

# DEVELOP INDIA

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## Kim Dotcom starts new file-sharing site

Megaupload boss Kim Dotcom has set up a new cloud storage and file-sharing site. Mega, a web-based service that lets people upload and store files of any kind, is a sequel to the Megaupload system that was shut down last January.



Police raids on the offices and home of Kim Dotcom led to the closure of Megaupload. The Mega site went online at dawn on Sunday, with Mr Dotcom due to hold a gala at his New Zealand mansion later.

Mr Dotcom has said the new site complies with the law and warned that attempts to take it down would be futile.

"This is not some kind of finger to the US government or to Hollywood," he told Reuters on Saturday.

"Legally, there's just nothing there that could be used to shut us down. This site is just as legitimate and has the right to exist as Dropbox, Boxnet and other competitors."

Extradition hearing

Hours after the site was launched, Mr Dotcom tweeted that it had received 250,000 user registrations, although limited server capacity meant Mega was unreachable to many.

In a series of earlier tweets Mr Dotcom said every customer would have 50 gigabytes of free storage - far more than is offered by rival services such as Dropbox or Microsoft's SkyDrive. Mega will be encrypted so only those who upload data have access to it. Data is also being held in the cloud to make it easy for users to get and share files.

The 2012 raids on Megaupload were carried out because, said US law enforcement, many users of Megaupload were engaged in pirating content and illegally sharing it.

They accused Mr Dotcom and other managers at Megaupload of profiting from piracy. Mr Dotcom, who was born Kim Schmitz, has rebuffed the accusations and is fighting a legal battle to stay in New Zealand from where he ran Megaupload.

A hearing on whether he can be extradited to the US is due to be held in March.

In one message, Mr Dotcom said he was working with lawyers and the Electronic Frontier Foundation, which campaigns on digital rights issues, to get access to that seized data and return it to users.

## 3.5bn years ago, a river used to run across Mars?

New astonishing pictures by the European Space Agency have revealed a 1,500km long and 7km wide river that once ran across Mars. The agency's Mars Express imaged the striking upper part of the remnants of Reull Vallis river on Mars with its high-resolution stereo camera, ESA said.

Reull Vallis, is believed to have formed when running water flowed in the distant martian past, cutting a channel through the Promethei Terra Highlands before running on towards the floor of the vast Hellas basin. This structure, which stretches for almost 1,500 km, is flanked by numerous tributaries, one of which can be clearly seen cutting in to the main valley towards the upper (north) side.

# GOVT POSTPONES GAAR IMPLEMENTATION BY 2 YEARS TO 2016

Giving a big relief to overseas investors, the government has postponed implementation of controversial GAAR provisions by two years to April 1, 2016.

"Having considered all the circumstances and relevant factors, the government has ...decided that provisions of Chapter 10A of the Income Tax Act (dealing with GAAR) will come into force from April 1, 2016 as against April 1, 2014," Finance Minister P Chidambaram said in New Delhi on Monday. The General Anti Avoidance Rules (GAAR) provisions, introduced by the then Finance Minister Pranab Mukherjee in the Budget 2012-13, were aimed at checking tax avoidance by overseas investors. The proposal, however, generated controversy, with investors expressing apprehensions that it would result in unnecessary harassment by tax authorities. The decision to postpone the implementation, Chidambaram said, follows the recommendations of the Shome Committee which was set up by Prime Minister Manmohan Singh in July last year to look into investor concerns. The government, Chidambaram further said, has accepted major recommendations of the panel with some modifications.

The GAAR provisions, the Minister also clarified, would override the double taxation avoidance agreement (DTAA) benefits if the arrangements were intended solely to evade taxes. GAAR abbreviation stands for general-anti-avoidance rules and it has been introduced in India due to VODAFONE case ruling in favour of this company by the Supreme Court. The new rules will come into effect from 01 April, 2012.

### GAAR Implications in India

Indian Government is trying to give powers to income tax authorities as implementation of GAAR provides tremendous powers to deny tax benefit to an entity if a transaction has been carried with the sole intention of tax avoidance. Due to powers in the hand of taxmen, now innocents may be harassed by them.

FIL & FDI money coming to India through Mauritius route will now become taxable. Increased litigations.



## LANCE ARMSTRONG: US INSURANCE FIRM READY TO FILE \$12M LAWSUIT

A Texan company plans to file a lawsuit next week to recoup \$12m from disgraced cyclist Lance Armstrong.

SCA Promotions insured bonuses paid to Armstrong when he claimed his fourth, fifth and sixth Tour de France wins.

The American has admitted using performance-enhancing drugs for all seven of his Tour de France wins.

"We will likely file that lawsuit as soon as next week unless we get a satisfactory response from Armstrong's camp," SCA lawyer Jeff Tillotson said.

The insurance policy was taken out by Tailwind Sports, owner of the US Postal team, to cover performance bonuses payable to Armstrong if he claimed his fourth, fifth and sixth Tour victories.

SCA initially refused to pay out money covering the bonus for Armstrong's sixth Tour win in 2004, totalling \$5m, because it argued Armstrong was not a clean rider.

Armstrong took the company to an arbitration hearing in Dallas in 2005 and won, because the contract between the parties stipulated the insurance money would be payable

if Armstrong was the "official winner" of the Tour.

But, after Armstrong's confession of doping to Oprah Winfrey this week, Tillotson said his client would be looking to recover the money, now assessed at \$12m because of legal costs and interest.

"As you can imagine, we paid him \$12m for being the official winner of three Tour de France races and swearing under oath he was a clean rider during those races," Tillotson told BBC Slive's BeSpoke programme.

"He's now told us, at least though Oprah, that he lied when he told us he was a clean rider. "He doped during all those races, and Usada and UCI have stripped him of his official title status. So under those circumstances my client naturally wants his money back.

"We have made a demand for return of the \$12m and if that money is not returned to us, my client will pursue litigation.

"He feels Lance Armstrong neither has the legal right, nor frankly the moral right to keep those funds."

The Dallas attorney also gave his reaction to the Armstrong interview with Winfrey, saying

he found it "jaw-dropping" that the American had admitted all the things he denied in the arbitration hearing in 2005.

"Every question in his testimony that he answered no to when I asked him, he answered yes to Oprah Winfrey," he said.

"So it was pretty clear from the first few minutes of the interview he was admitting that he had committed perjury in our legal proceedings in the US.

"From our perspective we were somewhat floored by how quickly he admitted that."

Tillotson said Armstrong was yet to get in touch with him personally, or SCA Promotions.

"I think the lawyers are the last ones you get around to apologising to so I won't take it personally. But he does need to make amends to my client," Tillotson said.

"We are the ones where he took an oath under US law to tell the truth and pointedly lied to. So I feel we are high on the list of people that need to be told 'I'm sorry I did that to you'. "We are open to working things out in a way that makes sure justice happens in this."

## GAAR IMPLEMENTATION DEFERRED BY 2 YRS TO 1ST APRIL 2016

The implementation of General Anti Avoidance Rules, GAAR has been deferred by two years. It will now come into force from 1st of April 2016. Earlier, the provisions of GAAR were to be implemented from 1st of April, 2014. Talking to media persons in New Delhi today, Finance Minister P Chidambaram said that the Government has accepted major recommendations of the Shome Committee on GAAR with some modifications.

Mr. Chidambaram said that an arrangement, the main purpose of which is to obtain a tax benefit would be considered as an impermissible avoidance arrangement.

The current provision which prescribed the main purpose or one of the main purposes will be amended accordingly. He said the assessing officer will be required to issue a show cause notice, along with reasons to the assessee before invoking the provisions of the rules. The Finance Minister said the assessee will have an opportunity to prove that the arrangement is not an impermissible avoidance one.

Mr. Chidambaram said that GAAR will not apply to those Foreign Institutions Investors, FIIs who are not taking any benefit under an agreement under the Income Tax Act. Besides, it will also not apply to non resident investors in FIIs. Our correspondent reports that the panel headed by Dr. Parthasarathi Shome had submitted its report in September last year. It had recommended that companies should be retrospectively taxed only in the rarest of rare cases. The setting up of the panel was approved in July last year by the Prime Minister Dr. Manmohan Singh in the wake of representations against some of the provisions of GAAR.



There have been suggestions that Armstrong could also be charged with perjury for lying under oath in 2005 but Tillotson admits this is unlikely to happen.

"In the US, if you lie under oath in a legal proceeding there are two possible penalties that can happen to you," he explained.

"One is criminal - you can be prosecuted by the authorities for lying under oath. That car-

ries with it though a Statute of Limitations and it must be brought within a certain period of time of your lie.

"It's most likely the limitations have run, so Mr Armstrong could not be criminally prosecuted for perjury. "But there is a second penalty which is in the civil lawsuit, (which) my client is pursuing. Mr Armstrong can be held accountable for that conduct."

## BRICS GROUPING PLEDGES TO CHECK ABUSE OF TAX TREATIES

Expressing concern over abuse of tax avoidance treaties, the BRICS grouping including India, China and Russia have pledged to enhance mutual cooperation to prevent erosion of revenue.

"We agree to extend the cooperation on the following issues of tax policy and tax administration, including development of a BRICS mechanism to facilitate countering abusive tax avoidance transactions, promotion of effective exchange of information," said a joint communiqué issued after the two-day meeting of the heads of Revenue of these nations. The BRICS countries, it said expressed concerns at the erosion of the tax base by practices that involve abuse of tax treaty benefits, incomplete disclosure of information and fraudulent claims.

The five nation grouping made a commitment to address these concerns by preventing the base erosion and profit shifting through mutual cooperation, the communiqué added on Friday.

The countries also vowed to strengthen the



enforcement process by taking appropriate actions for non-compliance and putting more resources on international cooperation, sharing of best practices and capacity building to deal with cases of profit shifting by way of complex multi-layered structures.

The countries agreed establish a governance framework by May, 2013, in accordance with the overall BRICS commitment to continue the process of cooperation in tax administration. During the two-day meeting the officials deliberated on issues of mutual concerns related to tax administration, including those

pertaining to international taxation, transfer pricing, cross border tax evasion and avoidance, tax dispute resolution mechanisms.

The communiqué also expressed an agreement amongst BRICS Countries for working together towards capacity building, improvement of systems and sharing of resources, and aims at extending it to the area of tax administration in a way that will benefit the people of BRICS Countries.

The nations also agreed to come out with a paper on issues of mutual benefit, which includes erosion of the tax base by practices that involve abuse of tax treaty benefits and profit shifting through cooperation amongst ourselves and with other countries.

The meeting, the first of its kind, was inaugurated by Finance Minister P Chidambaram on Thursday.

It was attended by Brazil Federal Revenue Secretary Carlos Alberto Freitas, Russia's Federal Tax Service Deputy Commissioner

Aleksey Overchuk.

China Commissioner of State Administration of Taxation Xiao Jie and South Africa's Commissioner Oupa Magashula also attended the meeting.

Chidambaram, in his inaugural address had said the tax administration is faced with new challenges that include allocation of taxing rights and sharing of taxable income between countries from cross-border deals, besides increasing tax revenues and providing quality service to tax payers.

Besides, Revenue Secretary Sumit Bose and CBDT Chairperson Poonam Kishore Saxena and other senior officials of the tax department were part of the Indian delegation. India currently holds the chair of the grouping of the BRICS -- Brazil, Russia, India, China, South Africa-- nations.

**BRICS**, originally "BRIC" before the inclusion of South Africa in 2010, is the title of an association of emerging national economies: Brazil, Russia, India, China and South Africa. With the possible exception of Russia, the

BRICS members are all developing or newly industrialised countries, but they are distinguished by their large, fast-growing economies and significant influence on regional and global affairs. As of 2013, the five BRICS countries represent almost 3 billion people, with a combined nominal GDP of US\$14.9 trillion, and an estimated US\$4 trillion in combined foreign reserves. Presently, India holds the chair of the BRICS group.

Hu Jintao, the President of the People's Republic of China, has described the BRICS countries as defenders and promoters of developing countries and a force for world peace. However, some analysts have highlighted potential divisions and weaknesses in the grouping, such as India and China's disagreements over territorial issues, the failure of the BRICS to establish a World Bank-analogue development agency, slowing growth rates, and disputes between the members over UN Security Council reform.



## Khap panchayats' diktat on women dress code and mobile unlawful: SC

The Supreme Court today ruled that Khap panchayats' diktat on dress code for women and asking them not to carry mobile is unlawful. A bench of justices Aftab Alam and Ranjana Prakash Desai said such diktates are against the fundamental right to life and asked Khap Panchayats, which are caste-based councils, to file their replies on the issue.



Leaders of various Khap Panchayats of Uttar Pradesh and Haryana today appeared before the apex court in response to its invitation, extended during its last hearing to them to express their views. They told the court that very distorted facts have been projected about them in the court. Top police officers from Uttar Pradesh and Haryana also appeared before the apex court and submitted that although Khaps issued some socially retrograde resolutions but they were never directly involved in honour killings. Additional Director Generals of Police (Law and Order) of Haryana and Uttar Pradesh said Khaps also play positive roles at times like passing resolution against foeticide. The court was hearing a PIL filed by an NGO Sahakti Vahini seeking court's direction to the government to take action against Khap Panchayat for allegedly harassing and killing couples, particularly women in name of family's honour for entering into inter-caste or intra-gotra marriages.

## Pak PM sacks Balochistan govt, imposes Governor's rule

Bowing to demands of Shia protesters picketing on streets with bodies of their community members killed in Pakistan's worst sectarian bombings in Quetta, Prime Minister Raja Pervez Ashraf on Monday sacked Balochistan government and imposed Governor's rule in the province. Ashraf made the announcement after prolonged talks with leaders of the minority Shias and ethnic Hazara community of the sect, who had been staging a sit-in since Thursday demanding that the provincial government be dismissed and military given control of Balochistan's capital Quetta.



The sit-in started on Alamdar road in Quetta when three bomb blasts targeting Shias in the area on Thursday last killed around 98 people and injured over 130 others. The minority community had refused to bury the victims of the blasts until their demands were met by the government. Jan Ali Changezi, a central leader of the Hazara community, however, told a news agency that they would only end their protest and bury the victims after a formal notification about the dissolution of the provincial government and imposition of Governor's rule is issued. "We are thankful to the Prime Minister for listening to our grievances but we have informed him that we will only end the sit-in and bury our dead when the notification for Governor's rule is issued," he said. Three bomb attacks in the city on Thursday turned out to be the catalyst for the imposition of Governor's rule. Last year alone, according to human rights organisations, around 500 Shias, most of them from the Hazara community, were killed in targeted attacks in the province. The government came under pressure after protesters also started a sit-in outside the Bilawal House in Karachi, the official residence of President Asif Zardari who had been present in the city since last week. Prime Minister Ashraf assured the leaders of the Shia and Hazara communities that under Governor's rule, the chief executive of the province could summon the army anytime to help the administration.

## FDI Reforms and Trade Normalisation with Pakistan Mark 2012

The world is undergoing a challenging economic period. Economies and markets across the world have been in turmoil.



Recovery if any has been feeble and negative sentiment has persisted, causing sharp con-

## GOLDEN GLOBE AWARDS 2013

The 70th annual Golden Globes took over Hollywood on Sunday evening (January 13), with hosts Tina Fey and Amy Poehler hilariously at the helm. "Argo" was the night's biggest surprise, as director Ben Affleck bounced back from an Oscar snub earlier in the week to accept Globe wins for director and Motion Picture - Drama. The triumphs for "Les Miserables" were easier to predict: the film took home statues for actor (Hugh Jackman), supporting actress (Anne Hathaway) and Motion Picture - Musical or Comedy. On the TV side of things, "Homeland" had an even more impressive night than the Showtime series did last year, adding a Best Actor (Damien Lewis) win to its repeats for Best Drama Series and Best Actress in a Drama Series (Claire Danes). On the same night that its second season debuted on HBO, "Girls" and creator Lena Dunham notched wins for best comedic actress and Best Television Series - Musical or Comedy. Check out the full list of Golden Globe winners below!

- Best Motion Picture - Drama: "Argo"
  - Best Actress - Drama: Jessica Chastain, "Zero Dark Thirty"
  - Best Actor - Drama: Daniel Day-Lewis, "Lincoln"
  - Best Motion Picture - Comedy or Musical: Les Miserables
  - Best Actress - Comedy or Musical: Jennifer Lawrence, "Silver Linings Playbook"
  - Best Actor - Comedy or Musical: Hugh Jackman, "Les Miserables"
  - Best Supporting Actress: Anne Hathaway, "Les Miserables"
  - Best Supporting Actor: Christoph Waltz, "Django Unchained"
  - Best Director: Ben Affleck, "Argo"
  - Best Screenplay: Quentin Tarantino, "Django Unchained"
  - Best Animated Feature Film: "Brave"
  - Best Foreign Language Film: "Amour"
  - Best Original Score: Mychael Danna, "Life Of Pi" (Indian Film)
  - Best Original Song: "Skyfall," Adele from "Skyfall"
  - Best TV Series - Drama: "Homeland"
  - Best Actress TV Series - Drama: Claire Danes, "Homeland"
  - Best Actor TV Series - Drama: Damien Lewis, "Homeland"
  - Best TV Series - Comedy or Musical: "Girls"
  - Best Actress TV Series - Comedy or Musical: Lena Dunham, "Girls"
  - Best Actor TV Series - Comedy or Musical: Don Cheadle, "House of Lies"
  - Best TV Miniseries or Movie: "Game Change"
  - Best Actress - TV Miniseries or Movie: Julianne Moore, "Game Change"
  - Best Actor - TV Miniseries or Movie: Kevin Costner, "Hatfields & McCoy's"
  - Best Supporting Actress - TV Series, Miniseries, Movie: Maggie Smith, "Downton Abbey"
- Cecil B. DeMille Award: Jodie Foster

### Award winners list

#### Best Motion Picture - Drama

- WINNER: "Argo"
- » "Django Unchained"
  - » "Life of Pi"
  - » "Lincoln"
  - » "Zero Dark Thirty"

#### Best Motion Picture - Musical or Comedy

- WINNER: "Les Miserables"
- » "The Best Exotic Marigold Hotel"
  - » "Moonrise Kingdom"
  - » "Salmon Fishing in the Yemen"
  - » "Silver Linings Playbook"

#### Best Performance by an Actor in a Motion Picture - Drama

- WINNER: Daniel Day-Lewis - "Lincoln"
- » Richard Gere - "Arbitrage"
  - » John Hawkes - "The Sessions"
  - » Joaquin Phoenix - "The Master"
  - » Denzel Washington - "Flight"

#### Best Performance by an Actress in a Motion Picture - Drama

- WINNER: Jessica Chastain - "Zero Dark Thirty"
- » Marion Cotillard - "Rust and Bone"
  - » Helen Mirren - "Hitchcock"
  - » Naomi Watts - "The Impossible"
  - » Rachel Weisz - "The Deep Blue Sea"

#### Best Performance by an Actor in a Motion Picture - Musical or Comedy

- WINNER: Hugh Jackman - "Les Miserables"
- » Jack Black - "Bernie"
  - » Bradley Cooper - "Silver Linings Playbook"
  - » Ewan McGregor - "Salmon Fishing in the Yemen"
  - » Bill Murray - "Hyde Park on Hudson"

#### Best Performance by an Actress in a Motion Picture - Musical or Comedy

- WINNER: Jennifer Lawrence - "Silver Linings Playbook"
- » Maggie Smith - "Quarter"
  - » Emily Blunt - "Salmon Fishing in the Yemen"
  - » Judi Dench - "The Best Exotic Marigold Hotel"
  - » Meryl Streep - "Hope Springs"

#### Best Performance by an Actor in a Supporting Role in a Motion Picture

- WINNER: Christoph Waltz - "Django Unchained"
- » Alan Arkin - "Argo"
  - » Leonardo DiCaprio - "Django Unchained"
  - » Philip Seymour Hoffman - "The Master"
  - » Tommy Lee Jones - "Lincoln"

#### Best Performance by an Actress in a Supporting Role in a Motion Picture

- WINNER: Anne Hathaway - "Les Miserables"
- » Amy Adams - "The Master"
  - » Sally Field - "Lincoln"
  - » Helen Hunt - "The Sessions"
  - » Nicole Kidman - "The Paperboy"

#### Ben Affleck Accepts The Best Director Award At The 2013 Golden Globes

- Best Director - Motion Picture
- WINNER: Ben Affleck - "Argo"
- » Kathryn Bigelow - "Zero Dark Thirty"
  - » Ang Lee - "Life of Pi"
  - » Steven Spielberg - "Lincoln"
  - » Quentin Tarantino - "Django Unchained"

#### Best Screenplay - Motion Picture

- WINNER: Quentin Tarantino - "Django Unchained"
- » Mark Boal - "Zero Dark Thirty"
  - » Tony Kushner - "Lincoln"
  - » David O. Russell - "Silver Linings Playbook"
  - » Chris Terrio - "Argo"

#### Best Original Song - Motion Picture

- WINNER: "Skyfall" - "Skyfall"
- » "For You" - "Act of Valor"
  - » "Not Running Anymore" - "Stand Up Guys"
  - » "Safe and Sound" - "The Hunger Games"
  - » "Suddenly" - "Les Miserables"

#### Best Original Score - Motion Picture

- WINNER: "Life of Pi"
- » "Argo"
  - » "Anna Karenina"
  - » "Cloud Atlas"
  - » "Lincoln"



#### Best Animated Film

- WINNER: "Brave"
- » "Frankenweenie"
  - » "Hotel Transylvania"
  - » "Rise of Guardians"
  - » "Wreck-It Ralph"

#### Best Foreign Language Film

- WINNER: "Amour"
- » "A Royal Affair"
  - » "The Intouchables"
  - » "Kon-Tiki"
  - » "Rust and Bone"

#### Best Television Series - Drama

- WINNER: "Homeland"
- » "Breaking Bad"
  - » "Boardwalk Empire"
  - » "Downton Abbey"
  - » "The Newsroom"

#### Lena Dunham Thanks Chad Lowe At The 2013 Golden Globe Awards

#### Best Television Series - Musical or Comedy

- WINNER: "Girls"
- » "Big Bang Theory"
  - » "Episodes"
  - » "Modern Family"
  - » "Smash"

#### Best Mini-Series or Motion Picture Made for Television

- WINNER: "Game Change"
- » "The Girl"
  - » "Hatfields & McCoy's"
  - » "The Hour"
  - » "Political Animals"

#### Best Performance by an Actor in a Television Series - Drama

- WINNER: Damien Lewis - "Homeland"
- » Steve Buscemi - "Boardwalk Empire"
  - » Brian Cranston - "Breaking Bad"
  - » Jeff Daniels - "The Newsroom"
  - » Jon Hamm - "Mad Men"

#### Best Performance by an Actress in a Television Series - Drama

- WINNER: Claire Danes - "Homeland"
- » Connie Britton - "Nashville"
  - » Glenn Close - "Damages"
  - » Michelle Dockery - "Downton Abbey"
  - » Julianna Margulies - "The Good Wife"

#### Best Performance by an Actor in a Television Series - Musical or Comedy

- WINNER: Don Cheadle - "House of Lies"
- » Alec Baldwin - "30 Rock"
  - » Matt LeBlanc - "Episodes"
  - » Louie C.K. - "Louie"
  - » Jim Parsons - "Big Bang Theory"

#### Best Performance by an Actress in a Television Series - Musical or Comedy

- WINNER: Lena Dunham - "Girls"
- » Zooey Deschanel - "The New Girl"
  - » Julia Louis-Dreyfu - "Veep"
  - » Tina Fey - "30 Rock"
  - » Amy Poehler - "Parks and Recreation"

#### Best Performance by an Actor in a Mini-Series or a Motion Picture Made for Television

- WINNER: Kevin Costner - "Hatfields & McCoy's"
- » Benedict Cumberbatch - "Sherlock"
  - » Woody Harrelson - "Game Change"
  - » Toby Jones - "The Girl"
  - » Clive Owen - "Hemingway & Gellhorn"

#### Best Performance by an Actress in a Mini-Series or a Motion Picture Made for Television

- WINNER: Julianne Moore - "Game Change"
- » Nicole Kidman - "Hemingway & Gellhorn"
  - » Jessica Lange - "American Horror Story"
  - » Sienna Miller - "The Girl"
  - » Sigourney Weaver - "Political Animals"

#### Best Performance by an Actor in a Supporting Role in a Series, Mini-Series or Motion Picture Made for Television

- WINNER: Ed Harris - "Game Change"
- » Max Greenfield - "New Girl"
  - » Danny Huston - "Magic City"
  - » Mandy Patinkin - "Homeland"
  - » Eric Stonestreet - "Modern Family"

#### Best Performance by an Actress in a Supporting Role in a Series, Mini-Series or Motion Picture Made for Television

- WINNER: Maggie Smith - "Downton Abbey"
- » Hayden Panettiere - "Nashville"
  - » Archie Panjabi - "The Good Wife"
  - » Sofia Vergara - "Modern Family"



traction in international trade. This has adversely impacted the global investment flows. In the wake of global economic slowdown, India's merchandise exports underwent significant adverse impact. Moderation in industrial growth was also witnessed during this period. The year that is coming to an end illustrates some of the efforts made by the Government of India to deal with the difficult climate.

India: An attractive investment destination

Despite a difficult year, India continues to remain an attractive investment destination and strategic investors continue to have confidence in India's strong fundamentals. The fact that India is a preferred destination for Foreign Direct Investment (FDI) has also been acknowledged by international analysts who rank India highly in terms of attractiveness for FDI. The FDI inflows between April 2011 to March 2012 stood at USD 46.55 billion, showing a jump of 34 per cent than the previous year. After that, till September 2012, USD 18.70 billion of total FDI inflow has taken place.

The Government of India has undertaken progressive liberalisation moves over the years. Almost all sectors of the entire economy are open to the private sector. India has, over the years, liberalised the FDI framework, raising FDI caps. New sectors have been brought under the FDI umbrella. As a result of all these measures, the competitiveness of Indian companies across sectors has improved significantly and many of them are now going abroad to explore new horizons.

In the year 2012, Government of India made significant changes in the FDI Policy regime, which included, implementation of its decision to permit up to 51% FDI in multi-brand retail trading, liberalising policy for 100% FDI in single brand retail trading, permitting foreign airlines to invest up to 49% in the capital of Indian companies operating scheduled and non-scheduled air-transport services, and up to 49% in power exchanges under the government approval route. The foreign investment limit in companies engaged in providing broadcasting carriage services has also been increased.

The Non-Banking Financial Companies having foreign investment above 75% and below 100% have been permitted, to set up step down subsidiaries for specific NBFC activities, without any restriction on the number of rating subsidiaries and without bringing in additional capital.

Giving leverage to Manufacturing Sector

With the announcement of a National Investment and Manufacturing Zone (NIMZ) in the city of Nagpur in Maharashtra, the government took the total tally of NIMZs to nine. The proposed NIMZ area is situated in Kuhi and Umred Taluka of Nagpur district and has an area of 6280 hectares. It will attract an investment of approximately Rs. 25,000 crores and will provide gainful direct and indirect employment to nearly 2,60,000 people of the Nagpur district.

The first seven Investment Regions under NIMZs were:

- Ahmedabad-Dholera Investment Region, Gujarat (900 sq km)
- Shendra-Bidkin Industrial Park city near Aurangabad, Maharashtra (84 sq km)
- Manesar-Bawal Investment Region, Haryana (380 sq km)
- Khushkhera-Bhiwadi-Neemrana Investment Region, Rajasthan (150 sq km)
- Pithampur-Dhar-Mhow Investment Region, Madhya Pradesh (370 sq km)
- Dadri-Noida-Ghaziabad Investment Region, Uttar Pradesh (250 sq km); and
- Dighi Port Industrial Area, Maharashtra (230 sq km).

Later, Jodhpur-Pali Region was added to the list.

In a big push to concretise the operational contours of the National Manufacturing Policy (NMP), the Government also established a Manufacturing Industry Promotion Board (MIPB) for matters pertaining to the implementation of the National Manufacturing Policy with the Union Minister for Commerce, Industry & Textiles Shri Anand Sharma in the Chair. Along with the MIPB, the Government also notified Board of Approval, Green Manufacturing Committee and High Level Committee.

Trade Normalisation with Pakistan

The bilateral meetings and discussions of the Trade and Commerce Ministers of India and Pakistan (September-2011, February-2012 and April-2012) provided a strong political impetus to enhanced economic engagement. The transition towards full normalisation of trade relations with India was initiated by moving from a 'positive list' regime to a 'negative list' regime. Following the visit of Commerce Minister Shri Anand Sharma to Pakistan in February 2012, the Pakistan side notified its negative list on 20th March 2012. This process needs to be taken to its logical end by phasing out the negative list and eventually according the Most Favoured Nation status to India

In addition to this, more steps were taken to improve the bilateral trade relations, which included:

- (i) A liberalised visa regime for business persons was also agreed between both the nations which is likely to be implemented soon.
- (ii) Separate Joint Expert Groups were set up to examine the feasibility of trade in electricity and initiate trade in petroleum products.
- (iii) Central Banks of both countries are working out modalities for opening of bank branches in each other's countries.
- (iv) Inauguration in April 2012 of the state of the art Integrated Check Post at Attari helped businessmen on both sides to expand trade by the Attari-Wagah land route.

The Government of India also approved the reduction of 30% (264) tariff lines from the South Asian Free Trade Area (SAFTA) Sensitive list for Non Least Developed Countries (NLDCs) allowing the peak tariff rates to reduce to five per cent within three years, as per agreed SAFTA process of tariff liberalisation. This shall reduce India's Sensitive list for Pakistan from 878 to 614 tariff lines. With this decision, India has effectively performed its lead role in harmonising the SAFTA framework and ensuring move towards a vibrant economic community and move towards normalisation of trade relations with Pakistan.

India has, in the last one year, steered the trade liberalisation process under SAFTA so as to accelerate the pace of the process for SAFTA Economic Integration. A major step taken in this direction was to unilaterally reduce its sensitive list for the Least Developed Countries (LDCs) under SAFTA, in November 2011, to 25 tariff lines thus allowing all other imports at zero basic customs duty. Afghanistan, Bangladesh, Bhutan, Maldives and Nepal benefited as a result of this trade liberalisation move.

Trade related issues

The Cumulative value of exports for the period April-November 2012 -13 was USD 189222.20 million (Rs 1030488.22 crore) as against USD 201185.40 million (Rs 933049.70 crore) registering a negative growth of 5.95 per cent in Dollar terms and growth of 10.44 per cent in Rupee terms over the same period last year. Imports during the same period stood at USD 318722.38 million (Rs. 1734998.17 crore) as against USD 323823.75 million (Rs. 1503492.73 crore) registering a negative growth of 1.58 per cent in Dollar terms and growth of 15.40 per cent in Rupee terms over the same period last year.

The Annual Supplement to the Foreign Trade Policy 2009-2014 envisages supporting measures for exporters. The Commerce Secretary has indicated that further measures to boost exports can be expected soon. The measures enumerated in the FTP Supplement include among others:

- Two per cent Interest Subvention Scheme was available only to Handlooms, Handicrafts, Carpets and SMEs till 31st March 2012. Now this Scheme would continue till 31st March 2013. It is also being extended to labour intensive sectors, namely, Toys, Sports Goods, Processed Agricultural Products and Ready-Made Garments, in addition to four sectors benefitting from the scheme earlier.
- Though the coverage of the sectors remains unchanged, scope of Zero Duty EPCG Scheme has been enlarged. Earlier, Zero Duty EPCG Scheme was not available to units that were availing the benefits of Technology Up-gradation Fund Scheme (TUFS). Henceforth, even if the benefit of TUFS has been availed, additionally the Zero Duty EPCG Authorisation

can be availed for another line of business by the same applicant. Further, if it is the same line of business, Zero Duty EPCG Scheme could still be availed if the benefits of TUFS already availed are surrendered/refunded with applicable interest.

- Introduction of A new Post-Export EPCG Scheme: Exporters if they choose to, may import Capital Goods on payment of duty in cash and subsequently receive duty credit scrip on completion of export obligation. Thus there would be no duty remission / duty exemption at the time of import of the Capital Good (CG). Applicant will have to inform the Regional Office of DGFT (RA) about the import of CG and based on which RA will fix export obligation. Since the duties have been paid upfront at the time of import of CG, the EO would be 85 % of normal EO. On the basis of export performance, a Duty Credit Scrip will be issued subsequently, by RA, in proportion to export obligation so fixed. This would obviate the monitoring and reporting requirements, as the scheme would be self-monitored. Reduced transaction cost coupled with comparatively reduced EO would make this scheme attractive.

- To promote manufacturing activity and employment in the North Eastern Region of the country, export obligation under the EPCG Scheme shall be 25% of the normal export obligation. This would be applicable to the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim.

- To promote exports of 16 identified green technology products, export obligation for manufacturing of these products, under the EPCG Scheme, is being reduced to 75% of the normal export obligation. The 16 products are: Equipment for Solar Energy decentralized and grid connected products, Bio-Mass Gassifier, Bio-Mass / Waste Boiler, Vapour Absorption Chillers, Waste Heat Boiler, Waste Heat Recovery Units, Unfired Heat Recovery Steam Generators, Wind Turbine, Solar Cells, Solar Collector and Parts thereof, Water Treatment Plants, Wind Mill, Wind Turbine/Engine, Other Generating Sets; wind powered, Electrically Operated Vehicles - Motor Cars, Electrically Operated Vehicles - Lorries and Trucks, Electrically Operated Vehicles - Motor Cycles / Mopeds.

- Status holders are issued Status Holders Incentive Scrip (SHIS) to import Capital Goods for promoting investment in up-gradation of technology of some specified labour intensive sectors like Leather, Textile & Jute, Handicrafts, Engineering, Plastics and Basic Chemicals. It is now decided that up to 10% of the value of these scrips will be allowed to be utilized to import components and spares of capital goods imported earlier. Such a dispensation was not available earlier.

- Visakhapatnam Airport has been identified as a new Port for the purpose of benefits under Export Promotion Schemes.

- Three new towns are being declared as Towns of Export Excellence (TEE). These are Ahmedabad (Textiles), Kolhapur (Textiles), and Shaharanpur (Handicrafts).

- An extremely challenging and significant EDI initiative, "e-BRC" has been launched by DGFT. "e-BRC" would herald electronic transmission of Foreign Exchange Realisation from the respective Banks to the DGFT's server on a daily basis. Exporter will not be required to make any request to bank for issuance of Bank Export and Realisation Certificate (BRC). This will establish a seamless EDI connectivity amongst DGFT, Banks and Exporters. "e-BRC" would facilitate early settlement and release of FTP incentives / entitlements. This is a significant step to reduce transaction cost to the exporters. Approximately eight lakh Electronic Bank Realisation Certificates (eBRCs) have been issued in the first three months since the introduction of eBRC on August 17, 2012.

Special Economic Zones

In a short span of about six years since SEZs Act and Rules were notified in February, 2006, formal approvals have been granted for setting up of 585 SEZs out of which 385 have been notified. Out of the total employment provided to 9,45,990 persons in SEZs as a whole, 8,11,286 persons is incremental employment generated after February, 2006 when the SEZ Act came into force. This is apart from millions of man days of employment generated by the developers for infrastructure activities. Physical exports from the SEZs has increased from Rs.3,15,867.85 crore in 2010-11 to Rs.3,64,477.73 crore in 2011-12, registering a growth of 15.39%. There has been an overall growth of export of 2,531% over past nine years (2003-04 to 2011-12). The total physical exports from SEZs as on 30th September, 2012 i.e. in the first two quarter of the current financial year 2012-13, has been to the tune of Rs.2,39,628.78 crore approximately registering a growth of 36% over the exports of corresponding period of the previous financial year. The total investment in SEZs till 30th September, 2012 is Rs.2,18,795.41 crore approximately, including Rs.1,99,332.54 crore in the newly notified SEZs set up after SEZ Act, 2005. 100% FDI is allowed in SEZs through automatic route.

A total of 160 SEZs are exporting at present. Out of this 93 are IT/ITES, 17 Multi product and 50 other sector specific SEZs. There are a total of 3,622 units setup in the SEZs.

Free Trade Agreements

Till date, India has signed Bilateral Investment Promotion and Protection Agreements (BIPAs) with 82 countries, starting with the United Kingdom in 1994. Of these 82 countries, BIPAs with 72 countries have been enforced. Besides, India has signed 17 Free Trade Agreements (FTAs)/Comprehensive Economic Partnership Agreement (CEPA)/Comprehensive Economic Cooperation Agreement (CECA)/Preferential Trade Agreements (PTAs).

India and ASEAN are currently negotiating Agreement on Trade in Services. Indications are that the Agreement will be concluded in the forthcoming ASEAN Summit. The Agreements would lead to growth in bilateral trade. Indian exporters would gain additional market access in these countries and Indian manufacturers would be able to source products at competitive prices from these markets. Investments would increase and Indian Professionals would gain access in the Services Sectors. This will result in increased business opportunities and closer economic co-operation with these countries.

Year End Review for the Department of Communications & Information Technology

The Telecom sector has witnessed exponential growth, especially in the wireless segment, in the last few years. With 937.70 million telephone connections at the end of September 2012, the Indian telecom network is the second largest in the world, only after China. Teledensity, which shows the number of telephones per 100 population in the country, was 77.04% at the end of September 2012.

The number of internet subscribers increased from 22.39 million (including 13.35 million broadband subscribers) to 23.01 million (including 14.57 million broadband subscribers) during the period from January to June 2012. At the end of September 2012, there were 15.08 million broadband subscribers in the country.

Telecom has evolved as a basic infrastructure like electricity, roads, water etc. and has also emerged as one of the critical components of economic growth required for overall socio economic development of the country. A study conducted recently has found that, in India, 10% increase in internet subscribers delivers, on an average, 1.08% increase in GDP. In the 10 states which had higher penetration of Internet, the increase in growth was higher at 2.36% on an average, for 10% increase in Internet penetration. In the year 2009-10, these 10 states, referred to as 'relatively developed States' had internet penetration rate of 2.76% compared to the set of 9 'Developing' States having average internet penetration rate of only 0.61%. The study has also found that a 10% increase in mobile penetration delivers, on an average, 1.5% increase in GDP.

National Telecom Policy - 2012 (NTP-2010)

The government approved National Telecom Policy-2012 (NTP-2012) on 31st May 2012 which addresses the Vision, Strategic direction and the various medium term and long term issues



related to telecom sector. The primary objective of NTP-2012 is maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. The main thrust of the Policy is on the multiplier effect and transformational impact of such services on the overall economy. It recognizes the role of such services in furthering the national development agenda while enhancing equity and inclusiveness. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the NTP-2012. NTP-2012 also recognizes the predominant role of the private sector in this field and the consequent policy imperative of ensuring continued viability of service providers in a competitive environment. Pursuant to NTP-2012, these principles would guide decisions needed to strike a balance between the interests of users/consumers, service providers and government revenue.

Manufacturing of Telecom Equipment

With the advent of next-generation technologies and operators rolling out 3G and broadband wireless access services, the demand for telecom equipment has increased. In an attempt to capitalize on this opportunity, the government and policymakers are focusing on developing the domestic manufacturing industry. Despite significant growth of the telecom network and the subscriber base over the last decade, the telecom manufacturing sector has not shown corresponding increase.

The NTP-2012, inter-alia, has following objectives on promoting Telecom Equipment Manufacturing :

- Create a corpus to promote indigenous R&D, IPR creation, entrepreneurship, manufacturing, commercialization and deployment of state-of-the-art telecom products and services during the 12th five year plan period.
- Promote the ecosystem for design, Research and Development, IPR creation, testing, standardization and manufacturing i.e. complete value chain for domestic production of telecommunication equipment to meet Indian telecom sector demand to the extent of 60% and 80% with a minimum value addition of 45% and 65% by the year 2017 and 2020 respectively.
- Provide preference to domestically manufactured telecommunication products, in procurement of those telecommunication products, which have security implications for the country and in Government procurement for its own use, consistent with our World Trade Organization (WTO) commitments.

Auction of Spectrum

Auction of Spectrum in 1800MHz band that commenced on 12.11.12 has been completed. Five companies participated in auction.

National Optical Fiber Network (NOFN) project

- NOFN Project is envisaged as a Centre-State joint effort. State governments are expected to contribute by way of not levying any RoW charges. This requires suitable tri-partite MoU to be signed by GOI, state governments & BBNL.
- Tri-partite MoU has been signed on 26.10.2012 with 13 states and 3 Union Territories. A total of about 1,40,727 Gram Panchayats will get covered by Optical Fiber Network in these States and UTs.
- Three Pilot Projects have been completed to cover all Gram Panchayats of Arain Block in Ajmer District (Rajasthan), Panisagar Block in North Tripura District (Tripura), Paravada Block in Vishakhapatnam District (A.P.). As on 15.10.2012, each of the 58 Gram Panchayats in these three Pilot Project Blocks have provided with 100 Mbps bandwidth.
- Survey work for 'laying of incremental OFC' has commenced based on GIS data made available by NIC.

Universal Service Obligation Fund (USOF)

Various initiatives have been taken by DoT to cover the uncovered rural and remote areas of the country, with the support from USO fund. The achievements are listed below:

- 424 Village Public Telephones (VPTs) have been provided during the year 2012 till October 2012. at the end of October 2012, 5.80 lakh (97.76%) villages were covered with VPTs.
- As on 31.10.2012, 53452 VPTs out of the 62443 i.e. 85.60% VPTs have been provide under VPTs in newly identified uncovered villages as per Census 2001.
- 14 Mobile Towers and 209 Base Transceiver Stations (BTSs) have been commissioned by Infrastructure Providers and Universal Service Providers respectively under the Shared Mobile Infrastructure Scheme, during the year 2012 till October 2012. Under this scheme, 7310, (99.42%) towers were set up by the end of October 2012.
- 52,628 wire-line broadband connections and 3,347 kiosks have been set up in rural and remote areas under the scheme, during the year 2012 till October 2012 under the Rural Broadband Scheme for expanding provision of Wireline Broadband Connectivity up to village level.
- A subsidy of Rs 330.13 crore has been disbursed through USOF during the year 2012 till 31.10.2012. A total fund of Rs 47035.33 crore has been collected under USOF till 31.10.2012. A total of Rs 22438.17 crore of USO fund has been utilized till 31.10.2012 and available potential balance of Rs 24597 crore.

National Policy on Electronics (NPE) 2012

Unlike the IT and Telecom Sector, wherein India has already been recognized as a global player, the performance of our electronic hardware manufacturing has lagged on account of specific challenges.

It is estimated that by the year 2020 our domestic demand for the Electronics products and systems (this includes electronic products, hardware as well as components) would be USD 400 Billion as against domestic production of USD 100 billion only.



To focus on Electronics System Design & Manufacturing (ESDM) in the country, a separate policy for the sector i.e. the National Electronic Policy (NPE) 2012 was approved for implementation by the Cabinet on 25.10.2012.

The NPE provides for a comprehensive set of policy initiatives to revive the Electronics System Design and Manufacturing (ESDM) sector in the country, which include, broadly:

- Electronics Manufacturing Clusters (EMC) Scheme
- Modified Special Incentive Package (M-SIPS) Scheme
- Setting up Semiconductor Wafer Fabrication Units
- Preference to Domestically Manufactured Electronic Goods (Preferential Market Access)
- Scheme for mandatory registration of identified Electronic Products for meeting specified safety standards
- Human Resource Development initiatives in ESDM

**National Policy on Information Technology (NPIT) - 2012**

The National Policy on Information Technology 2012 was approved on 14th September 2012. The policy aims to leverage Information & Communication Technology (ICT) to address the country's economic and developmental challenges. The policy inter alia envisages creation of additional 10 million employments by 2020.

**Under this Policy the objectives for HR Development include:**

- Creation of a pool of 10 million additional skilled manpower in ICT.
- Make at least one in every household e-literate.
- Enable access of content and ICT applications to foster inclusive development.
- Leverage ICT for expanding the workforce and enabling life-long learning.
- Produce 3000 PhDs annually in specialized areas by 2020.

**National Policy on Skill Development**

Government of India had announced a National Policy on Skill Development, which has set a target of skilling 500 million people by 2022 and a target of training 10 million persons in IECT sector has been assigned to this Department.

In the year 2011-12, about 2.25 lakh persons were trained by NIELIT and CDAC. The PM's National Council on Skill development has set a target of skilling 4.4 lakh persons for 2012-13. As of July 2012, a total of 1,25,792 candidates have been trained/undergoing training at NIELIT and CDAC.

**Development of North-Eastern Region**

The Cabinet approved on 12th April 2012 the implementation of Deity's scheme for development of NER by enhancing training and education capacity in the information, electronics and communication technology (IECT) area through the National Institute of Electronics and Information Technology (NIELIT) (formerly DOEACC Society). The total budget outlay for the project is Rs 388.68 crores spread over a period of five years.

NIELIT has also initiated projects for setting up Regional Institutes for e-Learning and Information Technology (RIELIT) at Kohima (Nagaland), Agartala (Tripura) and NIELIT Centres at Shillong (Meghalaya), Gangtok (Sikkim) and Itanagar (Arunachal Pradesh).

**Social Media and Citizen Engagement Framework**

The advent of internet and social media has brought in paradigm change in which citizens engage with each other as well as with government.

In order to help government organizations engage more fruitfully with the various social media platforms, Citizen Engagement Framework and Social Media Framework has been created and notified on 8th September 2012.

**Information Technology Investment Regions (ITIRs)**

Government of India has accorded in-principle approval for setting up of three Information Technology Investment Regions (ITIRs) in the States of Karnataka, Andhra Pradesh and Odisha.

**Setting up of National Internet Registry (NIR)**

Indian Registry for Internet Names and Numbers (IRINN) under National Internet Exchange of India (NIXI) was recognized as the National Internet Registry during March, 2012 by Asia Pacific Network Information Centre (APNIC).

**National Supercomputing Mission**

High Performance Computing (HPC), also known as Supercomputing, plays an important role in both scientific advancement and economic competitiveness of a nation because it is a powerful tool for accelerating a nation's R&D programs by increasing the productivity of scientists and researchers. It enables them to produce scientific and industrial solutions faster, less expensively, and with higher quality than traditional theory and experimentation alone.

The national mission on supercomputing proposes to take an application centric approach for future HPC activities in the nation.

Parallely, an initiative to upgrade the computing power of the current PARAM Yuva system installed at C-DAC, Pune from 54 Teraflop to 500 Teraflop has been undertaken.

**Major on-going Plan scheme/programmes of the Department**

**E-Governance:** Of the 31 Mission Mode Projects (MMPs), 24 have been approved by the Government of India. 22 MMPs have gone live and are delivering services electronically. State Data Centre (SDCs): As on date 17 SDCs have been made operational and SDCs in 3 states are under implementation.

**Common Service Centers (CSCs):** The CSCs are ICT enabled kiosks with broadband connectivity to provide various government, private and social services at the doorstep of the citizen. As on date, more than of 98,055 CSCs have been made operational in thirty five States/UTs.

**E-District:** The Department has approved 16 Pilot e-District projects covering 41 districts. Pilot project has been launched/gone live in all the 41 districts across the country. The scheme for National Roll Out of e-District Mission Mode Project (MMP) was approved by the Cabinet Committee for Infrastructure on 20th April 2011.

**Mobile Governance:** Deity has developed and notified the Framework for Mobile Governance in February 2012.

**Cyber Security**

- Indian Computer Emergency Response Team (CERT-In) has been operational as a national agency for cyber security incident response.
- National Crisis Management Plan for countering cyber attacks and cyber terrorism has been prepared and is being updated annually.
- To enable comprehensive cyber security policy compliance, the govt has mandated implementation of security policy within govt in accordance with the Information Security Management System (ISMS) Standard ISO 27001. In addition, Computer security guidelines have been issued for compliance within Govt. A Common Criteria based IT product security testing facility has been set up at Kolkata.
- During the Year 2012, Cyber Regulation Advisory Committee has been reconstituted and notified under Section 88 of Information Technology (Amendment) Act 2008. The first meeting of the re-constituted committee was held on 29th November 2012.

**National Knowledge Network**

- 915 links to Institutions have been commissioned and made operational. This includes 266 links to institutions under NMEICT, which have been migrated to NKN.
- 61 virtual classrooms have been setup.

**Research & Development**

**Cloud Computing**

Recognizing the potential of cloud computing, in areas such as e-governance, education, etc, CDAC has completed Cloud Stack - named Meghdoot using open source softwares. The Meghdoot Cloud stack has been deployed in the State Data Centre, Chennai as a Proof of Concept, along with some State Government Applications.

**IT Applications by National Informatics Centre (NIC)**

Amongst the important initiatives by NIC during the year were:-

**Open Government Platform (OGPL):** The National Data Sharing and Accessibility Policy (NDSAP) has been notified by the Government. NIC has developed a technology solution for establishing an Open Data Portal for Government Departments. It will facilitate access and use of Government data by citizen to foster innovation and promote transparency.

**Central Public Procurement Portal (CPP):** NIC has developed a portal to provide a single point access to the information on tenders published by various Ministries/Departments, Public Sector Undertakings and Statutory Bodies. CPP is expected to bring in greater transparency in tendering process and gradually move towards adoption of electronic procurement solution for their procurement needs on a continuing basis.

**Co-operative Core Banking Solution (CCBS):** NIC has launched a Co-Operative Core Banking Solution (CCBS) for Co-Operative banks. It is being offered as 'Application As a Service' and is hosted at National Data Centre of NIC. It will enable co-operative banks to go for core banking solution at affordable cost and in a faster manner.

**Department of Posts**

Contributing to the financial inclusion of the rural people:

(A) Wage disbursement under Mahatma Gandhi National Employment Guarantee Act (MGNREGA): Extensive rural postal network of the country is actively engaged in disbursement of wages of MGNREGA with high levels of efficiency. During the year 2012-13 the Post Offices disbursed about Rs 9,133 crore by October, 2012 through about 5.53 crore savings accounts of MGNREGA workers standing in the Post Offices. Thus, the Department of Posts significantly contributed towards the success of this unique social security arrangement of unprecedented scale.

(B) Financial Inclusion of Below Poverty Line (BPL Household: Department of Posts leveraged its network and outreach to financially include BPL households by targeting them for opening their savings accounts in the Post Offices and thus providing them with access to savings services. During the Year 2012-13 more than 1.53 crore households were financially included through this initiative by October, 2012.

**Introduction of e-enabled services**

(A) 24,969 Departmental post offices have been computerized as on date

(B) India Post has introduced Remotely Managed Franking System in place of existing electronic Franking Machines. Around 5681 RMFS machines have been licensed and activated as on date.

(C) e-Post office Portal was commissioned during 2011. During the current year PLI premia payment has also been added apart from sale of philatelic material.

**International Remittance services**

Recognizing the spurt in the volumes of international remittances into India in the recent years and the notable contribution of remittance inflows to the country's economy, the Department of Posts has taken a project to revamp its international money order services. Currently, DoP provides electronic money remittance services on two platforms, viz. the IFS (developed by the Universal Postal Union) and Eurogiro. The following action has been completed in this regard:

1. Setting up an International Remittances Unit (IRU) at CEPT, Mysore.
2. Starting the inward international money order transactions from France on 22 November, 2012.

**Expansion of Clientele Base of Postal Life Insurance (PLI)**

In order to provide insurance coverage to persons of various organizations which were earlier out of purview of PLI schemes and to scale up business revenues employees of following organizations have also been brought under PLI scheme w.e.f. 18.10.2012:

- (i) Joint ventures having Govt/PSU stake
- (ii) Credit Co-operative Societies registered under Co-operative Societies Act
- (iii) Scheduled Commercial Banks
- (iv) Deemed Universities and Educational Institutions accredited by recognized bodies i.e. AICTE, MCI, NAAC etc.

"Sampoorna Jeevan Bima Gram" and "Sampoorna Bima Sangathan"

For better insurance coverage of eligible population, a targeted approach to cover villagers under RPLI and organizations under PLI has been started from November 2012 as under:-

- (i) to identify and cover minimum 75% of employees of 20 organizations up to 31.10.2012 and 30 organisations/units up to 31.10.2012 as "Sampoorna Jeevan Bima Sangathan/Unit" under Postal Life Insurance;
- (ii) To identify and cover 1000 villages up to 31.10.2012 and 2000 villages up to 31.03.2013, as "Sampoorna Jeevan Bima Gram" wherein at least one member of each house hold is to be enrolled under Rural Postal Life Insurance.

**Financial Services**

The Department successfully completed the vendor selection for its Financial System Integration project. The vendor selected was M/s Infosys who will be involved with the Core Banking solution and setting up of ATMs for the Department. The project has started on 28th September 2012.

**UIDAI Aadhar letters:**

Department of Posts is working as Register with UIDAI for providing Aadhar enrolments through Post Offices for phase-II operations also. A total of 80,84, 181 successful enrolments have been completed.

**ePost:**

New and enhanced version of ePost software has been launched on 12th December 2012. The enhanced version will have facility of sending multilingual messages apart from sending PDF files as attachment. During the year 2012 (upto Nov 2012), 13.64 lakh messages have been sent and Rs 104.50 lakhs earned as revenue.

**Sale of Gold Coins:**

Under retail post, India Post sells 24 carat gold coins of the denomination of 0.5 g, 1g, 5g, 8g, 10g, 20g and 50g through selected Post Offices. During the year 2012 (upto Nov 2012), 708 kg of gold coins were sold and Rs 10.99 crores earned as revenue.

**Project Management Unit**

The Government has approved the IT Modernization Project of the Department of Posts for computerization of all the non-computerized post offices, Mail Offices, Administrative and other offices, establishment of required IT infrastructure, development of required software applications. IT modernization Project - India Post will enable Department to enhance and provide value additions to Mail, Savings Bank and Insurance, customer service while providing a platform to launch new initiatives and provide new rural services.

Money remittance through Mobile phone service:

An agreement has been signed with BSNL for providing money remittance through mobile phones. This is joint endeavor of Department of Posts & BSNL. BSNL has been provided with the requirements of DOP for development of the software. This service specially tailored for those who have a need to remit money regularly up to a sum of Rs 10,000. Under the Scheme, a remitter can go to any Post Office in the Circle enabled for the Mobile Money Transfer Service and remit an amount from Rs 1000/- to Rs 10,000/- to be paid to another mobile subscriber at the designated Post Office. The Slabs for money transfer is as follows:

Slabs Charges of Remittance

Rs 1000 to 1500 Rs 40

Rs 1501 to 5000 Rs 70

Rs 5001 to 10,000 Rs 100

The service initially has been launched on 15th November 2012 in four Circles viz. Kerala, Bihar, Delhi and Punjab and this service is provided in 18 selected Post Offices in each Circle.

# Year-End-Review of Ministry OF Panchayati Raj for Year 2012

**Meeting with State Panchayat Ministers**

A meeting with Ministers In-charge of Panchayats and Municipalities of the States, State Election Commissioners (SECs) and Secretaries of concerned departments was held under the chairmanship of the Minister of Panchayati Raj in New Delhi to share experiences on various aspects of the recommendations of the Task Force constituted by the Ministry to look at the issues of strengthening the institution of the State Election Commission and electoral reform. Almost all States were represented in the meeting. The states were apprised that Ministry is working out the guidelines to support the State Election Commissions as recommended by the Task Force. During the meeting, the issues discussed related to proper status of SECs, reasonable autonomy to them, availability of sufficient financial powers, funds and manpower to SECs, vesting of powers of Civil Courts on State Election Commissioners, on-line voting, curbing of the practice of paid news carried by print and electronic media etc.



**e-Governance of Panchayats**

The Ministry of Panchayati Raj is implementing the e-Panchayat Mission Mode Project (MMP) that addresses all core aspects of Panchayats' functioning viz. Planning, Monitoring, Implementation, Budgeting, Accounting, Social Audit, etc. Under e-Panchayat MMP, 11 Core Common Software applications were planned which collectively constitute the Panchayat Enterprise Suite (PES). Four of these applications namely PRIASoft, PlanPlus, National Panchayat Portal and Local Governance Directory have been rolled out and are in public domain. These can be accessed at <http://Accountingonline.gov.in>, <http://planningonline.gov.in>, <http://panchayat.gov.in> and <http://panchayatdirectory.gov.in> respectively. Six more applications namely Area Profiler, ServicePlus, Asset Directory, ActionSoft, Social Audit and Trainings Management were launched on 24th April, 2012 on the occasion of National Panchayat Day and are in the process of adoption by the States. Since PES adoption is not complete in all Gram Panchayats, the computerization of the functioning of the Gram Panchayats is yet to be achieved. Lack of internet connectivity, power, hardware and insufficient number of trained manpower at Gram Panchayat level are contributing factors in the slow progress of computerization of Panchayats.

The Ministry has instituted an annual e-Panchayat award for the best performing States to recognize and encourage States to adopt the PES applications, which is given on the National Panchayati Raj Day every year. During the year 2011-12, the Ministry of Panchayati Raj also disbursed Rs. 38.5 crores to States for setting up Programme Management Units (PMUs) at State and District levels for providing technical and hand holding support to ensure effective and timely roll out of the e-Panchayat MMP. Over 29000 officials have been trained in all applications, so far. Trainings are also being conducted to impart basic ICT literacy to PRI representatives. So far, about 8600 functionaries and elected Members have been imparted training in ICT literacy.

**Rashtriya Gaurav Gram Sabha Awards**

The "Rashtriya Gaurav Gram Sabha Purskar, 2012" was awarded to 16 best performing Gram Panchayats and 170 Panchayats were felicitated representatives of with "Panchayat Sashaktikaran Puraskar" on the occasion of 3rd National Panchayati Raj Day. Four awards were given to Kerala, Karnataka, Maharashtra and Sikkim for cumulative raking and four awards were given to Maharashtra, Haryana, Rajasthan and Karnataka for incremental raking. Approximately 1500 delegates such as State Ministers for Panchayati Raj, Senior officials from State Government Panchayati Raj Departments, States elected representatives (ERs) from the three tiers of PRIs, the national award winning Panchayats as well as representatives from SCs/STs and Women attended the function.

**Road Map for Panchayati Raj**

The national level plan for improving the functioning of PRIs is chalked out in the Roadmap for Panchayati Raj (2011-2017). It contains a series of recommendations for a wide number of issues in Panchayati Raj. It logically delineates the issues and specific action plans within the larger governance framework for creating an effective Panchayati Raj structure. It highlights key aspects for empowerment, enablement and accountability of the PRIs for better governance and faster development including devolution of functions, funds and functionaries as envisaged in the Constitution, Capacity Building of the Panchayats and Functionaries, decentralized planning, effective implementation of PESA, empowered elected village councils in the Sixth Scheduled Areas and changes in the constitutional and legal framework. This national Roadmap is enabled and assisted by the Government by the provision of funds under several schemes. The Backward Regions Grant Fund (BRGF) provides untied grants to the Panchayats in the backward regions in order to reduce development deficits of the country, with the requirement that the District Plans for utilization of the grant be prepared by the involvement of the Gram Sabhas. The Rashtriya Gram Swaraj Yojana (RGSY) which aims at Capacity Building and Training of the Elected Representatives of Panchayati Raj Institutions as well as the Functionaries.

**Panchayat Mahila Evam Yuva Shakti Abhiyan**

The Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) aims to empower Elected Women Representatives (EWRs) by knitting them into networks and through group action so that their participation and representation on local governance issues improves. The scheme aims to enable them to articulate their problems as women Panchayat leaders and discuss issues regarding the institutional mechanisms for their empowerment, to build the confidence and capacity of EWRs, so that they get over the institutional, societal and political constraints that prevent them from active participation in rural local self governments and to enable them to come up with a charter of issues to be mainstreamed into policy and advocacy support so that their concerns are addressed by the process of development adopted by the State and the three-tier Panchayat system. Activities under PMEYSA include holding State Sammelans and Divisional/ District level Sammelans of EWRs, formation of their associations, setting up of State support Centres and sensitization programmes for EWRs and Elected Youth Representatives (EYRs).

**Financial Support to Panchayats**

The Ministry of Panchayati Raj (MoPR) provides financial support to the States under the Rashtriya Gram Swaraj Yojana (RGSY) for taking up construction of the Gram Panchayat buildings for which the State/Year-wise details are enclosed at Annexure. In addition to RGSY, MoPR also provides funds to States under the Backward Regions Grant Fund (BRGF) which are in the nature of untied grants for Panchayats to undertake works based on felt local needs. Many States have taken up construction of Panchayat Ghars under BRGF. Funds from Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) have also been provided for Bharat Nirman Rajiv Gandhi Sewa Kendras. As per information available, construction of 872 BNRGSKs have been completed during 2010-11 whereas the figure during 2011-12 and 2012-13 (as on 27.11.2012) as reported by the states were 5886 and 3296



OPINION - EDITORIAL

# SENKAKU/DIAOYU: ISLANDS OF CONFLICT

C.S. Rajput

The historical roots of the dispute between China and Japan over control of the Senkaku/Diaoyu Islands reveal a great deal about the two countries. On September 7th, 2010 a Chinese fishing craft collided with two Japanese coastguard patrol boats near the oil-rich, uninhabited islands in the East China Sea known as Senkaku in Japan and Diaoyu, meaning 'fishing platform', in China. Following the collision, coastguards boarded the trawler and arrested its crew and captain Zhan Qixiong who, as subsequent video footage revealed, had rammed his boat into the coastguard vessels. Following the incident, anti-Japanese protests were held in Chinese cities including Beijing, Shanghai, Hong Kong and Shenyang. Chinese tour groups visiting Japan were recalled, four expatriate employees of Fujita, the Japanese car component manufacturers, were arrested in the northern Chinese province of Hebei and, more critically, a decision was made to suspend the export of rare earths to Japan. Chinese premier Wen Jiabao turned down requests to meet with his Japanese counterpart, Naoto Kan, and on November 1st Dmitri Medvedev, the Russian president, in a provocative move, visited the disputed southern Kuril Islands, which the Soviet Union annexed from Japan in 1945. These events marked a low point in foreign relations for Japan, already mired in controversy over its plan to relocate the Futenma military base used for decades by US forces in Okinawa. Japan seemed to be under siege from all sides, while a rising China appeared increasingly powerful and assertive, capable of undermining Japan's vital interests and infringing her territorial sovereignty.

It is important to look at the current dispute between China and Japan in the light of the history of Chinese foreign policy. Chang Chihsiung of Taiwan's Academia Sinica has argued that the pre-modern Chinese world order was based on status and stability (mingfen zhixu). Legitimacy rested not on physical control but on the recognition and enactment of the proper roles and duties appropriate to one's status. Under the logic of this system, emperors extended their power beyond China's borders not by force, but by their 'benevolence' or 'virtuous' rule, which Confucian thinkers believed would lead foreign states to acknowledge the emperor's moral suzerainty. Thus, outside China proper, it was possible to rule even where there was no mechanism of physical governance in place. Practical benefits accompanied acceptance of China's nominal status at the head of this universal structure: tributary trade with China was not only extremely profitable but also provided many goods that could not be easily accessed elsewhere. On the other hand, gifts and titles from the Chinese emperor allowed rulers to strengthen their own position vis-à-vis their subjects. Although Japan stayed out of the system during its Tokugawa period (1603-1868) the vast majority of states in east, inner and south-east Asia, including the Ryukyus (modern-day Okinawa), accepted a tributary relationship with China.

This Sinocentric international order was much weakened during the Qing dynasty (1644-1912). Defeat by Britain in the Opium Wars (1839-42) and the resultant Treaty of Nanjing (1842), as well as the Treaty of Wangxia with the United States in 1854, allowed western powers to impose European-derived international law on their relations with east Asia. The British institutionalised legally a system of treaty ports and control of Chinese maritime customs, which combined to reduce China to semi-colonial status (see 'China's Age of Fragility' by Robert Bickers, History Today March 2011). Although some revisionist historians argue that the Qing responded swiftly and that by 1862 scholars at the government-run language school Tongwen Guan were reading key texts such as Henry Wheaton's Elements of International Law (1836) there was considerable

confusion as to how the Qing should apply this understanding to relations with China's neighbours. Meanwhile during its Meiji period (1868-1912) Japan launched an aggressive programme of modernisation and industrialisation, which included adoption of the western lexicon into its diplomatic language. In 1876 Japan forced China's closest ally Korea into signing the Kanghwa Treaty, copying the methods employed by US Admiral Perry to open up Japan to overseas trade 22 years previously. Conflict over Chinese and Japanese relations with Korea came to a head at a meeting at Tianjin in 1885 in which China rebuffed Japanese demands for the Japan-Korea relationship to be recognised under western international law. Rather than pleading ignorance of western norms as Korean negotiators had done, the Chinese viceroy Li Hongzhang told the Japanese statesman Ito Hirobumi that there was a 'striking difference' between Korea's tributary relations with China and the mere treaty obligations that she had towards Japan.

In her study Japan's Colonisation of Korea: Discourse and Power (2005) Alexis Dudden argues that Japan was able to undermine China's central position in Asia during the late 19th century by using the language and force of western international law to replace Chinese legal terms hitherto widely accepted in east Asia, introducing a new Sino-Japanese lexicon translated from English. At Tianjin Ito refused to communicate with Li Hongzhang either in Chinese or Japanese but instead spoke in English, catching the Chinese viceroy by surprise. The conflict between the Chinese and Japanese visions for east Asia would be decided on the battlefield. Despite basic naval parity Japan took advantage of a series of disastrous political and strategic errors by Li to defeat China decisively in 1894-95, establishing control over both the Senkaku/Diaoyu islands and Korea in addition to seizing Taiwan. At a later meeting in 1905 the Chinese viceroy Yuan Shikai complained that there was a Chinese word in the text that he had not seen before, only to be humoured by the Japanese representative, who replied that the word kogi was translated from 'protest' in English. Japan, not China, was to be the new source of the modern vocabulary in kanji (Chinese characters) both legally and in other fields, from botany to economics.

How does this relate to the present dispute over the Senkaku/Diaoyu islands? Since 1970 the People's Republic of China, Taiwan and Japan have all put forward bold sovereignty claims over the islands, which are equidistant from Taiwan and the southwestern tip of the Ryukyus. According to Chinese sources the first mention of the Senkaku/Diaoyu islands is in a 15th-century document now held at the Bodleian Library in Oxford. Early sources tended to mention only the islands' location on the voyage to the Ryukyus from China, but by the 17th century Chinese sources clearly named the maritime boundary between the Senkaku/Diaoyu islands and the Ryukyus as the Heishuigou ('Black Water Trench'), an area of high turbulence which we now know marks the edge of the continental shelf. In 1720 Xu Baoguang, the deputy Chinese ambassador sent to confer the royal title upon the Ryukyuan king, collaborated with the local literati to compile the travelogue Zhongshan Chuanxin lu (Record of the Mission to Chusan), which demarcated the westernmost border of the Ryukyuan kingdom at Kume-jima south of the Heishuigou Trench. Deputy ambassador Zhou Huang likewise identified Heishuigou as the boundary in 1756 and later the envoy Li Dingyuan noted the practice of sacrificing a live goat or pig when convoys crossed the trench. In the late 19th century the reformer Wang Tao, who had had experience of travelling in Europe, responded to the Japanese annexation of the Ryukyus by referring to Japanese sources which listed the Ryukyus as a separate country in 1670. He argued that



even though the islands were vassals of both China and the Japanese state of Satsuma, the former relationship was more formal; the conquest of an inner tributary (Ryukyus) by an outer tributary (Japan) of China was a cause for outrage. In contrast Japan's argument largely ignored the historical position put forward in Chinese accounts. Claiming that the uninhabited islands were not occupied by any power, or terra nullius, Japan annexed the islands in 1895 shortly after its victory in the Sino-Japanese War. Japan claimed that the islands were 'discovered' in 1884 by Fukuoka merchant Koga Tatsushiro, who then applied to lease the land from the Japanese state. At the time, however, the interior ministry noted that it was still unclear as to whether the islands belonged to Japan, especially as there was detailed knowledge of the islands in Chinese and Ryukyuan writings, making Koga's claims of 'discovery' difficult to substantiate. Nonetheless a Cabinet decision in 1895 ruled that the islands should become part of Japan, which provided the basis for their inclusion in Japan's territories under the San Francisco Peace Treaty of 1952 that concluded the Second World War in Asia, but at which neither China nor Taiwan were present.

From the Chinese perspective there is little substance to Japan's claims that the islands were not 'occupied', given that a fine distinction exists between 'uninhabited' and 'unoccupied'. Sources suggest that there are graves of Taiwanese fishermen on the island. Although US occupation authorities in Okinawa administered the Senkaku/Diaoyu islands from 1945 until 1972 and used them as a training base, the US government did not see the transfer to Japan of the right of administration over the islands as equivalent to the transfer of sovereignty, which it insisted was a matter to be resolved by the relevant parties. Realising that such an ambiguity existed, the Okinawa Legislative Assembly, still under US control at the time, passed a resolution in August 1970 which declared the islands to be part of Japan and its claims were backed up by the then foreign minister Aichi Kiichi in the National Diet. In the meantime Taiwan issued an official protest, followed before the end of the year by similar complaints voiced by official Chinese media. The dispute over the islands is a time bomb, given the enormity of the stakes involved. Despite Japanese claims that Chinese and Taiwanese interests in the islands are guided primarily by the possibility of major oil deposits, there has been little constructive dialogue between the countries involved in the question of the recent disputes over ownership of the islands. This remains at the very centre of broader tension between China and Japan, with the Nanjing Massacre of 1937 a focal point. Japan's intransigent position on atrocities committed during the Second World War helps to fuel Chinese popular sentiment against it and makes the country an easy scapegoat for domestic discontent. Yet these days it is also easy to forget that China

was the underdog for much of the 20th century; even today China is less articulate on the global scene than Japan. The Chinese stance over the Senkaku/Diaoyu Islands is comparable with the situation in the 1930s when Nationalist China refused to accept or acknowledge Japan's control over Manchuria (Manchukuo in Japanese) despite widespread concern that militarily China would not be able to withstand Japanese aggression. By refusing to recognise Japanese control over the lost territories China sought to destabilise the foreign presence there even though the Chinese Nationalist government then based in Nanjing was unable to exert physical control. At the same time the government's defiance of Japan helped to consolidate its claim to be China's sole and legitimate rulers. China's insistence on its sovereignty over Manchuria during the 1930s and over the Senkaku/Diaoyu Islands now is overwhelmingly more important in driving its foreign policy than the stress on physical control that is common to the West. The tussle between the People's Republic of China and Taiwan is another such example. Despite Taiwan's physical separation from the mainland, it would be unthinkable for any Beijing government to consider it culturally or politically separate. Any attempt by Taiwan to declare formal independence is likely to end in armed conflict.

The situation viewed from Tokyo today sees a more assertive China flexing its muscles and imposing an arbitrary or at least un-western and unfamiliar logic on the world, infringing Japan's control over territories that so far as it is concerned were acquired legally in the 19th century under the prevailing norms of the time.

However the dispute between China and Japan cannot be understood without grasping the complexities of nation state formation in Asia in the late 19th century. Despite the economic rise of East Asia since the Second World War border disputes remain an enduring legacy of the late 19th century when sharp differences of power existed between countries that understood the ways of the West, such as Russia and Japan, and those, such as China, which were less swift to respond. The fact that Japan had temporarily triumphed over the islands did not necessarily mean that an alternative worldview based on a different vision of legitimacy was completely wiped out. Tensions have subsided, probably briefly, in the aftermath of the earthquake and tsunami that devastated parts of Japan's north-east coast in March. Yet Japan has ongoing border disputes not only with China but also with Russia and Korea. While these were marginal issues during the peak of its postwar economic expansion, since the 1990s gradual shifts in the balance of power in the region have highlighted Japan's vulnerabilities in acute ways. As the discrepancy between the territorial status quo and the political and economic balance of power becomes more glaring in East Asia, the potential for conflict will only increase.

## PAKISTAN'S FIERY CLERIC, GOVT STRIKE DEAL

Pakistan govt on Thursday agreed to appoint a caretaker Prime Minister by consensus ahead of the next general election as part of a deal struck with fiery cleric Tahir-ul-Qadri to end his protest near parliament that had put intense pressure on the country's fragile coalition.

The five-point agreement was hammered out by Qadri and an 11-member government team after five hours of talks at the site of the protest by thousands of supporters of the cleric.

The ruling Pakistan People's Party and its allies conceded most of the demands made by Qadri, including the dissolution of the National Assembly and electoral reforms.

The agreement, which was signed by Qadri, Prime Minister Raja Pervez Ashraf and the members of the government negotiating team on Thursday, envisages a key role for the cleric's party, Pakistan Awami Tehreek, in electoral reforms and the appointment of a caretaker premier.

"The treasury benches, in complete consensus with Pakistan Awami Tehreek, will propose names of two honest and impartial persons for appointment as caretaker Prime Minister," the agreement said.

Qadri told his supporters that the caretaker premier would have to be chosen with "complete consensus" and his party would not be satisfied if it was only involved in consultations.

The National Assembly or lower house of parliament will be dissolved before it completes its term on 16th March so that the polls can take place within 90 days, the agreement said.

Qadri's demand for changes in the Election Commission will be discussed at a meeting between government leaders and Pakistan Awami Tehreek representatives in Lahore on 27th January.

Law Minister Farooq Naek will convene a meeting of leading lawyers to discuss proposed changes to the poll panel.

A month will be given for scrutiny of nomination papers for "pre-clearance" of candidates under Articles 62 and 63 of the Constitution by the Election Commission.

No candidate will be allowed to start his campaign until he gets pre-clearance from the poll panel, the agreement said.

The agreement further said the proposed electoral reforms will focus on Qadri's demand for enforcement Articles 62, 63 and 218 (3) of the Constitution, the Representation of Peoples' Act and a Supreme Court judgement for free and fair polls.

The two sides also agreed to withdraw all cases registered against each other during Qadri's protest and to ensure there are "no acts of victimisation and vendetta".

Qadri asked his supporters to disperse following the signing of the "Islamabad Long March Declaration".

Other government leaders who addressed the gathering, including Information Minister Qamar Zaman Kaira and Commerce Minister Amin Fahim, described the agreement between the two sides as a "victory for democracy".

The cleric's supporters began celebrating and shouting slogans after he announced that the two sides had reached an agreement. The talks were held inside Qadri's bulletproof container.

Footage on television showed Qadri and the government leaders, visible through the large windows of the container, engaged in hectic consultations.

Earlier in the day, Qadri extended a deadline he had set for the government to act on his demands to quit and dissolve the national and provincial assemblies after being contacted by emissaries for a dialogue.

The head of the Tehrik Minhaj-ul-Quran organisation urged his supporters not to leave till the talks were completed and a written agreement was hammered out.

He said he had set only one condition for talks that Interior Minister Rehman Malik should not be part of the government delegation. "We will leave only after victory," he said.

Qadri and his followers have been staging a sit-in near parliament since Tuesday. Since he marched from Lahore to Islamabad with his supporters, Qadri has set several deadlines for action on his demands that have been consistently ignored by the government.

Over the past two days, there has been considerable criticism of Qadri in the media and social networking websites for bringing scores of women and children for the protest in Islamabad.

Many of the protestors have been sitting out in the cold and sleeping in the open. The ruling PPP had earlier said Qadri's demands could not be implemented without violating the Constitution.

Information Minister Kaira had pointed out that Qadri was demanding sweeping electoral rolls even though the cleric cannot himself contest polls in Pakistan as he is a Canadian national.

The PPP's efforts to stand up to Qadri received a shot in the arm on Wednesday after opposition parties led by the PML-N said they would oppose any unconstitutional or unlawful attempt to derail the democratic system.

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respectively.

**Expert Committee to Examine Panchayats for More Efficient Delivery of Services**

An Expert Committee to examine how Panchayats could be leveraged for more efficient delivery of public goods and services was constituted under the Chairmanship of Shri Mani Shankar Aiyar, Union Minister of Panchayati Raj to review the existing policy and guidelines of relevant Central Sector/Centrally Sponsored Schemes dealing with social sector / anti poverty programmes and to give specific recommendations (a) for an appropriate role & responsibility of Panchayats at different levels based on the principle of subsidiarity, (b) for strengthening their capacity to deliver services and (c) for making them accountable to respective Gram Sabhas and to flag the constraints that may come up in operationalising the delivery system through the PRIs and suggest ways and means of dealing with the same and to suggest ways to incentivize States to devolve three Fs i.e. Funds, Functions and Functionaries to Panchayats.

## Year-End-Review of the Ministry of Civil Aviation for the Year 2012

Civil Aviation has been identified as one of the most important growth engines essential for the economic growth of the country. Besides providing air transport for passengers and goods, it facilitates growth of trade and commerce, domestic and foreign investments, transfer of technology, creation of infrastructure, domestic and international tourism and generation of employment etc.

Air transport in India has witnessed enormous growth in the recent past. During the last 10 years, compounded annual growth rate of passenger traffic has been approximately 15%. A key trend in the business model of the Indian Carriers in the domestic operations is that the domestic traffic is rapidly shifting to Low Cost Carriers (LCC). From a level of about 1% in 2003-2004, the market share of LCC including the LCC arm of full service carriers is today exceeding 70% of the total domestic traffic.

India is likely to be the fastest growing aviation market in the world in the next 20 years. Estimates suggest that the domestic air traffic will touch 160-180 million passengers per annum in the next 10 years and the international traffic will exceed 80 million passengers per annum from the current level of 60 million domestic and 40 million international passengers respectively. According to International Air Transport Association's Airline Industry Forecast 2012-2016, India's domestic air travel market would be among the top five globally, experiencing the second highest growth rate.

Keeping this in mind, a number of steps have been taken by the Government to accelerate the pace of growth of airline industry in the country. These have been summarized as follows:

1. EXPANSION AND UPGRADEATION OF AIRPORTS:

At present 5 major airports are being operationalized under PPP mode at New Delhi, Mumbai, Bangalore, Hyderabad and Cochin. The new Terminal Building is under construction at Mumbai airport with Phase I of it for international operations likely to be ready by August, 2013, while Phase II for domestic operations will be ready by August, 2014. The existing Greenfield airport at Bangaluru is undergoing Phase-II expansion to meet the growing capacity demand. Airports Authority of India has undertaken expansion and upgradation of airports at Kolkata and Chennai. The Government of India has also approved 15 more airports under the Greenfield Airports Policy being developed, majority under PPP mode. Airports Authority of India (AAI) is upgrading and modernizing airport infrastructure at Chennai, Kolkata and select non-metro airports in the country. During the year 2012, airport infrastructure has been developed and upgraded as below:

- New Integrated terminals equipped with modern state-of-the-art facilities commissioned at Indore, Lucknow and Raipur airports.
- Development of new Civil Enclaves completed at Bhatinda and Jaisalmer airports.
- New Domestic terminals completed / expanded at Rajahmundry, Pudducherry and Gondia airports.
- Development of Jalgaon airport completed and commissioned for ATR-72 type of aircraft operations.
- Airside apron capacity increased at Chennai, Kolkata, Jammu, Surat and Tirupathi airports.
- Integrated Cargo Terminal completed at Chennai at a cost of Rs. 144.93 crores. Total enhanced handling capacity is 11 lacs MT/year.
- New terminals at Bhubaneswar and Ranchi airports are completed and shall be operationalized shortly after pre-commissioning trials of various services.
- Expansion and upgradation of airports at Chennai and Kolkata is completed at a cost of Rs. 2015 crores and Rs.2325 crores respectively. Trial operations have been successfully conducted through new terminal and are expected to be commissioned in January - February, 2013.
- Work has commenced for development of new Civil Enclave at Chandigarh Airport (Mohali side).
- Solar Photo-voltaic power plants have been commissioned at Corporate Headquarters at Safdarjung Airports, Jaisalmer, Guwahati and Raipur airports as initiative under Sustainable Development.

Declaration of Tiruchirappalli, Coimbatore, Mangalore, Varanasi and Lucknow airports as International airports: So far there were 17 international airports. Five new airports at Tiruchirappalli, Coimbatore, Mangalore, Varanasi and Lucknow have been added to the list this year. Earlier these airports were custom airports where all facilities as per extended norms of an international airport in terms of customs, immigration, health, animal & plant quarantine etc. were available on temporary basis. After these airports were declared as international airports, these facilities will be available on permanent basis which would open the door to have more international flights to different destinations.

2. TURN AROUND / FINANCIAL RESTRUCTURING PLANS OF AIR INDIA:

The plan includes infusion of equity to the extent of approximately Rs. 30,000 crores over a period of next 10 years, issue of Government guaranteed Non-Convertible Debentures amounting to Rs.7,400 crore, induction of 27 B-787 (DreamLiner) upto March, 2016 and various other measures. However, the infusion of equity is not unconditional and shall be on the basis of achievement of milestones which have been fixed for Air India at different stages in terms of Passenger Load Factor (PLF), On-Time Performance (OTP), fleet utilisation, market-share etc.

**Improvement in Performance of Air India**

There has been reduction in net losses of Air India by about Rs. 650 crores in the first 6 months of financial year 2012-13.

PLF of Air India had reached 78.6% in November 2012 as against the TAP benchmark of 69.5%.

Integration process of Indian Airlines and Air India as per the recommendations of Justice Dharmadhikari Committee Report is almost completed.

Computerization of Flight and Cabin Crew Management System (Auto Roster) is in progress. It will be operational for pilots by January, 2013 and for cabin crew by February-March 2013. The new system is an algorithm that will automate the task of Flight Duty Assignments based on user defined rules, policies, parameters and constraints. Auto-Roster aims to equalize the flying hours (for past period or the roster period), sector flown (number of times and last date flown), day & night flights (diurnal distribution), flight operations type (domestic, regional, international), crew pairing rotation, number of landings and other user-defined

parameters.

Three B-787 Dreamliner aircrafts have been received and five more will be received during the current financial year.

Flight Duty Time Limitations (FDTL) for Pilots and Cabin Crew has been implemented.

Hiving off of MRO and Ground Handling Businesses of Air India into separate subsidiaries is in progress after approval given by the Government. Air India Engineering Services subsidiary will take care of maintenance, repair and overhaul (MRO); while Air India Transport Services Services will take care of ground handling services, which includes jobs like ticket check-in into wholly owned subsidiaries of the airline.

Up-to-date payment of salaries to staff till the month of November, 2012 has been made. No more free excess baggage is being allowed in Air India to anybody now.

3. FDI BY FOREIGN AIRLINES IN INDIAN CIVIL AVIATION:

The Government has allowed 49% FDI by the foreign airlines in the domestic carriers. It is expected that this step would bring in much needed equity infusion in the domestic carriers. The FDI will be subject to certain safeguards including Government approval route and compliance with all applicable rules and regulations of SEBI. It will require clearance from Home Ministry and FIPB.

4. ALLOCATION OF INTERNATIONAL TRAFFIC RIGHTS

The Government has adopted a pragmatic policy to allocate traffic rights to private Indian carriers on various international routes. In November, 2012, the traffic rights to Indian carriers were allocated much in advance upto Winter-2013 season so as to remove uncertainties about traffic rights and give them enough time for making their preparations. The total bilateral traffic rights allocated to Indian carriers including Air India upto Summer-2012 were 1074 services per week, have now increased to the level of 1695 services per week in the next Winter-2013 schedule, which is an enhancement of more than 60%. Besides this, a number of new international routes have been opened for Indian carriers to fly in the next 3 seasons as follows:

- Air India: Delhi-Rome-Madrid/ Barcelona; Delhi-Moscow; Delhi-Sydney/ Melbourne; Mumbai-Nairobi, Mumbai-Al Najaf (Iraq)
- Jet Airways: Mumbai-Jakarta; Delhi-Barcelona; Mumbai-Zurich; Delhi-Tashkent; Mumbai-Ho Chi Minh City
- Spicejet: Lucknow- Al Najaf (Iraq); Varanasi- Al Najaf (Iraq); Delhi-Macau; Delhi-Ho Chi Minh City

5. INITIATIVES IN THE AREA OF AIR NAVIGATION SYSTEMS

Airports Authority of India (AAI) has taken a number of initiatives to upgrade Airport and Airspace infrastructure to cater to the continued growth in air traffic with enhanced safety and efficiency. AAI as Air Navigation Service Provider, responsible for provision of Air Navigation Services in the delegated airspace, has embarked upon ANS infrastructure upgradation strategy with the objective of ensuring safety, efficiency, cost-effectiveness of aircraft operations with environmental benefits on a long-term and sustainable basis. The comprehensive strategy has been to transition from voice to data-link, transition from ground based navigation to satellite based navigation, augmentation of Radar surveillance, implementation of ATM Automation and enhancement in ATM procedures.

**Navigation:** AAI has installed 66 Instrument landing systems and 93 VOR/DME which provide navigational guidance to aircraft. In addition, Satellite Based Navigation System (SBAS) called GPS Aided Geo Augmented Navigation (GAGAN) system is being jointly developed and implemented by Airports Authority of India (AAI) and Indian Space Research Organization (ISRO). The GAGAN is designed to provide the improved accuracy, availability, and integrity necessary to enable users to rely on GPS for all phases of flight, from en route through approach for all qualified airports within the GAGAN service volume. GAGAN will also provide increased positional accuracy of aircraft thereby permitting enhanced safety and operational efficiency. The system will be commissioned by June 2013. India is the fourth country in the world, after USA, JAPAN and Europe to take up the challenge of establishing the regional SBAS Navigation System which will redefine the navigation over Indian airspace and other states falling in the footprint of GAGAN.

**Enhanced Air and Ground Surveillance:** In addition to the existing Radars at 13 sites, 9 more Secondary Surveillance Radars have been commissioned to ensure that aircraft are seen on the Radar display by the controllers throughout their flight from departure to destination. This ensures safety, provision of reduced distance between aircraft allowing the controller to accommodate more flights in a given airspace/airport. 8 more Radars are also under implementation to ensure total seamless radar coverage in the country. 14 ADS-B (Automatic Dependent Surveillance -Broadcast) systems which support Radar-like services have also been installed at 14 airports to provide back-up cover to Radars. ADS-B will also provide direct routing to aircraft in medium-density airports (where Radar is not installed), thereby accommodating more number of arrivals/departures from those airports.

**ATM Automation:** Advanced ATM Automation Systems have been implemented at 38 airports in addition to Metro airports, providing the controllers with advanced Safety nets, tools and safety features for enhancing safety and efficiency.

**Integration of Radar Data into Automation system:** Radar data from Ahmedabad, Bhopal, Porbander and Udaipur Radars have been integrated in to the Automation system at Ahmedabad.

**Enhancement in ATM procedures:** Performance Based Navigation procedures exploiting avionics & ground infrastructure and providing optimized and accurate flight paths for departures and arrivals have been implemented at all major airports. The initiative has enhanced Safety and efficiency of aircraft operations.

In addition to the above initiatives that have enhanced safety, efficiency and capacity of airspace and airports, AAI is implementing Air Traffic Flow Management which will ensure that air traffic demand and capacity is balanced and delay to aircraft in the air and ground is eliminated.

Due to above efforts for safety, the International Jane's ATC Award 2102 was conferred on AAI at Amsterdam for achieving best operational efficiency among many major ANSPs in the world is a testimony to AAI's ANS achievements in the Region.

6. SIMPLIFICATION OF PROCEDURE FOR SANCTION OF BUILDINGS AROUND AIRPORTS

Government has decided to do away with the system of taking NOC from AAI every time and has now prescribed the height at different distances from the airports upto which the local municipal authority will be empowered to sanction the map as per their bye-laws. In this regard, Airports Authority of India (AAI) would prepare colour coded zoning maps in a grid format for each airport. For buildings whose height exceeds the height indicated in the zoning map, the designated officer/office of AAI would assess the obstructions to be caused by the proposed building. If the design and orientation of the proposed building can suitably be amended to meet the regulations, NOC may be given, otherwise not.

7. DOMESTIC OPERATIONS

In the year 2012, scheduled domestic airlines operated more than 11,500 departures per week connecting 77 airports. A new daily flight has been introduced from 26th December, 2012 on the route Delhi-Varanasi-Agra-Khajuraho to link these cities of historical importance on air map.

8. HELICOPTER CONNECTIVITY TO VRINDAVAN

Vrindavan was connected with Delhi by Helicopter service from 28th November, 2012. The service is being operated by Pawan Hans Helicopters Ltd. Pawan.

9. AIRCRAFT ACCIDENT INVESTIGATION BUREAU

Government has set up an Aircraft Accident Investigation Bureau to efficiently investigate the accidents and to recommend effective corrective measures.

10. PERMISSION TO IMPORT ATF

The Government has allowed import of ATF by Indian carriers, which will bring much required competition among the oil marketing companies apart from huge cost saving to the

## 22 CHILDREN TO GET BRAVERY AWARDS

15-year-old Ramdinthara from Mizoram, who sacrificed his life while trying to save his friend from drowning, is the only child to get the National Bravery Award posthumously this year. Twenty-one others, including four girls, will receive their awards from Prime Minister Manmohan Singh ahead of 63rd Republic Day.



The youngest among them is seven-year-old Koroungamba Kuman from Manipur, who showed outstanding bravery and saved his younger sister from devastating fire which broke out in his house.

The names of 22 bravehearts were announced by Indian Council for Child Welfare (ICCW) in New Delhi on Friday. The award is given every year to children who show exemplary courage in difficult situations.

This year, 17-year-old Tarang Atulbhai Mistry from Gujarat has been chosen for the coveted 'Bharat Award' for saving the lives of four people who were drowning in the 20-25 feet deep waters of Narmada river after being swept away in the current while taking bath on the occasion of Dhuleti.

The prestigious 'Geeta Chopra' award has been conferred on a 17-year-old girl who was instrumental in exposing the physical and sexual abuse of the inmates of a children's home in Delhi by the owner and staff.

Unable to take on more abuse, she managed to escape and approached an NGO, who presented her before the Child Welfare Committee.

Her plight forced the National Commission for Protection of Child Rights to send a team which learnt of the physical, psychological and sexual abuse of children, selling of babies, forced labour and other inhumane acts inflicted upon the hapless destitute children.

11-year-old Gajendra Ram from Chhattisgarh is being felicitated with 'Sanjay Chopra' award, for saving a child from drowning in a 22-feet deep well.

Vijay Kumar Saini (17) of Uttar Pradesh, Akanksha Gauti (16.5) of Chhattisgarh and Hali Raghunath Baraf (16.5) of Maharashtra have been given the 'Bapu Gaidhani' Award.

Saini saved three persons from drowning in the Ganges. Gauti, a black belt holder in Karate with nine years of martial arts training, valiantly fought three of the four miscreants who attacked her and her father when they were returning home, while Baraf saved her sister from the jaws of a tiger by attacking it with an iron rod when they had gone in jungle to collect firewood.

Sapna Kumari Meena (14) from Rajasthan is being felicitated for protesting against her father, who was forcing her to get married like her minor sisters.

She wrote to District Magistrate and appealed him to stop her wedding. Taking prompt action, the District Magistrate directed the Sub Divisional Magistrate to stop her family members and prevent her marriage.

The other awardees include Devansh Tiwari and Mukesh Nishad (Chhattisgarh), Lalrinhlua (Mizoram), E Suganthan (Tamil Nadu), Ramith K, Mebin Cyriac and Vishnu M V (Kerala), Koroungamba Kuman (Manipur), Samip Anil Pandit (Maharashtra), Vishwendra Lohkna, Satendra Lohkna and Pawan Kumar Kanaujiya (Uttar Pradesh), Stripleaseman Mylliemi (Meghalaya) and Suhai K M (Karnataka).

Kasturi Mohapatra, Secretary General of ICCW while introducing the children to media, said they were selected by a high powered committee comprising representatives of various Ministries and Departments, non-governmental organisations as well as members of ICCW.

**National Bravery Award** for Indian Children is series of five awards, given each year by the Government of India and Indian Council for Child Welfare (ICCW), to Indian children for "meritorious acts of bravery against all odds." The awards are given to about 24 children, below the ages of 16. The award was instituted in 1957, and first awards were given by Prime Minister Jawaharlal Nehru on February 4, 1958 to two children for their courage and service. Thereafter the Indian Council for Child Welfare (ICCW) has been giving awards on children every year. The awards for each year are presented in the following January, in the week prior to the Republic Day; thereafter the awardees take part in Delhi Republic Day parade.

The award is given to children above 6 years and below 18 years of age on the date of the incident. The award includes a medal, a certificate and cash award, the Bharat Award winner gets a gold medal, while the rest get a silver medal. Further they are also given financial assistance to complete their schooling, as a part of ICCW's sponsorship programme and professional courses such as medical and engineering, under the Indra Gandhi scholarship scheme.

In 2009, the Government of India announced reservation of some seats in Medical and Engineering Colleges and Polytechnics for the winners of the award.

**List of Awards**

*Bharat Award, since 1987*

*Sanjay Chopra Award, since 1978*

*Geeta Chopra Award, since 1978*

*Bapu Gayadhani Award, since 1988*

*National Bravery Award, since 1957*

The origin of the award dates back to 2 October 1957, when India's first Prime minister, Jawaharlal Nehru, was watching a performance at Delhi's Ramlila ground, at the Red Fort, and a fire broke out in a shamiana (decorated tent) through a short circuit. Subsequently, Harish Chandra, a 14-year old scout, promptly took out his knife, and ripped open the burning shamiana, saving lives of hundreds of trapped people; this incident inspired Pt. Nehru initiate the awards, he asked the authorities to constitute an award to honour brave children from all over the country, and the tradition has continued hence, and later Harish Chandra became the first recipient of the award, a tradition continued by the Indian Council for Child Welfare (ICCW), ever since. Eventually the first National Bravery Awards were given to two children on February 4, 1958 by then Prime Minister Jawaharlal Nehru. One of two coveted awards are the Sanjay Chopra Award and Geeta Chopra Award instituted in 1978, in the memory of Chopra children who laid their lives while confronting their kidnappers, and are given to a boy and a girl respectively for acts of bravery. The highest awards the Bharat Award was instituted in 1987, while the Bapu Gayadhani Award was started in 1988. In 2001, a commemorative book titled 'Brave Hearts' was released featuring, features winners of the 1999 National Bravery Awards.

The 2008 awards were given by Vice President, Mohammad Hamid Ansari instead of the PM, and for the first time the real name of a 2008 award winner, 12-year-old Balloon seller 'Rahul' was withheld, as he identified the men who planted bombs on Barakhamba Road in New Delhi, during 13 September 2008 Delhi bombings, and helped police make sketches of the suspects. Amongst 21 bravery awards for 2009, included two posthumous awards; awards to three girls, Rekha Kalindi, 11, Sunita Mahato, 11 and Afsana Khatun, 12, who revolted against child marriage as they wanted to pursue education, resulting in their parents eventually respecting their wishes, and Thoi Thoi Khumanthem, a class II student of Manipur, who jumped into a five-foot-deep pond and rescued four-year-old Maison Singh from drowning.



India carriers.

11. OTHER PRIORITY ISSUES BEFORE THE MINISTRY

Development of Low Cost Airports: In an endeavour to provide air connectivity to different parts of India, development of low cost airports is the most important component. Instructions have been issued to AAI to identify the most suitable low cost model for development of smaller airports and to develop airports in the smaller cities based on this mode.

Connectivity to Smaller and Remote Parts of India: The top most priority is to provide air connectivity to remote and interior areas of the country, North Eastern Region, Tier-II & Tier-III cities of India and other smaller cities of the country. Connectivity which is proposed to be provided would be customer oriented in terms of affordability and cost of travel. The Ministry has engaged internationally renowned firm "Deloitte" as a Consultant to identify the factors that are inhibiting the growth of domestic connectivity and what needs to be done in this regard. The outcome of the study will form the basis of the implementation of various measures for providing better domestic connectivity. This would also include enhancement of present operations of helicopters and construction of heliports to improve the connectivity to smaller places including the places of religious and tourist importance.

Enhancement of Helicopter connectivity: The Government is also working to develop Heliports in different parts of the country to make Helicopter operations to inaccessible areas for the purpose of air connectivity, religious, other tourism and for medical purposes. Pawan Hans with a mix fleet of about 50 Helicopters has a cliental from diversified sectors. It is successfully operating Helicopter services to several pilgrim centres including Mata Vaishno Devi, Kedarnathji, Amarnathji, Vrindavan and Badrinathji. It is also operating services in Assam, Mizoram, Meghalaya, Tripura, Sikkim, Andaman & Nicobar Islands and Lakshadweep and plans to shortly start services in Himachal Pradesh and Arunachal Pradesh. Pawan Hans is now planning to venture into fixed wing aircraft and seaplane operations. It has also recently conducted a detailed study in Uttar Pradesh to connect Buddhist Circuit in association with UP Tourism by Helicopter and has plans to extend Helicopter services on these destinations in near future.

Creation of Civil Aviation Authority: To manage the phenomenal growth of air traffic with safety, an effective, autonomous and professional regulatory body is required and a Bill in this regard will soon be brought before the Parliament.

Creation of Civil Aviation Security Force: To strengthen the Civil Aviation Security in the country, Ministry of Civil Aviation engaged a team of experts from the International Civil Aviation Organization (ICAO) to carry out a detailed study of the existing security system at the airports and suggest measures to improve the same. The ICAO study report, which has been accepted by the Government, has suggested establishing a dedicated Aviation Security Force (ASF) under the command and control of the Ministry of Civil Aviation which is supposed to be completely integrated with the aviation industry, in line with the practices across the world. To pursue the matter further, a sub-group was constituted by the Ministry of Civil Aviation to examine the recommendations of ICAO study report on creation of a dedicated specialized ASF. This sub-group has also recommended constitution of a dedicated, specialized ASF under the command and control of Ministry of Civil Aviation. Further, necessary action has been initiated to approach Cabinet Committee on Security for seeking its approval.

**ATF Related Issues:** ATF constitutes approximately 40% to 50% of operating expenses of Indian Airlines. Efforts are on to rationalise the price of ATF by getting it declared as a notified product under PNGRB Act to bring it under the ambit of PNGR Board. The major contributor to the high prices of ATF is the VAT levied by various State Governments ranging from 4% to 30%. Efforts are also on to persuade the State Governments to reduce the VAT on ATF so as to bring down the prices of ATF and discussions with a number of States have already taken place in this regard. The Ministry of Civil Aviation has also proposed to include ATF in the list of declared goods.

Skill augmentation in civil aviation sector through a vibrant, world class aviation education and training: In this regard, the work to establish a Civil Aviation University is under progress.

## Economy Headed Towards Gradual Recovery & Growth Stabilization

**Several Initiatives taken to Revive Economy**

The Ministry of Finance, Government of India took several measures to revive the economy and maintain the tempo of growth. Though several external and domestic factors contributed to the slowdown of the economy, wide ranging initiatives were introduced in all major sectors at the policy level to meet the challenge during the year. At the same time, steps were also taken to stabilise markets and provide investor friendly environment. On the taxation front several decisions of far reaching import were taken to make tax regime friendly, non-adversarial and higher revenue yielding.

Mid Year Economic Analysis for 2012-12 gives an outlook for growth stabilisation and economy heading towards a gradual recovery. Certain signs suggest economic growth is stabilizing and even picking up. There is an upturn in the Business Expectations Index for the October-December quarter, the PMI index has moved up in November, there is buoyancy in capital markets, there are improved internal accruals in the corporate sector, and there is some pick up in manufacturing, as reflected by 8.2 per cent growth in IIP in October 2012 vis-à-vis October 2011.

Real Gross Domestic Product (GDP) grew by 5.4 per cent, year-on-year, in the first half of the current fiscal year. This is much slower than the average growth rate of around 8 per cent achieved in the last decade. The deficient rainfall in the current year has resulted in the slowdown of the agriculture sector while a combination of global factors such as continuing recessionary conditions in the Euro zone, elevated levels of global prices, particularly crude petroleum and domestic factors resulted in a slowdown in the industrial growth.

WPI Inflation has declined somewhat but CPI inflation has remained sticky. WPI inflation averaged around 9.3 per cent in last two years viz. 2010-11 and 2011-12. It declined to 7.7 per cent in April-September 2012.

Fiscal deficit is expected to be contained at 5.3 per cent of GDP during the current financial year i.e. 2012-13.

**Steps to Re-energize Mutual Fund Industry**

i. Increasing penetration of mutual fund products and energizing distribution network by permitting fungibility of Total Expense Ratio (TER) which would enable AMCs to pay higher upfront commissions to distributors, simplifying the distributors' registration process, introducing varied levels for certification and registration of distributors for different types of MF products and reducing fees for registration / certification.

ii. Improving reach of MF products in smaller cities/ towns by allowing Asset Management Companies (AMCs) to charge additional TER (upto 30bps) depending upon the extent of new inflows from locations beyond top 15 cities to incentivize distributors to garner investments.

iii. Aligning the interest of investors, distributors and AMCs by setting apart a portion of the asset management fees annually for the investor education campaigns, permitting direct investments with a lower expense ratio, ensuring single expense structure under a plan to eliminate discriminating between investors, limiting expenses for brokerage or transactions costs, and permitting investments in cash where PAN/ Bank accounts are not available.

iv. Protecting Investor by curbing mis-selling and churning by creating a system of identification of agents and labelling of products and by crediting the exit loads to the scheme while compensating the AMCs by allowing an additional TER to extent of 20 bps.

v. Strengthening regulatory framework for mutual Funds by streamlining disclosures on portfolios, performance and expenses and initiation of the process of setting up of a Self

Regulatory Organization (SRO) for regulation of MF distributors.

**Reforms in the Primary Market**

It has been made mandatory for companies to issue IPOs of Rs. 10 crore and above in electronic form through nationwide broker network of stock exchanges thereby simplifying the process of issuing Initial Public Offers (IPOs), lowering their costs and helping companies reach more retail investors in small towns. Securities and Exchanges Board of India (SEBI) has undertaken a comprehensive review of the extant regulatory framework to revitalise the primary market and approved many progressive measures including:

i. Enhancing the participation of retail investors in IPOs and affording minimum allotment to a larger number of applicants by widening the distribution network of IPOs, in addition to the existing channels, to include the nationwide broker network of stock exchanges at more than 1000 locations for distributing IPOs in electronic form, enhancing the reach of Application Supported by Blocked Amount (ASBA) by mandating all ASBA banks to provide the facility in all their branches in a phased manner, modifying the share allotment system to ensure that every retail applicant, irrespective of his application size, gets allotted a minimum bid lot and increasing the minimum application size for all investors to Rs. 10,000-Rs.15,000.

ii. Facilitating capital raising by issuers by reducing the requirement of average free float market capitalisation from Rs. 5000 Cr. to Rs. 3000 Cr. for further public offerings (FPOs) and rights issues through fast-track route, permitting companies to reach minimum public shareholding requirements through additional routes including Rights and Bonus Issue, permitting issuers to offer 5% discount to Qualified Institutional Buyers (QIBs) and streamlining annual disclosures to investors by a comprehensive statement.

(iii) Enhancing market integrity and Investor confidence by permitting only issuers with a minimum average pre-tax operating profit of Rs. 15 Crore to access the capital market through the "profitability route" and in other cases by compulsory book building route with increased QIB participation of 75%, putting in a place a framework for rejection of poor quality draft offer documents, disallowing any withdrawal or lowering the size of bids for non-retail investors at any stage in the IPO process, increasing transparency in capital raising and restraining employee benefit schemes from acquiring their shares from the secondary market.

**SEBI (Alternative Investment Funds) Regulations, 2012**

These regulations would extend the perimeter of regulation to unregulated funds, ensure systemic stability, increase market efficiency, encourage formation of new capital and provide investor protection.

**Increasing minimum public shareholding for listed companies**

The Securities Contracts (Regulation) Rules 1957 provide for the requirements, which have to be satisfied by companies for getting their securities listed on any stock exchange in India. A dispersed shareholding structure is essential for the sustenance of a continuous market for listed securities to provide liquidity to the investors and to discover fair prices. Four additional methods, namely Institutional Placement Program (IPP), Offer for Sale of Shares through the stock exchange, Rights and Bonus Issues have been introduced to increase minimum public shareholding.

Improved market infrastructure for enabling liquidity, transparency in price discovery and for stimulating growth in trading volumes. These measures aim at providing higher level of liquidity by enabling appropriate market infrastructure such as membership of banks in stock exchanges for trading in corporate bonds, permitting specialized trading platforms for trade in corporate bonds, enabling trading in collateralized corporate bond receipts, creating an enabling framework for cash settlement of trades in corporate bonds and facilitating trading in corporate bonds etc.

SEBI has permitted banks to take limited membership in approved stock exchanges for the purpose of undertaking proprietary transactions in the corporate bond market. This will ensure transparency in the price discovery of the product.

Insurance Regulatory and Development Authority (IRDA) has issued circular/guidelines on 4th December 2012 for the participation in the repo market by Insurance Companies, this will enhance the liquidity in the Corporate Bond Markets.

**Secondary Markets**

Government notified a new tax saving scheme called "Rajiv Gandhi Equity Savings Scheme"(RGESS), exclusively for the first time retail investors in securities market. This Scheme would give 50% deduction of the amount invested from the taxable income for that year to new investors who invest up to Rs. 50,000. The Scheme not only encourages the flow of savings and improves the depth of domestic capital markets, but also aims to promote an 'equity culture' in India.

Electronic Voting Facility made mandatory for top listed companies to enhance corporate governance standards and will thereby encourage greater participation of small investors in corporate decision making.

**SME Exchange / Platform Launched**

Separate trading platforms for small and medium scale enterprises (SMEs) have been launched to ease capital availability to SMEs in a cost effective manner and thereby stimulate the economic growth and generate employment in the sector.

Securities Transaction Tax (STT) for cash delivery transactions reduced by 20% for reducing the cost of transactions for retail investors, who generally operate in this segment, it is also expected to increase the volume and liquidity in the cash segment.

Reformed the regulatory framework for governance and ownership of stock exchanges, clearing corporations and depositories to further strengthen the corporate governance of these institutions which results in better delivery of services to the investors.

Guidelines for Exit Policy of Stock Exchanges Revised facilitating voluntary and compulsory de-recognition of non-performing stock exchanges as per the guidelines.

External Markets and External Commercial Borrowing

On January 1, 2012, Qualified Foreign Investors (QFI) were allowed to invest in listed Equity. QFIs have been permitted to invest in corporate debt securities and Mutual Fund debt schemes subject to a total overall ceiling of USD 1 billion. In May 2012, QFIs were allowed to open individual non-interest bearing Rupee Bank Accounts with Authorized Dealers banks in India for receiving funds and making payment for transactions in securities they are eligible to invest. Definition of QFI was expanded to include residents of the member countries of Gulf Co-operation Council (GCC) and European Commission.

**Achievements relating to FII Investment Scheme**

FII limit for investment in G-Sec enhanced by US \$ 5 billion raising the cap to US \$ 20 billion. The limit for FII investment in G-Securities and Corporate bonds (non-infra category) have been further enhanced by 5 billion each taking the total limit prescribed for FII investment to USD 25 billion in G-Secs and USD 51 billion for corporate bonds for long term investorsSEBI has instituted monthly auction calendar since May 2012, so that FIIs can plan ahead their bidding and investment strategies.

**Achievements relating to ECB Policy:**

- The limit for refinancing rupee loans through ECB has been enhanced from 25% to 40% for Indian companies in the power sector. ECB has been allowed for capital expenditure on the maintenance and operations of toll systems for roads and highways, working capital requirements of the airline industry for a period of one year and low cost housing projects.
- The rate of withholding tax has been reduced from 20 % to 5% for a period of three years on certain kind of interest payments on ECBs.
- IDBI has been permitted as an eligible borrower for accessing ECB for on-lending to MSME sector subject to certain conditions.
- Credit enhancement facility under the Structured Obligation Scheme has been extended to all companies with reduced minimum average maturity norms from 7 years to 3 years.
- Holding companies/Lead Promoters have been permitted to raise ECB for the project use

in SPVs of such holding companies to make global funding available to infrastructure companies.

**Multilateral Institutions Division**

India has announced a contribution of US \$ 10 billion to the IMF for enhancement of its resources for crisis prevention and resolution. The contribution will be made through a Note Purchase Agreement (NPA) that the IMF proposes to enter into with the RBI.

India has contributed US\$ 10 million as first instalment towards 9th Replenishment of International Fund for Agricultural Development (IFAD) resources.

In the current financial year eight new loans have been negotiated with ADB in the transport (including rural connectivity), energy, finance and urban development sectors. Disbursement of \$848.1 million has been achieved (calendar year wise) and of \$558.45 million (financial year wise) as on 31.10.2012.

At the Los Cabos Summit of G-20, India succeeded in developing a consensus on the necessity to consider investment in infrastructure to boost growth and create jobs and the same has found a place in the Summit Declaration.

India Chaired the BRICS Summit held in New Delhi on 29-30 March, 2012.

**DEPTT. OF DISINVESTMENT**

**Disinvestment transactions completed**

The disinvestment target for the year has been indicated as Rs. 30,000 crore in the Budget 2012-13. Against the B.E. 2012-13, an amount of Rs. 6905.20 crore has been realized.

**Cabinet Committee on Investments set up**

Cabinet has approved to set up the Cabinet Committee on Investments (CCI) with the Prime Minister as the Chairman to expedite decisions on approvals/clearances for implementation of projects. The CCI will monitor and review the implementation of major projects to ensure accelerated and time-bound grant of various licenses, permissions and approvals. The CCI is likely to bring in transparency, efficiency and accountability in accordance of various approvals and sanctions by the respective Ministries / Departments.

**Tax free bonds for Government undertakings:**

In order to give a boost to infrastructure development, following PSU entities have been authorized to raise tax free bonds worth Rs. 53500 crore during the year 2012-13.

**Buyback & Mutual Buying of CPSE shares**

Government has permitted CPSEs to use surplus cash available with them (i) to buy back its shares as per SEBI rules: and (ii) to purchase shares of others CPSEs from Department of Disinvestment. Department of Disinvestment has also been enabled to respond to such proposal received from CPSEs.

**DEPTT. OF FINANCIAL SERVICES**

**Legislative Reforms**

The Banking Laws (Amendment) Bill 2011, was passed by Parliament in its recently concluded winter session in order to amend the Banking regulation Act, 1949, the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980. It would strengthen the regulatory powers of RBI and to further develop the banking sector in India. It will also enable the nationalised banks to raise capital through bonus and rights issue and would also enable them to increase or decrease the authorised capital with approval from the Government and RBI without being limited by the ceiling of a maximum of Rs. 3000 crore. The Micro Finance Institutions (Development and Regulation) Bill 2012 to provide a formal statutory framework for development and regulation of the Micro Finance Institutions was introduced in the Lok Sabha and has been referred to the Standing Committee on Finance. Approval of Financial Restructuring Scheme for State Distribution Companies (Discoms) With a view to achieve financial turnaround of debt-ridden State Distribution Companies (Discoms), CCEA has approved the scheme for their Financial Restructuring. The Scheme contains measures to be taken by the State Discoms and State Governments for achieving turnaround by restructuring their debt with support through a Transitional Finance Mechanism by the Central Government. The scheme provides for taking over 50% of outstanding short term liabilities of the Discoms by the State Government and restructuring of remaining 50% by the banks.

**Banking payment structure**

To bring banking payment structure at par with global standards, a comprehensive action plan has been prepared for implementation in 2012-13 by a Key Advisory Group.

**"Swabhimaan" the Financial Inclusion Campaign**

Under this campaign launched in 2011 to provide appropriate banking facilities to unbanked habitations, 74,194 villages have been provided banking facilities and about 3.16 crore financial accounts have been opened by end of March, 2012.

**Opening of one Bank Account per family**

In order to ensure electronic transfer of cash subsidies under the various Schemes of GOI and State Governments, banks have been advised to open at least one bank account for each household. Governments has now decided to ensure Aadhaar based Direct Cash Transfer into the account of beneficiaries of 34 Centrally Sponsored /Central Sector Schemes w.e.f 1 January 2013, in 51 Districts in the country.

**Kisan Credit Card (KCC)**

Kisan Credit Card (KCC) scheme has been modified to make KCC a smart card which could be used at ATM/ Point of Sale (POS) terminals. Banks have been advised to issue Kisan Credit Cards (KCC) to all eligible farmers and complete the process by June 2013.

**NABARD's Capital Base**

To strengthen the capital base of NABARD and mobilize its resources, GOI has decided to provide Rs. 3000 crore in two tranches. While Rs. 1000 crore was released in 2011-12, Rs. 500 crore has been released so far during 2012-13.

**Women SHG's Development Fund Scheme**

In 2011-12, GOI had created the "Women SHGs Development Fund to empower women and promote their Self Help Groups (SHGs). The fund will also empower women SHGs to access bank credit. The WSHG programme has been extended to 150 most backward districts including the Left wing extremism (LWE) districts. So far (up to 7th December , 2012) 13075 SHGs have been promoted and savings linked and a grant assistance of Rs. 10.19 crore has been released by NABARD.

**Rural Infrastructure Development Fund (RIDF):**

During 2012-13, an amount of Rs.20,000 crore was provided in RIDF under the Union Budget, of which Rs.5,000 crore shall be exclusively earmarked for Rural Warehousing scheme.

**Recovery of Bad Loans**

The Government and RBI have taken several steps that have resulted in improvement in recovery of NPAs. The recovery of NPA by Public Sector Banks have increased from Rs. 10,237 crore (March 2010) to Rs. 14,650 crore (March 2011) and Rs. 17,202 crore (March 2012). Following initiatives have been taken in 2012 to deal with the rising NPAs:-

- Appointment of Nodal officers for recovery at the Head Office/Zonal Office/for each DRT;
- Thrust on recovery of loss Assets - assigning loss assets to Assets Reconstruction Companies (ARCs) on commission basis;
- Finalising strategy for NPA management by each bank;
- SLBCs to be proactive to sort out issues with the State Governments.
- RBI has announced that provision for restructured standard accounts is to be raised from existing 2 per cent to 2.75 per cent.
- Sanction of fresh loans/ ad-hoc loans from 1st January 2013 will be made on the basis of sharing of information among the banks.

**Domestic Bonds**

During 2012-13, IIFCL raised Rs 1100 crore through domestic bond issue. For the first time in the country in the infrastructure sector, a financial institution (IIFCL) has raised bonds of tenure more than 25 years without sovereign guarantee. In February 2012, IIFCL established a subsidiary, IIFCL Projects Limited, to provide varied advisory services from the point



of identification and conception of infrastructure project and gauging their feasibility, securing regulatory approvals, pre bidding and even to the point of monitoring and supervision.

**Interest subvention scheme for housing loans**

The Scheme for interest subvention of 1% on housing loan up to Rs.15 lakh where the cost of the house does not exceed Rs. 25 lakh has been further extended for FY 2012-13 . Further the limit of indirect finance for housing under the priority sector lending has been enhanced from Rs. 5 lakh to Rs. 10 lakh

**Credit Risk Guarantee Fund Trust for Low Income Housing**

The Credit Risk Guarantee Fund Trust for Low Income Housing was set up & registered by the GOI on 1st May, 2012 through the Ministry of Housing and Urban Poverty Alleviation (MoHUPA). The scheme came into effect on June 21, 2012. Under the Scheme, the Fund will provide credit risk guarantee to the lending institutions against their housing loans in urban areas upto Rs 5 lakh for new borrowers in the EWS/LIG categories without any guarantee. The extent of Guarantee Cover to be provided under the Scheme is 90% of the amount in default.

**Education Loan Scheme**

Widening the scope of Education Loan Scheme, the Indian Banks' Association has formulated and circulated a Model Loan Scheme for Vocational Education and Training on 31st May, 2012. The scheme aims at providing financial support from the banking system to those students who want to pursue employment oriented skill development courses offered by recognized institutions.

**Recapitalisation of RRBs**

Dr. K.C. Chakrabarty Committee had recommended recapitalization of 40 RRBs to improve their CRAR. The recapitalisation scheme has been extended upto March 2014. During 2012-13, Rs. 200 crore has been released by the Central Government as its share for capitalization of 11 RRBs. Cumulatively, GOI has released Rs. 668.92 crore and recapitalization of 26 out of the identified 40 RRBs has been completed.

**Initiatives taken to improve functioning of RRBs**

The following steps have taken to improve the functioning of RRBs.

- All RRBs have already migrated to Core Banking Solution (CBS) and have also joined National Electronic Fund Transfer (NEFT). With a view to reducing the workload on the branches and provide facility of anytime cash withdrawal for the RRB customers RRBs have been advised to install ATMs, particularly at their branches and issue Debit cum ATM card to all their customers.
- with a view to minimize overhead expenses and optimize the use of technology in RRBs, the Government has initiated amalgamation of geographically contiguous RRBs in a State. During 2012-13, till date 19 RRBs have been amalgamated into 8 RRBs in 6 States.
- Targets have been assigned to RRBs for four years from 2012-13 to 2015-16 for improving per-employee profitability, non-interest income & CD Ratio and for reduction of gross NPA and loss assets.

**Customer Service In Public Sector Banks**

In order to bring customer centricity in the services provided by the Public Sector Banks (PSBs), guidelines have been issued to all the PSBs to adopt a Standardised Public Grievance Redress System (SPGRS) on the lines of Complaint Management System (CMS) of State Bank of India to make a uniform, robust, cost-effective and expeditious grievance redressal system to resolve the grievances within 21 days timeline.

**INSURANCE SECTOR**

**Industry Performance Outlook**

Life insurers underwrote premium of Rs.53814.09 crore during April-October 2012 as against Rs.55737.84 crore in the corresponding period of previous year exhibiting a decline of 3.45%. During the year 2012-13, the non-life insurers underwrote premium of Rs.39453.11 crore during April-October 2012 as against Rs.33041.93 crore in the corresponding period of previous year exhibiting a growth of 19.4%. In the current fiscal, against the Budget Estimate of Rs. 5,03,558 crore, an amount of Rs. 2,92,108 crore has been realized upto November, 2012, recording a growth of nearly 17% over the corresponding period of last fiscal. 58% of the BE for the year 2012-13 stands realized upto November, 2012.

## Personal appearance for FEMA related cases optional: RBI

The Reserve Bank on Friday said personal appearance before the compounding authority in FEMA cases is not mandatory and has no bearing on the penalty imposed. "Appearing for a personal hearing before the compounding authority is optional and the applicant can choose not to appear for it," RBI said to clarify on personal hearing for compounding under Foreign Exchange Management Act (FEMA).



The applicant, RBI said, may enclose full information relating to the case with the application or thereafter and exercise his discretion with regard to appearing for hearing. It also clarified if the applicant opts for appearing for the personal hearing, RBI would encourage the applicant to appear directly for it rather than being accompanied by legal experts or consultants.

This is because, it said, compounding is only in cases of admitted contraventions. "...appearing for or opting out of personal hearing does not have any bearing whatsoever on the amount of penalty involved in the compounding order," it further said.

The clarification came as many applicants interpret a related rule to mean that personal hearing is compulsory and that consultants or advocates must represent them in the personal hearing before the compounding authority.

## Rana to appeal conviction

Pakistani-Canadian Tahawwur Rana, who was sentenced to 14 years in jail for providing material support to Pakistan-based LeT and for backing a plot to attack a Danish newspaper, would appeal against his conviction. "I am sure he is pleased that the judge decided not to include the terrorism enhancement. We would appeal the conviction, certainly and we would discuss this with Mr Rana," Peter Blegan, attorney for Rana said after a Chicago court on Thursday sentenced Rana, 52, for 14 years in jail followed by five years of supervised release. "The next step is to appeal. That is to challenge the conviction on evidentiary grounds whether there were errors during the trial," Blegan told a news agency, adding he has 14 days to file the appeal.

"We will discuss with Mr Rana whether we would try to reduce the sentence, but would certainly be attacking the fact that he was convicted," Blegan said.

The US District Judge Harry D Leinenweber sentenced Rana after hearing from both the government attorney and those of Rana, during which the two argued on the length of imprisonment.

The last minute arguments lasted for more than an hour and half before the judge noted "This certainly was a dastardly plot". Blegan said he respects the court's decision.

"My reaction is the judge made the right decision. We had asked for slightly below guideline sentence (135 months). We got a high end (168 months) of the guideline sentence, but I have a lot of respect for Judge Harry Leinenweber and he has been doing this for a long time," Blegan said.

"He took into account what he considered was the serious nature of the offence and that is why he gave the high end of the guideline," Blegan added. But, "We will, of course, appeal the conviction. The Government has the right to appeal the sentencing. So they may choose to appeal the sentencing as well," said Charles Swift, another attorney for Rana.

The two attorneys had not got a chance to talk to Rana after the verdict. There was no immediate comment from the federal prosecutors in this regard.

"The jury found Mr Rana guilty on the Denmark plot and not guilty on Mumbai. The government attempted to have Mr Rana sentenced as if he had been convicted of both. Judge Leinenweber simply sentenced him on Denmark," Swift said.

"There was no comment on the Mumbai plot, he put the Mumbai plot aside," Swift added. Responding to questions, Blegan said Rana is "almost certainly" going to be deported. "He is a Canadian citizen. We expect that he would be deported after serving his sentence," he said.

"Supervised release for somebody being deported is clearly a non-issue. If for some reason he does not get deported, he serves five years of supervised release like parole, probation, which he probably not going to do because he would be deported," the attorney said. Given the fact that Rana has already served three years behind bars after his arrest in October 2009, Blegan said this would be included in his 14 years of sentencing. He hoped that the possible good behaviour shown by Rana inside the prison could result in further reduction of his jail term.

Blegan exuded confidence that Rana could be set free after serving another 10 years in jail. Blegan said he is hoping that Rana could be a free man by 62 years.

As Rana is most likely to be deported, the five years of supervised release as directed by the court might not be enforced, Blegan noted.

However, some legal experts said Rana might face an uncertain future and could land up in no man's land after he completes his sentencing in a US prison maximum of 14 years. Chances are that Canada might revoke his citizenship and in that case would refuse to accept him.

In such a scenario, he would have to go to Pakistan, his original country. However, during the trial and the transcripts of his conversation, Rana was quoted as saying that he had problem in visiting Pakistan as he left the Pakistani Army without any notice.

## Congress appoints Rahul Gandhi as Party VP

Rahul Gandhi has been appointed as vice President, of The Congress party. The decision was taken by the Congress Working Committee at its meeting in Jaipur yesterday. His name was proposed by Senior Congress leader and Defence Minister A.K.Antony and the Working committee accepted it.

Party President Sonia Gandhi approved the proposal. Briefing news persons, Party's General Secretary Janardhan Diwedi said Rahul Gandhi has been elevated to second position in the party and whether he will lead the party's campaign in the next general elections will be decided later. He said Rahul Gandhi has accepted the appointment. The Jubilant party workers burst fire crackers soon after the news spread in the city.

The two day Chintan Shivir of the All India Congress Committee ended after discussing various social, economic and party issues. Our correspondent reports that discussion among the delegates were mainly on safety of women, Direct cash subsidy and youth leadership. The Chintan Shivir will be followed by AICC Session at Jaipur today. Mrs Sonia Gandhi, and Prime Minister Dr.Man Mohan Singh will be present in the session which will adopt Jaipur Declaration accommodating the views expressed by party delegates at the Chintan Shivir. Accepting the post of Vice President in the Congress party, Rahul Gandhi told the Working Committee meeting that he was confident that the party can transform the country. Rahul becomes the third Vice President of the Congress after Arjun Singh under Rajiv Gandhi and Jitendra Prasada under Sitaram Kesri.

## U R Rao joins Satellite Hall of Fame

Former ISRO Chairman Prof U R Rao is joining the highly prestigious 'Satellite Hall of Fame' in Washington. The rare honour of Space Scientists was bestowed on him by the Society of Satellite Professionals International. It has also extended its membership to him. An ISRO Press release issued in Bangalore says that the Hall of Fame recognises the invaluable contribution of the visionaries who have transformed life for the better on planet earth through satellite technology.



Over 40 illustrious Space scientists inducted into the Hall of Fame. They include Sir Arthur C Clarke, Dr James Van Allen, Dr William Pritchard, Dr Harold Rosen, Dr Fredric d'Allest, Dr Takayashi Yoshida, Dr Peter Jackson and Dr Olof Lundberg.

They are considered as pioneers in the areas of communications, satellite related aerospace scientific research and development and delivery of applications for business, institutions and government via satellite.

The induction of Prof Rao into the Satellite Hall of Fame will take place on March 19 this year at a gala function to be held in Washington,D.C.

## President says, BESU to be upgraded to IEST

The government has decided to convert Bengal Engineering and Science University, BESU to Indian Institute of Engineering Science and Technology. Addressing the 15th annual convo-

cation of the university at Shivpur in Howrah district this afternoon, the President, Mr. Pranab Mukherjee said that the government has also decided to recognise the university as an institution of national importance.

AIR Kolkata correspondent Arijit Chakraborty reports that the President said that this recognition will motivate it to excel in both academics and research. Mr. Mukherjee called upon the scientific community to be pro-active in building society without forgetting heritage and tradition of tolerance, mutual respect and an inclusive approach in achieving developmental goal.

He said that there is deficiency of research manpower in strategic areas and urged the BESU to take the responsibility to meet the gap through its research and innovation. The President conferred degree of D.Lit to prominent Indian Classical singer of Banaras gharana, Girija Devi and DSC degrees to two prominent academicians besides presenting distinguished Teachers' award to four scholars. The West Bengal Governor and Chancellor of the University Mr. M.K.Narayanan also addressed the convocation.

## Hostage crisis in Algeria ends leaving 23 hostages, 32 militants dead

The hostage crisis in Algeria has ended with 23 hostages and 32 militants killed in the violence. Algeria's interior ministry said security forces managed to free 107 foreign hostages and 685 Algerians. Algeria's special forces stormed a natural gas complex in their final assault on Islamists who had been holding scores of hostages in the gas complex at the desert town of Amenas in eastern Algeria.

The hostage crisis began before dawn on Wednesday when Islamist fighters seized the heavily fortified gas complex in retaliation of the French military operations in Mali.

## Online petition for protection of North Bengal wetlands

Conservationists from around the world have raised concern over the rapid disappearance of wetlands in North Bengal. They have started an online petition demanding urgent action to protect the ecologically sensitive region.'Save the Wetlands of North Bengal' has so far been signed by over 36,000 green activists and will be submitted to West Bengal Chief Minister Mamata Banerjee when it achieves half-a- lakh mark.



The environmentalists have described North Bengal as a region of productive agricultural land, rich biodiversity and a home to diverse wildlife that includes fishing cat, leopard, tiger, river terrapin, Himalayan salamander, elephant and different birds. The petitioners said, it is crucial that the state government takes immediate action to preserve one of the region's primary natural resources, thereby providing a future for the people and wildlife of North Bengal. Areas in North Bengal include six districts of Cooch Behar, Darjeeling, Jalpaiguri, North Dinajpur, South Dinajpur and Malda.

## Ranji Trophy: Saurashtra beat Punjab by 229 runs to storm into the final

Riding on a splendid bowling performance led by off-spinner Vishal Joshi, Saurashtra on Sunday thrashed Punjab by 229 runs to enter the Ranji Trophy final for the first time in 75 years. Saurashtra scored 477 in the first innings and took a vital 178-run lead over Punjab by dismissing them for 299. In the second essay, the hosts were dismissed for 170, setting Punjab a victory target of 349 to win the semi-final match. However, the visitors were skittled out for 119.

Saurashtra took just 21 overs to clean up the eight remaining wickets on the fifth and final day this morning. Joshi, who scalped four wickets in the first innings, again proved to be the wrecker-in-chief, taking five wickets conceding only 43 runs. He was ably supported by Dharmendra Jadeja (3 for 25) and Jaydev Unadkat (2 for 30). Resuming the day at 45 for 2, Punjab batsmen failed to negotiate Joshi and left-arm legspinner Jadeja. The visitors surrendered meekly and the entire team was bundled out for a paltry 119 off 40 overs.

Overnight batsmen Mandeep Singh was the first man to be dismissed, outclassed by a beauty from Joshi, and then the rest of the batting order collapsed like a house of cards. Joshi and Jadeja were simply unplayable on a track that started assisting bowlers from the final session of the fourth day.

Mandeep (33) was the highest scorer for his team in the second essay as half a dozen Punjab batsmen failed to even reach the double-digit mark. Ravi Inder Singh contributed 25 runs. Joshi, who finished the match with 9 for 102 runs, was declared Man of the Match. Saurashtra's earlier avatars Navanagar and WISCA (Western India State Cricket Association) have played in the final of the prestigious domestic tournament. In 2006, Saurashtra had won the Ranji Plate division title by beating the Ajay Jadeja-led Rajasthan here.

Brief scores: Saurashtra 477 and 170 beat Punjab by 229 runs. Punjab 299 and 119 (Mandeep Singh 33, Ravi Inder Singh 25; Vishal Joshi 5 for 43, Dharmendra Jadeja 3 for 25 and Jaydev Unadkat 2 for 30).

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