"If you believe you can, you might. If you know you can, you will." Steve Maraboli

INTERNATIONAL AND BILATERAL

MYANMAR HAS JOINED THE INDIA-INITIATED INTERNATIONAL SOLAR ALLIANCE (ISA)

Myanmar has joined the India-initiated International Solar Alliance (ISA), thus, becoming the 68th signatory to the Framework Agreement of the ISA that aims for optimum utilization of solar energy.

The Paris Declaration establishes ISA as an alliance dedicated to the promotion of solar energy among its member countries.

The ISA's major objectives include global deployment of over 1,000GW of solar generation capacity and mobilization of investment of over US$ 1000 billion into solar energy by 2030.

As an action-oriented organization, the ISA brings together countries with rich solar potential to aggregate global demand, thereby reducing prices through bulk purchase, facilitating the deployment of existing solar technologies at scale, and promoting collaborative solar R&D and capacity building.

ISA Framework Agreement entered into force on December 6th, 2017, ISA formally became a de-jure treaty based International Intergovernmental Organization, headquartered at Gurugram, India.

The ISA is not only expected to spur innovation in the RE space but also help make India a technological hub with independent manufacturing capabilities of RE equipment like solar panels, rather than being dependent on imports, through initiatives like 'Make in India'. India's Ministry of External Affairs is expected to play a role in "marrying Indian tech and finance capabilities with specific projects around the world".

India announced a goal of obtaining 40% of its electricity from non-fossil fuels by 2030 at the Paris climate change summit. It is close to achieving 20 GW grid connected solar power generation capacity this fiscal year (2018), in pursuit of achieving its target of 100 GW by 2022.

NATIONAL

NCTE AMENDMENT BILL PASSED

The Lok Sabha has passed the National Council for Teacher Education (Amendment) Bill to grant retrospective recognition to Central/State institutions that are conducting teacher education courses without NCTE approval

This has been done as a one-time measure to ensure that the future of students studying in these institutions is not jeopardised

The NCTE Act, 1993, came into force in 1995 and applies to all parts of India, except the State of Jammu and Kashmir.

All institutions running teacher education courses, such as B.Ed and D.El.Ed have to obtain recognition from the NCTE under section 14 of the NCTE Act.

National Council for Teacher Education:

National Council for Teacher Education (NCTE) is a statutory body of Indian government set up under the National Council for Teacher Education Act, 1993 in 1995

It has been established to formally oversee standards, procedures and processes in the Indian education system

This council functions for the central as well as state governments on all matter with regard to the Teacher Education

TWO ENGINES OF THE ECONOMY NEED TO FIRE

The recovery in investments will continue in fiscal 2019, led by government efforts to build roads and houses.

Capacity utilization, which is a pre-condition to the revival in private sector investments, should also keep improving.

The crowding-in impact of public investments is expected to kick in later.

Yet a broad-based and decisive pick-up in the investment cycle will take time.

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The share of gross fixed capital formation—fresh investments in the form of plant and machinery, dwellings and other buildings—in the gross domestic product (GDP), is called the investment rate.

India's investment rate averaged 31% in fiscals 2015-2018, compared with 33.6% in fiscals 2010-2014.

It touched a decadal low of 30.3% in fiscal 2016.

Data suggests weakness on two fronts as the reason for the decline in investments.

One, the sticky share of private corporate sector investments in GDP

CSO data shows private non-financial corporate investments have remained subdued.

Data from the Reserve Bank of India (RBI) also suggests that capital expenditure by the private sector declined for the sixth straight year in fiscal 2017.

Two, a secular decline in household investments

The household sector was the biggest contributor to investments in fiscal 2012 (share of about 45%), but its share has declined consistently since then and was about 31% in fiscal 2017.

Purchase of houses is generally the largest part (more than three-fourths) of household investments, so a slowdown on that score becomes a key reason for the decline

Reasons behind the decline

A broad-based pickup in private corporate investments was elusive for three reasons:

First is the capacity overhang

Data from the RBI suggests overall capacity utilization declined to 74% at the end of December 2017 from 81% at the end of March 2011

CRISIL Research analysis corroborates this trend

Second is the focus of corporates on improving their capital structure

High leverage has also been haunting the corporate sector and has been a deterrent for fresh investments in the economy

Companies are, therefore, focused on improving capital structure than investments

Consequently, debt/equity and interest coverage ratios have improved, not so much investments

Third was that the transitory shocks from demonetization and implementation glitches in the roll out of the goods and services tax (GST)

It added to the uncertainty, which further delayed investment decisions

The productivity of investments is measured by the incremental capital-output ratio (ICOR)

Lower the ICOR, higher is the productivity of capital because ICOR measures the capital required to produce an additional unit of output

Reforms:

A broad-based pickup in investments is unlikely this fiscal as capacity overhang persists and corporates continue to focus on reviving their capital structure

Pre-election year uncertainty, too, discourages private sector investments

This fiscal is expected to see a mild improvement in investments, given the government's sharp focus on affordable housing, rural infrastructure and roads

Beyond the current fiscal year, there is more optimism on a broad-based pick-up in investments

The government has initiated a number of steps to ease the business environment:

1. big moves such as the GST and Insolvency and Bankruptcy Code (IBC)
2. introducing an online single-window model for providing clearances and filing compliances
3. fast-tracking foreign investments
4. surpassing the Foreign Investment Promotion Board

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Way Forward

Both investment and its productivity should pick up as the deleveraging phase gets over, crowding-in benefits of public investment kick in and efficiency-enhancing reforms start bearing fruit. That will lead to faster economic growth.

WATERSHED DEVELOPMENT PROJECTS LAGGING BEHIND BADLY

According to the parliamentary standing committee report, watershed development projects have been lagging behind badly.

The report highlighted the following points:

Watershed development project is a vital component of the Pradhan Mantri Krishi Sichai Yojana (PMKSY).

According to parliamentary standing committee, only 10% of projects have been completed.

Not a single one of the 8,214 projects sanctioned between 2009 and 2015 had been completed.

As per the Department of Land Resources (DoLR), around 1,257 projects had not even completed the initial steps of preparing detailed project reports (DPRs).

The committee termed the pace of the development of the scheme as “lethargic”.

The committee also urged the DoLR to “go all out on a war footing scale for the expeditious completion of the remaining projects.”

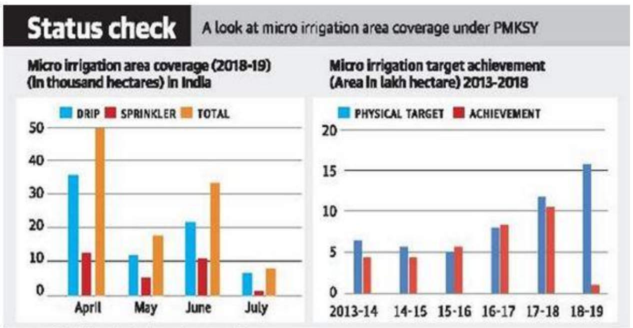
Watershed development project:

It is good option for rainfed areas for water conservation and recharge and to prevent soil degradation.

Within the site of a watershed development project, a ridge is identified and structures such as check dams, percolation dams, ponds and channels are built from the ridge to the valley.

About 78% of beneficiaries saw an increase in the water table, while 66% also reported benefiting from better availability of fodder.

When the groundwater table increases as a result of watershed management projects, farmers in the area go for water-intensive crops like paddy and sugarcane and drain it again.



Source: PMKSY, Ministry of Agriculture and Farmers' Welfare

Reasons for slow pace of the PMKSY’s watershed management schemes:

- Long-term results are not immediately visible.
- The 2016 change in funding pattern from a 90:10 Centre-State ratio to 60:40 had contributed to a slowdown.
- Delays in coordination between different ministries.
- From 2015 onwards, this programme has been in convergence mode.
- Problem in implementation.
- The governance structures is missing.

Pradhan Mantri Krishi Sichai Yojana (PMKSY):

It is a national mission to improve farm productivity and ensure better utilization of the resources in the country.

Major objectives of PMKSY are to achieve :

Convergence of investment in irrigation at the field level.

Expand cultivable area under irrigation

Improve On-farm water use efficiency to reduce wastage of water.

Enhance the adoption of precise in irrigation and other water saving technologies (more crops per drop).

Enhance recharge of aquifers and introduce sustainable water conservation practice.

Solutions:

The government can implement a project through its agencies or through an NGO

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Need to involve local Panchayati Raj leadership and watershed user associations.

AN INDEX TO DETERMINE THE VALUE OF COAL BLOCKS

The High-powered committee suggested major changes in the coal block auction system.

The committee was set up last year to review the current process.

The Expert Committee to 'report on the challenges faced by the current auction system and recommend changes' was headed by Pratyush Sinha

Recently , the committee submitted its recommendations, which rest on four tenets-

Ensuring transparency and fairness

Equity development of coal blocks

Early development of coal blocks

Simplicity of implementation of the recommendations.

Reasons for slower production from these mines:

- Aggressive bids by some of the bidders during auctions.
- Weak financial health of some of the coal-block winning companies.
- E-auctions failed to sustain interest after several blocks were taken at high prices.
- Companies which bought the blocks found it cheaper to import coal to meet their requirements rather than developing the mines.
- Production from the captive mines which were auctioned had remained lower than their pre-auction output.

Recommendations of the Committee:

1. Developing a Coal Index for determining the value of blocks and a revenue-sharing model with the States. Currently, the valuation is on the basis of the notified price of Coal India Ltd.
2. Scrapping the current practice of cancelling an auction if the number of bidders drops below three. In the previous auctions, majority of the blocks could not be allocated as the number of eligible bidders was less than three.
3. Only a default in achieving critical milestone should attract penalty against the earlier penalty for each default.
4. The proposed changes aim at:
5. Introducing flexibility in the number of bidders
6. Penalties for defaulting on milestones
7. Project execution
8. Relaxation to captive miners to sell some of the coal in the market.

IRAN BECOMES INDIA'S NO. 2 OIL SUPPLIER

Iran was the second-biggest oil supplier to Indian state refiners between April and June

India is Iran's top oil client after China

State refiners, accounting for about 60% of India's 5 million bpd refining capacity, had curbed imports from Iran last year

This was done in protest against Tehran's move to grant development rights for the giant Farzad B gas field to other parties

Iran has offered almost free shipping and extended credit period on oil sales

Impact of sanctions on Iran:

India and other major buyers of Iranian oil are under pressure to cut imports from the country after Washington in May withdrew from a 2015 nuclear deal with Tehran and decided to reimpose sanctions on the OPEC member.

The first set of sanctions will take effect on August 6 and the rest, notably in the petroleum sector, following a 180-day "wind-down period" ending November 4.

This might force India to look for other alternatives which may result in increased oil prices.

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