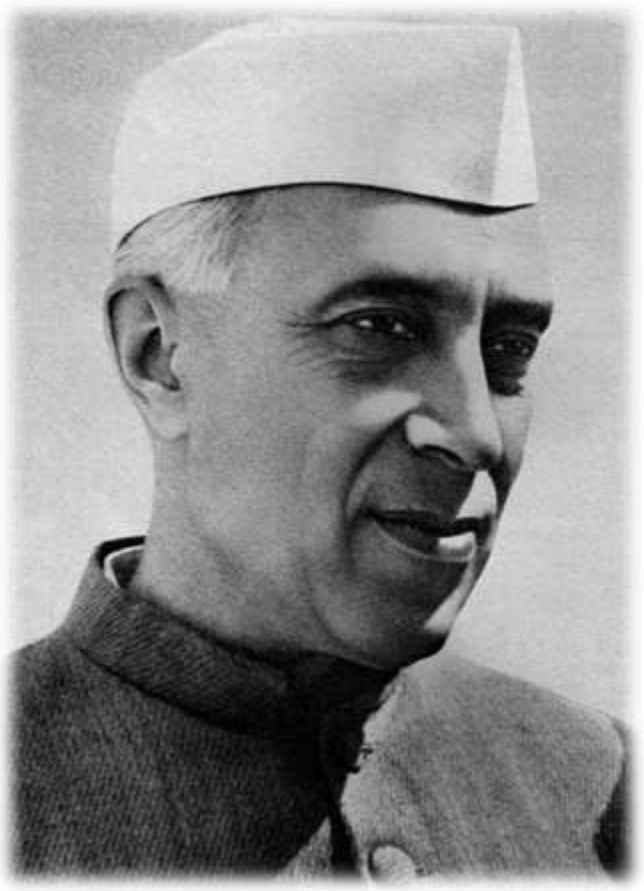
RGICS

RAJIV GANDHI INSTITUTE FOR CONTEMPORARY STUDIES

POLICY WATCH

Volume : 3, Issue-15 Date :17-11-2014

Remembering Jawaharlal Nehru on his 125th birth anniversary



"More and more it is being realized in other parts of the world that ***we in India are engaged in a mighty adventure. To build up this country and to solve the problem of poverty and unemployment in a democratic way on this scale is something that has not been done anywhere****. The magnitude of the task and the difficulties we have to overcome may sometimes oppress us, but, at the same time, they* ***should fill us with the enthusiasm that great undertakings bring with them****…Even if the pace is not quite as fast as we would like it to be, the mere fact of continuous progress on a stable basis would be a triumph for large scale democratic working. There is danger in our becoming static and slow moving, there is equally danger in trying to go faster than circumstance or our resources permit us to do. The middle course, the golden mean is always difficult.*

We have set before us the ideal of the welfare State. The President referred to this is his address. ***The welfare State means welfare for all and not for a section of the community only. It means productive and gainful employment for all and the removal of the grave disparities in incomes and methods of living that exist in India today****….How are we to get rid of them?……merely to distribute poverty does not mean progress. In order to go ahead, we have to try and maintain some standards somewhere.* ***That does not mean affluence for some and poverty for the rest, still less does it mean vulgar display which unfortunately is still rather common with a few of our people. …***

The problems of today in India or elsewhere cannot be solved by some purely academic approach or by a dogmatic creed of yesterday……
Indeed, I am inclined to think that in a democratic society, a so-called mixed economy is inevitable…."

-Excerpts from a letter dated 3 March 1953, published in "Letters for a Nation from Jawaharlal Nehru to His Chief Ministers, 1947-1963".

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What Woman Must Do

Mr. Chancellor, brothers and sisters,

I thank you for the honour you have done me in asking me to lay the foundation-stone of the Vidyapitha. I was rather surprised to receive this invitation and I hesitated to accept it. I have always thought that it was the business of the high officials and revered elders to perform such ceremonies. I belong to neither of these categories. I have also found that on such occasion it is the usual custom to utter pious platitudes which mean little. But you are perhaps aware that being a rebel by nature, I am no lover of the platitudes of the by-gone age, and it may by that something that I may say to-day will not be pleasing to many of you here. But you have taken the risk in inviting me. I have accepted this invitation partly because I was connected with this institution when I was the Chairman of the Municipal Board. But my chief attraction has been the interest that I took in woman's education and women's rights.

A great French idealist, Charles Fourrier once said: "One could judge the degree of civilization of country by the social and political position of its women." And if we are to judge of India to-day, we shall have to judge of her by her women. The future that we build up will also be judged by the position of Indian women. I must confess to you that I am intensely dissatisfied with the lot of the Indian women to-day. WE hear a good deal about Sita and Savitri. They are revered names in India and rightly so. But I have a feeling that these echoes from the past are raised chiefly to hide our present deficiencies and to prevent us from attacking the root cause of women's degradation in India to-day.

I find from a reference to the report of this institution that it was started to give special instruction to women. It was laid down that while man was the bread-winner, woman's place was in the home and her ideal should be that of a devoted wife and nothing more. Her chief delight should be in skillfully rearing her children and serving her revered elders. May I say that I do not agree with this ideal of woman's life or education? What does it signify? It means that is the profession of marriage and it is our chief business to train her for this profession. Even in this profession her lot is to be one of secondary importance. She is always to be devoted helpmate, the follower and the obedient slave of her husband and others. I wonder if any of you here has read Ibsen's Doll's House; if so, you will perhaps appreciate the word "Doll" when I use it in this connection.

The future of India cannot consist of dolls and playthings and if you made half the population of a country a mere plaything of the other half, an encumbrance on

other, how will you ever make progress? Therefore I say that you must face the problem boldly and attack the roots of the evil. We have purdah and child marriage and denial of rights to women in so many fields. Go to any country and you will see bright-faced boys and girls playing and growing strong in mind and body. Here children of the same age are kept in purdah locked up in cages almost and denied in a large measure all freedom. They are married just when they should be growing physically and intellectually and are thus stunted and made miserable for life.

If this Vidyapitha really stands for the progress of our women, it must attack these evil customs. But I should like to remind the women present here that no people, no group, no community, no country, has even get rid of its disabilities by the generosity of the oppressor. India will not be free until we are strong enough to force our will on England and the women of India will not attain their full rights by the mere generosity of the men of India. They will have to fight for them and force their will on menfolk before they can succeed.

I hope therefore that this Vidyapitha will be instrumental in sending out, into the province and the country, women who are rebels against the unjust and tyrannical social customs of the day and who will fight all who oppose this progress, women who are as much soldiers of the country as the best men. (Cheers)……

[*This short and sweet message of Jawaharlal to the women of India tells more in a nutshell than other people have written voluminous books to set forth before the public. This precious gem of a speech was delivered by him on the occasion of laying the foundation-stone of the Mahila Vidyapitha Hall at Allahabad on the 31st of March, 1928. It is clear that he wants every Indian girl to be a rebel like himself!]*

Courtesy: Important Speeches of Jawaharlal Nehru

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COVER STORY

Ease of Doing Business in India

Importance of Law in an Economy

In a widely accepted view, the public dialogue is usually centered around the government actions comprising of fiscal and monetary measures, welfare programs etc. in order to combat with the economic planning for any economy. These instruments are undoubtedly important and shape economic policy for a country. But what is even more important is a set of laws that hold the functioning of an economy and plumbs what underlies the economy.

The laws are those very important instruments that determine the nature of functioning in an economy. They help in determining how easy it is to start up or close down any economic activity e.g. business. They determine the efficiency with which the contracts are enforced, the rules of administration pertaining to variety of activities— such as getting permits for electricity and doing the paperwork for exports and imports. All these are examples that play a very critical role in the progress of an economy, yet are rarely talked about. Their malfunctioning can thwart an economy's progress and render the more visible policy instruments, such as good fiscal and monetary policies, less effective. Thus it is important to understand the significance of role of these laws that help smoothen the process of conducting economic activities in any economy.

World Bank Group annually investigates the regulations that enhance business activity and those that constrain it. Recently it has come up with its 12th annual report on 'Doing Business 2015'. We present here an overview of India's regulatory frame in the light of the report prepared by the World Bank Group.

Key Findings

- Doing Business 2015 is the 12th report in a series of annual reports presents quantitative indicators on business regulations and the protection of property rights.
- Doing Business 2015: Going beyond efficiency finds that entrepreneurs in 123 economies saw improvement in their local regulatory framework last year. Between June 2013 and June 2014, the report which measures 189 economies worldwide, documented 230 business reforms.
- Among the 230 reforms, 145 reforms aimed at reducing the complexity and cost of complying with business regulation and 85 reforms aimed at strengthening legal institutions with Sub- Saharan Africa accounting for largest number of such reforms.
- Tajikistan, Benin, Toqo, Cote d'lvorie, Seneqal, Trinidad and Tobaqo, the Democartic Republic of Congo, Azerbaiian, Ireland and United Arab Emirates are among the economies that improved the most in 2013/2014 in areas tracked by Doing Business.
- For the first time this year, Doing Business collected data for 2 cities in 11 economies with more than 100 million inhabitants. The economies are Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, Russian Federation and United States. The added city enables sub-national comparison. Differences between cities are common in indicators measuring the steps, time and cost to complete a standardized transaction where local agencies play a larger role as per the report.
- India's current ranking in the ease of doing business is 142 .India's ranking has fallen from 134 in the ease of doing business report 2014 to 142 in 2015.
- India's ranking is lower than its immediate neighbours in South Asia: Pakistan (128), Bhutan (125), Maldives

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(116) and Nepal (108).

- Its ranking is the lowest among BRICS nations, with South Africa positioned at 43, Russia at 62, China at 90 and Brazil at 120.
- The report looks at 10 different factors while ranking a country. These factors range from 'starting a business', 'dealing with construction permits', 'getting electricity' to 'paying taxes' and 'enforcing contracts'.
- India dropped in the rankings in eight of the 10 factors surveyed, while it maintained its position at 186 (out of 189 countries) in 'enforcing contracts'. The only saving grace for India was the factor of 'protecting minority investors', the ranking on which jumped to 7th position (72.5 points) from its 21st position (65.83 points) last year.
- Poor performance of an economy leaving, a disproportionate amount of one's focus is on whether or not the economy needs a fiscal stimulus, whether there should be liquidity easing or tightening, whether its welfare programs have been too extravagant or too insignificant etc.
- Factors such as laws are rarely debated and focused upon, even when they play a critical role in the growth of an economy even when their malfunctioning can prevent an economy's progress.

What does Doing Business Measure?

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. Doing Business provides 2 main types of indicators: those that broadly measure the complexity and cost of regulatory processes and those that measure the strength of legal institutions.

As per the report, indicators of the first type promote efficiency in transactions handled by the government, such as in the process to register a transfer of property. A simpler and less costly process results in better performance on the indicators and, if all else is constant, a more favorable ranking on the ease of doing business.

On the other hand, indicators of the second type reflect better institutions for private sector development, such as well-functioning courts and credit information systems. Table1 represents the 2 set of indicators.

Table1: World Bank's 11 parameters of business regulation

Complexity and cost of regulatory process	
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse
Getting electricity	Procedures, time and cost to get connected to the electrical grid
Registering property	Procedures, time and cost to transfer a property
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations
Trading across borders	Documents, time and cost to export and import by seaport
Strength of legal institutions	

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Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Enforcing contracts	Procedures, time and cost to resolve a commercial dispute
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the insolvency legal framework
Labor market regulation	Flexibility in employment regulation, benefits for workers and labor dispute resolution

Source: Doing Business 2015, World Bank

Doing Business in India

Eight of the 11 economies with a population of more than 100 million reformed in at least one of the areas measured by Doing Business in 2013/14. Among the 11 large economies, China, Mexico and the Russian Federation each implemented 2 reforms making it easier to do business, while India and Indonesia each implemented 3 (Table 2 & 3).

India introduced following 3 reforms during 2013/14:

- India made starting a business easier by considerably reducing the registration fees— though it also added a requirement to file a declaration before commencing business operations.
- It made obtaining a new electricity connection in Mumbai less costly by reducing the security deposit. The utility now calculates it as a fixed charge per kilowatt rather than basing it on a customer's estimated monthly consumption, increasing the transparency of the related costs.
- It strengthened minority investor protections by requiring greater disclosure by board members, increasing the remedies available in case of prejudicial related-party transactions and introducing additional safeguards for shareholders of privately held companies. It increased the director liability. India's new companies act came into effect in 2014, bringing a host of enhancements, notably on the prevention of abuse by corporate insiders and company mismanagement.

Table 2: Number of Reforms to do easy business : 11 large economies, 2013/14

Economy	Number of reforms reducing regulatory complexity and cost	Number of reforms strengthening legal institutions	Rank
Bangladesh	1	0	173
Brazil	0	0	120
China	2	0	90
India	**2**	**1**	**142**
Indonesia	3	0	114
Japan	0	0	29
Mexico	0	2	39
Nigeria	0	0	170
Pakistan	1	0	128
Russian Federation	2	0	62
United States	1	0	7

Source: Doing Business 2015, World Bank

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Table 3: Doing Business Statistics in India

Ease of doing business rank (1–189)	142
Starting a business (rank)	158
DTF score for starting a business (0–100)	68.42
Procedures (number)	11.9
Time (days)	28.4
Cost (% of income per capita)	12.2
Minimum capital (% of income per capita)	111.2
Dealing with construction permits (rank)	184
DTF score for dealing with construction permits (0–100)	30.89
Procedures (number)	25.4
Time (days)	185.9
Cost (% of warehouse value)	28.2
Getting electricity (rank)	137
DTF score for getting electricity (0–100)	63.06
Procedures (number)	7
Time (days)	105.7
Cost (% of income per capita)	487.7

Source: Doing Business 2015, World Bank

Though India introduced 3 reforms in 2013-14, India dropped in the rankings in 8 of the 10 factors surveyed and it maintained its position at 186 (out of 189 countries) in 'enforcing contracts'. The only saving grace for India was the factor of 'protecting minority investors', the ranking on which jumped to 7th position (72.5 points) from its 21st position (65.83 points) last year. Table 4 represents the India's performance in the World Bank's 11 parameters of doing business.

Table 4: India's performance in the World Bank 11 parameters of doing business, 2013/14

Parameter	Doing Business 2015 Rank	Doing Business 2014 Rank	Change in Rank
Starting a Business	158	156	-2
Dealing with Construction Permits	184	183	-1
Getting Electricity	137	134	-3
Registering Property	121	115	-6
Getting Credit	36	30	-6
Protecting Minority Investors	**7**	**21**	**14**
Paying Taxes	156	154	-2
Trading across Borders	126	122	-4
Enforcing Contracts	186	186	No change
Resolving Insolvency	137	135	-2

Source: Doing Business 2015, World Bank

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Among the three regulatory reforms introduced in last one year, India dropped its ranking as compared to previous year in the sphere of 'starting a business' and 'getting electricity', by 2 points and 3 points respectively. But by reforming 'minority investor protection', it gained on its ranking and tried to push the sense of equality further in the economy. Stronger legal protection of minority investors increases the confidence of investors in markets, making them more likely to invest. Econometric research shows that investors' willingness to provide entrepreneurs with equity capital is a significant factor in the development of financial markets, which in turn promotes economic development.

Labor Market Regulations in India

Labor market regulations encompass a wide spectrum, from rules governing individual employee contracts to those relating to collective action, and can have a significant impact on economic growth and competitiveness. Doing Business measures flexibility in the regulation of employment as it affects the hiring and redundancy of workers and the rigidity of working hours along with social protection schemes and benefits as well as labor disputes. Table 5 represents the data on labor market regulations in India.

Labor market regulation also varies across cities within an economy. In 6 of the 11 economies—Brazil, China, India, Indonesia, Japan and Russia—the 2 cities in the sample have different minimum wage levels. This is mainly to account for differences in the cost of living. In all these cases except Brazil and India, the largest business city has a higher minimum wage than the second largest one. In addition, in India the largest business city (Mumbai) has longer paid annual leave, with 21 days, than the second largest one (Delhi), with 15.

Table 5: Labor Market Regulations in India

Labor Market Regulations		Mumbai	Delhi
Difficulty of hiring	Fixed-term contracts prohibited for permanent tasks?	No	No
	Maximum length of fixed-term contracts (months)	No limit	No limit
	Minimum wage for a full-time worker (US$/month)	125.37	134.82
	Ratio of minimum wage to value added per worker	0.63	0.68
Rigidity of hours	50-hour workweek allowed?	Yes	Yes
	Maximum working days per week	6.0	6.0
	Premium for night work (% of hourly pay)	0	0
	Premium for work on weekly rest day (% of hourly pay)	0	0
	Major restrictions on night work?	Yes	Yes
	Major restrictions on weekly holiday work?	Yes	No
	Paid annual leave (working days)	21.0	15.0
Difficulty of redundancy	Maximum length of probationary period (months)	3.0	3.0
	Dismissal due to redundancy allowed by law?	Yes	Yes
	Third-party notification if 1 worker is dismissed?	Yes	Yes
	Third-party approval if 1 worker is dismissed?	No	No
	Third-party notification if 9 workers are dismissed?	Yes	Yes
	Third-party approval if 9 workers are dismissed?	No	No
	Retraining or reassignment?	No	No
	Priority rules for redundancies?	Yes	Yes
	Priority rules for reemployment?	Yes	Yes
Redundancy cost	Notice period for redundancy dismissal (weeks of salary)	4.3	4.3
	Severance pay for redundancy dismissal (weeks of salary)	11.4	11.4
Research Questions	Unemployment protection scheme?	No	No

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	Health insurance for permanent employees?	Yes	Yes
	Courts or court sections specializing in labor disputes?	Yes	Yes

Source: Doing Business 2015, World Bank

Conclusion

India took a host of initiatives to ensure that doing business in the country becomes an easier process. While doing so, it took certain measures like reducing the registration fees for starting a business considerably, strengthening its minority investor protection etc. Though India dropped in the rankings in 8 of the 10 factors surveyed, it performed well by strengthening its minority investor protection. The only saving grace for India was the factor of 'protecting minority investors', the ranking on which jumped to 7th position from its 21st position last year. India by reforming its legal institution by strengthening legal protection of minority investors represented the level of equality holding in the country.

However, while it took series of steps to ease the process of doing business in the country, but it even took certain steps that complicated the process of carrying out business. It made filing of a declaration before the commencement of any business compulsory which actually complicated the process.

Though India and other nations in the world are progressively taking measures to improve the environment of doing business in their respective countries, but smartly designed regulatory reforms needs to be effectively implemented. They need to further strengthen legal institutions such as legal rights of borrowers and lenders, easier process to enforce contracts, addressing the concerns of labor market regulation etc. Such regulatory reforms will promote private sector growth by eliminating bureaucratic obstacles, reducing cost and time constraints to doing business and improving the efficiency of legal institutions. They can also have an important impact on perceptions of an economy's business environment. One important area of regulatory reform is the process for starting a business. According to the Survey carried out by the Organisation for Economic Co-operation and Development (OECD), on an average, halving the number of procedures required to start a business is associated with a 14% increase in the number of new business registrations.

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ECONOMIC

Macro Economic Dimension of India: Inflation Rates for the Month of October, 2014

General Inflation Rates in Indian States: October 2014 (%)

States	Rural	Urban	General
All India	**5.60**	**5.55**	**5.60**
Northern Region			
Jammu & Kashmir	4.83	8.07	5.22
Himachal Pradesh	5.98	4.78	5.77
Punjab	5.60	5.21	5.44
Chandigarh	3.67	5.66	5.80
Uttarakhand	6.60	4.07	5.71
Haryana	4.85	5.58	5.07
Delhi	1.97	4.34	4.19
Uttar Pradesh	6.68	6.27	6.59
Western Region			
Rajasthan	6.62	5.23	6.09
Gujarat	4.73	4.17	4.22
Maharashtra	4.89	5.12	5.06
Goa	7.83	5.59	6.68
Lakshadweep	8.48	6.69	7.50
Daman & Die	6.81	6.24	6.58
Dadra Nagar & Haveli	1.83	2.07	1.89
Central Region			
Madhya Pradesh	3.90	4.84	4.34
Chattishgarh	4.46	5.04	4.67
Southern Region			
Andhra Pradesh	3.70	5.51	4.37
Karnakata	4.03	7.81	5.89
Kerala	7.57	8.48	7.83
Tamil Nadu	4.34	5.73	5.10
Puducherry	5.41	5.58	5.54
Andaman & Nicobar Island	8.35	3.73	6.20
Northeastern Region			
Arunachal Pradesh	6.81		
Assam	6.41	7.96	6.47
Manipur	1.56	5.96	3.08
Meghalaya	15.28	10.09	14.14
Mizoram	7.46	5.88	6.60
Nagaland	13.72	7.33	11.13
Tripura	**10.99**	**10.46**	**10.85**
Sikkim	7.14	7.82	7.32
Eastern Region			
Bihar	7.37	6.24	6.98
Jharkhand	2.49	5.86	3.61
West Bengal	4.83	5.52	5.18
Odisha	9.83	7.37	9.03

All – India Inflation rate has come down from 7.86% in the month of August to 6.46% in the month of September 2014 along with its rural and urban decline. Amongst the states also the inflation rate has come down except for few states like Kerala, where its rural and combined rates have gone high from its previous month. Similarly in Odisha and Gujarat, the combined inflation rate has gone high from the previous month. For the month of September, Meghalaya has seen highest inflation with 14.30% and Andhra Pradesh has see lowest inflation with 4.

Source: State-wise monthly inflation rates are estimated from year on year Consumer Price Index (CPI) data of MOSPI. There is one month time lag in CPI data (New Series 2010=100) provided by MOSPI, Government of India.

ECONOMIC

Low Prices and Non-Viable Exports Make for Bitter Sugar Harvest

(Parthasarathi Biswas and Atikh Rashid, *Indian express*, November 07, 2014)

In Maharashtra and Uttar Pradesh (UP), the state Governments will be facing restive Cane growers as the sugar mills start to crush for the new season. Ex-factory prices of sugar are around Rs 27 per kg in Maharashtra and Rs 28 in UP today, lower than the already low levels of 2013-14. It is a reflection of falling global prices.

In 2013-14, India shipped out about 2.2 million tonnes of its 24.3 million tonnes of sugar production. But at 15.68 cents a pound — or Rs 21.22 a kg — it is unfeasible to export raw sugar out of Maharashtra, even assuming the Centre restores the Rs 3.30 per kg "incentive" that was given in the 2013-14 season. The current prices not only rule out exports, but politically more important, they make it impossible for mills to pay farmers even what they got last year. "At last year's cane prices, the average production cost of sugar works out to Rs 35 per kg in UP and Rs 30 per kg in Maharashtra where recoveries are two percentage points higher. We can pay up to 75 per cent of the average sugar realisation, which means a cane price of Rs 200-Rs 210 per quintal," sai Abinash Verma, director-general of the Indian Sugar Mills Association.

The possibility of a reduction in cane prices to align them with sugar realisations — which has not happened so far is something that even cane growers seem reconciled to. In UP, a cane price reduction of sorts has already taken place in the form of payment arrears: Mills in the state owe farmers some Rs 2,100 crore for cane that was procured in the last (2013-14) season.

All these factors are creating restlessness among cane growers and a challenge awaits for the state governments to work out the " right" price of sugarcane.

http://indianexpress.com/article/india/india-others/low-prices-and-non-viable-exports-make-for-bitter-sugar-harvest/
Date Accessed: 8.11.2014
(Devyani Bhushan)

What Companies Don't Tell You in Their Quarterly Earnings

(Malini Bhupta, *Business Standard*, November 07, 2014)

Every earning season, companies send their earning releases to the stock exchanges. The aim of these releases to inform the shareholder how the company has performed during the quarter. However it so happens that usually these releases are made to hide that information.

This is a point of urgency since "these companies have actively offered shares to investors (both retail and institutional) by going public". People who are shareholders in these companies thus have the right to be informed. Going by the current practice in the industry one can say that promoters and managements do not believe that investors have the right to access this information. Such discrimination is unjust for a person who wants to know how his investment is performing.

Quarter after quarter companies continue hiding their losses and any decline in their profits. It is left to the investor to delve into the financial statements. A common person usually, who usually lacks any expertise, is left to calculate any profit or loss on his own. "And if the company has done badly compared to last year but is showing an improvement sequentially, the company highlights the sequential increase in sales and profit. A comparison with the previous year is conveniently left out".

For example, when a technology company recently announced its results it claimed that its top line grew at 5.2 per cent sequentially. This was reported despite the fact that company's net profit didn't increase at all. "The company omitted the comparison even though the earnings per share are in rupee terms and therefore profit growth in rupee terms is important". The company came out with no explanation for this move.

Many big companies study their earnings and sales growth with analysts but never share it with retail investors or journalists. There are cases where companies don't allow journalists to attend conference calls between analysts and the management, thus blocking any medium of information for the public at large. When companies face some unforeseeable turbulences and incomes go up and down analysts are brought to understand the situation. But these studies are also not released with retail shareholders.

Institutional investors are also against this practice. "One large metals company in India never gives details on realisation per tonne of metal sold, which makes it impossible to judge how profitable its operations are. This company neither holds analyst meets nor does it entertain queries from analysts". One policy loophole which allows companies to get away with this practice is the lack of prescribed format for companies to file their earnings.

"In the U.S, the Securities and Exchange Commission (S.E.C) has a prescribed format called Form 10-K whereby companies have to give detailed disclosures on their operations and other matters to the regulator". It also includes a section where a detailed disclosure on the company's performance, which is backed by explanations.

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One such instance of an effective medium to gain information from companies is the quarterly report, which is attached to Form 10-Q filled by enlisted companies in the U.S. This form includes the management's discussions and analysis reports. India can learn from this model. The annual reports in India are useful to a certain extent, but it would be an added advantage if the investor also knows the details of the fiscal year, which is not currently included. "Till such time the regulator SEBI, does not demand better disclosure from companies, the retail investor will never be empowered and will lose out to the larger investors".

http://www.business-standard.com/article/opinion/what-companies-don-t-tell-you-in-their-quarterly-earnings-114110700096_1.html
Date Accessed: 12.11.2014
(Rohit Chauhan)

Direct Benefit Transfer (DBT) Scheme of the UPA Set to be Re-launched for LPG

(*Asian Age*, November 07, 2014)

The Direct Benefit Transfer (DBT) scheme of the United Progressive alliance (UPA) is all set to be re launched by the National Democratic Alliance Government (NDA) for distribution of Liquid Petroleum Gas (LPG) subsidy. The Petroleum ministry is getting ready to re launch a modified DBT scheme for LPG. The petroleum ministry is making sure that there is coordination between the oil companies and banks so that consumers get the LPG subsidy in their bank accounts, in a smooth manner.

Under the modified DBT scheme for LPG, consumers will get the cash subsidy in their bank accounts so they can buy LPG cylinders at the market price. All LPG consumers who join the modified DBTL scheme can receive the LPG cash subsidy either by linking their Aadhaar number to the LPG and bank database as the primary option. Otherwise, they will get the subsidy directly into their bank accounts without linking it with the Aadhaar as a secondary option.

The scheme will be re launched in 54 districts November 15 and all across the country by January 1, 2015. It is expected to save the government up to Rs 14,000 crores in subsidies.
Initially, when the NDA government had come to power, there was speculation that the government may discard the Aadhaar scheme started by the UPA. The NDA government is, however, set to go ahead with Aadhaar to implement social sector schemes including disbursement of subsidies.

http://archivev.asianage.com/india/cash-transfers-lpg-set-be-relaunched-614
Date Accessed: 8.11.2014
(Devyani Bhushan)

Sharpest-Ever Fund Cut for Rural Job Scheme

(Namrata Acharya, *Business Standard*, November 08, 2014)

While it is contemplating changes to the act, the Union Government has cut funds for MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act)- the largest job-creation program in the world.

"Between April and September 2014, the central government released Rs 13,618 crore to states, against Rs 24,676 crore in the same period last year." This accounts for nearly 45 percent in fund reduction for the scheme.

The scheme was launched in 2005 to provide 100 days employment to rural household at pre-determined wage rate. As per April 2012 revision, the daily wage was set between INR 122-189. Further, wage rates were increased in Bihar, Jharkhand, Andhra Pradesh, Mizoram, Nagaland, Sikkim and Tripura.

State-wise allocation of funds also reflects how the Centre has cut down on resources. In Maharashtra, fund allocation fell from 1,152 to 136 crore till September this year as compared to last year. West Bengal and Karnataka have witnessed similar trends. "While in the former, the fund release reduced from Rs 2,214 crore last year to Rs 1,782 crore, in the latter, it came down from Rs 774 crore to Rs 439 crore." District officials concur that there has been a crunch of resources under NREGA since the new government.

Higher wage rate has affected labour market in real estate and agricultural market. As of now, unskilled workers make up to INR 200 per day while semi-skilled worker get paid around INR 500-600 in the real estate market.

Central government is introducing reforms to link NREGA to agriculture. These include ensuring 60 percent of the funds are used for creating assets at the district level. According to the ministry, this is expected to bring in additional 25,00 crore investments in agriculture. "This apart, other changes would lead to deploying of an approximate Rs 8,000 crore for creating infrastructure like minor irrigation structures."

http://www.business-standard.com/article/economy-policy/sharpest-ever-fund-cut-for-rural-job-scheme-114110801336_1.html
Date Accessed: 11.11.2014
(Shriyam Gupta)

ECONOMIC

‘Make in India’ to Depend on Chinese Steel

(Krishna N. Das, *Reuters*, November 10, 2014)

In his election campaign Narendra Modi had criticised the UPA government for exporting iron ore and importing steel. However, his tenure as a prime minister has coincided with a surge of imports of both iron-ore and steel. India has enough capacity to meet the infrastructural demand for raw materials however, India’s steel imports from China doubled in April-September when compared to the previous year. Ironically the ‘Made in India’ initiative aimed to make India an export hub.

India, once a top exporter, has become a major importer of iron ore and coal despite having big reserves of both at home. Steelmakers are seeking higher import tariffs to counter the risk of being out-priced by Chinese steel makers. Currently, India’s steel industry is running at 20 per cent less capacity due to a paucity of iron-ore and coal. As per World Steel, India’s demand for steel may rise by 3.4 per cent in 2014, after 1.8 per cent growth in 2013. This demand could further be boosted by 6 per cent due to structural reforms in the economy.

China produces more steel in a month than India does in nine months. However, China may end up with a surplus of 100 million tonnes of steel every year due to slowdown, driving down its prices. According to A.S. Firoz, chief economist at a Steel Ministry unit, “A tonne of reinforcement steel produced in India for use in buildings can cost up to 15,000 rupees ($244) more than that from China.” In April-September shipments of steel to India jumped by 33 per cent when compared to the previous year, while imports from China soared by 108 per cent.

N.C. Mathur, president of the Indian Stainless Steel Development Association, said that “Through 'Make in India', Modi is saying that India should be the hub for the rest of the world... Instead something made outside India is coming into the country. That's a big threat. It's a week after week, month after month survival issue.”

http://in.reuters.com/article/2014/11/10/india-steel-china-idINKCN0IU03520141110
Date Accessed: 11.11.2014
(Afreen Faridi)

RGICS

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POLICY WATCH

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GOVERNANCE AND DEVELOPMENT

POLITICS AND GOVERNANCE

Centre Fixes Reimbursement Cap for States under Food Security Act

(Aloke TiKku, *Hindustan Times*, November 09, 2014)

The National Democratic Alliance (NDA) government has notified the first set of rules under the National Food Security Act (NFSA) to cap the reimbursement rate of grains bought by states from the open market to make up for possible short supply by the Centre. The Centre is mandated under the NFSA, passed last year, by the United Progressive Alliance(UPA) Government, to provide subsidised grains to the states for distribution to cover 67% of the country's population, roughly 800 million people. The states, in turn, have to sell rice, wheat and coarse grains to poor households for Rs. 3, Rs. 2, and Rs. 1 per kg, respectively.

According to the new rules, if the Centre is unable to provide a state's total share of grains, it will reimburse for the shortfall at a rate which is 1.25 times the minimum support price, minus the price at which it will be sold to the poor. However, the state will get paid according to the market price if that is lower. The Centre has also laid down a 60-day deadline to reimburse the states.

"The fact that after more than a year, the only rules that have been notified by the government of India are those pertaining to the food security allowance is reflective of the lackadaisical attitude of the Central government," said Biraj Patnaik, principal adviser, office of the Supreme Court commissioners. Patnaik argued that the Centre had not notified rules yet "for the maternity entitlements, the integrated child development scheme, public distribution system or the mid day meals programme".

http://www.hindustantimes.com/india-news/centre-fixes-reimbursement-cap-for-states-under-food-security-act/article1-1284048.aspx
Date Accessed: 10.11.2014
(Devyani Bhushan)

Crisis Loom over Banarasi Silk

(Alok Kumar Rai, *The Hindu*, November 06, 2014)

The silk industry in Varanasi is almost as old as the world's oldest living city. It is the world's most ancient cottage industry, dating back to over 2,500 years. It is also the world's largest cottage industry employing over five lakh people. Despite such strengths, the industry is ailing. People engaged in it are leaving; weavers have become labourers and traders are shifting to other modern forms of businesses. The culture, craft and tradition of Banarasi silk is under threat of extinction.

Governments and their institutions have recognised this — but they are not responding to the issues of the industry. The unorganised structure and the very nature of the business is a huge issue. The industry engages over 5,000 firms in different forms and functions. The size and structure of the industry restricts investments in automation, processing and dying of yarns, finishing, packaging and so on. Poor infrastructure, such as power and roads in the Purvanchal region, has further hit the entire chain, from production to sale. Besides, there are issues relating to marketing. The industry still follows traditional marketing practices and has been reactive and slow-paced in adopting contemporary fashions and designs to cater to the changing needs of customers. It has shied away from introducing innovations in product forms, design, usage, packaging, selling, texture, colour and so on. There has also been limited application of modern machines, technology and process in its supply chain. The business has failed to forge alliances with value chain partners.

Rather than social sops, what the world's oldest cottage industry needs is managerial and marketing intervention The conventional governmental model of "solution through expenditure" needs to be replaced by "solution through participation". The Government needs to step in with the required investment wherever the private sector is unable to do so. Hiring a brand ambassador, forging strategic alliances, establishing modern and contemporary design centres, establishing packaging and logistics facilities, creating machine and technology support systems, leveraging information technology, providing marketing research, training and consultancy are some of the specific initiatives that would ensure superior and sustained sales. Prime Minister is also the Member of Parliament (MP) from Varanasi. He has promised action to revive the industry. But time is running short.

http://www.thehindubusinessline.com/opinion/crisis-looms-over-banarasi-silk/article6571320.ece
Date Accessed: 08.11.2014
(Devyani Bhushan)

Pensioners to Get Digital Life Certificates

(*Daily Pioneer*, November 11, 2014)

The Department of Electronics and Information Technology has planned to digitalise the entire process of submitting life certificate by the pensioners in November every year. Prime Minister has launched a new scheme namely 'Jeevan Pramaan' where the life certificate of pensioners will be

linked with their Aadhar Card.

The Daily Pionner reported that, the PM while launching the scheme said, "After the push towards self-certification, this digital life certificate was another enabling mechanism which would benefit the common man. The move is expected to benefit over a crore pensioners employed with both state and central governments."

The Jeevan Pramaan scheme will do away with the requirement of a pensioner having to submit a physical Life Certificate in November each year, in order to ensure continuity of pension being credited into his account. The report states, "The Department of Electronics and Information Technology has developed a software application which will enable the recording of the pensioner Aadhar number and biometric details from his mobile device or computer, by plugging in a biometric reading device. Key details of the pensioner, including date, time, and biometric information will be uploaded to a central database on real-time basis, ultimately enabling the Pension Disbursing Agency to access a Digital Life Certificate. This will conclusively establish that the pensioner was alive at the time of authentication." Earlier, The earlier requirement entailed that a pensioner either personally presents himself before the Pension Disbursing Agency, or submits a Life Certificate issued by authorities specified by the Central Pension Accounting Office (CPAO).

At present, 50 lakh individuals draw pension from the Central Government alone. A similar number draw pension from State and Union Territory Governments. In contrary to reduce hardship of senior citizens through this scheme, it may leads to various new problems such as poor coverage of Aadhar Card, lack of digital infrastructure such as smart phone, computers and internet, poor knowledge of cyber operation and many more. The scheme will create a new market for cyber café operators. Pensioners deprived from digital technology will have to pay cyber café to get their self-certified life certificate, which was available free.

http://www.dailypioneer.com/nation/jeevan-pramaan-now-pensioners-to-get-digital-life-certificates.html
Date Accessed: 11.11.2014
(Jeet Singh)

Voting Made Compulsory in Gujarat's Civic Polls

(*Hindustan Times*, November 09, 2014)

Gujarat Local Authorities Laws Bill has been passed to make voting compulsory in Gujarat civic polls. The controversial bill, passed by the then Modi government, was not signed by the former Governor Kama Beniwal who contended that it violated Article 21 of the Indian Constitution. Beniwal had returned the bill in 2010 while remaking that "forcing voter to vote is against the principles of an individual liberty".

The bill provides for a penal action and punishment against a person who fails to vote in local municipal and panchayats elections. The bill was passed by the state assembly in 2009 while Congress had opposed it.

Gujarat Governor O.P. Kohli signed the bill after it was passed again in 2011. Municipal and panchayats elections will be held next year in Gujarat.

http://www.hindustantimes.com/india-news/compulsory-voting-bill/article1-1284330.aspx
Date Accessed: 09.11.2014
(Afreen Faridi)

GOVERNMENT

Draft Civil Aviation Policy Criticized by Experts

(*The Hindu*, November 12, 2014)

Experts criticized the draft civil aviation policy by stating that it lacked substance. Kapil Kaul, Chief Executive Officer of Centre for Asia Pacific Aviation said that the policy was more like a statement of intent. Experts pointed that the draft policy did not mention issues like aviation turbine fuel taxes, maintenance overhaul and repair (MRO) taxes, airport charges and general aviation.

Bilateral traffic in India would still remain constrained due to inability of Indian carries to deploy equal capacity. Amber Dubey, Partner and India Head of Aerospace and Defense at global consultancy KPMG mentioned the absence of Essential Air Services Fund (EASF) for loss making routes. The draft policy is silent on reclaiming MRO revenue that India loses every day.

"Overall, the draft civil aviation policy is not very helpful. The dozens of policy suggestions that the industry gave to the Ministry have been ignored. Indian aviation will continue to struggle for relevance, policy support and profitability", added Mr. Dubey.

http://www.thehindu.com/business/Industry/draft-aviation-policy-draws-flak/article6587522.ece
Date Accessed: 12.11.2014
(Afreen Faridi)

GOVERNANCE AND DEVELOPMENT

HEALTH

Non Communicable Diseases to Cost India $4.58 Trillion by 2030

(Lohit Jagwani, *Live mint*, November 06, 2014)

According to a report titled "Economics of Non-Communicable Diseases in India" published by the World Economic Forum and Harvard School of Public Health, Non Communicable Diseases (NCDs) and mental illness will cost India $4.58 trillion between 2012 and 2030. The report states that ill health affects economic growth in several ways including early retirement, negative expectations regarding employment and reduced productivity. The disease burden of NCDs also leads to increase of expenditure for health system, individuals and households. Cardiovascular diseases ($2.17 trillion) and mental health ($1.03 trillion) are the major contributors to the economic impact of NCDs.

NCDs include chronic respiratory diseases, cancer and diabetes. Diabetes is one of the fastest growing diseases in India. In 2012, more than 63 million people in the country were living with type 2 diabetes. According to the World Health Organization, an estimated 60% of all deaths in India are due to NCDs. NCDs represent the main cause of mortality and morbidity among older people in both developing and developed countries, particularly in India. NCDs are caused by factors such as tobacco use, harmful use of alcohol, lack of physical activity and poor diet. Among these factors, tobacco use is the most prevalent in people suffering from NCDs.

There have been many regulatory efforts to deal with the challenge of NCDs. The most prominent among them is the United Nation's goal to avoid 40% of premature deaths under the age of 70 caused by NCDs in all member-countries by 2025.
Experts believe that government needs to encourage preventive health to fight with the burden of NCDs. Primary prevention of NCDs built upon robust early screening and a strong healthcare infrastructure is a promising path for reaping favourable returns on investment in Indian context.

http://www.livemint.com/Politics/Zby15Ina0eFq8P7uAvSkeL/NCDs-mental-illnesses-to-cost-India-458-trillion-by-2030.html
Date Accessed: 8.11.2014
(Devyani Bhushan)

Government to Waive Clinical Trials for Two New Cancer Drugs

(Sushmi Dey, *Times of India*, November 07, 2014)

The government's top advisory panel on medicines- Drugs Technical Advisory Committee (DTAC), has recommended waiving off of clinical trials for two new cancer drugs, allowing them to be sold without testing on Indian patients. This, according to the panel, is permitted to cater to unmet medical needs. This move is significant as it comes despite a recent directive from the Supreme Court asking the government to be careful while approving clinical trials as well as new medicines. The two new Cancer medicines - Aflibercept and Trastuzumab emtansine - are used in treatment of metastatic colorectal cancer and metastatic breast cancer respectively.

The law allows waiver of clinical trial in Indian population, only for drugs approved outside India, if there is national emergency, extreme urgency, epidemic, or a disease for which there is no therapy. However, many health experts feel the proposed clinical trial waiver to the two cancer drugs is in violation of rules and can have serious implications on patients.

As per the DTAC's suggestions, Aflibercept can provide for a second line therapy for metastatic colorectal cancer. However, experts contest that by this logic even third-line therapy and fourth-line therapy can be approved without conducting clinical trials on Indian patients. However, there are also some who feel clinical trials can be waived for drugs that are available outside India for a specific period and which have therapeutic benefits. "Generally clinical trials conducted in India do not come up with new data. On the contrary, trials cost a lot of money which consumers have to pay later. Moreover, it unnecessarily causes a delay in entry of crucial medicines," says Amit Sengupta, co-convenor of Jan Swasthya Abhiyan, a public health advocacy movement.

http://timesofindia.indiatimes.com/india/Govt-panel-moots-clinical-trial-waiver-for-2-cancer-drugs/articleshow/45064193.cms
Date Accessed: 8.11.2014
(Devyani Bhushan)

GOVERNANCE AND DEVELOPMENT

Dementia to Affect 71 Million in Asia Pacific by 2050, China, India to top: Study

(*Micro Finance Monitor*, November 08, 2014)

Around 71 million people are likely to get affected by Dementia in the Asia-Pacific region by 2050. India is likely to have 12 million people who will be affected by it. This is likely to create a huge financial and healthcare burden on the country.

The study titled 'Dementia in the Asia Pacific Region' was prepared by Alzheimer's Disease International (ADI). Report highlighted many reasons for the three-fold rise in case of Dementia. These include limited awareness, inadequate resources to treat dementia, minimal policy response and lack of professional training to handle patients.

"As per the report the cost associated with dementia in the Asia Pacific Region currently stands at $185 million of which 70 percent is borne by advanced economies, which only account for 18 percent of the regional prevalence of the disease."

Importance needs to be given to educating and providing paid careers to family members so that dementia patient's care can be given to patients.

http://www.microfinancemonitor.com/2014/11/08/dementia-to-affect-71-million-in-asia-pacific-by-2050-china-india-to-top-study/
Date Accessed: 11.11.2014
(Shriyam Gupta)

AGRICULTURE

World Trade Organisation may Discuss India's Proposal to Amend Outdated Norms for Calculating Food Subsidies

(*The Economic Times*, November 10, 2014)

In July, India refused to ratify the trade facilitation deal at the World Trade Organisation (WTO) while seeking a permanent solution regarding government subsidies on food grains for food security. India provided minimum support price (MSP) for 25 crops (such as rice, wheat, cotton, soyabean, sugarcane, bajra, maize, ragi, arhar, moong, urad, nuts, sunflower seeds, sesamum, nigerseed, barley, gram, lentil, rape seed, safflower, toria, copra, and jute) from 2004-2013. As per officials India may accept the indefinite peace clause offered by the United States rather than the four-year immunity for breaching the subsidy cap on farm products.

India proposed amendments to the outdated WTO norms for determining farm subsidies. These norms are based on 1986-88 global food prices even though food prices have soared and inflation in India has increased by 650 per cent since then. Currently food subsidies are capped to 10 per cent of the value of total production of the particular crop which are priced as per 1986-88 rates. India's subsidy value reached 7 per cent value of production in case of rice in 2010-11. India proposed to amend WTO norms on food procurement either by revising rates, by shifting the base year to recent times or by factoring in inflation while determining subsidies. This would help developing countries procure food grains from farmers at MSP and sell them at subsidised rate to the poor without violating WTO norms on food procurement. The WTO committee may discuss this proposal by India to amend the outdated WTO norm that has serious consequences on food security in developing nations.

http://articles.economictimes.indiatimes.com/2014-11-10/news/55955739_1_public-stockholding-peace-clause-trade-facilitation
Date Accessed: 11.11.2014
(Afreen Faridi)

Current Agricultural Growth Rate will Not Meet World Food Demand in 2030: GHI

(Jitendra , *Down to Earth*, November 06, 2014)

The Global Harvest Initiative (GHI) in its latest report stated that the world would face a huge food crisis in the next three decades, if production grows at the present rate. As per the trend, India will only be able to meet 59 per cent of its total food demand by 2030.

In its annual report titled 'Global Agricultural Productivity Report' (GAP Report), the institute measures the growing

Source: The Economic Times

agricultural productivity amidst rising population and demand. Its members include Monsanto, Accenture, DuPont Pioneer, Elanco and John Deere.

The study is critical of India's subsidy policy. It points out that there has been eight fold increase in the government subsidy to farm sector between 1990-1991 and 2006-2007. Such areas, with access to subsidy, underperform as compared to areas that do not get subsidy. Also, it highlights that 'misuse' of fertilizers rather than 'overuse' or 'overdependence', puts 60 per cent of agricultural land at risk.

Sub-Saharan Africa is likely to face the major crisis with countries being unable to cater to about 85 percent of the total food demand. They will have to rely on food assistance and imports to survive. East Asia, with current growth in agricultural productivity, will only be able to provide for 67 percent of the total food demand by 2030. With growing productivity in Latin American nations, the region will be crucial source to cater to food shortage in Asia and Africa.

Private investment and innovation in agriculture will be crucial to tackle food shortage in the world. The report emphasizes the need for investment in "proven" strategies that increase productivity and conserve the natural resource base.

http://www.downtoearth.org.in/content/current-agricultural-growth-rate-won-t-meet-world-food-demand-2030
Date Accessed: 11.11.2014
(Shriyam Gupta)

SOCIETY

GENDER

High Rates of Abuse Faced by Women in India: UN Report

(*Deccan Herald*, November 11, 2014)

The United Nations World Population Fund and the International Centre for Research on Women (ICRW) in its report "Masculinity, Intimate Partner Violence and Son Preference" highlighted the high rates of abuse faced by women in India.

Amongst the women surveyed across the nation about 52 per cent reported to have experienced some form of physical, emotional or sexual violence in their lifetime. Physical violence included being kicked, strangled, knocked and burned. 60 per cent of men admitted to have acted violently against their partners. According to the survey, men who were experiencing economic distress were more likely to perpetrate violence against their partners regardless their age.

"The study puts the spotlight on the high prevalence of intimate partner violence in India." According to experts, there is a need to educate young men about the importance of sexual equality and respect.

"We need a holistic approach to tackling violence and deeply ingrained harmful norms," ICRW regional director Ravi Verma said in a blog post on the centre's website.

http://www.deccanchronicle.com/141111/nation-crime/article/60-cent-men-admit-beating-partners
Date Accessed: 11.11.2014
(Afreen Faridi)

SOCIAL JUSTICE

Child Labour and Unequal Destinies

(Harsh Mander, *livemint*, November 07, 2014)

India has the highest number of child workers. One good way to understand this malady is to understand how our country's law identifies and defines child labour. Child labour in India is prohibited in what are notified as hazardous occupations. This safeguard is also in place for children up to the age of 14.

Children are widely employed in our country. They are mostly trapped in the unofficial sector working as domestic helps. Children are gullible and more vulnerable to exploitation. They are often abused and under-paid. They are employed in mines because tunnels are too small for a full grown person to crawl through. Children are also widely employed in cottage factories such as carpet weaving where their nimble fingers prove very efficient.

The problem is so widespread that people have become indifferent to the situation. The estimates which are based census conducted by the National Sample Survey Organization (NSSO) cannot be accurate. Surveys often fail when it comes to children since they are "powerless and invisible". The very definition of child labour is exclusionary in that it says child labour is work done by children for remuneration in the market. Going by this definition around 5 million are already in work.

Children often miss out on education because they take care of their siblings or are involved in household work. Some activists and scholars argue that the children who miss out on school should also be considered child workers, including these. If we go by this definition then 15% of our total child population is involved in work. The recorded number of such children in Bihar is 28%.

"The India Human Development Report 2011 establishes that a child's chances of being in labour instead of in school are significantly higher if she is born into a Dalit, Adivasi or Muslim household. In particular tribal children are twice more likely to be child labourers than upper caste children". The major of section of children are employed in agriculture, followed by manufacturing, trade, hotels and construction.

The "collective tolerance" of this social evil can be attributed to the ideas of caste system prevalent in our society. Some believe that the children from the lower castes need to continue in the trade of their parents. They also consider that intellectual vocations are reserved only for the higher castes. The problem also lies in how we view labour. School education hardly promotes the dignity of labour.

Even when children from these disadvantaged groups get admissions to schools face discrimination. "The India Exclusion Report 2013-14 of the Centre for Equity Studies portrays how children from Dalit backgrounds report neglect, segregation and humiliation by teachers and peers, and Muslim children stereotyping, which also spur them to drop out of school and work".

Poverty is often blamed for child labour. Cash advances to poor families and their inability to repay these sums often lead to a child in debt bondage. However poverty is not the reason behind child labour if we look at the bigger picture.

SOCIETY

"It is child labour which is the cause of persisting poverty. Unless a child enters and stays in school, she will never be able to escape the impoverishment of her parents. And if children opt out of work, the work will have to be given to adults, who in turn will be better able to support their children and send them to school".

http://www.livemint.com/Opinion/vY3TDfsNTdKVuNKwU1dfbM/Child-labour-and-unequal-destinies.html
Date Accessed: 11.11.2014
Rohit Chauhan

Assam Cops Get Training to Handle Cases of Witch Hunting, Trafficking and Child Labour

(*Free Press Journal*, November 10, 2014)

Assam Police is all set to deploy trained police personals to handle cases of witch hunting, human trafficking and child labour. According the news article published in Free Press Journal, Assam government has trained up 145 sub-inspectors and havildars specifically to deal with the such crimes. Assam Police said, "The police personnel have been trained up at the police training college at Dergaon in Golaghat district as part of their pre-promotion orientation. This is for the first time that police personnel in our state are being trained up on such crimes." These officials will soon be deployed in the police stations across the state, particularly in those areas where such cases are on rise.

According to the article, people being branded as witches for allegedly practicing black magic, attacked and killed has become a serious issue in the Assam in past several years. According to government statistics, over 140 people have already been killed in such attacks since 2002 while 85 cases of witch hunting have been registered since 2008 till March this year.Twelve districts in Assam out of total 27 have registered increase in witch hunting cases. Although about 500 people have been arrested in these cases, the investigation into many cases is long pending due to shortage of police officers with detailed knowledge of these issues. In addition, over 280 cases of trafficking of women and children have been reported in Assam from 2011 to Feb 2014. The success rate in investigation of trafficking cases is also poor.

The Assam Police aims to speed up investigation of such crimes and deter any such incidents through this initiative. The police said, "Women and children are taken out with the promise of good jobs or education but fall victim to traffickers and have been rescued from brothels in Mumbai, Goa, Bangalore and other cities. Minors have been rescued from hazardous factories in metros."

http://freepressjournal.in/assam-cops-get-training-to-handle-cases-of-witch-hunting-trafficking/#sthash.32vXT6kp.dpuf
Date Accessed: 11.11.2014
(Jeet Singh)

DEMOGRAPHY

'Ageing Well must be Global Priority', Warns UN Health Agency in New Study

(*UN News Centre*, November 06, 2014)

The United Nations (UN) health agency predicted that the population, aged 60 or older, would increase from 800 million to two billion in the next four decades. 80 percent of this older persons population will be living in low-income and middle-income countries. Such an escalation will mean higher levels of chronic illness and diminished wellbeing what will create pressure on the health system.

By 2020, for the first time, the number of people aged 60 will outnumber children younger than 5 years. High-income countries have witnessed increase in longevity due to "reduced tobacco use and high blood pressure, improved coverage and effectiveness of health interventions." However, the report suggested that longer life did not necessarily mean healthier life.

The World Health Organization (WHO) report stresses on reforming health systems to effectively respond to chronic diseases in the aged population. Extending affordable health care, "changing policies to encourage older adults to remain part of the workforce for longer, emphasising low-cost disease prevention and early detection rather than treatment, making better use of technology" are crucial to address the challenge.

Long-term burden of illness not only affects patients but also their families, health systems, and economies. The report cautions that if the well being of the aged does not receive a policy response, it may lead to a health crisis. Responsibility of the old goes beyond the health sector.

http://www.un.org/apps/news/story.asp?NewsID=49275#.VGHfv15tIpF
Date Accessed: 11.11.2014
(Shriyam Gupta)

INDIA AND WORLD

INTERNATIONAL AFFAIRS

Why India Needs to Sign the Totalisation Pact with the US

(V. Balakrishnan and Girish Srivastava, *Economic Times*, November 07, 2014)

A totalisation agreement is a social security agreement that eliminates dual social security taxation. Both in the home country and where the employee works. India has in the past signed this agreement with various countries in Europe. However we haven't successfully been able to facilitate such an agreement with the U.S.

Of the $100 billion software India exports worldwide, 60% is to the USA alone. The number of Indians living in U.S is close to 300,000. This community pays around $2 billion every year in the name of social security. However, most of them cannot avail the benefits of this service. The reason is that one needs to contribute for at least 10 years to access these services in the U.S. Most Indian's who go to the USA get the H1 visas which are valid for three years and extendable by three more. So people on these visas can stay in that country for a maximum of period of six years only, thus they fail to meet the criteria for accessing social security. But nevertheless they have to pay for it.It is clear that people with a H1 visa, even though they contribute equally, can never clear the criteria. A totalisation agreement is needed for Indian's in the U.S, who do not meet the criteria, to get any use out of this tax they are paying.

On their part the two U.S administration bodies, namely the Social Security Administration and the office of the U.S Trade Representative (USTR) indicate that there is a "statutory obstacle in the way of such an agreement". The rationale is that the U.S can enter into a totalisation agreement with a foreign country only if that country has a social security system. Going by that statute India's present social security system doesn't meet the criterion.

India lacks a social security system. Provident fund and mandatory saving plans are the two things that come near to a social security system in India, but they also don't meet the U.S criteria of a social security system.

On his recent visit to the country a joint statement was released about a commitment to increase the current trade between the two countries. "The Indian IT services industry is one of the largest employment creators with more than 3 million workers. If the government is really serious about job-creation and increasing exports, it should put the totalisation agreement with the US on top of the bilateral agenda".

The situation is urgent as the IT industry is evolving from a service-led model to a product (intellectual property)-led model. This requires free movement of resources between the two countries for employees to realize the full potential of their contribution. India can use its position as the largest defence equipment importer for the U.S to leverage such an agreement, which would facilitate better conditions for Indians working abroad.

http://blogs.economictimes.indiatimes.com/et-commentary/why-india-needs-to-sign-the-totalisation-pact-with-the-us/
Date Accessed: 11.11.2014
(Rohit Chauhan)

OPINIONS/BOOKS

OPINIONS

In the Time of Ebola

(*Economic and Political Weekly*, November 10, 2014)

Health care systems to tackle Ebola in West Africa are significantly insufficient to handle the disease. Not only are there no cure, but minimal interventions such as rehydration or blood transfusions that could reduce mortality are unavailable. Presently, Ebola has taken 5,000 lives and in the worst affected states (Liberia, Sierra Leone and Guinea) casualties include doctors and nurses.

A decade back, a Canadian-American scientist developed a vaccine back for Ebola in monkeys. Around $1.5 billion was required to make this product marketable for humans. However, neither the government nor the pharmaceutical companies showed any interest. "Clearly, a disease that was considered restricted to poor countries in Africa was not a profit-making proposition for drug companies." Only when Ebola is spreading beyond the African boundaries, has the world woken up to respond to the challenge.

Besides, funds and medical supplies the affected areas are in desperate need of doctors and trained professionals. "Liberia has only 51 doctors for a population of 4.2 million; Sierra Leone has 136 for 6 million people. Yet, no government has offered to send people." Cuba is the only country that has sent nurses and doctors. But given the scale of the problem, this is not enough. Moreover, Countries like China and India need to be prepared to handle the disease. These nations are especially vulnerable because of high population and urban density.

Other practices to prevent the spread of Ebola include checking people at airports or denying entry to individuals who have visited affected areas. However, such efforts are creating panic amongst the public and promoting racial profiling of Africans. Dangerously, its discouraging volunteers and taking away attention from any real help that needs to be provided.

The break of Ebola also has lessons for the world. It shows us that diseases that break out in poor countries will eventually make it to rich ones. Thus, governments need to invest in research and not depend on pharmaceutical companies to take the entire load.

http://www.epw.in/editorials/time-ebola.html
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(Shriyam Gupta)

Why are Foreign Investors Leaving?

(Aarati Krishnan, *The Hindu BusinessLine*, November 07, 2014)

The current BJP government in the centre is trying hard to convince foreign investors to invest in India through Foreign Direct Investment (FDI). At the recently concluded India Economic Summit the Finance Minister Arun Jaitley promised a spate of measures on issues that vex foreign investors: retrospective taxation, land acquisition laws, mining rights and labour reforms. But the question remains whether these measures boost FDI in India.

In recent past, India has witnessed closure or a scaling down by several world players in retail, manufacturing, financial services, cellular services etc. Some examples are Nokia, Posco, ArcelorMittal, Fidelity, AIG, ING, New York, Walmart and Carrefour.

One such example is Nokia, which recently closed its operations at its mobile phone manufacturing unit near Chennai. The immediate factor was unresolved tax dispute with Indian authorities. In 2013, the Central Board of Direct Taxes (CBDT) raised a bill of this unit for not deducting tax on a royalty payment it made to its Finnish parent for software used in mobile handsets. The case went to court and by the time that Nokia was bought by Microsoft the bill swelled to Rs 21,000 Crore. The CBDT froze the unit's assets and Nokia finally decided to shut its shop. It remains a mystery why the tax authority waited for seven years to raise the bill or how did the bill amount to such a mammoth amount.

Other reasons for this move could be the declining market share of Nokia. The Chennai facility manufactured older feature phones. The other reason could be the shortage of skilled labour and infrastructure, for running a full-fledged manufacturing plant. The Chennai Unit mainly was an assembly line for imported components, using the readily available cheap labour. Rising labour costs and the falling rupee could have easily been other reasons for the move. To prevent the repeat of such instances where thousands of people are left jobless policy makers should come out with a transparent tax mechanism that minimizes tax evasions. This still does not explain why Vodafone which was levied a huge tax still chose to stay back in India and continue business. Vodafone continues to have a strong presence in the Indian market. It remains to be explained why some companies have left all together but why some like Vodafone stay back.

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On the other hand global metal majors like Posco, ArcelorMittal and Vedanta group shelved their products citing red tapism, land acquisition delays and non-availability of mines as the immediate reasons. In 2013, when POSCO scrapped its million tonne steel plant in Karnataka it blamed market conditions and delays in acquiring land as the main reasons behind the move. However, the company has continued with its Odisha even when it faced the same hurdles there. Other reasons that have been attributed to the move are slowdown and oversupply in the domestic market.

A belief that opening up more sectors to FDI would directly lead to a surge in foreign investments exists wide and large. FDI norms should be made with a social objective in place. Can Foreign investment in construction can be useful to provide affordable housing when our realty firms are debt ridden? Or can FDI be used to provide insurance to more people at a time when our insurance companies are in loss. The answer is no because the nature of capital investment is such that it seeks to maximize profit, the policy makers of the government need to understand that foreign investors may not be interested in investing in these loss-making sectors. Our attitude to FDI needs a revision. Opening up of sectors should be selective and done after consultations with prospective investors. Clear policies and guidelines on tax, land acquisition and labour rights are the changes that can go a long way in retaining these investors and inviting new ones.

http://www.thehindubusinessline.com/opinion/columns/why-are-foreign-investors-leaving/article6575215.ece?homepage=true
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(Rohit Chauhan)

Gujarat's Lag in Household Power Consumption

(Rajiv Shah, *Times of India*, November 10, 2014)

The state government of Gujarat has at multiple instances attributed the state's economic progress to the performance of its power sector. The policy makers of the state have repeatedly claimed, citing government if India data as evidence that, "Gujarat's power consumption in per capita terms is one of the highest in India". In an interview conducted last year Gujarat's Chief Secretary D Jagatheesa Pandian quoted Central Electricity Commission figures where consumption of electricity in Gujrat was 1,516 units per capita as against the national average of 879 units. Even though this shows that the state's utilities department is performing well, however, other things remain to be analysed.

In 2013 Gujarat's per capita consumption was among the highest in India. But consumption in Punjab was the highest; where the average was 1,799 units (Gujarat's was 1,663.2 units). According to the latest data by national Sample Survey Organization (NSSO) suggest that "while Gujarat may be ranking No 2 in per capita power consumption, when it comes to power consumption to individual households, the state is just an average performer – ranking a poor tenth in rural areas as well in urban areas out of 20 major states".

It is difficult to understand this trend. One reason can be poor purchasing power. One needs to understand how per capita power consumption on the basis of government of India is done. Data of all consumers including domestic, commercial, industrial, agricultural, the government and its agencies, public utilities, including street lights, water works and railway traction is taken together to calculate the average. "Of the 67,961 million units of power consumed in 2013, industry consumed the highest – 28,372 million units, or 42 per cent, followed by agriculture, 22 per cent (15,124 million units). Domestic electricity supply made up of a little less than 16 per cent of the total – or 10,739 units".

If we isolate domestic power consumption, which can be done through the NSSO data, then it reveals the trends about power consumption of different sectors In Gujarat. The NSSO report titled "Household Consumption of Various Goods and Services in India, 2011-12", which was based on a country wide survey mentions that household power consumption in rural areas in the state of Gujarat was 10,7 per capita per month. This is less than at least 10 other major states through India. It is the same case for urban household power consumption which is 23.6 units per month, again less than at least nine other major states.

"In fact, for the rural areas, the top ranking state in per capita per month household power consumption is Himachal Pradesh, with 31.9 units, followed by Punjab 23.1 units, Kerala 17.8 units, Tamil Nadu 17 units, Jammu & Kashmir 16.4 units, Haryana 15.8 units, Andhra Pradesh 15.7 units, Uttarakhand 13.7 units, and Maharashtra 11 units. The scenario is not very different for the urban areas, where the top ranking state is, again, Himachal Pradesh, with per capita per month household power consumption of 48.6 units, followed by Tamil Nadu 36.4 units, Punjab 35 units, Haryana 36.6 units, Kerala 29.7 units, Jammu & Kashmir 29.2 units, Maharashtra 27.7 units, Andhra Pradesh 25.6 units, and Odisha 23.9 units".

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According to the state governments own data from "Social Economic Review", released in July 2014 domestic power consumption rose from 14 percent in 2009 to 15.8 percent and of agriculture from 21.1 percent to 22.3 percent, but industrial power consumption rose more than both. Industrial power consumption rose from being 35.3 percent of the total power consumption to 41.8 percent in 2013. It clearly indicates that the domestic and agriculture have been left behind.

This indicates that even though there has been a phenomenal rise in power production in the state, the domestic power consumption has not risen simultaneously.

http://blogs.timesofindia.indiatimes.com/true-lies/gujarats-lag-in-household-power-consumption/
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(Rohit Chauhan)

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