identify a gram panchayat to be developed as a model village, except his or her own village and that of his/her spouse.

SAGY also lays emphasis on "personal development" by inculcating "hygienic behaviour", "physical exercise" and "reducing risk behaviour", including alcoholism, smoking and substance abuse. The blueprint says deliverables under the scheme will be "classified as immediate (within three months), short term (within six months), medium term (within one year) and long term (beyond one year)".

Health ministry gives PMO half story on AIIMS anti-graft official's transfer

NITIN SETHI
New Delhi, 8 October

Prime Minister Narendra Modi called up Health Minister Harsh Vardhan to inquire into the controversial transfer of the AIIMS chief vigilance officer (CVO), Sanjiv Chaturvedi. But the health ministry subsequently concealed facts from the Prime Minister's Office (PMO) in an internal report meant to explain the sudden mid-term transfer of the official.

Vardhan has removed Chaturvedi, who had unearthed a record number of corruption and financial scams in his two years at the country's premier hospital. The Haryana cadre forest service officer's tenure would otherwise have lasted till June 2016.

Business Standard reviewed the internal report sent by the health secretary on August 23 to the principal secretaries of the prime minister and the cabinet secretary. The report was sent within two days of media reporting for the first time the sudden removal

of the officer who had been called an exemplary anti-graft official by the same health ministry mandarins.

The report hid several key sets of facts. It did not inform the PMO the action to remove Chaturvedi had been triggered by Vardhan on the repeated requests of a Bharatiya Janata Party MP from Himachal Pradesh, J P Nadda. It did not utter a word about Nadda's requests that not only should Chaturvedi be removed from the post but also that he be repatriated mid-tenure to his parent cadre, Haryana, and all investigations into corruption cases at AIIMS be put on hold.

The health ministry also did not inform the PMO that the ministry had, only a few months ago, closed the issue raised by repeated letters of Nadda with the health secretary recording that Chaturvedi's appointment was legally and technically sound and that the matter should not be raised again. In fact, at that point, Chaturvedi's role in exposing corruption in AIIMS had been

termed "instrumental". The report to the PMO sent by the same health secretary, Lov Verma, is silent on these facts.

The internal report of the health ministry may have remained quiet on these facts, but they later tumbled out as media reports, including those by *Business Standard*, revealed the demands Nadda had made to Vardhan. These reports also showed how Vardhan acted on Nadda's request and the ministry took a U-turn to remove Chaturvedi. As each set of new reports came out, the minister as well as the ministry preferred not to answer specific queries but several times shifted their stance to justify their decision. At last count, Vardhan had claimed the ministry had "immutable" powers to transfer officials any time during their tenure.

When contacted with detailed queries on this internal report sent to the PMO, the health secretary refused to comment. The PMO was also sent queries, to which it did not respond.

The internal report sent to the PMO also hides the fact that the statutory bodies under the AIIMS Act, 1956, called the Governing Body and the Institute Body, had formally decided to entrust the charge of CVO to the newly created position of deputy secretary in AIIMS — the post to which Chaturvedi was appointed. The report, in contrast, informs the PMO that the decision was an illegal move of AIIMS authorities. The report did not mention that even Vardhan, as health minister, had acted upon the advice of Chaturvedi as the anti-graft official of AIIMS.

The internal note concludes that Chaturvedi had been

removed to "avoid continued objections of the Central Vigilance Officer and to protect vigilance proceedings and the vigilance set-up at AIIMS, New Delhi". It conceals that initially, the health ministry had protested the Central Vigilance Committee's (CVC) intervention in the appointment of the CVO at AIIMS, noting it was unprecedented and against the AIIMS Act. It had gone along with the CVC under protest and proposed Chaturvedi and two other officers' names for the post of CVO but was itself unable to complete the process. For more than two years the CVC processed and acted upon all recommendations of

Chaturvedi as CVO, including instituting CBI inquiries. Later, in May 2014, with the approval of the health secretary, it was concluded that AIIMS was not on the list of institutions requiring CVC approval for the post of anti-graft officer and that all legal requirements of the AIIMS Act had been conclusively met while posting Chaturvedi.

The five-page internal report of the ministry to the Prime Minister, justifying the decisions taken under Vardhan, also justifies similar but unsuccessful attempts to remove Chaturvedi made during the United Progressive Alliance regime, with Ghulam Nabi Azad as the health minister.

India home to 1 in 3 of the world's poor in 2011

World Bank-IMF study for 2011, however, says the pace of reduction in absolute poverty has been substantial; report stresses skills training for youth as key

BS REPORTER

New Delhi, 8 October

India was home to about a third of the world's poor in 2011, according to a progress report on various social indicators from the World Bank and the International Monetary Fund (IMF), issued on Wednesday. In other words, the highest number of the poor lived in India in 2011.

China, whose population is more than our billion-plus number, had only eight per cent, says data given in the Global Monitoring Report 2014-15.

The report said three-fifths of the world's poor resided in only five countries in 2011 — India, Nigeria, China, Bangladesh and Congo. Between India and China was Nigeria, which had 10 per cent of the world's poor. Bangladesh had six per cent and Congo had five per cent.

If another five countries — Ethiopia, Indonesia, Pakistan, Madagascar and Tanzania — are taken into account, a little over 70 per cent of the world's poor resided in these 10 nations.

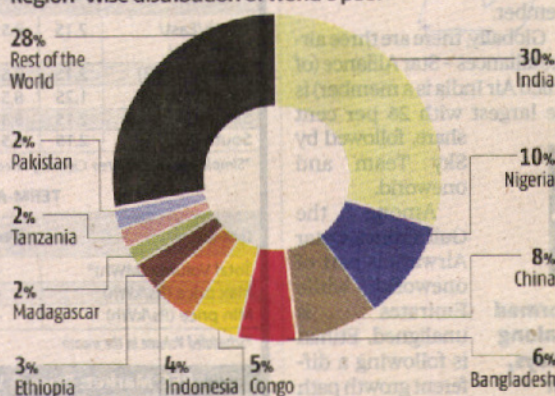
There were 1.01 billion poor in 2011 in the world (14.5 per cent of the population in the world), of which 30 per cent lived in India. This meant 300 million in India. India's total population was 1.21 bn in 2011. The estimate is 24.7 per cent of India's population as poor in 2011, by the World Bank measure of so classifying anyone spending less than \$1.25 a day.

The bright side is that the Bank had earlier given poverty figures for 2010 in India and that showed 32.68 per cent of



POVERTY CHECK

Region-wise distribution of world's poor



Source: Global Monitoring Report, 2014-15 by World Bank and IMF

the population as poor. This meant a reduction by almost eight percentage points in a year. And, in 2008, 41.6 per cent of Indians were poor, according to Bank estimates. These figures are based on purchasing power parity of 2005.

The latest report noted this in saying the world's most populous countries, China and India, have played a central role in the global reduction of poverty. "Together, they lifted 232 million people out of poverty from 2008 to 2011," it said.

The Bank's calculation was close to India's official figure for poverty at 21.9 per cent in

2011-12. The estimate depends on the way the poverty line is defined. The official figure for 2011-12 was based on the Suresh Tendulkar method, according to which the line was ₹33 a day expenditure by a person in urban areas and ₹27 in villages.

After this was criticised, the government appointed a panel headed by C Rangarajan, then the Prime Minister's economic advisory council head. This panel found 29.5 per cent of India's population was poor in 2011-12. The committee took the poverty line as ₹ 47 expenditure a day in urban areas and ₹32 in villages.

If the World Bank's poverty line of \$1.25 daily expenditure is raised to \$1.51, which was done by the Asian Development Bank, close to half of India's population was poor (47.5 per cent) in 2010.

World Bank Vice-President and chief economist Kaushik Basu admitted the poverty line could drawing a flak but also said the larger issue is the huge number of poor in the world.

"If it is shocking to have a poverty line as low as \$1.25 per day and it is even more shocking that 1/7th of the world's population lives below this line," said Basu.

According to the IMF-Bank report, 17 per cent of the developing countries' population was poor in 2011 and this is projected to come down to 5.7 per cent in 2030. Taking the narrower group of South Asia, 24.5 per cent of the population was poor in 2011, roughly the same as with India. By 2030, no more than 2.1 per cent of South Asia's population is projected to be poor.

By 2030, 4.9 per cent of the world's population is forecast to be poor. The Bank aims to bring it down to three per cent by then. Even in 2030, as much as 23.6 per cent of the population in sub-Saharan Africa is forecast to be poor.

The report laid stress on skills education to raise employability among youth. It quoted a study to emphasise that as many university and college graduates are poorly trained in India, companies in the software, banking, pharmaceutical and retail sectors are increasingly designing their own training programmes and even building campuses to train recruits.

Centre May Revive PM's Council on Climate Change

There is renewed focus on taking domestic measures to adapt and reduce impact of climate change

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New Delhi: With the adverse impacts of climate change becoming more evident and the recent spate of extreme weather events, Prime Minister Narendra Modi is actively considering reviving the high level advisory panel to coordinate national efforts to assess, adapt to and counter the impact of climate change.

The PM's Council on Climate Change constituted by the UPA government in 2007 last met in February 2011 and limited itself to assessing the eight missions that comprised National Action Plan on Climate Change (NAPCC).

There has been little action on the ground in most of these core missions, the most successful of which was the one focused on energy efficiency while the solar mission also registered modest successes. "Part of the reason for the slow movement was a lack of proper coordination, delayed availability of funds, especially for programmes which were not in the regular mould of government schemes," a member of the erstwhile council said. Unlike the Prime Minister's Council in the UPA regime, the new council is expected to go beyond the missions

under the NAPCC, a person familiar with the matter said.

With the impact of climate change becoming more evident, and robust projections by scientists, particularly the Intergovernmental Panel on Climate Change on the adverse impact on food production, water availability and other key developmental issues, there is a renewed focus on taking domestic measures to both adapt to and reduce the impact of climate change. The decision comes at a crucial time in the international climate change negotiations as well.

Countries have agreed to put in place a new global compact by December 2015 in Paris to address climate change and limit its impact. As part of this effort, each country is expected to put forward efforts and actions to tackle climate change or in climate negotiation parlance "intended nationally determined contributions".

The PM's Council is not focused primarily on international negotiations but on advising on efforts to address climate change and its deliberations will feed into India's stance in the negotiations. The council is expected to include a fair representation from industry, in contrast to the previous council

in which then Tata Group chairman Ratan Tata was the sole representative from industry and was included in his capacity as chairman of the Investment Commission of India.

"Industry is a key stakeholder in addressing climate change. Consider the effort to increase the share of renewable energy and introduce energy efficiency in manufacturing processes, buildings and appliances, and keeping out industry doesn't make sense for an advisory body," said an official.

The ministry of environment, forests and climate change, which is the nodal ministry for the issue, has already given its suggestions on the members. The ministries implementing the eight missions comprising the NAPCC have also given their suggestions on inclusion of experts in the panel, a senior official said, adding the Prime Minister's Office is likely to take the final call on the members of the reconstituted council soon.

Among the names doing the rounds for inclusion in the panel are that of Jayant Mauskar, former co-chairperson of the UNFCCC's Adhoc Working

Group on the Durban Platform, and former special secretary in the ministry of environment; former environment secretary Prodipto Ghosh and currently a distinguished fellow at Teri.



RBI May Vet Insurance Model to Allay Customer Concerns

Complaints against banks forcing customers to buy insurance policies while availing other services prompts govt to seek a review of bancassurance model

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New Delhi: The government is in discussions with the Reserve Bank of India (RBI) on scrutinising the practice of banks selling insurance products, commonly called bancassurance.

The move follows fresh complaints of customers being forced to buy insurance policies when they apply for loans or seek other banking services.

"The issue was flagged by the central vigilance commission," said a government official with knowledge of the matter. "This review cannot be limited to state-run banks, and needs to be done for the entire sector, including private banks." The government also wants a review of existing incentive structures at banks for selling insurance products, because of concerns that giving over-importance to bancassurance could affect core banking functions.

As per industry estimates, insurance business through bancassurance accounts for just about 7.5% of total insurance premiums. About 15,000 of India's 100,000 bank branches are engaged in selling insurance policies.

The vigilance authority, in its communication to the government, had pointed out that sale of insurance products usually form a part of the

Teething Troubles

Bancassurance was proposed to increase insurance reach

Low life insurance penetration in the country
as % of GDP

2010
4.40%

2011
3.40%

2012
3.17%

Banks have made some inroads

Share of banks in new life insurance business

2011-12 14.96%

2012-13 16.18%

WHAT IS THE ISSUE?

CVC has flagged the issue of customers being forced to buy insurance from banks

Focus on selling insurance could affect core banking functions

Finmin to hold talks with RBI on the issue

Govt yet to clear decks for banks to act as brokers

bank's appraisal system. "This impacts the core function of the banks, which is not conducive for the system," the official cited earlier said.

The RBI had previously highlighted the need to revisit the marketing and sales strategies used by banks in pushing insurance products, especially since insurance is considered as a more complex financial product.

Several issues have risen in the bancassurance structure, such as misselling and also using unfair practices such as linking purchase of insurance products to provide locker facilities, the central bank had said in its financial stability report.

Under the previous Congress-led government, the finance ministry was pushing for banks to be permitted to act as insurance brokers and use their entire network, as part of its efforts to bring more people under insurance cover. The Insurance Regulatory and Development Authority has already allowed banks to act as brokers and sell products of more than one insurer.

As per latest data, just 3.96% of the population had insurance in 2012-13, a drop from 5.2% in 2009-10. General insurance penetration in the country stands at just 0.78%. Both bank officials and insurers say questioning the basic premise of the bancassurance model will be a retrograde step.

First tender for rice import from Myanmar opens today

Sandip Das

New Delhi, Oct 8: The first exploratory tender for importing 20,000 tonne of rice from Myanmar for augmenting the targeted public distribution system (TPDS) supplies of grain in the north-eastern states, including Mizoram and Manipur, would open on Thursday.

Last month, the government had approved import of a lakh tonne of rice in the next five months from Myanmar to North-East in view of the disruption of grain supplies due to the commencement of a long-pending railway gauge conversion work also termed as 'mega block' on the 220-km Lumding (Assam)-Badarpur-Agartala (Tripura) line.

After getting the quote on rice prices from the tender, the food ministry would move a Cabinet note for import of grain. For the first time in decades, India would import such significant quantities of grain for PDS purpose.

The cost of transporting rice from surplus states like Punjab and Andhra Pradesh to Tripura and Mizoram works out to approximately ₹3,200 per quintal, after taking into account the Food Corporation of India (FCI)'s economic cost at ₹2,755 per quintal.

"Against this, importing rice from Myanmar would be



■ First exploratory tender for import of 20,000 tonne of rice to augment the TPDS supplies in the N-E region

more economical at around ₹2,400 per quintal (\$400 per quintal), including the cost of transportation from the border," said a senior official.

In 2013, Myanmar had exported around 1.8 million tonnes of rice, mostly to China and Africa. Bangladesh, which shares border with north-eastern states, has imposed ban on rice export.

Food ministry officials said that although railways has proposed to complete the gauge conversion work by March 2015, it might be delayed. "As over 70% of transportation of food-grain from Assam to rest of the North-Eastern states is done through railways, the government is importing rice to increase grain stocks

so that the TPDS distribution is not disrupted," an official told *FE*.

MMTC and STC have been assigned the task of importing 20,000 tonne of rice monthly from Myanmar to Mizoram and Manipur, respectively.

A food ministry official said that initially the government would approve import of 20,000 tonne of rice monthly from Myanmar for five months and subsequently, depending on the availability or stock of grain in Tripura, Mizoram and Manipur, further imports would be carried out.

Meanwhile, Mizoram's food and civil supplies minister John Rotluangliana on Wednesday visited Tiddim in Myanmar from the Zokhawthar border trade centre by road to inspect the route for import of rice. Rotluangliana said the rice would be imported via Zokhawthar village from where it would be distributed to various other districts.

While major parts of Assam, Meghalaya and Nagaland have broad gauge rail connectivity, the grain transportation to South Assam (Silchar district), Mizoram, Tripura and parts of Manipur was currently done through shifting to metre gauge rail from broad gauge line at Lumding, part of Nagaon district of Assam.

Centre moves to link hydropower projects with Ganga rejuvenation

■ Proposes new set of norms for project proponents before they get green nod

Utkarsh Anand
New Delhi, Oct 8

Clause & effect

THE government plans to link hydropower projects (HEPs) in the country with its ambitious Ganga rejuvenation plan, in the process proposing a whole new set of norms to be complied with by all the project proponents before procuring environmental clearances.

In its affidavit to the Supreme Court, the government stated that it wanted to make sure that clearances to HEPs do not obstruct or hamper the Ganga clean up plan in any manner since "they hold the key to the successful rejuvenation and restoration of the wholeness of the river".

It said that a "synergy and fine balance has to be established between the objective of the Ganga River Basin Environment Management Plan and the mechanism/strategy to be followed by this ministry for deciding environmental clearances to the HEPs on Ganga and its tributaries".

The Centre put forth a new set of three imperative conditions, which included maintenance of a minimum quantum of environmental (e)-flow, longitudinal river connectivity and aviral dhara (continuous flow) for the river upon which a HEP is proposed. The three components, it said, are required to maintain ecological integrity and bio-diversity of the river and non-disruptive

■ Uttarakhand has an ambitious plan to develop at least 450 HEPs with a total capacity of 27,039 MW

■ So far, 92 projects have been commissioned while another 38 projects are under construction, and 38 more projects are awaiting clearances

■ All these projects are based on 'run of the river' model, in which water is dammed, led to a turbine to generate power, and then led back to the river

■ Concerned over loss of lives and properties in the 2013



Uttarakhand flash floods, SC stalls 24 projects in sub-basins of Alaknanda and Bhagirathi; called for study

■ Studies carried out by first an expert panel and then by a consortium of seven IITs and recommendations sent to

MoEF in July

■ MoEF seeks to link all clearances to HEPs directly to the Ganga rejuvenation plan

■ MoEF proposes three-point criteria for all HEPs, commissioned, under-construction or in the pipeline for EC, making it more difficult to commission a HEP

■ MoEF proposes a carrying capacity and cumulative impact assessment study of all the sub-basins of Ganga in Uttarakhand

biota movement and sediment transportation. These clauses are likely to be applicable across the board for all HEPs in the country.

"Therefore all HEPs on Ganga and its tributaries in Uttarakhand shall have to adhere to these specifications while designing and operating the HE plants," the ministry of environment and forest has told SC, which will examine the proposal on Thursday.

The bulk of hydro power projects are either commissioned or being constructed in Ganga sub-basins in Uttarakhand. 24 of the total 39 proposed projects in the state were stalled after the SC held them to be significantly impacting biodiversity in two sub-basins of the Alaknanda and Bhagirathi rivers. Besides Uttarakhand, the other

four Himalayan states of Himachal Pradesh, Jammu & Kashmir, Sikkim and Arunachal Pradesh also have HEPs.

Admitting that the aspect of e-flow was "unfortunately not adequately addressed while granting environmental clearances (EC) for the HEPs in Uttarakhand", the MoEF said it wanted to make such clearances mandatory also for projects below 25 MW in capacity, which had been exempted under the existing rules with a view to promote smaller capacity HEPs. It pointed out that the at least 8 out of the stalled 24 projects had been found to be having significant adverse impact on biodiversity.

"The ministry proposes to bring these projects also under the purview of the environmental appraisal by making EC mandatory for them.

Besides, the issue of aviral dhara and longitudinal connectivity shall also apply for HEPs, regardless of the capacity and size of a HEP since they are essential for rejuvenation of Ganga," it added.

The MoEF said the 24 projects, irrespective of the fact whether or not ECs have been granted to them, should be subjected to fresh appraisal on the three-point criteria, as suggested by the IIT consortium, constituted to reconcile the two reports of the expert committee set up under SC orders.

"The critical appraisal may entail design modification and capacity alteration in the HEPs for ensuring longitudinal connectivity and release of suggested e-flow all the time during lean and monsoon periods, besides other general environmental is-

ssues and concerns such as biodiversity, muck disposal, catchment area treatment etc," said the MoEF, adding grant of EC and goal of Ganga rejuvenation plan should not be in conflict with each other.

It added that HEPs other than these 24 would also have to comply with norms while all the projects, commissioned or under operation or for which construction is yet to commence, must also undertake the design modifications in the dams to fulfill these criteria. The MoEF said it also proposed to conduct a full-fledged carrying capacity and cumulative impact assessment study of all the sub-basins of Ganga in Uttarakhand in order to have a holistic and integrated view on then impacts of these projects and to take decisions of any future projects.

PMO to take a call today on restoring tax benefits for SEZs

Principal Secretary to meet Commerce Secretary on the issue

AMITI SEN

New Delhi, October 8

The Prime Minister's Office (PMO) is likely to take a call on restoring tax benefits to Special Economic Zones (SEZs) in a meeting with the Commerce Ministry on Thursday.

Principal Secretary to the Prime Minister Nripendra Mishra will meet Commerce Secretary Rajeev Kher to discuss the taxation issue in detail and the various options available to deal with the matter, a Commerce Ministry official told *BusinessLine*.

"The meeting will be a decisive one. Whatever the PMO decides is likely be the final word on the matter," the official said.

The PMO will also meet officials from the Department of Industrial Policy & Promotion



Boosting investments A file picture of an IT SEZ near Bangalore. Investments in SEZ have been hit after tax sops were removed.

(DIPP) to discuss progress in the industrial corridors and smart cities.

The Commerce Ministry has been trying to convince the Finance Ministry to withdraw the Minimum Alternate Tax (MAT) of 18.5 per cent and Dividend Distribution Tax (DDT) of 15 per cent abruptly imposed on the zones in 2012 which had brought to an end the 100 per cent tax holiday

promised to units and developers for a 10-15 year period.

It has argued that the taxes were driving away investments from the zones at a time when the BJP Government stressing on boosting manufacturing.

The Finance Ministry, however, is worried about the revenue losses involved estimated at about ₹13,000 crore a year.

While the Commerce Ministry

wants a complete roll-back of MAT and DDT, it could also be ready for a compromise solution if the PMO suggests it. One such solution could be restoring tax benefits to manufacturing SEZs, not including gems & jewellery and petroleum products, as these account for only ₹50,000 crore of exports every year.

Since profit margins in such sectors are lower than IT SEZs, these would account for revenue losses not more than ₹400 crore a year, the official explained.

Another solution could be to roll-back the taxes partially.

Out of 566 SEZs approved by the Government so far, only 185 SEZs have come into operation. According to the Export Promotion Council for EoUs and SEZs, this gap is mainly due to introduction of MAT and DDT.

The increase in cost of production for units due to imposition of MAT differs based on the profit margin of the sector and would roughly range between 0.5 per cent and 4 per cent.

The Financial Express

Editorial

US-style monetary policy

Important to ensure RBI's independence in MPC

Though single-minded inflation-targeting, without reference to other variables such as a stagnating economy, is a bad idea, if done right, there is a lot to be said in favour of the monetary policy framework that the government plans to put in place by the end of the year. Since it is the government that will give the central bank the inflation target, it could specify that RBI also keep in mind GDP growth while pursuing inflation control, a multiple-indicator model that worked well when the government's policies were not as populist as they were over the last few years. It is important, though, to ensure the monetary policy committee (MPC) is truly independent, and its members are not appointed by the government, else the central bank's independence will get compromised. Indeed, the whole idea behind central bank independence is that while the political class tends to have a short-term agenda, the central bank has a longer-term horizon; and, unlike the government, RBI has a dedicated team of professional economists. In the MPC proposed by the Urjit Patel committee, of the 5 members, 3 are to be RBI staffers—the Governor, the Deputy Governor and executive director in charge of monetary policy—and the other two will be nominated by RBI Governor and Deputy Governor. All decisions will be taken by majority, the votes will be made public within two weeks of the meeting along with the minutes of what was discussed; in other words, there will be welcome transparency and markets will be better able to read RBI's mind much as they do the US Fed's after the minutes of various FOMC meetings are made public.

Other aspects of the MPC framework are even more important. The RBI Governor, under this new framework, will be testifying before Parliament or a select committee regularly. So, if a 6% inflation target is set, and the government goes and increases minimum support prices by a very large amount or runs up a very large deficit, the Governor will be expected to tell Parliament that he/she cannot meet his/her targets as long as the government behaves in the way it does. That is, the MPC framework will force a lot more transparency and will give the central bank a chance to make its case in a more formal manner. The MPC, in this model, is expected to have a dedicated secretariat whose job will be to create structured presentations—which will be made public and therefore debated—on why various options are being chosen, or rejected. So, for instance, the MPC secretariat will have to take a view, and publicly, on the arguments made in this newspaper on the predominant role of minimum support prices in determining inflation—in other words, a significant scaling up of RBI's monetary policy department will probably be called for. Similarly, if RBI fails to meet its targets, it will have to give a written explanation as to why it failed and what actions are proposed to remedy the situation and in what time frame this will take place. A good blend of transparency and accountability—RBI independence, however, is central to the framework.