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# CHIP TACTICS: ON INDIA'S BID TO ATTRACT MAJOR GLOBAL CHIP MANUFACTURERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

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August 01, 2023 12:20 am | Updated 09:06 am IST

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The government has made a fresh bid to attract major global chip manufacturers into the country. At the Semicon India summit last Friday, Prime Minister Narendra Modi told prospective investors that the government had drawn on their suggestions after the first such conference last year, and taken pro-active decisions to address areas of concern. Apart from low corporate tax rates and sops for all new manufacturing projects, he said the incentives offered to tech firms to set up production facilities under India's semiconductor programme have been scaled up to 50% financial assistance. So, essentially, the government would bear half of the typically large investment outlays that companies commit to undertake. Ahead of Mr. Modi's U.S. State visit, the decks were cleared for a \$2.75 billion assembly, testing, marking and packaging facility in Gujarat proposed by the U.S.-based Micron Technology. The deal, perhaps nudged by the two countries' cooperation pact to build a semiconductors supply chain, has piqued investor interest and spurred Micron's suppliers to explore the option of co-located facilities.

With several countries seeking to de-risk themselves from the dominance of China in the chips manufacturing supply-chain through collaborative or 'friendshoring' arrangements, the rationale for the enhanced pitch to investors is unquestionable. But the competition is already fierce. The \$52 billion financing support announced by the U.S. for semiconductor makers in 2021 has drawn over \$200 billion in commitments. Wooed by an array of subsidies, Intel alone has committed \$80 billion in outlays across the European Union. In India, a \$10 billion production-linked incentive scheme was unveiled for chip makers in late 2021. A \$20 billion venture announced by Vedanta and Foxconn last year has, however, come undone. It is critical that the Micron investment is hand-held till fruition to create an effective exemplar effect. Apart from incentives, investors also need to see evidence of a stable operating environment with a predictable policy framework that is not amenable to knee-jerk deviations such as export curbs to cope with shortages. They would also compare India's trade linkages with world markets through bilateral or multilateral compacts and its approach to tariffs on myriad components that may need to be shipped in. The Prime Minister's assurance of understanding the needs of the global chip supply chain needs to be matched by actions to assuage such concerns. There could still be many a slip between the lip and the chip.

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# CORE COMFORT: ON THE POLICY ENVIRONMENT

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

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August 02, 2023 12:10 am | Updated 08:52 am IST

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Output at [India's eight core sectors strengthened hearteningly in June](#), with the overall year-on-year growth in production estimated to have quickened to a five-month high of 8.2%. Seven of the sectors, including steel and cement and electricity, logged appreciable advances. Steel, which is the third-largest constituent of the index of eight core industries with a weight of just under 18%, was the standout performer, as output of the key alloy surged 21.9% undergirding the wider advance in the index. And cement posted an almost double-digit increase reflecting the continuing momentum in demand, a slight softening in the pace from the preceding two months on account of the onset of monsoon rains notwithstanding. Steel and cement led the cross-sectoral advance over the April-June period, growing 15.9% and 12.2%, respectively, in the fiscal first quarter. A key driver of demand for these two construction essentials continues to be the infrastructure sector, where the government's efforts to boost outlays including on affordable housing, urban renewal and transportation networks are providing a palpable tailwind. Total capital expenditure by the Centre in June jumped more than 62% year-on-year and almost 24% from the preceding month to 1.10 lakh crore, Controller General of Accounts data showed.

Electricity, which makes up a fifth of the core index, also posted its strongest increase in four months despite a cyclonic storm that impacted highly industrialised Gujarat the most, dampening demand. Coal output also rose 9.8% in June, lifting the first-quarter's production by 8.7%. And official data on Tuesday showed output in July surged more than 14%, another positive augury given that coal demand extends beyond the electricity sector to other industrial segments including metal making and process industries where it is used in furnaces and boilers. To be sure, other data from the eight core sectors do point to areas of concern. For all the talk of Aatmanirbharta, India's efforts to secure a degree of independence in the crucial oil sector are yet to yield meaningful dividends; the country is still heavily reliant on crude imports for its overall fuel needs. This is best reflected in the fact that crude oil production remained in the doldrums for a 13th straight month, contracting 0.6%. Along with refinery products, which have the heaviest weight of 28% on the index, crude oil also registered a sequential slide underlining the difficulties the oil sector as a whole continues to face because of regulatory inconsistencies. Policymakers have their task cut out to ensure the policy environment remains supportive especially at a time when global demand remains particularly uncertain.

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# NEW RECORD OF OVER 6.77 CRORE INCOME TAX RETURNS (ITRS) FILED TILL 31ST JULY, 2023; RECORD GROWTH OF 16.1% YEAR-ON-YEAR

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

The Income-tax Department appreciates the taxpayers and tax professionals for making compliances in time, leading to a surge in filing of Income-tax Returns (ITRs), resulting in a new record of ITRs filed. The total number of ITRs for AY 2023-24 filed till 31<sup>st</sup> July, 2023 are more than **6.77 crore**, which is **16.1%** more than the total ITRs for AY 2022-23 (5.83 crore) filed till 31<sup>st</sup> July 2022.

The filing of ITRs peaked on 31<sup>st</sup> July, 2023 (due date for salaried taxpayers and other non-tax audit cases) with over **64.33 lakh** ITRs being filed on a single day i.e. on 31<sup>st</sup> July, 2023. The e-filing portal also observed its highest per hour rate of **4,96,559** of ITR filing between 5 PM to 6 PM on 31<sup>st</sup> July, 2023, with highest per second rate of ITR filing of **486** (31-Jul-2023: 16:35:06) and highest per minute rate of ITR filing of **8,622** (31-Jul-2023: 17:54).

The Department also received 53.67 lakh ITRs till 31<sup>st</sup> July, 2023 from first time filers, a fair indication of widening of tax base.

Campaigns on Socialmedia along with targeted e-mail and SMS campaigns were launched to encourage the taxpayers to file their ITRs early. Such concerted efforts led to fruitful results with taxpayers filing their ITRs for AY 2023-24 relatively earlier compared to the corresponding period of the preceding year. The following data corroborates the same:

ITR filing milestone

**AY 2022-23**

**AY 2023-24**

1 crore

8<sup>th</sup> July 2022

26<sup>th</sup> June 2023

2 crore

20<sup>th</sup> July 2022

11<sup>th</sup> July 2023

3 crore

25<sup>th</sup> July 2022

18<sup>th</sup> July 2023

4 crore

28<sup>th</sup> July 2022

24<sup>th</sup> July 2023

5 crore

30<sup>th</sup> July 2022

27<sup>th</sup> July 2023

5.83 crore

31<sup>st</sup> July 2022

30<sup>th</sup> July 2023

6 crore

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30<sup>th</sup> July 2023

6.77 crore

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31<sup>st</sup> July 2023

Out of the 6.77 crore ITRs filed for AY 2023-24, 49.18% of ITRs are ITR-1 (3.33 crore), 11.97% are ITR-2 (81.12 lakh), 11.13% are ITR-3 (75.40 lakh), 26.77% are ITR-4 (1.81 crore) and 0.94% are ITR-5 to 7 (6.40 lakh). Over 46% of these ITRs have been filed using the online ITR utility available on the e-filing portal and the balance have been filed using offline ITR utilities.

During the peak filing period, e-filing portal successfully handled huge traffic providing a seamless experience to taxpayers for filing of ITRs. During the period from 1<sup>st</sup> July, 2023 to 31<sup>st</sup> July, 2023, there were more than **32 crore** successful logins on the e-filing portal. On 31<sup>st</sup> July, 2023 itself, successful logins stood at **2.74 crore**.

It is heartening to note that a large number of taxpayers did their due diligence by comparing data of their financial transactions by viewing their Annual Information Statement (AIS) and Taxpayer Information Summary (TIS). A substantial portion of the data for ITR-1,2,3 and 4 was already prefilled with data pertaining to salary, interest, dividend, personal information, tax payment including TDS related information, brought forward losses, MAT credit etc to further ease compliance for taxpayers. The taxpayers used this facility extensively, resulting in smoother and faster filing of ITRs.

The process of e-verification through Aadhaar OTP and other methods is important for the Department to commence processing of the ITR and to issue refunds, if any. It is encouraging to note that 5.63 crore returns have been e-verified, out of which more than 5.27 crore are through



Aadhaar based OTP (94%). Of the e-verified ITRs, more than 3.44 crore ITRs for AY 2023-24 have been processed (61%) by 31<sup>st</sup> July, 2023.

Further, a new e-pay tax payment platform TIN 2.0 was made available on the e-filing portal, replacing the earlier Protean (NSDL) based OLTAS payment system. This enabled provision of more user-friendly options for e-payment of taxes and making available more number of options for mode of payments such as Internet Banking, NEFT/RTGS, OTC, Debit Card, payment gateway and UPI. TIN 2.0 platform has enabled real time credit of taxes to taxpayers which made ITR filing easier and faster. Over **1.26 crore** challans have been received through TIN 2.0 payment system in the month of July, 2023 itself, while total challans filed through TIN 2.0 since 1<sup>st</sup> April, 2023 stands at **3.56 crore**.

The e-filing Helpdesk team has handled approximately **5 lakh** queries from taxpayers in the month of July, 2023 supporting the taxpayers proactively during the peak filing period. The support from the helpdesk was provided to taxpayers through inbound calls, outbound calls, live chats, webex and co-browsing sessions. Helpdesk team also supported resolution of queries received on the Twitter handle of the Department through Online Response Management (ORM), by proactively reaching out to the taxpayers/ stakeholders and assisting them for different issues on near real-time basis.

The Department is thankful for the support in timely compliances and requests all taxpayers to verify their ITRs within 30 days of filing. The Department also urges taxpayers, who for any reason, missed the due date, to complete their filing immediately.

\*\*\*\*

## PPG/KMN

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# DEEP TECH STARTUPS TAKING BRAVE RISKS

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

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August 03, 2023 01:07 am | Updated 01:07 am IST

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The Great Indian Startup Boom of the last decade, led by young entrepreneurs and catalysed by the government's Startup India movement, created an environment of entrepreneurship in India. The Startup movement is not limited to metro cities, but has successfully captured the imagination of suburban and rural entrepreneurs.

Today, there are more than one lakh startups recognised by the government, with about half of them coming from Tier 2 and Tier 3 cities. It has created a sense of agency among India's youth, and a sense of freedom of being able to determine their own destiny.

The Startup movement is moving beyond the consumer Internet and e-commerce to genuine deep technology areas, such as space and remote sensing, artificial intelligence and robotics, biotech and pharma, electric vehicles, drones, defence, telecommunications, semiconductors, and many more. These real sectors go beyond digital marketplaces, seller discovery, and exchange of information, and impact many more sectors of the economy, which will bring deeper industrialisation in newer areas and more jobs.

Deep tech entrepreneurship is also creating new avenues for science and technology (S&T) discoveries in the public sector labs to reach the market.

The successes at IIT Madras's Research Park, which has incubated over 200 deep tech companies cumulatively valued at over 50,000 crore including those in space and aviation; the C-CAMP, which has in its portfolio seven deep biotech startups that have raised more than 550 crores; and the National Chemical Laboratory's Venture Centre support to file and commercialise high-quality patents, are some of the evidence of how science in public-funded institutions can reach citizens and consumers, through startups.

The authors' conversations with technology leaders in academia and industry have shown that faculty members find it easier to spin out their discoveries through startups founded by themselves or their alumni, instead of licensing or patent re-assignments. This evolution provides a unique opportunity for leveraging our deep historical investments in S&T in its public labs and institutions.

In a way, it can be said that deep tech startups are the main route through which India is taking technology risks, a crucial element of any country's process to build new capabilities. Traditional risk-taking sectors such as government departments and legacy corporates seem frozen in

comparison, perhaps due to the intense scrutiny of risky initiatives by their respective stakeholders, voters and public markets investors.

Many mission-driven programs of the government have not yielded the expected innovation results, other than a few bright spots in sectors such as space and defence. India's industrial investment in research and development (R&D) is also lamentably low in most sectors other than pharma.

The industry has mostly preferred investing in deep-tech startups and buying successful scaled technologies. This observation is corroborated by the number of deep tech startups being acquired by Indian legacy corporates, such as the Tatas buying Saankhya and Tejas Networks, Reliance acquiring Faradion and Hero Motors buying equity in Ather Motors etc.

The most important reason why the startup ecosystem has retained its risk appetite is because of a system-wide shared approach to measuring risk and progress during frequent rounds of funding negotiations. A common vocabulary of rounds, stages, and product-market-fit is employed here, while retaining independent decision-making across multiple venture funds and investors. Thus, a model has been identified to scale innovation, one which has eluded India for long. Government and Industry must magnify this new model multifold to create enterprises commensurate to India's scale. Let us discuss some possible ways.

It is an opportune time for the government to support this second phase of entrepreneurship, a Startup India 2.0, focused on the real sectors listed above. This support must come through two routes.

First, the availability of much larger risk capital for deeptech startups. The government must lay much more emphasis on the aforementioned sectors in the existing SIDBI Fund of Funds. Industry must increase and channel their research funds towards financing deeptech startups.

Second, we need to enable mass procurement of indigenously developed technologies. This latter step has started to happen in fits and starts, across Ministries such as Defence, Smart Cities and Health; however, a concerted push across the government is still desirable. Industry and industry bodies have a role to play in aggregating demand in their sector, to kickstart locally-made technologies. This can be achieved through the co-creation of products and solutions at incubators, rapid testing and certification, and support to procurement of innovative goods at scale, as the government has done in some sectors.

The first iteration of Startup India and Fund of Funds kindled the Startup India movement; Startup India 2.0 should direct the energies of India's entrepreneurs towards building Indian industrial and public capabilities, to support Indian economic growth, job creation, national security, and other national capabilities.

***Mudit Narain is Director, Research and Policy, FAST India; Varun Aggarwal is Founder at FAST India, tech entrepreneur, philanthropist and author***

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# FROM STATE VISIT TO A MORE ROBUST TRADE RELATIONSHIP

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

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August 03, 2023 12:08 am | Updated 01:11 am IST

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'The trade relationship deserves more attention, and a stronger mandate from the leaders of both the Biden and Modi administrations' | Photo Credit: AFP

Prime Minister Narendra Modi's State visit to Washington on June 22, 2023, was historic — the first for an Indian head of state in 14 years, and only the third for an Indian leader in 75 years since Indian Independence. It unambiguously demonstrated the Biden administration's intense desire to cultivate India as a durable, long-term partner in a variety of realms, including in the United States' strategic competition with China for the foreseeable future. It also conveyed to citizens of both countries and a wider global audience the full range of areas of cooperation and collaboration between them — from defence trade to emerging technologies, such as in Artificial Intelligence and space exploration.

In comparison with the substantial progress in many areas, the economic, and more specifically, trade relationship between the two countries, is growing — surpassing U.S.\$120 billion — but it continues to underperform relative to the sheer potential. If this strategic partnership lives up to its billing as one of the most consequential in this century, then trade must be pushed to a more central role as the U.S.-India story continues to unfold. India is exhibiting a remarkable openness to negotiating new trade relationships with important partners around the world and is demonstrating genuine commitment to revisiting long-standing positions, even as it pursues policies to attract and grow domestic manufacturing value chains and reduce over-dependencies on other countries. In the last two years, the Narendra Modi government has inked new free trade agreements (FTAs) with the United Arab Emirates and Australia and launched or reinvigorated negotiations for parallel deals with the European Union, the United Kingdom, and Canada.

In contrast, the Biden administration maintains that it has evolved away from FTAs and discovered a better approach to trade, emphasising resilient supply chains, reshoring or friend-shoring, and prioritising labour rights and climate-friendlier production over craven and mistaken globalisation. This policy has many sceptics at home and abroad, particularly since it ignores that all these objectives could be robustly addressed in a revamped FTA agenda.

Editorial | [Strategic high: On India-U.S. ties and strategic cooperation](#)

It is the moment for the U.S. administration to meet India halfway in its trade policy before the strategic side of the relationship leaves the trade side much further behind. There were important results from Mr. Modi's State visit in resolving six disputes under the World Trade Organization (WTO). Building on these wins, and looking to opportune moments ahead following national elections in both countries in 2024, trade negotiators on both sides must be tasked with a more ambitious mandate by their leaders.

We continue to track India's progression in negotiating FTAs with its other trading partners through our work at the Atlantic Council. India's agreements to date fall far short of the U.S. gold standard, i.e., the U.S.-Mexico-Canada Agreement (USMCA), but the gaps are decreasing. Even in the sensitive area of agriculture, India has shown surprising readiness to gradually open its market when offered opportunities to win concessions in return through FTAs. Australia, in the Economic Cooperation and Trade Agreement, obtained important gains in the Indian market for wine, wool, and sheep meat, among other goods, while India won nearly duty-free access to the Australian market. In fact, the U.S. and India have been able to agree to transactional concessions in their respective markets (e.g., mangoes and pomegranates for India in exchange for cherries, hay and pork for the U.S.) through the bilateral Trade Policy Forum (TPF) even without an active FTA negotiation.

Were they to embark on FTA negotiations, we could expect more extensive agreement on the agricultural sector writ large, in addition to the full range of trade in goods and services and facilitation of higher levels of investment between the two.

The Modi State visit should be a starting point for a more ambitious trade agenda going forward. U.S. and Indian trade negotiators already know how to go small, and even achieve results along the way. But the trade relationship deserves more attention, and a stronger mandate from the leaders of both the Biden and Modi administrations. With greater ambition, the often-mentioned target of \$500-\$600 billion in bilateral trade by 2030 can easily be attained and surpassed. The sky's the limit for this partnership of the century.

Mark Linscott is a non-resident senior fellow at the Atlantic Council's South Asia Centre. Gopal Nadadur is a non-resident senior fellow at the Atlantic Council's South Asia Centre

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## REVISED BIOMASS POLICY MANDATES 5% BIOMASS CO-FIRING IN THERMAL POWER PLANTS FROM FY 2024-25: UNION MINISTER FOR POWER AND NEW & RENEWABLE ENERGY

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

The Union Minister for Power and New & Renewable Energy has informed that there are 47 Thermal Power Plants which have carried out co-firing of agro residue based biomass pellets with coal. The Ministry of Power [issued modification on 16.06.2023](#) to revise the biomass policy dated 08.10.2021 and now it mandates 5% biomass co-firing in Thermal Power Plants (TPPs) from FY 2024-25. This obligation shall increase to 7% from FY 2025-26.

The Minister informed that the Government has taken many initiatives to ensure the availability and procurement of biomass pellets for co-firing in TPPs like, Finance Assistance Schemes by MNRE and CPCB have been issued for biomass pellet manufacturing units, Reserve Bank of India (RBI) has approved 'Biomass pellet manufacturing' as an eligible activity under Priority Sector Lending (PSL), Procurement Provision of Biomass Category has been created on GeM portal, Revised Model long term contract for Biomass supply was issued by Ministry of Power, Vendor database finalized and listed on SAMARTH website, awareness programmes & Advertisement Campaign were carried out, Provision of Udyam Aadhaar on National Single Window System, Bankable Model Project Report for Biomass Pellet Plants etc.

Further, the Ministry of Power through a policy Addendum dated 03-05-2023 has indicated the various type of various agro residues such as stubble/straw/stalk/husk which are surplus and not being used as animal fodder for making the biomass pellets. This includes agro-residue obtained from crops like Paddy, Soya, Arhar, Gwar, Cotton, Gram, Jawar, Bajra, Moong, Mustard, Sesame, Til, Maize, Sunflower, Jute, Coffee, etc. as well as Groundnut Shell, Coconut Shell, Castor Seed Shell etc.

In addition, pellets made from the following agro product/crop/waste can also be used for co-firing in TPPs viz. Bamboo and its by-products, Horticulture waste such as dry leaves and trimmings obtained from maintenance & pruning of trees and plants and other biomass such as Pine Cone/Needle, Elephant Grass, Sarkanda, etc.

The Minister informed that approximately 1,64,976 Metric Tonnes of agri residues-based biomass has been co-fired in 47 coal based thermal power plants till May 2023. State-wise list of thermal power plants co-firing above biomass pellets is given below.

### State-wise details of Biomass usage in all TPPs in the country till May' 2023

**Sl. No.**

**State**

**Name of the Plant**

**Capacity (MW)**

**Cumulative Biomass usage (Metric Tonne)****State-wise Biomass usage (Metric Tonne)**

1

Uttar Pradesh

National Capital Power Station, Dadri, UP

1820

20617

70977

2

Harduaganj TPS, UP

1265

7392

3

Feroze Gandhi Unchahar Thermal Power Station, UP

1550

9486

4

Tanda Thermal Power Station, Ambedkar Nagar, UP

1760

3806

5

Mahan Al. Unit- CPP, UP

900

29676

6

Haryana

Yamuna Nagar TPS, Haryana

600

455

20969

7

Rajiv Gandhi TPS, Hisar, Haryana

1200

95

8

IGSTPP, Jhajjar, Haryana

1500

16008

9

Mahatma Gandhi TPS, Jhajjar, Haryana

1320

4411

10

Punjab

Nabha Power Limited (NPL), Punjab

1400

30

180

11

Guru Gobind Singh Super Thermal Plant Ropar (GGSSTP), Ropar, Punjab

840

61

12

Guru Hargobind Thermal Plant (GHTP), Lehra Mohabbat, Punjab

920

39

13

TSPL, Mansa, Punjab

1980

50

14

Maharashtra

Mauda Super Thermal Power Station, Nagpur, MH

2320

24167

27349

15

Solapur Super Thermal Power Station, Solapur, MH

1320

3060

16

Dhariwal Thermal Power Plant Chandrapur, MH

600

87

17

GMR Warora Energy Limited, Maharashtra

600

20

18

JSW Energy - Ratnagiri Maharashtra

1200

5

19

Sai Wardha Power Generation Limited, MH

540

10

20

Karnataka

Kudgi Super Thermal Power Station, Bijapur, Karnataka

2400

1912

2248

21

JSW Energy - TPP Bellary, Karnataka

860

336

22

Andhra Pradesh

Simhadri Super Thermal Power Station, AP

2000

4551

4551

23

Chhattisgarh

LARA Super Thermal Power Station, Raigarh, CG

1600

489

11464

24

Sipat Super Thermal Power Station, Bilaspur, CG

2980

3882

25

Jindal super thermal power plant Tamnar, CG

3400

24

26

Raipur Energen Limited, CG

1370

77

27

Badadarha TPP, CG

1200

25

28

Raigarh Energy Generation Ltd, CG

600

25

29

Bharat Aluminum Company Limited, CG

1740

6942

30

Madhya Pradesh

Gadarwara Super Thermal Power Station, MP

1600

3140

17603

31

Khargone Super Thermal Power Station, , MP

1320

13417

32

Jaypee Nigrie super Thermal power plant, MP

1320

577

33

Jaypee Bina TPS, MP

500

425

34

Sasan Power Ltd Madhya Pradesh

3960

44

35

Bihar

Kahalgaon Super Thermal Power Station, Bihar

2340

10

10

36

West Bengal



Budge Budge Thermal Power station, WB

750

181

896

37

Haldia Thermal Power plant, WB

600

90

38

Farakka super thermal Power plant, Murshidabad, WB

2100

77

39

Durgapur Steel Thermal Power Station (DSTPS)

1000

501

40

Bakreswar Thermal power station, WB

1050

22

41

Sagardighi TPS, WB

1600

25

42

Rajasthan

Adani Power Rajasthan Limited, Rajasthan

1320

111

7927

43

Shree Mega Power Bewar (CFBC), RJ

344

7816

44

Odisha

Jharsuguda Captive Power, Odisha

1215

44

64

45

GMR Kamal Ganga, Odisha

700

20

46

Tamil Nadu

OPG Power Generation Pvt Ltd, Tamil Ndu

420

715

715

47

Jharkhand

Jojobera Power Plant, Jharkhand

427.5

23

23

**Grand Total****64351.5****164976****164976**

This information has been given by the Union Minister for Power and New & Renewable Energy Shri R. K. Singh, in a written reply to a question, in Rajya Sabha today, August 2, 2023.

\*\*\*

**PIB DELHI | AM / DJM**

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Budge Budge Thermal Power station, WB

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# EXCHANGE RATE NOTIFICATION NO. 57/2023-CUSTOMS (N.T.)

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No. 54/2023-Customs(N.T.), dated 20<sup>th</sup> July, 2023 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 4<sup>th</sup> August, 2023, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

## SCHEDULE-I

Sl.

No.

Foreign Currency

Rate of exchange of one unit of foreign currency equivalent to Indian rupees

(2)

(3)

(a)

(b)

**(For Imported Goods)**

**(For Export Goods)**

1.

Australian Dollar

55.35

52.95

2.

Bahraini Dinar

226.40

212.90

3.

Canadian Dollar

63.05

60.95

4.

Chinese Yuan

11.65

11.35

5.

Danish Kroner

12.35

11.95

6.

EURO

92.10

88.90

7.

Hong Kong Dollar

10.80

10.40

8.

Kuwaiti Dinar

277.35

260.75

9.

New Zealand Dollar

51.65

49.30

10.

Norwegian Kroner

8.15

7.90

11.

Pound Sterling

107.00

103.45

12.

Qatari Riyal

23.45

22.00

13.

Saudi Arabian Riyal

22.75

21.40

14.

Singapore Dollar

62.65

60.65

15.

South African Rand

4.65

4.35

16.

Swedish Kroner

7.85

7.60

17.

Swiss Franc

96.10

92.40

18.

Turkish Lira

3.15

3.00

19.

UAE Dirham

23.25

21.85

20.

US Dollar

83.60

81.90

SCHEDULE-II

SI.



No.

Foreign Currency

Rate of exchange of 100 units of foreign currency equivalent to Indian rupees

(2)

(3)

(a)

(b)

**(For Imported Goods)**

**(For Export Goods)**

1.

Japanese Yen

58.70

56.85

2.

Korean Won

6.55

6.15

\*\*\*\*

**PPG/KMN**

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No. 54/2023-Customs(N.T.), dated 20<sup>th</sup> July, 2023 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 4<sup>th</sup> August, 2023, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the

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## SCHEDULE-I

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No.

Foreign Currency

Rate of exchange of one unit of foreign currency equivalent to Indian rupees

(2)

(3)

**(a)**

**(b)**

**(For Imported Goods)**

**(For Export Goods)**

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Australian Dollar

55.35

52.95

2.

Bahraini Dinar

226.40

212.90

3.

Canadian Dollar

63.05

60.95

4.

Chinese Yuan

11.65

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12.35

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EURO

92.10

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Hong Kong Dollar

10.80

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## SCHEDULE-II

Sl.

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Foreign Currency

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(2)

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Japanese Yen

58.70

56.85

2.

Korean Won

6.55

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**PPG/KMN**

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# A TENTATIVE RETHINK: THE HINDU EDITORIAL ON THE GOODS AND SERVICES TAX COUNCIL'S MOVE

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

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August 05, 2023 12:10 am | Updated 12:10 am IST

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Less than a month after the Goods and Services Tax (GST) Council appeared to have sealed a compact on the long-deliberated issue of the [appropriate tax to be levied on casinos, horse racing and the booming online games industry](#), it was convened afresh this Wednesday to revisit the matter. The rethink on the Council's move [to impose a 28% GST](#) on the face value of bets placed by participants was ostensibly triggered by an outcry from industry and a nudge from the Electronics and IT Ministry that is steering the e-gaming policy. Online gaming players had termed it a death knell for the sunrise sector with billions of dollars in investments and thousands of jobs at stake, and stressed the levy is not in sync with global norms that tax the gross gaming revenue (i.e., their platform fees). Sikkim and Goa's pleas for the casino tax to be also levied in the same manner did not find favour with the Centre and most States, so the Council decided to stick to its stance with one minor, but not trivial concession. Simply put, if one enters the race course on Derby Day and bets 1,000 on a horse with moderate odds which ends up winning, and bets part of that bounty on another horse in the next race, the tax levy will remain confined to your initial thousand rupee wager. This formulation addresses the prospect of repeat taxation on reinvested earnings, drawing a muffled sigh from the nascent industry that still remains anxious on the implications of the tax likely to kick in from October 1.

It is no one's case that the GST Council should only take unanimous decisions — as Finance Minister Nirmala Sitharaman pointed out, even the taxation of lotteries was firmed up by a majority vote. But the Council's promise of a review of the tax six months after its implementation, even if it was just an attempt to placate the dissenting voices of small States such as Goa and Sikkim, belies a lack of conviction in the resolution. While users and industry now await the fine print of the legislative changes to GST laws and the rules to be subsequently notified by the Revenue Department, the room for a review, which could swing either way, creates a cloud of uncertainty on business operations and fresh investment plans. The Council has often clarified or tweaked tax treatment for items, when warranted. But announcing a review at the outset sets an awkward and potentially dangerous precedent that could thwart India's aspirations of being a reliable investment destination with predictable policies. The Council should not give the impression that it can be swayed so easily by representations from the industry or demands of individual States.

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## **UNION FINANCE MINISTER NIRMALA SITHARAMAN CHAIRS REVIEW MEETING OF REGIONAL RURAL BANKS FROM SOUTHERN REGION, IN CHENNAI**

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Union Finance Minister Smt Nirmala Sitharaman chaired a meeting with Chairpersons and senior officials of Regional Rural Banks from Southern Region, in Chennai today. The meeting was attended by Secretary Department of Financial Services Dr Vivek Joshi and senior RBI officials. Finance Secretary of Tamil Nadu Shri T. Udhayachandran, Secretaries and senior officers from state Finance Ministries of Andhra Pradesh, Telangana, Kerala, Puducherry and Karnataka were present at the meeting. The Managing Directors and CEOs of State Bank of India, Indian Bank, Union Bank of India, Canara Bank, Indian Overseas Bank and NABARD also took part in the discussions.

The deliberations revolved around financial performance of Regional Rural Banks as DFS Secretary gave a presentation on various financial metrics of the RRBs.

Finance Minister Smt. Nirmala Sitharaman stressed that the Regional Rural Banks should continue their focus on the flagship schemes of the Central Government such as Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, PM SVANidhi, Atal Pension Yojana, PM Jan Dhan Yojana, PM Mudra Yojana, Kisan Credit Cards (KCC), KCC Animal Husbandry & Fisheries, etc and aim for their saturation.

While highlighting that the CD Ratio, Gross NPAs, and Provision Coverage Ratio (PCR) of Regional Rural Banks of the Southern region was better than the national average, Smt. Nirmala Sitharaman exhorted the RRBs and Sponsor Banks to improve Current and Savings Account (CASA) Ratio of RRBs.

The Union Finance Minister stated that better adoption of technology, Loan Management System and Core Banking System should be done in a time-bound manner in the RRBs of the Southern region. The Finance Minister further said that RRBs should focus on increasing digitally active customers in line with government's effort to move towards greater digitalisation.

Finance Minister also said that Sponsor Banks should map RRBs with MSME clusters and improve their presence in these clusters, while devising innovative products for the MSME to serve them in a better way. She exhorted RRBs from the region to work closely with the RBI and State Authorities concerned to improve their physical presence across the state. She also highlighted leveraging Account Aggregator Framework especially for lending to the Allied agricultural sector like fisheries and animal husbandry, besides granting loans to street vendors under PM SVANidhi scheme.



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SG/AD/KPG

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SG/AD/KPG

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# HOW TO CHECK IF A MATERIAL IS A SUPERCONDUCTOR – IN FOUR STEPS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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A superconducting cylinder of tin in a container filled with liquid helium and held between the poles of an electromagnet by the Meissner effect. | Photo Credit: Alfred Leitner, public domain

In the last week of July, researchers in South Korea said they had [discovered that a material called LK-99](#) is a room-temperature superconductor. Scientists have been looking for such materials for several decades now for their ability to transport heavy currents without any loss – a property that could revolutionise a variety of industrial and medical applications.

Independent researchers will have to check whether LK-99 is really a room-temperature superconductor before it is accepted as legitimate. When a material becomes a superconductor, the superconducting state will induce four changes in the material. Spot all four and you have yourself a superconductor.

**1: Electronic effect** – The material will transport an electric current with zero resistance. This is hard to check when the sample of the material is very small, and requires sophisticated equipment.

**2: Magnetic effect** – A type I superconductor (a material that, in the right conditions, becomes a superconductor throughout its bulk) will expel a magnetic field from its body as long as the field strength is below a critical value. This is the Meissner effect: a magnet placed near the material will be pushed away as the material transitions to a superconducting state. A type II superconductor – which transitions through a mix of superconducting and non-superconducting states en route to becoming fully superconducting – won't expel magnetic fields but will prevent them from moving through its bulk. This phenomenon is called flux pinning. When a flux-pinned superconductor is taken away from a particular part of the magnetic field and put back in, it will snap back to its original relative position.

**3: Thermodynamic effect** – The electronic specific heat changes drastically at the superconducting transition temperature. The specific heat is the heat required to increase the temperature of the electrons in the material by 1 degree Celsius. As the material transitions to its superconducting state, the electronic specific heat drops. Upon warming the material back up to the critical temperature (below which the material is a superconductor), it jumps back to the value it was when the material was not superconducting.

**4: Spectroscopic effect** – The electrons in the material are forbidden from attaining certain energy levels, even if they could when the material wasn't a superconductor. When scientists create a map of all possible energy levels in a superconductor, they should see this as a 'gap'.

This article is about the two types of conventional superconductors – which are materials whose abilities can be explained using the Bardeen-Cooper-Schrieffer theory of superconductivity. Scientists also know of many unconventional superconductors, but the origin of superconductivity in these materials remains a mystery.

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## IN TELANGANA, FEW FUNDS, BUT MANY PROMISES

Relevant for: Indian Polity | Topic: State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these

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August 07, 2023 12:46 am | Updated 12:46 am IST

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Telangana Chief Minister K. Chandrasekhar Rao speaks in the State Assembly in Hyderabad on August 6, 2023. Photo: Twitter/@BRSParty via PTI

The Bharat Rashtra Samithi-led Telangana government's struggle to mobilise funds to effectively implement its flagship schemes is proving to be worrying for it, with the State set for elections in less than six months.

The government made a budgetary provision of 17,700 crore for Dalit Bandhu, where the government provides a one-time capital assistance of 10 lakh each to Dalit families to aid their entrepreneurial aspirations. Under Rythu Bandhu, another flagship scheme, the government provides 5,000 per acre per farmer each season for the purchase of inputs and other investments. The government allocated more than 15,000 crore for Rythu Bandhu in the Budget for this fiscal.

It began crediting these amounts to farmers' accounts after the commencement of the kharif season. Farmers who own land up to five acres received the funds. But the process has slowed down due to financial constraints.

The government had made a budgetary provision of 38,627 crore for salaries/wages, 13,024 crore for pensions, and 12,958 crore for subsidies (primarily the provision of free electricity all day to the farm sector). The debt servicing component was pegged at 22,407 crore. Of this, the State government incurred 5,247 crore at the end of the first quarter, according to the provisional figures submitted to the Comptroller and Auditor General of India.

Even as the Finance Department is struggling to find funds to meet the government's commitments, Chief Minister K. Chandrasekhar Rao recently announced the launch of yet another scheme, Gruha Lakshmi, which is aimed at providing 3 lakh each to poor families who own land, for construction of houses. This involves an outgo of 7,350 crore — 3,900 crore for beneficiaries in urban areas and 3,450 crore for beneficiaries in rural areas.

The government's unease in raising resources stems from the fact that the revenue receipts of the first quarter did not meet expectations. The State's total revenue receipts at the end of the April-June quarter were 35,024.72 crore. This includes borrowings, and other liabilities in the form of capital receipts of 15,876.5 crore. The revenue receipts at the end of the first quarter were about 16.1% of the 2.16 lakh crore projected in the Budget estimates for the current fiscal.

Also, the Union Finance Ministry has imposed restrictions on the State's market borrowings citing "over borrowings" during the previous fiscals. The Finance Ministry said that the borrowing limit of Telangana for 2023-24 would be 57,813.99 crore, as per the recommendations of the Fifteenth Finance Commission and as per the annual borrowing ceiling for the financial year. "However, as the State government had over-borrowed in the preceding financial years, the gross borrowing ceiling of the State for 2023-24 has been fixed at 42,225.17 crore after adjusting over-borrowing of 15,588.82 crore of previous years," said a spokesman of the Finance Ministry.

Of the borrowing ceiling, the State Government had opted for negotiated loans of 1,500 crore and borrowings from public account to the tune of 4,107.82 crore. This left it with the option of raising 36,617.35 crore from the open market. This is over 1,500 crore less than the 38,234 crore proposed to be mobilised through borrowings and other liabilities in the current year's budget.

Even as the State government accused the Centre of stifling the States by imposing restrictions on their borrowing limits, Union Finance Minister Nirmala Sitharaman was categorical that the Centre was discharging its constitutional responsibility of supervising borrowings and said that the limits were equally applicable to all the States.

In her reply to a query in the Lok Sabha, Ms. Sitharaman said that Telangana's outstanding liabilities increased from 1.9 lakh crore in FY2019 to 3.66 lakh crore in the Budget estimates of the current fiscal. Telangana was next only to Rajasthan in year-wise increase in outstanding liabilities in percentage terms during the last five years.

There are more welfare schemes likely to be announced in Telangana over the next few months. The government would do well in making sure that its finances are in place before announcing them. It can ill-afford to make promises that will put it in a bind for years to come.

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# SUPERCONDUCTING HYPE: ON SOUTH KOREA'S LK-99

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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August 08, 2023 12:10 am | Updated 12:10 am IST

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Unlike most other developments in the field of condensed-matter physics, every new claim of room-temperature [superconductivity will monopolise headlines worldwide](#) and kick up tremendous hype. Late last month, researchers in South Korea announced — via two preprint papers uploaded to the arXiv repository — that they had found a material they called LK-99 to be a superconductor at room temperature and ambient pressure. Conventional superconductors (i.e., those whose superconducting abilities can be explained by the Bardeen-Cooper-Schrieffer theory) are distinguished by four features, one of which has implications for industrial, research, and diagnostic applications that are impossible to overstate: they can transport an electric current with zero loss. Scientists have been looking for a material that can superconduct without having to be cooled to very low temperatures and which does not require the application of extreme pressure. According to the new claim, LK-99 fits the bill. It is copper-substituted lead apatite. While there have been quite a few claims in the last century of scientists having discovered room-temperature superconductors, LK-99 has triggered more excitement, presumably because the group's preprint papers are free to access, include some data pointing in the right direction, and contain instructions to synthesise it and test its properties.

In a coincidental irony, 'apatite' is derived from the Greek 'to deceive'. All the claims of scientists having found a room-temperature (and ambient pressure) superconductor so far have failed to withstand independent scrutiny. A room-temperature and -pressure superconductor is an immensely valuable thing, attached to significant material as well as scientific prestige. This could prompt scientists to rush to publish their results before proper data verification. Thus, independent verification by qualified scientists becomes crucial — for which the South Korean group must share all the data. Checking if a material is a superconductor is difficult, requiring sophisticated equipment as well as information about how precisely to create the material in question. For another claim this year, of a material that reportedly superconducts near room temperature and under much less pressure than others of its kind, its originators shared instructions to synthesise it but refused to share samples, claiming they constituted intellectual property. While this may be, their refusal vitiated the proper process of science in the face of such an extraordinary claim. Finally, despite the lucre of a potentially revolutionary technology, and bearing in mind that the margin of error in superconductivity research is very small, non-experts should wait for independent verification, even if it is slow to come, from a qualified research group before making up their mind about it.

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# LEARNING FROM THE CHIPS ACT OF THE U.S.

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector  
incl. MSMEs and PSUs

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August 09, 2023 12:40 am | Updated 12:54 am IST

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'The CHIPS Act is not just about bringing semiconductor manufacturing back to the U.S.' | Photo Credit: Getty Images

The United States' [Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022](#) (CHIPS Act) completes one year as a law today (August 9). The Act authorises \$52.7 billion over five years to boost American competitiveness, innovation and national security in semiconductors.

While the jury is still out on the long-term effectiveness of the Act, what is important from an Indian perspective is to observe and learn from its implementation. As industrial policy has become a default policy of choice for nation-states, the Act provides a clear window into the capabilities and structures needed to execute such policies. While it may neither be possible nor desirable to replicate specific provisions, we outline four lessons to help India execute its semiconductor strategy better.

The Act involves cooperation and coordination between several arms of the government. Four separate funds have been created for the execution of the Act. The Department of Commerce is the lead agency administering the \$50 billion CHIPS for America Fund for accelerating semiconductor manufacturing and research. But there are also allocations for the Department of Defense (\$2 billion) for defence-unique technologies, the Department of State (\$0.5 billion) to coordinate with foreign partners on semiconductor supply chain security, and the National Science Foundation (\$0.2 billion) to promote the growth of the semiconductor workforce. This structure highlights the priority accorded to semiconductors.

On the other hand, India's semiconductor industrial policy is being managed mainly by the Ministry of Electronics and Information Technology (MeitY). The schemes for manufacturing, assembly, displays and compound semiconductors have been assigned to an independent division called India Semiconductor Mission (ISM) within a non-profit company set up by MeitY. The policy for chip design is being administered by C-DAC, an R&D organisation again under the MeitY. The ISM Committee comprises largely MeitY bureaucrats. While the committee is a good beginning, ensuring that the semiconductor strategy survives beyond government terms requires a whole-of-government approach along the lines of the CHIPS Act.

Companies seeking funding under the CHIPS Act are required to submit workforce development plans. A nodal agency, the National Semiconductor Technology Center (NSTC), has been

created to collaborate with industry and educational institutions. This must become a focus area for India as well. A competent semiconductor engineering workforce is India's quickest route to gaining leverage in the semiconductor industry. Keeping this in mind, MeitY has begun a Chips2 Startup (C2S) programme, collaborating with over 100 universities and colleges. Like the NSTC, C2S aims to scale up workforce expansion by supporting existing quality training programmes. In the Indian case, however, many private training centres prepare chip designers outside the conventional university system.

Hence, it is important for C2S to focus on certifying good programmes of universities or private training institutes rather than running them.

The CHIPS Act has also created a CHIPS Program Office (CPO) to lay down the guidelines for assessing the financial viability of a project. The CPO is hiring Investment Principals and Financial Structuring Directors to catalyse private sector investments. While India also has guidelines for assessing the viability of proposals, a lot remains to be done concerning transparency. The government needs to put out regular monthly progress reports on its semiconductor programme. This will help manage expectations and instil reassurance in India's plans.

The CHIPS Act is not just about bringing semiconductor manufacturing back to the U.S. The Department of Commerce also invests \$11 billion focused on future research. For example, the strategy acknowledges that advanced packaging is a leverage point to excel in semiconductors over the next decade. Hence, it envisages a National Advanced Packaging Manufacturing Program (NAPMP) to help the U.S. gain a disproportionate competitive advantage in the future. Packaging was considered a labour-intensive and low-margin component of the supply chain only a few years ago. However, as downscaling transistors becomes difficult, researchers have zoomed in on advanced packaging techniques that combine multiple semiconductors in a multi-dimensional arrangement on a single substrate, all in one package.

In India's semiconductor strategy, advanced manufacturing and packaging research are not priority areas of focus. This makes sense to the extent that India is currently nowhere in the picture in high-volume chip manufacturing. However, the lesson from the CHIPS Act is that India's strategy needs to identify and invest in research on future technologies.

In sum, the CHIPS and Science Act is a useful template for industrial policy in semiconductors. The administrative capacity that the U.S. has marshalled together institutionalises the Act in a manner that will ensure its continuity beyond governments. We urge that India's semiconductor strategists study the positives and drawbacks of this Act deeply. Nothing matters more in industrial policy than effective implementation.

***Vishwanath Madhugiri is a CIO of a U.S.-based semiconductor design company. Pranay Kotasthane is chair of the High-tech Geopolitics Programme at the Takshashila Institution. The views expressed are personal***

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# THAT '70S SHOW: THE HINDU EDITORIAL ON INDIA'S RESTRICTIONS ON IMPORTS OF LAPTOPS, PCS, TABLETS AND SERVERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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August 10, 2023 12:20 am | Updated 07:46 am IST

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Marking a sudden and sharp shift in India's foreign trade policy, the Commerce and Industry Ministry on August 3 [notified restrictions](#) on imports of laptops, personal computers (PCs), tablets and servers, making it compulsory for importers to secure a licence. The curbs were to kick in with immediate effect, rattling the entire supply chain (including shipments in transit) and igniting fears of shortages and price surges, especially ahead of the festive season. The government sought to suggest this was primarily driven by security concerns — imported devices could be used for surveillance, just as mobile phones could have spyware. It was also a rather blunt nudge for IT hardware producers to set up manufacturing bases in India by tapping a production-linked incentive scheme which has found few takers. But complex PC component value chains cannot crop up overnight, and concerns also flared up about how this may hit India's software and IT-enabled services export prowess. Sensing a backlash, the government went into damage control, [deferring the curbs till November 1](#) and promising expeditious approvals to licence requests, while Ministers asserted this was not a return to the "Licence Raj" era.

Even if import licences will be issued in minutes, as indicated, the entire spectacle is a hark back to the early days of India's IT industry that was gradually freed up through the 1970s and 1980s, and industry players are likely to remain on edge till the licensing criteria become clear. Would importers need to justify imports of cutting-edge devices, or a software firm need to submit proof of new hires or fresh export orders to secure licences? If PC and tablet imports, which fell almost 28% in 2022-23 to \$5.3 billion, are causing security fears because many come from China, the government can mandate testing norms to verify shipments. If the intent is to spur investments, it is difficult to bully global majors into committing large outlays at virtual gunpoint when they have other "easier to do business" alternatives around the world. Any increase in costs or limitations on device options would also imply collateral damage for India's consumers. For many households and small enterprises, this is not just about crossing the digital divide but also access to government services increasingly going online in a Digital India. Taken together with some recent policy ploys — such as the 28% GST on gaming bets, the freeze in prices of 'deregulated' petroleum products — this development makes for an ominous flashback for investors. Unpredictable policies, excessive taxation and a return to maximum government, can derail India's reform story.

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# RISKY RECOURSE: THE HINDU EDITORIAL ON THE RESERVE BANK OF INDIA'S MONETARY POLICY COMMITTEE AND POLICY RATE

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

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August 11, 2023 12:20 am | Updated 08:15 am IST

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The latest decision by the Reserve Bank of India's Monetary Policy Committee (MPC) [to leave its policy rate unchanged](#) is a calculated risk taken by the rate setting panel, especially when viewed in light of the upward revision of its inflation forecast. Barely two months after projecting Consumer Price Index-based inflation to average 5.1% over the current fiscal year ending in March 2024, the MPC has raised its forecast for the annual average by 30 basis points to 5.4%. Conceding that a spike in tomato prices had contributed to a shock that had forced a revision in the headline inflation projection for the July-September quarter by a 'substantial' 100 basis points to 6.2%, RBI Governor Shaktikanta Das acknowledged that while the likely short-term nature of these shocks allowed for policymakers to look past a couple of high inflation prints, frequently recurring food price shocks risk destabilising inflation expectations. And while monetary authorities are right in laying the onus on the government for ensuring timely supply side interventions to 'limit the severity and duration of such shocks', a broader unmooring of price stability will undermine macroeconomic stability and growth. Underlining its commitment to aligning inflation to the target of 4% and keeping inflation expectations anchored, the MPC reiterated, by a majority, its policy stance of staying focused on the withdrawal of accommodation.

In a nod to the MPC's stance, the RBI, separately, temporarily imposed an incremental 10% increase in the cash reserve ratio banks must maintain, with a view to draining some of the surplus liquidity in the banking system that could spur prices. Mr. Das promised this increase would be reviewed on September 8 or earlier, to ensure adequate liquidity during the upcoming festival season. Still, given the MPC's sanguine outlook on economic growth, it has not only retained its forecast for the GDP to expand by 6.5% in real terms in 2023-24 but also stuck by its June projections for growth in each of the four quarters, the inflation shock notwithstanding. To be sure, the MPC has flagged several risks to the inflation outlook: the uneven rainfall distribution this year, the recent uptick in crude oil prices (the average price of the Indian basket has so far risen by 7% sequentially this quarter), and enterprises polled by the RBI expect output prices to harden. And while Mr. Das and his colleagues on the MPC have reaffirmed their readiness to take policy actions in order to align inflation to the target and ensure that inflation expectations remain well anchored, how quickly policymakers actually walk the talk and intercede in the coming months will determine their inflation-fighting mettle.

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## EXPLAINED

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August 13, 2023 02:58 am | Updated 02:58 am IST

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A laptop showroom in Chennai. | Photo Credit: The Hindu

**The story so far:** On August 3, the [government restricted the import](#) of laptops, tablets, all-in-one personal computers, ultra-small form factor computers and servers. The import of these products would be allowed against a valid licence for restricted imports. Initially meant to be enforced with immediate effect, a revised order the next day [deferred the enforcement](#) until November 1.

Import of all items categorised under the Harmonised System of Nomenclature (HSN) 8471, that is, automated data processing machines and units, would be restricted from November 1. A valid licence would be required to import them for sale to consumers. Exemption to licensing requirements would be extended in four circumstances. First, purchasing a single unit of the mentioned products on an e-commerce website that are being brought into the country through post or courier. It would only draw relevant duties. This also applies to (reimport of) products meant for repair and return. Permission has been given to import up to 20 such items in a consignment for purposes entailing research and development, testing, benchmarking and evaluation, repair and re-export or product development purposes. Following their intended use, the products would either have to be destroyed beyond use or re-exported. Finally, items may be imported if they serve as an essential part of an entity's capital good.

The key objective is to reduce the dependence on imports, ensure the country has access to trusted hardware and systems and increase domestic manufacturing of products. Responding to a query about the purpose on social platform 'X' (formerly Twitter), Minister of State for Electronic and Information Technology Rajeev Chandrasekhar also stated that the direction was "not at all about licence raj".

On domestic manufacturing, the government had introduced the production-linked incentive (PLI) Scheme 2.0 for IT hardware in May this year. It was explained in the gazette that with domestic demand for electronics hardware expected to rise to approximately \$300 billion by FY2026, "India cannot afford to bear the rapidly increasing foreign exchange outgo on account of import of electronics."

Domestic production of electronic goods, as per industry estimates, increased to \$87.1 billion in 2021-22 from \$49 billion in 2016-17 — registering a compound annual growth rate (CAGR) of 15%. Further, as per figures from the Commerce Ministry, the country's imports with respect to

the products in discussion stood at approximately \$10.1 billion in FY 2022-23, about 13% lower on a year-over-year basis.

It was observed in May that over the years IT hardware manufacturing capability and capacity in India has “progressively declined and many units have either ceased operations or are operating at low capacities.” The demand for laptops and tablets were being largely met through imports. As per market intelligence firm International Data Corporation’s report for Q1-23, HP commanded the highest share in the domestic PC market at 33.8%, followed by Lenovo (15.7%), Dell (13.9%), Acer (12.3%), Asus (6.6%) and all others combined at 17.6%. It is estimated that these players would be particularly impacted by import curbs.

Concerns mostly revolve around accessibility to stocks and a potential impact on prices, particularly ahead of the busier festive season. Global companies operating in India have sought that the implementation be deferred by 9-12 months to enable them time to ramp up domestic production and understand the licensing process. Bharath Shenoy, Senior Market Analyst for PC Devices at IDC India, said, with the deadline extended to October-end, “We expect vendors to pump inventory across channels till October-end so that there are no disruptions during the festive sales season.” For the longer term, Mr. Shenoy states that vendors would be able to arrange for the required licences by October-November. Further, he explained that most of the big vendors except Apple and Asus have local assemblies (Apple manufacturer Foxconn and a couple of other suppliers manufacture iPhones in India) where they assemble desktops and/or some budget notebooks. “They will fast-track the local assembly process and try to build the ecosystem around it at the earliest. Asus and Apple might also eventually start local assembly,” he observed.

A Dell spokesperson told *The Hindu*, “We are aware of the new regulations. Dell has been manufacturing in India for 15 years and we continue to work with the Indian Government on our plan.”

About the potential impact on prices, Mr. Shenoy contends that vendors won’t increase prices for the next three months as it is the festive sales season. “However, customers will advance their purchases anticipating price increase going forward. From November, we can expect some price increase,” he stated.

(With inputs from Haider Ali Khan)

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# MATERIAL CONSIDERATION: THE HINDU EDITORIAL ON THE LK-99 'SUPERCONDUCTOR' EPISODE

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

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August 19, 2023 12:10 am | Updated 12:10 am IST

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The scientific community is now confident that the material known as LK-99 is not a room-temperature and ambient-pressure superconductor, bringing to a swift close [an exciting episode launched by a group of South Korean researchers](#). There has been no formal conclusion to match the formal announcement that this material could transport an electric current with no resistance in ambient conditions. But the South Koreans and the independent scientists who worked to verify the claim published their findings as preprint papers that were free to read. LK-99's seemingly simple composition and availability of instructions to synthesise it prompted scientists outside academia to test the material as well. The pace of developments was exhilarating, but there was soon hype and misinformation. While some reports indicated that the South Korean group had submitted manuscripts explaining their claim to a journal, concerns that the preprint papers were not worth reacting to until the journal had responded missed the point: efforts to validate the claim constituted a better, more organic peer-review process together with attempts by scientists across the world (including India) to replicate the claim in their laboratories. It soon became clear that there were two reasons why the material was not a superconductor. First, as conventional superconductors inside a weak magnetic field are cooled to induce a superconducting state, they expel the field from their bulk at and under the transition temperature. So, a magnet near the superconductor will be pushed away during the transition. The South Korean group had shared a video in which LK-99 appeared to half-repel a magnet. But independent researchers found that the material was an insulator whose impurities could be magnetised, leading to the half-repulsion seen in the video. Second, the South Koreans reported that the electrical resistivity of LK-99 dropped sharply at around 104° Celsius, a potential sign of superconductivity. But scientists observed the drop if the material contained copper sulphide as an impurity; copper sulphide undergoes a phase transition at that temperature, distorting the resistivity.

Now, the burden of proof is back on the South Korean group. The online diffusion of information and data in this episode achieved something the world seldom has: near-real-time and crowd-organised documentation, collaboration rather than competition, and closure. Participating in open science can lead to more good science but also, in the presence of bad-faith actors, to misunderstanding and confusion. The LK-99 episode suggests that the compunctions with the latter should not hold back the former.

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# PILOT FATIGUE IN INDIA, A WAKE-UP CALL FOR AIRLINES

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'Humans and Humans. They are not machines' | Photo Credit: Getty Images/iStockphoto

On October 12, 1976, an Indian Airlines Caravelle flight from Bombay to Madras (IC 171) crashed shortly after take-off at Bombay and while attempting an emergency landing, killing all 95 passengers on board. An engine had caught fire. Among the last words of Captain K.D. Gupta, the commander, picked up by the cockpit voice recorder was that he "was feeling sleepy". He had done the early morning Boeing departure to Delhi and back, spent the whole day in office and opted to operate the delayed Caravelle flight. The ill-fated plane was to operate the flight after the authorities "had made two earlier futile attempts to fly the passengers to Madras" on a Boeing flight. One of the Boeings had had a bird hit and the other had a snag. Passengers were also discontented.

Some of the operating procedures on the Caravelle were different from those on a Boeing, which was highlighted in the court inquiry. Following the crash, one of the quick regulator actions was to stop pilots operating two types of aircraft. The pilots on the Caravelle flight, Captain Gupta and co-pilot Captain K.L. Pershad/Prasad, had endorsements on their licences to fly the Boeing and the Caravelle.

In the past weeks, there have been reports of some Indian pilots who passed away due to cardiac arrest. One of them was a pilot of Indian origin flying for an airline in West Asia. Another was a pilot employed in a major private airline in India who collapsed and died at the boarding gate in Nagpur just before his flight. The third incident involved a pilot on a Latin American airline flight from Miami to Santiago, Chile, who collapsed on the flight and where the co-pilot had to land the aircraft. Ten years ago, another Indian pilot passed away as he stepped out of a simulator after training pilots.

Do airline managements and the aviation regulator in India understand the importance of fatigue and sleep deprivation? Are profits and passenger numbers the only important factor in the airline business? Did not the loss of over 150 lives in the Air India Express crash (IX 812) at Mangaluru in May 2010 stir the conscience of all those involved? The Supreme Court of India, the Ministry of Civil Aviation (MoCA), the Directorate General of Civil Aviation (DGCA) and airlines? India has one of the worst sets of rules on Flight and Duty Time Limitations and rest periods. The people who drafted and implemented these rules have no clue about the risks involved. India's DGCA and airlines would do well to read through and understand the chapter, "Pilot fatigue and

the regulation of airline schedules in post-war Britain” in the publication, *Balancing the Self*.

In the examples given, only one involved death in the cockpit on a passenger flight. Fortunately, the copilot was experienced and well trained to take over and bring the aircraft to a safe landing. The death of the pilot in Nagpur, just before commencing a multi-sector flight, should be a wake-up call. There are many questions to be answered. One of them is the experience level and also the competence of the copilot if there is a serious issue involving the crew during flight.

Airlines will claim that all their pilots are well trained and meet the minimum standards. Having been a pilot for over 40 years, I have observed how proficiency checks are manipulated and where training is a mere ‘box-ticking exercise’. If one adds to this deficiencies highlighted in the International Civil Aviation Organization’s Annex 14 Volume I “Standards for Runways and airfields”, we are living in a dangerous situation. Airlines the world over have a minimum total cockpit time experience for both pilots put together, with specific hours for narrowbody aircraft and widebody aircraft, respectively. Can the DGCA and airlines in India meet these numbers?

I would like to highlight a phrase used by Real Levasseur, the lead Investigator of the Air France (AF358) overrun incident at Toronto airport, Canada, in August 2005. He said, “Humans and Humans. They are not machines.” When are the MoCA, the DGCA and airlines going to wake up to that wisdom? Duty time for crew is not a ‘one size fits all’ matter. The fatigue level of a human differs at different times of the day and the circadian low comes into play in the hours that fall from midnight to sunrise. The number of landings a pilot performs during his duty period adds to the fatigue level.

More than 60 years ago, a scientific study proved that the stress level during an approach to land, especially in adverse weather conditions, can raise the heart level to more than 240 beats per minute. The adrenal glands kick in and a body faces severe sugar depletion. Analysis of accidents involving highly experienced crew identified this as a cause. Sleep deprivation and a micro-sleep condition for between five to 15 seconds during the approach and landing phase have also been identified as a cause for accidents. The subject is an urgent matter to be addressed before precious lives are lost.

Pilots are not in the same work category as airline ground staff, including management staff. Those on ground can avail two days off every week for 52 weeks (a year) in addition to public holidays and annual leave. Flying crew in India on the other hand, get one day off in a week and just their annual leave. ‘Safe airlines’ worldwide provide at least two days off every week and proper rest periods between flights for the body clock to unwind. DGCA regulations lay down the absolute minimum. Nothing prevents an airline from providing more rest days if their interest in safety and the human factor of the flight crew is to be addressed.

The fatal accident at Mangaluru and Kozhikode (August 2020) had identified another important factor. The pilots were taking medications. This is not confined to a few. With a kind of rostering where crew do not have sufficient time at home but are away from it for six days a week, self-medication becomes a norm. Without many being aware of side-effects, these can induce other conditions.

Having inquiries without implementing their findings will not save lives. The sooner the system in India understands this the better it will be for safety.

***Captain A. (Mohan) Ranganathan is a former airline instructor pilot and aviation safety adviser. He is also a former member of the Civil Aviation Safety Advisory Council (CASAC), India***



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# EASING CREDIT FLOW: ON THE RESERVE BANK OF INDIA'S PUBLIC TECH PLATFORM FOR FRICTIONLESS CREDIT

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

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August 23, 2023 12:10 am | Updated 12:10 am IST

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The Reserve Bank of India's plan to establish a '[Public Tech Platform for Frictionless Credit](#)' is a well-intentioned move that is aimed at easing the flow of credit, especially to small and marginal borrowers. Announced as part of the Statement on Developmental and Regulatory Policies that [accompanied the latest monetary policy](#), earlier this month, the platform is intended to serve as a one-stop digital clearing house for credit-related information, which should help accelerate the loan approval and disbursement process significantly. [Developed by the Reserve Bank](#) Innovation Hub, the platform will feature open architecture, open Application Programming Interfaces (APIs) and standards that would facilitate the seamless flow of required digital information from varied entities including State and central governments, credit information companies and digital identity authorities to lenders. As part of an effort to validate the technology and its utility, the RBI said the platform would be introduced in a pilot project that would focus on products such as Kisan Credit Card loans of up to 1.6 lakh per borrower, loans to dairy farmers, credit-sans-collateral to MSMEs, and personal and home loans through participating banks. Lenders would be able to access data on the borrowers and credit-related services from agencies including Aadhaar e-KYC, land records in States where local governments have digitised such data (Tamil Nadu, Karnataka, Uttar Pradesh and Maharashtra included) and even milk pouring data from select dairy cooperatives.

The need for such a centralised public platform can hardly be over-emphasised when one considers the lack of formal credit penetration, particularly among small and marginal farmers in the rural hinterland. More than seven decades since Independence, the question of what needs to be done to make institutional rural credit more inclusive continues to remain a vexing challenge to government planners and economic researchers alike. In 2021, a National Bank for Agriculture and Rural Development economist observed that 'even among well-developed regions, small and marginal farmers were disadvantaged in terms of credit access', with barely a fifth of the more than 12.5 crore small and marginal farmers having access to institutional credit. As a result, a large majority of rural borrowers end up availing loans from informal sources including moneylenders, and often at usurious rates of interest. The digital platform, if successfully implemented, can help redress precisely this challenge to the delivery of formal credit by helping leverage the contemporary advances in digitisation of information and ensuring that small-ticket loans are made available in a timely and cost-effective manner to those most in need of financing support.

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# DRIVEN TO TEARS: THE HINDU EDITORIAL ON THE GOVERNMENT'S MOVE TO ARREST PRICES

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

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August 25, 2023 12:20 am | Updated 12:20 am IST

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With consumer food prices rising 11.5% in July, likely the third highest since the current retail inflation data series began in 2014, the government last Saturday made yet another gambit to arrest prices. A [40% export levy on onion exports was imposed](#) with immediate effect till at least December 31. This move follows [curbs on non-basmati rice shipments](#) outside India in July, and stock limits on pulses and wheat imposed in June. Onion exports, which grew 65% last year, accounted for 8% of total domestic production. On Sunday, the government also [announced a hike in buffer stocks of the curry essential](#) by two lakh metric tonnes. Onion traders and farmers, in the midst of the first upturn in prices after almost two years, were not impressed. Markets were shut in protest in Nashik, Asia's largest onion trading hub, as farmers feared a glut and a price crash.

Maharashtra and Madhya Pradesh account for almost 60% of India's onion supplies, and the deficient rainfall this month in parts of these States after excess rains in July had put a question mark on the moisture-sensitive tuber's prospects this kharif season. These worries likely triggered the recent uptick in onion prices from around 23 a kilo two months ago to over 31 by this Monday. Relative to tomatoes, the other quintessential ingredient for Indian curries, this price surge was not as stark yet, although some analysts projected prices per kilo to touch 60-70 by September. To quell onion farmers' displeasure at the export levy imposed without a floor price, Food and Consumer Affairs Minister Piyush Goyal on Tuesday promised that onions will be purchased at a "historical high" price of 2,410 per quintal, and buffer stock procurements will be ramped up further if needed. A Bank of Baroda report cautioned that steps such as export curbs also have a tendency to reinforce the scarcity factor worrying markets and push up prices further. How this attempt to balance the interests of consumers and farmers plays out remains to be seen. A profligate use of such blunt policy interventions ends up distorting sowing preferences in the coming year, especially in the very crops that spurred more inflation this year. Building durable food supply chains, especially for vegetables that are traditionally susceptible to price volatility, needs greater attention so that monetary policy can focus on growth concerns. For instance, if tomato imports from Nepal helped cool their prices from triple digit levels a month ago, it makes eminent sense to engage with the neighbour for a longer-term supply plan for vegetables with some predictable purchase assurances built in.

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## **NATIONAL INSTITUTE OF ELECTRONICS & INFORMATION TECHNOLOGY (NIELIT) ORGANISED NIELIT JOB FAIR 2023 “YUVA ROJGAR MANCH”- SASHAKT YUVA, SASHAKT RASHTRA IN ASSOCIATION WITH DIRECTORATE GENERAL OF EMPLOYMENT (DGE)**

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

National Institute of Electronics & Information Technology (NIELIT), an Autonomous Scientific Society under the Ministry of Electronics and Information Technology, Government of India, organised NIELIT Job Fair 2023 “Yuva Rojgar Manch”- Sashakt Yuva, Sashakt Rashtra in association with Directorate General of Employment (DGE), Ministry of Labour & Employment, Government of India for NIELIT students as well as for Persons with Disabilities (PwD) on 24<sup>th</sup> and 25<sup>th</sup> of August, 2023, at National Career Service Centre, Karkardooma, Vikas Marg, New Delhi.

The Director General, NIELIT, Dr. Madan Mohan Tripathi inaugurated the event by lighting the lamp. Director General, NIELIT in his inaugural address highlighted that this job fair organised by NIELIT in collaboration with DGE is an example how a big work can be done with collaborations. He added that in today’s world employment as well as entrepreneurship both are equally important. He also emphasized that NIELIT will organize more Job Fairs in Tier II and Tier III cities to ensure that opportunities reach every corner of the country.

The NIELIT Job Fair 2023 “Yuva Rojgar Manch” shows NIELIT’s dedication to its students’ holistic development. During the two-day event 50 employers’ desk for companies such as IBM India, Tech Mahindra, NIIT, My Money Mantra, Just Dial, Ebix Cash, Hindustan Wellness, Kudos Ayurveda, Investor Clinic, HDB Financial, Gi Group were setup and conducted the interview of 793 candidates hailing from diverse corners of the nation.

An informative session on “AI for Future Workforce” by NIELIT and Intel experts was also organised during the Job Fair wherein candidates gained a profound understanding of AI’s applications shaping the future.

With an unwavering commitment to enhancing capacity building and fostering skill development in the field of Information, Electronics, and Communication Technology (IECT), NIELIT has firmly established itself as a premier institution across India. Its extensive network of 47+ Own/Extension Centres, coupled with numerous upcoming centers, and 8000+ training partners testifies to its PAN INDIA presence.

NIELIT’s laudable efforts culminate annually in the production of a significant number of skilled candidates through a spectrum of flagship programs. These include the O, A, B, and C Level programs, along with degree programmes and NSQF aligned long term and short-term skilling courses in future emerging technologies. This comprehensive approach equips the participants with the necessary competencies to thrive in the rapidly evolving landscape of IECT.



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# AN UNDERSEA TUNNEL IS A NATIONAL ASSET

Relevant for: Indian Economy | Topic: Infrastructure: Ports & Waterways

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August 28, 2023 12:56 am | Updated 12:57 am IST

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Undersea tunnels are amazing displays of civil, structural and marine engineering. Photo: cochinchamber.org

The Kerala government has undertaken the ambitious project of constructing [a coastal highway from Thiruvananthapuram to Kasargode](#) over a distance of about 623 km at a cost of 6,500 crore. The proposed highway will pass through nine coastal districts.

When the proposed highway reaches Kochi, it has to pass through a deep shipping channel of Kochi Port. On the southern side of the port's approach channel from the Arabian Sea is Fort Kochi, which represents the prosperous face of the Kochi metropolis, while the 27 km-long Vypeen Island, which is north of Fort Kochi, with an average width of 2 km, represents an under developed, densely populated and less prosperous rural landscape. The challenge is to bridge the gap between Fort Kochi and Vypeen. Is it possible to construct an undersea tunnel connecting the two?

Undersea tunnels are amazing displays of civil, structural and marine engineering. The Channel Tunnel across the English Channel connecting Folkestone in Kent in the U.K. with Coquelles in France is about 50.5 km long. The tunnel is 75 metres below the sea bed. Trains run through it at a speed of 160 km per hour. The Eurasia Tunnel in Turkey is a 5.4 km-long, double-deck tunnel below the sea bed which links the European side of the country with the Asian side. Japan's Seikan Tunnel is 53.9 km long. In India, reports suggest that the Central government has sanctioned 7,000 crore for the construction of an underwater road-cum-rail tunnel across the Brahmaputra river over a distance of 9.8 km. Therefore, the construction of an undersea tunnel between Fort Kochi and Vypeen is a feasible proposition.

Although the width of the shipping channel between Fort Kochi and Vypeen is just 260 m, heavy trucks and container trailers would need a comfortable gradient to ensure a smooth passage through the tunnel. The approach road to the tunnel will need about 800 m on either side as the tunnel under the shipping channel will be built about 35 m below the seabed. Consequently, the total length of the tunnel would be about 2.6 km.

Modern tunnels have dedicated corridors for vehicles, cyclists and pedestrians for the smooth flow of traffic. Similar arrangements could be planned for the proposed tunnel which could turn out to be an engineering marvel. The proposed tunnel could start from Puthuvypeen and emerge at Fort Kochi beach, which will minimise land acquisition requirements. Informal discussions with experts on tunnel construction suggest that total costs may go up to 1,500 crore.

When it is completed, the undersea tunnel will become the first tunnel under a deep shipping channel in India, and will serve as an important link for seamless transportation along the proposed coastal highway. It will reduce traffic congestion, provide an effective alternative to the national transportation network, and help transport men and material across Kerala through the shortest route, thus saving time, energy, and fuel. An undersea tunnel could also be a tourist attraction. The government can earn revenue immediately after commissioning by way of toll charges. Users of the tunnel should pay enhanced toll charges for a faster, safer and well-organised transport system.

As the proposed undersea tunnel has to pass through the territory of the Cochin Port Authority, the Central government will be the appropriate agency to meet the cost as the tunnel will eventually become an integral part of the coastal highway network. The life span of an undersea tunnel will be about 100 years or more. The government should view the construction of this tunnel as a social overhead capital to be collectively availed of by the urban and rural population. The tunnel should be seen as a national asset and an effective alternative mode of transportation in city limits. The overriding concern of the government should not be the commercial viability of this project but public safety and enhancement of the public transport system and the quality of life in Kochi. It is important to note that a report released by the Asian Development Bank suggests that Kochi is the fastest growing and the most progressive among the emerging urban conglomerations in India.

Jose Paul, who has a doctorate in port management from the University of Wales, Cardiff, U.K., is former Acting Chairman of JN Port, Mumbai, a former Chairman of Mormugao Port Trust, and an Adjunct Professor of Indian Maritime University, Chennai. Email: drjospaul@rediffmail.com

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# HIMALAYAN BLUNDERS THAT ARE RAVAGING THE HIMALAYAS

Relevant for: Indian Economy | Topic: Infrastructure: Roads

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August 28, 2023 12:16 am | Updated 01:11 am IST

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Road clearance work after the rains | Photo Credit: ANI

Wonder-struck by the beauty and the magnificence of the Himalaya, an ancient Sanskrit poet wrote, "In a thousand ages of the gods, I could not tell you of the glories of the Himalaya." The snow-covered peaks, though increasingly diminishing, may still awaken the poet in us, but the barrenness of the hills below tell us the real story — that of steady environmental depredation. Today, the repeated tragedies of bridges, roads and buildings being swept by raging rivers in the hill States of Uttarakhand and Himachal Pradesh, epitomise a flawed developmental paradigm institutionalised in an eco-fragile region. Blocked roads after a landslide at Chamoli and sinking in Joshimath in Uttarakhand, road caving in Chamba in Himachal, accidents on the Char Dham routes, and deaths on the all-weather road are reports that have become everyday news from "Devbhoomi" (land of the gods).

Road widening for the Char Dham project | Photo Credit: V.V. KRISHNAN

In 2016, the Chardham Mahamarg Vikas Pariyojna, a massive infrastructure project of 900 kilometre of road widening to double-laning with a paved shoulder (DLPS) design of 12m was implemented in the Garhwal region and a short stretch of Kumaon in Uttarakhand. The project has claimed lakhs of trees and acres of forest land, many human and animal lives, and also the fertile topsoil of the fragile Himalaya. The tons of muck generated have choked water sources. By law, a project of more than 100 km needs environmental clearance. But ambitious projects for tourism and plans that are the result of election agendas are time bound. All laws of land are bypassed. In this case, this massive project was broken up into 53 small projects, each less than 100 km long, thus by-passing environmental impact assessment (EIA) requirements.

The dense forests around Chamba, Agrakhal Maletha, Shivpuri, Rudraprayag, Chamoli, Agustmuni, Karnaprayag and Kund (all Uttarakhand) and other such lush green sites are vanishing. Amid the rapacious nature of the Chardham Mahamarg Vikas Pariyojna, only one pristine patch, i.e., the Bhagirathi Eco Sensitive Zone (BESZ), remains.

BESZ has the only natural free flow that is left of the Ganga river and was declared a protected site in December 2012 under the Environment Protection Act, 1986. This stretch of approximately 100 km could not be touched by the Chardham Mahamarg Vikas Pariyojna project without an approved zonal master plan (ZMP) and a detailed EIA. To facilitate the

Chardham Mahamarg Vikas Pariyojna, the ZMP was given hasty approval, negating the directions of even the Supreme Court of India. The mandatory and detailed EIA was not done. And, finally, the BESZ monitoring committee's approval was overseen by most of the State officials on the committee without any discussion or suggestions being made. Thus, thousands of deodar trees and kilometres of pristine mountain slopes face grave danger due to the same devastative DLPS road width.

After torrential rains, at Maldevta, in Dehradun | Photo Credit: ANI

By widening hill roads to DLPS alignment, the Ministry of Road Transport is only contradicting its own notification which says: "However, challenges have come to the fore in adhering to these standards [i.e., DLPS] in the context of national highways and roads in hilly and mountainous terrains. These challenges arise on account of [a] destabilization of hill slopes and progressive damaging effects on road alignments and structures". It goes on to recommend: "The carriageway width shall be of intermediate lane configurations, i.e. of 5.5 m width (18 ft), with two-lane structures (23 ft)." The Supreme Court itself took cognisance of this contradiction in civil appeal 10930/2018 when a Bench headed by Justice R. Nariman reprimanded the Ministry and directed implementation of its own notification "prospectively and retrospectively" in September 2020. But the government produced the reason of "national security". Eventually, a Bench headed by Justice D.Y. Chandrachud in December 2021 permitted the government to do whatever it desired. No questions were asked.

A review is called for as there are many unanswered questions. Why did the Defence Ministry which wanted a two-lane seven metre width road in the first place, change its requirement to one of DLPS road-width standard? Why is double lane road-width sufficient in the border areas while a so-called feeder road which is 80 km away from the border in the BESZ region being widened to DLPS standard? How is a vulnerable road-width design that leads to unstable mountain slopes suitable for a strategic road? Why did the Road Transport Ministry suggest a double laned road-width for BESZ but change its stance two months later? Why is a BESZ road widening project being allowed without a mandatory EIA? Why was the Chardham Mahamarg Vikas Pariyojna project implemented with DLPS road-width when its own circular suggested otherwise? When the Chardham Mahamarg Vikas Pariyojna was announced, only the core reason of "faster" movement of vehicular traffic was stated. Why and when was this project changed to one of strategic importance?

Before the monsoons, the Uttarakhand government increased the carrying capacity of all the Char Dhams while the carrying capacity for the Gangotri shrine (i.e., BESZ) was increased to 9,000 passenger carrying units per day even though the BESZ notification calls for a "regulation of vehicular traffic". While experts have repeatedly pointed out that the Chardham shrines of Uttarakhand are already overburdened, their carrying capacities have been increased ignoring all scientific rationale to blindly boost the tourism sector and perhaps to justify the excessively road widening that the government is pursuing in the most vulnerable section of Himalaya. However, after the recent warning signals by mother nature, the State governments of Uttarakhand and Himachal Pradesh propose a reassessment of carrying capacity. The Supreme Court too is setting a committee for the same, but the larger question is whether the recommendations will be implemented or not.

BESZ has witnessed several disasters in the past. For such sensitive regions, the Parliamentary Standing Committee on Science and Technology, Environment, Forests and Climate Change has pointed out to the Ministry of Environment, Forest and Climate Change that "The Committee also believes that a one size fits all approach to environment clearance should not be followed, especially for the ecologically sensitive areas of the country such as in Joshimath, Mussoorie and Dhanaulti, which require a more meticulous approach with the only aim of furthering the

environmental interests rather than economic interest.”

One of the most challenging issues for the Ganga’s rejuvenation is conservation of the Gangotri glacier, which is also the fastest receding glacier. With an increase in vehicular movement and episodes of forest fires, black carbon deposits (carbon plus soot) are rising on the glacier, escalating its melting. Another Standing Committee report of March 2023 on water resources says, “Black carbon absorbs more light and emits infra-red radiation that increases the temperature. Therefore, an increase in black carbon in the high Himalaya contributes to the faster melting of glaciers.” Imagine the heating rod-like effect of a 12m wide tarred road in the vicinity of this glacier.

Greed outstripping need along with manipulative political, bureaucratic and real estate lobbies is destroying the Himalayan forests and rivers and lives of local inhabitants. In the persistent debate of environment versus development of the hills, there is a very simple solution to all the chronic and acute problems that the hills face — regulation. In BESZ, the upgradation of roads to an intermediate road width, that will have minimal environmental impact, is the only possible and sustainable solution. If reducing a few metres of road width helps ensure the conservation of the only pristine stretch of the Ganga and protection of the Himalaya, then we must make sincere efforts to amend the plan. We live in times of the critical and unpredictable impact of climate change events which call for prevention and conservation. Most importantly, no development can be sustained if it ends up destroying the main lifeline for millions of people and future generations.

***Mallika Bhanot is a member of Ganga Ahvaan, a citizen forum working towards conserving the Ganga and the Himalayas. She is also a member of Bhagirathi Eco Sensitive Zone (BESZ) monitoring committee. C.P. Rajendran is an Adjunct Professor at the National Institute of Advanced Studies, Bengaluru, and a director of the Consortium of Sustainable Development, Connecticut. He is the author of a forthcoming book, The Rumbling Earth: The Story of Indian Earthquakes***

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## **SUCCESSFUL MEETING BETWEEN MS. HELENA BUDLIGER, STATE SECRETARY OF SECO, AND SH. PIYUSH GOYAL, INDIAN COMMERCE AND INDUSTRY MINISTER, STRENGTHENS TRADE AND INVESTMENT RELATIONS**

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

A highly successful meeting took place today between Sh. Piyush Goyal, Commerce Minister of India and Ms. Helena Budliger, State Secretary, Director of the State Secretariat for Economic Affairs (SECO) in New Delhi. This meeting followed the successful conclusion of the G20 Trade Ministers' meeting held in Jaipur, and it underlines the commitment of both India and the European Free Trade Association (EFTA) countries to fostering stronger trade and investment relations.

During the meeting, Minister Goyal and Ms. Budliger engaged in detailed discussions regarding the trade and investment ties between India and the EFTA countries. The talks encompassed a comprehensive review of the progress made in the ongoing negotiations for a Trade and Economic Partnership Agreement (TEPA) between India and EFTA.

Both leaders reiterated their shared vision of achieving a mutually beneficial trade deal based on the principle of reciprocity that reflects the evolving economic landscapes of both India and the EFTA countries. The discussions emphasized the importance of addressing key issues and concerns to create an agreement that will serve the aspirations of the citizens of both regions. The collaborative effort in TEPA negotiations underscore the significance of the partnership and the dedication of both parties to ensuring the success of these negotiations.

The meeting's outcomes signal a positive step forward in the India-EFTA trade relations, further strengthening the longstanding friendship and cooperation between the two regions. The commitment to deepening trade and investment ties bodes well for the economic growth and prosperity of both India and the EFTA countries.

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AD/VN

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# UNDER ROZGAR MELA, PM TO DISTRIBUTE MORE THAN 51,000 APPOINTMENT LETTERS TO NEWLY INDUCTED RECRUITS IN GOVERNMENT DEPARTMENTS AND ORGANISATIONS ON 28TH AUGUST

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

Prime Minister Shri Narendra Modi will distribute more than 51,000 appointment letters to newly inducted recruits on 28th August, 2023 at 10:30 AM via video conferencing. Prime Minister will also address the appointees on the occasion.

The Rozgar Mela will be held at 45 locations across the country. Through this Rozgar Mela event, Ministry of Home Affairs is recruiting personnel in various central armed police forces (CAPFs) such as Central Reserve Police Force (CRPF), Border Security Force (BSF), Shashtra Seema Bal (SSB), Assam Rifles, Central Industrial Security Force (CISF), Indo Tibetan Border Police (ITBP) and Narcotics control Bureau (NCB) as well as Delhi Police. The new recruits, selected from across the country, will be joining the various positions such as Constable (General Duty), Sub-Inspector (General Duty) and Non-General Duty Cadre Posts in various organisations under the Ministry of Home Affairs.

Strengthening of CAPFs as well as Delhi Police will help these forces to play their multidimensional role more effectively like aiding in internal security, counter terrorism, combating insurgency, anti-left-wing extremism and protecting the borders of the nation.

The Rozgar Mela is a step towards fulfilment of the commitment of the Prime Minister to accord highest priority to employment generation. The Rozgar Mela is expected to act as a catalyst in further employment generation and provide meaningful opportunities to the youth for their empowerment and participation in national development.

The newly inducted appointees are also getting an opportunity to train themselves through Karmayogi Prarambh, an online module on iGOT Karmayogi portal, where more than 673 e-learning courses have been made available for 'anywhere any device' learning format.

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## DS/ST

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# GIG WORKERS BILL: READING BETWEEN THE LINES

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

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Gig workers wait in line to collect their delivery order outside a mall in Mumbai. | Photo Credit: REUTERS

In a first of its kind, the Rajasthan government introduced the [Rajasthan Platform-Based Gig Workers \(Registration and Welfare\) Bill, 2023](#), with the aim of ensuring social security for gig workers. Despite its good intent and noteworthy features, the Bill appears wanting in important aspects. We identify four major issues that could possibly constrict the remit and reach of the Bill.

The first issue arises from the definitions of a gig worker and aggregator in the Bill. Drawing largely on the Code on Social Security, 2020, the Bill defines a gig worker as a 'person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationships and who works on a contract that results in a given rate of payment'. It defines an aggregator as a 'digital intermediary... and includes any entity that coordinates with one or more aggregators for providing the services'. These definitions are far from clear and binding in treating the aggregator as employers. This lacking has a crucial bearing, as gig workers would then be seen as contractors or self-employed and not as employees by the aggregator.

Whether a gig worker and aggregator can be considered an employee and employer, respectively, has been a thorny issue globally. In fact, whether a gig worker can be considered an employee and not an independent contractor is at the core of the ABC Test. Currently integrated into California's labour code, the test was developed as a response to a case involving delivery drivers for a same-day delivery company called Dynamex. It states that the delivery people employed by the company shall be considered as employees rather than independent contractors unless the company demonstrates that the person is free from control by the company in terms of performance of work, in deciding working hours, etc. In case it fails to do so, all the benefits meted out to a full employee of the company should be extended to the delivery workers as well. Similarly, in 2021, the U.K. Supreme Court ruled that Uber drivers must be treated as workers, and not as self-employed. This definition has been integrated under Section 230(3)(b) of the U.K. Employment Rights Act, 1996. On the contrary, the Rajasthan Bill adopts equivocal definitions amenable for conflicting interpretations, which are not only out of sync with the global best practices, but also give rise to the second but crucial issue.

By not defining the gig workers as employees, the Bill is limited in its ability to integrate existing

labour laws into its ambit. Hence, the aggregators will continue to be insulated from complying with the mandates of the labour laws, and remain evasive from the responsibility of providing the gig workers with workplace entitlements. In 2022, leading platforms in India scored zero in the Fairwork India ratings. If a gig worker is not an employee, to what extent can the aggregator be held liable for medical expenses arising from accidents at work while carrying out the work?

Agreeably, a few platforms in India do have a provision on this. But such an approach runs the risk of converting crucial entitlements like occupational safety into benevolence on the part of the aggregator. In this regard, Australia and New Zealand have brought about key changes in their laws where the vocabulary no longer surrounds 'employer' or 'employee', but rather 'a person conducting a business or undertaking (PCBU)' and a 'worker in their workplace'. The onus is on the PCBU to ensure the health and safety of the worker while at the workplace or anywhere else while working.

### **[Editorial | Promising Bill: On the Rajasthan Platform-based Gig Workers \(Registration and Welfare\) Bill, 2023](#)**

Third, the Bill aims to create a database of gig workers wherein the details of all the workers onboarded or registered with a platform would be transferred to the proposed gig workers' welfare board. Such a database maintained by the board does not withstand 'the duration or time of engagement with app-based platforms'. In other words, whether the workers continue to be with the platform or not, the registration is valid for 'perpetuity'. This progressive element might become an unintended impediment. A worker often works for two or more aggregators on a given day. Would a mandatory system of registration enable the aggregators to get to know about the worker's details of employment with multiple aggregators and come out with mechanisms that impair the opportunity choices before the gig worker? The Bill has no preventive mechanism in this regard.

Fourth, the Bill at its core aims to guarantee social security to platform-based gig workers by constituting a representative welfare board and creating a welfare fund. It brings in eight aggregators or primary employers-based services under its remit. Yet, it neither defines categorically what constitutes social security nor specifies welfare measure that can broadly be construed as social security. Instead, it leaves this crucial aspect to the discretion of the welfare board, to 'formulate and notify schemes for social security of registered platform-based gig workers and take such measures as it may deem fit for administering such schemes'. Though the board will have five gig worker representatives nominated by the State government, how much say they will have in the presence of vastly powerful representatives from the platforms, bureaucracy, and government is a moot question.

Thus, due to these shortcomings, whether the Bill can deliver what it promises appears doubtful.

***Indu Poornima is Doctoral Scholar at Centre for Public Policy, Indian Institute of Management, Bangalore; Sunny Jose is RBI Chair Professor at Council for Social Development, Hyderabad; P. Raghupathi is ICSSR Senior Fellow at Council for Social Development, Hyderabad***

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# ALL FOR SMALL: THE HINDU EDITORIAL ON FOCUS ON THE SMALL ENTERPRISES

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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August 30, 2023 12:10 am | Updated 01:01 am IST

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Trade and investment Ministers of the G-20 nations, representing 80% of the world economy's output, three-quarters of trade flows and three-fifths of the population, concluded their deliberations under India's presidency of the bloc last week. A comprehensive communiqué was scuttled as China and Russia blocked a reference to geopolitical issues arising from the conflict in Ukraine, as has been the case since last year's G-20 Bali summit. Yet, amid flailing prospects for global trade and investment in the near-term, the G-20 nations did agree to take joint actions to reaffirm the world's faith in cross-border commerce and investment flows as a route to prosperity and growth for all. The government counted five concrete and action-oriented deliverables from the meet, including a dialogue on global standards to bridge regulatory divergences across countries and a compendium on best practices for mutual recognition of qualifications for professional services such as medicine, law and nursing. Asserting that the trade track outcomes were the most significant so far in the G-20 parleys, Commerce and Industry Minister Piyush Goyal highlighted the other three deliverables as new elements that hold importance for India. A generic framework to map global value chains, essentially to identify the weakest links and mitigate any shocks like those seen during the pandemic, is a good idea that may prove tricky to execute. Digitalisation of trade documents to ease flow of goods and services is welcome, but the principles identified in the pact pertain to paperwork on transactions such as transport, insurance, and storage, "not necessarily" to government filings for cross-border trade.

What has been coined as the '[Jaipur Call for Action to enhance Micro, Small and Medium Enterprises](#)' (MSMEs') access to information' may yield quicker and more tangible results. The International Trade Centre, WTO and UNCTAD, which operate the Global Trade Helpdesk, have been urged to work with G-20 members to upgrade their data portal for businesses and bridge the "information asymmetry" that often hinders small players. This resonates with Prime Minister Narendra Modi's plea that G-20 Ministers strive to help MSMEs which account for 60%-70% of employment and 50% of the global GDP, integrate with global value chains as empowering them translates to societal empowerment. India, on its part, must also consider steps to bolster the capacity of its small enterprises. For one, its nudge for greenfield investments through productivity-linked incentives across sectors, can be tweaked to create a separate window for fresh outlays by MSMEs that cannot qualify for incentives based on larger investments. Moreover, bureaucratic red tape may have turned into a 'red carpet' for some large investors, but for smaller firms, getting a project off the ground is not easy yet.

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## INDIA AND NEW ZEALAND SIGN MOU TO BOOST COOPERATION IN CIVIL AVIATION

Relevant for: Indian Economy | Topic: Infrastructure: Airports

The Government of India and the Government of New Zealand have signed a Memorandum of Understanding (MoU) to boost cooperation in civil aviation. This will cover the scheduling of new routes, code share services, traffic rights and capacity entitlement.

The MoU was signed by Shri Rajiv Bansal, Secretary, Ministry of Civil Aviation and HE Mr David Pine, the New Zealand High Commissioner in the presence of Shri Jyotiraditya M. Scindia, Minister for Civil Aviation of India and Mr Damien O' Connor, Minister for Trade and Export Growth, Minister of Agriculture, Minister for Biosecurity, Minister for Land Information, and Minister for Rural Communities of New Zealand.



An Air Services Agreement was signed between New Zealand and India at Auckland on 1 May 2016. The Government of New Zealand and the Government of India have reviewed the existing arrangements relating to air service between the two countries. The MoU signed today is expected to further boost the bilateral ties in civil aviation between the two countries.

According to the MoU, the designated airline(s) of New Zealand may operate any number of services with any type of aircraft, with third and fourth freedom traffic rights to/from six points in India, namely New Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, and Kolkata.





Speaking on the occasion, Shri Jyotiraditya M. Scindia said “Today is an important day for Civil Aviation air services between India and New Zealand. We have signed an MoU that has opened the possibilities of furthering of air transport between our two countries. The open sky policy has been put in place. The point of calls has been increased. We have also increased intermediate points.”

The designated airline(s) of India may operate any number of services with any type of aircraft with third and fourth freedom traffic rights to/from Auckland, Wellington, Christchurch and three more points in New Zealand to be named by the Government of the Republic of India.



The designated airlines of both parties may operate any number of all-cargo services with any type of aircraft with third, fourth and fifth freedom traffic rights to/from any points in the territory of the other party via any intermediate point(s) and to any beyond point(s) regardless of the points specified in the Route Schedule.

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## **YB/DNS/PS**

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