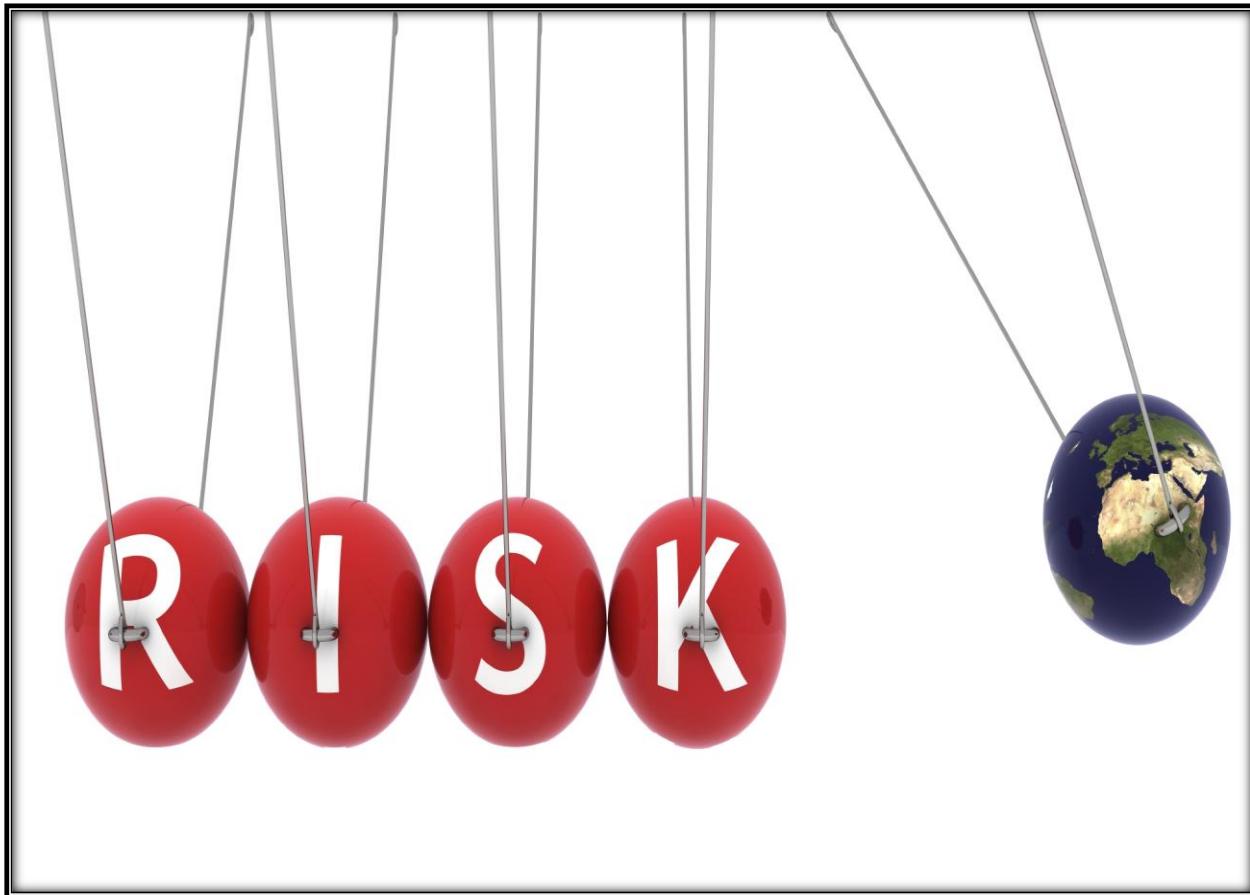


RGICS POLICY WATCH

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Poor Credit management in Banks leading to increase in Non-Performing Assets



Source: http://logbaby.com/news/-amcon-acquired-n400_16361.html

WEEKLY ROUND UP OF NEWS ON POLICY

Issue Coordinator: Ms. Divashri Mathur

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Poor Credit management in Banks leading to increase in Non-Performing Assets

In a bank dominated economy such as India, the asset quality of the banking system has important implications for the stability of the overall financial system. The general perception about a bank's health is greatly determined by the level of non-performing assets (NPAs) held in its books. It is, therefore, not surprising that the current spurt in NPAs in banks has attracted a lot of attention.

What is a Non-performing asset?

Non-Performing Assets (NPAs) is a debt obligation where the borrower has not paid any previously agreed upon interest and principal repayments to the designated lender for an extended period of time. The nonperforming asset is, therefore, not yielding any income to the lender in the form of principal and interest payments. Thus, an asset can be termed as NPA in following situations.

- Earlier assets were declared as NPA after completion of loan and 30 days grace period.
- Non- performing asset (NPA) shall be a loan or an advance where:
 1. Interest and/or instalment of principal remain overdue for a period or more than 90 days in respect of a Term Loan
 2. The account remains 'out of order' for a period of more than 90 days in respect of an overdraft/cash Credit(OD/CC),
 3. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
 4. The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
 5. The instalment of principal or interest thereon remains overdue for one crop season for long duration crops. Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.
 6. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
 7. In respect of derivative transactions, the overdue receivables representing positive mark-to market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

The business of banking essentially involves intermediation – acceptance of deposits and channelling those deposits into lending activities - and credit risk is direct fallout of this intermediation process. Certain amount of default and impairment of assets are likely to show up in the normal course of banking business and hence, credit risk management assumes a critical role in ensuring that such impairment is contained to a minimum.

When banking was simple, credit risk management was also straightforward. Lending decisions were made on impressionistic basis as the banks knew their borrowers and their businesses quite closely and hence they did not appreciate a need to collect and process elaborate information/data for supporting their credit decision making framework. Over time, as banking activities diversified and became more complex and the products became more sophisticated, risks also increased and became more complex. Although, the risks from intermediation became more transmissive and contagious, the evolution in the credit risk management failed to keep pace. The failure of the banks to collect and analyse granular data/information on various elements of credit risk is one of the major reasons why the banks failed to foresee the impending problems.

Evolution of NPA: Credit risk management is interlinked with the regulatory framework

Indian banks have dealt with credit risk over the last two decades, the present state of asset quality of Indian banks and the various factors that have contributed to the present situation is worrisome.

- **Until mid-eighties**, the management of NPAs in India was left to the banks and the auditors. In 1985, the first-ever system of classification of assets for the Indian banking system was introduced. This system, called the 'Health Code' system, involved classification of advances into eight categories ranging from 1 (Satisfactory) to 8 (Bad and Doubtful Debts).

- A significant change came in April 1992 with the introduction of prudential norms on income recognition, asset classification and mathematical methods for the computation of provisioning requirements. A graded norm for NPA recognition was brought-in, beginning with a four quarter norm for classification of advances as non-performing.
- With the introduction of 90-day norm for classification of NPAs in 2001, the NPA guidelines were brought at par with international standards.

During the early 1990s, restructuring was introduced. The guidelines required that standard assets, where the terms of the loan agreement regarding interest and principal had been renegotiated or rescheduled after commencement of production, be classified as sub-standard. In 2001, the instructions were further strengthened to clarify the asset classification treatment of restructured accounts prior to commencement of production as well.

The classification of advances as per the newly introduced “prudential norms” enabled a proper assessment of the extent level of non-performing assets in the Indian banking system for the first time. The initial figures for the NPAs in the system were quite high and hence, created sufficient incentive for the regulators and the banks alike to bring them down to manageable levels. Over time, as the banks introduced improvements in credit risk management systems and processes, the headline NPA ratios declined appreciably. Empirical evidence, thus, indicates that increased stringency in regulation facilitated reduction of NPAs.

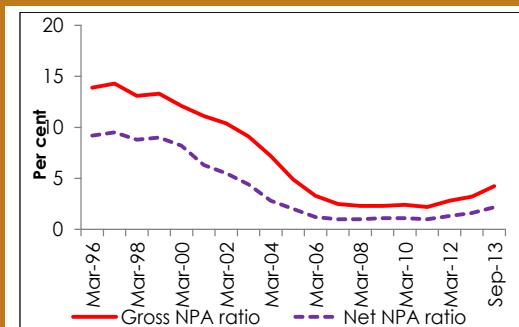
Trend in Non Performing Assets		
Period	Average GNPA (in per cent)	Average NNPAs (in per cent)
1997-2001	12.8	8.4
2001-2005	8.5	4.2
2005-2009	3.1	1.2
2009-2013	2.6	1.2
Mar 2013	3.4	1.7
Sep 2013	4.2	2.2

There is a tendency to ask for relaxation in NPA regulations whenever NPA levels rise. However, the empirical evidence suggests such relaxations lead to the opposite result. Past experience highlights that stringency in regulation pre-empts any slackening in credit appraisal and monitoring standards by the banks and forces them to be on a constant vigil against impending delinquencies in their asset portfolio.

NPA trends – Reflecting regulatory initiatives

Trends in assets quality

During early 1990s, NPA rose as an impact of prudential norms. Thereafter the NPA ratio declined because of improved risk management, increased write offs, rising credit growth, robust economy, abundant liquidity and increased restructuring. The pace of introduction / tightening of regulatory reforms were slowed after 2001. Regulatory norms were not further tightened during the “good” pre-crisis years which were reflected in poor credit standards and increased delinquencies. Restructuring increased as regulatory requirements were relaxed, especially in the post crisis years. But in recent years, NPA ratios have been rising, though on an average, the ratios are not higher.



Average NPA in %	GNPA	NNPAs
1997-2001	12.8	8.4
2001-2005	8.5	4.2
2005-2009	3.1	1.2
2009-2013	2.6	1.2
Mar 2013	3.4	1.7
Sep 2013	4.2	2.2

Divergent bank group-wise trend

- During 1996-2003, NPA ratios declined for PSBs and rose for other bank groups

- During 2003-06, NPA ratios declined for all bank groups
- During 2007-09, NPA ratios of NPBs And FBs increased; but then declined after 2009, the ratio rose sharply for PSBs

Share of PSBs has been disproportionate and increasing in recent years

Share in total bank credit	Mar-03	Mar-07	Mar-08	Mar-09	Mar-13	Sep-13
PSBs	74.0	72.8	72.5	75.2	76.2	75.3
OPBs	6.2	4.7	4.5	4.3	4.6	5.0
NPBs	12.8	16.2	16.4	15.0	14.8	14.7
FBS	6.9	6.4	6.5	5.6	4.5	5.0

PSBs: Public Sector Banks;
FBs: Foreign Banks.

Banks;

OPBs: Old

Private

Sector

Banks; NPBs: New

Private

Sector

Banks;

NPA trend over the last decade

Slippages and write-offs have increased since the crisis years. New accretion to NPAs exceeds reduction in NPAs post crisis (slippages, i.e. fresh accretion to NPAs during the year, provide a better metric to assess the credit management system in banks).

All amount in (Rs crore)		2001-2013	2001-2007	2007-2013
NPAs at Beginning of the period		60,434	60,434	50,513
New Accretion to NPAs during the period		624,772	159,072	465,700
Reduction in NPAs during the period		492,006	168,993	323,013
	Due to upgradation	110,918	24,003	86,915
	Due to write-off	203,616	73,941	129,675
	Due to actual recovery	177,473	71,049	106,424
NPAs at End of the period		193,200	50,513	193,200

Recovery & write offs- associated moral hazard

- Write-offs contributing significantly in reduction in NPAs.
- Reducing incentive to improve recovery efforts
- Slippage exceeding reduction in NPAs especially post crisis
- The trends indicate weaknesses in credit as well as recovery management

Gross NPA in itself not a problem but in conjunction with restructured advances they have emerged as a major issue

Restructured accounts trend

- Mixed trend was seen in early 2000s
- During 2008/09 a sharp uptick was seen due to the one time regulatory dispensation.
- Continued high growth rate of the restructured account thereafter.

Use and misuse of Restructured account trend

Forbearance is a necessity, especially for viable accounts facing temporary difficulties. But, increasing evidence of misuse of facility for “ever- greening” of problem accounts by banks. Restructuring of unviable units was done. Deserving & viable units especially for small borrowers get overlooked.

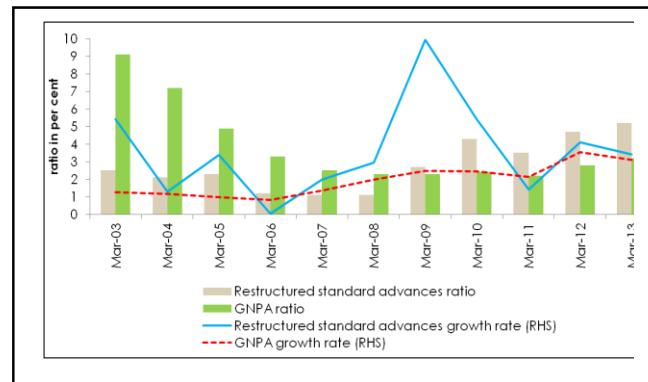
	Upgradation as % of reduction in NPAs	Write off as % of reduction in NPAs	Recovery as % of reduction in NPAs
Mar-01	12.6	39.3	48.1
Mar-02	12.0	49.4	38.7
Mar-03	16.0	50.7	33.4
Mar-04	12.3	48.3	39.4
Mar-05	15.2	39.0	45.8
Mar-06	15.2	40.2	44.6
Mar-07	14.5	42.5	42.9
Mar-08	17.4	40.7	41.8
Mar-09	23.8	39.6	36.6
Mar-10	21.3	50.2	28.4
Mar-11	24.2	42.4	33.4
Mar-12	31.7	33.4	34.9
Mar-13	33.1	37.8	29.2

Restructuring is increasingly used as a tool of NPA management by banks.

Recovery

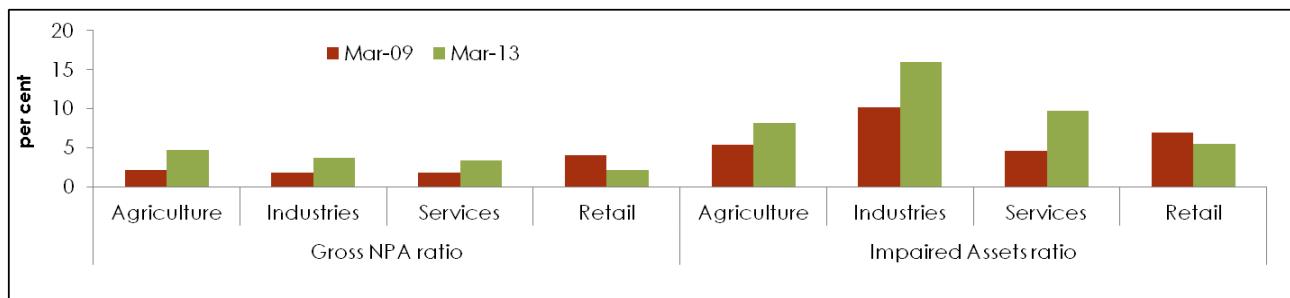
- Only less than 10% of the total amount written off (including the Technical Write-off) is recovered.
- The amount of restructuring and write-offs distorts inter-segment comparison of credit quality.
- Technical write-off creates moral hazard and creates a dent in overall recovery efforts.
- Banks should be given the freedom to decide whether the cases involve restructuring or not.

All Banks (%)	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13
GNPA Ratio	2.4	2.5	2.3	2.9	3.4
(GNPA + Rest. Std. Adv) to Total Adv.	5.1	6.7	5.8	7.6	9.2



Segment wise NPA Trends

Deterioration in asset quality was highest for industries' segment. Though banks devote fewer resources to the administration of small credits vis-à-vis larger credits, within industries segment - deterioration driven by medium and large enterprises had 50% share in NPAs.



Impaired Assets ratio

in %	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13
Micro+Small	10.7	10.6	9.4	9.7	10.6
Medium+Large	7.8	9.4	8.0	11.2	14.8

Infrastructure finance – significantly affected

- Infrastructure projects proved a strain on banks
- regulatory, administrative and legal constraints
- Banks' took inadequate cognizance of the need for contingency planning for large projects in their appraisal absence or insufficiency of user charges

Large ticket advances – greater share in restructured accounts

Restructuring was mainly provided primarily to large corporates

- medium and large accounts make up over 90 per cent of restructured accounts
- larger ticket accounts hold major share in CDR

Impaired Ratio

In %	Mar-09	Mar-13
Mining	4.0	8.2
Iron and Steel	9.3	16.9
Textiles	16.7	21.3
Infrastructure	5.0	18.0
Real Estate	2.5	2.0

The data for ‘Medium & large’ and ‘micro & small pertains’ to industries and service sector

in %		Mar-09	Mar-10	Mar-11	Mar-12	Mar-13
Share in total bank credit	Micro+Small*	10.1	11.4	12.0	10.8	10.7
	Medium+Large	39.9	42.9	45.0	46.8	48.4
Share in total bank NPA	Micro+Small	16.1	20.4	21.1	17.5	17.2
	Medium+Large	23.8	28.7	27.5	37.7	48.8
Share in total bank restructuring	Micro+Small	12.2	7.7	7.7	4.3	3.4
	Medium+Large	77.4	69.6	71.1	83.0	90.8

Major Reasons for increase in NPA

Primitive Information Systems

- Improvements in information systems were not coincident with increased size of asset portfolio, increasing complexities in credit management by banks
- Banks ability to manage the quality of their asset portfolio remained weak given the lack of granular data on slippages, early indications of deterioration in asset quality, segment wise, trends, etc.
- Banks failed in identifying / arresting the early pre-crisis trends – from 2005-06 - in asset quality deterioration
- **Slow economic growth is one of the causes of decline in asset quality, but other factors are responsible too.**

Asset quality of PSBs: economic downturn or sub-optimal credit management

Recent increase in NPAs not reflected across all bank groups, though economic downturn faced by all banks. Early threats to asset quality are swiftly and effectively managed by private sector and foreign banks but PSBs suffer from structural deficiencies related to the management and governance arrangements. It is reflected in lacunae in credit management. Pre-dates the crisis, PSBs were not dealt with on time, unlike in the case of the FBs and NPBs

Lax Credit Management

Deficiencies in credit management crept in during the pre-crisis “good years”. **In general, banks with high credit growth in 2004-08 ended up with higher NPA growth in 2008-13.** The appraisal process failed to differentiate between promoter’s debt and equity. Promoter’s equity contribution declined / leverage higher.

Other factor

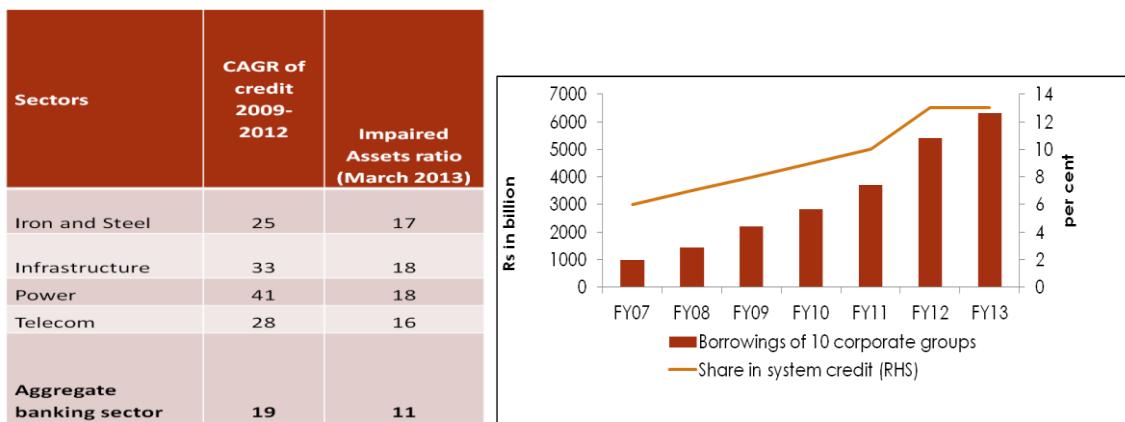
- Credit monitoring was neglected
- Recovery efforts slowed
- Legal infrastructure for recovery remained non-supportive
- Restructuring became rampant

Credit appraisal suffered

Credit appraisal system is poor at the time of sanctioning and also at the time of restructuring. Indebtedness of large business groups also increased. **Sample of 10 large corporate group’s credit was more than doubled between 2007 and 2013 even while overall debt rose 6 times.** Credit growth concentrated in segments with higher level of impairment. Lending elevated in several sectors where impairments were higher than average.

Indian corporate are accessing international markets to raise capital so, there is risk from un-hedged exposures, increase in interest rates, and the impact could spill-over to lenders. The project risks not take due cognizance of contingency planning for large projects.

And restructuring is extended to large corporate that faced problems of over-leverage and inadequate profitability. Companies with dwindling repayment capacity to repay debt were raising more and more debt from banks. So ability of corporate to service debt was falling and exposure of companies to interest rate risk was rising.



High credit growth in some sectors has led to decline in credit quality in subsequent periods. High incidence of advance related frauds are an outcome of deficient credit appraisal standards. Level of Leverage of corporate borrowers, credit growth, diversion of funds, sub standard assets and fraud cases are highly correlated. They are first order derivative of improper credit and recovery management

Assessing the resilience of the banking system

Current NPA levels - not alarming though could pose concern if current trends persist

Year	All Banks		PSBs		Old Pvt. Sec. Banks		New Pvt. Sec Banks		Foreign Banks	
	GNPA Ratio	NNPA Ratio	GNPA Ratio	NNPA Ratio	GNPA Ratio	NNPA Ratio	GNPA Ratio	NNPA Ratio	GNPA Ratio	NNPA Ratio
Mar 94	19.07	13.71	21.11	15.44	6.93	3.88	-	-	1.46	-0.65
Mar-95	15.31	10.46	17.12	11.98	7.35	4.12	2.21	0.93	1.62	-0.91
Mar-97	14.33	9.50	16.44	11.15	8.29	4.66	2.92	2.51	3.57	1.02
Mar-99	13.34	8.99	14.63	10.17	13.02	7.82	4.55	3.52	5.00	0.86
Mar-01	11.14	6.28	11.99	6.97	11.86	6.71	5.40	3.21	6.69	1.72
Mar-03	8.81	4.42	9.36	4.54	8.86	5.41	7.50	4.67	5.34	1.76
Mar-05	4.94	1.96	5.38	2.07	5.97	2.72	2.93	1.53	3.01	0.87

Stress testing reveals resilience of banking system due to strong capital position

June 2013	CRAR	Core CRAR	GNPA Ratio	Losses as % of Capital
Baseline	13.4	9.7	4.0	-
NPA increases by 50%	11.5	8.0	5.9	15.4
NPA increases by 100%	10.6	7.0	7.9	23.2
NPA increases by 150%	9.6	6.0	9.9	31.0
30% of restructured advances turn into NPAs (Sub-Standard)	12.1	8.6	5.7	10.4
30% of restructured advances written off (Loss)	11.2	7.6	5.7	18.2

Recommendation and way ahead**Short run measures:**

- Addressing the existing stock of impaired assets – NPAs and restructured
- Time bound revival or recovery by banks

Long run:

- Robust risk management
- Improved information system
- Facilitating granular analysis of trends in asset quality
- Improved credit management
- Credit appraisal and monitoring
- Facilitative regulatory and legal infrastructure

Improve credit risk management**Enhanced Credit Appraisal**

- Group Leverage, Source/ structure of equity capital
- Complex project structure (as in SPV)
- External constraints – effective contingency planning
- Keep a check on credit growth and linkage with equity

Need for quicker decision making

- Appraisal, sanction, disbursement - timely and fast
- More compassion to smaller borrower and increased stringency for larger borrowers

Strengthen Credit Monitoring

- Comprehensive MIS and Early Warning Systems to facilitate regular viability assessment

Enforce accountability

- Accountability on Individuals and all levels of hierarchy
- Accountability to encompass all aspects of credit management
- Accountability for delayed decision making / non-action

Improved information systems

- Information systems is the backbone of credit risk management
- Robust information systems needed
- MIS for capturing common exposure across banks

Regulatory framework

- Need to review the existing regulatory arrangements for asset classification and provisioning
- Facilitative and practical regulation
- Restructured accounts to be classified as NPA – aligning domestic norms with global best practices
- The practice of technical write offs of NPAs to be dispensed with increased provisioning requirements in line with international norms and to ensure resilience of the banking system
- Uniform approach to regulation – either principle or rule based

Reforming legal & institutional structures**Corporate Debt Restructuring (CDR) mechanism**

Removing existing bias towards large-ticket accounts

- Ensuring viability and promoters' stake upfront
- Independent oversight of large CDR account

Debt Recovery Tribunals (DRTs) & other legal provisions

- Need for vigorous follow up in the case of suit filed accounts
- setting up of more DRTs and DRATs

Asset Reconstruction Companies (ARCs)

- Review and revitalize functioning of ARCs

Credit Information Companies (CICs)

- Expand use of CICs for credit management

Conclusion

- Present level of stressed asset as an outcome is not a big problem but present processes, systems and structure of creation of stressed assets are a big problem.
- Existing level of NPAs are manageable but if corrective actions to arrest the slide in NPA are not initiated, the stability of financial system will be at great risk.
- Gross NPAs are not alarming but the quantum and growth of restructured assets is of great concern.
- Economic slowdown and global meltdown are not the primary reason for creation of stressed assets but the state of credit and recovery administration in the system involving banks, borrowers, policy makers, regulators and legal system have contributed significantly to the present state of affairs.
- Credit quality has a high positive correlation with the prudential norms and regulations prescribed by RBI
- Laxity, soft and flip-flop approach to regulatory and prudential norms have contributed significantly to creation of NPAs and stressed assets in the system
- Level of Leverage of corporate borrowers, credit growth, diversion of funds, sub standard assets and fraud cases are highly correlated. They are first order derivative of improper credit appraisal in determining appropriate structure of debt and equity both in terms of quantity and quality.
- Overall standard and quality of credit management and recovery management is very poor.
- Less than 20% of NPAs are upgraded
- About 50% reduction in NPA is through write-off
- Banks following the process of recognizing NPAs quickly and more aggressively are having better control over NPAs.
- Appraisal standards are lax for bigger loans both at the time of sanction as also restructuring while appraisal rules are very stringent for smaller borrowers
- Restructuring and write off processes are highly biased towards bigger loans as compared to smaller loans.
- Credit risk for small borrowers is lower than that for bigger borrowers
- Credit risk in priority sector is less than in the non-priority sector
- High pace of credit growth has resulted in lower credit quality in subsequent periods
- Credit Appraisal needs to be strengthened with focus on:
 - Quantum of equity brought in by the promoters
 - Sources of Equity
 - Contingency Planning in respect of infrastructure projects
- Improve appraisal and approval process for restructuring proposals
 - Benefits of restructuring to be also extended to smaller borrowers
- CDR Mechanism grossly mis-utilised and needs a thorough overhaul
 - Need for an oversight structure for dealing with restructuring of large ticket advances
 - Independent body to oversee CDR mechanism
 - Restructuring and Technical Write-off as a prudential measure should be eased out by the regulator
 - Existing NPAs need careful examination for determining rehabilitation or recovery
 - Quick rehabilitation with support from both –the bank and the borrower
 - Those who spoke needs to be sufficiently dis-incentivized
 - Bring new promoter if the existing promoter unable to bring new equity
 - Restructuring decision should be left to the bank

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Bancon 2013

http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=857

By Neha Singh

Delhi rape: one year on, has anything changed for India's women?

(Sunny Hundal, *The Guardian*, December 10, 2013)

This article questions what difference cases such as the gang rape of the 23 year old in Delhi on 16 December 2012, has made to the treatment of women in India.

Soon after the Delhi rape, the government set up a commission to update the rape law before accepting most of its recommendations. But passing progressive legislation is very different to enforcing it in a country where police corruption is widespread and legal bans on dowry payments and sex-selection are routinely flouted.

The latest figures show that of the 706 rape cases filed in New Delhi in 2012, only one, ended in conviction. Police in Delhi recorded 501 allegations of harassment and 64 of rape between 16 December 2012 and 4 January 2013 and yet just four inquiries were launched.

One area that has changed in the past year is the national media, which has maintained interest in stories of violence against women for the entire year. While heightened media attention can spur politicians and the police into action, activists say it has also had the effect of challenging the shaming of women who have been sexually assaulted.

This time elections in Delhi saw politicians compete on safety policies for women for the first time. "The very fact that parties are debating women and their rights is a victory for the women's safety movement," says Sudha Sundararaman, general secretary, NGO AIDWA. But others pointed to how male-dominated party candidate lists were evidence of mere posturing.

The December rape case appears to have encouraged more women to

come forward if they have been raped, and for the media to report these allegations, but in many other ways little appears to have changed.

<http://www.theguardian.com/world/2013/dec/10/delhi-rape-one-year-anything-changed-india-women>

Date Accessed: 15.12.2013
(Divashri Mathur)

India to become 3rd largest aviation market in world by 2020

(Press Trust of India, December 17, 2013)

According to Civil Aviation Secretary K N Shrivastava, "**India is expected to become the third largest aviation market by in the world by 2020 after the US and China.**" In order to meet the vision for Indian aviation industry, the Ministry has paid emphasis on setting up of concrete infrastructure, primarily through PPP mode.

Indian domestic aviation market is the second highest growing market in the world after China. At present, the Indian aviation market witnesses 117 million domestic and 43 million international passengers. A Planning Commission task force has advised that providing quality aviation infrastructure and services at affordable prices must be the prime agenda for the Civil Aviation Ministry. It is planned that 20 airports under Airports Authority of India will be built under the PPP mode. "For effective operations and efficient management, these airports will be handed over to the private sector, the process of handing over six airports, including Kolkata, Chennai, Lucknow, Ahmadabad, Jaipur and Guwahati, has already begun".

<http://www.financialexpress.com/news/india-to-become-3rd-largest-aviation-market-in-world-by-2020/1207720/2>

Date Accessed: 19.12.2013
(Mahima Malik)

UAE-India BIPPA to help India's quest for \$1tr investments in infrastructure

(Binsal Abdul Kader, *Gulfnews*, December 12, 2013)

The signing of a Bilateral Investment Promotion and Protection Agreement (BIPPA) in New Delhi on December 12, 2013 may encourage similar deals and advance the UAE's commitment to India infrastructure. India seeks \$1 trillion investments in greenfield infrastructure projects in the next five years, of which 50 per cent is expected from private sector or foreign investors, according to M.K Lokesh, Indian Ambassador to the UAE.

Apart from a wide scope for UAE investors in India, BIPPA can open opportunities for Indian investors in the UAE also, said MA Yousuf Ali, Managing Director of Emke/Lulu Group. "Many Indian companies are already very active here in various fields and with the Dubai hosting the Expo 2020, many more new opportunities will open up in various sectors," he said.

Due to fears over red tape, foreign investors and even non-resident Indians (NRIs) were concerned about doing business in India, according to Ram Buxani, Chairman of ITL Group in Dubai. The BIPPA will remove such concerns, he said.

The UAE and India recently set up a high level task force on investments in February 2013. In the first meeting of the bilateral task force, the UAE had promised \$2 billion investments in infrastructure projects in India, but there was no headway, due to concerns over protection of investments without BIPPA.

The signing of the agreement opens up the possibility of the High Level Task Force meeting again in early January 2014 to explore investment opportunities. The agreement has also

raised the prospect of an India-GCC (Gulf Cooperation Council) Free Trade Agreement.

<http://gulfnews.com/business/investment/uae-india-bilateral-investment-promotion-and-protection-agreement-to-help-india-s-quest-for-1tr-investments-in-infrastructure-1.1266528>

Date Accessed: 16.12.2013
(Divashri Mathur)

Government seeks to amend Chit Funds law

(Remya Nair, *Live Mint*, December 16, 2013)

In order to promote the interest of investors and bring transparency in capital markets, the finance ministry is considering an amendment to the two-decade-old chit funds law. The amendment will bring higher penalties for offences, tighten the definition of chit funds and bring in mechanisms that would ensure "better implementation of the Act by the state governments."

The Ministry has noted that there are various "loopholes" in the Chit Funds Law of 1982 which has led to poor regulation of financial market- latest being the collapse of Saradha Group in April. In the Saradha scam, "small amounts of deposits were collected from people to fund real estate schemes which slipped through regulatory loopholes as it didn't classify as a chit fund, non-banking financial company (NBFC) or any other regulated entity and, hence, was not regulated by the Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI), State Governments or the chit funds law." According to official estimates, for every registered chit fund, there are 100 chit funds that are unregistered and the maximum penalty for chit funds is as low as Rs.5, 000 in states such as Delhi.

In May, an ordinance was passed to give more powers to SEBI to effectively regulate illegal collective

investment schemes. "SEBI was given powers to regulate any pooling of funds under an investment contract having a corpus of Rs.100 crore or more and attach assets in case of non-compliance. The SEBI chairman was also given powers to authorize search and seizure operations as part of efforts to crack down on ponzi schemes." RBI has also been scrutinizing the balance sheets of several NBFCs that are not registered with it.

As a way forward to make the law more robust, the Ministry had set up an advisory board to suggest changes in the chit funds law around three years ago. The Board suggested that there should be a common registrar for each state. The group also recommended that "there should be a provision for insurance coverage in case of default by the foreman (the person running the chit fund) so that the interest of the investors is protected."

Hinting at the poor regulation of capital markets in the country, T. Sivaramakrishnan, general secretary of All India Association of Chit Funds, said that, "the focus should be on investor protection. At present, there are states that have not appointed a registrar of chit funds. In states where a registrar is there, the process is tedious that pushes many chit funds to operate without registering."

<http://www.livemint.com/Politics/lHyO5zzsPJp8hzbXdCUSdN/Government-seeks-to-amend-chit-funds-law.html>

Date accessed: 17.12.2013
(Mahima Malik)

India's median per capita income lowest among BRICS: Gallup

(*Business Standard*, December 16, 2013)

The yearly income earned by an individual in India is the lowest compared to people living in the BRICS (Brazil, Russia, India, China,

SECTION 1: THE ECONOMY

South Africa) nations, as per the Gallup survey. The median monthly per capita income in India stood at \$616, the 99th position among 131 countries.

Median means half of the respondents involved in the research are earning less than \$616 and the other half above that. Among the BRICS economies, Russia's median per capita income was the highest as people earned \$4,129 a month which was followed by Brazil, where the median per capita income was \$2,247, further by China (\$1,786) and South Africa (\$1,217).

In India, close to 25% of the people had full-time employment between 2008 and 2012, which is relatively low compared to BRICS peers. The survey observed that in countries where full-time employment was more, the median per capita income was stronger. The survey also highlighted a large difference between more economically developed countries and developing ones. The firm said this "illustrates how dramatically spending power varies worldwide."

http://www.business-standard.com/article/economy-policy/india-s-median-per-capita-income-lowest-among-brics-gallup-113121600968_1.html

Date Accessed: 17.12.2013
(Shruti Issar)

Finance Ministry supports cap on natural gas prices

(First Post, December 16, 2013)

Following a new pricing formula for natural gas, the Finance Ministry has put a limit on the natural gas prices with effect from April 1, 2014 (for five years) to protect the interests of government/consumers in case of an unreasonable upswing in the prices. Ministry also conveyed that capping the price of natural gas is in line with the existing policy and current price was variable with an upper limit of USD 4.2.

The Cabinet had in June decided to price all domestically produced natural gas at an average of the price prevailing at international gas trading hubs and the actual cost of importing liquefied natural gas (LNG). Using the approved formula, the prices are estimated at USD 8.2-8.4, nearly double the current price of USD 4.20.

Finance Ministry was of the view that since gas is used as feedstock in fertiliser industries and was a raw material for power sector for which the government is bearing subsidy, any upswing buoyed by international volatility in the gas price will add to the subsidy burden of the government. And this financial burden needs to be curtailed by putting a cap on the gas price to have financial stability. The Finance Ministry stated that a ceiling would also take care of the interest of the gas producers as a downswing in international market may adversely impact their financial fortunes and a ceiling would provide them a much desired stability.

The comment from the finance ministry was in response to the cabinet note from the Oil Ministry seeking to allow higher gas price to Reliance Industries if it submits a bank guarantee for the unmet supply commitment from its KG-D6 block.

New gas pricing formula was not notified as the Finance Ministry wanted that RIL be denied a higher gas prices from its existing fields because output had fallen far below what was committed in the approved development plan. Initially, the Oil Ministry agreed with the suggestion but last month it moved a revised note suggesting that RIL be asked to give bank guarantee which can be encashed if it was proved that the company had hoarded gas by deliberately keeping output low. The Finance Ministry has in-principle agreed to the bank guarantee proposal.

http://www.firstpost.com/economy/finance-ministry-supports-cap-on-natural-gas-prices-1289665.html?utm_source=ref_article

Date Accessed: 18.12.2013
(Neha Singh)

Assocham seeks anti-dumping duty on Chinese steel products

(Exim News, December 17, 2013)

"The Associated Chambers of Commerce and Industry of India (Assocham) has urged the government to levy anti-dumping duty on imports of flat stainless steel products from China in order to safeguard the domestic industry."

While India had imposed anti-dumping duty on imports of cold-rolled flat products of stainless steel in the width range of 600 mm to 1,250 mm in 2010, figures indicate that imports from China have grown seven-fold in the past 3-4 years.

"Despite the duty, imports have grown, as there is no duty on products below 600 mm and above 1,250 mm at present. Imports of these widths have been rampant as they do not qualify for the duty," Assocham said in a communiqué to the Minister of Commerce and Industry, Mr Anand Sharma."

<http://eximin.net/NewsDetails.aspx?name=74308>

Date Accessed: 19.12.2013
(Karishma Mutreja)

POLITICS AND GOVERNANCE

Cabinet nod to New Code of Conduct for ministers

(PTI, December 13, 2013)

In a move to check the misuse of “sarkari babus” by political masters for partisan purposes, both at the Centre and in the states, the government has approved fresh changes to code of conduct for the elected executive.

The changes in the code of conduct for ministers were approved at the meeting of Union Cabinet, which was chaired by Prime Minister Manmohan Singh. Sources claim that the new clauses have been added with an aim to check the political executive from misusing bureaucrats for political purposes and giving political patronage.

While the fresh clause will come into effect at the Centre immediately, it will be sent to the state governments for their adoption.

“The proposed amendment will enable the political executives to guard against the trend (of) so-called attractive transfers and postings (which) continues to allure civil servants. This will also enable civil servants not to act in any way which would conflict with their duties and responsibilities,” sources said quoting the Cabinet note.

This is the second amendment to the Code of Conduct, which came into being in 1964.

<http://www.asianage.com/india/cabinet-nod-new-code-conduct-ministers-799>

Date Accessed: 18.12.2013
(Deepti Soman)

Election Commission plans introducing downloadable ballot papers for Forces

(Lalit K Jha, *The New Indian Express*, December 17, 2103)

At the initiative of the paramilitary forces like BSF and CRPF, the Election Commission is working on a plan, which would make postal voting much easier for those force personnel who would be deployed in remote parts of the country. For the first time, lakhs of paramilitary soldiers may be able to download the ballot paper from the internet, cast their vote and send it by post to the returning officer in the next Lok Sabha elections. Such a move would reduce the one way travel time of postal ballots during the elections.

The paramilitary forces have got a database where they have all the addresses of all registered voters. The new process can be done with the help of this data base. After the success of this move, it would be extended to other sections also. Currently the Election Commission is looking for a fool-proof and non-tamperable technology for internet voting.

<http://www.newindianexpress.com/nation/EC-Plans-Introducing-Downloadable-Ballot-Papers-for-Forces/2013/12/17/article1950213.ece>

Date Accessed: 17.12.2013
(Anjana John)

Govt. makes major changes in MNREGA

(*Indian Awaz*, December 16, 2013)

Central government has made major changes in its flagship programme, Mahatma Gandhi National Rural Employment Guarantee Act, MNREGA. Recently it has included Rs. 10,000 for constructing toilets for

all job card holders and assistance for buildings for women self help federations.

“Rural Development Minister Jairam Ramesh conveyed that the government is universalising the toilet construction programme in the country and under the new provisions every job card holder will be entitled to build a toilet and the MNREGA's contribution for it has been raised from Rs. 4,500 to Rs. 10,000.” He also announced compensation for MNREGA workers over delay in payment saying if it is delayed beyond 15 days, the amount would be deducted from officials responsible for it.

http://theindianawaaz.com/index.php?option=com_content&view=article&id=15861&catid=19

Date Accessed: 18.12.2013
(Neha Singh)

M'laya Lokayukta remains a Toothless anti-corruption body

(*The Shillong Times*, December 18th, 2013)

The article reports that “the Congress-led MUA Government in Meghalaya is yet to come up with a strong Lokayukta as the already notified Meghalaya Lokayukta Amendment Act, 2013, is replete with loopholes.” Despite promises made by Chief Minister Dr Mukul Sangma that the Bill would be debated in the House, the Bill was hurriedly passed in October without any discussions.

The Lokayukta Act which was notified on November 11 has little in it to attract people to lodge complaints with ease as they have to file affidavits before first class judicial magistrates to register a complaint. This is strikingly similar to the proposed Meghalaya Regulation of Landlord and Verification of Tenants Bill, 2013 “which also stipulates that both landlords and tenants have to file affidavits before the first class judicial

magistrates to make the tenancy valid.” The Government has also failed to come up with an “explanation on why grade IV employees and employees below grade IV, Chief Justice, any Judge of the High Court, officers and staff of the High Court, members of Meghalaya Judicial service and Chairman or any member of Meghalaya Public Service Commission have been exempted from the purview of the Lokayukta Act.”

Moreover, there is lack of clarity on why the policy formulation by the State Government and also the action taken in pursuance of these policies is exempted from any probe by the Lokayukta.

<http://www.theshillongtimes.com/2013/12/18/mlaya-lokayukta-remains-a-toothless-anti-corruption-body/>

Date Accessed: 19.12.2013
(Junty Sharma Pathak)

One in three unregistered children live in India: UNICEF

(ET Bureau, *Economic Times*, December 12, 2013)

A Unicef report titled “Every Child’s Birth Right: Inequities and trends in birth registration” has revealed that India is home to nearly one in three unregistered children worldwide, with 71 million children under the age of five not having birth recorded. The report collected statistical analysis from 161 countries and presented the latest available country data and estimates on birth registration.

According to the report globally the births of nearly 230 million children under five have never been recorded, with Asia being the home to more than half of these children (59 per cent). Another 37 per cent live in sub-Saharan Africa and the remaining four per cent are from other regions.

Birth registration is crucial step towards recognition and acknowledgement of the child’s identity and a key to ensure their rights as the citizen of a country. Geeta Rao Gupta, UNICEF Deputy Executive Director explained, “India’s birth registration level was 41 per cent nationwide, there was a huge gap between states with the highest rates and those with the lowest, due mainly to accessibility and infrastructure issues. The education level of a mother has consistently been shown to influence the health and well being of her family. Mothers with some schooling are more likely to know how to register a child than their uneducated peers.”

http://articles.economictimes.indiatimes.com/2013-12-12/news/45123288_1_registration-230-million-children-india

Date Accessed: 19.12.2013
(Simi Sunny)

DEVELOPMENT

CCI approves delayed projects valued at INR 7,947 cr.

(*Exim News Service*, December 15, 2013)

The Cabinet Committee on Investment (CCI), headed by the Prime Minister, Dr Manmohan Singh, has approved five delayed projects involving an investment of Rs 7,947 crore, as per the Union Oil Minister, Mr M. Veerappa Moily.

The projects cleared included:

- Oil and Natural Gas Corporation’s (ONGC) Rs 2,379 crore Assam oilfield renewal project, which was pending for want of environmental clearance
- Gujarat State Petroleum Corporation’s (GSPC) Rs 5,200 crore project for the import of liquefied natural gas (LNG) at Mundra in Gujarat (The terminal will have capacity to import 5

million tonnes of gas in liquid form every year, with provision for expansion to 10 million tonnes, as per the minister).

- Indian Oil Corporation’s (IOC) Rs 108 crore depot at Bilaspur and Bisrampur in Chhattisgarh
- Chennai Petrochemical Corporation Ltd’s (CPCL) Rs 126 crore pipeline to carry crude from Chennai Port to its refinery at Manali
- Hindustan Petroleum Corporation Ltd’s (HPCL) Rs 134 crore Awasalawas pipeline project.

“The project involves revamping and optimisation of 21 surface installations for 9 integrated, complex replacement of existing pipelines and laying a new 468-km pipeline,” said the minister.

<http://www.eximin.net/NewsDetails.aspx?name=74270>

Date Accessed: 17.12.2013

Tax Board brings out 19-point format for electoral trusts

(PTI, December 11, 2013)

The Central Board of Direct Taxes (CBDT) has brought out a 19-point fresh standard format for “electoral trusts”, created by corporate and business houses to fund political parties. The checklist has been devised as such that the business firm could enumerate all relevant details about the company, its shareholders and other financial details of contributions and donations in a comprehensive pattern before submitting it to the income-tax (IT) department.

The checklist requires the business houses to furnish answers to questions like “whether the electoral trust is a registered company for the purposes of section 25 of the Companies Act, whether the sole object of the trust is to distribute the contributions to political parties registered under Section 29A of the Representation of the People Act and whether any change in the shareholders, subsequent

to the approval granted under the scheme has occurred.”

The Electoral Trust scheme allows business entities to register non-profit companies having “electoral trust” as part of their names, thus differentiating them from the companies having other business interests. The government notified the Electoral Trust scheme earlier this year to streamline the process and bring in more transparency in the funds provided by corporate entities to political parties for election-related expenses.

<http://www.livemint.com/Politics/5pN3jSM3IJoNXiaFGDmLcM/CBDT-brings-out-19point-format-for-electoral-trusts.html>

Date Accessed: 18.12.2013

(Deepti Soman)

NCRB to compile data on S.377, Sexual Harassment

(PTI, December 15, 2013)

In light of the recent Supreme Court decision criminalising gay sex, the National Crime Records Bureau, the country's central repository for tabulating data related to criminal incidents, will soon begin collating data related to offences recorded under S. 377 of IPC.

The NCRB will begin tabulating data, of offences registered under section 377 by state police departments, from the next year and it will be compiled in the annual report prepared by the department every year. The other crimes that will henceforth be tabulated separately include gang rape, murder of victim after rape and detailed sub-divisions under the new law on sexual harassment.

http://articles.economictimes.indiatimes.com/2013-12-15/news/45216442_1_ncrb-offences-sexual-harassment

Date Accessed: 18.12.2013

(Deepti Soman)

HEALTH

3.3 Million Saved Globally by Anti-Malaria Efforts: WHO

(The New Indian Express, December 12, 2013)

An estimated 3.3 million lives have been saved since 2000 due to global efforts to control and eliminate Malaria; the World Health Organisation (WHO) said in a report, adding, however more needs to be done. The World Malaria Report 2013 showed how an increased political commitment and expanded funding have helped to reduce incidence of malaria by 29 percent globally, and by 31 percent in Africa between 2000 and 2012, Xinhua reported. “Malaria mortality rates have been reduced by 45 percent globally and by 49 percent in Africa over the same period, and mortality rates in children in Africa were reduced by an estimated 54 percent”, the report said. However, there were an estimated 207 million cases of malaria, which caused approximately 627,000 deaths in 2012, it added.

According to WHO, an estimated 3.4 billion people continue to be at risk of malaria, mostly in Africa and south-east Asia. Among them, 1.2 billion are at high risk. In high-risk areas, more than one malaria case occurs for every 1,000 population. The report said that malaria prevention suffered a setback after its strong build-up between 2005 and 2010 mainly due to inadequate funding. It said an estimated \$5.1 billion is needed every year for universal coverage of interventions. However, in 2012, the global total of international and domestic funding for malaria was \$2.5 billion.

The WHO said it is currently developing a global technical strategy for malaria control and elimination for the 2016-2025 period.

<http://www.newindianexpress.com/world/3.3-Million-Saved-Globally-by-Anti-Malaria-Efforts-WHO/2013/12/12/article1941592.ece>
Date Accessed: 17.12.2013
(Anjana John)

TRANSPORT

Road accident deaths to be reduced by 50% in coming years with 'Vision Zero' goal

(Chnarendra, All voices, December 17, 2013)

The Ministry of Road Transport and Highways has assured that it will set a target to bring down the road accident deaths by 50% in coming years and ‘Vision Zero’ will be the goal. The Ministry will also take all necessary action to expedite the settlement of motor accident claims. The Government will play its primary role in creating safe road traffic conditions through safe infrastructure, legislation, enforcement, education and prompt post crash response and care. “In India, Motor Vehicles Act (MVA), 1988 is the national law to govern movement of motorized transport on our roads and regulating various issues bearing on road safety.”

However, the laws need to be reviewed and amended from time to time to keep pace with the changing requirements of the time and also to assimilate the good practices that are identified based on sound evidence of effectiveness, he added. “Accordingly, the Government initiated the process of amendment of the MV Act and the present amendment to the MVA is a step towards mitigating the hardship of the most vulnerable road users by improving the comprehensiveness of laws relating to specific risk factors: over-speeding, drunken driving, overloading, use of mobile phones, not using helmets and seatbelts.”

<http://www.allvoices.com/contributed-news/16176686-road-accident-deaths-to-be-reduced-by-50-in-coming-years-with-vision-zero-goal-shri-oscar-fernandes>

Date Accessed: 17.12.2013
(Anjana John)

ENERGY

India in the lowest quartile for energy security: WEF report

(Kirthi .v. Rao, *Livemint*, December 11, 2013)

"A report comparing the energy architecture of 124 countries has ranked India 98th in terms of providing energy security and access to its citizens. Low electrification rates and high import dependence put India in the lowest quartile globally, the report said.

The Planning Commission said in its 12th Plan document many states make do without even the minimum of six to eight hours of electricity supply. Some villages "connected" under the remote rural electrification programme, called the Rajiv Gandhi Grameen Vidyutikaran Yojana, have not been "energized" or supplied electricity.

China and India are the most import-dependent of all economies in the Brazil, Russia, India, China and South Africa, or BRICS, grouping, said the World Economic Forum's *Global Energy Architecture Performance Index Report* for 2014. While India's overall ranking was 69, China stood 85th among the 124 countries in building a strong and sustainable energy architecture."

"That said, China ranks in first place globally for the diversification of its import counterparts, up from its 4th place ranking in 2008. This underscores China's success in establishing strategic partnerships with, and investing in, major oil and

gas producers such as Iraq, Russia and more recently Canada," the report said.

<http://www.livemint.com/Politics/Bfjio85DidYuFuueRh6FkM/India-in-the-lowest-quartile-for-energy-security-WEF-report.html>

Date Accessed: 19.12.2013
(Karishma Mutreja)

Rs. 42,000-crore loss in power sector due to policy and bureaucratic logjam

(Appaji Reddem, *The Hindu*, December 16, 2013)

The article notes that "policy and bureaucratic logjam has caused a loss to the tune of Rs. 42,000 crore in power sector alone."

According to Arvind Kumar, Union joint secretary, Ministry of Finance, "this phenomenon has impacted 78,000 megawatt power production in coal and gas-based power plants."

He noted that "As of December 11, 400 projects worth Rs. 17.68 lakh crore in power, steel, coal, mining and petroleum are pending with Cabinet committee on investments for clearance. We need to ease logjam, improve quality of infrastructure to get commissioned and financed projects going."

<http://www.thehindu.com/business/Industry/rs-42000crore-loss-in-power-sector-due-to-policy-and-bureaucratic-logjam/article5463709.ece>

Date Accessed: 17.12.2013
(Ashwin Varghese)

Smarter energy production: Using analytics for power forecasting

(Brad Gammons, Rolf Gibbels, *Smartplanet.com*, December 02, 2013)

One of the major challenges of relying on solar and wind as energy sources is their intermittency – the sun doesn't always shine and winds don't always blow. IBM has come up with an innovative way to work with it: a cutting-edge power and weather modeling system called the Hybrid Renewable Energy Forecasting solution, or HyRef. This new technology is just another example of how big data can help transform industries, which in this case, enabling energy providers to forecast renewable power production.

The system works by using weather prediction and analytics to forecast the availability of wind and solar energy, so utility companies such as China's State Grid Jibei Electricity Power Company Limited, can weave more renewable energy into the power grid. The roll-out is part of a SG-JBEPC-led, 670 megawatt demonstration project in the Zhangbei province in China, the largest renewable energy initiative to include solar and wind power, energy storage, and transmission.

The new technology is estimated to increase the dispatch of renewable energy generation by 10 percent in China, or enough energy to power more than 14,000 homes, capturing energy that would otherwise have been lost. This will lower the need for conventional coal and natural gas plants, hence reducing emissions.

For China, this achievement is significant when you factor in the country's commitment to transform its energy infrastructure: to build a nationwide smart grid. With this initiative in mind, the Chinese government issued a policy, stating

that wind power forecasting becomes an essential part for all wind power dispatched into the electrical grid.

By using these local weather forecast, HyRef can estimate how much energy each of the wind turbines and solar arrays will generate , helping utilities such as SG-JBEPC accurately and dependably anticipate the amount of renewable energy power it can redirect into the power grid or store for when the sun hides behind clouds and the wind remains dormant.

Global climate change, skyrocketing population growth, and the continued march of economic development demand that the industry become smarter. With advanced analytics, wind power and other renewable sources are becoming dependable energy alternatives and with wind power estimated to generate 4.9 percent of the world's electricity in 2017, the prospects seem bright.

<http://www.smartplanet.com/blog/smarter-ideas-insights/with-data-a-better-way-to-manage-solar-and-wind-energy/>

Date Accessed: 17.12.2013
(Amrutha Jose Pampackal)

TECHNOLOGY

New ‘notes sorting technology’ reduces the cost of printing and makes notes durable

(Matt Phillips, Quartz, December 14, 2013)

“High-speed sorting sensors”, the new technology to sort dollar bills adopted by the Federal Reserve in 2011, has made dollar bills durable and the process of printing dollars cost efficient. The implication is that the “average lifespan of a \$1 note, which was just 18 months back in 1990, has grown to 70 months, or about 289% longer in 2012.”

Prior to 2011, the Fed used to destroy a ton of otherwise serviceable dollars for trivial reason- “**misfaced notes (notes that are reverse-side up rather than portrait-side up)** were destroyed even if they were otherwise fit for recirculation.” In 2011, Reserve Banks installed which enabled them to authenticate notes regardless of facing. It has allowed the Federal Reserve’s regional banks to start accepting and sending back to banks \$1, \$5, \$10 and \$20 “misfaced” bank notes.

The new “misfaced notes policy” has reduced the cost of printing dollar bills. In 2012, the US Treasury Department’s Bureau of Printing and Engraving, the entity that actually prints the currency, charged about \$688 million to produce around 7.8 billion greenbacks of all denominations.

<http://qz.com/157730/a-dollar-bill-lasts-four-times-longer-than-it-used-to/>

Date Accessed: 19.12.2013
(Mahima Malik)

Mobiles to have SoS button for women’s safety

(PTI, December 16, 2013)

Finance Minister P Chidambaram while unveiling the proposal for utilisation of Rs 1,000 crore Nirbhaya Fund declared that mobile handset makers will have to introduce SoS (save our soul) alert button to ensure that women in distress can be reached by the police in the minimum possible time.

He further stated that the Nirbhaya fund will be utilised to introduce SoS alert systems in trains and installing Global Position System (GPS) and CCTVs in public transport vehicles. Under the scheme, police administration will be integrated with the mobile phone network to trace and respond to distress calls with minimum response time. The scheme will be launched in 157 cities in two

phases (55 in phase I and 102 in phase II).

The Road Transport Ministry has also proposed a scheme, 'security of women in road transport in the country', which will cover 32 towns - each with a population of over one million - to be implemented over two years and the expected outlay is about Rs 1,700 crore.

<http://www.deccanherald.com/pages.php?id=374911>

Date Accessed: 18.12.2013
(Deepti Soman)

Govt. asks social networking sites to block 1,208 URLs in 2013

(PTI, December 11, 2013)

Government has so far in 2013 asked social networking sites to block 1,208 web addresses, or uniform resource locator (URLs). This has been done in exercise of S. 69A of the IT Act, 2000 which empowers government to block any information generated, transmitted, received, stored or hosted in any computer resource in interest of sovereignty and integrity of India, defence of India, security of the state, friendly relations with foreign states or public order or for preventing incitement to the commission of any cognisable offence relating to the above

Telecom Minister Kapil Sibal stated that social networking sites were requested to block these web pages in order to comply with court orders. He stated, “The web pages were hosting objectionable information and had the potential to disturb the public order in the country and blocked for access to public in the country on the request of law enforcement agencies.”

He also reflected on the absence of an institutional monitoring mechanism for monitoring social networking sites. At present, law enforcement and intelligence/security agencies make

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searches on the Internet on specific case-to-case basis.

http://articles.economictimes.indiatimes.com/2013-12-11/news/45080562_1_social-networking-sites-urls-kapil-sibal

Date Accessed: 18.12.2013

(Deepti Somani)

ENVIRONMENT

NGT Bans Burning of plastic, rubber in open across the country

(PTI, December 14, 2013)

The National Green Tribunal has banned 'unregulated open burning' of plastic, rubber or such other articles across the country.

A bench headed by NGT Chairperson Justice Swatanter Kumar held, "There shall be no unregulated open burning of plastic or rubber or such other articles anywhere in India."

The tribunal passed the order while observing "there is a need to totally ban unregulated handling and disposal of plastic waste and to issue incidental directions for its regulation and restoration of environment in some measure, if not fully". The tribunal also observed that plastic and the waste generated from its use "need not be baneful for the environment and eventually the mankind" if it is handled properly and directed all municipal authorities to strictly enforce the provisions of the Plastic Waste (Management and Handling) Rules 2011.

It directed all the municipal authorities to 'set up, operationalise and coordinate the waste management systems within their limits, work out and set up systems for use of plastic waste in road construction and/or in co-incineration plans for generation of energy in accordance with law and

lastly incorporate necessary provisions in their bylaws for enforcement of the said rules'.

The tribunal directed Delhi government, Delhi Pollution Control Committee, Haryana Pollution Control Board and Municipal Corporation of Delhi, "to work out a plan" for restoring the land in these areas which have been affected by illegal and unauthorised segregation and disposal of plastic waste.

<http://www.deccanchronicle.com/131214/news-current-affairs/article/national-green-tribunal-bans-burning-plastic-rubber-across>

Date Accessed: 18.12.2013

(Deepti Somani)

Model building design in Chandigarh that helps save energy and money by exploiting the sun's movement

(Disha Singh, *Down to Earth*, October 31, 2013)

Designing sustainable buildings in a composite climate is a challenge. The techniques that are effective during summers do not work in winters. But a building in Chandigarh has achieved this. The Punjab Energy Development Agency (PEDA) constructed an office building that utilises the movement of the sun for lighting, cooling and heating.

The Rs 5.5 crore building was awarded five-star rating, the highest grade of energy efficiency by Bureau of Energy Efficiency (BEE). With a built-up area of 6,146 sq m, the building incorporates the techniques of passive solar architecture that is based on seasonal and diurnal variations in the sun's movement. Monuments like the Red Fort in Delhi were designed using these techniques. The PEDA office has an energy

performance index (ratio of the total energy used to the total built-up area) of 14 kWh/m²/year which is the lowest in the country in the category of non-air-conditioned buildings. The EPI of commercial buildings is above 180 kWh/ m²/year and the benchmark set by BEE for buildings compliant with the Union power ministry's Energy Conservation Building Code (2007) is 140 kWh /m²/ year.

This envelope refers to the features and materials used in the building's skin that makes it responsive to varying weather conditions. The internal structure has floating slabs which help in air circulation. The building is oriented in the north-south direction, minimising solar exposure on the western and eastern facades. Although a building's southern facade can be shaded, the western façade remains exposed to the setting sun and cannot be shaded. A simulation-based study by the University of Nottingham in the UK says the PEDA building functions successfully as a passive solar complex. The PEDA building, designed for 500 people, is currently occupied by 100 individuals

<http://www.downtoearth.org.in/content/greenestall>

Date Accessed: 18.12.2013

(Neha Singh)

LAW AND JUSTICE

Indian Acid Attack victims say new Law is ignored

(Archana Thiagarajan, ABC News, December 12, 2013)

Sonali Mukherjee an acid attack victim with number of other such victims is pressing the Indian government to do more to prevent such violence, saying a new law aimed at restricting the sale of acid is being ignored.

SECTION 2: GOVERNANCE AND DEVELOPMENT

In response to their campaign, the Indian Supreme Court on Dec. 3 ordered all states to comply with the law, which went into effect in February after a deadly gang rape in New Delhi last year galvanized public anger over violence toward women. It prohibits the sale of acid unless the seller maintains a record of the buyers and orders states to pay acid attack victims \$1,400 in compensation.

The law is among a wave of changes implemented after the New Delhi rape case, including a provision that called for stiffer prison terms a minimum of 10 years and up to life imprisonment and no bail for those who carry out acid attacks.

Highly concentrated acids are readily available in India for use as household and industrial cleaners. Earlier, acid attacks came under a general category of crimes that caused hurt, or grievous hurt, or attempted murder. Indian laws did not take into account the disfigurement of a woman in an acid attack as a separate crime. Kamlesh Jain, a lawyer who represents acid attack victims, says the poor are particularly vulnerable after an attack."Even if the case is pursued, the sentence awarded until now is ... not sufficient to tackle this problem," she said.

<http://abcnews.go.com/International/wireStory/indian-acid-attack-victims-law-21189410>

Date Accessed: 17.12.2013
(Jeet Singh)

Maharashtra Assembly passes Anti-Superstitions Bill

(The Guardian, December 16, 2013)

Politicians in western India have passed a bill aimed at debunking black magic and prosecuting religious charlatans after the death of an activist who campaigned for nearly two decades for the legislation.

The Maharashtra assembly passed the anti-superstitions bill in the winter session of the state legislature in

Nagpur. The article notes that Maharashtra is the first state to adopt such a measure "in multicultural and secular India."

"The anti-superstition legislation allows police to investigate religious fraud, extremism and human sacrifice."

The bill was passed, following an 18-year debate and intense lobbying from Narendra Dabholkar, who was shot on 20 August after receiving death threats for encouraging villagers to embrace secular and scientific reason.

<http://www.theguardian.com/world/2013/dec/16/indian-state-passes-black-magic-law>

Date Accessed: 17.12.2013
(Ashwin Varghese)

Improving Mother's Health under NRHM

(Press Information Bureau,
December 17, 2013)

According to the *State of the World's Mothers* (2013) report, India has the highest number of deaths of newborns on the first day of life, with estimated deaths of 309,000 newborns on the first day of life in India.

This issue is addressed by the Rural Health Mission (NRHM) which notes that "the improvement of maternal health are critical for improving survival of newborn and are deemed to be intervention for both maternal and child health." Under NRHM, the following interventions are being implemented:

1. Strengthening of Facility based New-born Care through establishment of sick newborn care units (SNCU) at district level and Newborn Stabilization Units (NBSUs) at FRU and Newborn Care Corners at all delivery points. A total of 470 SNCU, 1640 NBSU and 13460 NBCC are operational in the country.
2. Promotion of Institutional Delivery through Janani Suraksha Yojana (JSY) and Janani Shishu Suraksha Karyakram (JSSK): Promoting Institutional delivery to ensure skilled birth attendance is key to reducing both maternal and neo-natal mortality. JSY incentivizes pregnant women to opt for institutional delivery and provides for cash assistance. JSSK entitles all pregnant women to absolutely free and zero expense delivery including caesarean section operation in Government health facilities and provides for free to and fro transport, food, drugs and diagnostics. Similar entitlements have also been put in place for sick neonates and infants.

3. Home Based New-born Care (HBNC): Home based new-born care through ASHA is carried out to improve new born care practices at the community level and for early detection and referral of sick new born babies.

4. Capacity building of health care providers: Various trainings are being conducted under National Rural Health Mission (NRHM) to build and upgrade the skills of doctors, nurses and ANM (Auxiliary Nurses Midwives) for early diagnosis and case management of common ailments of children and care of new-born at time of birth. These trainings include Integrated Management of Neo-natal and Childhood Illness (IMINCI) and Navjaat Shishu Surakshta Karyakaram (NSSK).

5. Management of Malnutrition: As breastfeeding reduces infant mortality, exclusive breastfeeding for first six months and appropriate infant and young child feeding practices are being promoted in convergence with Ministry of Woman and Child Development.

6. Village Health and Nutrition Days (VHNDs) are also being organized for imparting nutritional counselling to mothers, improving child care practices and provision of immunization services."

[http://pib.nic.in/newsite/erelease.aspx?
relid=101820](http://pib.nic.in/newsite/erelease.aspx?relid=101820)

Date Accessed: 11.12.2013
(Ashwin Varghese)

SOCIAL JUSTICE Plight of invisible home-workers of the Agra based Footwear Industry

(Akash Mehrotra, *Info Change*,
November, 2013)

Agra which is the footwear capital of the north india engages 4,500 home-based units in Agra, where the workers are known by their number and are mere piece in the supply chain of a footwear brand. Their work and therefore income are irregular. Since they are not recognised as part of the company's workforce, so, they are not entitled to sick pay, maternity benefits, medical insurance, or pension.

There are 200-odd sole-making units clustered around the inner city. According to ILO Convention 177, home-workers are sub-contracted or dependent workers working for an employer, intermediary or subcontractor for a piece rate. This means they are not entitled to a minimum wage. Often, they are paid one-third or one-fourth of what a typical factory worker earns on a per piece basis, apart from what they have to pay for supplies and transport. Most home-workers are usually involved in the most insecure areas of employment; they enjoy no visibility in the supply chain; there are no occupational safety checks despite complaints about health hazards arising out of poor working conditions, use of toxic chemicals, especially glue, infected fingers and stress from long working hours.

India is the second largest global producer of footwear, accounting for over 13% of footwear production, and coming up with over 2,065 million pairs of footwear every year. **The country's \$35 billion footwear industry provides over 20 lakh jobs, of which 70% are in the unorganised sector. In Agra alone, the daily footwear output ranges between 250,000 and 300,000 pairs of footwear for both the export and domestic markets.** Its share in the domestic market is over half, and in the export market one-fifth. It hosts around 60 exporting units, 200 large domestic units, more than 200 small domestic units and over 4,500 home-based units. For every factory labourer, there are over 10 home-workers working on a per piece rate.

SECTION 3: SOCIETY

Dialogue between businesses, NGOs, trade unions and human rights organisations would help create the required impetus on this issue. Improving the work conditions of home-workers will bring greater transparency and sustainability to global supply chains and also help organise the informal economy.

<http://www.infochangeindia.org/livelhoods/features/invisible-exploited-home-workers-of-agra-s-footwear-industry.html>

Date Accessed: 18.12.2013
(Neha Singh)

DEMOGRAPHY

North East Rural Livelihood Project

(Press Information Bureau,
December 17, 2013)

The North East Rural Livelihood Project (NERLP), the objective of which is “to improve livelihoods of the poor, especially that of women and the disadvantaged people in the project area”, is being implemented in four North Eastern States of Mizoram, Nagaland, Sikkim and Tripura. NERLP is implemented in Aizawl and Lunglei Districts of Mizoram State, Peren and Tuensang Districts of Nagaland State, South Sikkim, West Sikkim Districts and 15 poorest Panchayat wards of East Sikkim of Sikkim and undivided North and West Districts of Tripura State (now 5 Districts). It will cover three lakh households in 1624 villages in the above mentioned districts.

The identification of districts for the project has been completed by the State Governments based on social and economic backwardness.

There is no plan to extend NERLP to other Districts except to the newly carved districts out of the existing 8 districts. However, North East Community Resource Management Project for Upland Areas - III, (NERCORMP-III) is sanctioned at the cost of Rs. 540 crore to cover

undivided Tirap and Changlang Districts of Arunachal Pradesh and Churachandpur & Chandel Districts of Manipur.

<http://pib.nic.in/newsite/erelease.aspx?relid=101831>

Date Accessed: 18.12.2013
(Ashwin Varghese)

REGIONALISM

Protests continue against Cycle ban in Kolkata

(Sayantan Bera, *Down To Earth*, December 17, 2013)

In the midst of a ban on non-motorised transport (NMT) in 174 thoroughfare areas in Kolkata, people like newspaper boys, medicine suppliers and other traders for whom cycles and carts are the means of their livelihood have launched a series of protest retaliating against the ban.

Earlier, the Kolkata police had restricted cycling except between 11 pm to 7 am on 38 roads in 2011. However the transport minister clarified that since the notification has not been ratified by the government, the ban has not been passed. Cyclists, are nevertheless, harassed by the traffic police, who continue to fine them regularly.

The article argues that the ban makes little sense as Kolkata is the only city where cycle trips and walking outnumber car trips. The Kolkata traffic police argue that cyclists slow down vehicular traffic.

Sudhir Krishna, secretary with the Union Ministry of Urban Development (MoUD), has already forwarded a request to the chief secretary of West Bengal to lift the ban and undertake a detailed study aimed at resolving traffic problems equitably.

<http://www.downtoearth.org.in/content/transport-minister-calls-cycle-ban-kolkata-illegal>

Date Accessed: 18.12.2013
(Pallavi Ghosh)

Support for Eri project to help displaced people in erosion-hit areas of Assam

(*The Telegraph*, December 15, 2013)

With an aim to provide livelihood support to the erosion-affected districts in Assam, the Assam Integrated Flood and Riverbank Erosion Risk Management Investment Programme is planning to support silk spinning for those who had been living around embankments.

The programme has been funded by the Japan Fund for Poverty Reduction. A sum of \$120million has been tendered for this purpose.

The project also aims at strengthening communities to cope with floods proactively. It would also provide support for technical training for capacity enhancement of marketing aspects, such as improved procurement of cocoons, organising spinners and weavers into self-help groups, etc.

The beige-coloured eri, often referred as the “poor man’s silk” has taken Assam to a spot in the top three in silk production in the country.

The annual production of eri yarn, which is also known as the “poor man’s silk”, by 500 women working part-time is estimated at 13,500kg and the value of yarn production would be about Rs 1.2 crore.

http://www.telegraphindia.com/1131216/jsp/northeast/story_17685024.jsp#.UrJ5e_QW34x

Date Accessed: 16.12.2013
(Pallavi Ghosh)

SOCIAL CONFLICT AND VIOLENCE

Tripura Government decides to extend AFSPA by 6 more months

(Outlook, December 14, 2013)

Tripura government has decided to extend the Armed Forces Special Powers Act, (AFSPA) in 34 police station areas of the state for another six months from January 1 to contain insurgency. The act was first imposed in Tripura in 1997 when the insurgency was at its height. Earlier the AFSPA was operational in 40 police station areas. The state has 70 police stations altogether.

The decision to extend the AFSPA, also known as disturbed areas act, was taken in the meeting of the state level coordination committee (SLCC) headed by the Chief Secretary S K Panda recently. Extension of AFSPA in selected police station areas intends to contain insurgency permanently.

However, the opposition Indigenous Nationalist Party of Twipra (INPT), tribal based largest party in the state has criticised the state government's decision as 'ridiculous'. General Secretary of INPT Jagadish Debbarma said, "When the government claims that insurgency was crushed in the state, then where is the logic to extend the operation of the act. The state government took the decision to increase its duration only to torture the tribals of the state because this act is operational in Tripura Tribal Areas Autonomous District Council (TTAACD) only." The tribal council area constitute two third of the state territory and is the home to the tribals which forms one third of the state population.

According to Tripura Chief Minister Manik Sarkar, who is also the Home Minister of the state, camps of insurgents of the state still existed in the neighboring country.

<http://news.outlookindia.com/items.aspx?artid=820893>

Date Accessed: 17.12.2013

(Jeet Singh)

INDIA IN THE WORLD

UN asks India to review gay sex ban

(Jason Burke, *The Guardian*, December 12, 2013)

The UN has sought a review of the Supreme Court's overturning its four-year-old decision of decriminalising gay sex. It stated that the recent decision violates the right to privacy and to non-discrimination as enshrined in the International Covenant on Civil and Political Rights.

The article notes that the Supreme Court is known for its broadly progressive judgments that often order politicians or officials to respect the rights of the poor, disadvantaged or marginalised communities.

The Supreme Court argued that the Delhi high court had overstepped its powers when it decided to drop Section 377 and therefore it should be reinstated.

Senior leaders from the Congress party have indicated their political will to address the issue. However, the likelihood of the issue being debated in the Parliament shortly seems bleak.

Supporters of the decision argued that section 377 was re-instated taking legal and constitutional provisions into account and not moral grounds.

<http://www.theguardian.com/world/2013/dec/12/un-asks-india-review-gay-sex-ban>

Date Accessed: 16.12.2013
(Pallavi Ghosh)

SOUTH ASIA

Ensuring human rights; Maldives passes Anti-Torture Act, Prisons and Parole Act

(Zaheena Rasheed, *Minivan News*, December 16, 2013)

People's Majlis, the unicameral legislature of Maldives unanimously passed the landmark Anti-Torture Act, and the Prisons and Parole Act. The Anti-Torture Act declares freedom from torture as a fundamental right, penalises torture, ensures respect for human rights of criminal suspects, and prohibits torture in state custody, detention in undisclosed locations, and solitary confinement. The act further declares any statement obtained through torture to be invalid in a court of law. Anti-Torture bill was proposed to "ensure we do not carry forward the legacy of torture" inherited from Maldives' authoritarian past.

The Prisons and Parole Act specifies rules for the management of jails and procedures for incarceration, rehabilitation and parole as well as rights and benefits due to inmates. It also provides for the establishment of an independent Maldives Correction Service to oversee jails. The Anti-Torture Act passed with the unanimous support of the 53 MPs present and the Prisons and Parole Act passed with the unanimous support of the 54 MPs present at the time of voting.

<http://minivannews.com/politics/majlis-passes-landmark-anti-torture-act-prisons-and-parole-act-73502>

Date Accessed: 17.12.2013
(Anjana John)

India looks to expand strategic footprint in Indian Ocean

(Indrani Bagchi, *Times Of India*, December 16, 2013)

With an aim to expand its strategic footprint in the Indian Ocean, the government is hoping to include Mauritius and Seychelles in the security group that currently consists of India, Maldives and Sri Lanka. Senior officials of the trilateral group will meet on December 19 to prepare the ground for formalising the inclusion.

After the second trilateral meeting, the three countries had agreed to intensify surveillance of Exclusive Economic Zones (EEZ) in each other's territories. India, as part of this agreement, agreed to share its long range identification centre (LRIT) and merchant ship information system (MSIS).

Meanwhile as China has made tremendous inroads in the Indian Ocean region, the US has also offered a bilateral security agreement with Maldives.

http://articles.timesofindia.indiatimes.com/2013-12-16/india/45254209_1_indian-ocean-maldives-security-advisor

Date Accessed: 16.12.2013
(Pallavi Ghosh)

INTERNATIONAL AFFAIRS

How the Federal bank may have fuelled a Bubble with Low Interest Rates

(First Post, December 17, 2013)

According to the critics the Federal Reserve's super-low interest-rate policies have inflated a slew of dangerous asset bubbles and they argued that stocks are at unsustainable prices. California homes, Bitcoin, rare scotch are fetching frothy sums. **Under Chairman Ben Bernanke, the Fed has aggressively bought bonds to try to cut borrowing rates and accelerate spending, investing and hiring. Its supporters say low rates have helped nourish the still-modest economic rebound.**

The five assets might be in a bubble:

Assets	Why it is a bubble	Why its not a bubble
STOCKS Standard & Poor's 500 stock index has jumped about 26 percent since the Fed announced a year ago that it would buy \$85 billion in bonds each month. And since the Fed's first round of bond buying at the end of 2008, stocks have soared 124 percent.	By artificially depressing bond yields, the Fed has led more investors to shift money into stocks. Such a flood of cash can swell share prices without regard to corporate earnings. Once the Fed unwinds its support, many investors could abandon stocks and shares tumbling.	One key measure assesses stock prices relative to corporate profits. A healthy price-earnings ratio is around 15 or \$15 a share for each dollar of profit. The current P/E ratio is about 18.4, slightly above average but probably no cause to panic.
SCOTCH Over the past five years, prices have shot up 170 percent, according to an index of auctions and sales by the Scotland-based firm Whisky Highland. It's among the investments that have grown more alluring as interest rates have fallen. There's a perception that this is a good area of investment at a time when more traditional investments are producing low rates of return	It generates returns by appreciating in price, not producing income as stocks, bonds or real estate can. By definition, whisky, wine and fine art are speculative and can abruptly lose favor with investors.	What inflates bubbles beyond rationality is greed. Green says most buyers acquire Scotch for other reasons: "the mystical allure of the taste the thrill of the chase, the pursuit of status." One of the motives for Chinese buyers is social aspiration.
HOUSING The last housing bubble ignited the worst economic catastrophe since the Great Depression. Home prices became inflated in part from an influx of cash and low rates driven by the Fed and other central banks. And in recent months, prices have again soared in some hot U.S. markets.	All-cash sales, low rates and tight supplies have lifted prices in areas like New York City and Washington, D.C. Fitch Ratings estimated in November that a worrisome 17 percent of the U.S. home market is overvalued, a risk because much of the buying is tied to investments and house-flipping. Some leading forecasters have also warned of bubbles in London and areas of Canada and Norway. New York These countries have accelerating prices, rising price-to-income ratios and huge proportions of mortgage debt as a share of total household debt.	At least in the United States, some safety valves are in place that didn't exist during the previous housing bubble. Lending standards are tighter. Banks are cushioned from possible losses from greater capital in reserve. And homeowners have more home equity this time.
FARMLAND Over the past five years, the cost of Iowa farmland has rocketed 118 percent to \$8,400 an acre, according to the Agriculture Department. Prices have more than doubled, too, in Kansas, Nebraska and North Dakota.	The Fed's low-rate policies have encouraged farmers to expand their holdings over the past five years. Ethanol subsidies led them to plant more corn as prices for that crop rose during the past three years.	Unlike during the 1970s bubble, farmers haven't become "over-leveraged" with debt. The percentage of farmers' assets financed with borrowed money has dropped from 22 percent in 1985 to less than 11 percent. This decline in debt should protect many farmers if the value of cropland plunges.
BITCOIN Critics fear that the Fed's low rates are undermining the dollar's value. People are choosing bitcoins as there's a finite supply of 21 million Bitcoins and its value is expected to surge. The value of a Bitcoin relative to the U.S. dollar has surged at an average pace of 292 percent a year, according to a Bank of America analysis.	Prices are insanely volatile. They jumped 50 percent on Nov. 18 after regulators signalled that digital currencies could be acceptable. They plunged 30 percent on Dec. 5 after China's central bank banned Bitcoins as currency and the volatility suggests that Bitcoins are highly speculative. Bank of America said this month that Bitcoin is "at risk" of bubble status.	Bitcoin may become a useful commodity in the future economy. Its digital nature could make it easier for immigrants to send money back home. It could charge lower transaction fees than credit cards, saving retailers money. Eli Dourado, an economics research fellow at George Mason University, says bubbles occur when assets are priced above their fundamental value, "but we don't know the fundamental value of a Bitcoin yet."

<http://www.firstpost.com/world/how-the-fed-may-have-fuelled-a-bubble-with-low-interest-rates-1290143.html>

Date Accessed: 19.12.2013
(Neha Singh)

China, Japan, South Korea to jointly combat air pollution

(Times Of India, December 15, 2013)

In order to boost sustainable development for greater ecological improvement, China, Japan and South Korea have agreed to jointly combat air pollution.

Stating that the trio shared common benefits and responsibilities, Wang Chunzheng—the vice chairman of the China Centre for International Economic Exchanges—pointed out that both Japan and South Korea have advanced technologies and experience in energy saving, environmental protection and air pollution treatment.

The smog cover that hovered over large parts of China in the recent months has raised many serious regarding health hazards due to environmental pollution.

According to experts, over-dependence on coal, unreasonable industrial structure and the surging numbers of cars for the ever worsening air quality.

China's State Council had even released an action plan for air pollution treatment in September that requires heavily polluted regions to take measures to improve air quality by 2017.

<http://timesofindia.indiatimes.com/home/environment/pollution/China-Japan-South-Korea-to-jointly-combat-air-pollution/articleshow/27430401.cms>

Date Accessed: 16.12.2013

(Pallavi Ghosh)

CMs of Punjab and Pakistan reach accord on trade, agriculture

(The Hindu, December 16, 2013)

The Chief Minister Pakistan Punjab Shahbaz Sharif and his Indian counterpart Parkash Singh Badal, in a joint statement issued in Amritsar, “have committed to further trade, develop people-to-people contacts and learn from each other in the areas of agriculture, livestock breeding and land administration – issues that concern the majority of the people in the two provinces.”

For this the CMs plan to form a joint committee with three members from each side to facilitate increased cooperation between the two Punjabs and liaise with their Union governments for supportive policies in this regard.

They have agreed on a 12-point agenda covering a wide variety of areas, including easy access for people of both sides of the border to religious places of their respective faith, contacts between professionals, students, academics, sports people and artistes.

Since “agriculture is the backbone of both States, the two Chief Ministers resolved to step up contacts to share their expertise in livestock, veterinary sciences and water management.”

<http://www.thehindu.com/todays-paper/tp-national/cms-reach-accord-on-trade-agriculture/article5464381.ece>

Date Accessed: 17.12.2013
(Ashwin Varghese)

AFRICA

Millions at risk of food insecurity in Central African Republic

(FAO, December 16, 2013)

According to Food and Agriculture Organization of the United Nations (FAO), farmers in the Central African Republic need urgent assistance to prevent the food security situation in the conflict-stricken country from worsening for millions of people. Based on the FAO-supported Integrated Food Security Phase Classification, about 1.29 million people, or more than 40 percent of the country’s rural population, are in need of urgent assistance – nearly double the estimated level in February 2013. “These numbers will increase dramatically next year if farmers are not able to prepare for the upcoming planting season”, the Organization said. Crop production has decreased sharply this year after civil conflict that broke out in the north-east of the Central African Republic in December 2012 spread through the rest of the country. An estimated 500 000 people have fled their homes in fear and many farmers have not been able to access their fields.

A further decrease in agricultural output will severely undermine the country’s economy, according to FAO’s Global Information and Early Warning System (GIEWS). Agriculture accounts for 53 percent of national GDP and a major share of employment in the country, where nearly three quarters of the population live in rural areas. Agricultural exports – one of the country’s main sources of foreign exchange earnings – have dropped sharply this year, especially timber, cotton and coffee.

“An UN-coordinated humanitarian appeal is requesting \$241 million to help 1.8 million people in the Central African Republic. The food

security cluster, led by FAO and the World Food Programme, is seeking \$61 million to help 500 000 people. FAO is mobilizing funds and personnel in time for the March planting season, including an allocation of \$1.2 million from its own emergency funding mechanisms."

<http://www.fao.org/news/story/en/item/210674icode/>

Date Accessed: 17.12.2013

(Anjana John)

AMERICAS

Polarized labor market leaving more employees in service jobs

(Peter Dizikes, MIT, December 9, 2013)

A new research, "The Growth of Low Skill Service Jobs and the Polarization of the U.S. Labor Market" by MIT economics professors- Dorn and Autor, **studies the transformation in occupational structure in US and finds that labor force has moved towards service jobs. The study is especially helpful for policy makers as it reveals the various opportunities that such a transformation create and helps in policy formulation for education and labor market.**

The research notes that workers in many middle-rank positions shifted to service jobs. Skilled production-line workers and people in clerical or administrative jobs migrated into jobs such as food-service workers, home health-care aides, child-care employees, and security guards, among other things. Indeed, the portion of all U.S. labor hours logged by service workers grew by 30 percent between 1980 and 2005.

This transformation has both- a positive as well as a negative side to it.

The negative side of the emerging trend is that "job quality" in general, has been falling. Service-sector positions are marked by less leverage and insecurity of employees. Dr. Autor observes that "the problem with many of these jobs is they require fairly generic skill sets, which means workers have limited negotiating power and are fairly interchangeable. These are not, in general, attractive jobs."

On the positive side, "service-sector jobs have seen surprising growth in wages since 1980". Wages have increased despite the increased supply of workers available for service-sector jobs, which should, in theory, depress those wages. The study also tries to explain the phenomenon of increasing wages- "increased productivity has lowered the prices of some goods, allowing people to pay more for some services, such as home health care."

The study also examines 700 "commuting zones" around metropolitan areas in the United States and finds that "technological advances have automated a significant number of existing jobs." The change to service-sector jobs has occurred in traditional industrial areas, such as Chicago and Detroit, as well as areas with a high proportion of office jobs, such as New York and San Francisco.

Dr. Autor cites an example of how policy makers can translate the academic research for policy formulation- for instance, "**recognizing that an increasing number of workers are in the service sector might lead some policymakers to endorse regulations about hours and working standards that would help these parts of the American workforce.**"

<http://web.mit.edu/newsoffice/2013/polarized-labor-market-leaving-more-employees-in-service-jobs-1209.html>

Date Accessed: 20.12.2013

(Mahima Malik)