

WEEKLY ECONOMIC BULLETIN



IITP Division
Ministry of
External Affairs
Government of India

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India's central bank cuts keys rates, stock indices hit historic highs

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India Inc welcomes cut in key lending rates

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Adopting a 'string of pearls' strategy to strengthen its presence in India, Rupert Murdoch-led News Corp on March 9 announced back-to-back acquisitions of film magazine 'Screen' and financial information provider VCCircle.



US to explore investment opportunities in Telangana, Andhra

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Spectrum auction sees bids of Rs.77,000 crore at end of day three

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Coal auction: Allotment order to new operators to include clearances

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NEWS ROUND-UP



Task forces set up to make three cities smart

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India's central bank cuts keys rates, stock indices hit historic highs

In a surprise development that sent stock markets soaring, India's central bank cut its key lending rates by 25 basis points on March 4, expecting inflation to soften in the coming fiscal even as it expressed concern over the postponement of fiscal consolidation by a year.

Getting some positive cues from the national budget tabled last week, and sensing an economic recovery, the repurchase (repo) rate has been cut to 7.5 percent from 7.75 percent, while the reverse repo rate has been adjusted to 6.5 percent from 6.75 percent.

The rate cuts immediately follow a far-reaching agreement between the government and the Reserve Bank on Monday, under which the central bank will aim to bring the country's retail inflation below the 6-percent mark by January 2016 and to around 4 percent by the end of 2016-17.

The announcement, which came just ahead of the opening bell for stock markets, brought much cheer to sentiments, prompting the sensitive index (Sensex) of the Bombay Stock Exchange to open nearly 345 points higher, over the previous close at 29,593.73 points.

The key index soon breached the 30,000-point mark to touch a historic high of 30,024.74 points, and was ruling at around 29,890 points around 30-minute into trading, with a gain of 300 points or 1 percent.

The situation was similar at the National Stock Exchange, where the Nifty also hit an all-time high.

"To summarise, softer readings on inflation are expected to come in through the first half of 2015-16 before firming up to below 6 percent in the second half," Reserve Bank of Governor Raghuram G. Rajan said in a statement.

"The fiscal consolidation programme, while delayed, may compensate in quality, especially if state governments are cooperative," said the governor who has otherwise been taking a rather conservative approach in dealing with the monetary policy, especially the interest rates.

"Given low capacity utilisation and still-weak indicators of production and credit off-take, it is appropriate for the Reserve Bank to be pre-emptive in its policy action to utilise available space for monetary accommodation."

The repurchase rate is the interest commercial banks pay for borrowing money from the central bank to meet short-term fund requirements. The reverse repurchase rate is the interest central bank pays when surplus short-term funds are parked with it by banks.

In its monetary policy statement of Jan 15, 2015 the Reserve Bank had reduced the repo rate by 25 basis points, and said: "Key to further easing are data that confirm continuing disinflationary pressures."

But it maintained its interest rate stance in its sixth bi-monthly monetary policy statement of Feb 3 in the absence of new developments on inflation or on the fiscal outlook, awaiting signals on that count and from the national budget.

While the next bi-monthly policy statement will be issued April 7, 2015 the still weak state of some sectors and the global trends, prompted the central bank, in its own admission, to become more anticipatory to make changes immediate in its stand.

In his statement on Wednesday, Rajan also lauded the Central Statistics Office (CSO) for the changes it made in the national income accounting, on which is based the country's gross domestic product estimation, to bring it up to international standards.



"Yet the picture it presents of a robust economy, with growth having picked up significantly over the last three years, is at odds with still-low direct measures of growth of production, credit, imports and capacity utilisation as well as anecdotal evidence on economic cycle," he said.

"Nevertheless, the picture of a steadily recovering economy appears right," he added.

"Going forward, the RBI will seek to bring the inflation rate to the mid-point of the band of 4 percent (plus or minus 2 percentage points) provided for in the agreement, that is to 4 percent by the end of a two-year period starting fiscal year 2016-17."

Source: Indo-Asian News Service

India Inc welcomes cut in key lending rates

India Inc on March 4 welcomed the central bank's surprise decision to reduce key lending rates by 25 basis points.

"Coming on the back of a growth-oriented budget, the unexpected cut in headline interest rate by the RBI sends a huge positive signal that the central bank and the government are working in tandem to provide a robust scaffolding to growth," said Chandrajit Banerjee, director general, Confederation of Indian Industry (CII).

According to Banerjee, even while giving growth a fillip by reducing key lending rates the central bank has not lost the sight of inflation.

"Clearly the government's intent is asset creation and therefore, a delay in one year in the fiscal consolidation road map should be viewed through the glasses of overall macro-economic objectives.

"CII also agrees with the RBI on the importance of the states' fiscal discipline since it is the overall deficit - central plus states, that should be the operating parameter, rather than just that of the centre."

Banerjee concluded that the overall sound macroeconomic management and the clearly spelt out targets for fiscal deficit should allow the international ratings agencies to take a positive view of investment climate in India.

Another business body PHD Chamber of Commerce and Industry said that Wednesday's rate cut will benefit the common man with softening of EMIs on loans and the ripple effect it will also improve market sentiment and enable businesses to raise equity.

"Inducing demand scenario would be critical to re-fuel our economic growth trajectory and create jobs for millions of young work force. While containing the inflation, demand in the economy should remain intact," said Alok B. Shriram, president, PHD Chamber of Commerce and Industry.

Continuation of rate cut in the coming would be critical to help demand to remain intact and sentiment for investments to strengthen and grow, he said.

Angel Broking's chairman and managing director Dinesh Thakkar said that the surprise rate cut was in line with its expectations of a sharp rate-cutting cycle over the coming quarters.

"Having got the comfort in the budget of the government's commitment to high quality fiscal consolidation, in our view, the RBI is likely to embark on an extended monetary easing cycle, with at least another 50-75 basis points more of rate cuts in FY2016," Thakkar said.

"This is also aided by the substantial improvement in the current account balance, which has strengthened the rupee's fundamentals," he said.



Thakkar added that given the stronger rupee and substantial global monetary easing the RBI is finally in a position to narrow the differential in interest rates in India vis-a-vis global interest rates which are still at historic lows.

On Wednesday, the RBI reduced key lending rates by 25 basis points and said that it was expecting inflation to soften in the coming fiscal. However, it also expressed concerns over the postponement of fiscal consolidation target by a year.

In its monetary policy statement of Jan 15, 2015 the Reserve Bank had reduced the repo rate by 25 basis point. However, it maintained interest rate stance in its sixth bi-monthly monetary policy statement of Feb 3.

The RBI that time said it was awaiting more data on inflation and signals from the national budget.

Source: Indo-Asian News Service

Cabinet paves way for expanding Swachh Bharat Kosh

The union cabinet on March 4 cleared some enabling provisions to encourage participation of individuals and companies in the Swachh Bharat Kosh (SBK), sources said.

They said the cabinet had cleared the provisions to enable people living in India and abroad and companies give funds to SBK.

The SBK was set up in response to Prime Minister Narendra Modi's August 15 speech to achieve the objective of Clean India (Swachh Bharat) by the year 2019, the 150th year of the birth anniversary of Mahatma Gandhi through the Swachh Bharat Mission.

The sources said the funds will be largely used for construction of toilets and contributions can be made to the fund under the corporate social responsibility provisions.

The sources said contributions will get tax exemption.

Source: Indo-Asian News Service

India's forex reserves up \$3.88 bn

India's foreign exchange reserves increased by \$3.88 billion to \$338.07 billion for the week ended February 27, Reserve Bank of India (RBI) data showed.

The reserves had increased by \$1.02 billion to \$334.19 billion in the previous week (Feb 20).

According to the RBI's weekly statistical supplement, foreign currency assets, the biggest component of the forex reserves, rose \$3.90 billion at \$312.20 billion in the week under review.

The foreign currency assets had risen by \$1.04 billion at \$308.29 billion in the previous week (Feb 20).

The RBI said the foreign currency assets, expressed in US dollar terms, include the effect of appreciation or depreciation of non-US currencies such as the pound sterling, euro and yen held in reserve.

However, India's reserve position with the International Monetary Fund (IMF) in the week ended Feb 27 decreased by \$4.6 million and stood at \$1.63 billion.

The value of special drawing rights (SDRs) was lower by \$11.4 million in the week under review at \$4.06 billion.

Gold reserves for the week ended Feb 27 was static at \$20.18 billion. The reserves had increased by \$805.3 million at \$20.18 billion in the week ended Feb 6.

Source: Indo-Asian News Service

Govt sets 2-6 percent inflation target, RBI gets free hand to fix repo

The finance ministry and the Reserve Bank of India (RBI) have agreed on sweeping changes in deciding interest rates with the central bank governor being handed out the exclusive mandate to decide on the issue to meet the government-fixed inflation targets. To begin with, an agreement between the RBI and the ministry has pegged the inflation target at under 6 percent by January 2016, with the goal for 2016-17 onwards set at 4 percent. Inflation has to stay within the 2-6 percent band from 2016-17 and any deviation for three consecutive quarters will have to be explained by the RBI as it would be treated as a "failure" by the central bank to target inflation.

In case of a failure, RBI will have to specify the reasons, suggest remedial actions and estimate the time period within which the target will be achieved once the corrective steps are implemented. RBI has joined the group of central banks like the US Federal Reserve and European Central Bank, which have inflation targeting as their main objective. However, at the insistence of the finance ministry, the agreement also said the objective "is to primarily maintain price stability, while keeping in mind the objective of growth".

Although RBI governor Raghuram Rajan had proposed that Parliament should mandate an inflation target, former governor Y V Reddy was staunchly against the central bank having inflation targeting as a single objective. His argument was that the two main components of inflation -fuel and food -were driven more by supply-side factors. Fuel costs depend on international prices and food prices are often linked to vagaries of the monsoon.

Finance secretary Rajiv Mehrishi, who has signed the agreement with Rajan, however, clarified that factors such as drought or floods, which have a bearing on prices, will be factored in.

The agreement targets inflation (RBI now uses retail inflation as the barometer) and gives the central bank a free hand in determining the policy rate -which according to the agreement is the repo rate. Finance minister Arun Jaitley said the RBI Act will be amended later this year to set up a monetary policy committee (MPC), which will decide on rates.

Encouragingly, the government has given the RBI the flexibility to choose the operating target and procedure to meet the CPI (consumer price inflation) targets, so we would expect most of the Urjit Patel committee recommendations to be met," said Sonal Varma, economist with Nomura.

Source: The Times of India

Murdoch's News Corp to buy Screen, media firm VCCircle

Adopting a 'string of pearls' strategy to strengthen its presence in India, Rupert Murdoch-led News Corp on March 9 announced back-to-back acquisitions of film magazine 'Screen' and financial information provider VCCircle.

News Corp's Indian arm Star India will get exclusive ownership of the Screen brand franchise, including all archival material and transfer of key employees, as part of its pact with the Indian Express Group.

On the other hand, according to its agreement with Mosaic Media Ventures, the company will acquire VCCircle Network, which includes VCCircle.com, Techcircle.in, VCCEdge, VCCircle Training, in addition to a premium-content driven conference business. The deal size of both the transactions was not disclosed, although sources said the VCCircle deal was worth around Rs 100 crore.

VCCircle Network is owned by Mosaic Media Ventures and has about 100 employees across India, with its headquarters in Noida.

Sources said Star India is unlikely to continue with the print edition of the Screen publication.

Source: The Times of India



US to explore investment opportunities in Telangana, Andhra

A US diplomat said here on March 6 he will visit various districts of Telangana and Andhra Pradesh to interact with the industrialists for promotion of trade between America and the two states.

Consul General Michael Mullins on March 6 told a delegation of Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) that they are trying to understand the trade and investment opportunities

He lauded the initiatives taken by Telangana on brand building and Andhra Pradesh on smart city, said a statement by FTAPCCI.

The consul general invited FTAPCCI to SelectUSA Investment Summit happening on March 23-24 in Washington, which brings together investors from all over the world.

He said the governments of both the countries and the private sector need to collaborate on trade and commercial issues of mutual interest with a view to facilitate trade and investment opportunities across various sectors.

"Today, the India-U.S. bilateral cooperation is broad-based and multi-sectoral, covering trade and investment, defence and security, education, science and technology, cyber security, high-technology, civil nuclear energy, space technology and applications, clean energy, environment, agriculture and health," he said.

Mullins informed that presently the trade with India is \$100 billion and there is a potential that it can grow \$500 billion by 2020.

The delegation led by FTAPCCI president Shiv Kumar Rungta briefed the consul general about the activities.

Rungta said FTAPCCI will be opening its branches in Vijayawada, Visakhapatnam and Rayalaseema shortly.

Source: Indo-Asian News Service

Chinese team scouts for business with India

A visiting delegation from China's Tianjin region, located near Beijing, is exploring opportunities to do business with Indian firms in diverse sectors.

"We want to strengthen cooperation with India by participating in each other's trade fairs and exchanging delegations," Li Fuming, a senior official of the delegation, said at a symposium on India-China trade and investment promotion in New Delhi on March 3.

The symposium was jointly organised by the Tianjin Commission and the Confederation of Indian Industry (CII).

The region, governed by the Chinese government as one of the four directly controlled municipalities in the mainland, is looking for business in areas like infrastructure, manufacturing, electronics and computer peripherals.

"Our Commission and CII have to cooperate more to promote matchmaking between Indian and Chinese firms," Li said on the occasion.

Calling for synergies between the two nations, Chinese ambassador to India Le Yucheng said the two could bring about a transformation in the way global business was conducted.

"Tianjin is a major economic hub in northern China with many outstanding enterprises," Le said at the joint session.

Commerce and industry joint secretary B.S. Bhalla told the visiting delegation that there was a huge scope to widen the trade basket between the two countries.

"As India exports low-value added products to China and imports Chinese electronic goods and transport equipment, there is tremendous scope for Indian firms to benefit from China's growth in sectors like auto components and IT hardware," Bhalla said.

Tianjin Commission deputy director Li Shengli said the region's trade with India rose 16 percent in 2014 and holds more potential for growth.

CII director-general Chandrajit Banerjee said the Indian firms should invest in China across key sectors, including pharma, IT (software), tourism, media and entertainment and auto components.

"At the same time, there is a need to promote Chinese FDI (foreign direct investment) in critical sectors like power equipment, telecom equipment and infrastructure. We can also be a source for intermediary goods in China," Banerjee added.

Source: Indo-Asian News Service

Spectrum auction sees bids of Rs.77,000 crore at end of day three

Day three of the e-auction of radio frequency spectrum, or airwaves, with the eight companies in the fray made an offer for Rs.77,000 crore at the end of the 17th round, the government said on March 6.

"Seventeenth round was completed with Rs.77,000 crore commitment today (Friday)," the government said.

It was learnt that on Friday there were six fresh rounds of bidding.

On March 5, at the end of 11th rounds of bidding a total offer of Rs.65,000 crore was made by the telcos.

The eight telecom service providers participating in the auctions are Reliance Communications, Reliance Jio, Bharti Airtel, Vodafone India, Tata Teleservices, Uninor, Idea Cellular and Aircel.

They have submitted earnest money of Rs.20,435 crore, which is two-and-a-half times what had been called for.

The total spectrum put for auction is 103.75 MHz in 800 MHz band, 177.8 MHz in 900 MHz band and 99.2 MHz in 1,800 MHz band for second generation (2G) telephony.

The government has also put up 5 MHz in the 2,100 MHz band third generation (3G) telephony.

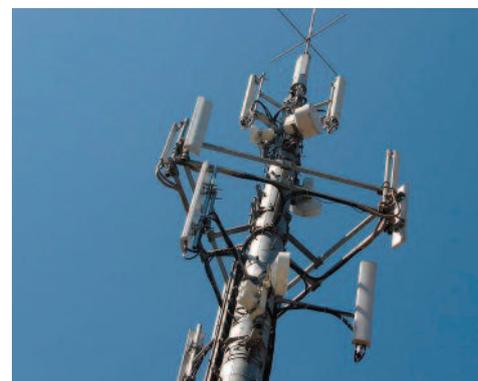
The government had fixed a reserve price of Rs.3,646 crore for pan-India per MHz for 800 MHz frequency, Rs.3,980 crore for 900 MHz band and Rs.2,191 crore for the 1,800 MHz band.

The government also fixed a reserve price of Rs.3,705 crore per megahertz for the frequency for 3G spectrum.

As per estimates, at the base price alone, the auction will translate into some Rs.82,000 crore, even as the government expects the actual process to fetch over Rs.100,000 crore.

The finalisation of the bids is subject to the Supreme Court's directive, where the matter is being heard.

This would mean the government could realise well over the budgeted Rs.43,161.72 crore as non-tax receipts under the head of "other communications", the bulk of it from the spectrum auction, as also from entry fee from new operators and related levies.



Source: Indo-Asian News Service

Non-banking firms to benefit from asset act

The central government's move to extend the applicability of the SARFAESI Act to non-banking finance companies (NBFC) would speed up recoveries by these firms, according to Moody's Investors Service.

Industry officials said the government has now agreed to the sector's long pending demand.

Union Finance Minister Arun Jaitley presenting the budget for 2015-16 proposed to designate NBFCs with asset base over Rs.5 billion as 'financial institutions' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI Act).

According to an article in the latest issue of 'Moody's Credit Outlook', the Indian government's move is a "credit positive" for lenders of loans against borrower properties - residential and commercial.

"The NBFC industry as well as Sundaram Finance Ltd has been demanding this for the past 10 years. This is part of the harmonisation of regulations and it is a welcome measure," T.T. Srinivasaraghavan, managing director, Sundaram Finance, told IANS here on Monday.

"The move is for protecting public funds. The government's decision gives NBFCs a better platform to enforce their rights," he added.

According to him, the government's move in a way equates NBFCs with the banks.

Residential mortgage-backed securities (RMBS) backed by loan against property (LAP) originated by these NBFCs would also benefit from speedier loan recovery, Moody's report notes.

"The SARFAESI Act would expedite NBFCs' repossession of the underlying property backing the LAP because NBFCs would have the ability to demand repayment of any defaulted loan within 60 days after the lender classifies such loans as non-performing assets (NPAs)," the article notes.

If the defaulted borrower refuses to repay the outstanding loan in full within 60 days of notice, lenders would be allowed to seek repossession through the chief metropolitan magistrate or district magistrates in the jurisdictions in which the properties are located.

Under the current practice, NBFCs must resort to civil court proceedings to recover their loans and take repossession of a property whose recovery time is difficult to determine.

Repossession through the chief metropolitan magistrates and the district magistrates, which normally takes 18-24 months, should offer a speedier recovery.

Apart from the standardised protocols around loan recovery, inclusion under the SARFAESI Act would allow lenders to take over the management of a borrower's business if the defaulted borrower does not discharge his liability in full, states the research report.

Citing the fiscal 2013 data of the Reserve Bank of India, the report states that non-performing assets (NPA) recovery through the SARFAESI Act (as opposed to debt recovery tribunals and other recovery means) accounted for about 80 per cent of the total amount of the banking sector's NPAs recoveries at Rs.232 billion, and the collection rate was 27.1 percent.

Among the NBFCs that are active in loans against property field) (LAPs) and that would benefit from the central government's proposal are Cholamandalam Investment & Finance, Indiabulls Financial Services, Magma Fincorp, Reliance Capital, Religare Finvest and Fullerton India Credit Company, which have all been active in securitisation, the report states.

According to Srinivasaraghavan, the applicability of the SARFAESI Act to NBFCs will not result in cheaper funds or better credit rating.

Source: Indo-Asian News Service

Coal auction: Allotment order to new operators to include clearances

In what was the first working of the new transparent regime of coal allocations, the central government in a meeting on March 9 with successful auction bidders decided that most clearances required to start mining would be incorporated in the "vesting order" transferring rights to the new owner

The vesting order, to be issued by March 23, transfers to the successful bidder all the rights, title and interest of the prior allottee and a mining lease that will be granted by the state government.

Among the statutory licences and clearances required to start coal mining are ministry of environment and forest approvals, consent from the local pollution control board, mines safety clearances and an excrow account for dealing with early exit from operations.

"For all the clearances required, our ministry will sit down with officials of all the concerned ministries to see how these can be included in the vesting order as much as possible," Coal Secretary Anil Swarup told representatives of state governments and companies that have won mines in the first two rounds of coal auctions that concludes on Monday.

"For this, I will require you (new allottees) to send in your suggestions by tomorrow (Tuesday) evening," he added.

The central government was keen to facilitate so that operations that were halted by the Supreme Court order, except in 42 producing mines, could begin by April 1, Swarup said.

Coal producing states stand to gain as much as Rs.55,000 crore from Round Two of e-auctions of 12 blocks that have been offered so far after the Supreme Court had declared the original allotments illegal and ordered fresh tendering.

In the first phase of auctions that concluded last month, 19 blocks were on offer and would raise for the state governments of Chhattisgarh, West Bengal, Jharkhand, Odisha and Maharashtra as much as Rs.109,000 crore over 30 years, as per officials.

Swarup told the Chhattisgarh government representative that by Monday Chhattisgarh had gained Rs.67,500 crore through the ongoing auctions.

Under the bidding process approved by the government, the shortlisted participants are required to submit an initial financial bid along with the technical details. On the actual date of the e-auction, the bidder is permitted to anonymously submit as many final price offers as desired.

The auction is on the basis of tariff-based reverse bidding where the end-use is power generation, and forward bidding for production of steel, cement and generation of power for captive use.

While the criteria for calculating the floor price for bidding is based on state miner Coal India's (CIL) price of coal of the same grade, the auction also has a ceiling price for power sector bidders to keep the lid on power tariffs.

Union Finance Minister Arun Jaitley has said the yields of upto Rs.1 lakh crore from the first few rounds of coal block auctions was proof of the improved governance brought in by the NDA coalition.



Afghan gas pipeline may become a reality: Dharmendra Pradhan

Trans-Afghanistan gas pipeline connecting Turkmenistan, Afghanistan, Pakistan and India may become a reality soon as negotiation for the ambitious project is at the final stage, Oil Minister Dharmendra Pradhan said in Lok Sabha on March 9.

Pradhan said discussions over installing a pipeline to bring gas from Turkmenistan to India through Afghanistan and Pakistan were at the final stage and when the project becomes a reality, the country would be free from being dependant on Gulf countries on natural gas. Replying to a question, the Minister said government will also take a decision on a project to bring natural gas from Iran through a pipeline passing through Afghanistan and Pakistan.

He said India has been procuring crude oil from 25 countries and it was not correct to say that the country was over-dependent on the Middle-East for crude supplies. Pradhan said India has imported Rs 5,81,111 crore worth of crude oil, Rs 59,085 crore worth of petroleum products and Rs 46,712 crore liquefied natural gas during 2014-15 (till December 2014). In 2013-14, India had imported Rs 8,64,875 crore worth crude oil, Rs 74,605 crore petroleum products and Rs 51,699 crore liquefied natural gas.

The Minister said in order to reduce dependence on imports of oil and gas to meet the energy needs of the growing Indian economy, a number of steps have been taken by the government for enhancing domestic production including improved oil recovery, enhanced oil recovery implemented by exploration and production companies for increasing oil recovery from fields.



Source: PTI

Indian Oil, Kolkata firm tie up for five kg gas cylinders

Rural IT services enabler Sahaj e-Village (SEVL) on March 9 said it has signed an agreement with the IOC for selling five kilogramme cooking gas cylinders across Assam, Bihar, Odisha, Tamil Nadu, Uttar Pradesh and West Bengal.

The initial agreement with the state-owned Indian Oil Corporation (IOC) is meant to sell the cylinders through its Common Service Centers (CSC).

"We are extremely pleased to have tied-up with Indane and are sure that this critical service would increase adoption as well as improve conditions in the Rural markets we serve," Sanjay Panigrahi, the chief executive officer of the rural IT enabler, said in a statement. Part of infrastructure finance company, Sreai, the private firm has more than 27,000 CSCs across the nation which reaches out to 2700,00,000 people in rural India.

According to the Kolkata-based company, 142 million rural Indian households use firewood and other solid fuels, such as animal dung, charcoal, crop waste and coal, as their primary source of household energy.

The soot generated not only results in air pollution caused by fumes from cooking, heating and lighting activities but also shortens life span of people in rural India. "The only solution to bring about a change in the cooking habits of rural Indians is to introduce clean-burning LPG (Liquefied Petroleum Gas) connections in every rural household by setting up low-cost distribution agencies across rural India," it said.

As per the data revealed by the IT firm, a total of 4,183 agencies had been commissioned as part of the plan to take LPG cylinders to rural India. Nearly 9.5 million of the 17.8 million LPG consumers are settled in rural areas.

Source: Indo-Asian News Service

BHEL completes 1,320 MW project in Bihar for NTPC

State-run power equipment maker Bharat Heavy Electricals Ltd (BHEL) said on Monday it had commissioned a second 660 MW power project for NTPC in Bihar, taking the power generation capacity in the state to 1,320 MW.

"The second 660 MW unit has been commissioned by BHEL at the Barh Supercritical Thermal Power Project (TPP) Stage II of NTPC Ltd in Bihar," the company said in a statement.

The key equipment for the project were manufactured in its Haridwar, Trichy, Hyderabad and Bengaluru units, while the construction of the plant was undertaken by the company's eastern region.

"To keep abreast with the latest technologies, BHEL has already taken up the indigenous development of the Advanced Ultra Supercritical (AUSC) technology with NTPC and IGCAR (Indira Gandhi Centre for Atomic Research) which will result in a further reduction of about 11 percent in coal consumption and carbon-dioxide emission," it said.

In November 2014, the equipment producer had commissioned the first plant of a similar capacity.

"The commissioning of the two 660 MW units at Barh TPP Stage II has been a major breakthrough for the country in achieving self reliance in the field of contemporary, state-of-the-art supercritical technology," the company said.

The company is presently executing orders for 36 sets of supercritical boilers and 31 sets of supercritical turbine generators, which are in various stages of execution.

"These orders include orders from central (government) and state sectors as well as private sectors," it said.

According to BHEL, super-critical units are more efficient, consume lesser coal and are eco-friendly

Source: Indo-Asian News Service

Task forces set up to make three cities smart

Union Urban Development Minister M. Venkaiah Naidu has set up three task forces to develop Ajmer in Rajasthan, Allahabad in Uttar Pradesh and Visakhapatnam in Andhra Pradesh as smart cities in collaboration with the US.

"The task forces will have representatives from the urban development ministry, external affairs ministry, respective state governments and cities and the US Trade Development Agency (USTDA)," the ministry said in a statement on March 4.

The three committees were set up following a meeting between Naidu and US Commerce Secretary Penny Pritzker and an agreement with the state governments here on January 25.

The US had offered to assist in the development of the three cities as smart during Prime Minister Narendra Modi's September visit to America and his dialogue with its President Barack Obama in Washington.



Source: Indo-Asian News Service

46 infrastructure projects in 33 cities underway: Venkaiah Naidu

To augment urban infrastructure in 33 cities across India, 46 projects were at various stages of implementation under the public-private partnership, Union Urban Development Minister M. Venkaiah Naidu said on March 4.

Replying to a question from Nimmala Kistappa in the Lok Sabha, Naidu said the total cost of the projects underway was Rs.25,902.84 crore.

"Of the various projects, 19 are related to mass rapid transport systems, 25 to solid waste management, water supply, parking lots, roads, fly-overs and road over bridges," Naidu said during the question hour, adding that 24 of them with an investment of Rs.1,659.32 crore were completed.

As many as 16 urban projects pertaining to townships and housing attracted a cumulative foreign direct investment of \$6,405 million (Rs.34,255 crore) since fiscal 2011-12.

Source: Indo-Asian News Service

CCEA approves Rs12,646 crore for six highway projects

The cabinet committee on economic affairs (CCEA) on March 5 approved six highway projects totalling 712km with an investment of Rs.12,646 crore.

These projects, to be awarded under the engineering, procurement and construction (EPC) model, are divided into 10 packages under the national highways development project in states such as Uttar Pradesh, Madhya Pradesh, Odisha, Himachal Pradesh and West Bengal, the government said in a statement.

Under the EPC model, the government pays a contractor to build a project awarded through competitive bidding.

This comes in the backdrop of the National Democratic Alliance government trying to revive private investment in the roads sector. The entry of private sector firms is key to the government realizing its target for constructing roads.

It is estimated that the government requires nearly Rs.2 trillion to fund 20,000km of road construction under the national highways development project over the next four to five years.

In another decision, the CCEA extended the subsidy on domestic cooking gas, kerosene distributed through the public distribution system (PDS) and freight for their transport to far-flung areas. While petrol and diesel prices have been deregulated, prices of domestic cooking gas and kerosene are set by the government.

In sync with the government's strategy of trimming subsidies by using technology and direct cash transfers to plug leakages, finance minister Arun Jaitley on slashed the petroleum subsidy by half.

The petroleum subsidy is estimated at Rs.30,000 crore for 2015-16, a cut of 50.22 percent from the revised estimate of Rs.60,270.00 crore for 2014-15. The Union Budget earmarked Rs.22,000 crore for the subsidy on domestic cooking gas and Rs.8,000 crore for kerosene.

"The government was providing a subsidy of Rs.22.58 per 14.2kg LPG (liquefied petroleum gas) cylinder and Rs.0.82 per litre on PDS kerosene and Domestic LPG Subsidy Scheme, 2002. Besides, freight subsidy was also being provided to PDS kerosene and domestic LPG consumers in far-flung areas under the Freight Subsidy (for far-flung areas) Scheme, 2002. These two schemes ended on 31st March 2014," the government statement added.

The total cost of selling fuel below cost to be borne by oil marketing firms next fiscal year is estimated at Rs.42,500 crore.

"Subsidies are needed for the poor and those less well-off. What we need is a well targeted system of subsidy delivery. We need to cut subsidy leakages, not subsidies themselves. We are committed to the process of rationalizing subsidies based on this approach," Jaitley had said in his budget speech on Saturday.



Source: Indo-Asian News Service

15 crore Aadhar cards linked with bank accounts

The National Payments Corporation of India on March 6 announced linking of 15 crore Aadhar cards with various bank accounts in India.

"NPCI, the umbrella organization for all retail payments system in India, reached a major milestone of successfully linking 15 crore bank accounts with Aadhar number," NPCI Managing Director and CEO A.P. Hota said here.

The current focus is on linking the bank accounts of 17 crore DBTL beneficiaries of Aadhar numbers by June 30 this year, he added.

"It is expected that soon all beneficiaries of all types of government subsidiaries and benefit transfers will be brought under the linkage programme. Such a framework of electronic benefit transfer would not only be unique, but will be one of the largest in the world," Hota said.

He said the extent of leakage prevented due to this unique system would be visible on completion of running the scheme for about a year.

In April 2009, the NPCI was set up with the core objective of consolidating and integrating the multiple payment systems into a nationwide, uniform and standard business process for all retail payment systems for facilitating an affordable payment mechanism to achieve financial inclusion.

Since then, NPCI has completed several payment system projects including ATM switching, mobile payments, cheque truncation system, PoS switching, 24x7 remittance system called IMPS, RuPay and the Aadhar-based payments.



Source: Indo-Asian News Service

Defence sector to be opened soon for lobbyists, agents

For greater transparency in defence deals, the government will soon open up the sector for lobbyists/agents, with the rider that companies will be heavily penalised if they violate stringent conditions, including disclosure of consultancy fee paid to their agents.

Inter-ministerial consultations are on to finalise a revamped defence procurement policy by April, and the norms on defence lobbyists/agents /middlemen are expected to be part of this policy, official sources told FE.

However, the government has decided that blacklisting of firms will be reserved only for the rarest of rare cases. This was because the UPA government had blacklisted as many as 12 firms, severely restricting the options of defence forces to source equipment and spare parts.

Currently, many defence companies covertly use agents to strike deals, but they wash their hands off the agents' activities in case of wrongdoing.

According to defence ministry sources, the new norms will make it mandatory for companies to disclose the names of agents and the agency fees paid every year till the end of the contract.

The norms will also specify that the nature of the relationship between the company and its agent will have to be included in the contract signed with the government. This is to ensure that companies can be held responsible for the acts of agents including bribery and other illegal acts.

Firms failing to make such disclosures will have to pay a huge penalty in addition to the contract amount. Such companies and their officials would also face criminal charges. "The agent's fee or consultancy will have to be declared in advance. Also, companies must inform the defence ministry within 15 days if they hire an agent or change consultants midway into negotiations," said an official.

"What is expected to be finalised at the meeting is a graded system of penalty depending on the enormity of the violation. The idea is to make violations prohibitively expensive so that there is no inducement to violate the conditions," he added.

The proposed changes in policy follow the new found pragmatism in the government as the action taken against companies by the previous government severely hit defence preparedness.

Citing an example — of "blacklisted" Tatra Sipox, the company that supplies specialised vehicles on which nuclear and other missiles are mounted and carried — about 10 percent vehicles had to be grounded because of lack of spares, as investigations dragged on. Defence minister Manohar Parikkar finally allowed the forces to negotiate with another independent Tatra-Sipox entity that was not involved in the alleged wrongdoing.



Source: The Financial Express

Saarc to hold meeting on trade cooperation

The Saarc Chamber of Commerce and Industry (Saarc CCI) will hold a two-day 63rd Executive Committee and General Assembly in New Delhi along with the Federation of Indian Chambers of Commerce and Industry (Ficci) starting from March 10 with the formation of a South Asian Investment Caucus.

The Caucus is a forum of Saarc chief executive officers (CEOs). The industry chambers are expected will announce a series of initiatives at the sub-regional level focusing on specialised agendas.

In this respect, the Saarc CCI will execute two projects - Saarc Shipping Company and Saarc Transport and Logistics Company - with private and public sector participation.

According to Saarc CCI acting president Suraj Vaidya, this time around, new initiatives to address transit and trade issues at the South Asian and sub-regional level, private sector engagement under the Saarc Framework Agreement on Energy and public-private discourse on regional issues will be taken up.

The proposed CEOs' Forum will include members nominated by the members states, Saarc-CCI and those nominated by national chambers, including a vice president and executive committee member.

Vaidya said the forum is expected to help facilitate big investment in the region. He said they would also propose the forum members to be included as invitees during a ministerial meeting.

The Saarc-CCI intends to bring transit trade issues in South Asia so that landlocked countries like Afghanistan, Bhutan and Nepal could have access to other markets, instead of relying on neighbouring countries, the Saarc-CCI said in a statement.

The proposed South Asian Investment Caucus is an endeavour to encourage investors from South Asian companies to invest back in the region instead of their recent trend of investing outside South Asia.

"Like trade, intra-Saarc investment is also at the lowest level, which has limited the scope of economic cooperation, not allowing the region to deepen integration process," it stated.

Currently, trade among the Saarc member states accounts for only 3-5 percent of the total global trade.

The Investment Caucus aims to bring across the table the board of investments in South Asian countries and potential investors to deliberate upon the issue and pursue public-private partnership model to encourage and promote free flow of investment within the region.

Discussions will take place in three phases -- firstly focusing on Afghanistan, Pakistan and India followed by another phase which will focus on Sri Lanka, Maldives and India. In the third phase, the focus of the discussion will be on Nepal, Bhutan, Bangladesh and India.

Given the Saarc Framework Agreement on Energy signed at the recent Saarc Summit, the Saarc-CCI plans to organise two events by inviting representatives of large-scale energy companies, energy practitioners for B2B meetings, and presentations amongst investing enterprises to enable them to discuss on possible options for cooperation.

Source: Indo-Asian News Service

HRD ministry increases fellowship grants by 55 percent

The government on March 3 increased fellowship grants to researchers at science and technology institutes by up to 55 percent, a move that will incur an additional expenditure of Rs.1,300 crore a year.

With this, the centre has not only increased the monthly grants to researchers but also has done away with differential grant slabs. For example, all junior research fellows will get Rs.25,000 per month, up from Rs.16,000 per month in their first two years and Rs.18,000 in the next three years.

Similarly, senior research fellows will get Rs.28,000 instead of Rs.18,000 in the first two years and Rs.20,000 in the next two years, according to a ministry circular, a copy of which has been reviewed by Mint.

At the Masters in Technology (M.Tech) and Masters in Engineering (ME) level, the research grants have been increased to Rs.12,400 from Rs.8,000 earlier.

An official with the human resources development (HRD) ministry said this will improve the research environment in India and encourage students to pursue a career in research instead of taking up jobs directly after bachelor's degrees. It will benefit more than 75,000 researchers per year, the HRD ministry estimates.

The ministry had earlier planned to implement the decision from February, but protests by research scholars in several cities pushed it to make it effective from October 2014 for PhD students and December 2014 for students pursuing M.Tech.

The department of science and technology had effected a similar raise in grants in October last year but the ministry was undecided then.

Anindita Brahma, academic secretary at IISc, said that parity in research grants is necessary to create a "healthy lab environment". If a researcher under the science ministry gets a certain monthly grant and another researcher under HRD ministry gets less, it hampers the productivity and quality of research and "creates unnecessary divisions among fellows", said Brahma.

Pankaj Jain, a PhD student at IISc, said researchers welcome the ministry's decision.

Although the ministry has hiked the research grants, the onus is now on the institute to bear the extra expenditure from their own kitty, at least in 2014-15.

"The additional cost, on account of this revision may be met by the individual institutes from their existing budgetary grants without any additionality in the current financial year, 2014-15," its circular said.

"During the next financial year 2015-16, the expenditure will be met, as first charge out of the sanctioned allocations to the institutions by the department of higher education."

The ministry said this decision has been taken with approval from the department of expenditure of the finance ministry.

The ministry communicated its decision to centrally funded institutions such as the Indian Institutes of Technology (IITs), the National Institutes of Technology (NITs), the Indian Institute of Science (IISc), Bangalore, the Indian Institute of Mines, Dhanbad, and others.

Source: Mint

WEEKLY ECONOMIC BULLETIN



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