

July 30th news:

National:

Government sets up panel to address stressed thermal power assets issues

Asserting that the stressed thermal power assets are a cause of concern for the country, the government on 29th July decided to set up a high-level empowered panel under Cabinet Secretary to resolve the issues and revive such assets.

The panel will also have representatives from the ministries of railways, finance, power, coal and the lenders having major exposure to the power sector.

The committee will look into the various issues with a view to resolve them and maximise the efficiency of investment "including changes required to be made in the fuel allocation policy, regulatory framework, mechanisms to facilitate sale of power...changes required in the provisioning norms/ Insolvency and Bankruptcy Code (IBC), Asset Restructuring Company (ARC) Regulations and any other measures proposed for revival of stressed assets so as to avoid such investments becoming non performing asset (NPA)

Power Minister R K Singh had earlier said that Rural Electrification Corp was working on a scheme similar to what the SBI-led group of bankers came out with to takeover unsustainable debt of stressed power plants to avoid their liquidation.

The REC, which is under the administrative control of the power ministry, has drawn up a plan to turnaround assets of such stressed plants

Under SAMADHAN (Scheme of Asset Management and Debt Change Structure, or Samadhan), the bankers' consortium shortlisted 11 power plants with an overall capacity of over 12 GW, which are either complete or nearing completion. This scheme is an effort to avoid liquidation of these plants at throwaway considerations.

Bilateral:

India plans to buy missile shield from U.S.

India is in talks with the U.S. to procure an advanced air defence system to defend the National Capital Region (NCR) from aerial attacks. The process for procuring the National Advanced Surface-to-Air Missile System-II (NASAMS-II), estimated at \$1 billion, has been initiated.

This system will help in preventing 9/11-type attacks [when terrorists flew hijacked planes into New York's World Trade Center] on Delhi. It is in the Acceptance of Necessity (AoN) stage now

India is deploying a multi-tiered air defence network to fully secure its airspace from incoming fighter aircraft, missiles and unmanned aerial vehicles (UAV).

The official said this system would complement other systems such as the medium and long-range surface-to-air missile (SAM) systems under procurement. India is also in an advanced stage of talks with Russia for the procurement of very long range S-400 air defence systems. Apart from these imports, India is also developing an indigenous Ballistic Missile Defence (BMD) system.

The NASAMS was developed by Raytheon in partnership with KONGSBERG Defence and Aerospace of Norway. The Raytheon website says it is a "highly adaptable mid-range solution" for any operational air defence requirement and provides a tailorable, state-of-the-art defence system that can maximise the ability to quickly identify, engage and destroy current and evolving enemy aircraft, UAV or emerging cruise missile threats."

NASAMS-II is an upgraded version of the NASAMS and features new 3D mobile surveillance radars and 12 missile launchers for quicker reaction.

India is going ahead with the procurement of the S-400 systems despite differing views of the U.S. over the sanctions against Russia and the Countering America's Adversaries Through Sanctions Act.

Economy:

PM Modi launches projects worth ₹ 60,000 cr in Lucknow

Indian Prime Minister Narendra Modi launched various projects worth 60,000 crore rupees at the ground-breaking ceremony in Uttar Pradesh capital Lucknow on 29th July. The ceremony was held to implement 81 of over 1,000 MoUs signed at the Uttar Pradesh Investors' Summit organised earlier this year. The projects are expected to create over 2 lakh jobs. Addressing the ceremony, Mr Modi said, it is an outstanding achievement to get 60,000 crore rupees investments in only 5 months.

Capital expenditure by states set to cross Rs 5 trillion in 2018-19

Capital outlay by all states is expected to touch a staggering Rs 5.37 trillion in 2018-19 (BE), up from Rs 4.7 trillion in 2017-18 (RE), shows the latest Reserve Bank of India (RBI) study on state finances. The spending amounts to 2.9 per cent of Gross Domestic product (GDP).

By comparison, the Centre's capital expenditure is budgeted at Rs 3 trillion in 2018-19 or 1.6 per cent of GDP. A closer look reveals the changing priorities of states.

Capital spending by them on transport has surged to Rs 1.11 trillion in 2018-19, from Rs 663 billion in 2014-15 — a rise of almost 68 per cent over the entire period. By comparison, spending on energy initially rose from Rs 338.7 billion in 2014-15 to Rs 531.3 billion in 2016-17, thereafter declining to Rs 445.6 billion in 2018-19.

Over the period, states have ramped up spending on the social sector, which has risen from 6.7 per cent of GDP in 2014-15 to eight per cent in 2018-19. Again, capital expenditure as a proportion of social sector spending has risen from 10 per cent in 2014-15 to 13 per cent in 2018-19.

Much of this is focused on five areas — rural development, followed by water supply and sanitation, urban development, education and public health