

PART A: News pertaining to Planning Commission



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[Note : Now the Daily Digest is divided into two parts: Part A contains News pertaining to Planning Commission and Part B contains general News and Views]

1. Once upon a plan

The Indian Express, Written by Inder Malhotra | Posted: September 26, 2014



Doubtless the **Planning Commission** of yore, which did the country service in days gone by, had to be wound up and replaced by an organisation more in tune with the free market. There is already a deluge of suggestions about what should take its place but I have no intention to add to these. My purpose is to recall some memories of an institution that once occupied centrestage, and with which my professional association began at its inception.

On March 23, 1950, as a rookie reporter of a news agency called the United Press of India (on whose ashes was built the United News of India, which is also now defunct), I was asked to cover an event at the Federation of Indian Chambers of Commerce and Industry (Ficci), which then operated from a rented place. Since Prime Minister Jawaharlal Nehru was to be the main speaker, the audience was large and refreshments lavish. All this was overshadowed, however, by the consternation following Nehru's announcement that the government had just constituted the Planning Commission, with him as its chairman, to prepare five-year plans to promote rapid economic growth and economic and social justice.

Hardly a couple of days had passed when Finance Minister John Mathai's resignation became big news. He was protesting against the transfer of some of his powers to the Planning Commission. His place in both the finance ministry and the Planning Commission was taken by C.D. Deshmukh. In the initial years, the commission's vice chairman was G.L. Nanda, who also served as minister for planning. But later, Nehru entrusted the vice-chairmanship to V.T. Krishnamachari, who had better economic credentials. On the floor of Parliament, communist

leader Hiren Mukherjee welcomed this change, declaring that Nanda's "portfolio of planning reminded him of the grin without cat that Alice saw in wonderland". Nanda's return to his old job in the Commission later was typical of how government functions.

Even in those less-crowded days, any new outfit had an acute problem of accommodation. The high and mighty of the Commission got a place in a wing of Rashtrapati Bhavan. All others, including the best and brightest young economists, were scattered around in "wartime abominations" dotting Lutyens' Delhi (some of them still exist.) Eventually, however, the Yojana Bhavan was built.

From an early stage, I discovered that at the bureaucratic level the moving spirit in the Planning Commission was Tarlok Singh, a firm believer in planned development and social change and a man with impeccable manners. To call him a workaholic would be a gross understatement. No wonder then that after the first general election, when the Lower House was renamed the Lok Sabha, by common consent, the Planning Commission began to be called "Tarlok Sabha". Singh spent the rest of his career in service of the Planning Commission. By the time he had risen to the rank of additional secretary, he was elevated to the Commission's membership. Another distinguished functionary so honoured was Pitambar Pant, one of the many brilliant economists serving the Commission who headed its Perspective Planning Division. He could be a hard taskmaster, simply by working harder than any of his colleagues.

The First Five-Year Plan began in 1951, although the final plan document wasn't ready until two years later. In the words of I.G. Patel, who held every high economic office and was economic advisor to the Planning Commission almost permanently, the first plan was "like the Mahabharata: there is nothing in the Indian economy which does not find a reflection in the plan, and there is nothing in the plan which is also not found in Indian reality. It was natural that the first exercise in planned development should be a sort of reconnaissance trip..."

The great excitement, even high drama, began with the formulation of the Second Five-Year Plan, because the task was basically assigned to P.C. Mahalanobis, a man of formidable intelligence with charm to match. He was the founder-director of the Indian Statistical Institute in Calcutta, respected across the world. At home, however, he had several critics. Before finalising the framework of the second plan, he had travelled abroad and invited many of the world's top economists, such as Jan Tinbergen, Ragnar Frisch, Joan Robinson, Gunnar Myrdal, J.K. Galbraith and Oscar Lange, to name only a few. At a later date, the US's ruling establishment, in response to an Indian request, sent Milton Friedman to advise us. It is impossible to improve upon what Galbraith had to say about this: "It is like asking the Holy Father to advise India on contraception."

The Mahalanobis model, placing great emphasis on the capital goods industry in the public sector, is ridiculed these days. But at that time, a panel of 24 eminent Indian economists endorsed it, with the solitary exception of B.R. Shenoy. The second plan did run into difficulty

because of a massive foreign exchange crisis. It had to be pruned and foreign aid sought assiduously. This task was performed admirably by B.K. Nehru.

The Third Five-Year Plan was interrupted by the 1965 India-Pakistan War and by the deep struggle for power within the Congress party, even after Indira Gandhi's succession to Lal Bahadur Shastri. In 1967, when Morarji Desai became deputy prime minister in Gandhi's cabinet, he persuaded her to appoint one of the most respected professors of economics, D.R. Gadgil, vice chairman of the Planning Commission. Shortly after sacking Desai in 1969, she forced Gadgil to quit too. He left Delhi for Bombay by train the day after resigning. He was not well and even fainted at the railway station, but insisted on leaving. Sadly, he never reached Bombay but died during the journey, with only his wife by his side. This was also the beginning of the Planning Commission's decline and fall.

The writer is a Delhi-based political commentator

2. Telecom Commission Likely to Meet in Mid-October

Press Trust of India | Updated On: September 25, 2014 20:46 (IST)

New Delhi: The Telecom Commission is likely to discuss in the middle of next month key pending issues like spectrum auction, full mobile number portability (MNP) and spectrum sharing and trading rules.

"We are looking for dates around of mid of October," a Department of Telecom official told PTL.

The last meeting of the inter-ministerial panel was held on June 13.

The working group at DoT on spectrum auction is likely to conclude its study around first week of October after which it will be placed before the Telecom Commission which comprises members from DoT, Department of Electronics and IT, **Planning Commission**, Finance Ministry and Department of Industrial Policy and Promotion (DIPP).

The Telecom Regulatory Authority of India (TRAI) has already given its final view on issues that were raised with respect to full MNP - a service which will allow mobile subscribers to change their operator in any part of the country while retaining their number. At present, a subscriber can avail such facility within same telecom service circle.

The telecom regulator has also given its recommendation with respect to auction of CDMA spectrum (800 Mhz band) and is working on recommendation for radio waves in 900 Mhz and 1800 Mhz bands which at present are used for GSM services by telecom operators like Airtel, Vodafone, Idea Cellular, Videocon etc.

TRAI has also given its recommendation for spectrum sharing and trading. These two proposals are aimed at facilitating telecom operators to get spectrum through a business deal from other telecom operator without having to wait for allocation from the government.

After Supreme Court verdict that cancelled 122 2G licences, government has been allocating spectrum through auction only.

The inter-ministerial panel will also review status of national optical fibre network which aims to connect 2.5 lakh village panchayats with high speed broadband by March 2017.

3. Catalysing ‘Make in India’

Business Line: 26.09.2014, ANANT GUPTA



Representatives of top manufacturers from across the world flew into the capital yesterday to witness the launch of the ‘Make in India’ campaign by Prime Minister Narendra Modi. I believe they were here because the ‘Make in India’ campaign is an idea whose time has come.

Historically, India has been associated in a majority of the market segments with “low-end products, unreliable delivery and uncertain pricing.” The services sector has taken great strides ahead, but manufacturing is lagging far behind. Right? Wrong! A quiet transformation has been taking place in our manufacturing sector too.

Impressive quality

Here’s a fact that might come as a surprise to you. The Deming Prize, considered one of the most reputed awards worldwide on Total Quality Management, remained elusive to India until 1996.

However, a look at the distribution of winning organisations since 2000 shows India at the top with an impressive tally of 20 prizes, followed by Japan and Thailand. This is no isolated instance.

India, infamous for low labour productivity, ranks at No.4 in the 2013 Global Manufacturing Competitiveness Index by Deloitte, higher than Japan, Singapore, Canada and even South Korea. In fact, on a five-year perspective it is perched right next to China at the No.2 spot ahead of Germany and the US too!

Cited among its significant competitive advantages are a strong talent pool in the areas of science, technology and research, in conjunction with some of the lowest labour rates in the world that would positively impact its ability to conduct cost-efficient research and development.

This is where I'd like to clarify my interpretation of the 'Make in India' campaign. In supply chain parlance, the term 'make' comprises of two distinct elements: 'design' and 'manufacture'. It is when the two come together that they create a compelling competitive advantage; an advantage that India possesses in great measure.

Design matters

While 'manufacture' is associated more with the infrastructure and process of conversion of raw material into finished products, most of the innovation and intellectual value addition resides in the 'design' of the product. While manufacturing gains a lot of attention and focus from policy makers, it is actually the design that can catalyse manufacturing on a large scale.

Irrespective of whether a product is a part of the most advanced next generation aerospace mission, or simply a mobile phone to be used by millions of consumers — its development needs an extensive set of activities to make it worthwhile. These include market research, conceptualisation, design, prototyping, testing, compliance and certification for new product introduction.

Further, a sophisticated product needs capabilities across industrial design, chip design, electronics design, structural and mechanical engineering, embedded and software development to deliver a breakthrough, relevant for the respective industries. Clubbed into the non-recurring engineering costs, it may be about 20-30 per cent of the initial investment, depending upon the industry.

Also, with the Brics market segment emerging as a significant consumer of products, there is a need to engineer and reengineer products specific to these markets. For this, we will need to adopt frugal engineering and reverse innovation practices.

It is due to this fast changing market dynamic, along with the abundant availability of engineering talent in India, that we have become a global engineering and design hub.

According to Nasscom, India exported engineering and R&D services worth of \$12.4 billion in 2013-14, which is growing consistently.

Some of the world's largest technology and manufacturing companies have set up their global innovation centres in India and are playing a crucial role in this growth journey. Indian IT and engineering services companies too have been contributing in a large way to this increase in exported R&D.

This leadership in pre-manufacturing capabilities can be leveraged, if supplemented with a conducive business environment and related infrastructure, to create a complete ecosystem for manufacturing industry to India.

This will not only attract the much needed FDI in this sector, but also the latest technologies, best global practices and employment opportunities.

In terms of impediments, there are some policy and infrastructural issues to be taken care of on priority. One issue has been around the offset policy, mandatory for foreign aerospace and defence companies, selling equipment to the Indian government.

Currently, only hardware and components can form part of the offset obligation while software and engineering services are not counted.

Engineering and R&D services procured from Indian companies can certainly offload some of the offset obligations of MNCs.

Another example is of procurement of components or services in SEZs. While SEZs have given phenomenal impetus to the growth of the software industry, there are several constraints in the current policies to carry out new product introduction (NPI) activities.

NPI activities do need flexible and fast import and export of materials and components and policies can be tuned to include these needs. With this, SEZs can go a long way in complementing manufacturing clusters in different parts of India.

Finally, we need an aggressive push to bolster a robust ecosystem of allied infrastructure for manufacturing. There is a need to promote and incentivise tooling and production of raw materials.

Big designs

The ability to have a quick turnaround for development of tools and cost effective, high-end electronic printed circuit boards etc. can easily jumpstart manufacturing. Additionally, since semiconductors and plastics form a significant part of the supply chain, the setup of semiconductor fabs in India can also catalyse creation of a thriving electronics value chain.

According to a World Economic Forum report titled ‘The Future of Manufacturing’, the three most critical factors shaping the future of competition between countries and companies are: human capital and talent development; strategic use of public policy; and innovation and technology advancement.

The first two are well in place in the ‘Make in India’ campaign. With R&D woven into the mix, the ecosystem will be complete to catalyse Indian manufacturing on to the global big league.

The writer is the CEO of HCL Technologies

4. Will the 'Jan' get their 'Dhan'?

The Business Line: 26.09.2014 AKANSHA YADAV / SOWMYA KIDAMBI



Opening bank accounts in rural areas is all very well, but biometric frauds are a serious possibility

The ambitious Pradhan Mantri Jan Dhan Yojana (PMJDY) aims at bringing millions of rural Indians within the financial mainstream by opening bank accounts. In 2006, the Reserve of India, recognising that a majority of rural Indians had little or **no access** to banking services, allowed banks to use third-party, non-bank agents to extend their services right to people's doorsteps.

It recently issued draft guidelines for those seeking a **license** to set up a payments or small banks as part of its efforts to expand banking services to **more** households.

While these are welcome steps, it would be prudent to look at the existing experiences of beneficiaries and service providers with respect to large-scale social schemes such as MGNREGA and **Social Security Pensions**, including those through bank accounts. In 2013-14 alone, unpaid wages under MNREGA amounted to ₹4,800 crore (according to the official data).

Banking correspondents (BCs) and branch post masters (BPMs) who work as extensions of banks and post offices respectively, provide banking services, particularly cash.

While these third parties have been envisaged to function as an ultra small branch, their lack of financial discipline, record maintenance and capacity to disburse wages on a large scale brings in opportunities for deviation, as seen in social audits in Andhra Pradesh.

The cash gap

In a regular banking set-up, reconciliation of accounts occurs on a daily basis; post offices keep track of cash flow through passbooks. But here, BCs and BPMs withdraw the requisite amount from the banks and carry huge volumes of cash in bags to distribute to the beneficiaries.

The cash remains idle with them in their homes until it is dispensed. There have been cases of people running away with the money or faking burglaries.

Wage-seekers have consistently reported that they are sometimes not paid for weeks and months. The BCs, CSPs (community service providers) and VOs (village organisations) keep deferring payment, saying the cash has not arrived, and often pay less than the entitlement.

Thus, despite money being credited to the bank accounts of the beneficiaries, the core challenges remain. Cash payments have been replaced by biometric payments. Often the biometric system does not offer a match or recognise the fingerprints of the wage-seekers as their fingers are calloused due to rigorous manual labour. In such cases, people are either turned away or manual override is exercised through a one-time password (OTP) and another layer of human intervention is added to disburse wages.

Plain manipulation

There have also been cases of service providers who manipulate the system to pocket money by taking authentication on the point of sale (POS) machines from the wage-seekers, but making excuses such as lack of mobile connectivity or unavailability of cash.

Or they take multiple fingerprints claiming the system has not registered the same, hence avoiding payment.

In reality, once the fingerprint has been taken, authentication gets done and the system shows payment as completed. Both banks and the postal department use fingerprint authentication to acknowledge payments have been made; yet they simultaneously refuse to accept that the labourer has been cheated. There is also a practice of taking single biometric authentication for multiple weeks of payments. This makes it impossible for the labourers who are unlettered to understand how many weeks of payment they are receiving or are supposed to receive.

Opening bank accounts does not guarantee that the money will reach the beneficiaries. Therefore, the issue of that last mile delivery needs to be addressed.

Governor Raghuram Rajan should shift the focus from merely distribution of currency to monitoring whether payment agencies are delivering and holding them accountable. To give 'jan-dhan' real meaning, the payment system should be made more transparent, accountable and robust, which factors in grassroots issues.

The writers are with the Society for Social Audit, Accountability & Transparency, governments of Andhra Pradesh and Telangana

5. Regulatory infrastructure is important for India to achieve growth, says Sunil Mehta

The Economic Times: 25.09.2014



(To maximise the benefits...)

Mr [Prime Minister](#),

As you undertake your trip to meet President Obama, there must be a host of strategic objectives you would like to accomplish on your visit. Robust global and domestic [regulatory infrastructure](#) is of paramount importance for India to achieve its targeted uninterrupted growth.

Global financial markets have evolved at a rapid pace over the last several decades. Regrettably, many governments failed to keep pace and develop a regulatory and supervision infrastructure. The 2008 global financial crisis revealed for the first time the fragility of our financial supervision and the strain on governments and regulators to manage a crisis of this nature. It also exposed the cracks between different regulatory bodies and the lack of coordination between banking, insurance, securities and pension authorities, both nationally and trans-nationally.

This prompted governments, individually and collectively under G20, to undertake a fundamental reform of the global financial system with the objectives to correct fault lines that led to a crisis of this magnitude. In recent years, there has been considerable progress to develop and coordinate a comprehensive framework of reforms. To maximise the benefits of an open, integrated global financial system, there was an urgent need to rebuild a system that evolves with the global economy to support sustainable and balanced [growth](#) across G20.

The 2013 report prepared by the Financial Sector Legislative Reforms Commission (FSLRC) succinctly captures the challenges facing Indian regulatory institutions. It highlights the dire need

of building our institutional capacity. The report also recognises India's position in the global economic milieu and its ability to navigate strong currents generated by forces of financial [globalisation](#).

It's time an International Institute for Regulatory Development (IIRD) be established where regulators, global institutions, multilaterals and governments can collectively assess risks arising globally and locally from excessive leverage, poor valuations and liquidity mismatches. Unless we continuously enhance skills of global regulators to enable them to develop financial markets in a calibrated manner and provide effective and efficient supervision, we could end up in a catastrophic situation once again.

Our regulatory institutions require high quality research in subjects that they directly oversee and other allied areas which impact the development of respective markets. Currently, research relating to sectoral financial markets is undertaken by respective regulatory bodies. However, there are significant overlaps of policy and instrumentality emanating from these regulatory bodies that impact markets. Instead of each regulatory authority having a separate R&D institute, it is critical to develop a common platform that provides economies of scale for quality research and risk assessment.

Mr Prime Minister, you have often articulated your vision for skill development as a prerequisite for India's long-term growth. Your foreign policy is also aligned to collaborate with key global strategic allies in building long-term institutional partnerships. In America, there will be several bilateral priorities covering tactical and strategic possibilities. Jointly reinventing our regulatory infrastructure could be one such strategic initiative which both India and the US could take a lead in and subsequently expand to a major G20 enterprise.

Your initiative to launch an IIRD can lead to a much-required overarching global cooperation covering financial markets with tremendous potential for regulatory partnerships in environment, energy and telecommunications among other sectors. Such an institute has the potential to be a game changer for a more comprehensive understanding of national and trans-national market developments and concurrent regulations. [President Obama](#) and you have an opportunity to be originators of this strategic partnership.

(The writer is former CEO, AIG India)

PART B

NEWS AND VIEWS

Friday, 26th September 2014

Polity

: BJP, Shiv Sena break alliance of 25 years

Economy

: ADB raises India's growth forecast to 6.3%

Planning

: Govt plans to close down six PSUs, revive five

Editorial

: A case for status quo

Communication, IT & Information Division
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A DAY OF DIVORCES IN MAHARASHTRA

BJP, Shiv Sena break alliance of 25 years

SANJAY JOG
Mumbai, 25 September

The 25-year-old alliance between the Bharatiya Janata Party (BJP) and Shiv Sena ended on Thursday, with the parties deciding to contest election to the 288-member Maharashtra Assembly independently.

BJP claimed it had made all efforts to salvage the alliance but was forced to call it off because the Sena refused to allot more seats to smaller parties in the Maha Yuti alliance.

"Shiv Sena came out with a 151:130 formula, leaving only seven seats for the Maha Yuti allies — Swabhimani Shetkari Sanghatana (SSS), Rashtriya Samaj Party (RSP), Republican Party of India and Shiv Sangram. BJP strongly rejected this, saying these parties, which had joined the BJP-Shiv Sena alliance with the common objective of dislodging the Congress-Nationalist Congress Party (NCP) government, should be treated with honour. However, no new offer was forthcoming from the Sena," said BJP's Maharashtra



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unit chief Devendra Fadnavis.

The decision to snap ties with the Shiv Sena was taken by BJP's state unit, after consulting the central leadership of the party. Earlier, both parties had held talks after BJP President Amit Shah spoke to Sena chief Uddhav Thackeray over phone. But these negotiations failed to build a consensus.

The call to part ways was announced by BJP's Fadnavis and Eknath Khadse, the leader of Opposition in the state Assembly. Khadse said the two parties were stuck in a deadlock over the number of seats, adding the Sena focused only on numbers and not the state's

welfare. "They were adamant on their proposal. We conveyed to them that bringing down the Congress-NCP government was priority but they were more interested in the chief minister's post."

Fadnavis said BJP would now contest the state election in alliance with SSS, RSP and Shiv Sangram. Efforts will be made to rope in the Republican Party of India as well.

Blaming the Sena for the break-up, Fadnavis said: "The Sena has not accommodated the alliance partners and us the way it should have. There is nothing new in the different proposals it is coming up with."

Shiv Sena leader Dhwakar Raote countered this by claiming BJP was in a haste to break the alliance. "We came with a seat-sharing proposal but were made to sit for two-and-a-half hours... there was no response from BJP," he said, adding his party was prepared to go it alone. Raote also said BJP's general-secretary incharge for Maharashtra, Rajiv Pratap Rudy, left for New Delhi without holding talks with the Shiv Sena.

ADB raises India's growth forecast to 6.3%

PRESS TRUST OF INDIA
New Delhi, 25 September

Revising India's GDP growth forecast upwards by 0.3 per cent to 6.3 per cent in 2015, Asian Development Bank (ADB) has said the economy shows a new promise of turnaround after the election brought a stable government in May. "India shows new promise of a turnaround. After winning a decisive parliamentary election victory, the new (Modi-led) government is better positioned than the old to pursue the reform necessary to unlock the economy's growth potential.

"This update maintains the 5.5 per cent growth forecast for 2014 but upgrades...to 6.3 per cent, the forecast for 2015, when

reform can begin to bear fruit," ADB said in its Outlook 2014 Update released today. The reforms, the timely award of environmental clearances, and measures to control inflation are expected to augment firming export demand from the major industrial economies, it said.

The new single-party government in India with the strongest mandate in three decades has outlined wide-ranging reforms, which will gradually overcome the difficult structural problems that have beset the economy and caused two years of slow growth and stagnant investment, it said.

"Public expectation of strong economic policy from the government is seen in record highs on the stock

market and robust capital inflows. "As demand from consumers and businesses continued to grow... India's buoyant portfolio flows mean that financing the deficit should not be a problem, as capital flows are more resilient under global volatility this year than they were last year," the Update by ADB chief economist Shang-Jin Wei said.

Improving prospects in India will buoy the 2015 regional growth outlook somewhat, even as the growth path of China moderates, it added.

"Growth in Asia as a whole in 2014 is now expected to be higher at 5.4 per cent on unexpectedly strong outcomes in Bangladesh, Nepal, Pakistan, as well as India," it said.

Need to break back of inflation: Rajan

PRESS TRUST OF INDIA
Mumbai, 25 September

The Reserve Bank Governor Raghuram Rajan today said there was a need to "break the back" of inflation which remains high and controlling it would make the apex bank's position more comfortable.

"The real problem is inflation that is persistent. We have been emphasising again and again in order to break the back of inflation, we got to break this persistence," Mr Rajan said at the 8th Statistics Day Conference here.

He said once inflation is contained, the RBI will be in a much more comfortable position.

In August, consumer price index (CPI) or retail inflation eased to 7.8 per cent from 7.96 per cent in July, while the wholesale price index (WPI) moderated to 3.74 per cent from 5.19 per cent in July.

Noting that various economic data available in the country is not very comprehensive, Mr Rajan pressed for an urgent need to improve them.

"We need to improve the quality and quantity and scope of our data, and we are working at it," Mr Rajan said.

He said India's employment data, which forms the basis for number of decision on monetary policies in many countries, comes with a lag and is not comparable.

"We need to work on getting a timely and comprehensive employment data base, perhaps on the monthly level," Mr Rajan said.

He said the RBI is working with a National Sample Survey Organisation (NSSO) to create a strong and reliable data base on employment.

He also said the country does not have a proper producer price index and the RBI would soon create a series.

Govt plans to close down six PSUs, revive five

New Delhi: The government on Thursday said it has begun the process of reviving five ailing PSUs and is working on one-time settlement involving voluntary retirement scheme entailing a cost of Rs 1,000 crore for employees of six state-run units not capable of revival.

"The state-run units which have been identified by the government for revival include HMT Machine Tools, Heavy Engineering Corporation, NEPA, Nagaland Paper & Pulp Co, and Triveni Structural," heavy industries & public enterprises minister Anant Geete said.

"Out of 11 sick PSUs, process for reviving five has started and these shall be revived. However, the remaining six units, which cannot be revived, we have decided on making a one-time settlement proposal of VRS for the employees of these units," he added. "The six companies which cannot be revived are Hindustan Photo Films, HMT Bearings, HMT Watches, HMT Chinara Watches Ltd, Pungabhadra Steel Products, and Hindustan Cables. These six companies have employee strength of 3,603," the minister said.

Geete also informed that as per the recommendations of the Board for Reconstruction of Public Sector Enterprises, the government/holding companies have approved revival of 48 out of 58 central public sector enterprises (CPSEs) and closure of four out of six CPSEs. Geete said the government is working on a one-time settlement proposal for six terminally ill PSUs, to eliminate recurring expenditure.

"Since last several years, we have been paying salaries to all the employees sick PSUs. We have spent Rs 3,000 crore till now on that. Instead of spending more thousand crores on that, it will be better that we spend once and for all. We are making a proposal for one-time settlement costing around Rs 1,000 crore for employees of 6 PSUs not capable of revival." AGENCIES

Poor show in manufacturing continues

In India, manufacturing has failed to take off. Through the past decades, the sector's share in gross domestic product (GDP) has remained stagnant at about 15 per cent, compared with a share of about 30 per cent in China, South Korea, etc.

Of the 11.5 per cent of the labour force engaged in this sector, a large segment is employed in the unorganised space, though various studies have shown productivity per worker in the unorganised segment is much lower compared to the organised sector.

The lacklustre performance of the sector is reflected in its contribution to exports — its share to total exports fell from 77 per cent in 2001 to 66 per cent in 2009. Within the sector, the sharpest decline has been observed in the textiles space (from 25 per cent in 2001 to 11 per cent in 2008-09).

It is often said India's poor show in manufacturing results from the fact that the country fares poorly in terms of ease of doing business, as well as in the global competitiveness index. This, it is said, prevents companies from setting up manufacturing bases here. On the



The lacklustre performance of the sector is reflected in its contribution to exports — its share to total exports fell from 77% in 2001 to 66% in 2009

index of the ease of doing business, India ranks 134th, while on the global competitiveness index, its ranking slipped from 50th in 2008-09 to 60th in 2013-14. So far, a project management group set up to ensure quick clearances of projects has cleared 17 projects worth \$102 billion; 288 projects, totalling \$262 billion, haven't been cleared yet.

Significant hurdles such as land acquisition, labour laws, environmental clearances, lack of reliable power and the absence of complementary infrastructure continue to impede growth of the manufacturing sector.

Rajan raises concerns over quality of GDP data

RBI chief continues to stress on 'breaking the back' of inflation

OUR BUREAU

Mumbai, September 25

Raising concerns over missing data while calculating GDP, Reserve Bank of India Governor Raghuram Rajan said there is need to improve the quality, quantity and timeliness of GDP data.

"We need to improve the quality, quantity and scope of our data. We are working on it. We certainly need timely information on employment... We need to get comprehensive data perhaps at a monthly level... In many other countries, the employment data forms the basis for a number of decisions on the monetary policy," Rajan spoke at the 8th Statistics Day Conference in Mumbai.

The RBI chief said the data related to GDP misses out a

few small sectors, adding that our data on employment comes from various sources with different lags and are not necessarily comparable and timely.

He said the RBI will formally approach the National Sample Survey Organisation (NSSO) on this.

Unorganised sector data

Further, he said some aspects of business like the small business activity and unorganised sector data are captured relatively late by the GDP data.

Highlighting that construction is central to growth, Rajan said it was important to get data on construction sector and also quickly capture and get comprehensive data on con-



For quality data RBI Governor Raghuram Rajan at the 8th Statistics Day conference in Mumbai on Thursday. PTI

sumption. Lastly, he also called for more coverage of data on a variety of non-bank institutions and extent of hedging by corporates.

Reiterating his stand on

inflation, the Governor said, "The real problem is inflation that is persistent. We have been emphasising again and again in order to break the back of inflation,

we got to break this persistence."

He said the RBI is also working on coming up with a producer price index soon.

"We still don't have a proper producer price index. It is extremely important to understand the differences between retail and wholesale prices. Those are things to worry about. We are trying to get this data and hope to receive it relatively soon," Rajan said.

Accepting noted economist Surjit Bhalla's view that monetary policy is not having an impact on inflation, Rajan said in the last few years, food inflation has been the most significant aspect of inflation and that there may be a link between MSP and inflation.

He said once inflation is contained, the RBI will be in a much more comfortable position.

Modi's Clean India mission is a page out of Parrikar's book

INDO-ASIAN NEWS SERVICE
Panaji, September 25

By choosing October 2, the birth anniversary of Mahatma Gandhi, to start his Swachh Bharat (Clean India) mission, Prime Minister Narendra Modi may have taken a leaf from party colleague and Goa Chief Minister Manohar Parrikar's book.

The idea to use the broom to good effect on Gandhi Jayanti was first mooted by Parrikar 12 years ago. The 58-year-old technocrat, during his first stint as the first BJP Chief Minister of Goa, had announced a slew of decisions, some controversial, which included cancellation of Gandhi Jayanti as a government holiday and making government servants use brooms to clean their offices on the day for two hours.

"Gandhi believed in work and I want to begin the work culture on his birthday," Parrikar had said during his media

interaction after he announced his innovative plan in November 2001.

This is not too dissimilar to Modi's Swachh Bharat announcement in his Independence Day address on August 15.

Modi, in his speech in Bangalore earlier this week, said that he would himself use the broom on October 2 and asked Indians to spare two hours every week to the sanitation drive to make India a clean nation.

Modi had during his election campaign also spoken about the importance of cleanliness and backed the construction of toilets all across India, coining a trade-

mark slogan "Pehle sauchalaya phir devalaya" (toilet first, temple later).

Media reports also suggest that Cabinet Secretary Ajit Seth has instructed all central government officials to participate in Modi's cleanliness drive on Gandhi Jayanti. Gandhi was himself a stickler for cleanliness.

In 2001, it was a circular by then state chief secretary Baleshwar Rai which dropped October 2 from the list of notified official holidays and instead re-classified Gandhi Jayanti as a "Clean Offices Day".

The circular also made it mandatory for all State Government personnel to attend office and dedicate two hours between 10 am and 12 noon to cleaning up their office premises in sync with Gandhian principles. The circular also dropped Goa Statehood Day (May 30) from the list of State Government holidays.

The idea to use the broom to good effect on Gandhi Jayanti was first mooted by Parrikar 12 years ago.



Clean sweep Union Minister Smriti Irani sweeps the ground of a Delhi school as part of the Swachh Bharat mission.

Govt has to go beyond rhetoric to attract investments

Labour law flexibility, land acquisition, stable policy key to policy's success

OUR BUREAU

New Delhi, September 25

While strong words make good speeches, the BJP-led Government has to go beyond rhetoric and focus on real issues such as a stable policy regime, flexible labour laws, less paper-work, a pragmatic land acquisition policy and lower corruption to make the country an attractive destination for investors.

During its 10-year reign, the UPA Government failed to lure foreign investors in a big way as it did not succeed in most of the above mentioned areas, although it did try to come up with attractive policies from time to time.

The SEZ quagmire

The Special Economic Zones (SEZ), which delivered results for some time, stopped attracting investments as soon as the UPA Government decided to

tinker with the established policy by introducing Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT).

Investors, who had already invested in the zones, felt that it was a breach of trust as they had already put in their money based on calculations made with a tax-free regime in mind.

The UPA was also not successful in introducing labour law flexibilities in the zones as it could not take the States on board.

During its second stint, the UPA's Commerce & Industry Minister Anand Sharma decided to ignore SEZs and instead focussed his attention on New Manufacturing and Investment Zones (NMIZs) which failed to take off.

With the BJP Government now planning smart cities and investment zones, it has to en-



Prime Minister Narendra Modi launching the Make In India Logo with (from left) Minister for MSME Kalraj Mishra; Commerce Minister Nirmla Sitharaman; and Law Minister Ravi Shankar Prasad.

sure that it carries out its negotiations with the Labour Ministry and the State Governments judiciously. The Govern-

ment has to see that the legitimate demands of the industry to bring about changes in labour laws in tune with the de-

mands of the present times are met.

Moreover, the incentives it gives to investors have to be

continued over a given period of time. Fast decision on a land acquisition policy is also imperative as availability of land is one of the biggest concern for investors.

A balanced policy that would ensure that land owners get a good deal, while industry, too, gets land wherever available without much hassle will be a challenge for the BJP.

Crack down on corruption

There has to be a crackdown on corruption as well that has seeped into all layers of the establishment. It is well known that in the previous regime, a big telecom company almost withdrew from a SEZ in Tamil Nadu as a Minister delayed clearing its proposal because the company refused to grant him a favour.

Prime Minister Narendra Modi has to ensure that corruption at the top most level, at least, has to stop, if the country is to be taken seriously by foreign investors.

COMPLETE COMMAND No Cabinet meet on Wednesday, when PM is scheduled to return

No No. 2 When Modi Visits US

Aman.Sharma@timesgroup.com

New Delhi: The Union Cabinet is not scheduled to meet during Prime Minister Narendra Modi's absence from the country over the next six days, as was the case with his earlier four foreign visits, indicating there is no need for a formal or designated 'Number Two' while the PM is away, senior government officials told ET.

The Union Cabinet usually meets every Wednesday and it met on September 24 before the PM left for the US on Thursday. A government official said no Cabinet meeting is expected next Wednesday, when the PM is scheduled to return.

"Even when the PM went to Japan earlier this month, no Cabinet meet was held in his absence as he returned to India on a Wednesday evening. The Cabinet had then met the following day when Modi chaired the meeting and was lauded for a successful Japan visit," the government of-



No Need of Number Two!

EVEN WHEN PM went to Japan, no Cabinet meet held

NO CABINET meet held when PM went to Brazil, Nepal and Bhutan

RAJNATH SINGH to remain in Delhi and plans to tour Assam, M'laya & Chh'garh only after October 1

In today's age of communication, there is no need for an official 'Number Two'

A SENIOR GOVERNMENT OFFICIAL

official pointed out.

No Cabinet meetings were held when Modi went to Brazil for the BRICS Summit and to Nepal and Bhutan. There had been speculation that before leaving for Japan, Modi had left a note for the Cabinet

Secretary, saying that Home Minister Rajnath Singh would chair any Cabinet meeting in his absence. However, sources close to Singh did not confirm this. "You would need to ask the PMO or the Cabinet Secretary regarding

this," one source had said.

Singh is expected to remain in Delhi while Modi is away and plans to tour flood-ravaged Assam and Meghalaya and Chhattisgarh only after October 1. The home minister may be the only member of the Cabinet Committee on Security available in the Capital in Modi's absence. Foreign Minister Sushma Swaraj is already in the US for Modi's visit while Finance and Defence Minister Arun Jaitley is indisposed.

A senior government official pointed out that in today's age of communication, there was effectively no need for an official 'Number Two'. "Modi is constantly in touch on phone with the PMO and senior ministers while he is away and closely monitors any developments back home on the security or economy front to pass relevant instructions," the official said. Before leaving for the US, Modi cleared as many as 46 joint secretary-level and eight secretary-level appointments.

Diesel to Get Cheaper by ₹2/L

Centre hopes to gain in upcoming Haryana & Maharashtra elections by slashing fuel prices

Rajeev Jayaswal
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New Delhi: After deferring gas price hike ahead of Assembly elections, the government plans a big cut in diesel prices while state oil firms are preparing to slash petrol rates, a move that can brighten the BJP's prospects in Maharashtra and Haryana.

Diesel prices may fall about ₹2 per litre next week, the first rate cut for the fuel since January 2009.

Petrol is likely to fall about 50 paise unless there is a sharp change in international prices or the exchange rate in the next five to six days, government and industry sources said. International

diesel rates, the benchmark for pump prices, have fallen this month, while Brent crude oil slipped to a 14 months low of \$96.7 per barrel on Thursday as the market is oversupplied.

International prices fell at the time when domestic price caught up with the landed price of imported diesel because of the regular 50 paise per month hike in its rate since January last year.

Domestic diesel price is now about ₹2 per litre more than the assumed market price.

Last week, the oil ministry had announced that local

rates were about 40 paise per litre higher. "The government plans to take a view on reducing its price after the routine price review, which is scheduled at the end of this month," one source said. The government had decided in January last year to raise diesel prices

in small monthly doses until pump prices were aligned with market rates and then deregulate its pricing. Political leaders said the ruling party hopes to gain from the price trends. "The net impact of petrol and diesel price cuts will be in favour of BJP, which is expecting to win Maharashtra and Haryana because of Modi wave and anti-incumbency factor," a BJP source said.

According to a report by PTI, oil minister Dharmendra Pradhan said the government deferred raising gas price because of Assembly elections. "It was done due to elections," Pradhan told PTI, but did not say if it was because the Election Commission had earlier blocked a move to raise prices during general elections.

The two poll-bound states have millions of piped natural gas (PNG) and compressed natural gas (CNG) consumers. A one dollar per unit increase in gas price would raise CNG rate by ₹2.81 per kg and PNG rate by ₹1.89 per standard cubic meters in New Delhi.

The two poll-bound states have millions of piped natural gas (PNG) and compressed natural gas (CNG) consumers

PM Gives Glimpse of His Focus at UN

Modi says he will call for stronger global commitment and more concerted multilateral action



Modi Mantra For The UNGA

"I will urge early adoption of the Post-2015 Development Agenda with focus on growth, development and elimination of poverty...I will also stress the urgency of early reforms in the United Nations"

"The New York leg of my visit will also cover important elements of our bilateral relations with the US. I look forward to meeting business leaders to invite them to participate more actively in India's economic growth & transformation"

"I see the US as a vital partner for our national development, drawing especially on the rich possibilities of partnership in education, skills, research, technology & innovation...I am confident that the visit will mark the start of a new chapter in our strategic partnership"

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New Delhi: Time bound reform of UN Security Council, reforming international financial institutions, development agenda for third world countries and strong coalition to fight global terror will top the agenda of Narendra Modi's maiden speech as India's PM at UN General Assembly in New York on September 27.

Modi, who will deliver his speech in Hindi, will utilise this opportunity to outline his global vision, sources said. This is his maiden foray at global stage, the first being BRICS Summit at Brazil in July.

The PM gave a glimpse of his focus at UN in his statement on Thursday before departing for New York via Germany. "I will call for a stronger global commitment and more concerted multilateral action in meeting these challenges. I will urge early adoption of the Post-2015 Development Agenda with focus on growth, development and elimination of poverty. As we head towards the 70th Session of the UNGA in 2015, I will also stress the urgency of early reforms in the United Nations,

to ensure that it remains relevant and effective in dealing with the challenges of the 21st Century," said Modi in his statement.

While UN reforms and particularly reforms of the Security Council has topped international agenda of several prime ministers over the past two decades, the BJP-led NDA government is planning to make definite push for entry as permanent member of the UN Security Council (UNSC) with support from friendly countries, sources hinted. Besides the G-4 grouping — India, Brazil, Germany and Japan (all aspirants for expanded UNSC) — would work towards a road map for reforms, officials further indicated.

Besides, global economic and health challenges will also be his focus at the maiden outing in the General Assembly.

"The 69th session of the UN General Assembly is meeting at a moment of many pressing challenges for the international community — a still fragile global economy, turbulence and tension in many parts of the world, growth and spread of terrorism, the Ebola health crisis

in Africa, climate change and the endemic global challenge of poverty," the PM also outlined in his departure statement.

Sources point out with India not only fighting terror in the South Asian region but also in West Asia, the PM is expected to harp on an effective coalition to counter radical forces and financing of terror.

With BRICS Bank all set to become a reality, Modi would also touch upon the necessity for reforms of IMF and World Bank that reflects present day realities.

PM will also meet the United Nations Secretary General Ban Ki Moon and Bangladesh and Nepal PMs besides President of Sri Lanka, on the margins of the UNGA between September 26-28.

Focusing on economic engagements of his maiden trip to USA as PM, Modi said, "The New York leg of my visit will also cover important elements of our bilateral relations with the Unit-

ed States. I look forward to meeting business leaders to invite them to participate more actively in India's economic growth and transformation. This is the message that I will also convey to the US business community in Washington DC."

He also said that he keenly awaits the opportunity to meet the Indian American Community at the Madison Square Garden in New York on September 28.

Modi travels to Washington on September 29 for the most important leg of his visit for his maiden meeting with President Barack Obama on the next day.

"I see the United States as a vital partner for our national development, drawing especially on the rich possibilities of partnership in education, skills, research, technology and innovation — and, above all, a shared commitment to human values. Working together, and with others, we can bridge the many divisions of our times and contribute to building a more peaceful, stable, secure, sustainable and prosperous world... I am confident that the visit will mark the start of a new chapter in our strategic partnership," noted the PM ahead of his departure.

Sources say PM Modi is expected to harp on an effective coalition to counter radical forces and financing of terror

FinMin, RBI to decide breakup of govt bonds for H2FY15 today

Arup Roychoudhury

New Delhi, Sept 25: The finance ministry and the Reserve Bank of India (RBI) will meet on Friday to decide the weekly breakup of about ₹2.48 lakh crore worth of government bonds to be issued in the second half of FY15.

The meeting, to be headed by finance secretary Arvind Mayaram and RBI deputy governor HR Khan, will come at a time when the centre finds itself with a comfortable cash position on the back of higher dividends from the RBI.

As per the FY15 Budget, the budgeted gross borrowing estimate is ₹6 lakh crore, while the net borrowing estimate is ₹4.61 lakh crore. The first-half gross borrowing calendar was pegged at ₹3.68 lakh crore, about to be borrowed through 24 weekly auctions with maturity ranging from five to twenty years. Excluding repayments, first-half borrowing was pegged at ₹2.93 lakh crore.

For the week of August 11-15, the RBI cut its bond programme from ₹14,000 crore to ₹8,000 crore.

The RBI said that it would cut the ₹14,000 crore weekly planned bond

Gross borrowing

- FY15 first-half gross borrowing reduced to ₹3.52 lakh crore from ₹3.68 lakh crore
- Reduction on back of ₹52,679 crore dividend by RBI
- FY15 second-half gross borrowing likely to be ₹2.48 lakh crore, up from ₹2.32 lakh crore

issue for the subsequent five weeks, from August 18 to September 26, by ₹2,000 crore each.

The first-half gross borrowing

was thus reduced to ₹3.52 lakh crore, about 58.6% of the full year gross borrowing estimate, lower than the trend of raising 60-65% of the total full year budgeted borrowing amount during the first-half.

"Our cash position is strong, hence the RBI was at a liberty to pare back the issue of dated securities. However, the ₹16,000 crore which will not be borrowed in the first half, may be added in the second half of the fiscal," an official said. The second-half gross figure is now likely to increase to ₹2.48 lakh crore from ₹2.32 lakh crore, and about 41.3% of

the full year estimate. Last fiscal, the government had borrowed ₹5.63 lakh crore from the markets, of which 61% was borrowed during the April-September period.

The RBI transferred about ₹52,679 crore to the central government for its accounting year ending June 30, 2014, compared with ₹33,010 crore for July 2012-June 2013. The budgeted estimate for FY15 from surplus or dividends from RBI, central banks and other state-owned financial institutions is ₹62,414.18 crore, compared with FY14 revised estimates of ₹45,113.35 crore.

'The view is nice up here': Mars orbiter beams back first images

Bangalore/New Delhi, Sept 25: A day after it was placed in orbit in the very first attempt, India's Mars spacecraft on Thursday beamed back the first images of the red planet and they were made public by ISRO with a caption that read: "The view is nice up here."

The Indian Space Research Organisation (ISRO) uploaded one of the photos to its Facebook page, showing an orange crater-marked surface with dark holes, taken from a height of 7,300 km.

The first set of pictures taken by Mars Orbiter Mission's (MOM) onboard colour camera was presented to Prime Minister Narendra Modi by ISRO in New Delhi. "First image of Mars, from a height of 7300 km; with 376-m spatial resolution. MT @MarsOrbiter. The view is nice up here," ISRO tweeted with snaps of the red planet.

To this, the Prime Minister responded: "Yes, I agree @MarsOrbiter, the view is indeed nice up there! @isro." An ISRO team led by its chairman K Radhakrishnan and scientific secretary V Koteswara Rao handed over the pictures to Modi, hours before he left on a five-day visit to the US.

"A team of @isro scientists presented the 1st pictures from #Mangalyaan today morning. @isro," the PM tweeted. Modi was present at the ISRO command



One of the photos taken by Isro's orbiter shows the orange, crater-marked surface of Mars

PTI

centre in Bangalore on Thursday when India successfully placed its low-cost indigenous MOM spacecraft in orbit around the red planet to become the first country to achieve this feat in its first attempt, breaking into an elite club of three nations.

Modi had described the feat as "near impossible". The spacecraft is now circling the planet in an orbit whose nearest point to Mars (periapsis) is at 421.7 km and farthest point (apoapsis) at 76,993.6 km, ISRO said. The inclination of orbit with respect to the equatorial plane of Mars is 150 degrees, as intended. In this orbit, the spacecraft takes 72 hours 51 minutes 51 seconds to go

round the Mars once. In the coming weeks, the ISRO said in a release, the spacecraft will be thoroughly tested in the Mars orbit and the systematic observation of that planet using its five scientific instruments would begin.

MOM aims to study Mars' surface and mineral composition, and scan its atmosphere for methane, an indicator of life in Mars.

The spacecraft is equipped with five instruments, including a sensor to track methane or marsh gas, a colour camera and a thermal-imaging spectrometer to map the surface and mineral wealth of the red planet.

PTI

119 warships built, naval design celebrates golden jubilee

AJAI SHUKLA

New Delhi, 25 September

A day after the Indian Space Research Organisation (ISRO) highlighted India's scientific capability by placing the spaceship, Mangalyaan, in orbit around Mars, another milestone in indigenous design was celebrated in New Delhi on September 25: The 50th anniversary of the Directorate of Naval Design (DND).

Even as the air force and army import the bulk of their equipment requirements, the DND has spearheaded the navy's striking success in "making in India". Over the last half century, it has produced 19 separate designs — from small coastal vessels in the 1960s; through increasingly sophisticated frigates and destroyers, to India's first indigenous aircraft carrier, INS Vikrant, which Cochin Shipyard is currently building.

"Over the years our naval ship designers have designed, and our shipyards have constructed, 119 warships," said navy chief, Admiral Robin Dhowan, while felicitating the DND on Thursday.

Interestingly, India was building world-class warships two centuries ago. In 1817, Mumbai Docks (today the Naval Dockyard) built HMS (Her Majesty's Ship) Trincomalee, the oldest warship afloat, which is currently berthed in Hartlepool, UK. Mumbai Docks also built HMS Minden, on which Francis Scott Key composed America's national anthem, *The Star Spangled Banner*, in Baltimore. Also built in Mumbai was the HMS Cornwallis, on which China signed the Treaty of Nanking, ceding Hong Kong to the British in 1842.

After independence, when the navy took the far-reaching



A file picture of INS Kolkata after its commissioning ceremony at the naval base in Mumbai in August this year

strategic decision to build, rather than buy, its warships, a Corps of Naval Constructors was set up in 1956. In 1964, this evolved into the Central Design Office, the forerunner of today's Directorate of Naval Design.

Tellingly, neither the army nor the air force have their own design agency — and they have achieved little success in indigenisation. Analysts are unanimous that the DND, with its present corps of 350 uniformed warship designers, has been instrumental in the navy's successful indigenisation.

Its first major success came in the late 1970s, when it designed the Godavari-class frigate. For a decade before that, the DND had cut its teeth on the British-designed Leander-class frigates, which were being built in India. The last two Leanders featured modifications by the DND, especially to their helicopter deck.

Even so, experts were taken aback by INS Godavari. A heavily armed frigate that weighed 1,000 tonnes more than the

Leanders, the 3,600-tonne Godavari could actually sail faster than the highly regarded British warship.

On 3rd April 1989, the cover of *Time* magazine featured INS Godavari, with a cover story entitled, "Superpower India."

Buoyed by the Godavari, the DND began developing the ambitious 6,200-tonne Delhi-class guided missile destroyer in the late 1980s. The three warships of this class — INS Delhi, Mumbai and Mysore — are acknowledged as exceptionally handsome warships. Their sturdy design and sea-keeping ability was also acknowledged when INS Delhi spent two days in cyclone in the South China Sea, en route to China. Following that came the 6,200-tonne Shivalik class multi-role frigates, which saw increasing levels of indigenisation.

"I have had the privilege of serving on each of these classes of ships... As a user I can vouch (for the fact) that these are some very fine ships, very

potent ships. I would like to salute the professionalism of our naval designers", declared Admiral Dhowan.

The DND's golden jubilee year has seen the commissioning of three DND-designed warships — the new guided missile destroyer, INS Kolkata; the first anti-submarine corvette, INS Kamorta; and an offshore patrol vessel, INS Sumitra. Another 41 indigenously designed warships are currently being built in Indian shipyards.

While lauding the DND, the navy chief pointed out that more should be done to indigenise weapons and sensors — the so-called "fight capability" of a warship. India had indigenised 90 per cent of its warships' "float capability", or its hull structure; and 60 per cent of their "move capability", or engines, transmission and propellers. Only INS Kamorta had to fitted a range of indigenous sensors and weapons to emerge 90 per cent indigenous.

NGT wants quick decision on ESAs in Western Ghats

PIONEER NEWS SERVICE
■ NEW DELHI

The National Green Tribunal on Thursday put the ball of Western Ghats in the court of the Ministry of Environment and Forests (MoEF), saying that it should expeditiously decide on the issue of exclusion or inclusion of Ecologically Sensitive Areas (ESAs) in Western Ghats region.

The bench headed by NGT chairperson Justice Swatanter Kumar in its 15-page-judgement said it will be in the interest of all the stakeholders, including MoEF, that the matters are not further complicated and no fresh Environmental Clearance or permissions are issued by the MoEF till it issues the final notification.

It also held that the direction issued under Section 5 of the Environment (Protection) Act, 1986 on November 13, 2013 for providing immediate protection to the Western Ghats and maintain its environmental integrity would apply as stated in the affidavit.

"In view of the affidavit filed by the Secretary, MoEF, we are of the considered view that there is no occasion for the Tribunal to keep this main

and other applications pending any longer. MoEF is expected to discharge and perform its statutory obligations expeditiously and in accordance with law," it said.

The bench, however, said it will be open to the MoEF to declare the ESAs, State-wise or collectively, for the entire



Western Ghats.

"We are of the considered view that it is not for this Tribunal to pass any anticipated orders or to provide any limitations in the exercise of statutory power vested in the Ministry in terms of the Act of 1986. It is for the Ministry to take all the initiatives in relation to defining the eco-sensitive areas in the Western Ghats region and take it to its logical end by issuing final noti-

Terming the Western Ghats as "hotspots of biodiversity", the petition had stated that the region is home to the largest global populations of the Asian elephant besides tiger

fication," the bench said.

With this, the tribunal disposed of the plea filed by two NGOs—Goa Foundation and Peaceful Society that had filed petition before the Tribunal seeking that authorities be restrained from granting nod to new projects in the Western Ghats region.

Terming the Western Ghats as "hotspots of biodiversity", the petition had stated that the region is home to the largest global populations of the Asian elephant besides tiger.

India, China to end Chumar stand-off

PNS ■ NEW DELHI

India and China on Thursday agreed to end the stand-off on the Line of Actual Control (LAC) in Chumar, Ladakh by deciding to maintain the situation which prevailed there prior to September 10.

Starting Friday, the two sides will disengage in a phased manner over the next four days. The breakthrough came at a flag meeting in Spangguk, Ladakh on Thursday between Brigadier-level officers of the two Armies — the sixth one after the earlier meetings failed to resolve the issue.

The two armies came face to face on September 11-12 when the Indian troops stopped the Chinese from constructing a road in India's territory. China, however, claimed that the road was in its territory and also protested against



construction of some observation huts of the Indian Army and Indo-Tibetan Border Police (ITBP) in Chumar.

At the flag meeting, while India assured that it will not build more observation posts and shelter for troops, China said it will stop construction of the road at the point where the Indians intervened on September 12 leading to eyeball to eyeball confrontation. It had

taken place at Tibley, known as 30R in Army parlance, resulting in a face-off between more than 1,000 Chinese and 1,500 Indian troops in an arc of three km in Chumar sector.

With tension mounting on the LAC, diplomatic channels of both sides were activated and the latest flag meeting came about after clearance from the Indian political leadership, sources said here.

Chinese Ambassador to India Le Yucheng had also met senior officials in the External Affairs Ministry here on Wednesday. He later said, "It is the task of us, diplomats, to find a way to help stabilise the situation." More than 100 Chinese troops had withdrawn from Tibley on Tuesday but the Indian Army and ITBP, however, did not reciprocate preferring to adopt a wait and watch policy. They were forced to do so since the Chinese had returned after a similar partial withdrawal a week back. As a result, India also had to rush more troops there.

As for disengagement, sources said the two countries were now working out the modalities and the Chinese will start retreating to their side across the LAC. There was no question of the Indians doing so as they are in their own ter-

ritory. Besides Chumar, there is another face-off going on for the last 15 days in Demchok involving civilians of both the countries on a grazing ground. The Chinese are protesting against the construction of a canal there. Meanwhile, Navy Chief Admiral Robin Dhowan said here that the Navy was continuously monitoring the activity of the Chinese Navy in the Indian Ocean Region (IOR).

"Chinese warships are deployed in the Indian Ocean Region and we are continuously monitoring them. Along with it, our aircraft, submarines and warships are always deployed to face any challenge. IOR is our area of operations and we see what is Chinese deployment in IOR and how it can create challenges for us and how we can face them.... We are always ready," he told reporters.

Delhi govt offices to remain open on Oct 2

STATESMAN NEWS SERVICE
New Delhi, 25 September

Delhi government offices will remain open on the birth anniversary of 'Father of Nation' on 2 October. Despite October 2 being a Gazetted Holiday, officials at the Delhi Government will be present in their offices and clean up their departments and surroundings.

This will be for the first time that the offices of Delhi government will be functional on 2 October, the day Prime Minister Narendra Modi will launch Mission Swachh Bharat (clean India) across India on the birth anniversary of Mahatma Gandhi.

All the Government department officials have been instructed to be present on this day to take part in "Swachh Bharat Abhiyan" National Sanitation Mission to be launched by the Prime Minister. A circular to this effect has been sent to the city administration from the Centre.

Principal Secretaries, Secretaries and heads of all departments will administer a pledge of cleanliness to their staff members in their offices at 9 am. Officers will conduct inspections and supervise cleanliness drives in their office premises.

These instructions were

issued by Delhi Chief Secretary DM Spolia in the high level meeting of HoDs convened by him at Delhi Secretariat today.

Spolia asked all the secretaries to calendarise the events taking place from 2 October to 23 October with regard to cleanliness campaign in a tabulated form and to submit it to Secretary (Urban Development) who will further submit the calendar of events to the Ministry of Urban Development.

Apart from that the Chief Secretary asked the officers to nominate nodal officers in their respective departments who will submit reports daily to them.

The names of nodal officers and the officers responsible for carrying out the cleanliness drive should be specified.

Spolia will also write to the MLAs of Delhi to carry out the cleanliness drive in their respective areas involving people from cross sections of the society, RWAs, NGOs for making the campaign a grand success.

The cleanliness drive will include offices, hospitals, dispensaries, homes such as children homes, beggar homes, ISBTs, APMC mandis, government buildings such as school buildings, their premises, dhalaos, toilet blocks.

Govt kicks off drive against hoarders

20 teams to rein in hoarding in festival season

TRIBUNE NEWS SERVICE

NEW DELHI, SEPTEMBER 25

Ahead of the festival season, the Delhi government has launched a special drive against hoarders to control the price of essential commodities.

According to the Department of Food Supplies and Consumer Affairs, there is an upward trend in the prices of essential commodities during every festival season.

"In the festival season, we are ensuring that unscrupulous elements do not take advantage of the situation for unlawful gains. We have constituted 20 teams to conduct raids to check hoarding and blackmarketing of essential commodities," Food Supplies and Consumer Affairs Commissioner Sajjan Singh Yadav said.

He said each team will be headed by a young officer and other members of the team will include legal metrology officers and

These teams will be on the move throughout the day and inspect various wholesalers and retail establishments and check whether there is hoarding of essential commodities and will take strict action against the violators.

Food Supplies Commissioner

inspectors of the department.

The department has also directed 70 food and supplies officers who are posted in different parts of the city to keep a watch on prices of essential commodities and their stocking.

"These 20 teams will be on the move throughout the day and inspect various wholesalers and retail establishments and check whether there is hoarding of essential commodities and will take strict action against the violators. The teams will also inspect vari-

ous trade premises to check malpractices and cheating of consumers," Yadav added.

The Commissioner said that emphasis will be on the hoarding of essential commodities, compliance of the Packaged Commodities Rules, 2011 and use of certified weights & measures as prescribed under the Legal Metrology Act, 2009.

"The government has prescribed stock limit for various essential commodities like rice, pulses, edible oils, seeds, etc under the Essential Commodities Act, 1955. Any hoarding of these commodities beyond the prescribed limit is liable to prosecution and on conviction, the hoarder may be imprisoned up to 6 years," he said.

People must ensure while buying commodities that the weighing scales, dispenser machines and other measuring instruments are certified and the certificate is prominently displayed on the business premises, he added.

Business Standard

Editorial

A case for *status quo*

Inflation trend reassuring, but not enough for a rate cut

Two factors have contributed to the recent improvement in India's inflation scenario. Domestically, the relatively under-performing monsoon, against widespread expectations, did not significantly impact the food-inflation trajectory. Food inflation is still very much a problem and needs fixing urgently, but the bad monsoon apparently did not make it worse. A key offsetting factor is the decision by the government to sell five million tonnes of rice and wheat every month from its very large stocks. Rice prices, which had been rising at an average rate of over 15 per cent a year for almost the past two years, decelerated sharply in response to this. This was an obvious short-term fix, particularly with the looming monsoon threat, and it seems to have worked. Externally, again somewhat contrary to expectations, crude-oil prices have dropped sharply and, over the past few weeks, the benchmark Brent crude seems to have settled into a relatively stable range of around \$95 a barrel, about 10 per cent below its previous and persistent range.

These developments would undoubtedly have increased expectations that the Reserve Bank of India (RBI) would finally bring the interest rate down in its bi-monthly announcement next week. In apparent anticipation of this, Governor Raghuram Rajan foreclosed on this option almost two weeks before the announcement. His reasons for playing his hand early were obvious; to prevent the spiralling of expectations, followed by expressions of disappointment and criticism against a cautious central bank. But beyond the signalling motivation, there are some risks to the positive developments on the inflation front. On the domestic side, the impact of the monsoon has not yet fully played out on food prices. Over the past few weeks, the sale of stocks has indeed contained the pressure, but once the harvest begins to come in over the next few weeks, production could well be on the lower side, bringing inflationary pressure back. Vegetables, in particular, have been a persistent problem, and their impact could intensify over the next couple of months. On the oil front, geopolitical developments, including the re-entry of the United States in a combat role in West Asia, increase the risks of a price surge.

Assessing the balance between these risks is what the RBI is mandated to do. If it believes that the upside risks to inflation are small, the policy implication would be that it can start reducing interest rates. On the other hand, as the governor's statement suggested, these risks are perceived to be significant, so the *status quo* must be maintained. Having sent a clear message about his priority on controlling inflation, Governor Rajan has much to lose and little to gain by cutting rates prematurely. From the viewpoint of providing stimulus to growth, the benefits would be far greater if interest rates were brought down in a sustained way. Based on the current risk assessment, that window is not yet at hand. The likelihood of a quick reversal is significant, with the consequent damage to credibility, as well as investment activity. In this situation, it is better to be safe than sorry. The inflation trajectory is certainly very reassuring and points to lower interest rates, but the time for that is not yet at hand.