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About the ‘CRUX’

Introducing a new and convenient product, to help the aspirants for the various public services examinations. The knowledge of the Current Affairs constitute an indispensable tool for all the recruitment examinations today. However, an aspirant often finds it difficult to read and memorize all the current affairs, from an exam perspective. The Newspapers and magazines are full of information, that may or may not be useful for the exams. Thus, a candidate is forced to spend a substantial amount of his time in selecting and maintaining notes for the current affairs.

Another problem is that it is difficult to get every bit of information, relevant from the exam perspective at one place. Thus, candidates are often found wasting their time in search of current affairs material. It is with this problem in mind that we have come up with the GIST of The Hindu and Press Information Bureau (PIB).

The whole concept of the CRUX is to provide you with a summary of the important news and current affairs, from an exam point of view. By reading the CRUX, you will be able to save your precious time and effort, as you get all the relevant matter in a summarized and convenient form.

The Crux is particularly helpful for the Civil Services, Banking, SSC and other exams that have a current affairs section.

The material is being provided in such a manner that it is helpful for both- objective and descriptive sections. Our aim is to help the candidates in their effort to get through the examinations. Your efforts and dedication inspire us to keep going. It is our sincere effort to make your journey easier.

Best Wishes
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Team Aspirant Forum

**Courtesy:**
The Hindu
Press Information Bureau (PIB)
Government to scrap NDC

The National Development Council, set up on 6 August, 1952 by an executive order of the government, served as “the highest decision-making authority” in the country on development matters.

One of the most significant of its decisions was the creation (as part of the Gadgil-Mukherjee exercise) of “special category” of States, and the criteria for determining whether a State could receive the status and related financial support from the Centre.

“The National Development Council was set up by a Cabinet resolution and so its metamorphosis into the NITI Aayog’s Governing Council will also be through a resolution of the Cabinet,” the source said. It was on recommendations of the Administrative Reforms Commission that the NDC was reconstituted and its functions redefined on October 7, 1967.

Initially, it comprised the Prime Minister, the Chief Ministers of all States and the members of the Planning Commission. In the first meeting of the NDC held on 8-9 November 1952, its first chairman and India’s first Prime Minister Pandit Jawahar Lal Nehru stated that the NDC is essentially a forum for “intimate cooperation” between State governments and the Centre for all the tasks of national development.

The reconstituted NDC comprised of the Prime Minister, all the Union Cabinet Ministers, the Chief Ministers of all States and Union Territories and the Members of the Planning Commission. The Delhi Administration is represented in the Council by the LT Governor and the Chief Executive Councillor, and the remaining Union Territories by their respective Administrators.

In the reconstituted Council, the Secretary of the Planning Commission acted as Secretary to the NDC. In all, 56 meetings of the NDC have been held, the last being on 22nd October 22, 2011 to consider the approach to the 12th Plan.

The 50th meeting of the NDC, held on December 21, 2002, was chaired by the then Prime Minister Dr. Manmohan Singh.

Stop dredging and expansion of ports, demands fishworker’s forum

The National Fishworker’s Forum (NFF) and its Goa affiliate Goenchea Ramponkarancho Ekvott (GRE) on Saturday demanded that all dredging, expansion of ports and building of new ports must halt with immediate effect until there is a comprehensive study of the sustainability of coastline for such an exercise.

Referring to the projects suggested for Goa by Union Minister for Road Transport and Highways, Mr. Nitin Gadkari, during his visit to Goa on Friday, NFF and GRE office-bearers on Saturday asked how he could suggest such projects “that are feared to destroy the little existing marine ecology lock, stock and barrel”. “In the name of development, the Government has been proposing projects like sea planes, deep dredging for expansion of sea ports, marinas, etc., which are destructive in nature”.

Questioning the BJP’s sustainable development promised, President of GRE, Agnelo Rodrigues and Joint General Secretary of NFF, Olencio Simoes accused the Central Government of looting the State and the country of its marine environment through haphazard plans.

“The National Waterways Bill, 2015 states that 111 rivers in the country including six of Goa will be developed for the purpose of inland waterways. In order to make way for inland waterways, deep dredging will be conducted on all these rivers. Dredging have not been conducted for several years. Consequently, it would be an unsustainable exercise and sudden dredging would lead to collapse of the river beds may cause water-logging areas surrounding the river, besides completely destroying corals, sea weeds and other marine ecology, collapse of mangroves, etc.”, apprehended Mr. Simoes.

He recalled expert Dr. Antonio Mascarenhas of the Goa Coastal Zone Management Authority (GCZMA) had warned the Goa Government against deep dredging proposed by Mormugao Port Trust (MPT), which would aggravate sand erosion would cause drastic morphological changes within the estuary. Mr. Simoes further pointed out that of the 7,516.6 km coastline in the country, 42 per cent has already been washed away, dredging of 111 rivers, expansion ports and jetties would only further intensify erosion of the coast due to Coastal Regulation Zone (CRZ) violations.

“About 20 per cent of the 105 km of Goa’s coastline has already been affected by erosion. Heavy sand mining, constructions along the coast etc., are some of the reason of such destructions. We fear a Chennai flood like situation with this unsustainable dredging”, warned the Fisherfolk’s bodies.

Fillip to ‘Make in India’ in defence

“Recommendations of the expert committee headed by
former Home Secretary Dhirendra Singh were considered and most of them were approved," Mr. Parrikar said. The DPP 2016 will have a new category, Indigenously Designed, Developed and Manufactured (IDDM) platforms, which will be the priority route for procurements. Within this two sub-categories have been created, one with mandatory 40 percent domestic content for a domestic design and the other mandating 60 percent local content if the design is not Indian. The domestic companies eligible under this will have majority Indian control and operated by Indian nationals.

In addition to building a technology base in the country, the government through the Department of Defence Production will fund private R&D for which various norms have been stipulated. Under this projects are eligible for up to 90 percent funding. Of this 20 percent will be given in advance and the tender issued in 24 months. In case the tender is not issued the development will be refunded. There is also a Rs. 10 crore for MSMEs. 

In another significant change, the contentious issue of offsets has been amended from the current Rs. 300 crore to Rs. 2000 crore giving flexibility for foreign companies. Offset clause mandates that a foreign company should invest 30 percent of the contract value back into the country with a view to bring in technology. Offsets push up cost of contracts by 14-18 percent, officials said. “We do not see too many offset obligations coming up as focus is on domestic manufacturing,” Mr. Parrikar said. The traditional L1 (lowest bidder) system will get a makeover with enhanced performance given weightage of 10 percent from now on. L1 has been a limiting factor that on various occasions better equipment was left out due to marginal price difference.

Government’s UDAY scheme may light up power distribution companies: Crisil
The government’s UDAY Scheme to aid ailing electricity distribution companies (discoms) has a better chance of succeeding than the previous financial restructuring plan, says Crisil. “UDAY is better than the previous financial restructuring plan that didn’t do much to change the health of the discoms. This time, with state governments on board and having more skin in the game, the chances of success are far higher,” Sudip Sural, Senior Director at Crisil, told The Hindu.

State-owned discoms, due to their financial troubles, were not signing power purchase agreements, he said. The government’s Ujjwal Discom Assurance Yojna (UDAY) scheme to revive them should mean that new PPAs will be signed in the future, he said.

Under UDAY, state governments will take over 75 per cent of the debt held by their discoms as of September 30, 2015. Half the debt will be taken over in 2015-16 and 25 per cent in 2016-17. The balance 25 per cent of the debt is to be serviced through state government-guaranteed bonds issued by the discoms. So far, 15 states have joined the UDAY scheme. Around 90 per cent of the losses made by the discoms are covered by the states that had joined UDAY, Power Minister Piyush Goyal said two weeks ago.

“Many of these projects find it difficult to service their debt obligations because either the plant is running at a low plant load factor, tariffs are not adequate or they have won coal blocks where the premium to the state government is very high, which cuts into their cash flows,” Mr. Sural said. Acknowledging that the problems faced by the power sector are systemic in nature, Mr. Sural said that the government has taken a number of steps to remove the sector’s distress.

“A number of policy decisions have been taken,” Mr. Sural said. “In projects where coal was not available, the government came out with coal block auctions.”

‘Naval exercises will strengthen ties’
Underscoring the importance of multilateral cooperation for stability and peace in the Indian Ocean region, Australian Army Chief Lt. Gen. Angus Campbell says Malabar naval exercises are among a spate of opportunities in that regard.

Australia, which held its first bilateral naval exercise with the Indian Navy last year, has been long keen on joining the Malabar exercises along with the U.S. and Japan. “Malabar is an example where there is opportunity to

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build but not in a directed or specific problematic part but one that is more comfortable for the two nations … It is part of a spate of opportunities,” Lt. Gen. Campbell said in an interview to The Hindu.

The India-U.S. Malabar naval exercises, which began in 1992, have grown in scope and complexity, acquiring geopolitical significance in recent times. The bilateral format gave way to a trilateral one with inclusion of Japan as a permanent member in 2015.

In 2007, Australia joined the other three in a quadrilateral format for the exercises, but based severe criticism from China which saw it as a containment strategy.

Speaking separately to The Hindu, the outgoing Australian High Commissioner in India, Patrick Suckling, expressed interest in being part of Malabar, but said: “But that wouldn’t be the same as resurrecting that idea of four democracies doing what they had planned in 2007.” However, clarifying that it was not directed at anyone, Lt. Gen. Campbell reiterated that it was Australia’s position that discussion, negotiations and in some circumstances where appropriate, “arbitration of what might the interest of multiple parties should be considered and where that occurs that is the best pathway to reduce tensions and to build understanding”.

The statement is important in the backdrop of the Philippines taking China to the International Court of Arbitration over disputed islands in the South China Sea. China has, however, rejected it, saying the international tribunal has no jurisdiction over the matter.

**Trading nations**

Emphasising that both India and Australia are “maritime trading nations”, Lt. Gen. Campbell said that what that meant was the importance of the freedom of the seas and respect for the international law and the rule of law. “Those basic principles are important for both our countries and in that regard, we are both keen on working across with many partners to ensure that the security setting in this region does not deteriorate or present a challenge to the security, prosperity and stability of the people of the region.”

China, which claims the part of the South China Sea up to the nine dash line as its own, has been reclaiming reefs in the region at a rapid pace. Recently, it landed civilian planes on a 3,000-metre airstrip on the Fiery Cross reef raising concern that fighter jets could follow next.

Lt. Gen. Campbell said that with growing prosperity, there was an increasing trend of military modernisation across Asia as was evident with India, China, Indonesia and others.

“Where countries are growing and where peoples’ prosperity is developing and that growth is engaged with partnership and dialogue that is very good,” he said adding that concerns arose where action was taken unilaterally or in a non-cooperating way.

“Both our nations seek to understand our security concerns by looking at the constructive security arrangements and the strategic settings across the India-Pacific oceans,” Lt. Gen. Campbell added.

Lt. Gen. Campbell is in India on the invitation of the Chief of the Army Staff, Dalbir Singh, and held discussions with the three services "to establish the right framework relationship" to deepen military cooperation.

Earlier this month, on a visit to Delhi, Admiral Scott Swift, the U.S. Pacific Fleet Commander, expressed concern at the lack of transparency on the Chinese motives for military expansion.

Welcoming India’s greater role in the region, Lt. Gen. Campbell said it was for India to decide its role.

**Centre recommends President’s rule in Arunachal**

President’s rule will be imposed and the Assembly kept in suspended animation, official sources told The Hindu. Taking cognisance of the situation in the State, based on Governor Jyoti Prasad Rajkhowa’s report, the government felt the State is “heading for a constitutional crisis” and it warranted the Centre’s intervention, sources said.

The Centre based its decision on Article 174 of the Constitution, according to which six months shall not intervene between the last sitting of the Assembly in one session and the date appointed for its first sitting in the next session. According to one interpretation, the next session should therefore have taken place at the latest by January 21, 2016.

The other interpretation is that a session was indeed held on December 16 albeit outside the Assembly building (where a majority of the members had voted) as access to the building was denied. Notably, the session which took place on December 16, 2015 has been disputed by Chief Minister Nabam Tuki and his supporters. Whether this session is valid or not is under litigation in the Supreme Court.

Even if the Supreme Court rules in favour of the interpretation that this session was not valid, there will be a constitutional breakdown because the requirement of Article 174(1) would have been breached. On the other hand, if the court holds that the December 16 session...
was valid, it is clear the government is in a minority and
is not allowing a vote of confidence. Therefore, in either
case, the State is heading for a constitutional crisis, the
sources said.
The Centre considered the fact that the Speaker, using the
State machinery, prevented the session, though it
was called by the Governor. The Union government also
felt that there was flouting of Article 167(b) of the Con-
stitution as the government was not responding to the
Governor’s letters on issues of public importance.
The Congress said the Centre’s decision exposed Mr.
Modi’s double-speak on federalism. Expressing shock at
the Centre’s recommendation, Mr. Tuki said there was no
constitutional crises in the State and whatever crisis was
there it was the Governor’s “creation.”
Mr. Tuki said the Governor recommended President’s
rule without consulting the State Cabinet at a time when
several cases on the matter were in the Supreme Court.

Government makes it easier to set up
companies, do business
The government unveiled two initiatives to expedite
clearances and ensure greater ease of doing business
in the country.
The Corporate Affairs Ministry, on Monday, announced
Central Registration Centre (CRC) and Government
Process Re-engineering (GPR) for ensuring faster clear-
cances to incorporate companies and improve the ease of
doing business.
These initiatives are also meant for uniformity in appli-
cation of rules and removing discretion, according to a
statement from the Ministry. It will be supplemented by
intensive monitoring aimed at providing timely approvals.
These services are in line with best international prac-
tices.
The GPR involves a three-pronged approach of further
automating some of the approval processes by utilising
advanced software tools, rationalising and modifying
certain rules and engaging professionals to expedite the
process of manual scrutiny.
In the first phase, the CRC will process applications
for name availability (INC-1 e-forms), submitted online
across the country and endeavour to process them by
the end of the next working day. Operations of the CRC
will formally commence from January 27 and more ser-
VICES rolled out progressively, the ministry said.
Last month, the ministry had said following several meas-
ures taken by it as part of the government’s ‘ease-of-doing
business’ initiative, the average number of days taken for
incorporation of a company had come down significantly
— by nearly 50 per cent — from 9.57 days in December
2014 to 4.51 days in November 2015. Steps are being
planned to further reduce the time taken for all approvals
regarding a company’s incorporation to one-two days in
normal cases, the ministry said.
The introduction of an integrated incorporation Form
INC29 and tighter monitoring of Registrar of Companies’
performance had resulted in faster approvals and lower
number of clarifications being sought from the stakehold-
ers, it said.

New Form INC29
The Ministry said it would soon introduce a new version of
Form INC29 incorporating suggestions received from the
stakeholders allowing up to five directors to be appointed
and greater flexibility in proposing a name for a company.
This will allow a wider use of this integrated Form, which
is already gaining popularity, it said. The rules relating to
reserving and approving names for companies are also
being simplified, it said.

PM to review performance of Ministries
every month
Prime Minister Narendra Modi chaired a meeting of his
Council of Ministers on Wednesday evening to review the
implementation of the decisions of at least four Ministries,
and earmarked the second Wednesday of every month
for such a review of selected Ministries. The next meeting
of the whole Council of Ministers is scheduled for Febru-
ary 10.
The Ministries that made presentations on Wednesday
included Chemicals and Fertilizers, Food and Consumer
Affairs, Agriculture and Rural Development. Of these,
the largest number of Cabinet decisions, sources said,
was in the Chemicals and Fertilizers Ministry, headed by
Ananth Kumar. “There were 60-62 decisions that were
examined in the presentation, and there was questioning
specifically on the Gorakhpur fertilizer factory that had
been earmarked for revival by the government,” said a
senior official in the government.
A Minister present at the meeting said that Mr. Modi was
interested in knowing the reasons for not implement-
ing certain decisions as fast as they should have been.
“Whenever a decision was seen as having got stuck be-
cause of inter-departmental reasons, the other Ministry
involved was also brought into the picture,” the Minister
said.
There was talk that this meeting was a kind of appraisal that may lead to a Cabinet reshuffle in the near future. “As of now, however, it seems that the meetings are a way of giving even junior Ministers some exposure on how the totality of government works and foster some team spirit,” the Minister said. “It is a fact that a lot of what the government is doing is not being talked about at all. The Prime Minister told the Ministers that unless they themselves knew what various Ministries were up to, how could the people know,” said a junior Minister present at the meeting. The meeting was held at the Parliament’s Library Building, and dinner was also served to all the Ministers.
Economy

New norms for REITs public issue
To provide new avenues for raising funds, capital markets regulator, the Securities and Exchange Board of India (SEBI), on Thursday proposed fresh norms for the public issue of Real Estate Investment Trusts (REITs), including cap of 75 per cent allocation to institutional buyers. SEBI said the proposed norms for the public issuance of REITs relate to appointment of merchant bankers, disclosures in the offer documents and filing of draft papers, keeping them in the public domain for at least 21 days. For an issue made through the book building process or otherwise, the allocation in the public issue should be maximum 75 per cent to qualified institutional buyers (QIBs) and at least 25 per cent to other investors, SEBI said.

Investment manager can allocate up to 60 per cent of the portion available for allocation to QIBs to anchor investors, subject to certain conditions.

An anchor investor should make an application for at least Rs. ten crore in the public issue and allocation to such investors should be on a discretionary basis and subject to the minimum of two investors for allocation up to Rs. 250 crore and five such investors for over Rs. 250 crore.

Issuing the draft paper, SEBI said that REITs will need to deposit, before the opening of subscription, and keep deposited with the stock exchange, an amount calculated at the rate of 0.5 per cent of the amount of units offered for subscription to the public. The issue would need to be opened after at least three working days from the date of filing the offer document with SEBI. Besides, the issue would need to be kept open for at least three working days but not more than 30 days. The investment manager may issue advertisements for issue opening and closing advertisements, SEBI said.

Norms after public comments
The final norms would be put in place after taking into account public comments, which have been invited till January 15.

The regulator also said that any public communication, including advertisement, publicity material and research reports concerned with the issue should not contain any matter extraneous to the contents of the offer document. SEBI also said that no REIT can make a public issue of units if it or any of its sponsors, investment manager or trustee is debarred from accessing the capital market by the regulator.

The restriction will also apply for promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other REIT or REIT that is debarred from market by Sebi, as also in the case of wilful defaulters identified by the Reserve Bank.

No person connected with the issue can offer any direct or indirect incentive.

Rupee among best of Asian currencies in 2015
Rupee turned out to be one of the best performers in 2015 among all Asian and BRICS currencies, excluding yen.

The currency’s depreciation of about five per cent against the dollar was less than the losses of most of its other Asian peers. The Indian rupee fared better in 2014, when it weakened by only two per cent.

“The Indian rupee was caught between the leviathans like the U.S. dollar and China’s yuan devaluation and the erosion of rupee against the dollar continued relentlessly in 2015,” said Sugandha Sachdeva, currency strategist, Religare Securities.

However, the rupee fared much better despite a pullout by foreign funds from the emerging markets, including India, as an interest rate hike was expected from the U.S. Federal Reserve.

The currency was stable when the U.S. raised the benchmark interest rate and has actually strengthened against the dollar since then.

Its Asian counterparts like the Indonesian rupiah weakened by 11.30 per cent and the Thai baht depreciated 9.5 per cent against the dollar. Only the Chinese currency fared marginally better, losing only 4.6 per cent.

BRICS nations
Among the BRICS nations also the Indian currency fared well. The Brazilian real depreciated 49 per cent against...
the dollar while the South African rand declined 34.75 per cent.
The Indian currency, which tumbled 12.4 per cent in 2013, started recovering in 2014.
Experts attribute the relative stability of the rupee to the improved macro-economic conditions.

“This has resulted from the RBI recouping foreign exchange reserves from the day Raghuram Rajan took over as governor of the central bank,” said Indranil Sengupta, chief economist, Bank of America Merrill Lynch. “He had announced a host of measures like FCNR-B deposits to attract inflows.”

Forex reserves
The country’s foreign exchange reserves rose by more than $75 billion since the currency crisis of 2013. From about $274.8 billion in early September 2013, foreign exchange reserves rose to $351 billion as on 25 December, 2015.
In the two and half year since the currency crisis, the twin deficits – fiscal and current account - have narrowed. In 2013-14, the fiscal deficit was 4.5 per cent of the GDP, which is now seen at 3.9 per cent for 2015-16.
Similarly, the current account deficit in the first quarter of 2013-14 zoomed to a record high of 4.9 per cent of the GDP. CAD has since narrowed to 1.6 per cent of GDP during the July-September quarter of the current financial year and is expected to be 1 per cent of GDP in 2015-16, mainly due to soft crude oil prices.

Going into 2016, the rupee might gain initially, but is likely to weaken as the year progresses.

“From the technical standpoint, we expect the rupee to strengthen towards 65- 64.50 in the early part of 2016,” Mr. Sachdeva of Religare Securities said.

“But later we expect the rupee to depreciate up to 69 levels as we progress in 2016.” The rupee ended 2015 at 66.15 a dollar.

Nasscom opposes differential pricing for data services
The National Association of Software and Services Companies (Nasscom) said on Monday that all data tariff plans should ensure unfettered right of choice for the consumer and telecom carriers or their partners should not have a say in what content can be offered at “favourable rate.”

The IT industry body, however, said the regulator should have powers to approve differential pricing for data services considered to be in public interest, even as it reiterated its opposition for platforms such as Airtel Zero and Free Basics, saying these violate the principles of net neutrality. Nasscom President R. Chandrashekhar said:
“We strongly oppose any model where telecom services providers [TSPs] or their partners have a say or discretion in choosing content that is made available at favourable rates, speed etc.”

“Any such differential pricing by TSPs violate criteria of net neutrality that we have outlined,” he added.

Trai has issued a consultation paper on the subject for which the last date for submitting comments is January 7. The consultation paper on differential pricing of data services raises issues related to zero-rating tariff models – a practice wherein service providers offer free data to users for select applications and websites.

Mr. Chandrashekhar said that the regulator should have the power to allow differential pricing for certain types/classes of services that are deemed to be in public interest and based on mandatory prior approvals.

“Any differential pricing programs including proposals by TSPs and their partners should have explicit directives/approval of the regulator and deemed to be in public interest. Such proposals should be subject to a wider public consultation by the regulator before arriving at a final decision,” the industry body said.

China slowdown fear spooks global, Indian equity markets
ears of an economic slowdown in China sent equity markets crashing across the globe and India was no exception. The benchmark 30-share Sensex lost 537.55 points to close at 25,623.35 — its biggest single-day percentage loss in four months. The broader Nifty lost 171.90 points to end the day at 7,791.30.

The fall in the Indian market was across the board with more than 1,600 stocks losing ground, as against 1,277 gainers. All the sectoral and broader indices ended the day in the negative category.

Earlier in the day, the Shanghai Composite index of China lost 6.86 per cent or 243 points, after data showed that the Caixin Purchasing Managers’ Index (PMI) fell to 48.2 in December from 48.6 in the previous month. The Caixin PMI reflects manufacturing activity with a focus on small and medium enterprises (SMEs) and any level below 50 is looked upon as contraction.

The fall in the Chinese index led to the authorities suspending trading activities.

“There was an ongoing fear of a China slowdown, which has continued in the New Year. The PMI data was weak...
which also led to a slight devaluation in the yuan. There was already some amount of nervousness in the market. Global markets, including India, will now wait for some reassuring signals from China. They are certainly not getting it now,” said Andrew Holland, Chief Executive Officer (CEO), Ambit Capital.

Among the leading global indices Nikkei lost 3.06 per cent while Hang Seng and Kospi declined by 2.68 per cent and 2.31 per cent, respectively. Most of the European benchmarks were down by more than two per cent during afternoon trades.

The impact of the fall in India could be gauged by the fact that there were 13 Sensex constituents that lost more than two per cent each. Infosys Technologies, Tata Motors, Bharti Airtel, Bhel, HDFC, State Bank of India and L&T all lost in the range of about two to six per cent each.

**Rupee close to two month low**

The rupee weakened against the dollar today amid weak Asian currency and equity markets.

The currency closed at 66.62 per dollar as compared to 66.15 of the previous close. The rupee depreciated 0.7 per cent against the dollar — the most in two months. Emerging-market stocks and currencies slumped as manufacturing in China weakened for a fifth straight month, the longest such streak since 2009. Dealers said the State-run banks sold dollars on behalf of the central bank. They estimates about $ 500 million were sold by the central bank.

“The market opened today after a three-day holiday and there were no inflows that could have supported the rupee,” said a dealer with a state-run bank.

Rupee is likely to recovery Tuesday as inflows are expected to come as auction for FIIs debt limit has seen robust demand. However, the recovery could be temporary if the dollar continues to strengthen against all other currencies, dealers said.

Open multi-brand retail, e-commerce, education to more FDI: India Inc.

he government should further ease Foreign Direct Investment (FDI) norms, especially in sectors such as multi-brand retail, education and e-commerce -- where its stance has been ambivalent till now, the country’s leading industry associations demanded. They also sought more liberalised norms for the insurance industry.

In a pre-Budget meeting with the commerce and industry ministry on Thursday, India Inc. also raised concerns on the “adverse” impact of Free Trade Agreements (FTA) on local manufacturing and demanded support to boost manufacturing, exports and startups. FTAs, they said, have led to import surges as a consequence of lower/nul duties.

“We heard the industry’s perspectives on what the Centre and the State governments can do to boost investment, manufacturing, exports and startups,” Commerce and Industry Minister Nirmal Sitharaman told reporters after the meeting. “They raised concerns on FTAs. We will look into the surge in imports and take measures to raise the competitiveness of the local industry,” she said.

On greater liberalisation of FDI in retail, FICCI said: “Taking into account the sensitivities regarding ‘protecting kiranas’, the government could consider allowing 100 per cent FDI in multi-brand retail in non-food segment such as electronics and apparel. In food space, there is scope to allow 100 per cent FDI in fresh food product retail.”

Though the BJP-led NDA government has not scrapped the previous UPA government-approved policy on FDI in retail, which allowed 51 per cent FDI in multi-brand and 100 per cent in single brand, it has so far discouraged any investment in multi-brand retail to protect the interests of traders, who represent a major vote bank for the BJP.

FICCI also sought clarity on FDI norms in e-commerce by pointing out that though 51 per cent FDI is permitted in multi-brand retail, FDI is prohibited in business-to-consumer (B2C or retail) e-commerce. It added that FDI should be allowed in B2C e-commerce in a phased manner and there could be a requirement to source significantly from within India to promote ‘Make in India’ and focus on preferable sourcing of certain percentage from SMEs and MSMEs.

On the education sector, it said 100 per cent FDI should be allowed in all service companies ancillary to education — including construction of student housing, faculty housing, sports facilities, auditoriums and related facilities.

On the insurance sector, FICCI said though the government enhanced the FDI limit from 26 per cent to 49 per cent, the provision mandating that management and control should be in Indian hands is restrictive and therefore should be done away with.

Naushad Forbes, President Designate, CII said: “We should move in the direction where there is only a small negative list of sectors and for everything else FDI should be up to 100 percent.”

**NIMZ & PCPIR**

Alleging “slow progress” in the implementation of National Investment & Manufacturing Zones (NIMZs), FICCI said it was important to promote the upgrading of existing industrial clusters into these zones. It also said the policy of Petroleum, Chemicals and Petrochemicals In-
There is the issue of excess capacity in China leading to trade deficit, she said.

The depreciation of the yuan may expand the country's trade deficit, she said. "There is the issue of excess capacity in China leading to a trade deficit," she said. "The Chinese government needs to take measures to address this issue."

The commerce ministry would soon hold meetings with the government of China to discuss the impact of FTAs on the steel sector. Mr. Shriram said: "We are looking at item by item to see which all segments are hurt and the impact on the steel sector."

Referring to the fall in exports both due to the lack of global demand and fierce competition, Mr. Shriram said: "India is looking at item by item to see which all segments are hurt."

"Existing FTAs should be reviewed and measures should be taken to ensure that cheap imports do not kill the existing domestic industry," Mr. Shriram said. "We are looking at item by item to see which all segments are hurt and the impact on the steel sector."

There are reports of excess capacity in China, especially in steel and other industries, leading to alleged instances of dumping of such products in several countries, including India, at rates below those in China or even lower than the production cost, Ms. Sitharaman said.

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Sunil Munjal, past-President, CII, said startup should be defined as any business within the first three years of its existence, employing 50 people or less, and having a revenue of Rs.5 crore or less. He added that such startups should be given the benefits of simpler labour laws and lower tax rates.

Startups promoting technology upgradation, skill development, and women’s or rural entrepreneurship should be given additional incentives, grants and soft loans, he said.

To offset the impact of trade deficit, India had sought additional incentives, grants and soft loans for domestic industries, Commerce and Industry Minister Nirmala Sitharaman told reporters after the first meeting of the Council for Trade and Development.

India's merchandise trade deficit with China had ballooned from a minuscule $1.1 billion in 2003-04 to a whopping $48.5 billion in 2014-15 or over four times India's exports to China ($11.9 billion) in FY'15. During April-September this fiscal, imports from China already touched $31.6 billion while India’s exports to that country were only $4.5 billion, leaving a trade deficit of $27.1 billion. However, cumulative FDI inflows from China into India during April 2000-September 2015 were only $1.2 billion (or just 0.47 per cent of the total $265 billion worth overall FDI inflows into India in those 15 years), much less than the actual potential.

The government is considering proposals to protect domestic steel manufacturers from cheap steel imports mainly from China, the minister said.

A tariff line-wise detailed assessment was being done on the steel sector to find out the sub-segments that are affected the most and need protection in terms of anti-dumping duty, countervailing duties (or anti-subsidy duties) and minimum import price, she said. "We will not rush into any decision. The Commerce Ministry is in consultations with the Finance and Steel Ministries. We are looking at item by item to see which all segments are hurt due to the surge in cheap imports," the minister said.

As a result of the plunge in value of the Chinese currency, stock markets across the world, including in India, tumbled. Asked whether there was a need to let the rupee fall further to make exports more competitive, Ms. Sitharaman said though such a move may be good for exports, there are views against it too.
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who was appointed as the Deputy Governor in January
years or till the age of 62, whichever is earlier. Mr. Patel,
Governor of RBI can be appointed for a period of five
Interviewed several candidates in December, including Mr.
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Mr. Patel, 52, who will complete his three-year term on
January 10, could become the longest serving deputy
governor in recent times if he serves the full three-year
term. Most of recent deputy governors served a maximum
of five years.

RBI Dy Governor Patel gets second term
Ujir Patel, Deputy Governor of Reserve Bank of India (RBI) in-charge of the monetary policy department, has been re-appointed for a term of three years.

Mr. Patel, 52, who will complete his three-year term on January 10, could become the longest serving deputy governor in recent times if he serves the full three-year term. Most of recent deputy governors served a maximum of five years.

“The Government of India today re-appointed Dr. Ujir R. Patel as the Deputy Governor of the Reserve Bank of India, for a further period of three years with effect from taking charge of the post on or after January 11, 2016, or, until further orders, whichever is earlier,” according to a statement from the RBI.

The government has formed a search panel, which interviewed several candidates in December, including Mr. Patel and two other Executive Directors of RBI. A Deputy Governor of RBI can be appointed for a period of five years or till the age of 62, whichever is earlier. Mr. Patel, who was appointed as the Deputy Governor in January 2013 had about two decades of experience across sec-
tors including financial, energy and infrastructure sectors. But his significant task came after Raghuram Rajan appointed him to head of committee to review the monetary policy framework.

Mr. Patel who holds a Doctorate (Ph.D) in Economics from Yale University and is a graduate of the University of London and Oxford, had his task cut out. RBI’s monetary policy stance was under severe criticism as inflation continued to haunt policy makers for more than two years. The recommendations of the Urjit Patel Committee were radical. The committee proposed inflation targeting as the central bank’s prime objective and changed the main gauge for inflation to consumer price index based inflation from wholesale based price index.

There were many more. This is probably the first committee which explicitly said that government should not intervene in the functioning of banks, mainly in the public sector ones. The committee also advised the setting up of a monetary policy committee with the governor as its head, which will held responsible if inflation target is not met.

The government and RBI moved promptly to implement the Patel Committee recommendations. Retail inflation is now the central bank’s main yardstick for price rise, and most importantly the government and the central bank has now entered into an historic agreement to reach a particular level of inflation within a specified time frame. According to the agreement, the RBI will target 4 per cent inflation by the end of financial year 2016-17 and for subsequent years, with a band of +/-2 per cent.

RBI has four Deputy Governors, two are from outside, a commercial banker and an economist while two others are promoted from within its ranks. The other three Deputy Governors of RBI are: H.R. Khan, S.S. Mundra and R. Gandhi.

Govt to amend mining law
The government will amend the mining law in order to facilitate transfer of mines allotted for captive use to end-user industries and to unlock thousands of crore worth of investments stuck in debt-laden minerals and commodities sector, according to the Mines Ministry.

The Mines and Minerals (Development and Regulation) Act of 1957 was amended last year to ensure all mining rights for major minerals are auctioned transparently rather than allotted arbitrarily as was the case in the past. But a clause in the law barred transfer of captive mines that were not auctioned.

India had taken up with China, during bilateral meetings and also at the sidelines of important meetings such as the G-20, the issue of the widening trade deficit but the Chinese government only accepted India’s concerns but had not taken action on them, Ms. Sitharaman said.

China, is continuing to stall India’s exports using non-tariff barriers such as phytosanitary stipulations and standardisation measures. This is despite India laying emphasis on sectors such as IT/ITeS, pharma, textiles, gems and jewellery, fruits and vegetables and meat to increase the country’s exports, she said.

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Large investments such as Birla Corp’s Rs.5,000-crore purchase of two Lafarge India cement units and Kumar Mangalam Birla Group’s takeover of Jaypee Group’s cement plants in Madhya Pradesh, are stuck due to this clause. Birla Corp could take over Lafarge’s cement plant but won’t get access to the captive limestone mines linked to the plant, making the transaction unviable, the industry had told the government.

The amended Bill, likely to be tabled in the Budget Session of Parliament, includes just one new clause that allows the transfer of such mining leases, subject to terms that the central government would prescribe. “The transfer provisions will also allow mergers and acquisitions of companies and facilitate ease of doing business for companies to improve profitability and decrease costs of the companies dependent on supply of mineral ore from captive leases,” the Mines Ministry said.

SEBI lowers MF exposure limits
As part of its attempts to make mutual funds reduce their exposure to one issuer or a sector in the debt schemes, the capital markets regulator Securities and Exchange Board of India (SEBI) has lowered the exposure cap for such investments by mutual funds. The SEBI Board has decided to amend the mutual fund regulations so that single issuer limit is reduced to 10 per cent of the net asset value (NAV) of the scheme, which can be increased to 12 per cent of the NAV but only after an approval from the trustees. The sector-specific exposure limit has also been reduced from the current 30 per cent of the NAV to 25 per cent.

According to a statement from SEBI, the new norms would mitigate risks arising on account of high levels of exposure in the wake of events pertaining to credit downgrades and put mutual funds in a better position to handle adverse credit events.

In August 2015, a sudden downgrade in the credit rating of Amtek Auto Ltd led to a fund house taking a massive hit on its NAV and freezing all kinds of redemption for a brief period of time.

Green bonds
The SEBI board has also approved the disclosure requirements for issuance of green bonds that are issued to raise funds for a ‘green’ project like climate change, renewable energy, sustainable water or waste management or clean transport, among others. The capital markets regulator said that while the issuance and listing of green bonds will be governed under the SEBI (Issue and Listing of Debt Securities) Regulations, an issuer of such bonds will have to make incremental disclosures.

The requirement of an independent party reviewer for reviewing the pre-issuance and post issuance process including project evaluation and selection criteria has been kept optional and there will be no mandatory requirement of an escrow account as well.

However, issuers will have to make disclosures regarding the use of proceeds, list of projects to which the funds have been allocated in the annual report and periodical filings to the stock exchanges.

Exit opportunity
Among other things, the capital markets regulator has also laid down the guidelines for providing exit opportunity to all the dissenting shareholders of a company. According to the Companies Act 2013, a company that raised money from the public and still has an unutilised portion of those funds cannot use it for any purpose other than what is stated in the prospectus unless a special resolution is passed. The Act also states that dissenting shareholders should be given an exit option.
China allows RBI to enter forex market
China has allowed a second batch of foreign institutions to enter China’s interbank foreign exchange market, the country’s central bank said on Tuesday. Six central banks and international financial institutions, including Reserve Bank of India (RBI), Monetary Authority of Singapore and Bank of International Settlements, are now allowed to trade spot products, forwards, swaps, currency swaps and options in India’s domestic foreign exchange market, it said.

Last November, the first seven foreign institutions had been registered to enter the interbank foreign exchange market.

PM unveils liberal start-up ecosystem
Prime Minister Narendra Modi sought to infuse more energy into India’s start-up ecosystem with a bouquet of initiatives such as making tax-free the profits of these fledgling units for three years, Rs. 10,000 crore of government funding over four years, no visits by labour inspectors for three years, and quicker and subsidised patent clearances.

The “Start-up India, Stand-up India” action plan, unveiled by Mr. Modi on Saturday, promises a new mobile app to enable start-ups to register themselves within a day and apply for clearances online, and easier exits for failed ventures with a provision for winding them up within 90 days under a proposed bankruptcy and insolvency law.

Using the opportunity to take a jibe at the Opposition parties for holding up Parliament, Mr. Modi said: “We have introduced the bankruptcy and insolvency Bill in 2015. The rest of the problem, you know ... Maybe, if youth like you send a message via social media for Parliament, where work is stuck ... maybe, some people will understand it [better] now.”

Committing to ease the red tape that makes it difficult to do business, he said: “For nearly 70 years, government has done a lot and where did we reach? If we decide not to do some things, then these youth will reach great heights in the next decade. The government shouldn’t come in between ...”

The statement drew loud applause from the crowd of over 1,500 delegates, including Silicon Valley heavyweights such as Softbank founder Masayoshi Son and Uber founder Travis Kalanick. Stressing that it was important for start-ups to have ideas and an ability to take risks, Mr. Modi pointed to Uber’s solution for a commuting problem and said, “Uber has become ‘Kuber’ [the god of wealth].”

Opening of AIIB part of global financial revamp
The China-led Asian Infrastructure Investment Bank (AIIB) was formally opened for business on Saturday, signalling the steady revamp of the global financial architecture, which will also soon incorporate the New Development Bank of the Brazil-Russia-India-China-South Africa (BRICS) grouping.

Chinese President Xi Jinping, in his inaugural address, saw the launch of the AIIB as “a historical moment.” “Asia’s financing needs for basic infrastructure are absolutely enormous,” Mr. Xi observed. He added that the bank would target investments in “high-quality, low-cost” projects.

Observers say the AIIB is likely to lend anywhere between $10-15 billion a year during the first five or six years of its existence. Earlier in an interview, Chinese Finance Minister Lou Jiwei—the first Chairman of its council—described the AIIB as a milestone in the reform of the global economic governance system. The AIIB is expected to open a new channel of funding for the Global South, which was so far dependent on the western backed International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB), in which Japan plays a pre-eminent role.

Observers say the new lender will focus on infrastructure development in Asia—a move that is likely to support the Eurasian connectivity initiative under the China-led Belt and Road framework. Suma Chakrabarti, President of the European Bank for Reconstruction and Development (EBRD), who attended the opening ceremony, said the formation of the AIIB would provide “healthy additional international firepower for the international system”. The EBRD was set up in 1991 to aid infrastructure development in Eastern Europe. Since then, it has broadened its area of operations to include central Asia, some Mediterranean and North African nations, the Balkans and Southern Europe.

Bonding with Europe
Mr. Chakrabarti also affirmed that Europe fully backed the China-led Eurasian connectivity initiative under the Belt and Road or Silk Road framework.

“The Silk Road will reduce time taken for exports between China and Europe. If we can get the infrastructure moving, this will reduce the costs of imports and exports both ways between China and Europe,” observed Mr. Chakrabarti in an interview with state-run Xinhua news agency. Luxembourg Finance Minister Pierre Gramegna said the establishment of the AIIB was “further proof of the rebalancing of the world economy”.

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In a conversation with the Indian media, India's representative at the conclave, Dinesh Sharma, additional Secretary in the Finance Ministry, acknowledged that meeting appeared to reflect a structural alignment between Europe and China. He also pointed out that “formal and informal” channels of communication for coordination had been established between the AIIB and the New Development Bank of the BRICS countries.

Without specifying the amount, he said India was likely to be in the beneficiary of lending from the AIIB, especially in the power sector.

On Friday, Chinese Prime Minister Li Keqiang confirmed Beijing’s closer structural bonding with Europe, after China formally joined the EBRD as its 67th member. Earlier, in an article in the People's Daily, the official newspaper of the Communist Party of China, the AIIB’s President-designate, Jin Liqun, stressed the bridging the digital divide between the regional and global economies would be the bank’s top priority in the future.

The article said the bank will focus on digital infrastructure, including fixed broadband networks and cross border and undersea fiber optic telecommunication cables.

**AIIB signals structural alignment of Europe and Asia**

New structural linkages between Europe and Asia through three developmental banks that have emerged outside the post-war Bretton Woods framework are changing the global geopolitical architecture, with Eurasia at the core. China is the lynchpin of the evolving world financial architecture. On Saturday, it led the launch of the Asian Infrastructure Investment Bank (AIIB). Notwithstanding the focus on the AIIB — a 57-nation lender, in which India and Russia are also major partners — China also quietly became the 67th member of the European Bank for Reconstruction and Development (EBRD).

With China on board, the EBRD is rapidly re-defining its role. In 1991, it was formed to reinforce the unipolar world that had emerged following the Soviet Union’s collapse. Its focal area of interest was Eastern Europe, which was no longer under Moscow’s shadow, and had to be rapidly integrated in the western institutional web.

But last week, Suma Chakrabarti, the EBRD head, acknowledged that China, which was steering a Eurasian Silk Road connectivity initiative, was now a major pivot of global economy. China’s growing economic and political clout had been accomplished in little over two decades of the Soviet Union’s collapse.

“Eastern Europe is an example of how the world has changed. Ten years ago, those countries would have been looking for investors from Western Europe; they are now widening their portfolio and that includes China. It is a big win for our countries of operation to get China on board,” said Mr. Chakrabarti in an interview with Xinhua. He added: “In recent years because of signs of weakness in the Euro Zone and so on, those countries in Eastern Europe have been trying to diversify their sources of investment. They have looked at the Gulf, they have looked at Asia, looked at North America and China has started investing much more in Eastern Europe. On top of that, there is Central Asia, and Turkey and North Africa where China is also investing.” The state-run China Daily newspaper quoted Mr. Chakrabarti as saying that the EBRD would like to work with China in other multilateral financial institutions such as the AIIB. He also backed China’s Silk Road initiative. Analysts point out that the launch of the AIIB is another example of the reinforcement of economic bonds between Europe and Asia. In fact, the run-up to the formation of the bank opened cracks within the Atlantic alliance.

Despite U.S. objections, European countries, including Britain, France and Germany, joined the AIIB. Australia and South Korea—top U.S. allies in the Asia-Pacific—also decided to participate in the development bank as its founding members. At a Sunday press conference, AIIB head, Jin Liqun, asserted that the bank would lend only in U.S. dollars, defusing speculation that Beijing would use the institution to promote the internationalisation of the yuan.

Yet, the move is likely to channelise China’s foreign exchange reserves, which have so far been mainly siphoned into low-yielding U.S. treasury bonds. The AIIB also elected a 12-member board of directors, which would steer operations. Dinesh Sharma, Additional Secretary of Ministry of Finance, will represent India at the board. Far from being a rival, the New Development Bank of Brazil-Russia-India-China-South Africa (BRICS) grouping is
Commerce ministry backs measures to boost SEZs

The Commerce Ministry is in the process of identifying reasons for the slowdown in the Special Economic Zones (SEZ). It has also asked the Finance Ministry to consider steps to ensure greater investment and employment generation in these enclaves to boost exports from SEZs. The commerce ministry has taken up with the finance ministry issues raised by the SEZ developers and units including removal or reduction of Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) on SEZs, according to a government statement. It is also looking into the developers’ opposition against a proposal considered by the finance ministry for abolition of all direct tax benefits for SEZs not operationalised before April, 2017. Finance ministry has been asked to extend the sunset clause (provision relating to the expiry of the benefits to SEZs) on SEZs up to 2023. This follows a meeting that the Commerce Minister Nirmala Sitharaman held on Tuesday with a delegation of Export Promotion Council for export oriented units and SEZs (EPCES).

Opposing the proposal that was being considered by the Central Board of Direct Taxes for abolition of all direct tax benefits for SEZs not operationalised before April, 2017, EPCES said it would create uncertainty in the minds of investors and lead to an increase in the number of applications for de-notification of approved SEZs. The commerce ministry said Sitharaman informed that the issue has already been taken up with Finance Minister Arun Jaitley, adding that IT/ITeS industry body Nasscom has also taken up this issue.

The imposition of MAT and DDT on SEZs has led to a slowdown in terms of growth in exports from these enclaves, reduced number of SEZ notifications, slower operationalisation of SEZs and increased number of applications for de-notification of approved SEZs, EPCES said. It has also dented the investor-friendly image of SEZs, created uncertainty in the minds of foreign and domestic investors, EPCES said, adding that MAT should be totally withdrawn or reduced to its original rate of 7.5 per cent. The EPCES also wanted SEZ units to be allowed to sell in the domestic tariff area (DTA or domestic market) by shelling out the same duty applicable to imports from nations who are free trade agreement (FTA) partners of India.

Since SEZs are duty and tax free enclaves, they have to pay regular duties for sales in the domestic market, which in turn makes their items costlier as compared to imports from FTA partner nations that enter India at zero or lower than regular duties, they said. Ms. Sitharaman assured the delegation that this matter will be looked into, according to the statement.

The delegation comprised of senior representatives of Reliance Industries Jamnagar SEZ, Adani Port & SEZ, Tata Steel SEZ, DLF Ltd., Serum Institute of India Ltd, P.P. Jewellers, Phoenix Infocity, J. Matadee Free Trade Zone, ION Kharadi – Panchshil Group.

Govt. mobilises 900 kg of gold under monetisation scheme

The government on Saturday said it had netted a hefty 900 kg of idle household and temple gold under the monetisation scheme and is hopeful that the number would rise further in future.

“Gold Monetisation Scheme: More than 900 kgs gold mobilised so far, Scheme making steady progress. Expected to pick up in coming months,” Economic Affairs Secretary Shaktikanta Das tweeted.

The Gold Monetisation Scheme, which had not picked up initially, was fine-tuned to make it more attractive and convenient to encourage entities holding idle gold to participate in the scheme.

Under the monetisation scheme, launched on November 5, banks were authorised to collect gold for up to 15 years to auction them off or lend to jewellers from time to time. Depositors will earn up to 2.50 per cent interest per annum, a rate lower than savings bank deposits.

Currently, there are 46 Assaying and Hallmarking Centres which are qualified to act as Collection and Purity Testing Centres (CPTC) for handling gold under the gold monetisation scheme and is hopeful that the number would rise further in future.

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All gold deposits under the scheme have to be made at CPTC. Banks could also accept deposits of gold at designated branches, especially from larger depositors.

India imports about 1,000 tonnes of gold every year and the precious metal is the second—highest component of the imports bill after crude oil. An estimated 20,000 tonnes of gold are lying with households and temples. During April-December this fiscal, gold imports increased to $26.45 billion from $25.85 billion in the same period.
Digital payments set to take off this year: TRAI chief

Banking should become as easy as making a mobile phone call and this year could see digital payments take off in India in a big way with the entry of telecom companies as payment banks, said R.S. Sharma, Chairman of Telecom Regulatory Authority of India.

A low-cost model would attract even those at the bottom of the pyramid to digital payments and banking, Mr. Sharma said. “My belief is that if you can have banking at very low cost, similar to what you have for mobile top ups in the telecom space (for prepaid sim cards)...whose average value is Rs 10,” Mr. Sharma told The Hindu.

This, he said, is now possible with the Reserve Bank of India (RBI) recently issuing payment banks licenses to 11 companies, many of whom are telecom companies that have experience of handling transactions, which are low in value and large in volume.

“Digital transactions must be promoted, which Finance Ministry and the RBI are doing... Regulators and stakeholders from the technology space, the ministries are all working in tandem. We are actually on the cusp of our real digital revolution in some sense,” Mr. Sharma said.

The TRAI chief expressed confidence that the country’s telecom sector would get a big boost from the government’s Digital India program.

“I will only say that I see great future of telecom sector in this country...with Digital India program where you have JAM — Jan Dhan Yojana (which provides financial inclusion), Aadhar (gives digital identity) and Mobile (provides means of communication as well as act as a proxy digital identity),” he said.

‘Start-up India’ Action Plan: a good start, but Govt. apathy, big corporates a hurdle

he much anticipated, and needed, ‘Start-up India’ initiative was launched last weekend by Prime Minister Narendra Modi in a move to help start-ups and catalyse entrepreneurship. Start-ups and entrepreneurship are critical to India’s efforts to restart private investment into the economy, in the face of risk aversion, stalled or slow investments from corporate India.

Start-ups in India have faced two significant obstacles. One is government apathy, corruption and a complex approvals process. The other is the power of entrenched corporates, to oppose or kill start-ups which challenge...
Money matters
But the Action Plan also appears to have a few flaws which need to be addressed. For instance, it sets up an ‘Inter-Ministerial Board’ led by the Department of Industrial Policy and Promotion which ‘validates’ the innovative nature of an enterprise, thereby qualifying it as a start-up — an involvement of government in this ecosystem that is hardly desirable. It also requires a start-up to obtain a recommendation from an incubator in order to be eligible. The most obvious and tangible benefits to start-ups under the Action Plan are the tax breaks and funding support. The Action Plan waives income tax on profits for a period of three years and also exempts taxes on capital gains which are invested in the ‘fund-of-funds’. This move will help to reduce cash outflows and bring down the cost of running a start-up. In conjunction with the waiver of the ‘angel investor’ tax under the Finance Act, 2013, start-ups now can have improved access to funding opportunities.

Pending reforms like the GST regime, would also make it easier for small start-ups to operate across the country. Rs.10,000 crore ‘fund-of-funds’
The Rs.10,000 crore ‘fund-of-funds’ is a significant financial commitment by the Government under the Action Plan. It is set to start with Rs.2,500 crore initially with the amount set to recur for 4 years. This mega fund will not directly invest in start-up ventures. Instead, it will do so via SEBI registered venture funds. This fund will contribute a maximum of 50 per cent of the daughter fund size, providing a significant boost to the corpus of investments that start-ups have access to. It is important that this corpus is not managed by Politicians or bureaucrats, but smart, savvy fund managers who have a track record on investing.

On the cost saving side, an 80 per cent rebate on patent filing costs alongside an exemption from having ‘prior-experience’ to be eligible under the public procurement process are steps taken to promote tech-based start-ups in particular.

While tax incentives, cost saving measures and funding support will undoubtedly drive up investment into innovative start-ups it is essential that the government not lose sight of non-tech start-ups. It should make special provisions to ensure that this support structure extends to the agriculture, manufacturing, and handicrafts sectors.

Ease of doing business
Promoting start-ups by improving ease of doing business is clearly at the forefront of the Action Plan. A significant benefit a start-up accrues under this policy is the waiver from labour inspections for 3 years.

Now, anyone who has run a business and navigated the maze of bureaucracy understands the quagmire that labour laws can be, especially for a start-up. Along with the ease in environmental checks, these changes to labour inspections are a step in the right direction — particularly for those start-ups which are based in the manufacturing sector. But the Action Plan exempts starts-up from inspection under a fixed number of labour laws — six to be specific. There are about 45 laws at the central level and about four times this number at the state level. The Centre needs to work with the States to ensure a smooth rollout of the benefits under the Action Plan and avoid discord between policies at the two levels.

‘Start-up India Hub’
The Action Plan also creates a centralised system under the ‘Start-up India Hub’ which assists start-ups by providing advisory services on financing, business structuring and improving management skills. It also provides for a mobile app which allows start-ups to self-certify themselves and also acts as a single point of contact between entrepreneurs, regulators and the government. This is a positive move in simplifying the registration process.

This is perhaps the most pertinent question which has been answered by the Action Plan. In order to obtain the wide ranging benefits which have been detailed in the 40-page Action Plan, it is essential for an enterprise to qualify as a ‘start-up’. An uncontroversial requirement, but the devil is in the details.

The Action Plan requires an enterprise or partnership to
be innovative by developing and commercialising a new product or service — a step to promote truly innovative ideas. But it institutes an inter-ministerial body led by DIPP to examine whether an enterprise is ‘innovative’. It also requires a ‘recommendation’ from an incubator setup by the government or be supported by an incubator in a post-graduate institution recognised by the government — this need for validation and recommendation goes against the very steps the Action Plan takes to reduce government involvement. This additional layer of bureaucracy could slow down the starting up process and needs to go.

Start-up India is consistent with the PM’s call for innovation when he launched Digital India. The Start-up India Action plan is a good start to this – but will need continued support and evolution to make this a true, deep revolution for the youth of India.

‘Organic tag to boost Sikkim’s cardamom exports’

The global demand for large cardamom grown in India is expected to rise with Sikkim, which produces a chunk of this highly-valued spice, being declared an organic-farming state, according to Spices Board.

“Organically-grown large cardamom may be priced higher than its fertiliser-fed counterpart but the former has burgeoning premium-class consumers abroad whose number are increasing of late,” said A. Jayathilak, Chairman, Spices Board.

“Discerning users are willing to pay the extra money,” Mr. Jayathilak emphasised. He said organically-raised large cardamom was another initiative under the present government’s Make in India mission which aims to make the country a global hub of indigenously-developed products. India exported 665 tonnes of large cardamom in 2014-15. In the first half of the current fiscal, the powerful flavouring spice, endemic to a certain section of the Himalayan terrain, has earned the country Rs. 2,011.50 lakh in the international market, statistics show. Sikkim, which grows large cardamom in 17,000 hectares of land, produces 4,000 metric tonnes (90 per cent of the country’s production) of the spice annually. The Spices Board had designed the ‘Organic Sikkim’ logo that was released on January 18.

“Our message to farmers is this: ‘You become exporters’. It is simple but strong,” Mr. Jayathilak said. Spices Board has a team of 50-odd employees working in Sikkim to not just sustain organic farming but empower the growers to earn more from their produce in the coming years.

“The work of our personnel is multi-disciplinary. We do not just marketing but research, spread of information, linkages between farmers and mediations to resolve issues,” he said. The cultivation of large cardamom will receive impetus in six months from now as the Spices Board is set to unveil an e-platform for its famed fortnightly auction in Sikkim’s traditional spice market of Singtam. This is in accordance with the Digital India campaign, Mr. Jayathilak said.

“The idea is to cut down on middlemen. This will ease the post-harvest flow in the trade of the crop,” he said.

Rajan warns against straying from fiscal consolidation path

head of the Budget, Reserve Bank of India Governor Raghuram Rajan on Friday cautioned against deviation from the fiscal consolidation path, which, he said, could hurt macroeconomic stability.

During the global turmoil, macroeconomic stability should not be risked, and both the government and the central bank should continue to bring down inflation, Dr. Rajan said.

The growth multipliers on government spending at this juncture are likely to be much smaller, so more spending will probably hurt debt dynamics.

“Put differently, it is worth asking if there really are very high- return investments that we are foregoing by staying on the consolidation path?”

“As Brazil’s experience suggests, the enormous costs of becoming an unstable country far outweigh any small growth benefits that can be obtained through aggressive policies... We should be very careful about jeopardising our single most important strength during this period of global turmoil – macroeconomic stability.”

Taking the fiscal deficits of the Centre and states, the consolidated fiscal deficit for the country rose last year to 7.2 per cent from 7 per cent. “So we actually expanded the aggregate deficit in the last calendar year.”
Originally, the target was to bring down fiscal deficit to 3.6 per cent of the GDP in 2015-16 but it has been postponed by a year. Now, government is targeting 3.9 per cent in the current fiscal. Deviation from the fiscal consolidation path could push up government bond yields, both because of the greater volume of bonds to be financed and potential loss of government credibility on future consolidation, Dr. Rajan said while delivering the CD Deshmukh Memorial lecture.

A slowing in inflation has been on account of the “joint work” of the government and the RBI, aided to some extent by the fall in international commodity prices, he said. “This is no mean achievement given two successive droughts that would have, in the past, pushed inflation into double digits.”

Dr. Rajan said that it was unfortunate that despite the success on the inflation front there are voices suggesting weakening the fight against inflation.

**Inflation framework**

“Let me therefore reiterate that we have absolutely no intent of departing from the inflation framework that has been agreed with the government. We look forward to the government amending the RBI Act to usher in the monetary policy committee, further strengthening the framework.”

With the government’s UDAY scheme to revive state power distribution companies set to become operational in the next fiscal it is unlikely that states will be shrinking their deficits, he said.

This will put pressure on the Centre to adjust more, Dr. Rajan said. The NDA government had last year put a pause on the fiscal consolidation path, postponing reduction in fiscal deficit target by a year.

He stressed that macroeconomic stability relies immensely on policy credibility, which is the public belief that policy will depart from the charted course only under extreme necessity, and not because of convenience. “If every time there is any minor difficulty, we change the goal posts, we signal to the markets that we have no staying power,” Dr. Rajan said.
Beijing’s race for the Eurasian heartland

It is possible that amid the turbulence and violence radiating from West Asia and impacting large parts of the globe, especially Europe, the world’s focus may have been diverted from a game-changing development — China’s remarkable riposte to the ‘Pivot to Asia’ doctrine of the Barack Obama administration.

Equally significant has been Beijing’s partnership with Moscow, which flowered in 2015. The strategic partnership of the two established nuclear weapon powers is well on course to structure a paradigm shift that could disperse global power into channels of multipolarity.

In the year gone by, China, the world’s second-largest economy, had answers to everything thrown at it by the U.S. — the known “global hegemon”.

Pacific-centred deterrents

If the Americans focused on their Asia pivot — a doctrinal shift, geared toward the containment of China through the concentration of forces in the western Pacific — the Chinese did not waste any time in building a credible Pacific-centred nuclear and conventional deterrents in 2015. This has included reinforcement of its nuclear second-strike capability by mounting JL-2 missiles, with a range of 7,350 km, on its JIN class submarines.

Russia was a major partner in building the Chinese military deterrent. Beijing concluded with Moscow a decisive S-400 air defence deal. The contract nullifies threats by fighter jets or ballistic missiles by the U.S. or Japan if batteries of the S-400 missiles are deployed on the mainland or China’s artificial islands, built atop coral clusters, in the South China Sea. After protracted negotiations, the Russians are also supplying Su-35 fighter jets to China.

The acquisition of 24 Su-35 planes would greatly extend China’s reach over the South China Sea. Su-35 planes, capable of taking off from short runways, will cover a large footprint if deployed from China’s newly developed artificial islands in the South China Sea.

Energy cooperation

The bonding between China and Russia is being reinforced through an extensive energy relationship. With smog resulting from coal-fired power plants choking Beijing and its surrounding industrial belt, China is trying to beat the clock by turning to clean energy in the form of natural gas, nuclear, and renewable energy. That’s where Russia’s frozen Siberian zone, sitting across untapped mega-reserves of oil and gas, comes in. China has already signed a $400 billion import deal that would funnel gas in copious quantities for the next 30 years through the Power of Siberia pipeline.

A similar undertaking is expected shortly though the western Altai route, thus making Moscow Beijing’s core energy security partner. Both China and Russia are working together on undermining the hegemony of the U.S. dollar. The two have already accelerated trading in the Chinese yuan and the Russian ruble. The currency swap tool has significantly eased pain inflicted upon Moscow through sanctions imposed after the crisis in Ukraine.

Trading in local currencies, exemplified by the two partners, is now being reinforced in an institutional manner by two powerful non-western financial entities — The New Development Bank (NDB) of the Brazil-Russia-India-China-South Africa (BRICS) grouping and the China-led Asian Infrastructure Investment Bank (AIIB).

Restructuring the economy

As Western markets still remained trapped by the impact of the 2008 economic crisis, China in 2015 took major steps to restructure its economy through mega-investments in Eurasia under its Belt and Road initiative. Instead of pitching its jaw-dropping financial reserves in U.S. treasury bonds, China has decided to plough large amounts of its surplus funds in building railways, highways, industrial parks, and cyber-cities along the Silk Road Economic Belt, one that stretches from Xian in the East to Europe in the West.

A $40-billion Silk Road Fund, the AIIB, the NDB of the BRICS, and China’s own state-run “policy banks” will provide the liquidity so that, instead of depending on the West, “new growth engines” are established along the New Silk Road.

China has been conscious that its Belt and Road initiative can more easily fly if it has the cooperation not only of Russia, which will take care of the western flank, but also of its eastern, South Asian flank, through a simultaneous engagement of India and Pakistan as well.

Over the past year, China has brought India on board the Eurasian platform by partnering it in major initiatives to transform the international financial architecture. Far from being intimidated by the U.S., China switched to a bold counterattack mode in 2015, focusing on extending the collective influence, with Russia as the core partner, of the Silk Road countries along the Eurasian corridor. In causing a structural breach of unipolar world, China and Russia have set the stage either for a new cold war or a
more harmonious multipolar world, provided “exceptionalist’ America agrees to a strategic realignment.

Ironically, China over the past year was deepening its stakes in the geographic swathe long identified as pivotal by British geopolitical analyst Halford John Mackinder as the “heartland”, one that stretches from the Volga to the Yangtze and from the Himalayas to the Arctic.

U.S.-Iran tensions on the rise again

Iran’s President Hassan Rouhani has denounced possible new U.S. sanctions on his country which could jeopardise a hard-won nuclear deal due to be finally implemented within weeks.

In a letter to his Defence Minister, Mr. Rouhani said reports that the U.S. Treasury Department planned to blacklist companies and individuals with ties to Iran’s ballistic missile programme constituted “hostile and illegal interventions” that justified a response.

The comments from Mr. Rouhani, who said the military should intensify its development of missiles, seemed to cause backtracking in Washington with reports that the White House had put the intended sanctions on hold indefinitely.

Breach of resolutions

In the five months since the nuclear deal was struck, U.S. officials say Iran has conducted two missile tests, one of which state media reported at the time, on October 11. Iran also recently aired television footage of an underground missile base.

The actions angered the United States and a United Nations panel found earlier this month that the tests breached previous resolutions aimed at stopping the Islamic republic from developing missiles capable of carrying a nuclear warhead.

But the threat of new sanctions — the nuclear deal is due to lift past measures that froze Iran out of the global financial system and crippled its oil exports — brought already worsening relations to a head. It also came after U.S. officials said an Iranian vessel had test-fired several rockets near three Western warships, including the USS Harry S. Truman aircraft carrier.

The alleged incident in the strategic Strait of Hormuz on December 26 drew denials from Iran’s Revolutionary Guards, who are responsible for protecting Iranian interests in the strategic waterway where much of the world’s oil passes.

Spokesman General Ramezan Sharif accused the U.S. of fabricating the incident as part of a “psychological operation”.

The Wall Street Journal had first reported on Wednesday that the U.S. was preparing fresh sanctions against companies and individuals in Iran, Hong Kong and the United Arab Emirates over alleged links to Tehran’s ballistic missile programme.

But on Thursday the newspaper said the measures had been delayed — although they remain on the table — over fears the nuclear deal could be derailed. Mr. Rouhani, whose government negotiated the agreement with the United States and five other world powers, warned of reprisals.

Should individuals and companies be added to “the previously unjustified sanctions list, it is necessary that the production of various missiles required by the armed forces move forward with increased speed and seriousness”, said his letter to Defence Minister Hossein Dehghan. “If such wrong and interventionist actions are repeated by the U.S., the Ministry of Defence should use all its capabilities to come up with new plans to expand Iran’s missile capabilities,” he added.

Iran’s Foreign Minister Mohammad Javad Zarif, who negotiated the deal with U.S. Secretary of State John Kerry and counterparts from Britain, China, France, Russia and Germany, alluded to the missile row in a New Year message posted on Twitter.

“Much was achieved in 2015 through diplomacy — let’s learn from history and repeat successes, not past mistakes. A Happy New Year to all,” he wrote.

U.S. caught between Iran and Saudis

As the spiralling tensions between Saudi Arabia and Iran threaten to un-balance U.S.’s tightrope walk in the strife-torn West Asian region, Washington has launched a massive diplomatic outreach to both countries, but would stop short of trying to “mediate”. “We want to see these kinds of tensions solved bilaterally,” said John Kirby, State Department spokesperson.

Secretary of State John Kerry and several other officials are in touch with Iranian and Saudi functionaries to diffuse the situation, but Washington would avoid too close an involvement as it could complicate the matter, according to officials.

Saudi Arabia’s Sunni monarchy and Iran’s Shia theocracy are bitter adversaries in the region, but are also part of a multilateral process led by the U.S and Russia to stabilise Syria.

The White House and the State Department expressed
hope that the tensions triggered by the Saudi execution of an Iranian-trained Shia cleric, Sheikh Nimr Baqir al-Nimr, and the arson attack on the Saudi embassy in Tehran that followed over the weekend would not derail the Syria process that is set to kick off this month.

“We see no reason why the Syria peace process shouldn’t move forward as planned. Obviously, the last thing we’d want to see is for there to be an impact on that or any other significant regional issues by the tensions over the weekend,” Mr. Kirby said.

White House Press Secretary Josh Earnest urged Saudi Arabia and Iran not to let the tensions affect the process of ceasefire and Syrian political transition.

Legitimacy to Iran
The Saudi action that precipitated a crisis in the region happened despite the U.S repeatedly cautioning them against the cleric’s execution. A U.S official said Washington had repeatedly taken up the issue with the Saudis, but they went ahead with the execution.

The current flare-up has its origin in the Saudi monarchy’s deep resentment against the U.S-led nuclear deal with Iran that has begun to come into effect with Iran shipping its specified nuclear material to Russia last week. Saudis accuse the U.S. of giving legitimacy to Iran before roping them into the Syria process. A U.S official said the Saudi reservations were misplaced as Iran continues to be in the U.S. list of state sponsors of terrorism. “We still have a lot of sanctions against Iran,” the official said, adding that everybody would agree that Iran without nuclear weapons is better for every country in the region.

“The deal was not about giving legitimacy, but about cutting off their pathways to the bomb. And the Saudis have been at the table on Syria, three times now. Everybody does not want everybody and we understand that….We are not getting any sustainable solution in Syria if it does not account for the influence Iran has in Syria, it is pragmatism,” the official said.

Recalling that it was not only the U.S. but there was a multilateral agreement on a nuclear deal with Iran and on Syria, the official said, “Whether you like it or not, Iran has influence in the region. They have influence over Assad. No political solution is going to work without engaging Iran to some degree on this,” he said.

But convincing the Saudis may not be easy for the U.S. that condemned the attack on the Saudi embassy more strongly than the cleric’s execution by Saudi Arabia. Mr. Kirby also said the U.S. was considering new sanctions against Iran for violations of the UN Security Council resolutions with respect to their ballistic missile programme.

“There are sanctions under consideration. There are still some technical issues that need to be worked out,” Mr. Kirby said.

North Korea claims to have tested hydrogen bomb
North Korea declared on Tuesday that it had detonated its first hydrogen bomb. The assertion, if true, would dramatically escalate the nuclear challenge from one of the world’s most isolated states.

In an announcement on Central Television, the state-run network, North Korea said the test was a “complete success”. But it was difficult to tell whether the statement was true. North Korea has made repeated claims about its nuclear capabilities that analysts elsewhere have greeted with scepticism.

“This is the self-defensive measure we have to take to defend our right to live in the face of the nuclear threats and blackmail by the United States and to guarantee the security of the Korean Peninsula,” the television announcer said, reading a statement.

The North’s announcement came about an hour after detection devices around the world had picked up a 5.1 seismic event along the country’s northeast coast.

It may be weeks or longer before detectors sent aloft by the U.S. and other powers can determine what kind of test was conducted.

A spokesman for the White House National Security Council said in a statement that U.S. officials “cannot confirm these claims at this time”.

But he said the White House expected “North Korea to abide by its international obligations and commitments”.

U.S. seeks Chinese help over N. Korea
he U.S. said it considered the latest nuclear explosion carried out by North Korea a matter of national security, and declared that it would stand steadfast in its alliance
commitment to South Korea. North Korea has repeatedly threatened the U.S. and has described the latest nuclear test a response to “U.S. aggression.”

“We do have an alliance commitment with the Republic of Korea that we take very, very seriously. Obviously, nobody wants to see it come to that. But we have a robust military presence there on the peninsula that is, as they say, they’re ready tonight if they need to be,” State Department spokesperson John Kirby said, even as the U.S. reached out not only to its Asian partners, including Japan, but also to China, seeking to use its influence—wanning as it might be—over the Communist North.

The White House said initial assessments by U.S. agencies doubted the North Korean claim that the device was a hydrogen bomb. Meanwhile, U.S. Deputy Secretary Antony J. Blinken will be heading to Asia next week.

Diminishing influence
Mr. Kim, unlike his late father, is not particularly sensitive to Chinese concerns. However, officials said though its influence over the North Korean dictator Kim Jong-un is diminishing, China remains a crucial player which can calm the situation, and that Secretary of State John Kerry would be talking to Chinese Foreign Minister soon.

Mr. Kirby said the U.S. was encouraged by the Chinese response that it “firmly opposed” the North’s move. “We would look to and hope for China’s leadership going forward with respect to holding the North accountable. …we would look and hope for China’s continued influence in a positive way,” Mr. Kirby said.

The U.S. is also exploring new sanctions and considering strengthening the existing sanctions against.

The U.S. also said it was open to talking to North Korea in the Six Party format. The talks, started in 2003 but abandoned in 2009, involved China, Japan, South Korea, North Korea, Russia, and the U.S. Washington wants the talks to restart but with a predetermined objective of dismantling the nuclear apparatus of North Korea and also hopes China will take the initiative. North Korea has been unwilling to accept that. U.S. officials ruled out any review of the U.S. position on this.

“If they want to return to the table through the Six-Party talks, the onus is on them to show that they’re willing to do that. And they have not shown a willingness to do that yet. But the international community is still willing to go down that road that obviously they aren’t,” Mr. Kirby said.

North Korea under Mr. Kim has made attempts to move away from a total dependence on China. It improved relations with Russia and even got India to receive its Foreign Minister in 2015 — the first time in 25 years. While the U.S. is seeking Chinese lead in disciplining North Korean adventurism, it also has to signal to its allies in Asia that it would stand up to Chinese manoeuvres in the South China Sea. Mr. Kerry spoke to his Vietnamese counterpart on Wednesday on China’s test flight landings of civilian aircraft on Fiery Cross Reef in the South China Sea. “They decided to explore how best to improve Vietnam’s maritime domain awareness and security capabilities,” Mr. Kirby said.

Pak. to host meet on Afghan peace talks
Afghanistan, Pakistan, China and the United States will hold talks in Islamabad on Monday aimed at reviving the Afghan peace process.

Afghan Foreign Ministry spokesman Ahmad Sheikib Mostaghni said on Saturday the representatives will discuss a “roadmap for peace talks.” The talks were agreed upon during a visit to Kabul last month by Pakistan’s army chief Gen. Raheel Sharif.

Monday’s talks do not include the Taliban, who have been battling the U.S.-backed government for nearly 15 years and have recently stepped up their attacks.

Talks with the Taliban have been on hold since July, when they collapsed after just one meeting following Afghanistan’s announcement that long-time Taliban leader Mullah Mohammad Omar had been dead for more than two years. The Taliban called off its participation and a second meeting was cancelled.

A subsequent power struggle within the Taliban has raised questions about who would represent the insurgents if the talks with Kabul are revived.

Pakistan is believed to have influence over the Taliban, but relations with Kabul have been tense in recent months. The two countries have long accused each other of backing the Taliban and other insurgents operating along their porous border. Taliban leaders are widely believed to be based in Pakistani cities near the Afghan border, including Quetta and Peshawar.

Afghan President Ashraf Ghani took part in a regional ‘Heart of Asia’ conference last month in Islamabad, which called for the resumption of the Afghan-Taliban peace negotiations. Mr. Ghani was given a warm welcome at the meeting, which was also attended by U.S. and Chinese representatives.

Analysts have cautioned that despite the rapprochement between Kabul and Islamabad, any substantive peace talks are still months off. Taliban demands have consistently focused on the end to an international military pres-
ence in the country. The U.S. and NATO have 13,000 troops stationed in Afghanistan, mostly in a training capacity. They include 9,800 Americans. The Taliban have intensified attacks in recent weeks and come close to taking over strategically important districts in southern Helmand province, the world’s premier poppy-producing region. Almost all the world’s heroin is made from opium grown in southern Afghanistan.

**Inclusive dialogue**

Afghan civil society groups on Saturday called for an inclusive peace dialogue, saying women’s and human rights should be central considerations. Few previous meetings between the two sides have included women or civil society activists. Sonya Aslami, of the Afghan People’s Dialogue on Peace Initiative, said women’s participation in the peace process was essential to its success. “The government should consider it as a priority.”

**13th Amendment back in the limelight in Sri Lanka**

Even as Sri Lanka is preparing to come up with a new Constitution with devolution as one of the key issues, the 13\(+t\)+th Amendment, which created provincial councils in the country, is again in the limelight.

While former President Mahinda Rajapaksa has argued that the proposed scheme of devolution should not exceed the terms of the amendment, with no to any merger of provinces and the transfer of land and police powers to provincial councils, Leader of House in Parliament Lakshman Kiriella has gone on record stating that the amendment is the basis for the resolution of the national question. The amendment was an outcome of an agreement reached between India and Sri Lanka in 1987.

K. Vigneswaran, former secretary of the merged North-East province (which has remained separated since October 2006), asserts that the amendment can be used to address day-to-day problems of people affected by the Eelam War, even though it is “not a panacea for all the problems facing this country.” This can go on till a new Constitution is ready.

**Lead role**

Pointing out that Sri Lanka is estimated to have 89,000 war widows, including around 54,000 in the Northern Province, he says “lack or absence of livelihood opportunities” is the major problem being faced by the women. “NGOs cannot handle this problem fully. At best, they can play a supplementary or complementary role. It is up to the provincial councils to take the lead role,” adds Dr. Vigneswaran, who is now heading the Akhila Ilankai Tamil Mahasabha.

Similarly, with regard to housing, employment of youth and improvement of standards and facilities for education, the provincial councils can be proactive, but “unfortunately, the Northern Province has done little”. He adds that unless there is “substantial progress” with regard to housing, livelihood and education, there are remote chances of about one lakh Sri Lankan Tamil refugees in Tamil Nadu returning home.

When pointed out that lack of manpower is said to be the main hurdle for the Northern Province to function meaningfully, he replies that there are still ways of getting things done. However, A. Varadaraja Perumal, former chief minister of the North-East Province, feels the amendment suffers from certain “inherent weaknesses.”

Had it been interpreted in Sri Lanka as is done in respect of similar features of the Indian Constitution in India, the amendment would have made a “huge difference.” Yet, he says that the 13\(+t\)+th Amendment can serve as a reference point, but the proposed Constitution cannot be based on it.

“You require a constitutional arrangement that can be understood from the Sri Lankan point of view,” he adds.

**Sri Lanka tops South Asia in human development**

Sri Lanka has maintained its high ranking in human development. But the country’s performance in terms of average annual human development index (HDI) growth rate during 1990-2014 was lower than many other South Asian countries.

These findings are among the highlights of the Global Human Development Report (HDR) 2015 released by the UN Development Programme (UNDP) here on Thursday. Sri Lanka has been placed at the 73rd rank with an HDI value of 0.757. In the previous year’s report, it occupied the 74th place. Since the end of the civil war in 2009, the country’s rank went up by five. The report, which studied a total of 188 countries and territories, has determined the HDI values by assessing long-term progress in three basic dimensions of human development—a long and healthy life, access to knowledge and a decent standard of living.

According to the document, the region of South Asia includes Iran too, apart from India, Pakistan, Afghanistan, Bhutan, Nepal, Bangladesh and Maldives. While Iran is ahead of Sri Lanka, standing at 69th rank, the Maldives is ranked 104th. India and Bhutan fall under the category of medium human development coun-
tries and Nepal, Pakistan and Afghanistan come under the group of low human development countries. India is placed at 130th rank and Pakistan, 147th. As for the growth rate during 1990-2014, South Asia’s figure was 1.38, the highest among all regions.

The UNDP took 1990 into account as it was from that year that the series of global HDI reports began. In the context of Sri Lanka, too, the year was significant as the Eelam War resumed in June 1990 after the withdrawal of the Indian Peacekeeping Force three months earlier. Thangavel Palanivel, Chief Economist for Asia-Pacific, UNDP Regional Bureau for Asia and the Pacific, attributes this situation to the “size effect” and points out that countries traditionally enjoying higher economic and human development cannot grow much beyond a point. This was why Sri Lanka, which was better placed than many other countries in the region even in the 1970s and 1980s, posted lower growth rate during the 25-year-long period.

In 1990, Sri Lanka’s HDI value was 0.620 whereas the region’s figure was 0.437. In 2014, the region’s tally was 0.607.

China moves to deepen its footprint in Iran

Rising from the yellowish, treeless plains so typical for central Iran stands a square, three-dimensional labyrinth of pipes and conveyor belts, topped by a silver chimney that glitters in the summer sun.

Sanctions against Iran failed to halt the construction of the complex, a steel mill that went into operation in September and now churns out ingots and billets. The sanctions also did not stop Sheng Kuan Li, a wealthy Chinese businessman, from pouring $200 million into the project. Mr. Li is one of many Chinese investors who in recent years worked around the sanctions imposed on Iran by the U.S. and other Western powers over Tehran’s nuclear programme. His steel mill and other similar endeavours are the result of a strategic pact that gives China a much-needed western gateway to West Asian markets and beyond, and that has saved Iran from international isolation and economic ruin.

Both countries agreed to increase trade to $600 billion in the coming decade. That agreement was made during a meeting between Iran’s leaders and China’s President Xi Jinping, who late last week became the first foreign leader to visit Iran after most international sanctions were lifted. China has relied on Iranian oil and views the country as a vital link in Mr. Xi’s so-called Silk Road strategy, an ambitious agenda that seeks to extend China’s economic influence westward.

The deep Chinese footprint in Iran does not only manifest itself in the tens of thousands of inexpensive cars that have flooded the streets of Tehran in the past few years. Investors like Mr. Li, who has built two other factories here, as well as Chinese state companies, are active all over the country, building highways, digging mines and melting steel.

In 1990, Sri Lanka’s HDI value was 0.620 whereas the region’s figure was 0.437. In 2014, the region’s tally was 0.607.
China looked the other way when the Iranians sought to advance their missile technology, and assisted in developing the country’s nuclear energy programme. “After the revolution we exchanged the Western frowns with the smiles from the East,” said Asadollah Asgaroladi, one of Iran’s wealthiest businessmen and the head of the Iran-China chamber of commerce. “They continue to smile at us.”

So the two countries, which were connected by the old Silk Road, have embarked on establishing a new one.

Denmark the least corrupt country, India at 76th position

India has climbed nine points to rank 76th in this year’s global corruption index launched here on Wednesday topped by Denmark, with watchdog Transparency International calling graft a global “blight”. According to Transparency International’s International Corruption Perceptions Index 2015, India is placed at 76th position along with Thailand, Brazil, Tunisia, Zambia and Burkina Faso out of 168 countries. India has improved its past year’s position of 85 and has a grade index score of 38 out of a possible 100 which indicates the least corrupt, said the report topped by Denmark.

The index was prepared by using data from institutions including the World Bank, the African Development Bank. According to Berlin-based Transparency International, 68 per cent of countries worldwide have a serious corruption problem and half of the G20 are among them. “Not one single country, anywhere in the world, is corruption-free,” the report said. Denmark tops of the index for the second consecutive year as the country perceived as least corrupt. It scored 91 points, while North Korea and Somalia remained at the bottom with unchanged scores of 8.

Europe scores high

The U.S. rose one spot this year to 16th place with a score of 76, tying with Austria. The U.K. rose three spots to place 10th, with a score of 81 that tied it with Germany and Luxembourg.

The other top spots, from second to ninth, were occupied by Finland, Sweden, New Zealand, the Netherlands, Norway, Switzerland, Singapore and Canada. Brazil and Turkey were among nations that tumbled the most. Brazil slid to 76th place, sharing its position with India, down from 69th last year. Turkey fell two spots to 66th, continuing its descent from 53rd place in 2013.

“Dealing with many entrenched corruption issues, Brazil has been rocked by the Petrobras scandal, in which politicians are reported to have taken kickbacks in exchange for awarding public contracts,” the report said. “Corruption can be beaten if we work together. To stamp out the abuse of power, bribery and shed light on secret deals, citizens must together tell their governments they have had enough,” said Jose Ugaz, chairperson, Transparency International.

Global corruption index, a composite index that draws from 12 surveys to rank nations around the globe, has become a benchmark gauge of perceptions of corruption and is used by analysts and investors.

Marshall Islands to sue India, Pak. over nukes

The tiny Marshall Islands will, in March, seek to persuade the UN’s highest court to take up a lawsuit against India, Pakistan and Britain which they accuse of failing to halt the nuclear arms race.

The International Court of Justice, founded in 1945 to rule on legal disputes between nations, announced late Friday dates for separate hearings for the three cases between March 7 and 16.

In the cases brought against India and Pakistan, the court will examine whether the tribunal based in The Hague is competent to hear the lawsuits. The hearing involving Britain will be devoted to “preliminary objections” raised by London.

A decision will be made at a later date as to whether the cases can proceed.

In 2014, the Marshall Islands, a Pacific Ocean territory with 55,000 people, accused nine countries of “not fulfilling their obligations with respect to the cessation of the nuclear arms race at an early date and to nuclear disarmament”.

They included China, Britain, France, India, Israel, North Korea, Pakistan, Russia, and the U.S. The government based in the Marshall Islands capital of Majuro said by not stopping the nuclear arms race, the countries continued to breach their obligations under the Nuclear Non-Proliferation Treaty (NPT) — even if the treaty has not been by signed by countries such as India and Pakistan.

The Marshall Islands had decided to sue the world’s nuclear heavyweights as “it has a particular awareness of the dire consequences of nuclear weapons,” it said.

U.S. tests

Between 1946 and 1958, the U.S. conducted repeated
nuclear tests in the Marshall Islands, Majuro’s representatives said in papers filed in court. But the court only admitted three cases brought against Britain, India and Pakistan because they already recognised the ICJ’s authority.
In March 2014, the Marshall Islands marked 60 years since the devastating hydrogen bomb test at Bikini Atoll, that vapourised an island and exposed thousands in the surrounding area to radioactive fallout. The 15-megaton test on March 1, 1954, was part of the intense Cold War nuclear arms race and 1,000 times more powerful than the atomic bomb dropped on Hiroshima. Bikini Islanders have lived in exile since they were moved for the first weapons tests in 1946.
India and The World

‘We are deepening engagement on Afghanistan’

India and China are deepening their engagement to facilitate Afghanistan’s political transition, in tune with the evolution of a full-spectrum dialogue between the two countries, which includes counter-terrorism and emergence of new regional trade blocs.

In a conversation with The Hindu on the divergence between New Delhi’s and Beijing’s stances on engaging the Taliban in a dialogue, India’s Ambassador to China, Ashok K. Kantha said: “We have our different approaches on issues. But it is not essential that we must agree on all of the key issues, before we start cooperating. On Afghanistan, we have a good dialogue which both sides find very useful.

“They [the Chinese] believe that the multiple transitions that are taking place in Afghanistan will involve countries of the region including India and China. It can be done collectively and there is a role for us that they fully acknowledge.”

**Network of institutions**

Mr. Kantha, who has completed a two-year tenure in China, described as a “big achievement” the mushrooming of a complex network of institutions, resulting from a visit to India by President Xi Jinping and the reciprocal visit to China by Prime Minister Narendra Modi. He said that the emergence of these new institutions had helped bring India-China ties to the “take-off” stage.

He pointed out that in the backdrop of the Paris terror attacks and the downsing of the Russian airliner in Egypt, “security cooperation” between New Delhi and Beijing, especially in the field of counter-terrorism, had acquired a fresh urgency.

Consequently, the November visit to China by Home Minister Rajnath Singh resulted in the two sides agreeing “to cooperate in areas like intelligence sharing”, “This is something new, which shows mutual confidence, which we are trying to tap,” Mr. Kantha observed.

**High-level dialogue**

Mr. Singh’s visit also resulted in the establishment of a high-level dialogue mechanism at the ministerial level, supported by a Joint Working Group among officials of the two countries. “When the Home Minister came here in November, both sides recognised the need to step up cooperation in the security domain, particularly counter-terrorism. We found that we did not have the requisite dialogue mechanism to take this forward.”

He added: “The next step which has been agreed in principle is that a new agreement for cooperation is to be signed. We have exchanged drafts and are working on it. This is likely to be concluded during the first meeting of the high-level mechanism in the first half of 2016.”

India and China are set to conduct a joint study to evaluate the impact of regional trade blocs such as the Trans-Pacific Partnership (TPP) and the Association of Southeast Asian Nations (ASEAN)-centred Regional Comprehensive Economic Partnership (RCEP). The decision was taken during the first meeting in Beijing in November of the NITI Aayog and the Development Research Centre of State Council — an institutional link-up that was established during Mr. Modi’s visit.

There has been a marked decentralisation of Sino-Indian ties, with Indian States and Chinese Provinces playing a highly significant role in defining the relationship. “You can’t control the India-China relationship from New Delhi and Beijing. We believe we have reached a stage in our relationship where we can let it spread,” said the envoy.

Mr. Kantha stressed that a unique institutional track between the Ministry of External Affairs (MEA) and the international department of the Communist party of China (CPC) has been opened whose purpose is to “provide a mechanism under which Chief Ministers and other functionaries can visit China.”

He added that the decentralisation of foreign policy flowed from Mr. Modi’s concept of “cooperative federalism”. “The Chief Ministers are taking ownership of the relationship with China. New projects are coming up, and specific initiatives are being taken”, the Indian envoy pointed out.

The Indian envoy pointed out that a stage has been set for the emergence of symbiotic economic relationship, where China’s focus on a “new normal” economy dovetailed with India’s manufacturing centred ‘Make-in-India’ campaign.

**Cabinet approves MoU with Singapore to manage airports**

The Union Cabinet on Wednesday approved the signing of a Memorandum of Understanding with Singapore for operating and maintaining the terminal building of airports at Jaipur and Ahmedabad. This is the first time the
Airports Authority of India will award operation and maintenance contract to any entity for terminal building. The city side and airside of Jaipur and Ahmedabad airports will continue to be managed by the AAI.

“The objective of this MoU is to establish mutual cooperation in the field of civil aviation, which will cover, to begin with, the airports of Jaipur and Ahmedabad. This cooperation will be extended to other airports with mutual consent,” the government said in a release.

The MoU envisages collaboration with Singapore in areas such as traffic development, commercial development, master planning and design, training and development, cargo handling and management among others.

Need to strengthen federal spirit within a unitary system: Gopal Gandhi
A day ahead of Sri Lanka formally launching the process of drafting a new Constitution, former High Commissioner of India to Sri Lanka, Gopalkrishna Gandhi, on Friday called for strengthening the “federal spirit within a unitary system.”

Participating in an event to mark the completion of one year since Maithripala Sirisena became President, Mr. Gandhi, who served here as High Commissioner during 2000-2002, said “all that made the earlier Constitution vulnerable would have to be kept firmly out and all that makes for the federal spirit within a unitary system strengthened.”

Underscoring the importance of the 1987 Accord between India and Sri Lanka, the former diplomat underscored the importance of the Accord, telling “there cannot be a better anchor for the ship of Sri Lanka’s inclusive unity than that India-Sri Lanka accord, even as there can be no truer friend of a united Sri Lanka than a reassured India.” Calling upon Sri Lanka to ensure that Tamils did not experience “new disappointments, new spurnings, new marginalisations,” Mr. Gandhi said while the Tamils must receive their due by way of “just and reassuring provisions” in the new Constitution that would keep majoritarianism out, they should not also forget that “just as majoritarianism is undemocratic, minoritarianism can damage Republicanism. Minority aspirations must be a charter but must not become an ‘ism.’”

Government to hold talks with WIPO
The Commerce and Industry Ministry will hold discussions with the World Intellectual Property Organisation (WIPO), the global body for promotion and protection of intellectual property rights (IPR), before approaching the cabinet for clearance of the national IPR policy.

The agenda of the high-level discussions with WIPO, likely on January 15, include possible measures for IPR awareness creation, enforcement and capacity building.

WIPO director Ms. Louise Van Greunen told The Hindu that there will be discussions between the WIPO and the Department of Industrial Policy and Promotion (DIPP) on some components of the proposed national IPR policy. These could include ways to integrate a formal awareness strategy into the policy to ensure respect for IPRs, as well as on an effective enforcement framework and capacity building measures.

Van Greunen said she was hopeful that India’s national IPR policy would encourage innovation, promote foreign investment and stimulate growth. “There is a lot of optimism about India,” she said. DIPP, a part of the commerce and industry ministry, is the nodal body at the Centre for drafting and finalising the national IPR policy.

U.S. seeks comments
The government’s decision to formulate a national IPR policy followed criticism from developed countries, including the US, of India’s “weak” IPR system as it allegedly does not do enough to effectively protect IPRs.

The U.S. had on January 11 sought public comments for the 2016 version of the Special 301 Report. The report “identifies countries that deny adequate and effective protection of IPR or deny fair and equitable market access to US persons who rely on IP protection.” Noting America’s concerns on India’s IPR system, the 2015 Special 301 report said India will remain on the ‘Priority Watch List’. The report, however, said the U.S. was not announcing an out-of-cycle review of India in this regard, but will monitor progress, and was prepared to take further action, if necessary.

The DIPP, on November 13, 2014, had said it constituted an IPR think tank headed by Justice Prabha Sridevan to draft a national IPR policy and sought suggestions for it from stakeholders. The think tank submitted the first draft of the policy on December 19, 2014 and sought comments from 290 stakeholders or delegations comprising 132 stakeholders. The DIPP had sought comments from other central government ministries on the final draft and had said the final policy will go to the Union cabinet shortly for approval.

WIPO's programme
Ms. Van Greunen, who is to speak on measures to counter illicit trade at a FICCI event, said WIPO has already
India, EU hold stock-taking meet on outstanding issues on FTA

India and the European Union on Monday held a stock-taking meeting on “outstanding issues” — including duty cut on automobiles and wines/spirits as well as easier temporary movement of skilled professionals — which had stalled talks on the proposed bilateral free trade agreement (FTA).

Commerce Secretary Rita Teaotia said the meeting was “extremely positive”, adding that the EU has suggested a secretary-level meeting, following which both sides would take a decision “on how we would like to proceed.” “We are keen to go ahead and work towards a balanced agreement,” she said.

The FTA talks were launched in 2007 and around 16 rounds of negotiations were held till 2013. Though after that, no negotiations have been held, India has moved ahead on many issues (that were demanded by the EU) such as permitting 49 per cent FDI in insurance, 100 per cent FDI in telecom and easing of foreign investments norms in the banking sector. “So these have been the changes between 2013 and now. In addition to that, we have now a model Bilateral Investment Treaty approved by the Cabinet and that forms the basis on which investment discussions can also go on,” Ms. Teaotia said.

The main demands of the EU included duty cuts on automobiles, wines and spirits, while India’s demands included data security status, easier temporary movement of skilled professionals, seamless intra-corporate movement, real market access in terms of sanitary and phytosanitary (norms related with plants and animals) and technical barriers to trade measures adopted in EU.

“So there is a work to be done yet. The negotiations will proceed once a decision is taken on whether there is enough ground to move ahead. We are very positive,” she added.

The talks were to be restarted in August 2015, but India deferred them expressing disappointment and concern over the EU banning sale of around 700 pharma products clinically tested by GVK Biosciences. On this issue, Ms. Teaotia said: “There has been a progress ... As we speak, our delegation is already in Brussels and there is a meeting (going on) between the regulators to discuss the GVK matter”.

Stand at Nairobi WTO meet wins Cabinet backing

The Cabinet on Wednesday approved India’s stand at the last month’s World Trade Organisation (WTO) conference held in Nairobi on food security and farm exports, according to a government statement said.

The outcomes of the conference, referred to as the ‘Nairobi Package’ include Ministerial Decisions on agriculture covering a Special Safeguard Mechanism (SSM) for developing countries to counter import surges of farm items, public stockholding for food security purposes, a commitment to abolish export subsidies for farm exports and measures related to cotton.

India secured a re-affirmative Ministerial Decision on the public stockholding issue honouring earlier decisions at the WTO’s highest level — including at the Bali Ministerial and the General Council, according to the statement. The decision commits members to engage constructively in
finding a permanent solution to this issue. Similarly, India negotiated a Ministerial Decision on another very important issue which recognises that developing countries will have the right to have recourse to an agricultural SSM as envisaged in the Doha mandate. Members will continue to negotiate the mechanism in dedicated sessions of the Committee on Agriculture in Special Session. The WTO General Council has been mandated to regularly review the progress of these negotiations. This is a crucial decision in view of the differing views about the future of the Doha Round, according to the statement.

While the Round is very important for greater integration of developing countries in the global trading system, a few developed countries were strongly opposed to the continuation of the Doha Development Agenda to improve the trade prospects of developing and poor nations. India took the stand that the DDA must continue after the Nairobi Conference and no new issues must be introduced into the WTO agenda until the DDA has been completed, according to the statement.

Pakistan’s nuke warheads aimed at deterring India: U.S. report

Pakistan’s nuclear warheads which are estimated to be between 110-130 are aimed at deterring India from taking military action against it, a latest Congressional report has said.

The report also expressed concern that Islamabad’s “full spectrum deterrence” doctrine has increased risk of nuclear conflict between the two South Asian neighbours. “Pakistan’s nuclear arsenal probably consists of approximately 110-130 nuclear warheads, although it could have more. Islamabad is producing fissile material, adding to related production facilities, deploying additional nuclear weapons, and new types of delivery vehicles,” Congressional Research Service (CRS) said in its latest report. In its 28-page report, the CRS noted that Pakistan’s nuclear arsenal is widely regarded as designed to dissuade India from taking military action against it, but Islamabad’s expansion of its nuclear arsenal, development of new types of nuclear weapons and adoption of a doctrine called “full spectrum deterrence” have led some observers to express concern about an increased risk of nuclear conflict between Pakistan and India, which also continues to expand its nuclear arsenal.

CRS is the independent research wing of the U.S. Congress, which prepares periodic reports by eminent experts on a wide range of issues so as to help lawmakers take informed decisions. Reports of CRS are not considered as an official view of the U.S. Congress. Pakistani and U.S. officials argue that since the 2004 revelations about a procurement network run by former Pakistani nuclear official A.Q. Khan Islamabad has taken a number of steps to improve its nuclear security and to prevent further proliferation of nuclear-related technologies and materials.

India, Arab League vow to check terror, funding sources

India and the Arab League on Sunday vowed to combat terrorism and called for developing a strategy to “eliminate” its sources and its funding as External Affairs Minister Sushma Swaraj made a strong pitch for delinking religion from terrorism. While addressing the 1st Ministerial Meeting of Arab-India Cooperation Forum here in the Bahraini capital, Ms. Swaraj also warned that those who “silently sponsor” terror groups could end up being used by them, in an apparent jibe at Pakistan.

“Those who believe that silent sponsorship of such terrorist groups can bring rewards must realise that they have their own agenda; they are adept at using the benefactor more effectively than the sponsor has used them,” Ms. Swaraj told some 14 foreign ministers of the 22-member Arab League grouping, with its Secretary General Nabil El Araby in attendance.

‘Turning point’

She said the meeting marked a “turning point” for India-Arab relations, while pointing out that “we are also at a major turning point in history when the forces of terrorism and violent extremism are seeking to destabilise societies and inflict incalculable damage to our cities, our people and our very social fabric.”

“Equally, we must delink religion from terror. The only distinction is between those who believe in humanity and those who do not. Terrorists use religion, but inflict harm on people of all faiths,” said Ms. Swaraj, who arrived here on Saturday.

The Manama Declaration

The meeting, which was opened by Bahrain’s Foreign Minister Khalid bin Ahmed Al Khalifa, culminated with the two sides issuing a joint statement called the Manama Declaration. The two sides discussed regional and global issues of
mutual concern, including the Palestinian issue, developments in the Arab region and in South Asia, as well as counter-terrorism, Security Council reforms and nuclear disarmament. The two sides condemned terrorism in all its forms and manifestations and rejected associating it with any religion, culture or ethnic group. They also emphasised the need for concerted regional and international efforts to combat terrorism and to address its causes and develop a strategy to eliminate the sources of terrorism and extremism, including its funding, as well as combating organised cross-border crime, the Declaration stated. In this context, the two sides affirmed their respect to the independence, sovereignty, unity and territorial integrity of Iraq and non-interference in its internal affairs and rejecting infringement of such principles, strongly condemned crimes committed by all terror organisations, especially those committed by the Islamic State.

India welcomes Nepal amendments
India on Sunday welcomed the first round of amendments of the Nepal Constitution, which is expected to create a more inclusive society in Nepal. “We regard the two amendments passed yesterday by the Nepal Parliament as positive developments. We hope that other outstanding issues are similarly addressed in a constructive spirit,” the Ministry of External Affairs said in an official statement. The amendments, supported by 461 of the 601 members of Parliament, covered Article 42 to ensure more inclusive social justice, Article 84 to create a House of Representatives, and Article 286 to create a new process of constituency delimitation, helping the Madhesi groups. All the three elements of the amendment process were part of a deal between the government of Nepal and its mainstream political parties, and the rebel Madhesi political formation of the United Madhesi Democratic Front (UMDF), which has been agitating for the changes in the Constitution.

Main demand
The amendment process, however, did not include the main demand of the Madhesis for the creation of two separate Madhesi provinces in the plains of Nepal. “The amendment process is a step in the right direction. But it has not addressed the core issue of creating two provinces for Madhesi people on the 1,200-km-long southern plains of Nepal bordering India,” said Rajendra Mahato of the UMDF, pledging to continue the struggle for attaining the provinces. The amendments were passed in the absence of the 35 members of the Madhesi political parties who boycotted the late night session. Nepal’s Constitution, promulgated on September 20, 2015, has attracted a series of amendment proposals. Saturday’s amendment was the first of the process and several others are expected to come up soon. Devi Prasad Tripathi, India’s Rajya Sabha member, and one of the key interlocutors on Nepal, said that the amendments, though incomplete, had started the process for the first official visit by Prime Minister K.P. Sharma Oli to India. “Prime Minister Oli was expected to clear the amendments before his trip to India, which is expected to be in the first week of February,” Mr. Tripathi said.

Madhesis reject changes to Constitution
Nepal’s agitating Madhesis on Sunday rejected the constitutional amendments passed by the Parliament as “incomplete” for failing to address concerns over redrawing of borders. This has dimmed hopes of an early end to the political imbroglio and blockade of trade points with India. “Though the constitution amendment bill endorsed by the Parliament on Saturday was positive to some extent, it does not address the demands raised by Madhesi parties in their entirety,” said Rameshwar Raya Yadav, senior Madhesi leader and senior vice-president of Madhesi Peoples Rights Forum Democratic. Yadav listed the positive provisions in the amendment as those dealing with proportionate representation, inclusiveness, and allocation of Parliament seats on the basis of population. He said it would have been better if the agitating parties were taken into confidence before endorsing the two amendment bills. The amendments were endorsed by a two-thirds majority on Saturday. The Madhesis in Nepal are largely of Indian origin. The lawmakers of the agitating parties had boycotted the voting, saying the amendments were “incomplete”, as they fell short of addressing their concerns, including redrawing federal boundaries. Rajendra Shrestha, co-chair of the Sanghiya Samajbadi Forum Nepal — a constituent of the United Democratic Madhesi Front, said that the proposal by Nepali Congress leaders Minendra Rijal and Faramullah Mansoor was more progressive than the original bill filed in Parliament on December 15. As many as 24 proposals were filed by more than 100 lawmakers of different parties, seek-
ing to amend the bill, which was endorsed in the House after incorporating the proposal registered by Rijal and Mansoor.

The agitating parties said the revision proposal, in line with which the Constitution Amendment Bill was endorsed, was “incomplete” despite being progressive, The Kathmandu Post reported.

Morcha leaders said that they would comment only after “studying the text” of the amendment.

India is our closest partner, no change in policy: Maldives

The present Maldivian government’s China policy does not interfere with or diminish the country’s “special relationship” with India, according to the office of President Abdullah Yameen Abdul Gayoom.

On the observations made by former president Mohamed Nasheed in London on Monday regarding his country’s “pro-China” tilt, Ibrahim Hussain Shihab, international spokesperson at the President’s office, told The Hindu over the phone from Male on Tuesday that “our President [Mr. Gayoom] has said this several times: India is our closest partner in terms of diplomatic and political relations.

“We are committed to working together with India to expand the current level of political and economic cooperation relationship to higher level.”

Pointing out that while the President was forging ahead with “a highly ambitious economic agenda that includes developmental and infrastructure undertakings where China is a partner”, Mr. Shihab said: “We would work closely with India in safeguarding the regional safety and security.” He added that his country was always appreciative of the role played by India in protecting the interests of Maldives, both domestically and internationally.

The position of the Maldivian government had been conveyed by Mr. Gayoom in his discussions with Indian leaders and officials on their visit to the Maldives, the latest being S. Jaishankar, India’s foreign secretary, Mr. Shihab added. Mr. Nasheed, who was in jail, was allowed to travel to the U.K. on medical reasons.

Earlier, the government had expressed its “profound disappointment” over what it called the denial of entry to a member of its London High Commission to attend Mr. Nasheed’s London press conference.

CERT-In signs cyber security pacts with 3 nations

The Indian Computer Emergency Response Team (CERT-In) has signed cooperation pacts with its counterparts in Malaysia, Singapore and Japan for cyber security.

CERT-In is the nodal agency responsible for dealing with cyber security threats. The Memoranda of Understanding (MoUs) will promote closer cooperation for exchange of knowledge and experience in detection, resolution and prevention of security-related incidents between India and the three countries, according to an official statement. The Cabinet, chaired by Prime Minister Narendra Modi, was on Wednesday apprised of the three MoUs which were signed last November and December. An agreement between CERT-In and CyberSecurity, Malaysia, was signed on November 23, 2015, in Kuala Lumpur during Mr. Modi’s visit to Malaysia, while the MoU with Singapore Computer Emergency Response Team (SingCERT), Cyber Security Agency (CSA) of the Republic of Singapore was signed on November 24, 2015 during the Prime Minister’s visit to Singapore.

The agreement between CERT-In and Japan Computer Emergency Response Team Coordination Center (JP-CERT/CC) was signed on December 7, 2015 through diplomatic exchange. The exchange of the signed MoU between the two parties was completed by December 22, 2015, according to the release.

Talks start on WTO meeting outcomes

India began its inter-ministerial consultations on the implications of the decisions taken at the last month’s World Trade Organisation’s (WTO) ministerial conference at Nairobi, a top government official said.

Speaking at a CII event, Commerce Secretary Rita Teao-
tia said the consultations initiated by the commerce ministry covered “the consequences of the (Nairobi Meet) decisions and in what manner should India structure its domestic policies to utilise the freedom provided under the multilateral framework to support our industry.”
The discussions also revolved around the kind of support (subsidies) that is not possible or will not be possible for the farm sector in years ahead and how India should respond to that.
Additional Secretary in Commerce Department Arvind Mehta said the agriculture ministry sought a higher degree of protection for the farm sector “as the sector does not wish to see liberalisation happen very fast.”
Trade experts had said that the decisions on eliminating export subsidies by 2023 are likely to aggravate the crisis in India’s sugar sector.
The commerce ministry has also sought the finance ministry’s views on the problem of inverted duties (where the duty on inputs or raw materials or components is greater than those on the finished product).
The outcomes of the WTO’s Nairobi meet include ministerial decisions on agriculture covering a Special Safeguard Mechanism for developing countries (to counter import surges of farm items) and public stockholding for food security purposes.
It also includes a commitment to abolish export subsidies for farm exports and measures related to cotton.

**IMF reforms: India, China, Brazil get more voting rights**
In long-pending reforms that came into effect on Wednesday, emerging economies gained more influence in the governance architecture of the International Monetary Fund (IMF). India’s voting rights increase to 2.6 per cent from the current 2.3 per cent, and China’s to six per cent from 3.8. Russia and Brazil are the other two countries that gain from the reforms.
More than six per cent of the quota shares will shift to emerging and developing countries from the U.S. and European countries. The combined quotas — or the capital countries contribute — doubles to about $659 billion from about $329 billion.
The reforms, which came into effect on Wednesday, were agreed upon by the 188 members of the IMF in 2010, in the aftermath of the global financial meltdown, and their delayed implementation has been a major concern for India.
Among the reasons for the delay has been the time it took the U.S Congress to approve the changes. U.S voting share will marginally drop, from 16.7 per cent to 16.5 per cent. The U.S Senate had approved the changes in December 2015.
“I commend our members for ratifying these truly historic reforms,” IMF Managing Director Christine Lagarde said. She said a “more representative, modern IMF will ensure that the institution is able to better meet the needs of its members in a rapidly changing global environment.”
The reforms bring India and Brazil to the list of the top 10 members of the IMF, along with the U.S, Japan, France, Germany, Italy, the U.K., China and Russia.
For the first time, the Executive Board will consist entirely of elected executive directors, ending the category of appointed executive directors. Currently, the members with the five largest quotas appoint an executive director, a position that will cease to exist.
Erica, ‘most intelligent’ android, leads Japan’s robot revolution

Erica enjoys the theatre and animated films, would like to visit South-East Asia, and believes her ideal partner is a man with whom she can chat easily. She is less forthcoming, though, when asked her age. “That’s a slightly rude question... I’d rather not say,” comes the answer. As her embarrassed questioner shifts sideways and struggles to put the conversation on a friendlier footing, Erica turns her head, her eyes following his every move. It is all rather disconcerting, but if Japan’s new generation of intelligent robots is ever going to rival humans as conversation partners, perhaps that is as it should be.

Erica, however, looks and sounds far more realistic than Ishiguro’s silicone doppelganger, or his previous human-like robot, Geminoid F. Though she is unable to walk independently, she possesses improved speech and an ability to understand and respond to questions, her every utterance accompanied by uncannily human-like changes in her facial expression.

Erica, Ishiguro insists, is the “most beautiful and intelligent” android in the world. “The principle of beauty is captured in the average face, so I used images of 30 beautiful women, mixed up their features and used the average for each to design the nose, eyes, and so on,” Ishiguro says, pacing up and down his office at ATR’s robotics laboratory. “That means she should appeal to everyone.” She is a more advanced version of Geminoid F, another Ishiguro creation who this year appeared in Sayonara, director Koji Fukada’s cinematic adaptation of a stage production of the same name.

The movie, set in rural Japan in the aftermath of a nuclear disaster, made Geminoid F the world’s first humanoid film actor, co-starring opposite the human actor Bryerly Long. While robots in films are almost as old as cinema itself, Erica did not rely on human actors — think C-3PO — or the motion-capture technology behind, for example, Sonny from I, Robot. Although the day when every household has its own Erica is some way off, the Japanese have demonstrated a formidable acceptance of robots in their everyday lives over the past year.

From April, two branches of Mitsubishi UFJ Financial Group started employing androids to deal with customer enquiries. Pepper, a humanoid home robot, went on sale to individual consumers in June, with each shipment selling out in under a minute.

This year also saw the return to Earth of Kirobo, a companion robot, from a stay on the International Space Station, during which it became the first robot to hold a conversation with a human in space.

Hotel staffed by robots

And this summer, a hotel staffed almost entirely by robots — including the receptionists, concierges and cloakroom staff — opened at the Huis Ten Bosch theme park near Nagasaki, albeit with human colleagues on hand to deal with any teething problems.

But increasing daily interaction with robots has also thrown up ethical questions that have yet to be satisfactorily answered. SoftBank, the company behind Pepper, saw fit to include a clause in its user agreement stating that owners must not perform sexual acts or engage in “other indecent behaviour” with the android.

Ishiguro believes warnings of a dystopian future in which robots are exploited — or themselves become the abusers — are premature. “I don’t think there’s an ethical problem,” he says. “First we have to accept that robots are a part of our society and then develop a market for them. If we don’t manage to do that, then there will be no point in having a conversation about ethics,” he adds.

Nomura Research Institute offered a glimpse into the future with a recent report in which it predicted that nearly half of all jobs in Japan could be performed by robots by 2035.
“I think Nomura is on to something,” says Ishiguro. “The Japanese population is expected to fall dramatically over the coming decades, yet people will still expect to enjoy the same standard of living.” That, he believes, is where robots can step in.

In Erica, he senses an opportunity to challenge the common perception of robots as irrevocably alien. As a two-week experiment with android shop assistants at an Osaka department store suggested, people may soon come to trust them more than they do human beings.

Govt. to implement BS-VI norms by 2020

The government, in a move to fight pollution, will implement Bharat Standard (BS)-VI emission norms by April 1, 2020.

“Pollution is a major concern in our country. The Supreme Court has also stated its stand on the issue regularly. Pollution has been a major issue, especially in Delhi. Along with Swachh Bharat (Clean India), we also want a pollution-free India. We have decided that we will move to BS-VI norms across the country directly from BS-IV norms by April 1, 2020. This is a revolutionary decision and important to address pollution,” said Union Road, Transport and Highways Minister Nitin Gadkari.

The Petroleum Ministry would spend Rs.30,000 crore for upgrading refineries to implement the clean fuel technology, he said.

The minister urged automobile manufacturers, who had opposed an early deadline to implement the norms due to financial burden, to co-operate.

ISRO conceives two ‘space parks’

Two space industry enclaves or “parks” that have been conceived — one for launchers at Sriharikota and a smaller one at an existing Bengaluru spacecraft campus — signal increased privatisation of the nation’s space programme over the next five years.

For now, the facilities will be “captive” to drive the future missions of the Indian Space Research Organisation.

First, ISRO wants to groom and engage domestic industry in the launch vehicles area from integrating sub-systems up to assembling, and even launching the PSLV. This well-established rocket has put Indian and foreign satellites of up to 1,600 kg into space.

ISRO Chairman and Secretary, Department of Space, A.S. Kiran Kumar, told The Hindu: “Internal discussions
Enterprise mobility is an emerging area. “Apps are being created for specific tasks that would otherwise take a long time to punch in if one has to follow traditional methods of accessing company’s intranet,” says Mohit Bhishikar, Chief Information Officer, Persistent Systems. Data analytics is no longer a geek’s domain. It’s become mobile, visual and accessible to common people.

Vizible is a free iPad application from Tableau Software that can be used to explore data, personal or business, by using gestures such as pinching, swiping and dragging. Users can sculpt data into visual patterns in seconds, and the visualizations can be shared with friends and colleagues through email, instant message or social media, according to Deepak Ghodke, Country Manager, India, Tableau Software.

**The challenges**

New technologies are fascinating but transitioning to them can be challenging for companies. According to a global survey of 444 executives conducted by The Economist Intelligence Unit, and sponsored by Accenture and Pegasystems, most companies say their digital processes are only partially integrated with their traditional business functions, and very few claim to be able to present a seamless customer experience across channels. A big challenge is the change in the IT customer who is now behaving like a consumer, feels M. G. Raghuraman, Senior Vice-President and Chief Information Officer, Mphasis.

“The customer now wants everything quick, flexible, scaleable, and as much as possible on fingertips.” Though cloud is perceived as a panacea for many infrastructural issues, moving on-premise data is easier said than done. There is also the problem of awareness, especially among established old economy enterprises.

“Financial services organizations have always been intrigued by cloud and what harnessing its power could mean to them,” says Snehal Fulzele, CEO and Co-Founder, Cloud Lending Solutions.

Public cloud comes with issues of security and policies regarding backing up of data. According to Siddhesh Naik, Director, Enterprise Business Group, India and South Asia at Lenovo, the budgets allocated to CIOs are shrinking which makes it difficult for them to draw the line and the whole IT operation becomes a complex balancing act for them. Since technology now becomes obsolete faster than ever before, companies have to scout for fresh talent. Often there aren’t programmers with required knowledge base. Coupled with this is the need to re-skill existing employees.

“If you take 100 programmers, the chances are that a
majority are trained in native language that is tied to a platform. There are fewer people trained in open source. If a company has to hire a PHP programmer, it will have to shell out a much higher amount," says Gerald Jaideep, COO of Simplilearn.

Companies are adopting multiple means for training. Deepa Mukherjee, Vice President – HR & Head – Learning and Development, NIIT Technologies, says, "We leverage MOOCs (Massive Online Open Courses) for the foundation learning and invest in instructor-led training for advanced levels." EMC collaborates with colleges to make students industry-ready. “The Academic Alliance program offers courses that focus on technology concepts applicable to any vendor environment, enabling students to develop skills required in today's evolving IT industry," says Abhijit Potnis, Director Technology Solutions, India & SAARC, EMC. Obstacles notwithstanding, companies are fast-forwarding to new technologies, often fearing competition, as Ray Wang, CEO of Constellation Research and author of Digital Disruption puts it. “Things are moving so fast, companies that have been built over 100 years are disappearing. In the 1950s the average age of a company in the Standard & Poor’s index was about 60 years. It’s trending towards 15 years now, and we think it’s going to be about 12 years by 2020. Digital Darwinism is unkind to those who wait.”

**ISRO puts fifth GPS satellite in orbit**

In yet another textbook launch, the Indian Space Research Organisation (ISRO) on Wednesday launched IRNSS-1E, the fifth of the seven-satellite Indian Regional Navigation Satellite System (IRNSS) into space. ISRO’s workhorse PSLV C-31 rocket lifted the 1,425 kg satellite from the second launchpad of the Satish Dhawan Space Centre here at 9.31 a.m. and placed it in the intended orbit some 19 minutes later. This is ISRO’s first launch for this year.

Though it was a textbook launch, the extremely cloudy skies in Sriharikota deprived the onlookers and journalists of a clear view, as the soaring rocket was visible only for a few seconds, before clouds engulfed it. Announcing that the launch was a success, ISRO chairman A.S. Kiran Kumar said the national space agency had a long way to go since two more satellites were to be launched by March.

Director of Satish Dhawan Space Centre P. Kunhikrishnan called the launch a “New Year gift” to the nation and said the calendar was hectic for the space agency this year. With the launch of the first four satellites — IRNSS-1A, 1B, 1C and 1D were launched in July 2013, April and October, 2014 and March last year respectively — ISRO said, “The current achieved position accuracy is 20 metres over 18 hours of the day with four satellites.”

IRNSS-1E with a mission life of 12 years was launched into a sub geosynchronous transfer orbit with a 284 km perigee (nearest point to Earth) and 20,657 km apogee (farthest point from Earth) with an inclination of 19.2 degree with reference to the equatorial plane. IRNSS-1E carried navigation and ranging payloads, including a rubidium atomic clock, C-band transponder and corner cube retro reflectors for laser ranging. The signal-in-space of four satellites has already been validated by various agencies within and outside the country.

**New class of frogs found in the north-east**

A class of frogs that grow in tree holes and, as tadpoles feed on eggs laid by their mother have been discovered in the north-east region, according to an international team of researchers led by a Delhi University-based scientist. In the last two decades, India has reported a rapid rise in the discovery of frog species from the Western Ghats and, more recently, the north-eastern States. The new frog, reported in the peer-reviewed journal PLoS One, has been christened Frankixalus Jerdonii and was once considered a species lost to science.

“This genus remained unnoticed by researchers probably because of its secretive life in tree holes”, said S D Biju, the lead author of the study and from the University of Delhi. He said he had first found these frogs in 2005 during explorations in Assam and Arunachal Pradesh, among other places, but had taken a decade to publish about them because of the complexities involved in ensuring that it
was indeed an entirely new genus and not merely a known species. Frogs of the newly described genus Frankixalus, according to Mr. Biju, were relatively large (between 37–50 mm long) with big, bulging eyes and blunt snouts and are found on forest canopies and inside bamboos slits. Due to insufficient food resources in tree holes, the mother exhibits “remarkable parental care” by laying unfertilised eggs to feed her tadpoles. Tree frogs occur across sub-Saharan Africa, China, much of tropical Asia, Japan, the Philippines and Sulawesi.

Independent experts told The Hindu that Mr. Biju’s find was significant but needed more scrutiny. Sushil Dutta, a veteran herpetologist and formerly with the Indian Institute of Science, and who read Mr. Biju’s research paper, described the study as a “rare and good find” but added that more molecular analysis was required to be convinced that the find was indeed a new genus.
Lodha committee bats for legalising betting in cricket

Urging lawmakers to legalise betting in cricket for all except cricket players, officials and administrators, the Supreme Court-appointed Justice R.M. Lodha Committee report said on Monday that government servants and ministers should be banned from holding posts in the BCCI.

The committee commended the “good work” done by the BCCI, including a pension scheme for national players. Justice Lodha, along with Justices Ashok Bhan and R.V. Raveendran, said their objective handed down by the apex court was not to limit the autonomy of the BCCI.

“Our call was not restrict or limit the BCCI and its good work. But our year-long effort was to remove the ailing parts, revitalise the body so that it could run a marathon for the betterment of the game,” Justice Lodha said at a press conference here.

Taking a realistic stand on betting, the very cause for the court setting up the panel, Justice Lodha said betting was a $ 400 billion phenomenon practised worldwide and lawmakers in India should enact laws to legalise it.

Jallikattu in T.N., bullock cart race in Maharashtra cleared

The Centre on Friday issued a notification to permit jallikattu, Tamil Nadu’s traditional bull-taming sport, ahead of the Pongal festival.

The notification overturns a 2011 notification that prohibited the exhibition or training of bulls, and some other animals, as performing animals. The Supreme Court had in 2014 upheld the 2011 government order.

The present order permits jallikattu — and bullock cart races in Maharashtra, etc. — despite Attorney General Mukul Rohatgi reportedly advising the government against revoking the ban in view of the Supreme Court’s ruling.

Move to reach out to TN

Politically, the move is seen as an attempt on the part of the BJP government to reach out to Tamil Nadu, where the party has no presence.

While retaining the general prohibition on using some animals — bulls, bears, monkeys, tigers, panthers and lions — as performing animals, the notification makes an exception for such traditional sports involving bulls, subject to the permission of the local administration and some conditions.

It adds to the 2011 prohibition the qualification: “provided that bulls may continue to be exhibited or trained as a performing animal, at events such as Jallikattu in Tamil Nadu and bullock cart races in Maharashtra, Karnataka, Punjab, Haryana, Kerala and Gujarat…”

The notification, however, includes a few guidelines to regulate the events.

Boost for immunisation drive in India

India’s immunisation programme, in dire need of expanding the number of vaccines on the list, will receive a boost with Gavi the Vaccine Alliance pledging to spend up to $500 million between 2016 and 2021.

The government of India and Gavi, the Vaccine Alliance, was announced earlier this week in Delhi, after a meeting between Prime Minister Narendra Modi and Seth Berkley, CEO, Gavi.

In addition to introducing new vaccines into the schedule, the idea is also to reach the unreached and increase access to vaccines for millions of children in India. Under the new partnership strategy, Gavi will allocate the $500 million in two tranches — $100 million to support the country’s current immunisation programme and enhance reach, and $400 million for country-wide introduc-
Digital dividends not spreading rapidly, says World Bank

With 60 per cent of the world’s population still offline, institutional and regulatory barriers to efficiency are exacerbating the problem of low and unevenly distributed “digital dividends” from growing Internet penetration across countries, a new World Bank study has found.

In its annual World Development Report (WDR) the Bank appeared to strike a balance between outlining the positive outcomes from a deepening digital economy in countries such as India, and the fact that automation of jobs was in some cases leading to inequalities in the labour market between high-skill and low-skill workers.

The 2016 WDR issue titled “Digital Dividends,” noted that almost 1.063 billion Indians were offline even though India ranked among the top five nations in terms of the total number of Internet users, along with China, the U.S., Japan and Brazil.

Commenting on the report’s findings that 40 per cent of the world’s population is connected by the Internet, Kausik Basu, Chief Economist for the World Bank, said, “While these achievements are to be celebrated, this is also occasion to be mindful that we do not create a new underclass. With nearly 20 per cent of the world’s population unable to read and write, the spread of digital technologies alone is unlikely to spell the end of the global knowledge divide.”

The report also cautioned that with the advent of big data, which includes the likes of India’s Aadhaar unique identity project, “secret snooping by governments can be for legitimate law enforcement reasons, but sometimes violates laws and rights, as the Edward Snowden revelations about spying by the security agencies of the United States, the United Kingdom, and others have shown.”

In fact, the Bank found that a large proportion of Indians believed that their online information was entirely private. The WDR noted, “57 percent of Indians believe private information on the Internet is very secure, but only 18 percent of French and 16 per cent of German respondents do.”

Yet, there were numerous examples worldwide of success stories where the power of the Internet had been leveraged to improve, for example, the delivery of public services.

Among them, the Bank’s report outlined several cases of NGOs partnering with the Indian government and such “digital citizen engagement” led to success with projects such as “I Change My City,” “I Paid A Bribe,” and the “Karnataka BVS.”
These cases notwithstanding, the delivery of services through the Internet ultimately depends on the regulation of the service sector itself, the Bank argued, and India, along with Ethiopia and Zimbabwe, has “the greatest restrictions on service trade.”

Overall, it was possible for digital technologies to be transformational, but for that to happen the analogue complements are necessary, the report’s authors said.

Among the conditions that may apply to the Indian case is the need to have an appropriate business environment, which shapes how firms adopt and use technology. In this context, the World Bank said, “A poor business climate and vested interests often hold back digital adoption. Among online firms, the economics of the Internet may enable natural monopolies to exploit their dominant position, hurting consumers and suppliers.”

U.S. pumps in $8 million to map drug-resistant infections in India

The U.S. government’s Global Health Security Agenda (GHSA), launched two years ago to contain the spread of new and emergent infections following the Ebola outbreak, has pumped in a whopping $8 million to map the rising anti-microbial resistance in India and build capacities to tackle it better. The rising anti-microbial resistance is a serious health concern in India, and also figured in Prime Minister Narendra Modi’s meeting with U.S. President Barack Obama in September last year.

While Indian hospitals acknowledge a rise in drug-resistant infections, there is no centralised documentation of the infection rates, with hospitals shying away from reporting this data fearing loss of business. This project is aiming, rather ambitiously, at the creation of a national network where hospitals will pool in their data on infection rates, which would then be in the public domain for patients to make an informed choice when they have to select a hospital to undergo treatment.

Larger goal

The project’s larger goal, however, is containing the spread of infections given the huge volume of traffic between India and the U.S., said observers. Titled ‘Capacity Building and strengthening of hospital infection control to detect and prevent anti-microbial resistance in India’, the project will be jointly executed by the Indian Council of Medical Research (ICMR), the All India Institute of Medical Sciences (AIIMS) and the India office of Centers for Disease Control and Prevention (CDC).

The project will start with surveillance, followed by data analysis. Systems will then be put in place to first check infections and eventually bring down resistance rates. “The project will map surveillance of bloodstream infections, ventilator acquired pneumonia and other hospital-acquired infections,” Dr. Kamini Walia, deputy director, ICMR and also the technical coordinator of the GHSA project, told The Hindu. The ICMR has been on the resistance trail since 2014 when it set up six nodal centres in four hospitals. Dr. Walia said the GHSA grant came to India mainly because of ICMR’s existing surveillance network. This project will build upon this network, before it is expanded to around 15 more hospitals in the country. Work will start with six major hospitals — PGI in Chandigarh, JIPMER in Pondicherry, AIIMS in Delhi, CMC in Vellore, Hinduja in Mumbai and Assam Medical College in Dibrugarh — handpicked for their robust infection control mechanisms.

WHO declares end to Ebola epidemic

The World Health Organisation declared an end to the deadliest Ebola outbreak ever on Thursday after no new cases emerged in Liberia, though health officials warn that it will be several more months before the world is considered free of the disease that claimed more than 11,300 lives over two years.

Thursday’s success comes after a harrowing toll: nearly 23,000 children lost at least one parent or caregiver. Some 17,000 survivors are trying to resume their lives though many battle mysterious, lingering side effects. Studies continue to uncover new information about how long Ebola can last in bodily fluids.

Liberia, which along with Sierra Leone and Guinea was an epicentre of the latest outbreak, was first declared free of the disease last May, but new cases emerged two times forcing officials there to restart the clock. “While this is an important milestone and a very important step forward, we have to say that the job is still not done,” said...
Air India changes stand on 5/20 rule to allow private airlines to fly abroad

A national carrier Air India, marking a major shift in its stance, has dropped its resistance to abolish five years and 20 aircraft norms, also known as 5/20 rule, for Indian carriers to be able to fly abroad.

Air India, which is struggling to return to profitability has conveyed to the government in a recent meeting that it will not oppose the ‘5/20 rule’ if it is abolished, a senior AI official said.

“We have not opposed the abolition of 5/20 rule. We have told the government we will support it in its policy decisions if it’s in the national interest,” said the official.

According to the ‘5/20 rule’, all airlines in India are permitted to fly abroad only if it has five years of domestic flying experience and at least 20 aircraft in its fleet.

The Union government has drafted a ‘civil aviation policy,’ that is yet to go to the Cabinet for its approval, in which it is evaluating abolishing the ‘5/20 rule’.

The industry is divided over the issue of ‘5/20 rule’. The private airlines which are allowed to fly abroad — IndiGo, JetAirways, SpiceJet — have all opposed the proposal to abolish the rule as it will impact their market.

However, the new airlines — Vistara and AirAsia India — are in favour of scrapping the decade-old rule which is restricting them to fly to international airports from India.

This tug of war between the old and the new airlines has put pressure on the Union government to do away with the rule.

In fact, the draft civil aviation policy has been delayed mainly due to the government’s unclear stand over the ‘5/20 rule.’ The government is evaluating three options — keeping the rule, completely doing away with it or replacing it with a credit-based system.

The shift in stand by AI will give more room to the government to abolish the rule thereby helping Vistara and AirAsia India to fly abroad.

The present AI management, under its new Chairman and Managing Director Ahwani Lohani, is believed to have told the government in a recent meeting that the 5/20 rule is an "external factor" which will not have much impact over the airline’s performance.

“The management is more focussed on addressing the minor internal issues that have affected the airline’s performance in the past. We have conveyed to the government that their decision to keep the 5/20 rule or abolish it will have no impact on us,” said a senior AI official.

Apart from AI officials, the meeting, held on December 30, was attended by the Chief Executives of Vistara and AirAsia India.

All the previous AI management had expressed strong reservations over the idea to ease the 5/20 rule. The previous management had said “the sudden withdrawal of the protection of 5/20 rule, might be the proverbial last nail in the national carrier’s coffin without bringing any significant benefit to the nation.”

The ‘5/20 rule’ was approved by the Union Cabinet in December 2004 when many decisions were taken to protect national carrier Air India. At that time, along with Air India, Indian Airlines, Jet Airways and defunct airline Air Sahara were allowed to fly on international routes.

IndiGo, launched in 2006, had to wait till 2011 to begin operating on international routes and SpiceJet, which began operations in 2005, had to wait till 2010 to do so.

In 2004, the government had taken many policy decisions to protect Air India. “To allow growth of its network, it is decided that Government may reserve traffic rights for Air India in accordance with its operational plans for the next two years. A calibrated approach may be adopted so that the national carriers get time to adjust to the new competitive environment,” the Union government had said.

Back then, the operation of flights to the Gulf countries of UAE, Qatar, Oman, Bahrain and Kuwait and Saudi Arabia was kept reserved for Air India and Indian Airlines for the next three years “as most of their operational revenue and profits on international routes accrue from these routes.”

India may cease to be ‘pharmacy of the world’

With patients grappling with increasing drug prices, the government has expressed concern that India will no more be the “pharmacy of the world” if generic companies “gave up” the fight for access to affordable drugs.

The concern here is regarding the Voluntary Licence (VL) agreements signed between 11 Indian generic drug makers and Gilead Science to bring the blockbuster Hepatitis
C drug Sovaldi (salt name sofosbuvir) to Indian markets. “This (VL arrangement) is a concern. But it is part of a company’s business strategy, and the government cannot have a policy dictating what a company’s business strategy should be,” a senior official handling matters related to intellectual property rights said on the condition of anonymity. As part of the VL, the Indian companies pay a royalty to the innovator company (Gilead, in this case) and are allowed make copy-cat versions of blockbuster drug.

However, under the VL agreement on Sovaldi, Indian made generic versions of the drug could not be exported to 50 middle-income, high burden countries, or any high income nations including much of Western Europe, and the U.S. According to a technical analysis by MSF, over 49 million Hepatitis C patients live in middle income countries excluded under the VL’s anti-diversion programme. “In 2005, when it was faced with the implementation of the WTO rules, India globally changed conceptions of policy approaches to managing ever-greening in the patent examination system on pharmaceuticals to continue with the production, registration and supply of generic medicines to millions of patients in India and other developing countries. But today generic manufacturers face major constraints to produce and supply generic versions of new patented medicines and the Indian government needs to once again step up and respond to the crisis in the industry. India is increasingly now reliant on imported expensive medicines and equally disturbing is the fact that India is shutting down as the pharmacy of the developing world,” Leena Menghaney, Head of South Asia, Access Campaign, Médecins Sans Frontières (MSF) said.

Another official said “these VL pacts are handy to avoid litigation and ensure fair competition between licensees. The government will be concerned if the VL arrangement hampers the growth of generics or prevents access to medicines or artificially jacks up the prices."

Raju questions 5/20 rule
Union Civil Aviation Minister Ashok Gajapathi Raju said on Friday the current rules for allowing airlines to fly abroad on the basis of five years of experience and 20 aircrafts in their fleet had no “scientific meaning.” “This (5/20 rule) is obviously something that is pulling Indians down...Does it have any scientific meaning?” Mr. Raju told reporters at the sidelines of an aviation conference here. The minister denied allegations of the incumbent private airlines that ownership and effective control norms were being flouted by foreign partners of Indian carriers. According to the ‘5/20 rule,’ all airlines in India need five years of domestic flying experience and at least 20 aircrafts in its fleet in order to fly abroad. The rule has been a subject of heated debate between domestic airline operators.

While the private airlines which are allowed to fly abroad — IndiGo, Jet Airways, SpiceJet — have all opposed the proposal to abolish the rule, new airlines Vistara and AirAsia India are in strong favour of relaxing the norm. However, the Civil Aviation Ministry is still undecided on whether to keep the 5/20 rule, abolish it or replace it with some other regulation in the civil aviation policy which is yet to go to the Union Cabinet.

Recently, members of the Federation of India Airlines, which represents the private incumbent airlines, met the Union civil aviation ministry officials and registered their opposition to relax the 5/20 rule. “Basically, they had rough time in the past. Their books are not good... When the new players come in, their books will be clear. So, we will be at a disadvantage,” Mr. Raju said stating the concerns flagged by the airlines. In the meeting held late this week, it is learnt that the airlines have alleged that foreign partners of Indian carriers are flouting “substantial ownership and effective control (SOEC)” norms and said the 5/20 rule should remain till SOEC issues are addressed by the government.

However, the civil aviation minister said it is not “a correct argument” and that Union finance ministry looks after effective control norms.

WHO unit to focus on achieving universal health coverage
The World Health Organization (WHO) on Friday announced setting up of a dedicated unit that will focus on achieving universal health coverage (UHC), which is target 3.8 of sustainable development goals (SDGs). “The goals within SDGs emphasise the need to achieve UHC by ensuring financial risk protection and improving access to essential health care services for those marginalised. So far, the quality of services has been neglected within the UHC dialogue. We at the WHO believe that there has been a lack of centre of gravity for quality. It is with this in mind that a unit is being formed to address UHC & quality,” said Shams Syed from the WHO during the opening plenary of the Prince Mahidol Award Conference here.

This special unit will focus on three key aspects: alignment of country engagements and global framework,
health service resilience, and quality and lastly establishing partnerships to reach these goals. “We will launch a
global learning lab for UHC, which will help in aligning national policies and strategies to reach UHC. The aspect of
health service resilience, will focus on learning from experiences in recovery in Ebola-affected countries — especially
by establishing linkages between UHC, post shock recovery,” Mr. Syed added.
This year, the prestigious award (in medicine) was conferred upon Professor Morton Mower from the United States
for invention of the Automatic Implantable Cardioverter Defibrillator, a device that helps monitor heart rate and rhythm,
and deliver electrical current when abnormality is detected.
Sir Michael Marmot of the U.K. won the award in public health for his evidence-based evaluation of the role of Social
Determinants of Health, a concept adopted by the British government and the WHO to eliminate health inequities.
Speaking at the award ceremony, Sir Michael said that increasing inequality was threatening the democratic legiti-
macy of our world. “Inequality brings with it other social evils like ill health and crime. It damages health. Absolute
inequality means disempowerment of a severe kind and not being able to afford food and shelter. Our response to
this inequality in health is working towards UHC.”