Planning Commission
Government of India

PART A: News pertaining to Planning Commission

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(महान लोगों के विचार)

(वह लोग जो जिनके स्पस्ठ, लिखित लक्ष्य होते हैं, वह कम समय में दुसरे लोग जितना सोच भी नहीं सकते उससे कहीं ज्यादा सफलता प्राप्त करते हैं

Brian Tracy ब्रायन ट्रेसी

1. Aadhaar in focus again, Madan team hits ground running

Ruhi Tewari, Indian Express:25.11.2014

The Authentication Division, another key function of the unique ID, is headed by DDG Shreeranjan. He joined only earlier this year.

Prime Minister Narendra Modi's emphasis on the UPA's Aadhaar project, and his aim of universal coverage under the scheme by mid-2015 has resulted in renewed activity at the Unique Identification Authority of India (UIDAI). The UIDAI, which had gone near dormant after high-profile chairperson Nandan Nilekani quit earlier this year, has drawn its work strategy afresh under a group of senior officials.

The UIDAI was constituted and notified in 2009 with the objective of providing a unique identity for each resident of India, but was hobbled by teething problems and tussles within the UPA government. Nilekani was the project's brain, whose two key roles, according to sources, were laying down the vision for Aadhaar, and managing external stakeholders. The Authority's internal affairs were handled by its director general.

Broadly, the UIDAI has eight divisions: Authentication, Enrolment, Financial Inclusion, Administration, IT, Finance, Media, and Knowledge Management and Training. Nearly all the officials running them were handpicked by Nilekani.

D-G V S Madan, whom Nilekani chose last year, manages the show, attending all high-level meetings, including with the Prime Minister. Madan, a 1981-batch IAS officer, is assisted by a team of key bureaucrats.

DDG (Enrolment) Sujata Chaturvedi handles the core aspect of Aadhaar — enrolling residents, and keeping close track of all updates, while also being in charge of the Authority's legal and media related activities. Chaturvedi was a part of Nilekani's core team, having been with UIDAI since 2011. Her term, however, runs out soon.

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ADG (Financial Inclusion) Rajesh Bansal heads the crucial division that looks after the integration of Aadhaar with the financial sector, including the Direct Benefits Transfer scheme. Bansal has been with the Authority since 2009. All three — Chaturvedi, Shreeranjan and Bansal — operate out of the Authority's Delhi office.

DDG Ashok Dalwai, in-charge of the Bangalore tech centre which handles the backend operations of the project, too has been with the Authority for several years.

Keshni Anand Arora, DDG, Chandigarh regional office, is in charge of states such as Haryana, Punjab, Himachal Pradesh and Jammu and Kashmir. She is a key member of the team that runs UIDAI; her importance stems from the fact that the Authority conducts most of its pilot projects in areas under her jurisdiction.

The UIDAI works closely with several ministries, including Finance, Rural Development, Health, Telecom and Petroleum. Among themselves, the DDGs have meetings with the relevant joint secretaries nearly every week.

While the Authority is within the jurisdiction of MoS (Independent Charge) Planning Rao Inderjit Singh, sources say it is monitored directly by the PMO, which is in touch with UIDAI officials on an almost weekly basis. Modi had his first meeting on Aadhaar on July 5, and most instructions have since come straight from the PMO.

While it remains unclear whether the government will appoint another high-profile chairperson to follow Nilekani, the sharper focus on UIDAI, and its increasing need to communicate better, is indicated by the fact that it decided finally to appoint a spokesperson in September — the first that the Authority has ever had.

2. Saarc needs Modi magic

Rajiv Kumar, Financial Express: November 25, 2014 12:18 am

SUMMARY

In Kathmandu, he must ensure that Saarc is not held hostage to the chronic Indo-Pak conflict

The 18th summit of heads of governments of the eight South Asian countries that make up the South Asian Association for Regional Cooperation (Saarc) is scheduled for November 26-27 in Kathmandu. There are strong portents that this could be summit with a difference, one that could place Saarc on a higher trajectory in its evolution.

There is a strong possibility that this summit could see the finalisation of the road-transport agreement amongst Saarc members. There is also talk of the regional railways agreement and South Asian power grid being approved. This would represent a real breakthrough in improving physical connectivity in the subcontinent, especially if Pakistan also decides to join. The transport agreement, a component of the multi-modal transport proposal approved earlier by the ministers, will lay the basis for unimpeded movement of commercial vehicles from Dhaka to Kabul and from Kathmandu to Chennai. The big question, of course, is whether Pakistan will join, and if it does come on board, will it permit transit rights for Indian vehicles to reach Afghanistan?

Prime Minister Narendra Modi, attending his first Saarc summit, can ensure that this does indeed witness the long-awaited breakthrough and, unlike in the past, Saarc is not held hostage to the chronic Indo-Pak conflict. This unfortunate circumstance has held back regional cooperation in the South for more than three decades. It is time that this Gordian Knot is finally cut. This will require Modi to take some bold steps. In doing so, he will emulate Atal Bihari Vajpayee whose term was characterised by a fresh and bold approach towards Saarc and India’s South Asian neighbours. There are six tangible steps that Modi can take to push Saarc forward despite the Indo-Pak rivalry.

Modi has already laid the groundwork for these initiatives by having already invited South Asian leaders to his government’s swearing-in ceremony and his path-breaking visit to Kathmandu. As a result, expectations are already high. This is also reinforced by the clear shift in India’s posture towards Saarc. From having effectively opposed the regional formation until rather recently, India has now demonstrated its strong support for it and willingness to take the extra step for its success.

The first measure is to announce India’s willingness to provide unimpeded access across its territories to regional freight carriers, but extending this to cover Myanmar as well. This measure will provide a huge fillip to intra-Saarc trade, which has been stagnating at a measly 4% of total South Asian trade flows. India’s central location and size makes it imperative for it to take an unambiguous stand on facilitating transborder movement of people and freight across South Asian space.

The related second step is to address the vexed issue of visa regimes in the region. In the case of India and Pakistan, the current visa arrangements defy all logic except as a cussed attempt to prevent the growth of people-to-people relationship. Cynics would tell us that both governments covertly welcome such an outcome, as they are genuinely apprehensive of a rising momentum in people-to-people interaction. It is also true that both in Bangladesh and Pakistan there is massive demand for Indian visas. That is clearly an advantageous position for India, which it should build upon. Therefore, it is time that India considers further liberalisation of the visa regime to be announced by Modi at the summit.

Third, India should announce its intention to bring the digital and telecommunication connectivity across South Asia at par with India's other trading partners. It is supreme irony that telecom rates within South Asia remain higher than for communications outside the region. Moreover, India and Pakistan do not permit roaming facilities for mobile telephones, ostensibly due to security reasons. My repeated enquiry from all concerned on how this improves our security has never been answered satisfactorily. It is time to eliminate this Luddite feature, which only constraints honest traders and tourists.

Fourth, India should announce a large recurring annual grant for strengthening the Saarc Secretariat. In return, it should insist on the Secretariat being manned by high quality professionals. Diplomats could qualify but not be the exclusive cadre from which such talent is selected for long-term tenures. This will greatly improve the delivery capacity of the Secretariat. This step will contribute to the growth of a class of professionals who are committed to and specialised in promoting regional cooperation in South Asia.

Fifth, India should announce a Kailash Satyarthi Fund to be used for fighting against any form of child and women trafficking, exploitation and bondage in South Asia. By so honouring the Nobel Laureate, Modi will create an organisation that will, while pursuing its stated goals, help in the fight against the worst forms of social malpractices in the region. Modi can be assured that this one measure will win him friends and gratitude in all South Asian countries.

Sixth, an even bolder step would be for India to announce unilateral liberalisation of market access for Pakistan's exports without any longer waiting for the Most Favoured Nation (MFN) status being granted by Pakistan. This is not likely to happen because the 'establishment' in Pakistan is opposed to it. And, in any case, India already has a huge trade surplus with Pakistan. The 'establishment' plays on the ordinary Pakistani's fear that this trade deficit will only worsen if Pakistan grants India the MFN or NDMA (Non-Discriminatory Market Access). Before taking this step, Modi will have to explain to the Indian people the likely positive outcomes of this measure for India. He will have to convince himself and his party colleagues that unilateral economic and commercial liberalisation will enhance India's standing amongst the Pakistan business community and civil society. At the same time, it will remove another argument that is used by the Pakistani armed forces establishment along with its junior partners in the bureaucracy and diplomatic core against normalisation of ties with India. Such a development will be in India's national interest.

Modi has a track record of converting ideas into implementable projects and then successfully executing them. Rejuvenation of Saarc is one such idea. All six proposals given here are individually implementable projects, amenable to deadlines. If implemented, each of them will make a tangible positive impact on regional economic cooperation in South Asia. Modi will achieve a real breakthrough in Kathmandu by announcing these implementable steps. He should eschew any attempt at outlining a grandiose vision or using high rhetoric, which has so far resulted in greater disappointment in the region. In any case, that is not his style. He has an uncanny knack for seizing an opportunity. One such opportunity to change South Asia's destiny beckons him in Kathmandu. Let's hope he seizes it.

The author is senior fellow, Centre for Policy Research, and founder director, Pahle India Foundation

3. Breaking through the climate chakravyuh

Arunabha Ghosh, Business Standard: November 24, 2014

On November 12, China and the United States issued a joint statement: the United States would seek to reduce carbon emissions by 26-28 per cent by 2025 (against 2005); China would peak carbon dioxide emissions by 2030 with an "intention to try to" peak sooner. The declaration has been applauded for injecting "momentum" in global climate negotiations. It has been also criticised for not going far enough. The Council on Energy, Environment and Water (CEEW)'s calculations find that both the United States and Chinese targets are lower than if their earlier 2020 targets were extrapolated. What should be India's response?

The deal amounts to a pincer attack on India's climate negotiation strategy. From one flank, the United States and China have effectively signalled that they are in a league of their own in terms of carbon emissions, industrial structure and political weight, and would not let distinctions between countries within the United Nations Framework Convention on Climate Change (UNFCCC) get in the way of self-interested actions. Consequently, negotiation blocs such as BASIC (Brazil, South Africa, India and China) would risk being undermined, if not entirely abandoned.

From the other flank, the deal allows the rest of the world to pressure India. Whatever India announces now (as its intended nationally determined contributions) would be compared against the United States-China deal and, a few weeks earlier, by the European Union (EU). India is different: low per capita emissions (1.7 tonnes against China's 6.2 tonnes in 2010); aggregate emissions six per cent of the total (against China's 23 per cent, US' 16 per cent and the EU's 11 per cent in 2010). But in this battle of perceptions, India is unlikely to win. It is after all the world's third largest emitter of greenhouse gases. It is also perhaps the most vulnerable to the impacts of climate change. Given their own vulnerabilities, smaller developing countries would also evaluate India on a nebulous scale of "climate leadership".

When encircled in battle, there are three options: surrender, fight from within, or have allies open up an escape route from outside. India will have to dispassionately develop a climate-negotiation strategy that combines all three.

First, which issues make little sense for India to oppose? A global phase-down of hydrofluorocarbons (HFCs), greenhouse gases much more potent than carbon dioxide and widely used as refrigerants, would be a good place to start. India has previously resisted discussing the issue under the Montreal Protocol, insisting that any deal on the HFCs should be part of a comprehensive package under the UNFCCC. The CEEW's first-of-its-kind modelling of India's HFC emissions found that 33-39 per cent of warming from the residential air-conditioning sector during 2010-2050 could be reduced by a shift to alternative (and more energy-efficient) chemicals. Indian appliance and automobile firms are innovating with alternatives, but receive no multilateral support yet (Chinese manufacturers already do).

Last week, India shifted its stand at the Montreal Protocol and asked for a detailed report on the HFC production and consumption by country. India should now insist on a policy framework that is technology-agnostic, promotes energy efficiency, ensures no adverse impacts on the ozone layer, and sends a long-term signal to firms and innovators with support from the Protocol's Multilateral Fund.

Secondly, how should India keep up the fight on equity and common but differentiated responsibilities (CBDR)? India could be bold: reducing emissions intensity of gross domestic product (GDP) by up to 50 per cent by 2030; increasing the share of renewable energy in electricity generation to 20 per cent by 2030 (with hydropower, 25 per cent). These aggressive targets would, of course, be contingent on available financing, appropriate technology learning curves and dissemination, and a global carbon price; all of which India should demand. Moreover, India should promote differentiated responsibility within countries (say, higher carbon tax on large point sources or on luxury emissions, such as purchase of diesel sports utility vehicles). This would be more equitable than the already pioneering coal cess, which India applies. It would demonstrate that India was willing to consider alternative ways to categorise countries and citizens without abandoning the principle of differentiated responsibilities.

In the Mahabharata, Abhimanyu was trapped within the chakravyuh because he had not learnt how to escape the formation and others were not available for help. India needs to think of climate leadership not simply as announcements from within but about finding allies outside. Where could India lead with others following?

One, an "energy access prize" would set a target for lowering the cost of decentralised renewable energy to a specified level or lower than a certain share of household income. India already has significant capabilities in this sector, and could partner with countries, firms and investors to promote technologies and business models.

Two, a "global partnership on energy efficiency" would showcase India's efforts (efficient appliances, building standards, perform-achieve-trade scheme) and establish strategic ties with countries such as Germany, Japan and the United States.

Three, a "partnership on energy storage R&D, enterprise and deployment" (PES-RED) would bring together innovators, firms and countries developing storage technologies and grid-management practices to balance intermittent electricity supply from renewables.

Four, an "international coalition for low-carbon rural development" would focus on agriculture, water, climate adaptation and livelihoods facing imminent climate-related risksThe above strategies are core to India's interests, in line with its climate-action plan, and would secure supporters among both poor and rich countries. The chakravyuh might just be breached.

4. Protecting biodiversity with rigour

Neha Sinha, The Hindu: 25.11.2014

A PRIORITY: "Keeping biodiversity and nature protection at the centre of climate action and growth strategy is a pressing requirement." Picture shows a tiger in the Western Ghats. Photo: Kalyan Varma

To protect biodiversity, India must take hard decisions and set thresholds for environmental regulation and pollution

The Prime Minister recently reorganised his National Council on Climate Change and called on an indigenous answer, yoga, to alter consciousness and tackle climate change. The Ministry of Environment and Forests (MoEF) is currently working on the National Democratic Alliance's position on climate change, with two major United Nations Framework Convention on Climate Change meetings coming up. While some say that these recent developments have rightly raised the profile of climate change in the new government, others believe that India needs to do more, particularly in the face of a new U.S.-China agreement on mitigating climate change. Voluntary action on climate change in India has centered around economic decisions, such as cutting down on carbon intensity and increasing renewable sources of energy. But what is lacking in the discourse is an understanding of keeping the natural natural, or conserving biodiversity. Two important events have taken place in the past few months in the country, which are tied to climate change and the pressing issue of how we deal with it. First, the Convention on Biological Diversity, a Convention under the United Nations which seeks to regulate our use of the natural world, has reached important funding decisions. Second, a high-level committee set up to propose amendments in environmental laws in India has submitted its recommendations to the MoEF. Both developments set the tone for changing the character of growth.

Biodiversity and climate change

Biodiversity and wildlife protection is often termed as a 'co-benefit' of mitigating climate change. Other co-benefits, usually understood as secondary to economic decision-making, are clean air, potable water, ecosystem services and a stable microclimate. Conservationists have argued that biodiversity has become a low second fiddle to climate change in international negotiations, and decisions related to biodiversity are not yet part of the 'mainstream' decisions related to growth, trade and carbon emissions. At the just-concluded conference of parties of the Convention on Biological Diversity held in Pyeongchang, Korea, many stressed that biodiversity targets cannot just be 'stand alone' targets. "In order to move the biodiversity agenda forward, approaches and tactics must evolve. In the framework of the post-2015 development agenda, stand alone targets on biodiversity would not be useful. The principle of universality and integration must define the nature of sustainable development goals," said Achim Steiner, Executive Director of the United Nations Environment Programme, urging that the world could not "continue to be a mere librarian of extinction, threat and destruction." At the meeting, an important commitment for resource mobilisation was made. Parties have agreed to double biodiversity-related financial flow to developing countries, small island developing states, least developed countries, and economies in transition. The funding is for average annual biodiversity funding for the years 2006-2010, and is to be delivered by next year. The way this funding is utilised when a part of it comes to India needs to be seen as more than just side efforts to climate change action.

For instance, climate change action in India is currently focussed on a lowering of carbon intensity in growth. But we are also seeking to peak emissions by a certain period, allowing growth to optimise by then, and then allow a tapering off of emissions. But this carbon space can also be consistently at odds with biodiversity protection efforts. For example, the concept of 'peaking' emissions holds no value for biodiversity, and may actively threaten it. A habitat once destroyed takes decades to be restored as we set up man-made infrastructure. So the question is: are we going to dismantle natural infrastructure and then restore it? If the answer is no, then this will mean taking hard decisions, such as identifying critical, inviolate areas in forests which cannot be mined or dammed, and setting thresholds for environmental regulation and pollution.

On the topic of regulation, a crucial review is currently underway. A high-level committee chaired by former Cabinet Secretary T.S.R. Subramanian has reviewed all the environmental laws of India including the Wildlife Protection Act, the Forest Act, the Forest Conservation Act, and the Environment Protection Act. While decisions related directly to biodiversity, such as species and habitat protection, are under the ambit of review, there are also indirect connections which bridge decisions for both climate change action and biodiversity protection. One of the most pressing questions is that of regulation. What will be revised thresholds for air and water pollution? The government has made moves to lift the moratorium for projects (and thus allowing more emissions) in critically polluted areas, such as Vapi in Gujarat. Further changes in these regulations will set the tone for levels of industrial effluents in seas, rivers, and the sky, and how much clustering of infrastructure and projects can be allowed in an area.

The second question is one of environmental and forest clearances for projects. In public statements, including the one made when Environment Minister Prakash Javadekar accepted the environmental act review, the government says it wants the environmental clearance process made "speedier" and "more transparent." This sentiment is echoed in States too: for instance, Himachal Pradesh has a committee on 'Speedy development of small hydro projects.'

Decision-making on environment should not be a question of time; rather it should be one of rigour. While developers want to believe that problems in environmental decision-making lie in time spent around getting a clearance, the issue really is one of technocratic discretion. The MoEF needs to have the forthright discretion to say ‘no’ to projects with deleterious impacts on biodiversity and climate action. While it is a Ministry meant to appraise projects and clear them, it is also one that is meant to halt projects which denigrate biodiversity and environmental conservation efforts.

Changing consciousness

The final question then is: in our development efforts, and in climate change mitigation and adaptation efforts, what rigour will the Indian government put in for capturing our hard-won climate quota, while simultaneously guarding a healthy environment? While conventional sources of energy will stay for a while, environmental regulation and post-project monitoring have to be strengthened and upheld because the country is a constituency wider than just developers who clamour for hasty clearances. Further, in creating a different scenario — that is new forms of energy and low carbon development pathways such as biogas, solar and marine, wind mill energy and energy efficiency — there is a real chance for new job creation.

Finally, keeping biodiversity and nature protection at the centre of climate action, and thus our growth strategy, is a pressing requirement. The World Bank estimates that India loses more than 5 per cent of its GDP each year to environmental degradation. A robust and growing biodiversity protected area framework will save money spent on pollution-related illnesses and buoy climate change mitigation work.

On yoga and its role in combating climate change, Prime Minister Narendra Modi said, “It is not about exercise but to discover the sense of oneness with yourself, the world and the nature. By changing our lifestyle and creating consciousness, it can help us deal with climate change.” This change in consciousness and ‘oneness with nature’ has to be rethought now, at the cusp of our new climate and biodiversity action strategies. We cannot develop now to ask questions later.

(Neha Sinha is with the Bombay Natural History Society. The views expressed are personal.)

5. A fix for the financial products market

D Sampathkumar, Business Line: 25.11.2014

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For some light In the pricing of trades gopixa/shutterstock.com

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It isn't quite cricket. Libor had been fixed and bullion, too. Now, if the UK's Financial Conduct Authority is to be believed, dollar-pound (WM Reuters 4 pm) and euro-dollar (ECB 1.15 pm) rates have been fixed as well. Of course, we are not talking about the process of setting rates in these asset classes but the process of manipulating them to deflect them away from their true value.

Two things stand out. One, there is the financial community's obsession with 'value' as a notion specific to a point of time, that split-second assessment, if you may. But there is an alternative notion of value that encapsulates a flow of transactions over a 24-hour period into one representative number which could serve the purpose of the financial community and the world of global commerce just as well.

The former may have served a purpose in the past. When all trades were conducted under a banyan tree (as was once the case with the Bombay Stock Exchange) or some such exotic location; where all transactions were manual, a case could be made for conducting a ritualistic trade with a degree of Masonic pomp and secrecy, to serve as a benchmark rate for use by the rest of the trading community.

The picture today

But in these days of automated and screen-based trading, where orders can be entered and instantly matched against one another based on best available quotes and in the order of time, there is need neither for open-ended (rate to be determined at a later point in time) transaction nor determination of the actual value of the transaction through an episodic exercise at 'rate' determination.

The National Stock Exchange, for instance, has effortlessly put together roughly 7.9 million trades in equities with weighted average price disseminated at all times across 1,500-odd equity instruments (data for November 18, 2014). Each of these transactions was matched for a precise price and counterparty clearly identified against each and every trade.

The present ‘clubby’ nature of the market in international financial assets serves the interests of entrenched players but does little to secure the interests of other participants, investors and businesses. The sooner the governments of the G20 nations, which account for 85 per cent of the global output of goods and services, resolve to introduce a new financial architecture for markets across different asset classes, the better it would be for all concerned.

A beginning has been made with countries at least now talking of the possibility of a trade repository for all ‘over the counter’ (OTC) transactions for disseminating information to the general public.

Unfortunately, there is no commitment as yet within the global community for legislative changes to mandate market participants to switch over to exchange-based electronic trading platforms.

The argument that the OTC market provides for flexibility in terms of innovative instruments catering to specific customer needs is no longer valid. There is a fair degree of standardisation as to the products on offer in these OTC markets. In any case, those that have become well established can be made to move over to exchange-based platforms. You don’t really need an OTC market for a plain vanilla euro-dollar spot quotation.

A global norm

An electronic, exchange-based trading architecture as an international norm is preferable for another reason as well. That brings us to the second issue that the recent scandal in spot rate fixes has highlighted. The phenomenon of proprietary trades coexisting in apparent harmony with client orders is the worst form of ‘conflict of interest’ that one can think of.

Assume for a moment that you spot your neighbour stepping out of his house with a shopping bag. You ask him what he was getting up to, and he replies that he is going to the market to buy half-a-dozen apples. You request your neighbour to buy another six on your behalf.

He manages to get six of the choicest from the first shop that he visits at ₹30 a piece. Let us assume that the shop had either exhausted its stock of apples or that the rest were not of the appropriate quality. Your neighbour has perforce to go to another shop and buy six more apples but at ₹35 a piece.

So what should he declare as the cost of apples that he bought for you? Is it ₹30 or ₹35 or ₹32.50? Mind you, each one of these answers can be defended on some well-grounded moral principle.

The moral dilemma

Hypothetical or not, this much is certain. Your neighbour would never have had to experience this moral dilemma if he had gone to the market to buy, not apples but something else, or was merely going to fetch his child from the school and along the way bought the apples that you had requested.

Indeed, a moral dilemma or the potential for a conflict of interest is inherent in a situation where you seek to represent a person in a commercial relationship and at the same time engage in the very business of the principal whom you have promised to serve. For then, there is every likelihood that some of the profits coming to you are at the expense of the very person you represent as an agent with all the attendant implications of promising to act in his best interests and to the utmost of your abilities.

The choice is clear. The global financial system can have an OTC market structure and live with conflicts of interests that the arrangement poses for agents in the system. Or declare that such conflicts of interests are unfair to consumers/investors and mandate an electronic, exchange-based market structure.

PART B

NEWS AND VIEWS

Tuesday 25th November 2014

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