

# DEVELOP INDIA

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## UNION BUDGET 2012-13 SACHIN TENDULKAR

BECOMES FIRST TO SCORE 100 INTERNATIONAL CENTURIES

Finance Minister Pranab Mukherjee presented the Union Budget for the year 2012-13, his seventh. At the very beginning of his speech Mr Mukherjee said that a “year of recovery interrupted” meant that it was time to take tough decisions. The idea ahead of the budget was that fiscal deficit needed to be controlled by cutting subsidies and raising taxes. The finance minister has raised taxes and promised cuts in subsidies. Here are the highlights of the Budget.

- GDP growth to be 7.6 per cent (+ 0.25 percent) during 2012-13.
- Deduction of up to Rs.10,000 from interest from savings bank accounts.
- Defence to get Rs.1.93 lakh crore during 2012-13.
- Service tax rate raised from 10 per cent to 12 per cent to bring in Rs.18,660 crore.
- Number of proactive steps taken on black money (stashed away abroad); information has started flowing in, prosecution to be initiated; White Paper in current session.
- No change in corporate taxes but measures to enable them better access funds.
- Withholding tax on external commercial borrowings reduced from 20 per cent to five per cent for power, airlines, roads, bridges, affordable houses and fertiliser sectors.
- National Skill Development Fund allocated Rs.1,000 crore.
- Four thousand residential quarters to be constructed for paramilitary forces with an allocation of Rs.1,185 crore.
- National Population Register to be completed in two years.
- Excise duty raised from 10 to 12 per cent.
- Cinema industry exempted from service tax.
- Branded silver jewellery fully exempt from excise duty.
- Customs duty on warning systems/track upgrade equipment for railways reduced from 10 per cent to 7.5 per cent.
- Import duty on equipment for iron ore mining reduced from 7.5 to 2.5 per cent.
- Allocation of Rs.200 crore for research on climate change.
- Irrigation and water resource company to be operationalised.
- National mission on food processing to be started in cooperation with state governments.
- Integrated Child Development Scheme to be strengthened and restructured with allocation of Rs.15,850 crore.
- Allocation of Rs.14,000 crore for rural water supply and sanitation.
- Infusion of Rs.15,888 crore in public sector banks, regional rural banks and NABARD in 2012-13.
- Infrastructure will require Rs.50 lakh crore in 12th Plan, half of this from the private sector.
- Completion of highway projects 44 per cent higher than in previous fiscal.
- External commercial borrowing of up to \$1 billion permitted for airline sector.
- External commercial borrowings permitted to low-cost housing sector.
- From 2012-13, full subsidies for providing food security; in other sectors to the extent the economy can bear this.
- Hope to raise Rs.30,000 crore from disinvestments.
- New equity savings scheme to provide for income tax deduction of 50 per cent for those who invest Rs.50,000 in equity and whose annual income is less than Rs.10 lakh.
- Corporate market reforms to be initiated.
- Bills on micro-finance institutions, national land bank and public debt management among those to be introduced in 2012-13.
- Addressing malnutrition, black money and corruption in public life among five priorities in year ahead.
- India’s inflation structural, driven largely by agricultural constraints.
- Current account deficit 3.6 per cent in 2011-12; this put pressure on exchange rate.
- Growth in 2012-13 estimated at 7.6 per cent; expect inflation to be lower.
- Better monitoring of expenditure on government schemes.
- Fiscal 2011-12 year of recovery interrupted; reality turned out to be different.
- GDP growth in 2011-12 estimated at 6.9 per cent; had to battle double digit inflation for two years.
- Good news: agriculture and services continued to perform well; economy is now turning around; recovery in core sectors.
- Now at juncture where it is necessary to take hard decisions; have to accelerate pace of reforms.
- Central Government debt at 45.5 per cent of GDP as compared to Thirteenth Finance Commission target of 50.5 per cent.
- Income tax exemption limit raised from Rs.1,80,000 to Rs.2,00,000; upper limit of 20 per cent tax slab raised from Rs.8 lakh to Rs.10 lakh
- Interest from savings bank accounts deductible upto Rs.10,000; deduction of upto Rs.5,000 for preventive health check-up
- National Urban Health Mission is being launched
- 34 per cent increase in allocation to National Rural Livelihood Mission, to Rs. 3915 crore
- Rs. 1000 crore allocated for National Skill Development Fund
- Bharat Livelihood Foundation to be established to support livelihood interventions particularly in tribal areas

### Union Budget evokes mixed reactions

Reacting to the budget proposals, the Prime Minister Dr. Manmohan Singh said it will pave the way for faster and inclusive growth of the economy. He said, cutting subsidies to 2 per cent of GDP was important and government will have to adjust the prices of petroleum and other relevant products. When asked whether the cutting subsidy proposals have the backing of UPA allies, Dr. Singh said, the government take them on board for sustainable economic growth.

Several Union Ministers have hailed the budget proposals. Former Finance Minister and Home Minister P. Chidambaram said that Mr. Pranab Mukherjee has laid foundation for fiscal consolidation, recovery and growth. The Defence Minister A.K. Antony said he was happy with the allocation for the defence sector.

Various political parties have reacted to budget proposals on party lines. The Congress today said the budget proposal of continuing with interest subsidy for short-term crop loans will go a long way to boost rural economy. Party Spokesman Manish Tiwary said the government has endeavoured to emphasise on those areas which can return the country's economy towards high growth path.

**The BJP** said Union Budget has no vision towards economic reforms. Talking to reporters in New Delhi, Senior BJP leader and former Finance Minister, Mr Yashwant Sinha said the country is facing the challenges of revenue deficit, fiscal deficit and inflation. He said the common man will be over-burdened by the imposition of indirect taxes.

Sitaram Yechury of the **CPIM** described the budget as pro-rich and anti-poor. He said common man already reeling under high rate of inflation will face more problems. Yechury said it is not the right approach to control fiscal deficit.

**CPI** leader Gurudas Dasgupta termed the budget as directionless and will not help in turning around the economy. **BSP** leader Vijay Bahadur Singh described the budget as urban oriented. It will lead to hike in the prices.

The **BJD** leader Kalikesh Singhdeo said that Finance Minister has missed an opportunity to come up with bold reforms as well as have an inclusive growth in rural India.



India’s **Sachin Tendulkar** on March 16, 2012 became the first batsman in history to score 100 international centuries, adding another milestone in his record-breaking career. Former Australian captain Ricky Ponting is the second batsman on the all-time list with 71 international centuries. Tendulkar, who turns 39 next month, achieved the feat when he recorded his 49th one-day century in the Asia Cup match against Bangladesh at the Sher-e-Bangla stadium in Dhaka. He has 51 Test hundreds.

Tendulkar is the most capped player in the history of the game with 188 Test and 462 one-day appearances since making his debut against Pakistan in Karachi in November, 1989.

Millions of fans in India and across the cricketing world endured an anxious year-long wait before Tendulkar finally reached the landmark in the four-nation tournament, the symbol of one-day supremacy in the continent. He scored his 99th ton during a World Cup match against South Africa in Nagpur on March 12 last year, but failed to add to the tally on subsequent tours of England and Australia and a home series against the West Indies.

### Sachin Tendulkar : Introduction

**Full name** Sachin Ramesh Tendulkar

**Born** April 24, 1973, Bombay (now Mumbai), Maharashtra

**Current age** 38 years 327 days

**Major teams** India, Asia XI, Mumbai, Mumbai Indians, Yorkshire

**Nickname** Tendliya, Little Master

**Playing role** Top-order batsman

**Batting style** Right-hand bat

**Bowling style** Right-arm offbreak, Legbreak googly

**Height** 5 ft 5 in

**Education** Sharadashram Vidyamandir School

**In a nutshell** Perhaps the most complete batsman and the most worshipped cricketer in the world, Tendulkar holds just about every batting record worth owning in the game, including those for most runs and hundreds in Tests and ODIs, and most international runs.

### Batting and fielding averages

	Mat	Inns	NO	Runs	HS	Ave	BF	SR	100	50	4s	6s	Ct	St
<b>Tests</b>	188	311	32	15470	248*	55.44			51	65		67	113	0
<b>ODIs</b>	462	451	41	18374	200*	44.81	21319	86.18	49	95	2011	194	140	0
<b>T20Is</b>	1	1	0	10	10	10.00	12	83.33	0	0	2	0	1	0
<b>First-class</b>	292	464	48	24389	248*	58.62			78	111			181	0
<b>List A</b>	550	537	55	21947	200*	45.53			60	113			175	0
<b>Twenty20</b>	60	60	8	2069	100*	39.78	1659	124.71	1	13	268	26	23	0

### Bowling averages

	Mat	Inns	Balls	Runs	Wkts	BBI	BBM	Ave	Econ	SR	4w	5w	10
<b>Tests</b>	188	139	4174	2445	45	3/10	3/14	54.33	3.51	92.7	0	0	0
<b>ODIs</b>	462	269	8044	6838	154	5/32	5/32	44.40	5.10	52.2	4	2	0
<b>T20Is</b>	1	1	15	12	1	1/12	1/12	12.00	4.80	15.0	0	0	0
<b>First-class</b>	292		7539	4337	70	3/10		61.95	3.45	107.7		0	0
<b>List A</b>	550		10220	8466	201	5/32	5/32	42.11	4.97	50.8	4	2	0
<b>Twenty20</b>	60	8	93	123	2	1/12	1/12	61.50	7.93	46.5	0	0	0

The President, Mrs Pratibha Devi Singh Patil and Prime Minister, Dr. Manmohan Singh have congratulated batting maestro Sachin Tendulkar on his magnificent achievement of scoring one hundred century in International Cricket matches. Tendulkar last century in internationa cricket was against South Africa during World Cup in Nagpur on 12th March last year.

## Ex-Libya Intelligence Chief Is Captured in Mauritania

Mauritanian authorities announced the arrest on Saturday of Col. Muammar el-Qaddafi’s former chief of intelligence, Abdullah al-Senussi, a brutal enforcer who was wanted by the International Criminal Court for his alleged role in the killing of hundreds of peaceful protesters during Libyans’ revolt last year.

Mr. Senussi was one of the former Libyan government’s most wanted men and he was one of the last of the former government’s top leaders to be captured. He was arrested as he entered the West African country on a false passport, officials said on Saturday.

A brother-in-law of Mr. Qaddafi, Mr. Senussi was considered one of his closest confidantes and was accused of being involved in some of Libya’s most notorious attacks — on its own people and in other countries. He was sentenced to life in absentia in France for the bombing of an airliner in 1989 that killed 170 people and suspected of a key role in the killing of more than 1,200 inmates at Tripoli’s Abu Salim prison in 1996.

It was the arrest of a lawyer for the relatives of victims from that prison that sparked Libya’s revolt against Mr. Qaddafi in February last year.

Mr. Senussi’s whereabouts had been unclear for months. Reports late last year said that he was being held by a local militia in Libya.

On Saturday, the Libyan government confirmed that Mr. Senussi had been arrested in Mauritania, and French officials announced that they had cooperated in the arrest.

Mr. Senussi’s arrest immediately raised questions as to where he would be tried. The International Criminal Court urged Mauritania to send him to its offices in The Hague, while the French government said it wanted him extradited to France, citing his alleged role in the 1989 bombing of the airliner over Niger in which 54 French nationals died. Libya also said it wanted to extradite Mr. Senussi.

A Libyan government spokesman, Nasser al-Manee, said at a news conference in Tripoli that Mr. Senussi had been arrested with a young man.

“We think it is his son,” he said, confirming a Mauritanian state news agency report that Mr. Senussi was arrested with a false Malian passport arriving from Casablanca, Morocco. France, which pushed for the foreign military intervention that helped topple the Qaddafi government, said it would send an arrest warrant to Mauritania in the next few hours.”





# Union Budget 2012-13 Summary

The Union Budget 2012-13 presented by the Finance Minister ShriPranab Mukherjee in Lok Sabha today identifies five objectives to be addressed effectively in the ensuing fiscal year. They include focus on domestic demand driven growth recovery; create conditions for rapid revival of high growth in private investment; address supply bottlenecks in agriculture, energy and transport sectors particularly in coal, power, national highways, railways and civil aviation; intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts and expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money and corruption in public life.

ShriPranab Mukherjee said that India's GDP growth in 2012-13 is expected to be 7.6 per cent +/-0.25 per cent. He said that in 2011-12, India's GDP is estimated to grow at 6.9 per cent after having grown at the rate of 8.4 per cent in each of the two preceding years. He said though the global crisis had affected India, it still remains among the front runners in economic growth. Shri Mukherjee said the slowdown is primarily due to deceleration in industrial growth. Stating that the headline inflation remained high for most part of the year, the Finance Minister expressed hope that it will moderate further in the next few months and remain stable thereafter.

Shri Mukherjee laid emphasis on striking a balance between fiscal consolidation and strengthening macroeconomic fundamentals. He announced introduction of amendments to the Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act) as part of the Finance Bill 2012. He said that concept of "Effective Revenue Deficit" and "Medium Term Expenditure Framework" statement are two important features of Amendment to FRBM Act in the direction of expenditure reforms. This statement shall set forth a three year rolling targets for expenditure indicators.

The Finance Minister called for a need to have a close look at the growth of revenue expenditure, particularly, on subsidies. He announced that from 2012-13 while subsidies related to food and for administering the Food Security Act will be fully provided for, all other subsidies would be funded to the extent that they can be borne by the economy without any adverse implications. He said that the Government will endeavor to restrict the expenditure on central subsidies under 2 per cent of GDP in 2012-13 and over the next three years, it would be further brought down to 1.75 per cent of GDP. Shri Mukherjee said that based on recommendations of the Task Force headed by ShriNandan Nilekani, a mobile-based Fertilizer Management System has been designed to provide end-to-end information on movement of fertilizers and subsidies which will be rolled out nation-wide during 2012. He said that transfer of subsidy to the retailer and eventually to the farmers will be implemented in subsequent phases which will benefit 12 crore farmer families.

On the tax reforms, the Finance Minister said that the Direct Taxes Code (DTC) Bill will be enacted at the earliest after expeditious examination of the report of the Parliamentary Standing Committee. He said drafting of model legislation for Centre and State Goods and Services Tax (GST) in concert with States is under progress. He added that the GST network will be set up as a National Information Utility and will become operational by August 2012.

On the disinvestment policy, Shri Mukherjee said that the Central Public Sector Enterprises (CPSEs) are being given a level playing field vis-à-vis private sector with regard to practices like buy-backs and listing at stock exchange. Stating that while in

2011-12, the Government will raise about Rs.14,000crore from disinvestment as against a target of Rs.40,000 crore, the Finance Minister proposed to raise Rs.30,000 crore through disinvestment in 2012-13. He said at least 51 per cent ownership and management of CPSEs will remain with the Government.

Calling for strengthening investment environment, Shri Mukherjee said that efforts are on to arrive at a broad-based consensus in respect of decision to allow FDI in multi-brand retail up to 51 per cent. He proposed to introduce a new scheme called Rajiv Gandhi Equity Savings Scheme to allow for income tax deduction of 50 per cent to new retail investors who invest up to Rs.50,000 directly in equities and whose annual income is below Rs.10 lakh. The scheme will have a lock-in period of 3 years. Regarding capital markets, the Finance Minister proposed to allow Qualified Foreign Investors (QFIs) to access Indian Corporate Bond market. He also proposed simplifying the process of Initial Public Offer (IPO).

ShriPranab Mukherjee said that the Government is committed to protect the financial health of Public Sector Banks and Financial Institutions. He proposed to provide Rs. 15,888 crore for capitalization of Public Sector Banks, Regional Rural Banks and other financial institutions including NABARD. He added that a Central Know Your Customer (KYC) depository will be developed in 2012-13 to avoid multiplicity of registration and data upkeep.

The Finance Minister informed that out of 73,000 identified habitations that were to be covered under "Swabhimaan" campaign for providing banking facilities by March 2012, about 70,000 habitations have been covered while the rest are likely to be covered by March 31, 2012. He added that as a next step Ultra Small Branches are being set up at these habitations. In 2012-13, Swabhimaan campaign will be extended to more habitations.

Emphasizing on infrastructure and industrial development, Shri Mukherjee said that during the 12th Plan, infrastructure investment will go up to Rs.50 lakh crore with half of this expected from private sector. Stating that in 2011-12 tax free bonds for Rs.30,000 crore were announced for financing infrastructure projects, he proposed to double it to raise Rs.60,000 crore in 2012-13. The Minister proposed to allow External Commercial Borrowings (ECB) to part finance Rupee debt of existing power projects.

The Finance Minister ShriPranab Mukherjee announced a target of covering 8,800 km. under NHDP next year and increase in allocation of the Road Transport and Highways Ministry by 14 per cent to Rs.25,360 crore in 2012-13. He proposed to permit ECB for working capital requirements of the Airline Industry for a period of one year, subject to a total ceiling of US dollar 1 billion to address the immediate financial concerns of the Civil Aviation Sector. He added that a proposal to allow foreign airlines to participate up to 49 per cent in the equity of an air transport undertaking is under active consideration.

Expressing concern over shortage in housing sector, the Finance Minister proposed various measures to address the shortage of housing for low income groups in major cities and towns including ECB for low cost housing projects and setting up of a Credit Guarantee Trust Fund.

Regarding textile sector, the Finance Minister announced setting up of two more mega clusters, one to cover Prakasam and Guntur districts in Andhra Pradesh and other for Godda and neighboring districts in Jharkhand in addition to 4 mega handloom clusters already operationalized. He also proposed setting up of three Weavers Service Centres, one each in Mizoram, Nagaland and Jharkhand. The Minister proposed a Rs. 500 crore pilot

scheme in twelfth plan for promotion and application of Geo-textiles in the North East. A powerloom Mega Cluster will be set up in Ichalkaranji in Maharashtra.

The Finance Minister proposed to set up a Rs.5000 crore India Opportunities Venture Fund with SIDBI to enhance availability of equity to Micro, Small and Medium Enterprises.

Stating that agriculture will continue to be a priority for Government, Shri Mukherjee proposed an increase by 18 per cent to Rs. 20,208 crore in the total Plan Outlay for the Department of Agriculture and Cooperation in 2012-13. He said that the outlay for RashtriyaKrishiVikasYojana (RKVY) is being increased to Rs. 9217 crore in 2012-13.

Underlining importance of timely access to affordable credit for farmers, the Finance Minister proposed to raise the target for agricultural credit to Rs.5,75,000 crore, which represents an increase of Rs. 1,00,000 crore over the target for the current year. He said that a short term RRB Credit Refinance Fund is being set up to enhance the capacity of Regional Rural Banks to disburse short term crop loans to the small and marginal farmers. He added that Kisan Credit Card Scheme will be modified to make it a smart card which can be used at ATMs.

The Finance Minister said that in order to have a better outreach of the food processing sector, a new centrally sponsored scheme titled National Mission on Food Processing will be started in cooperation with the States in 2012-13.

The Finance Minister proposed an increase of 18 per cent to Rs.37,113crore for Scheduled Castes Sub Plan and an increase of 17.6 per cent to Rs.21,710 crore for Tribal Sub Plan during 2012-



13. Regarding food security, Shri Mukherjee said that National Food Security Bill 2011 is before Parliamentary Standing Committee. He said a multi-sectoral programme to address maternal and child malnutrition in selected 200 high burdened districts is being rolled out during 2012-13. He further said that an allocation of Rs.15,850 crore has been made for ICDS scheme which is an increase of 58% and Rs.11,937 crore for National Programme of Mid-Day Meals in schools for the year 2012-13. He added that an allocation of Rs.750 crore is proposed for Rajiv Gandhi Scheme for Empowerment of Adolescent Girls, SABLA.

The allocation for rural drinking water and sanitation is proposed to be increased by over 27 per cent to Rs. 14,000 crore and for PradhanMantri Road SadakYojana by 20 per cent to Rs. 24,000 crore in 2012-13. He proposed to enhance the allocation under Rural Infrastructure Development Fund to Rs. 20,000 crore with Rs.5,000 crore exclusively earmarked for creating warehousing facilities.

The Finance Minister proposed an increase in allocation by 21.7 per cent for Right to Education - SarvaShikshaAbhiyan to Rs.25,555 crore and by 29 per cent for RashtriyaMadhyamikShikshaAbhiyan to Rs. 3,124 crore. He proposed to set up a Credit Guarantee Fund to ensure better flow of funds to stu-

dents.

Regarding health sector he proposed an increase in allocation for NRHM to Rs.20,822 crore in 2012-13. He also said that National Urban Health Mission is being launched.

The Finance Minister said that Mahatma Gandhi National Rural Employment Guarantee Scheme has had a positive impact. He proposed an allocation of Rs.3915 crore for National Rural Livelihood Mission (NRLM) which represents an increase of 34 per cent. He proposed to provide Rs.200 crore to enlarge the corpus to Rs.300 crore of the Women's SHG's Development Fund. He said the fund will also support the objectives of Aajeevika i.e. NRLM and will empower women SHGs to access bank credit. He also proposed to establish a Bharat Livelihoods Foundation of India through Aajeevika which will support and scale up civil society initiatives and interventions particularly in the tribal regions covering around 170 districts.

Allocation under National Social Assistance Programme (NSAP) is proposed to be raised by 37 per cent to Rs. 8447 crore. Under the Indira Gandhi National Widow Pension Scheme and Indira Gandhi National Disability Pension Scheme for BPL beneficiaries, the monthly pension amount per person is being raised from Rs. 200 to Rs.300.

The Finance Minister announced a provision of Rs.1,93,407crore for Defence Services including Rs.79,579 crore for capital expenditure. He said the allocation is based on present needs and any further requirement would be met.

Addressing Governance related issues, Shri Mukherjee said adequate funds are proposed to be allocated to complete enrolments of another 40

crore persons under UID Mission. Outlining the steps taken by the Government to address the issue of black money, the Minister proposed to lay a White Paper on Black Money in the current session of Parliament.

In the Budget Estimates for 2012-13, the Gross Tax Receipts are estimated at Rs.10, 77,612 crore which is an increase of 15.6 per cent over the Budget Estimates and 19.5 per cent over the revised estimates for 2011-12. After devolution to States, the net tax to the Centre in 2012-13 is estimated at Rs. 7,71,071crore. The Non Tax Revenue Receipts are estimated at Rs.1,64,614crore and Non-debt Capital Receipts at Rs.41,650 crore. The total expenditure for 2012-13 is budgeted at Rs.14,90,925 crore. Of this Rs.5,21,025crore is the Plan Expenditure while Rs.9,69,900 crore is budgeted as Non Plan Expenditure.

The tax proposals are guided by the need to move towards the Direct Tax Code(DTC) in the case of direct taxes and Goods & Services Tax (GST) in the case of indirect taxes.

Individual income upto Rs.2 lakh will be free from income tax; income upto Rs.1.8 lakh was exempt in 2011-12. Income above Rs.5 lakh and upto Rs.10 lakh now carries tax at the rate of 20 per cent; the 20% tax slab was from Rs.5 lakh to Rs.8 lakh in 2011-12. A deduction of upto Rs.10,000 is now available for interest from savings bank accounts. Within the existing limit for deduction allowed for

## BUDGET AIMED AT GIVING BOOST TO GROWTH WITH STABILITY: PRANAB

Finance Min Pranab Mukherjee has said the budget was aimed at giving boost to growth with stability and there was a "determined effort to regain the path of fiscal consolidation." "This is a budget for growth with stability. Stability on the prices front and on macro economic front at a time when there is growing uncertainty in the global economy. There is a determined effort to regain the path of fiscal consolidation," Mukherjee told reporters outside Parliament House on Friday. "There is a determined effort to regain the path of fiscal consolidation," he said.

Observing that there is special thrust on all forms of investment especially on infrastructure and in agriculture to overcome the supply constraint, Mukherjee said it will help the Government manage the inflation front and comeback to the path of higher growth trajectory. "The initiative for improving employability and opportunity for livelihood had been further strengthened for inclusive growth in both rural and urban areas," the Finance Minister said.



health insurance, a deduction of upto Rs.5000 is being allowed for preventive health check-up. Senior citizens not having income from business will now not need to pay advance tax.

While no changes have been made in corporate taxes, the budget proposes a number of measures to promote investment in specific sectors. In order to provide low cost funds to some stressed infrastructure sectors, withholding tax on interest payments on external borrowings (ECBs) is being reduced from 20 percent to 5 per cent for 3 years. These sectors are - power, airlines, roads and bridges, ports and shipyards, affordable housing, fertilizer, and dam.

Investment linked deduction of capital expenditure in some businesses is proposed to be provided at 150 per cent as against the current rate of 100 per cent. These sectors include cold chain facility, warehouses for storing food-grains, hospitals, fertilizers and affordable housing. Bee keeping, container freight and warehousing for storage of sugar will now also be eligible for investment linked deduction.

The budget also proposes weighted deduction for R&D expenditure, agri-extension services and expenditure on skill development in the manufacturing sector.

For small and medium enterprises (SMEs) the turnover limit for compulsory tax audit of accounts as well as for presumptive taxation is proposed to be raised from Rs. 60 lakh to Rs. 1 crore. In order to augment funds for SMEs, sale of residential property will be exempt from capital gains tax, if the proceeds are used for purchase of plant and machinery, etc.

A General Anti-Avoidance Rule (GAAR) is being introduced in order to counter aggressive tax avoidance. Securities transaction tax (STT) is being reduced by 20 per cent on cash delivery transactions, from 0.125% to 0.1%. Alternative Minimum Tax is proposed to be levied from all persons, other than companies, claiming profit linked deductions.

The Finance Minister has proposed a series of measures to deter the generation and use of unaccounted money. In the case of assets held abroad, compulsory reporting is being introduced and assessment upto 16 years will now be allowed to be re-opened. Tax will be collected at source on trading in coal, lignite and iron ore; purchase of bullion or jewellery above Rs. 2 lakh in cash; and transfer of immovable property (other than agricultural land) above a specified threshold. Unexplained money, credits, investments, expenditures etc. will be taxed at the highest rate of 30 per cent irrespective of the slab of income.

The Finance Minister has made an effort to widen the service tax base, strengthen its enforcement and bring it as close as possible to the central excise. A common simplified registration form and a common return are being introduced for central excise and service tax.

All services will now attract service

tax, except those in the negative list. The negative list has 17 heads and includes specified services provided by the government or local authorities, and services in the fields of education, renting of residential dwellings, entertainment and amusement, public transportation, agriculture and animal husbandry. A number of other services including health care, and services provided by charities, independent journalist, sport persons, performing artists in folk and classical arts, etc are exempt from service tax. Film industry also gets tax exemption on copyrights relating to recording of cinematographic films.

Service tax rate is being increased from 10 per cent to 12 per cent, with consequential change in rates for services that have individual tax rates. The standard rate of excise duty for non-petroleum goods is also being raised from 10 per cent to 12 per cent. No change is proposed in peak rate of customs duty of 10 per cent on non-agricultural goods.

The Budget offers relief to different sectors of economy, especially those under stress. Import of equipment for fertilizer projects are being fully exempted from basic customs duty of 5 per cent for 3 years. Basic customs duty is also being lowered for a number of equipment used in agriculture and related areas.

In the realm of infrastructure, customs relief is being given to power, coal and railways sectors. While steam coal gets full customs duty exemption for 2 years (with the concessional counter-veiling duty of 1 per cent), natural gas, LNG and certain uranium fuel get full duty exemption this year. Different levels of duty concessions are being provided to help mining, railways, roads, civil aviation, manufacturing, health and nutrition and environment. So as to help modernization of the textile industry, a number of equipment are being fully exempted from basic customs duty, and lower customs duty is being proposed for some other items used by the textile industry.

Customs duty is being raised for gold bars and coins of certain categories, platinum and gold ore. Customs duty is to be imposed on coloured gem stones. Excise duty on certain categories of cigarettes and bidis, pan masala and chewing tobacco is being increased. Customs duty is being increased on completely built large cars/ SUVs/ MUVs of value exceeding \$40,000.

Silver jewellery will now be fully exempt from excise duty. Unbranded precious metal jewellery will attract excise duty on the lines of branded jewellery. Operations are being simplified and measures taken to minimize impact of this provision on small artisans and goldsmiths.

While direct tax proposals in the Budget will result in a net revenue loss of Rs.4,500crore, indirect taxes will result in a net revenue gain of Rs.45,940 crore. Thus, the tax proposals will lead to a net gain of Rs.41,440crore.



# Career with us

# Interview Tips for IAS

Personality is the dominating force in every field. One can not go ahead in any field without personality. It is the first thing noticed during interviews. During exam preparation one should also focus on personality development. Even while preparing for UPSC exams, for getting into civil service, the biggest career in demand one needs to be well prepared. According to Kothari Committee of the Union Public Service Commission, the interview questions are generally framed in such a way as to test the concern and awareness relating to socio-economic problems, reasoning ability, grasp of argument and narrative, clarity of expression, depth and ranges of personal attributes and interests relevant to interaction with people of the candidates. There are generally 5 members at the board with the Chairperson seated at the center.

In the interview generally the following types of questions are asked.

- Enter confidently and greet the Chairperson, who will probably welcome you, and pleasantly nod at other members. Wait till you are asked to sit.
- Intelligent listing is the mantra, and for this maintaining eye contact is very important. You should not glare but all the same appear attentive and do not glance at other members, it can be very distracting for the interviewer. However if some other member asks you anything, look at that member and answer and turn back to the first - this is what we do in normal attentive listening.
- Do not fidget or throw your hands around, or shake your head. Less amount of movement does not mean you should sit unnaturally stiff. Your posture should be attentive and relaxed at the same time. Do not crouch/bend forward or place your hands on the table.
- Cut your answer short to the required patience shown by the member talking to you. They usually like to talk more, so listen carefully and think for a few seconds before you start answering the question. This will show that you are organising your thoughts in mind before starting to speak.
- Leave some room for difference in opinion. Do take a stand, but do not look adamant or unwilling to appreciate the board's opinion.
- Use couple of words from the question while answering any question. It shows you have listened to the question carefully. But at the same time limit the use the technical jargon.
- Listen very carefully. Come to the central issue of the enquiry immediately. Wild guessing or speculation are a complete no no.
- Do not start evaluating your performance while still inthe interview. Even if you have committed mistakes in the beginning, do not think that you have already lost the game. They are looking for warm, sensitive respectful and attentive youngsters. They know you are good or you would not have come so far.
- Talk humbly about your achievements and hobbies. You may have mentioned some hobbies in the form without serious background in them, but before the interview it would be useful to pick up some basic info on the hobby. Say less to convey more. Less is more these days as per the minimalist creed. Argue logically and generalise correctly. Do not try to read too much between the lines.
- Remember, while answering any question, what is easy to see is easy to miss. We often tend to miss the obvious and go for some non-crucial aspect of the subject.

Get up to leave only when the chairperson asks you to, not because you think everyone has asked a question. Similarly, even if someone has not asked a question and the chairperson asks you to leave then please leave. Some members do not ask questions at all, due to various reasons like limited time.

- Before leaving politely thank the chairperson and nod at the others politely. Avoid saying "Have a good day sir". A "Thank you Sir/Madam" is enough.
- Situational questions like what would you do when you are faced with a situation.

- Current hot topics like bird flu, Indian cricket team, etc.
- Relating to hobby of the candidates.
- Relating to the career choice of the candidates.
- Relating to the popular personalities associated with the name of the candidates.
- Reason for the choice of the particular service by the candidate.
- To have a positive body language
- To have a good personal turnout and ensuring the right posture
- To answer questions clearly and confidently
- Try to remain calm and composed even when faced with provocative questions
- Try not getting into long winded explanations and answer to the point.
- Things To Be Avoided at the UPSC Interview
- Avoid the expression, 'I am sorry.'
- Avoid conversational cliches, like: 'as you know', 'that's correct', 'of course', 'indeed', 'obviously', etc.
- Avoid technical jargon. However, if a member continues to probe you in any technical field, you can use technical expressions.
- Maintain a cheerful disposition. Now and then you can appear serious; but most of the time keep smiling or look cheerful and composed. One caution here: if the board laughs, you should only smile. It is only when you maintain

some amount of distance that the board begins to wonder about the depth of your personality.

- Do not give long introductions. Come straight to the heart of the matter.
- Show human concern whenever possible in your answers.
- You should be logically consistent and analyse things rationally while talking. You are supposed to defend what you say, but with due respect to the views of the board. Stop trying to defend an answer if it becomes difficult to do so logically and fairly.
- Do not make hasty or sweeping generalisations.
- Try to remain composed and calm even when the interviewers ask you provocative questions.
- Try to answer the questions confidently and clearly.
- Try to have a positive body language.
- Try to answer to the point.
- Try to have a right posture and good personal turnout.
- Be clear and consistent in your views.



## THINGS TO BE AVOIDED IN THE IAS INTERVIEW

- Avoid the expression, 'I am sorry.'
- Avoid conversational cliches, like: 'as you know', 'that's correct', 'of course', 'indeed', 'obviously', etc.
- Avoid technical jargon. However, if a member continues to probe you in any technical field, you can use technical expressions.
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- Do not give long introductions. Come straight to the heart of the matter.
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- You should be logically consistent and analyse things rationally while talking. You are supposed to defend what you say, but with due respect to the views of the board. Stop trying to defend an answer if it becomes difficult to do so logically and fairly.
- Do not make hasty or sweeping generalisations.

## TIPS TO IMPROVE YOUR PERFORMANCE AT THE UPSC INTERVIEW

- There are generally 5 members at the board with the Chairperson seated at the center. Enter confidently and greet the Chairperson, who will probably welcome you, and pleasantly nod at other members. Wait till you are asked to sit.
- Intelligent listing is the mantra, and for this maintaining eye contact is very important. You should not glare but all the same appear attentive and do not glance at other members, it can be very distracting for the interviewer. However if some other member asks you anything, look at that member and answer and turn back to the first - this is what we do in normal attentive listening.
- Do not fidget or throw your hands around, or shake your head. Less amount of movement does not mean you should sit unnaturally stiff. Your posture should be attentive and relaxed at the same time. Do not crouch/bend forward or place your hands on the table.
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- Talk humbly about your achievements and hobbies. You may have mentioned some hobbies in the form without serious background in them, but before the interview it would be useful to pick up some basic info on the hobby.
- Say less to convey more. Less is more these days as per the minimalist creed. Argue logically and generalise correctly. Do not try to read too much between the lines.
- Remember, while answering any question, what is easy to see is easy to miss. We often tend to miss the obvious and go for some non-crucial aspect of the subject.

## PREVIOUS YEAR INTERVIEW QUESTIONS ASK IN IAS EXAM

Q. How can you drop a raw egg onto a concrete floor without cracking it?  
A. Concrete floors are very hard to crack! (UPSC Topper)  
Q. If it took eight men ten hours to build a wall,how long would it take four men to build it?  
A. No time at all it is already built. (UPSC 23 Rank Opted for IFS)  
Q. If you had three apples and four oranges in one hand and four apples and three oranges in the other hand, what would you have?  
A. Very large hands.(Good one) (UPSC 11 Rank Opted for IPS)  
Q. How can you lift an elephant with one hand?  
A. It is not a problem, since you will never find an elephant with one hand. (UPSC Rank 14 Opted for IES)  
Q. How can a man go eight days without sleep?  
A. No Probs , He sleeps at night. (UPSC IAS Rank 98)  
Q. If you throw a red stone into the blue sea what it will become?  
A. It will Wet or Sink as simple as that. (UPSC IAS Rank 2)  
Q. What looks like half apple ?  
A : The other half. (UPSC - IAS Topper )  
Q. What can you never eat for breakfast ?  
A : Dinner.  
Q. What happened when wheel was invented ?  
A : It caused a revolution.  
Q. Bay of Bengal is in which state?  
A : Liquid (UPSC 33Rank )  
Mandape J A  
Q what would you have?  
A. Very large hands.(Good one) (UPSC 11 Rank Opted for IPS)  
Interviewer said "I shall either ask you ten easy questions or one really difficult question."  
Q. What happened when wheel was invented ?  
A : It caused a revolution.  
Q. Bay of Bengal is in which state  
A : Liquid (UPSC 33Rank )  
Interviewer said "I shall either ask you ten easy questions or one really difficult question."  
Think well before you make up your mind!" The boy thought for a while and said, "my choice is one really difficult question."  
"Well, good luck to you, you have made your own choice! Now tell me this.  
"What comes first, Day or Night?" The boy was jolted into reality as his admission depends on the correctness of his answer, but he thought for a while and said,  
"It's the DAY sir!"  
"How" the interviewer asked,  
"Sorry sir, you promised me that you will not ask me a SECOND difficult question!"  
He was selected for IIM!



# Railway Budget 2012-13 at a Glance

HIGHEST EVER PLAN OUTLAY OF RS.60,000 CRORE



A GREEN TRAIN AND 200 GREEN ENERGY STATIONS PROPOSED

75 NEW EXPRESS TRAINS, 21 NEW PASSENGER SERVICES, 9 DEMU AND 8 MEMU SERVICES 137 SERVICES NEW SUB-URBAN SERVICES TO COME UP IN MUMBAI, CHENNAI & KOLKATA 725 KM NEW LINES TO BE INTRODUCED

The Railway Budget presented by Minister of Railways Shri Dinesh Trivedi in Parliament today seeks to raise investment in modernization and upgradation of rail infrastructure. It gives very high priority to rail safety and security. Passenger fares have been increased marginally. Presenting the Railway Budget 2012-13 in Parliament today, Shri Trivedi proposed a Budget with highest ever plan outlay of Rs. 60,100 crore which provides Rs. 6,872 crore for new railway lines and significant funds for passengers safety, security and amenities.

In this Budget, the Railway Minister has focused on five important fields, which are: Safety; Consolidation; Decongestion & Capacity Augmentation; Modernization; and to bring down the Operating Ratio from 95% to 84.9% in 2012-13. The marginal increase in passenger fares is as follows:

By 2 paise per km for suburban and ordinary second class; 3 paise per km for mail/express second class; 5 paise per km for sleeper class; 10 paise per km for AC Chair Car, AC 3 tier and First Class; 15 paise per km for AC 2 tier and 30 paise per km for AC I. The fares will be rounded off to the next nearest five rupees and the minimum fares and platform tickets will cost Rs. 5.

In the Railway Budget, the Minister has proposed 75 new Express trains, 21 new passenger services, 9 DEMU services and 8 MEMU services. Shri Trivedi also announced the extension of the 39 trains; increase in the frequency of 23 trains; 75 additional services to run in Mumbai suburban; 44 new suburban services to be introduced in Kolkata area; 50 new services to be introduced in Kolkata Metro; and 18 additional services to be run in Chennai area.

The Railway Budget for 2012-13 also provides for 50% concession in fare in AC-2, AC-3, Chair Car & Sleeper classes to patients suffering from 'Aplastic Anaemia' and 'Sickle Cell Anaemia'. It also provides for extending the facility of travel by Rajdhani and Shatabdi trains to Arjuna Awardees. The travel distance under 'Izzat Scheme' has also been increased from 100 kms to 150 kms.

Proposing highest ever plan outlay for the Railway Budget, the Railway Minister said that it will be financed through Gross Budgetary Support (GBS) of Rs 24,000 crore; Railway Safety Fund of Rs 2,000 crore; internal resources of Rs 18,050 crore; and Extra Budgetary Resources of Rs 16,050 crore, which includes market borrowing of Rs 15,000 crore through IRFC.

The Railway Budget provides for 725 km new lines; 700 km doubling; 800 km gauge conversion and 1,100 km electrification. Rs 6,872 crore have been provided for new lines; Rs 3,393 crore for doubling; Rs 1,950 crore for gauge conversion and Rs 828 crore have been provided for electrification.

The Railway Budget 2012-13 lays emphasis on safety and security of the passengers. Shri Dinesh Trivedi said that drawing from the recommendations of the Anil Kakodkar and Sam Pitroda Committees, he has chosen five focus areas. These are: Track; Bridges; Signalling & Telecommunication; Rolling Stock; and Stations & Freight Terminals. Under this a Railway Safety Authority has been proposed as statutory regulatory body; Missions will be created to implement the modernization programme; and setting up of a Railway Tariff Regulatory Authority is to be considered. Two new Board Members (Safety/Research and PPP/Marketing) are to be inducted. Shri Trivedi also announced the setting up of

a Rail-Road Grade Separation Corporation to eliminate level crossings. Three 'Safety Villages' will also be set up at Bengaluru, Kharagpur and Lucknow for skill development for disaster management. The Railway Minister also announced that an Indian Railway Station Development Corporation will be set up to redevelop stations through PPP mode. He also announced that a Logistics Corporation will be set up for development & management of existing railway goods sheds and multi-modal logistics parks. A National High Speed Rail Authority is also to be set-up.

Highlighting the efforts being made to improve the amenities and to provide better experience to the passengers at stations the Railway Minister said that 929 stations will be upgraded as Adarsh Stations including 84 stations proposed in 2012-13. Specially designed coaches for differently-abled persons will be provided in each Mail/Express trains. RPF helpline will be integrated with the All India Passenger Helpline. SMS on passenger mobile phone in case of e-ticket will be accepted as proof of valid reservation. Satellite based real time train information system (SIMRAN) will be introduced to provide train running information to passengers through SMS, internet, etc. On board passenger displays indicating next halt station and expected arrival time will be introduced. 321 escalators will be installed at important stations of which 50 will be commissioned in 2012-13. Regional cuisine will be introduced at affordable rates.

The Railway Minister also announced launching of Book-a-meal scheme to provide multiple choice of meals through SMS or email. Coin/currency operated ticket vending machines will be introduced during 2012-13. Rail Bandhu on-board magazines will be distributed on Rajdhani, Shatabdi and Durgam trains. The Railway Budget 2012-13 also proposes setting up of AC Executive lounges at important stations.

The Railway Minister announced that pre-feasibility studies on six high speed corridors have already been completed and study on Delhi-Jaipur-Ajmer-Jodhpur will be taken up in 2012-13. Announcing the measures for the welfare of railway employees, the Minister proposed a wellness programme for railway staff at their work places; ensuring proper rest for skilled and technical staff including the running crew; and institution of 'Rail Khel Ratna' Award for 10 rail sports-persons every year.

Caring for the environment, the Railway Minister announced the introduction of a 'Green Train' to run through the pristine forests of North Bengal; 200 remote railway stations will be set up as 'green energy stations' powered entirely by solar energy; solar lighting system will be provided at 1,000 manned level crossing gates; 2,500 coaches will be equipped with bio toilets. Shri Dinesh Trivedi also announced setting up of 72 MW capacity windmill plants in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and West Bengal.

The Minister said that during 2011-12 the railways recruited over 80,000 persons to fill up various vacancies; now he proposes to recruit over one lakh persons during 2012-13 so that backlog of SC/ST/OBC and other categories will be wiped off.

The Minister announced that freight loading during 2012-13 is expected to be 1,025 MT which will be 55 MT more than 2011-12. The passenger growth during the year is pegged at 5.4%.

19000 KM RAIL TRACKS TO BE MODERNISED

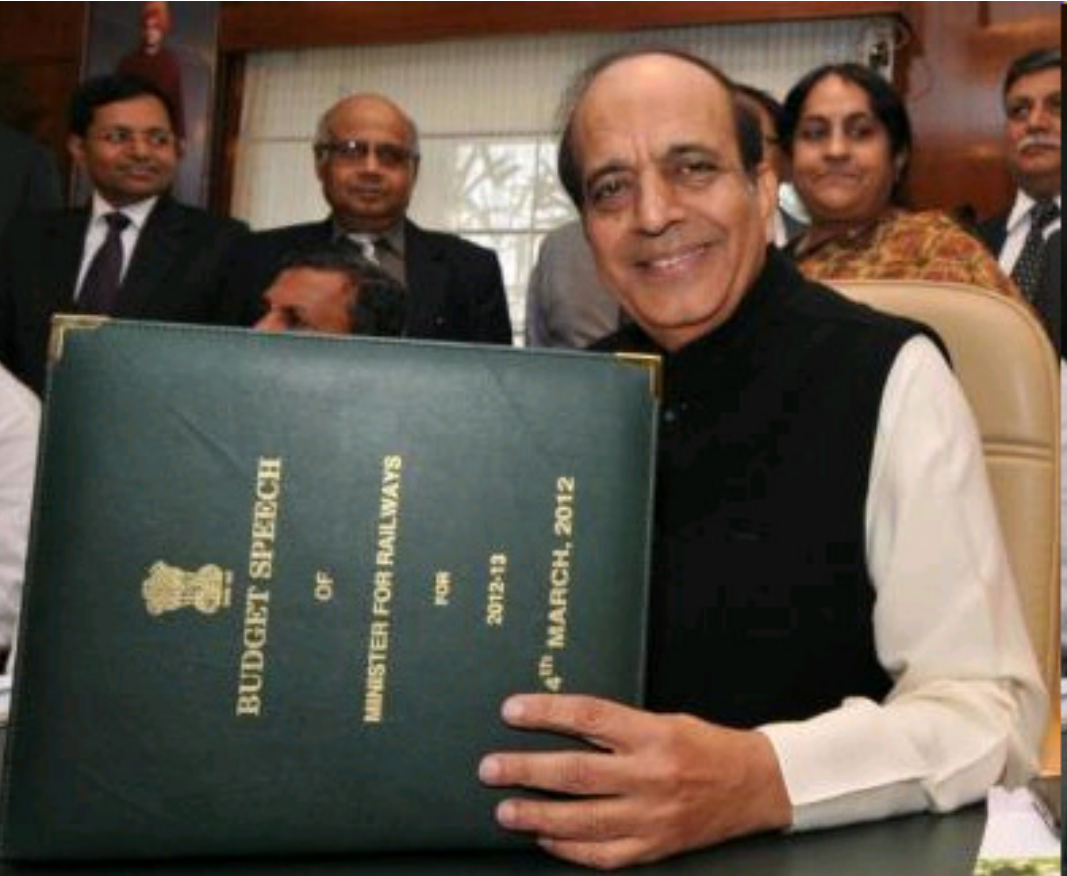
MISSION-MODE APPROACH FOR RAIL MODERNISATION

## Railway Safety Authority to be Set up

The Ministry of Railways proposes to set up an independent Railway Safety Authority as a statutory regulatory body as recommended by Kakodkar Committee. This was announced by the Minister of Railways Shri Dinesh Trivedi. Introducing the Railway Budget for 2012-13 in Parliament today, he said, the function of the authority would be worked out in greater details in line with international practices in the best interest of passenger safety. The Minister said since research and development activities are central to any tangible results in the area of safety enhancement, he also proposed to set up a *Railway Research and Development Council* at the apex level to spearhead such efforts. Shri Trivedi said, his entire emphasis is going to be on strengthening Safety.

Admitting that he is not at all satisfied with the safety standard at the present moment, the Minister said the commitment made in 2001 to reduce accidents per million train km from 0.55 to 0.17 has been achieved. He said, however the target should be zero death. The Minister said that more than 40% of the consequential train accidents, involving 60% to 70% of the total casualties occur at unmanned railway crossings. To fast track elimination of level crossings in the next five years, the railways have decided to set up a *Special Purpose Vehicle* (SPV) named *Rail-Road Grade Separation Corporation of India*.

Shri Trivedi said, in order to achieve even higher safety standards, he has decided to set up a committee to examine the current standards of safety on Indian Railways and to suggest suitable benchmarks and safety protocols. He said, considering the zero tolerance approach in the areas of nuclear science and aerospace, he feels that the best people to guide railways in determining appropriate safety protocols should be from these two fields.



## RAILWAY BUDGET 2012-13 FALLOUT: MAMATA BANERJEE WRITES TO MANMOHAN SINGH, ASKS HIM TO SACK RAILWAY MINISTER DINESH TRIVEDI



Trinamool Congress (TMC) supremo and West Bengal chief minister Mamata Banerjee, upset with railway minister Dinesh Trivedi's Railway Budget proposal hiking passenger fares, wrote to Prime Minister Manmohan Singh on Wednesday asking him to sack Trivedi. She also wrote to the PM asking him to replace Trivedi with another TMC party member Mukul Roy.

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MINOR INCREASE IN PASSANGER FARES 2-30 PAISE/KM

A SLEW OF PASSENGER AMENITIES BEING INTRODUCED

## HIGHLIGHTS OF RAILWAY BUDGET 2012-13

- Passenger fares increased marginally. The increase will be by 2 paise per km for suburban and ordinary second class; 3 paise per km for mail/express second class; 5 paise per km for sleeper class; 10 paise per km for AC Chair Car, AC 3 tier and First Class; 15 paise per km for AC 2 tier and 30 paise per km for AC I.
- Minimum fare and platform tickets to cost Rs. 5.
- 50% concession in fare in AC-2, AC-3, Chair Car & Sleeper classes to patients suffering from 'Aplastic Anaemia' and 'Sickle Cell Anaemia'.
- Extending the facility of travel by Rajdhani and Shatabdi trains to Arjuna Awardees.
- Travel distance under 'Izzat Scheme' to increase from 100 kms to 150 kms.
- SMS on passenger mobile phone in case of e-ticket to be accepted as proof of valid reservation.
- Introduction of satellite based real time train information system (SIMRAN) to provide train running information to passengers through SMS, internet, etc.
- On board passenger displays indicating next halt station and expected arrival time to be introduced.
- Installation of 321 escalators at important stations of which 50 will be commissioned in 2012-13.
- Introduction of regional cuisine at affordable rates; launching of Book-a-meal scheme to provide multiple choice of meals through SMS or email.
- Introduction of coin/currency operated ticket vending machines.
- Upgradation of 929 stations as Adarsh Stations including 84 stations proposed in 2012-13; 490 stations have been completed so far.
- Specially designed coaches for differently-abled persons to be provided in each Mail/Express trains.
- Introduction of Rail Bandhu on-board magazines on Rajdhani, Shatabdi and Durgam trains.
- Setting up of AC Executive lounges at important stations
- 75 new Express trains to be introduced.
- 21 new passenger services, 9 DEMU services and 8 MEMU services to be introduced.
- Run of 39 trains to be extended.
- Frequency of 23 trains to be increased.
- 75 additional services to run in Mumbai suburban; 44 new suburban services to be introduced in Kolkata area, 50 new services to be introduced in Kolkata Metro; 18 additional services in Chennai area.
- 725 km new lines, 700 km doubling, 800 km gauge conversion and 1,100 km electrification targeted in 2012-13.
- Rs 6,872 cr provided for new lines, Rs 3,393 cr for doubling, Rs 1,950 cr for gauge conversion, Rs 828 cr for electrification
- Highest ever plan outlay of Rs. 60,100 cr
- Rae Bareilly coach factory manufactured 10 coaches in 2011-12; phase-II of the factory would be commissioned in 2012-13.
- A wagon factory to be set up at Sitapali (Ganjam District of Odisha)
- A rail coach factory with the support of Government of Kerala to be set up at Palakkad; two additional new manufacturing units for coaches to be established in the Kutch area in Gujarat and at Kolar in Karnataka with active participation of the State Governments.
- Setting up of a factory at Shyamnagar in West Bengal to manufacture next generation technology propulsion system for use in high power electric locomotives.
- Creating Missions as recommended by Pitroda Committee to implement the modernization programme.
- Setting up of Railway Tariff Regulatory Authority to be considered.
- New Board Members for Safety/Research and PPP/Marketing to be inducted.
- Rail-Road Grade Separation Corporation to be set up to eliminate level crossings.
- Indian Railway Station Development Corporation to be set up to redevelop stations through PPP mode.
- Logistics Corporation to be set up for development & management of existing railway goods sheds and multi-modal logistics parks.
- National High Speed Rail Authority to be set-up.
- Pre-feasibility studies on six high speed corridors already completed; study on Delhi-Jaipur-Ajmer-Jodhpur to be taken up in 2012-13.
- Introduction of a 'Green Train' to run through the pristine forests of North Bengal.
- Setting up of 200 remote railway stations as 'green energy stations' powered entirely by solar energy.
- Providing solar lighting system at 1,000 manned level crossing gates.
- 2,500 coaches to be equipped with bio toilets.
- Setting up of 72 MW capacity windmill plants in Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and West Bengal.
- Installation of Integrated Security System at all 202 identified stations to be completed in 2012-13.
- Escorting of trains by RPF/GRP extended to 3,500 trains.
- Integration of RPF helpline with the All India Passenger Helpline.
- Setting up of a Railway Safety Authority as a statutory regulatory body as recommended by Kakodkar Committee
- Three 'Safety Villages' to be set up at Bengaluru, Kharagpur and Lucknow for skill development for disaster management.
- Over one lakh persons to be recruited in 2012-13 - backlog of SC/ST/OBC and other categories to be wiped off.
- Introduction of a wellness programme for railway staff at their work places.
- Ensuring proper rest for skilled and technical staff including the running crew.
- Institution of 'Rail Khel Ratna' Award for 10 rail sports-persons every year.
- New coaching terminal at Naihati, the birth place of Rishi Bankim Chandra Chattopadhyay commemorating him on 175th Birth Anniversary.
- Project to connect Agartala with Akhaura in Bangladesh to be taken up in 2012-13.
- Freight loading of 1,025 MT targeted; 55 MT more than 2011-12
- Passenger growth targeted at 5.4 %.



OPINION - EDITORIAL

4TH BRICS SUMMIT 2012

Chitra Singh Rajput

The 4th BRICS Summit will be hosted in New Delhi on March 29, 2012. A number of pre-Summit events/meetings have been planned in the run-up to the Summit to enrich the Agenda at the Delhi BRICS Summit.

The BRIC (Brazil, Russia, India and China) idea was first conceived in 2001 by Goldman Sachs as part of an economic modeling exercise to forecast global economic trends over the next half century; the acronym BRIC was first used in 2001 by Goldman Sachs in their Global Economics Paper No. 66, "The World Needs Better Economic BRICs".

Expansion of BRIC into BRICS

BRIC Foreign Ministers at their meeting in New York on 21st September 2010 agreed that South Africa may be invited to join BRIC. Accordingly, China, as the host of 3rd BRICS Summit, invited South African President to attend the Summit in Sanya on 14 April 2011 with the concurrence of other BRIC Leaders.

BRIC(S) Summits

**The First Summit - Yekaterinburg, Russia (June 2009)**

The Leaders reviewed the state of global economic and financial crisis and had consultations on the issues on G-8 and G-20 Agenda. The Leaders stressed the need to intensify cooperation in the BRIC format on economic matters, to seek speedy implementation of G-20 decisions of interest to developing countries, and reform of global governance and the international financial system. The Summit adopted Joint Statement of BRIC Leaders and a Joint Statement on Global Food Security.

**The Second BRIC Summit - Brasilia, April 2010**

The Leaders reiterated the need for closer cooperation, reform of international financial institutions and protecting the interests of the developing countries.

A Joint Statement was issued after the Summit. A Memorandum of Cooperation was signed among BRIC Development Banks. A BRIC Statistical publication was also released.

**Third BRICS Summit, Sanya, China, April 2011**

The theme of the Summit was "Broad Vision and Shared Prosperity". The Sanya Summit was the first after inclusion of South Africa in BRICS. The Summit took place at a time when all five BRICS countries were together in the UN Security Council.

Consultation meeting of BRICS Leaders on the sidelines of the G-20 Summit in Cannes, France, 3 November 2011

BRICS Leaders held a consultation meeting on 3rd November 2011 in Cannes, France, before the G-20 Summit. The Leaders exchanged views on BRICS cooperation and the Cannes G20 Summit.

Other BRICS Meetings

Foreign Ministers

Foreign Ministers of BRICS have been meeting regularly in New York on the sidelines of UNGA since their first meeting in September 2006. The last meeting was hosted by India in New York on 23 September 2011.

A standalone meeting of BRIC Foreign Ministers was held in Yekaterinburg, Russia on 16 May 2009. A Joint Communiqué was issued at the Meeting.

Finance/Economic Ministers

The first meeting of BRICS Economic/Finance Ministers was held in November 2008 in Sao Paolo, Brazil for consultations in the wake of the global economic and financial crisis. BRICS Economic/Finance Ministers have been meeting regularly on the sidelines of G20 meetings and IMF/WB annual meetings; the last meeting was hosted by India on 22 September 2011 on the sidelines of G20 meetings and IMF/WB annual meetings in Washington DC.

High Representatives on Security (National Security Advisers)

Russia hosted a formal meeting of BRIC National Security Advisers in end May 2009 to discuss the security implications of the global financial and economic crisis. The second meeting of BRIC NSAs was held on 15 April 2010. The 3rd meeting of National Security Advisors was held in Sochi, Russia in October 2010.

Agriculture Ministers

Two meetings of BRICS Agriculture Ministers have taken place; the first in Moscow on 26 March 2010 and the second in Chengdu, China on 28 October - 1 November 2011. A Joint Declaration was issued at the meeting in China and Action Plan for 2012-2016 for Agricultural Cooperation among BRICS countries outlining priority areas was adopted. A Working Group on Agriculture has also been set up to deepen cooperation in Agriculture.

Trade Ministers

BRICS Trade Ministers met in Sanya, China on 13 April 2011 on the sidelines of the 3rd Summit as well as in



Rio in April 2010 in the run-up to the 2nd BRIC Summit. Trade Ministers also met on the sidelines of the 8th WTO Ministerial Conference in Geneva in December 2011. Next standalone meeting of Trade Ministers is planned for 28 March 2012 in New Delhi before the 4th Summit.

BRICS Health Ministers

A meeting of BRICS Health Ministers was held in July 2011 in Beijing to explore areas of cooperation in the health sector.

Science & Technology Senior Officials

The first meeting of Science & Technology Senior Officials was held on 14-16 September 2011 in Dalian, China.

BRICS Competition Conferences

The first meeting of BRIC Competition Authorities was held in Kazan, Russia on 1 September 2009. The 2nd meeting was hosted by China in Beijing on 20-22 September 2011. India will host the next meeting in 2013.

Business Forum

Two BRICS Business Forum meetings have taken place; the last in Sanya on the sidelines of the 3rd Summit in April 2011. An MoU identifying Focal Points in BRICS countries for co-ordinating business activities was signed. The next meeting of Business Forum will be held in New Delhi on 27 March, 2012 in the run-up to the next Summit.

BRICS Development Banks

The first meeting of Development Banks was hosted by Brazil in April 2010. An MoU laying the foundation of BRICS Inter-Bank Cooperation Mechanism was signed at the Meeting. Following up on the MoU, BRICS Development Banks signed a Framework Agreement on 'Financial Cooperation within the BRICS Inter-bank Cooperation Mechanism at the Sanya Summit.

Statistical Organizations

BRICS National Statistical authorities have also had three meetings. The last meeting was held in Beijing in March 2011. BRICS National Statistical Authorities have also brought out a BRICS Statistical Publication; it was first issued at the 2nd Summit in Brasilia in April 2010 and its revised edition after South Africa's joining of BRICS, was issued at the 3rd Summit in Sanya. The next Technical Meeting will be hosted by the Ministry of Statistics and Programme Implementation in New Delhi on 6-8 February 2012 to revise the Publication so that the same could be released at the Delhi BRICS Summit.

BRICS Joint Study

Department of Economic Affairs, Ministry of Finance, Government of India is coordinating a Joint BRICS Study on the state of world economy during the next two years and the role of BRICS countries. Efforts are being made to release the Study at the next Summit on 29 March 2012 in New Delhi.

Academic Forum/Track-II

India hosted the first BRIC Academic Forum in May 2009 as preparatory event to feed into the first BRICS Summit in Yekaterinburg, Russia in June 2009. Brazil hosted the second Academic Forum before the second Summit on 14-15 April, 2010. China hosted the third meeting in Beijing in March 2011. The next meeting of Academic Forum will be held in New Delhi on 5-6 March 2012.

Other Areas of Engagement

Other areas of engagement include meeting of Mayors of BRICS cities and BRICS Friendship Cities meeting (the first meeting held in Sanya, China on 1-3 December 2011) etc.

Issues on BRICS Agenda

The agenda of BRICS meetings has considerably widened over the years to encompass topical global issues such as international terrorism, WMDs, climate change, food and energy security, MDGs, international economic and financial situation etc.

**Next Steps**

A Plan of Action was endorsed at the Sanya Summit to strengthen cooperation among BRICS countries in areas of security, finance, business links, agriculture, health, culture, sports, science and technology and green economy.



EDITORIAL  
DEVELOP INDIA

English Weekly Newspaper  
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INDIA-ASEAN RELATIONS

India has been following a "Look East Policy" since 1990s. There has been steady progress in the India-ASEAN relationship since the policy was initiated in 1991. India became a sectoral dialogue partner of ASEAN in 1992, which was upgraded to full dialogue partnership in 1996. Since 2002, we have had annual Summits with ASEAN. To mark the 20th anniversary of our dialogue-level partnership and the 10th anniversary of our Summit-level partnership with ASEAN, India would be hosting the India-ASEAN Commemorative Summit on the theme "India and ASEAN: Partners in Progress and Prosperity" in New Delhi on December 20-21, 2012.

2. India-ASEAN functional cooperation is diverse and includes cooperation across a range of sectors, such as trade, science & technology, human resource development, health and pharmaceuticals, space sciences, agriculture, new and renewable energy, information and communication technology, telecommunications, transport and infrastructure, and tourism and culture.

3. At the 7th India-ASEAN Summit in October, 2009, India announced a contribution of US\$ 50 million to the India-ASEAN Co-operation Fund to support India-ASEAN projects across the range of sectors mentioned above. In addition, the India-ASEAN Science & Technology Fund has been set up with an initial corpus fund of US \$ 1 million. Further, India has set up a US\$ 5 million India-ASEAN Green Fund for pilot projects to promote adaptation and mitigation technologies in the field of climate change.

4. The total trade between India and ASEAN increased by 30% in 2010-11, reaching US\$ 57.89 billion. At the ASEAN-India Economic Ministerial Meeting held in Bangkok, the India-ASEAN Trade in Goods Agreement was signed on 13 August, 2009. It has been implemented by India and all ten ASEAN Member States since 1 August, 2011.

5. Co-operation between India and ASEAN is being intensified, including in the cultural, educational and academic fields, through the promotion of people-to-people contacts, and initiatives such as the Eminent Persons Lecture Series, Youth Exchange Programmes, Special Training Courses for ASEAN Diplomats and Media Exchange Programmes. India has established Centres for English Language training (CELT) and Entrepreneurship Development Centres (EDC) in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV countries). 6. The Indian Parliamentary delegation attended the 31st General Assembly of ASEAN Inter Parliamentary Assembly (AIPA) held in Hanoi, Vietnam from 20-25 September, 2010, where India was accorded "Observer Status" by AIPA. The Indian Parliamentary delegation also attended the 32nd General Assembly of AIPA held in Phnom Penh, Cambodia from 18-24 September 2011.

7. An ASEAN-India Eminent Persons Group (AIEPG) has been set up to draft a new India-ASEAN Vision - 2020 document to be adopted at the Commemorative Summit. The first and second meetings of the AIEPG were held in Phnom Penh from August 2-3, 2011 and New Delhi from 20-21 October, 2011 respectively. The third meeting is scheduled to be held in Kuala Lumpur from March 9-10, 2012.

8. An India-ASEAN Business Summit and Exhibition was held from March 2-6, 2011 at New Delhi. Delhi Dialogue-III, a 'Regional Security and Cooperation Dialogue', was also held back-to-back with the Business Summit. The Secretary-General of ASEAN visited India to grace this occasion.

9. Delhi Dialogue IV on the theme "India and ASEAN: Partners for Peace, Progress and Stability" was held from February 13-14, 2012 in New Delhi. The visit of the ASEAN Committee of Representatives (CPR)s to India from February 12-17, 2012 coincided with Delhi-Dialogue IV.

10. At the 8th India-ASEAN Summit held in Hanoi, Vietnam, in October, 2010, Prime Minister announced the extension of Visa on Arrival facility to Cambodia, Vietnam, Philippines and Laos with effect from January 1, 2011. In fulfillment of this announcement, India has extended visa on arrival facility to six ASEAN countries, namely, Laos, Cambodia, Vietnam, Singapore, Indonesia and the Philippines.

11. A MoU on Strengthening Tourism Co-operation between India and ASEAN was signed at the India-ASEAN Ministerial Meeting on Tourism on January 12, 2012, in Manado, Indonesia.

12. The 9th India-ASEAN Summit was held in Bali, Indonesia on 19 November, 2011. The Leaders took stock of the progress made in the India-ASEAN relationship and agreed to enhance co-operation on a range of issues, including trade, maritime security, food and energy security, and physical and people-to-people connectivity. They reaffirmed their commitment to further strengthen India-ASEAN cooperation, through the implementation of the Plan of Action 2010-15, in the run-up to the Commemorative Summit.



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NUCLEAR SECURITY SUMMIT 2012

Suraj Singh Rajput

The next summit of the biennial Nuclear Security Summit will be held in Seoul on 26 - 27 March 2012.

Over recent years, there have been heightened concerns about the dangers posed by terrorists getting access to nuclear weapons and related materials or technology. The US hosted the 1st Nuclear Security Summit (NSS) in Washington on 12 - 13 April 2010. Forty-seven countries, including India and three international organizations participated in the Summit.

The First NSS concluded with the adoption of a Communiqué and a Work Plan. The Summit underlined the importance of responsible national action, and sustained and effective international cooperation towards this end, including adherence to key international instruments and support for activities of the International Atomic Energy Agency (IAEA) in the field of Nuclear Security.

Our Prime Minister attended the 1st Nuclear Summit. He underlined that the primary responsibility for ensuring nuclear security was at the national level and it must be accompanied by responsible behavior. The world community should join hands



to eliminate the risk of sensitive material and technology falling into hands of terrorists and illicit traffickers.

The Nuclear Security Summit process involves inter-sessional meetings at the level of Sherpa and Sous Sherpa. Foreign Secretary is the Indian Sherpa. Since the first Summit, Sherpa and Sous Sherpa meetings have been held periodically to review and advance the consideration of nuclear security issues. India hosted a NSS Sherpa meeting in New Delhi on 16-17 January 2012.

The next Summit of the biennial NSS will be held in Seoul on 26 - 27 March 2012. Representatives of 58 countries / international organizations are expected to participate in the Seoul Summit. Prime Minister has accepted the invitation to participate in the Seoul Summit. The Summit will discuss and adopt a Communiqué.

India and Nuclear Security

Since the inception of its nuclear

programme, India has attached great importance to physical protection of nuclear facilities and materials. Over the years, a multi-layer security system has evolved alongside the complex security threats facing the country. Consequently, an integrated system of physical protection for nuclear facilities and materials - during use, storage and transport has been established. Other steps taken by India include developing physical protection measures such as access control (for personnel and nuclear materials); surveillance and detection; and, continuous technical review of physical protection systems.

India is a party to Convention on the Physical Protection of Nuclear Materials (CPPNM) including its 2005 amendment as well as to International Convention for the Suppression of Acts of Nuclear Terrorism (ICSANT) and is a partner in the Global Initiative to combat nuclear terrorism and participates in its regular activities. Since 2002, India has been piloting annually at the UN General Assem-



bly a resolution on measures to prevent terrorists from acquiring weapons of mass destruction which is adopted by consensus. At the national level, India adopted a Weapons of Mass Destruction and its delivery systems Act of 2005. India has also been active at the IAEA towards developing guidelines for physical protection of nuclear materials. At the first Nuclear Security Summit, Prime Minister announced that India will establish a Global Centre on Nuclear Energy Partnership in cooperation with interested partner countries and IAEA. The Global Centre will have four schools on - Advanced Nuclear Energy Systems Studies, Nuclear Security Studies, Radiological Safety Studies, and Studies on Applications of Radioisotopes and Radiation Technologies.



# Economic Survey 2011–12

A flagship annual document of the Ministry of Finance, Government of India, Economic Survey 2011–12 reviews the developments in the Indian economy over the previous 12 months, summarizes the performance on major development programmes, and highlights the policy initiatives of the government and the prospects of the economy in the short to medium term. This document is presented to both houses of Parliament during the Budget Session. With detailed statistical data covering all aspects of the economy—macro as well as sectoral—the report provides an overview of the following issues:

- State of the Indian economy
- Challenges, policy responses, and medium-term outlook
- Fiscal policy and monetary management
- Financial intermediation and the role of markets
- External sector, balance of payments, and trade
- Agriculture, industrial development and services sector
- Energy, infrastructure, and communications
- Human development, climate change and public programmes
- India and the Global Economy

## State of the Economy and Prospects

Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). At the same time, sight must not be lost of the fact that, by any crosscountry comparison, India remains among the front-runners. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12. Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown. Food inflation, in particular, has come down to around zero, with most of the remaining WPI inflation being driven by non-food manufacturing products. Monetary policy was tightened by the Reserve Bank of India (RBI) during the year to control inflation and curb inflationary expectations. The slowing inflation reflects the lagged impact of actions taken by the RBI and the government. Reflecting the weak manufacturing activity and rising costs, revenues of the centre have remained less than anticipated; and, with higher-than-budgeted expenditure outgo, a slippage is expected on the fiscal side. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to the turmoil in the eurozone, and questions about the outlook on the US economy provoked by rating agencies. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

## Micro-foundations of Macroeconomic Policy

For the Indian economy this was a year of disappointing growth performance. During each of the previous two years, 2009-10 and 2010-11, India's gross domestic product GDP (at factor cost) grew by 8.4 per cent per annum. Further, in 2010-11, the GDP at market price grew by a remarkable 9.6 per cent. This performance, coming in the wake of one of the biggest global recessions in history, was outstanding. It fed expectations that India's short economic downturn in 2008-9, when the GDP grew by 6.7 per cent, was behind us and the economy was on its way to full-fledged recovery. That did not happen. The index of industrial production (IIP) dropped sharply in April 2011 and it has, thereafter, been seven months of indifferent performance. The services sector continued to do well and agriculture recovered but the mood in the economy was increasingly being set by the industrial sector and, in particular, manufacturing, which constitutes 75.5 per cent of industrial value added.

Overall GDP growth declined to 7.7 per cent in the first quarter (Q1) and then to 6.9 per cent in Q2 of 2011-12. The advance estimates of the Central Statistics Office (CSO) has placed growth in real GDP at 6.9 per cent in 2011-12. This is a somewhat curious situation because how we evaluate these numbers depends critically on the analyst's perch. Given the global despondency, and steadily deteriorating global growth scenario, these numbers look good rather than bad, especially if one's perch were to be in Europe. However, compared to how India has fared since 2003 and, especially, since 2005, they are disappointing.

## CRIS

The standard sovereign credit rating is a statement of how safe and rewarding a nation's credit is, without any account of where other nation's stand on this dimension. However, for investors it is often critical to know how a nation does in comparative terms. Accordingly, a new index has been developed that is called the 'comparative rating index for sovereigns' (CRIS). The detailed derivation of the CRIS is available in a forthcoming paper (see [1]). Over the last few months there were trial runs with different functional forms but the research team has now settled on a measure that has several attractive properties.

The precise mathematical formula for the CRIS, and hence the paper, is confidential. But its broad idea is easy to explain. It should first be clarified that its computation is based on nothing apart from standard ratings data and data on the GDPs of different nations in order to determine the importance or weights of different nations. For a variety of reasons, the researchers settled on Moody's foreign currency credit ratings and the International Monetary Fund's (IMF) GDP statistics, with no purchasing power parity (PPP) correction. Each nation's CRIS is constructed using these two sets of numbers. Among the important mathematical properties of the CRIS are the following. (1) If nation i's sovereign credit rating is constant, and all other nations' Moody's ratings rise, then nation i's CRIS will decline. (2) The weighted average of the CRIS for all nations is constant. Hence, one nation's improvement in CRIS is invariably accompanied by worsening of the CRIS for some other nation or nations.

If we use the full chart of 101 nations, among the countries with the highest increases in CRIS from 2007 to 2012 are Uruguay (25.12 per cent), Bolivia (24.72 per cent), Indonesia (20.75 per cent), Philippines (16.77 per cent), Peru (15.56 per cent), and Brazil (14.37 per cent). In interpreting these results, it needs to be borne in mind that for countries which began with low CRIS values, the scope for improvement is greater. Also, there are studies that show that nations with lower per capita income tend to have lower sovereign ratings. So it is not surprising that there are relatively few rich nations in the list of the highest achievers. Keeping in mind that India's per capita income is low, India's sovereign rating performance, both the level and the fact that its CRIS has risen over the last six years, is impressive.

It is interesting to note that while during this six-year period, the US dropped from first rank to 13th, its CRIS has increased. This simply

means that nations ranked below it have done worse in terms of rating than the US, thereby boosting the US's comparative standing. India's CRIS has risen steadily throughout this six-year stretch. For many European nations, there was a rise in CRIS from 2007 to 2008; thereafter, there was a decline. Twenty-seven economies, among the 101 that we track, had negative growth in CRIS across this period. Among these were Greece (-74.52 per cent), Portugal (-32.79 per cent), Ireland (-28.41 per cent), Iceland (-24.79 per cent), Egypt (-18.87 per cent), Hungary (-17.33 per cent), and Spain (-14.87 per cent).

## Fiscal Developments and Public Finance

Rapid fiscal consolidation was effected in 2010-11 with fiscal deficit dropping to 4.8 per cent of gross domestic product (GDP) from 6.5 per cent of GDP in 2009-10. The Budget for 2011-12 estimated a further reduction to 4.6 per cent of GDP to be achieved through a 16 per cent growth in tax revenue, disinvestment receipts of 40,000 crore rupee and moderation in growth in expenditure to 4.9 per cent. Economic developments in the current fiscal have panned out very differently than was envisaged at the time of budget formulation. With a sharp deceleration in real GDP growth, particularly in the industry sector and continued high levels of prices in key commodities, a slippage is likely in the deficit targets envisaged at the time of Budget Estimates. However, with states performing better in overall terms, the combined deficit of the centre and states appears to be on firmer footing, which augurs well for strengthening medium-term macroeconomic prospects. The medium-term outlook is firmly on the consolidation path; albeit with a likely longer tail in terms of time horizon.

## Prices and Monetary Management

Wholesale price index (WPI) inflation, after remaining in an elevated zone at over 9 per cent through the year, has been falling sharply since December 2011, aided by lower food prices, a global economic slowdown, and the impact of nearly two years of domestic monetary policy tightening and other measures put in place by the government. Monetary policy remained focused on controlling inflation and anchoring inflationary expectations, with 13 adjustments in policy rates since March 2010, which has slowed growth. These effects, coupled with a favourable base effect in prices and continued global slowdown, are expected to moderate inflation to around 6.5 to 7.0 per cent by March 2012; inflation is expected to come down further during 2012-13. The global economy witnessed fresh spells of crisis during 2011-12, with domestic business and consumer confidence dampening on the back of the deepening sovereign debt crisis in Europe. Global commodity prices, particularly those of food and metals, softened from high levels, even as crude oil prices remain elevated and are a major source of uncertainty and risk. All emerging and developing economies (EDEs) witnessed higher inflationary pressures with consumer price inflation for EDEs rising to 7.2 per cent for 2011, while that for advanced economies (AEs) was 2.7 per cent. Looking ahead, vigilance is called for in getting back to a low-inflation/sustained high-growth path in India, by renewed focus on supply-side measures and improved fiscal consolidation, including stepped up regular adjustments in domestic energy prices. High levels of food stocks and producer responses to higher protein and other food prices should help maintain overall price stability ahead.

Financial Intermediation and Markets  
Financial markets in India have acquired greater depth and liquidity over the years. Steady reforms since 1991 have led to growing linkages and integration of the Indian economy and its financial system with the global economy. Weak global economic prospects and continuing uncertainties in the international financial markets therefore, have had their impact on the emerging market economies. Sovereign risk concerns, particularly in the euro area, affected financial markets for the greater part of the year, with the contagion of Greece's sovereign debt problem spreading to India and other economies by way of higher-than-normal levels of volatility. The funding constraints in international financial markets could impact both the availability and cost of foreign funding for banks and corporates. Since the Indian financial system is bank dominated, banks' ability to withstand stress is critical to overall financial stability. Indian banks, however, remain robust, notwithstanding a decline in capital to risk-weighted assets ratio and a rise in non-performing asset levels in the recent past. Capital adequacy levels remain above the regulatory requirements. The financial market infrastructure continues to function without any major disruption. With further globalization, consolidation, deregulation, and diversification of the financial system, the banking business may become more complex and riskier. Issues like risk and liquidity management and enhancing skill therefore assume greater significance.

## Balance of Payments

No country in today's globalized world can be fully insulated from what happens in the global economy and India is no exception to the rule. As the country is increasingly integrated into the world, it cannot remain impervious to developments abroad. The unfolding of the euro zone crisis and uncertainty surrounding the global economy have impacted the Indian economy causing drop in growth, higher current account deficit (CAD) and declining capital inflows. As in 2008, the transmission of the crisis has been mainly through the balance-of-payments (BoP) channel. Export growth has decelerated in the third quarter of fiscal 2011-12, while imports have remained high, partly because of continued high international oil prices. At the same time, foreign institutional investment flows have declined, straining the capital account and the rupee exchange rate that touched an all-time low of ' 54.23 per US dollar on 15 December 2011.

## Foreign Exchange Reserves of some major countries

Country	Foreign exchange No. reserves (end Dec. 2011) (US\$ billion)
China	3181.1
Japan	1326.1
Russia	499.5
Brazil	352.0
Switzerland	340.6
India	296.7
China P R Hong Kong	285.5
Germany	262.3
Singapore	237.7
France	233.6

Source : IMF except for China

## International Trade

Just when the world economy and trade, reeling under the jolt given by the 2008 global economic crisis started recovering with output and trade in many developed and emerging economies reaching pre-crisis levels and in some countries even surpassing pre-crisis trends, came the second shock in the form of the crisis in the euro area and slowdown in the US. The structural sovereign debt crisis in the euro zone area and the fiscal im-

balance in the US which led to the present setback emanated from the earlier crisis. The tumultuous recession-ridden years of 2008 and 2009 seem to be re-emerging with fall in world trade being steeper than the decline in real gross domestic product (GDP). India's exports which had surpassed not only pre-crisis levels but also pre-crisis trends have started feeling the heat of this second global downturn which has come in quick succession to the first, though the country is in a better position than many others to weather the crisis.

## India's Major Manufactured Exports

The top four items in India's manufactured exports are engineering goods, gems and jewellery, chemicals and related products, and textiles. Since 2007-8, electronic goods have displaced leather and manufactures from fifth place with the share of the former increasing and the latter decreasing. There has been a gradual shift in India's manufactures exports from labour-intensive sectors like textiles, leather and manufactures, handicrafts, and carpets to capital- and skillintensive sectors. Engineering goods exports has seen an almost steady rise in shares from 1999-2000 to the first half of 2011-12 and high growth rates of 84 per cent and 43.6 per cent in 2010-11 and the first half of 2011-12 respectively mainly due to the high growth rates of two major items machinery & instruments and transport equipments besides residual engineering items with very high growth rates. The major markets for Indian engineering exports in 2010-11 were China, the USA, the UAE, Singapore, Saudi Arabia, South Africa, Germany, Sri Lanka, and the UK. All these markets showed tremendous export growth with China topping at 409 per cent.

## WTO Trade Negotiations and India

The Doha Round of trade negotiations in the WTO effectively made very little progress after 2008. Throughout 2009 and 2010, discussions continued but no headway was made on any substantive issue in the negotiations. However, the subject featured on the agenda of almost every major international meeting and there were strong affirmations of political support for an early conclusion of the Doha Round. Discussions continued in Geneva during March and April 2011, in a variety of formats. Reports on each area of the negotiations were issued on 21 April 2011. These documents provided an overview of the status of negotiations in each area covered in the Doha Development Agenda. While they indicated significant progress in many areas, they also captured the wide gaps remaining on many issues.

The focus then shifted to the possibility of selecting some issues for finalization as an 'early harvest' in time for the Eighth Ministerial Conference of the WTO in December 2011. It began with an attempt to select issues of particular importance to least developed countries (LDCs). However, these attempts did not meet with any success and proved not only unproductive but very divisive as well. Members could not agree on the issues to be included and sought to selectively bring in various issues of commercial interest to them. Gradually, as Members brought in non-LDC issues, the discussion veered away from the LDC issues. The LDC issues include (i) duty free quota free (DFQF) market access; (ii) the rules of origin for DFQF market access; (iii) LDC waiver in services; and (iv) issues relating to cotton (domestic and export subsidies for cotton and tariffs). Some of the issues suggested in addition for an 'LDC plus' package were trade facilitation and the export competition pillar of the agriculture negotiations. There was however little progress in arriving at a consensus on the elements of the early har-

vest package. The LDCs made it clear that if the LDC package was not delivered at the December 2011 Ministerial Conference, they would be very disappointed. The African Group, the African-Caribbean-Pacific Group, and other groups of developing countries supported an effort to harvest an LDC package for the Conference. India too, supported this stand.

## India's stand on key negotiating issues: A summary

### Agriculture

- Substantial and effective reductions in overall trade-distorting domestic support (OTDS) of the US and EU;
- Self-designation of an appropriate number of special products (SPs);
- An operational and effective Special Safeguard Mechanism (SSM);
- Simplification and capping of developed country tariffs.

### Non-Agricultural Market Access (NAMA)

- Adequate and appropriate flexibilities for protecting economically vulnerable industries;
- Participation in sectoral initiatives only on a non-mandatory and good faith basis without prejudgment of the final outcome, with substantial special and differential treatment provisions for developing countries; Serious consideration of non-tariff barrier (NTB) textual proposals with wide support such as the horizontal mechanism.

### Services

- Need for qualitative improvement in the revised offers especially on Modes 1 (cross-border supply) and 4 (movement of natural persons);
- Appropriate disciplining of domestic regulations by developed countries.

### Rules

- Tightening of disciplines on anti-dumping (deletion of zeroing clause and reiteration of the lesser duty rule)
- Effective special and differential treatment for developing countries on fisheries subsidies.
- Trade-related Aspects of Intellectual Property Rights (TRIPS)
- Establishing a clear linkage between the TRIPS Agreement and the Convention on Bio-diversity (CBD) by incorporating specific disclosure norms for patent applications;
- Enhanced protection for geographical indications (GIs) other than wines and spirits.

## Agriculture and Food

Agriculture has been a way of life and continues to be the single most important livelihood of the masses. Agricultural policy focus in India across decades has been on self-sufficiency and self-reliance in foodgrains production. Considerable progress has been made on this front. Foodgrains production rose from 52 million tonnes in 1951-52 to 244.78 million tonnes in 2010-11. The share of agriculture in real GDP has fallen given its lower growth rate relative to industry and services. However, what is of concern is that growth in the agricultural sector has quite often fallen short of the Plan targets. During the period 1960-61 to 2010-11, foodgrains production grew at a compounded annual growth rate (CAGR) of around 2 per cent. In fact, the Ninth and Tenth Five Year Plans witnessed agricultural sectoral growth rate of 2.44 per cent and 2.30 per cent respectively compared to 4.72 per cent during Eighth Five Year Plan. During the current Five Year plan, agriculture growth is estimated at 3.28 per cent against a target of 4 per cent. The Approach Paper to the Twelfth Five Year Plan emphasises the need to "redouble our efforts to ensure that 4.0 per cent average growth" is achieved during the Plan if not more. Without incremental productivity gains and technology diffusion across regions, achieving this higher growth may not be feasible and has implications for the macroeconomic stability given the rising demand of the 1.2 billion



people for food. Achieving minimum agricultural growth is a pre-requisite for inclusive growth, reduction of poverty levels, development of the rural economy and enhancing of farm incomes.

#### National Food Security Bill

The National Food Security Bill was introduced in the Lok Sabha on 22 December 2011. As per the provisions of the Bill, it is proposed to provide 7 kg. of foodgrains per person per month belonging to priority households at prices not exceeding ‘ 3 per kg of rice, 2 rupee per kg of wheat, and 1 rupee per kg of coarse grains and to general households not less than 3 kg of foodgrains per person per month at prices not exceeding 50 per cent of the MSP for wheat and coarse grains and derived MSP for rice. It will benefit up to 75 per cent of rural population (with at least 46 per cent belonging to priority households) and up to 50 per cent of urban population (with at least 28 per cent belonging to priority households), besides providing nutritional support to women and children and meals to special groups such as destitute and homeless, emergency and disaster affected, and persons living in starvation. Pregnant and lactating women will also be entitled to maternity benefit of 1,000 rupee/per month for six months. In case of non-supply of foodgrains or meals, entitled persons will be provided food security allowance by the concerned state/UT governments. Provisions for reforms in the TPDS such as doorstep delivery of foodgrains, application of information and communication technology (ICT) including end to end computerization, leveraging ‘aadhaar’ for unique identification of beneficiaries have also been made in the Bill. Provisions have also been made for transparency and accountability including disclosure of records relating to the PDS, social audits, and setting up of vigilance committees besides an elaborate grievance redressal mechanism.

#### Industry

Industrial growth in the country has, in terms of long run trend, remained aligned with the growth rate of gross domestic product (GDP). The long-term average annual growth of industries comprising mining, manufacturing, and electricity, during the post-reform period between 1991-2 and 2011-12, averaged 6.7 per cent as against GDP growth of 6.9 per cent. Inclusion of construction in industry raises this growth to 7.0 per cent. The share of industry, including construction, in GDP remained generally stable at around 28 per cent in the post-reform period. Standard deviation of the average share was very small and the coefficient of variation under 5 per cent validates this stability. The share of manufacturing, which is the most dominant sector within industry, also remained in the 14-16 per cent range during this period. The share is modest when compared to that of China (above 40 per cent) and some of the East Asian countries (above 30 per cent).

#### Services Sector

The services sector has been a major and vital force steadily driving growth in the Indian economy for more than a decade. The economy has

successfully navigated the turbulent years of the recent global economic crisis because of the vitality of this sector in the domestic economy and its prominent role in India’s external economic interactions.

#### Performance of Services Firms: A Sectoral Analysis

The Centre for Monitoring Indian Economy’s (CMIE) analysis of the sector-wise performance of services activities based on firm-level data is given here. The data for 2011-12 and 2012-13 are based on estimates and forecasts.

**Transport logistics:** The sales of the transport logistics services industry are estimated to have grown by a healthy 17.5 per cent during 2010-11. This growth is likely to have been achieved by a combination of higher cargo volumes and better realizations. In 2011-12 as a whole, the sales of this sector are expected to grow by 9.6 per cent and profit after tax (PAT) at 17.8 per cent. In 2012-13 sales are expected to grow at 9.9 per cent and PAT 11.1 per cent.

**Shipping:** The shipping sector’s sales had fallen by 4.8 per cent in 2010-11. In the year 2011-12 as a whole, the shipping sector is likely to grow at a modest 2.9 per cent. Exchange rate fluctuations and port and offshore operations are expected to contribute substantially and provide a support level for the sector’s total sales during the year. However, the industry’s PAT is likely to decline by a phenomenal 75.7 per cent, mainly due to a sharp surge in interest expenses in the light of a weaker Indian rupee. During 2012-13, sales are expected to grow by 5.7 per cent and PAT by 49.2 per cent.

**Aviation:** During 2010-11, sales had grown by 24.2 per cent. In the year 2011-12 as a whole, the aviation sector’s sales are expected to grow by 10.5 per cent, driven by higher passenger volumes. However, a weaker rupee is likely to result in a rise in operating expenses. Fuel expenses are expected to rise by 40.2 per cent. Wages and other operating expenses are expected to rise by 14-15 per cent each. During 2012-13 sales are expected to grow by 13.5 per cent.

**Retail sector:** Retail trading companies have witnessed a decline in sales growth in 2010-11 by 12 per cent and so far in 2011-12 by 9.4 per cent. A sharp rise in prices of branded apparels, due to the imposition of 10.3 per cent excise duty as well as a rise in prices of yarn and fabrics, led to lower consumer spending and this has hit the sales volumes of garment retailing companies. However, during 2012-13 sales are expected to grow by 15.7 per cent. PAT during 2011-12 is expected to show an impressive growth of 53.1 per cent and during 2012-13 is expected to grow by 34.4 per cent.

**Health Services:** During 2010-11, sales of the industry had grown by 25.4 per cent. During 2011-12 and 2012-13, sales are expected to grow by a healthy 18.6 per cent and 20.5 per cent respectively on the back of higher occupancy levels in hospitals and revenues per occupied bed. However, major cost components like salaries and wages and other operating expenses are expected to grow at a faster rate of 21.7 per cent and 21.1 per cent respectively. The PAT of the sector is

expected to fall by 24 per cent in 2011-12 and grow by 17 per cent in 2012-13. **Hotel:** The hotel industry had reported sales growth of 14.3 per cent during 2010-11 and is expected to maintain this level in 2011-12 and 2012-13. PAT is expected to grow at 36.2 per cent in 2011-12 and 26.4 per cent by 2012-13. The growth in tourist inflows in 2012-13 and 2013-14 is likely to be driven by tourists from regions other than North America and Western Europe. This includes Asian regions like South Asia, East Asia, and South East Asia. The shares of tourists from these countries have been rising in recent years, as per the data released by the Ministry of Tourism, and are expected to rise in the coming years as well.

**Telecom:** After rising to 10.5 per cent during 2010-11, sales growth of the telecom industry is expected to be 8.7 per cent in 2011-12 and 10.6 per cent in 2012-13. PAT during 2011-12 is expected to fall by 84.7 per cent, mainly on account of the sharp rise in the industry’s interest outgo and higher depreciation charges due to the heavy borrowings for acquiring 3G licences and rolling out 3G services.

**Software:** During 2010-11, sales had increased by 17.1 per cent and PAT by 15 per cent. For the year ending March 2012, the industry’s sales are expected to grow by 20.5 per cent and further to increase by 18.5 per cent during 2012-13. Growth in sales will be mainly driven by an increase in volumes of IT companies. PAT is expected to grow by 13.1 per cent in 2011-12 and 14.2 per cent in 2012-13. In spite of a healthy growth in sales, the industry’s margins are expected to remain under pressure due to higher wage bill and increased tax provisioning.

**Construction and allied activities:** After a 14.2 per cent growth in 2010-11, the industry’s sales are expected to grow by 16.1 per cent during 2011-12. However, the same cannot be said about the industry’s profit performance. PAT had declined by 9.1 per cent during 2010-11 and is expected to decline by 10.4 per cent during 2011-12. This will be on account of rising construction costs and higher interest outgo. Prices of key inputs like steel and cement are expected to rise by 7.2 per cent and 5.5 per cent respectively during the year. Interest expenses are also likely to rise by a sharp 46.7 per cent in 2011-12 due to rise in interest rates and higher borrowings. During 2012-13, sales and PAT are expected to grow by 18.6 per cent and 17.4 per cent respectively.

#### Energy, Infrastructure and Communications

The Eleventh Five Year Plan emphasized the need for removing infrastructure bottlenecks for sustained growth. It, therefore, proposed an investment of US \$500 billion in infrastructure sectors through a mix of public and private sectors to reduce deficits in identified infrastructure sectors. As a percentage of the gross domestic product (GDP), investment in infrastructure was expected to increase to around 9 per cent. For the first time the contribution of the private sector in total investment in infrastructure was targeted to exceed 30 per cent. Total investment in infrastructure during the Eleventh Plan is estimated to increase to more than 8 per cent of GDP in the terminal year of the Plan – higher by 2.47 percentage points as compared to the Tenth Plan. The private sector is expected to be contributing nearly 36 per cent of this investment.

#### Sustainable Development and Climate Change

This new chapter in the Economic Survey reflects the growing challenges of sustainable development and climate change. Pressures on land, air, water, forests and loss of plant and animal habitat are growing. At the same time, a warming planet is already causing adverse effects, such as more frequent extreme weather events. The science and evidence of climate change are compelling. Both India and the world are reviewing the challenges ahead. The Earth Summit in Rio in June 2012 will take stock of sustainable development

priorities globally. The Durban meeting in December 2011 has set some directions for appropriate responses to climate change. And closer to home, the Twelfth Five Year Plan, commencing in April 2012, is setting out India’s priorities for a sustainable and inclusive, lower carbon development path.

#### India and Climate Change

Although India ranks among top five countries in terms of GHG emissions, its per capita emissions are much lower than those of the developed countries even if historical emissions are excluded. Its high level of emissions is due to its large population, geographical size, and economy. The most recent data available for India come from the assessment carried out by the Indian Network for Climate Change Assessment (INCCA) in May 2010. The key results of the assessment are that total net GHG emissions from India in 2007 were 1727.71 million tons of CO<sub>2</sub> equivalent (eq.), of which CO<sub>2</sub> emissions were 1221.76 million tons, CH<sub>4</sub>-20.56 million tons, and N<sub>2</sub>O-0.24 million tons. In 1994, the total net GHG emissions for India were 1228.54 million tons of CO<sub>2</sub> eq. This represents a compounded annual growth rate (CAGR) of 2.9 per cent during the period 1994 to 2007. GHG emissions from the energy, industry, agriculture, and waste sectors in 2007 constituted 58 per cent, 22 per cent, 17 per cent, and 3 per cent of net CO<sub>2</sub> eq. emissions respectively. India’s per capita CO<sub>2</sub> eq. emissions including land use, land use change, and forestry (LULUCF) were 1.5 tons per capita in 2007.

#### Key Durban Outcomes

The most significant achievement of the Durban Conference was to establish a second commitment period of the Kyoto Protocol, which will begin on January 1, 2013 and end either on December 2017 or December 2020. The quantified emission limitation and reduction objectives (QELROs) for developed country Kyoto Protocol Parties will be determined during 2012.

Durban also made significant progress in operationalization of Cancun agreements related to GCF and the Adaptation Framework. It was decided to confer legal personality and legal capacity to GCF and that the Fund will function under the guidance of COP. It was also decided to expeditiously operationalize the Fund for which Global Environment Facility (GEF) and the UNFCCC Secretariat have been asked to set up an interim Secretariat to support the GCF Board. Significant progress was made towards operationalization of the Technology Mechanism and its components viz. Climate Technology Centre and Network (CTCN) and Technology Executive Committee (TEC), established at Cancun.

The transparency arrangements agreed in Cancun were elaborated in Durban and the reporting guidelines for developed countries viz. Biennial Reports (BRs) and the developing countries viz. Biennial Update Reports (BURs) were adopted. It was ensured that the reporting and Measurable, Reportable and Verifiable (MRV) obligations for the developing countries are not more onerous than the developed country parties. A significant outcome in Durban was to launch a Durban Platform to discuss the post 2020 arrangements for global climate change regime. It was decided that the post 2020 arrangements would be finalized by 2015 and implemented from 2020. India played a crucial role in ensuring that the new arrangements are not limited to either a Protocol or a legal instrument but also include an option of ‘an agreed outcome with a legal force under the Convention’. Thus it was ensured that the outcome of negotiations to finalize the post 2020 arrangements is firmly rooted in the Convention and all its established principles including CBDR and Equity apply. A web-based registry was also agreed upon to be set up under the management of the UNFCCC Secretariat to serve as a platform for the developing countries to upload their Nationally Appropriate Mitigation Actions (NAMAs) for seeking international



support or recognition of achievement of voluntary mitigation goals. Progress was made in Durban on issues relating to Reducing Emissions from Deforestation and Degradation and Sustainable Management of Forests (REDD+) with an agreement on guidance on systems for providing information about how safeguards are being addressed and respected and there was also agreement on modalities for forest reference emission levels and forest reference levels.

#### Critical Issues in the Negotiations

12.30 While the climate change conferences in Cancun and Durban have attempted to address in some measure some of the issues relating to the Bali Road Map, several critical issues have remained unresolved. The issues relating to equity, trade and technology-related intellectual property rights (IPRs) are significant in this context and their early resolution is important for the sustenance of an effective and cooperative climate change regime. In the wake of launch of a new process under Durban Platform, it is even more important that the unresolved issues are addressed upfront in the negotiations for enhancing global actions against climate change.

The principles of equity and CBDR are fundamental to any regime for addressing climate change. Considering the fact that it was agreed in Cancun to ensure “equitable access to sustainable development” while working towards a global goal of climate stabilization, the principle of equity needs to be properly articulated in the negotiations so as to fully protect the interests of developing countries. The post 2020 arrangements to be evolved under the Durban Platform have to be anchored in the principles of equity and CBDR.

The UNFCCC provides that the countries should promote open and supportive international trading regime while taking actions to address climate change and should not take any arbitrary actions. This issue is gaining importance in view of the current global tendencies to erect protectionists’ barriers and use measures aimed at advancing and protecting trade interests in the name of climate change. Proposed sectoral measures like inclusion of civil aviation emissions in its emission trading scheme by European Union (EU) imposed unilaterally fall in such category. The multilateral framework for addressing climate change does not allow such unilateral and sectoral actions at the global level unless the principle of CBDR is squarely met. In the ensuing negotiations, it is important to ensure that trade issues are not mixed with environmental issues and to prohibit unilateral measures to address climate change taken in disregard of the principles of the UNFCCC. BAP recognizes that development and transfer of climate friendly technologies is critical to enhancing developing country actions. Hence, BAP urges countries to take urgent actions to “accelerate deployment, diffusion and transfer of affordable environmental technologies”. While a Technology Mechanism and Networks of Climate Technology Centers have been set up under the Cancun decisions, the critical issues relating to transfer of technologies and their IPRs have not yet been addressed. The institutional interventions agreed so far will at best help build capacity for deployment of existing technologies. They will not help in making technologies available on an affordable basis and facilitating their faster uptake. In the absence of a facilitative IPRs regime for such technologies, the objective of advancing nationally appro-

priate mitigation and adaptation actions at the scale and speed warranted by the Convention will not be achievable. The negotiations in future have to address this issue effectively and evolve an appropriate model for facilitating the development and access to such technologies.

#### India’s Voluntary Actions

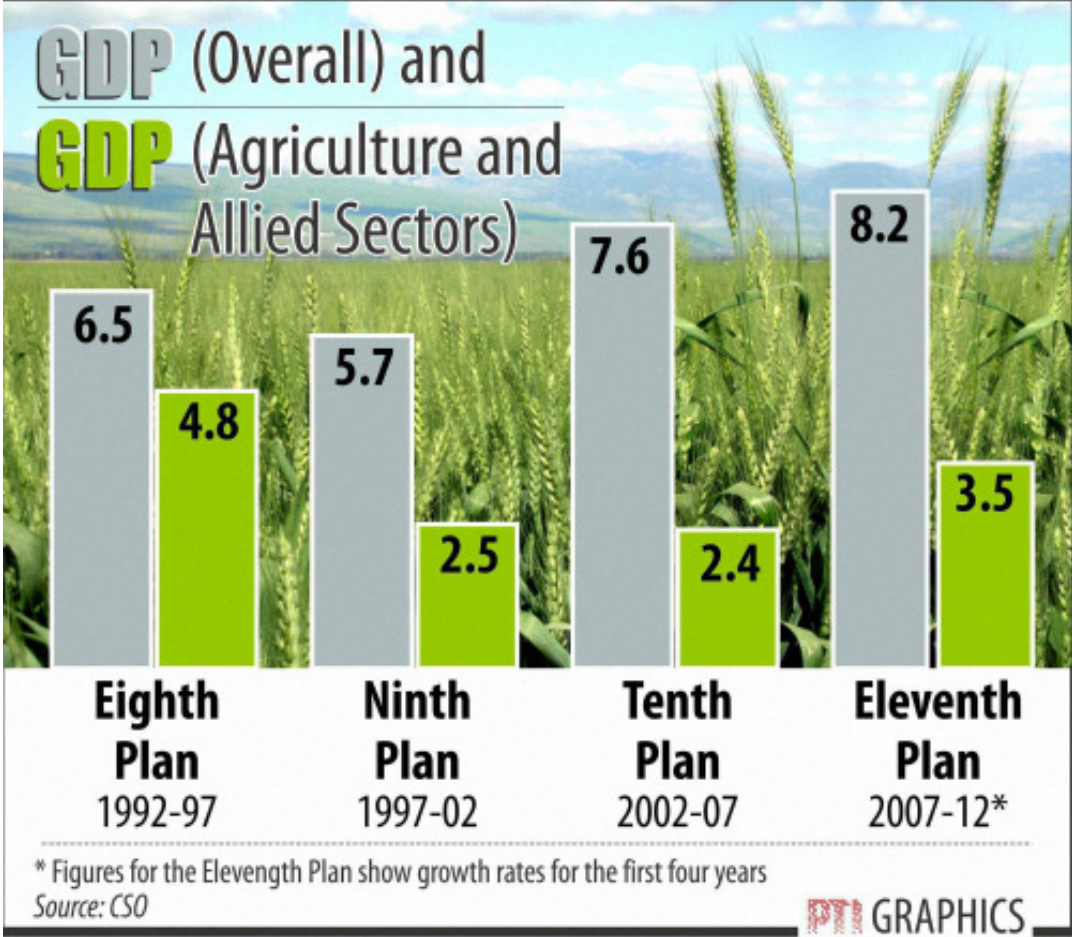
India has already taken a number of actions on voluntary basis with own resources in pursuance of a sustainable development strategy. As per India’s GHG Emissions Profile: Results of Five Climate Modelling Studies, a report published in 2009, India’s per capita GHG emissions in 2030-31 would be between 2.77 tons and 5.00 tons of CO<sub>2</sub> eq. Four of the five studies estimated that even in 2031, India’s per capita GHG emissions would stay under 4 tons of CO<sub>2</sub> eq. which is lower than the global per capita emissions of 4.22 tons of CO<sub>2</sub> eq. in 2005. This means that even two decades from now, India’s per capita GHG emissions would be well below the global average of 25 years earlier.

#### India and CDM

As on 31 December 2011, 776 out of a total of 3797 projects registered by the CDM Executive Board are from India, which so far is the second highest for any country in the world. China leads with 1790 registered projects and Brazil has 200 projects registered. Also, as on 31 December 2011, the National CDM Authority (NCDMA) has accorded host country approval to 2160 projects facilitating an investment of more than ‘ 364,034 crore. These projects are in the sectors of energy efficiency, fuel switching, industrial processes, municipal solid waste, renewable energy, and forestry. If all these projects get registered by the CDM Executive Board, they have the potential of generating 711 million certified emission reductions (CERs) by the year 2012. At a conservative price of US\$ 10 per CER, it adds up to an overall inflow of approximately US\$ 7.11 billion in the country by the year 2012 if all the projects get registered. As on date CERs issued to Indian projects are 124 million. Delhi Metro Rail Corporation (DMRC): World’s first rail network to be registered under the CDM scheme: The DMRC is the world’s first rail network to be registered at the UNFCCC under the CDM scheme. The DMRC has registered two projects till date, namely: a) Emission Reduction by Low GHG Emitting Vehicles (also called Regenerative Braking project) registered on 29.12.2007 and b) Metro Delhi, India (also called Modal Shift Project) registered on 30 June 2011. It is expected that around an average 41,160 CERs per annum for next 10 years will be generated from Regenerative Braking Project and around an average of 5, 29,043 CERs per annum for next 7 years will be generated from the Modal Shift project.

#### Human Development

The principal objective of development planning is human development and the attainment of higher standard of living for the people. This requires a more equitable distribution of development benefits and opportunities, better living environment and empowerment of the poor and marginalised. There is special need to empower women who can act as catalysts for change. In making the development process inclusive, the challenge is to formulate policies and programmes to bridge regional, social and economic disparities in as effective and sustainable a manner as possible. The Eleventh Five Year Plan sought to address this challenge by providing a comprehensive strategy for inclusive development, building on the growing economic strength of the economy in the past decades. This strategy has to be continued and consolidated further in the Twelfth Five Year Plan. The Approach Paper to the Twelfth Five Year Plan (2012-17) rightly stresses the need for more infrastructural investment with the aim of fostering a faster, sustainable and more inclusive growth. ●●●





# G.K. Test Series - 1

These questions are very useful for you

1. Who among the following has been appointed the National Security Adviser by the UPA Government ?

- (a) Brajesh Mishra
- (b) J. N. Daxit
- (c) Soli J. Sorabjee
- (d) T. K. A. Nair

Ans: ( b ) J. N. Daxit

2. Which world renowned architect was bestowed with Goa's highest civilian honour, the Gomant Vibhushan, on the eve of the Golden Jubilee of Goa's Liberation on 18 December 2011?

- (a) Michael Hopkins
- (b) Kengo Kuma
- (c) Charles Correa
- (d) Kevin Kennon

Ans: (c)

3. Who among the following has won the Miss Universe 2004 crown ?

- (a) Jennifer Hawkins
- (b) Shandi Finnessey
- (c) Alba Reyes
- (d) None of these

Ans: ( a ) Jennifer Hawkins

4. A solemn ceremony to mark the 60th Anniversary of D-Day landings of the Allies troops during the Second World War, was held in :

- (a) Pearl Harbour
- (b) Normandy
- (c) New York
- (d) Lisbon

Ans: ( b ) Normandy

5. Which of the following cricketers holds the world record of maximum number of sixes in Tests ?

- (a) Chris Carins (New Zealand)
- (b) Viv Richards (West Indies)
- (c) Sachin Tendulkar (India)
- (d) Wasim Akram (Pakistan)

Ans: ( a ) Chris Carins (New Zealand)

6. Who among the following has been appointed the new Chief Justice of India ?

- (a) Justice Rajendra Babu
- (b) Justice V. N. Khare
- (c) Justice R. C. Lahoti
- (d) None of these

Ans: ( c ) Justice R. C. Lahoti

7. Who among the following sports persons got the honour of lighting the Olympic flame at the Major Dhyan Chand Stadium in New Delhi recently ?

- (a) Anjali Bhagwat
- (b) Abhinav Bindra
- (c) Viswanathan Anand
- (d) K. M. Beenamol

Ans: ( a ) Anjali Bhagwat

8. Who among the following has been appointed new chairman of the National Commission for Farmers ?

- (a) Ajit Singh
- (b) K. C. Pant
- (c) Dr. M. S. Swaminathan
- (d) Sharad Pawar

Ans: ( c ) Dr. M. S. Swaminathan

9. Which of the following planets crossed the face of the sun (in transit) after 122 years recently ?

- (a) Mars
- (b) Venus
- (c) Jupiter
- (d) Saturn

Ans: ( b ) Venus

10. Which of the following countries was re-admitted to the Commonwealth recently ?

- (a) Nepal
- (b) Myanmar
- (c) Pakistan
- (d) None of these

Ans: ( c ) Pakistan

11. The world governing body of which of the following sports celebrated its 100 years in existence recently ?

- (a) Football
- (b) Hockey
- (c) Badminton
- (d) Cricket

Ans: ( a ) Football

12. Consider the following statements and using the code given below identify the personality with whom these statements are associated

- 1. He is an Australian national
- 2. He led the Australian cricket team twice to the world cup victory
- 3. He has 30 centuries and 82 fifties in ODI in his name
- 4. He on 21 February 2012 announced his retirement from the One day cricket

- (a) Andrew Simonds
- (b) Shane Watson
- (c) Ricky Ponting
- (d) Kevin Pieterston

Ans: (c)

13. Who is India's first Woman Grand Master in Chess ?

- (a) Aarthie Ramaswamy
- (b) Koneru Humpy
- (c) S. Meenakshi
- (d) S. Vijayalakshmi

Ans: ( b ) Koneru Humpy

14. The age of a tree can be determined by

- (a) Measuring its height
- (b) Measuring its diameter
- (c) Analyzing its sap
- (d) Counting the annual growth rings of its stem

Ans: ( d )

15. Which one of the following pairs is not correctly matched ?

- | <i>Mountains</i> | <i>Continents</i> |
|------------------|-------------------|
| (a) The Rocky    | North America     |
| (b) The Andes    | South America     |
| (c) The Alps     | Europe            |
| (d) The Ural     | Africa            |

Ans: ( d )

16. Which of the following pairs is correctly matched ?

- (a) Purna Swaraj Resolution - 1929
- (b) Martyrdom of Sardar Bhagat Singh - 1931
- (c) Formation of the Congress Socialist Party - 1939
- (d) Shimla Conference - 1940

Ans: ( b ) Martyrdom of Sardar Bhagat Singh - 1931

17. The Lingaraja Temple built during the medieval period is at

- (a) Bhubaneswar
- (b) Khajuraho
- (c) Madurai
- (d) Mount Abu

Ans: ( a ) Bhubaneswar

18. Which one of the following is essentially a solo dance ?

- (a) Kuchipudi
- (b) Kathak
- (c) Manipuri
- (d) Mohiniattam

Ans: ( d ) Mohiniattam

19. The deepest oceanic trench 'Mariana' is located in

- (a) Atlantic Ocean
- (b) Arctic Ocean
- (c) Pacific Ocean
- (d) Indian Ocean

Ans: ( c ) Pacific Ocean

20. Although fog consists of fine drops of water, we cannot see clearly through it because

- (a) The light rays undergo total internal reflection in the drops
- (b) Fine drops of water in fog polarize the light
- (c) The fine drops are opaque to the light
- (d) The drops scatter most of the light

Ans: ( d ) The drops scatter most of the light

21. During the Mughal period, which one of the following were the first to come to India as traders ?

- (a) Portuguese
- (b) Dutch
- (c) Danish
- (d) English

Ans: ( a ) Portuguese

22. Who among the following Delhi Sultans is known for introducing market control mechanism ?

- (a) Iltutmish

- (b) Balban
- (c) Alauddin Khalji
- (d) Firoze Tughlaq

Ans: ( c ) Alauddin Khalji

23. Which one of the following mountain peaks of the Himalayas is NOT in India ?

- (a) Annapurna
- (b) Nanda Devi
- (c) Mt. Kamet
- (d) Kanchenjunga

Ans: ( a ) Annapurna

24. A rift valley is formed mainly due to

- (a) The forces of tension in the earth's crust
- (b) The subsidence of the floor of a river valley
- (c) The valley formed after the formation of fold mountains
- (d) The deepening of a valley by ice action

Ans: ( a ) The forces of tension in the earth's crust

25. Who is the author of the book, "The Man Who Divided India" ?

- (a) Arun Shourie
- (b) Dominique Lapierre
- (c) Rafiq Zakaria
- (d) Salman Rushdie

Ans: ( c ) Rafiq Zakaria

26. Scientists recently found the treatment for Glaucoma in rats. Glaucoma is an disease.

- a) Eye
- b) Ear
- c) Lung
- d) Skin

Ans: (a) Eye

27. Scientists identified two genes, which are linked to Parkinson's. The genes are called\_\_.

- a) NACP and MAPT
- b) NCAP and MPAT
- c) NPAC and MTPA
- d) NNCP and MMPA

Ans: (a) NACP and MAPT

28. Erosion and diversion of Rushikulya river mouth in Odisha's Ganjam district seem to be posing a serious threat to the annual mass nesting of the endangered Olive Ridley sea turtles. Consider the following statements:

- i) The olive ridley sea turtle is also known as the Pacific ridley.
- ii) It is a species of sea turtle.

Choose the right option:

- (a) Both i and ii are correct.
- (b) Only i is correct.
- (c) Only ii is correct.
- (d) Neither i nor ii is correct.

Ans: (a) Both i and ii are correct

29. Which one of the following state governments imposed restrictions on the visit of foreign tourists to the areas inhabited by Tribals?

- a) Odisha
- b) Bihar
- c) Madhya Pradesh
- d) Uttar Pradesh

Ans: (a) Odisha

30. Indian black eagle was spotted in the Aravali Biodiversity park after a gap of ..... years.

- (a) 90
- (b) 80
- (c) 70
- (d) 60

Ans: (a) 90

31. Consider the following statements and using the code given below identify the personality with whom these statements are associated

- 2. He is the Chairman of HDFC
- 3. He has been given the Ernst & Young Lifetime Achievement Award 2011
- 4. He is one of the pioneer in the Housing Finance in the country
- 5. He is on the board of Castrol India Limited

- (a) Deepak Parekh
- (b) Rahul Bhatia
- (c) Ratan Tata
- (d) Aniljeet Singh

Ans: (a)

32. Rahul Bhatia, who was chosen for Ernst & Young Entrepreneur of the Year Award is the Managing Director of

- (a) Qualcomm Communications
- (b) Jet Airways
- (c) Vodafone
- (d) InterGlobe Enterprises

Ans: (d)

33. Etisalat Which has initiated the legal proceeding against the promoters of Swan Telecom, its joint venture partner in India, is a :

- (a) Bahrain Based Company
- (b) UAE Based Company
- (c) Australia Based Company
- (d) Russia Based Company

Ans: (b)

34. The Competition Commission of India, under the Competition Act, 2002of Parliament, has been empowered to look into

- (a) high voltage merger and acquisition deals
- (b) market activities
- (c) security market tradings
- (d) client base of different companies

Ans: (a)

35. World's largest two wheeler manufacturer Hero MotoCorp on 22 February 2012 inked a pact with Erik Buell Racing [EBR]. EBR is an :

- (a) USA based company
- (b) UAE based company
- (c) Argentina based company
- (d) UK based company

Ans: (a)

36. Which of the following team defeated Indian women hockey team in the final match of London Olympic Qualifiers

- (a) South Africa
- (b) France
- (c) Australia
- (d) New Zealand

Ans: (a)

37. Dow Chemicals whose sponsorship to the London Olympics was highly protested in India is the parent company of

- (a) Union Carbide
- (b) Etisalat
- (c) Vodafone
- (d) Coca Cola

Anss: (b)

38. Sania Mirza and Elena Vesnina suffered a crushing defeat against top seeds Lielze Huber and Lisa Raymond and finished runners-up at the

- (a) Australian Open
- (b) WTA Dubai Open
- (c) Chennai Open
- (d) Korean Open

Ans: (b)

39. Juan Martin Del Potro of Argentina won his 10th career ATP title by beating

- (a) Roger Federar
- (b) Rafael Nadal
- (c) Novac Djokovick
- (d) Michael Llodra

Ans: (d)

40. Union Home Minister P. Chidambaram inaugurated the the fourth and final regional hub of the National Security Guard (NSG) in which of the following places on 23 February 2012

- (a) Mumbai
- (b) Imphal
- (c) Srinagar
- (d) Vishakhapatnam

Ans: (a)

41. As a part of the Chacha Nehru Sehat Yojna (CNSY) Delhi Chief Minister Sheila Dikshit on 20 February 2012 launched a major State-wide de-worming campaign. Which of the following facts are not correct with respect to the de-worming campaign?

- 1. The campaign aims to de-worm the children and save them from worm-infested diseases such as anaemia, malnutrition, and physical and mental retardation
- 2. Delhi Government had earlier conducted a study and found that the average prevalence of soil-transmitted worms was around 16 per cent
- 3. To overcome this, all school-age children

of Delhi Government schools, Municipal Corporation Delhi schools, New Delhi Municipal Council schools, Delhi Cantonment Board schools, pre-school children in Anganwadi centres, and the adolescent girls of SABLA programme was given one dose of the de-worming medication on 21 february 2012, the de-worming day.

4. The exercise was conducted in schools and Anganwadi centres, where the teachers and Anganwadi workers would administer mebendazole de-worming tablets to every child.

5. The Chacha Nehru Sehat Yojna was introduced in September 2010 to provide health check-ups and free treatment to students studying in Delhi government, New Delhi Municipal Council, Municipal Corporation of Delhi and Delhi Cantonment Board schools

- (a) 3 & 4
- (b) Only 4
- (c) Only 5
- (d) 2 & 4

Ans: (c)

42. The Reserve Bank of India (RBI) panel on priority sector lending on 21 February 2012 proposed increment in the target (priority sector) for foreign banks to 40% of net bank credit from the current level of 32 per cent with sub-targets of 15 per cent for exports and 15 per cent for the MSE sector. The committee was headed by which of the following members?

- (a) M. V. Nair
- (b) Dr. D. Subbarao
- (c) Dr. K.C. Chakrabarty
- (d) Subir Gokran

Ans: (a)

43. The new version of MGNREGA included more than 25 agriculture and allied activities. The new version of the act will be implemented from\_\_.

- (a) 1 April 2012
- (b) 1 May 2012
- (c) 1 June 2012
- (d) 1 July 2012

Ans: (a) 1 April 2012

44. The Vice President Mohammed Hamid Ansari released a collection of poems titled LAVA in New Delhi. The poems were written by\_\_.

- (a) Javed Akhtar
- (b) Hamid Ansari
- (c) Salman Rushdie
- (d) Salman Khan

Ans: (a) Javed Akhtar

45. The White House on 10 February 2012 named India's renowned economist as the recipient of the 2011 US National Humanities Medal. Identify him.

- (a) Montek Singh Ahluwalia
- (b) C. Rangarajan
- (c) Usha Thorat
- (d) Amartya Sen

Ans: (d)

46. Singer and actress Whitney Houston died on 11 February 2012 in a Beverly Hills hotel room California. Which of the facts about her are not true?

- 1. Houston is a winner of six Grammy Awards including record of the year for I Will Always Love You and album of the year for The Bodyguard
- 2. Houston's 1985 debut album Whitney Houston became the best-selling debut album by a female act at the time of its release. The album was named Rolling Stone's best album of 1986, and was ranked at number 254 on Rolling Stone's list of the 500 Greatest Albums of All Time
- 3. She had made her national televised debut alongside Davis on Gimme a Break.
- 4. She had won her first Grammy award for Best Pop Vocal Performance, Female for Saving All My Love for You.
- 5. She is the first artist to have two number-one Billboard 200 Album awards (formerly "Top Pop Album") on the Billboard magazine year-end charts.

- (a) 1 & 5
- (b) Only 2
- (c) Only 5
- (d) 2 & 4

Ans: (c)

47. The sixty-fifth annual British Academy Film awards, the BAFTA's was held at the Royal Opera House in London 12 February 2012. Which film swept the award ceremony winning a total of 6 awards?

- (a) The Iron Lady
- (b) The Artist
- (c) We Need to Talk About Kevin
- (d) Hugo

Ans: (b)

48. This British singer with six nominations, won all six awards at 54th Annual Grammy Awards held on 12 February 2012 for the album 21, thus tying Beyonce's record for most wins by a female artist in one night. Identify the singer.

- (a) Bon Iver
- (b) Lady Gaga
- (c) Adele
- (d) Whitney Houston

Ans: (c)

49. Pakistani archaeologists discovered a rare Indus Valley civilization-era seal in steatite dating back to 2500-2000 BC from the Cholistan area of which of the following province in Pakistan?

- (a) Punjab Province
- (b) Balochistan
- (c) Khyber Pakhtunkhwa
- (d) FATA

Ans: (a)

50. The union government of India on 1 February 2012 gave the approval for setting up a National Council for Senior Citizens. It will be headed by the minister of \_\_\_\_

- (a) External Affairs
- (b) Social Justice and Empowerment
- (c) Home
- (d) Finance

Ans: (b)

51. As per the latest Sample registration System (SRS) bulletin, December 2011 released by the Registrar General of India(RGI), it is noted that Infant Mortality Rate(IMR) dropped further from \_\_ to \_\_ infant deaths per 1000 live births during 2010.

- (a) 50; 47
- (b) 52; 49
- (c) 53; 48
- (d) 48; 47

Ans: (a) 50; 47

52. In the period from January to November 2011, Sri Lanka received just over 7.5 lakh tourists. Of this, over 1.5 lakh were Indians. Indians constituted about what per cent of the tourists to Sri Lanka in 2011?

- (a) 20%
- (b) 11%
- (c) 27%
- (d) 31%

Ans: (a)

53. Who was presented the Mahatma Gandhi International Award for Peace and Reconciliation on 4 January 2011, the fourth day of the ten-day Kalachakra initiations?

- (a) Tibetan spiritual leader, the Dalai Lama
- (b) South African leader Nelson Mandela
- (c) Tanzania's Julius Nyerere
- (d) Burmese pro-democracy leader Aung San Suu Kyi

Ans: (c)

54. Health Authorities in Australia recently detected Deadly Disease, Murray Valley Encephalitis. The disease is caused by the\_\_.

- (a) Flies
- (b) Mosquitoes
- (c) Birds
- (d) Dogs

Ans: (a) Mosquitoes



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