Planning Commission
Government of India

PART A: News pertaining to Planning Commission

23.12.2014

Compiled by:

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Planning Commission Library

(महापुरुषों के प्रेरणात्मक विचार)

(At his best, man is the noblest of all animals; separated from law and justice he is the worst.मनुष्य अपनी सबसे अछ्छे रूप में सभी जीवों में सबसे उदार होता है, लेकिन यदि क़ानून और न्याय ना हों तो वो सबसे खराब बन जाता है.)

Aristotle अरस्तु

1. A one-size-fits-all design can't work for a planning body

Santosh Mehrotra, Hindustan Times: 23.12.2014

Come 2015, the Planning Commission will be replaced by a new panel. But before setting up a new body the Centre must be get rid of the flaws in the existing one and also be clear on what it wants from the new panel.
The existing Planning Commission has barely managed to perform the function of collecting best practices in policy or programme designs from states and replicating them in other states. The new panel must ensure such replication and to incentivise it, a major financial allocation function must be vested in it.

The current five-year plans are rightly criticised for not being used for monitoring outputs. The new institution can lay down outputs/outcomes as performance criteria for states, the flexibility that is so desired by the states on how to spend the funds would still be consistent with achieving outputs. Funds allocated for next year should depend upon results achieved. That in turn requires data on outputs being free of bias and timely. This is another function that the new body should supervise.

In contrast to China, India remains one of the most fiscally centralised federal systems in the world. The one-size-fits-all design of centrally-sponsored schemes (CSSs) is a source of resentment among states. Unfortunately, we have a fiscally centralised centre on the one hand, and a Planning Commission that promoted one-size-fits-all CSSs. The new panel should change the latter, and the finance commission and the Centre should work towards changing the former.

Historically, programmes here have been devised with 'top down' designs where the Centre provides funds and the states implement. The new panel must conduct pilot programmes using alternative design elements before they are rolled out at a national level, like the Chinese do.

Five-year plans should continue but they must be backed by monitorable targets for annual plans, which are the subject of Centre-state annual plan discussions. Big infrastructure projects were stuck under the previous government because states failed to provide approvals. The new body must ensure the approval of projects of national importance through a process of consultation with states, which requires domain expertise.

There is also a need for a strategic plan coordination function first at the Centre, and then with states. National priorities are currently spread across different central line ministries, causing great dysfunctionality.

Cooperative federalism with states can only become effective if central ministries coordinate among themselves. For example, energy policy requires active coordination across the ministries of petroleum, chemicals/fertilisers, and coal. Education and skill development requires policy/programme coherence across 21 line ministries. Merely creating committees of secretaries across line ministries will not ensure coordination.

But none of these critical functions to achieve ‘maximal governance’ are conceivable without sectoral expertise in the reformed commission. The Planning Commission is staffed by generalist IAS and IES officers. Simply networking with other think-tanks will not suffice; it needs experts to recognise the expertise available outside. A widespread programme of lateral entries at different levels would have to be encouraged. Having a ‘background’ or ‘experience’ in these areas, as many senior bureaucrats do, will not be enough.

Santosh Mehrotra is professor of economics, Jawaharlal Nehru University, and headed the research institute of the Planning Commission.

(The views expressed by the author are personal)

2. Different Strokes

Joe C. Mathew, Business World (Magazine):12.01.2015

It will be interesting to see the extent **to which Modi will consider the suggestions that came from the** chief ministers

Prime Minister Narendra Modi has a point when he says that India's 60-year-old Planning Commission does not carry the spirit of 'cooperative federalism'. The commission's constitution and reporting structure makes it a Central body, which oversees and 'approves' the annual budgetary plans of state governments. As a former chief minister, Modi has had ample opportunities to experience this first-hand.

Historically, the commission has always been steered by the prime ministers of the day. Apart from being the ex-officio chairperson of the commission, the PM has been choosing his deputy (the functional head), and the commission's expert members. In that sense, the very nature of the constitution and the role of commission were against the spirit of 'cooperative federalism'.

Further, calls for revamping the commission is not new. Experts had recommended this several times in the past, and the previous UPA government had almost initiated the process.

Seen from this context, it was not surprising that Modi met the chief ministers (Omar Abdullah and Mamata Banerjee stayed away) in Delhi on 7 December to discuss the name, structure and role of the new body. While the majority favoured a change, some CMs wanted the commission revamped. Modi is in favour of scrapping the commission and creating a new institution.

It will be interesting to see the extent to which Modi will consider the suggestions that came from the chief ministers. Take, for instance, the suggestion that came from Manik Sarkar, chief minister of Tripura. He wants the commission to be set up by the National Development Council (NDC) or the Inter-State Council (ISC) and not the Prime Minister. He also wants as many chief ministers of states among its ex officio members as central ministers, and the selection of expert members to be on the basis of a consensus reached through consultations between the Centre and the states, and ratified by the NDC (or ISC).

The suggestion from Uttar Pradesh chief minister Akhilesh Yadav was equally interesting. He called for allowing full freedom to states for executing projects, dividing the assistance available with central government departments among states in a transparent manner and handing over a minimum 50 per cent of the central plan outlay to states as one-time amount. He also sought a minimum of 90 per cent subsidy amount due to a state in all centrally-aided projects.

One way or other, all the suggestions hint at the need to let go of the absolute powers the commission's current structure vests in the PM. The political implications of such a decision could be uncertain, but it will certainly help the new body to function in the spirit of 'cooperative federalism'.

(This story was published in BW | Businessworld Issue Dated 12-01-2015)

3. Question mark over special status for AP

Puja Mehra, The Hindu: 23.12.2014

The Special Category status that the previous UPA government had promised to Andhra Pradesh on the grounds of loss of revenue may not be coming easy, as the Centre told the Lok Sabha earlier this month that neither Andhra Pradesh nor Telangana meet the criteria for that status. Telangana, too, has demanded the Special Category status.

With the Centre having dismantled the **Planning Commission** – which had the authority to alter the criteria – both Andhra Pradesh and Telangana will have to wait until a new planning mechanism is formed.

The Special Category State status makes a State eligible to receive additional funds from the Centre. It is granted to States on grounds of hilly and difficult terrain, low population density and/ or sizable share of tribal population, strategic location along borders with neighbouring countries, economic and infrastructural backwardness and non-viable nature of State finances.

In a written response to a question in Parliament, the NDA government has said that the request for Special Category State status received from Telangana and Andhra Pradesh are under consideration.

Recently, representations/demands have been received “again” from Odisha, Rajasthan, Jharkhand and Bihar, as well as from Chhattisgarh, Telangana and Andhra Pradesh for grant of Special Category status, Planning Minister Rao Inderjit Singh said in a response to a question from Lok Sabha MP Dr. Boora Narsaiah Goud. “These demands are under consideration,” the Minister said.

When contacted, Dr. Goud told The Hindu that he had been informed by the government that both Andhra Pradesh and Telangana do not qualify for the grant of the status of Special Category State under the present criteria. As the body that can change the criteria is the Planning Commission, which no longer exists, so the two States will have to wait till a new planning body is set up, Dr. Goud said.

The Narendra Modi government had on August 13 scrapped the resolution under which the Planning Commission was set up. It has not replaced the commission with another body as yet.

Before the Lok Sabha elections, the UPA government had assured the Seemandhra region of the Special Category status. In February, the then Prime Minister Manmohan Singh had said in Parliament that the Seemandhra region will be granted Special Category State status for five years. “For the purpose of Central assistance, Special Category status will be extended to the successor State of Andhra Pradesh comprising 13 districts, including the four districts of north coastal Andhra for a period of five years. This will put the States’ finances on a firmer footing,” Dr. Singh had said.

4. Power to all, and how

Pradeep S. Mehta, The Asian Age: 23.12.2014

Earlier this month, energy minister Piyush Goyal announced that the proposed amendments to the Electricity Act, 2003, will allow consumers to exercise their choice to select the electricity supplier. This will boost competition, resulting in lower prices and better service. In technical term, this is called open access.

International experience in open access has been very encouraging. During the last decade, electricity prices in the UK fell by over 30 per cent and similar trends were visible in the US and Europe. In these countries domestic consumers do have choices, and they do exercise it. Electricity Act 2003 does not allow open access for consumers above one megawatt, and now the proposal is to bring down this limit, thus opening the retail power sector to competition.

Another critical amendment will be to separate carriage and content, i. e. distribution will be done by multiple players, while the carriage — the line infrastructure — will belong to a different operator whose job will be just to transmit power for different suppliers through the same wire network. In its Competition & Regulation in India, 2007 report, CUTS (Centre for Competition, Investment & Regulation) had advocated such a step on the argument that in the mobile telephony sector all towers are independent entities which are used by different operators to reach out to their consumers.

Reform is a slow and often uphill task. The basic idea behind reforms initiated in 1991 was to convert the traditionally monopolistic system into a competitive and market oriented one. Further, in 1998- 99 restructuring of state electricity boards was also introduced with the objective of ensuring competition, transparency and accountability in various segments of power industry and promoting greater efficiency by streamlining operations of distribution, transmission, generation and trading.

Although Mr Goyal is confident in negotiating all the hurdles faced by the previous regimes, it is important to understand that previous reform measures were not so successful owing to several endemic problems plaguing the sector. Promoting competition through the open access has always existed in the law, but its implementation being laggard is a glaring example of regulatory failure.

Nevertheless, there is one shining example of a successful open access in retail distribution for consumers below one megawatt. In 2011- 12, about 120,000 customers in Navi Mumbai switched from Reliance Infrastructure (RInfra) to Tata Power Company (TPC). Out of the total consumers who opted out of RInfra, 88 per cent accounted for retail customers.

In August 2012, Maharashtra Electricity Regulatory Commission (MERC) intervened, and decided that only residential consumers using up to 300 units (KW) a month will be allowed to move from RInfra to TPC. Although MERC justified its order, saying its intervention was to ensure a level- playing field between distribution companies and also to take care of the interests of lowend consumers. However, such instances indicate restrictive regulatory interventions that are not determined by market forces.

For years now there has been propaganda to push the idea of “open access” in electricity transmission and distribution lines if capacity is available. This could be a major breakthrough for optimising the supply- demand balance in electricity but there are challenges that need to be overcome. First, of course, is that there must be adequate transmission capacity for power to flow from points of surplus to where there is demand. They must always be well- maintained in all parts of the country so that the national grid can work seamlessly. The double collapse in two days of the northern grid earlier this year proved that none of these preconditions existed. Besides, we are yet to have a national grid in the country which can reach out to all the corners.

Secondly, substantial transmission and distribution losses has been the bane of the electricity system. These are due to poor maintenance of wires, considerable theft by consumers and non-payment of bills, collusion of discom staff combined with poor policing results in high T& D losses. These impose a huge financial burden on the companies which then get passed onto consumers.

Thirdly, state governments want to ensure that even the poorest consumer along with farmers get electricity at a low price or free. To achieve this objective, state governments provide subsidies to the discoms in the form of reimbursements from the state budget. However, in practice, one often sees that reimbursement of subsidies to the discoms by the state government is often not done at all or not in full, causing losses which are then recovered from consumers.

Lastly, open access means consumers have a choice of supplier of electricity. However, in the case where public distribution companies are the only choice, it is as good as having no choice. In Maharashtra, West Bengal, Delhi, etc, there are private and public sector distribution companies, whereas in states like Rajasthan and Karnataka, distribution of electricity is restricted to public sector companies only. Thus, there is a need to bring in more private players in transmission and distribution in order to ensure real application of open access pan India. Changes are needed in the political economy and regulatory framework governing the statutory body to boost competition and encourage private sector participation.

The problem is not that India does not know what needs to be done or in which direction it should proceed. In order for the energy markets to be efficient they will have to be competitive and well regulated. But the necessary condition for that to happen is the removal of the dead hand of politics from the sector.

It is instructive, in this context, to find that even the **Planning Commission** had recognised political interference to be a major problem. This is what the approach paper to the 11th Plan said: "AT& C losses have to be brought down from the current level of around 40 percent to at least 15 per cent by the end of the 11th Plan. This can be done if the management of SEBs are professionalised and given autonomy of operation without political interference". But in the very next line it says, "Half the country's population is today without electricity", which appears to be an invitation to politicians to interfere.

Thus, in order to achieve the goal of "power to all" in India, the energy minister needs to be cognisant of all the challenges as mentioned above and present a clear way forward to overcome them in order to live up to the government's motto of "achche din", which is the need of the hour for consumers and producers of power in India. In doing so it must get all the states on board. The writer is secretarygeneral, CUTS International. Gaurav Shukla of CUTS contributed to this article.

5. Expect no radical change

The Financial Express: December 23, 2014

SUMMARY

The NDA will be no different from the UPA in its economic policies. It might be a little moreefficient in implementation because of the Prime Minister

The UPA compromised with state ownership of coal, knowing its inefficiency, by allowing some private exploitation of 'captive' mines. The NDA government proposes to follow the same policy

Ideas that become policies have a way of becoming part of the national psyche. Two such ideas that have influenced all of us and government policies of all parties (the NDA is like the UPA) for almost 70 years are the primacy given to the public sector and removal of inequalities between people. If this almost genetic legacy is not removed, we will never reach the levels of development that we otherwise would have.

India was without much infrastructure or basic industries. They required huge investment. Industrialists and politicians asked for government investments in them. The government could more easily raise the required funds domestically and overseas. Thus were built the 'temples of modern India'. These enterprises were run by the 'steel frame' of a bureaucracy developed by the British. It was the only group trained to administer large populations, resources and structures. This was the genesis of the culture of public ownership, control and management of national resources and all enterprises. They were state-owned and, therefore, considered to be in the larger interest of the people. They were run by the civil servants and, hence, by people of integrity. This was the direction taken by the Soviet Union admired by Jawaharlal Nehru.

The desire to eliminate inequalities in a highly unequal India came from the same source. This translated into penal taxation. When penal taxes faded, the Congress introduced social welfare schemes that were in the nature of charity to the marginalised sections.

In neither case were the practicalities of implementation considered. Some major issues were: vast resources at the discretionary disposal of individuals; the absence of individual accountability; inadequate attention to efficiency and effectiveness versus the 'rights' of labour; inattention to the needs of the vast numbers of self-employed and those employed in cottage and small-scale industries; neglect of consequences from limiting production capacities and technologies; absence of powerful performance incentives; the discretion to bureaucrats for identifying beneficiaries; and the disincentive from penal rates of taxation.

Implementation requires careful management. Management has not been a skill that Indian governments have learnt. They have been good in managing crises—floods, tsunami, earthquake—or managing time-bound and large events like the Kumbh Mela. They have been inefficient and relatively ineffective in managing enterprises and social welfare schemes. The first signs of this genetic legacy in the NDA government are emerging.

State control and regulation of resources led to a complex system of licences and permissions. This was gamed by ingenious people who made windfall profits. Another development was nationalisation of 'sick' or 'strategically vital' enterprises like textile mills, airlines, petroleum refineries and their retail outlets, among others.

To improve government control, all sources of domestic finance was nationalised and run by bureaucrats, while foreign finance was strictly regulated, as was foreign direct investment. Below the government control radar were the money lenders, chit funds and scamsters who raised huge amounts from the small savings of the poor, charged exorbitant rates of interest on loans to them, and in many cases stole the original deposits. All of us, political parties, academics, journalists, judiciary and general public have been influenced by this ideology of government ownership and control as being clean, and charity to the poor being the major social obligation of government. The NDA government in its handling of Coal India, 'disinvestment' versus privatisation, and to nationalised banks, has shown that it has the same genetic legacy as the UPA.

While licensing was largely abolished in 1991, government retained its attitude of charity in schemes for social welfare. It retained its ownership and control of natural resources, and of the many state-owned enterprises and financial institutions. Thus government retained discretionary decision-making over vast enterprises and moneys.

Oil and gas exploration was allocated by the government. However, the government gave priority to state-owned enterprises and those close to the state. This resulted in very few of the renowned exploration and production companies coming to India and its offshore for exploration. Gas pipelines were similarly monopolised by a state entity and to preferred private enterprises. Non-availability of expected gas supplies led to large stranded power generation capacities, power shortages and burden on banks. There is no sign that the NDA government appreciates the problem.

Coal was nationalised in 1972. By the 1990s coal demand, especially for power and also for steel and cement, had exploded. Coal India failed to meet supply commitments and India began to import coal, which, by 2012-13, was 146 million tonnes, worth around R45,000 crore. Coal India has little current technology and mostly opencast mines. The UPA was committed to state ownership and would not even mention denationalising coal. Sadly, the NDA appears to take the same stance. Instead, the UPA proposes auctioning coal mines to private parties specifically for each sector, users for power generation, steel and cement production. Despite higher costs due to the auction price and a penalty on past production imposed by the court, coal prices are to be capped. Power is a regulated service and, hence, the generator will lose on the investment in mines. No commercial sale is yet permitted and there is no mention of using the Energy Exchange for sales and price determination. Operators must bid for coal mines in order to produce power, steel or cement. In the case of power, they cannot pass on the higher costs of their coal to their users. Cement and steel are in competitive markets and will find an equilibrium price. There is no indication of even a small step towards ultimate denationalisation. There is no proposal to create a tough regulator of coal mining, preferably along with power. The mindset appears to be one of populism (keeping tariffs capped at lower levels) and continuing state ownership.

The UPA compromised with state ownership of coal, knowing its inefficiency, by allowing some private exploitation of 'captive' mines. The NDA government proposes to follow the same policy. The legacy mindset has not changed!

The UPA relaxed debt-equity norms for infrastructure up to 80:20. The debt was from nationalised banks which are now groaning with over R5 lakh crore of non-performing infrastructure loans. In addition is the burden on banks because of tariffs of distribution enterprises, 90% of them owned by state governments, being mostly below costs. They depend on banks for financing (guaranteed by owner state governments). The power sector alone could destabilise India's nationalised banks.

Social welfare schemes have led to a piling up of the government's deficit. They are mostly in charity schemes like the rural employment guarantee scheme. They are not able to select the deserving beneficiaries. Funds are diverted for other purposes or stolen. Health and education which are able to build people's ability to earn get much lower increases in budgets. There is talk of direct fund transfers but no sign of how bogus and wrong recipients will be kept out and only the targeted beneficiaries be identified.

The overloaded lawyer finance minister is talking of more disinvestment. This means the government will get some money for its shares. However, the public sector companies will continue to be ‘managed’ as they were by the UPA under bureaucratic and political direction, and not as business enterprises. The NDA has not changed the legacy mindset of retaining state ownership and to improve efficiencies.

Our analysis suggests that the NDA will be no different from the UPA in its economic policies. It might be a little more efficient in implementation because of the Prime Minister, but it will be no different. Those who expect that India will accelerate its growth in a few years to 10% are living in a dream world. The current Prime Minister might be a better orator and have superior rhetoric to his predecessor but, in essence, he and his Cabinet have similar ideologies to the earlier government. We can expect no radical change from this government.

By S L Rao

The author is former director general, NCAER, and is the first chairman of the CERC

6.अटल के जन्मदिन को खास बनाने की तैयारी में मोदी सरकार

गुंजन कुमार, अमर उजाला:23.12.2014

क्रिसमस (25 दिसंबर) के दिन पूर्व प्रधानमंत्री अटल बिहारी वाजपेयी के 90वें जन्मदिन को केंद्र सरकार सुशासन दिवस के रूप में मना रहा रही है। इसी के चलते मंत्रियों, अधिकारियों और कर्मचारियों को इस दिन सक्रिय रहने का निर्देश जारी किया गया है।

प्रधानमंत्री कार्यालय (पीएमओ) की ओर से जारी सर्कुलर के मुताबिक मंत्री और अधिकारी क्रिसमस की राजपत्रित छुट्टी होने के बावजूद सुशासन दिवस मनाएंगे।

सर्कुलर के निर्देशों में कहा गया है कि 25 दिसंबर को सभी मंत्री और सांसद संवेदनशील जिलों का दौरा करेंगे और लोगों को सुशासन और स्वच्छता अभियान से संबंधित कार्यक्रमों की जानकारी देंगे।

सूत्रों के मुताबिक पीएमओ मंगलवार को 2 अक्तूबर की तर्ज पर सभी अधिकारियों और कर्मचारियों को क्रिसमस के दिन भी दफ्तर आने का औपचारिक निर्देश जारी कर सकती है।

PART B

NEWS AND VIEWS

Tuesday 23rd, December 2014

Polity	: United Janata Parivar slams Modi for 'unfulfilled' promises
Economy	: Reserve Bank comes down hard on evasive borrowers
Planning	: Govt looking at ordinance route for bringing changes to Land Act
Editorial	: Strengthening accountability

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Business Line

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Reserve Bank comes down hard on evasive borrowers

Wants such defaulters classified as non-cooperative; prescribes norms

OUR BUREAU
Mumbai, December 22

Borrowers unwilling to repay bank loans despite the ability to do so run the risk of being classified as non-cooperative.

Clamping down on errant borrowers, the Reserve Bank of India on Monday said the move will ensure that companies classified as non-cooperative will not get fresh funds.

A non-cooperative borrower is one who deliberately stonewalls legitimate efforts of lenders to recover their dues.

Along with the modified definition, the central bank has also prescribed norms for classifying/declassifying a borrower as non-cooperative borrower and reporting information on such defaulters to the Central Repository of Information on Large Credits (CRILC).

This move will help rein in borrowers who have defaulted on dues despite the ability to pay, thwarted lenders' efforts at recovery by not providing necessary information, denied access to assets financed/collateral securities, obstructed sale of securities, and so on.

Further, if a promoter/director of a non-cooperative borrower is on the board of another company, then loans to the latter will become dearer.

The central bank's cut-off limit for classifying borrowers as non-cooperative would be those having aggregate fund-based and non-fund based facilities of ₹50 million (₹5 crore) from the bank/FI (financial institution) concerned.

A non-cooperative borrower in the case of a company will also include its promoters and directors (excluding independent directors and government/lending institution nominees).

In the case of business enterprises other than companies, non-cooperative borrowers would include persons in charge and responsible for the management of the enterprise.

Asset classification

The RBI said banks/FIs will need to make higher provisioning as applicable to substandard assets for loans sanctioned to any other firm that has on its board directors/promoters of a non-cooperative borrowing company. However, for the purpose of asset classification and income recognition, the new loan would be treated as standard assets.

A senior public sector bank official said, "Once a borrower is classified as non-cooperative then there is no question of sanctioning fresh loans to the company. However, if the promoters/directors of a non-cooperative company are on the board of other firms then new loans will come at a higher price."

Tightening the screws

- A non-cooperative borrower defaults on timely repayment of dues despite having the ability to pay
- Cut-off limit for the non-cooperative borrower tag: ₹5 crore fund and non-fund based limits
- Lenders to put in place a transparent mechanism for classifying borrowers as non-cooperative
- Decision on non-cooperative borrower classification should be entrusted to a committee of senior functionaries
- The borrower should be issued a show-cause notice and his/her submissions recorded
- Boards of banks/FIs should review on a half-yearly basis the status of non-cooperative borrowers

Govt looking at ordinance route for bringing changes to Land Act

Move to make the Act more industry-friendly

OUR BUREAU
New Delhi, December 22

With elections in Jharkhand and Jammu & Kashmir almost over, the Government is likely to consider an ordinance to bring changes in the Land Acquisition Act.

Government sources said amendments are likely to include toning down the consent process and removing the mandatory preparation of Social Impact Assessment Study, besides expansion of the exemption list in the existing Act. This is being done to make it more industry friendly.

Finance Minister Arun Jaitley held a meeting on Monday with the Rural Development Minister Chaudhary Birender Singh on the proposed changes.

While little was known on what transpired in the meeting, sources said that there will be no changes in compensation packages, but only in procedures.

No issues with compensation

Recently, the Finance Minister had said that he had no issues on the higher compensation proposed by the Law Ministry.

Rather, what he needs to deal with is the provision that disallows setting up of private schools, hospitals and hotels on land acquired by the Government.

Such a provision would make it difficult to build smart cities.

Industry, States' suggestions

The amendments are based on suggestions given by the industry and the States.

The Act, known as 'The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act' and passed during the UPA Government last year, came into effect from January 1 this year.

The changes are also critical for the success of the Centre's 'Make in India' programme.

The Hindu

Date 23/12/2014

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LAST DAY OF WINTER SESSION

Insurance Bill: govt. to take a call today

No chance of allowing the Bill, says Opposition

Gargi Parsai

NEW DELHI: Amid speculation that the National Democratic Alliance might take the ordinance route for the Insurance Laws (Amendment) Bill, 2008, that has been listed in the legislative business of the Rajya Sabha but not taken up, the government has decided to take a call on Tuesday at the meeting of the Cabinet Committee on Political Affairs. The last day of the winter session on Tuesday will coincide with the outcome of the Assembly elections in Jharkhand and Jammu and Kashmir.

Giving the example of the United Progressive Alliance taking the ordinance route for the National Food Security Bill and the controversial Bill to negate the Supreme Court verdict on convicted lawmakers, a senior Minister said "the Congress, which has ruled and ruined the country for 60 years, has set precedents for every kind of situation."

A scene in the Rajya Sabha on Monday. – PHOTO: PTI/TV GRAB

Although Opposition members said there was "no chance" of them allowing the Insurance Bill to be taken up, the government is still hopeful that the Bill may come up. The government action will be incumbent on the result of the Assembly elections in Jharkhand and Jammu and Kashmir. The Insurance Bill seeks to raise the FDI cap in the sector to 49 per cent.

A Samajwadi Party leader said the Opposition had agreed not to block the National Capital Territories of Delhi Law (Special Provisions) Second (Amendment) Bill, 2014 regarding ceiling on some properties in Delhi. The Insurance Laws (Amendment) Bill, 2008, which has been opposed in the Select Committee of Rajya Sabha by four parties, has been listed in the Rajya Sabha for almost two-weeks now. It will come up on the last day of the winter session on Tuesday but may not be taken up as Opposition is adamant. While D. Raja (CPI) and others have moved a statutory resolution opposing the Coal Mines (Special Provisions) Ordinance, 2014 promulgated by the President on October 21, the government hopes the House will pass the Coal Mines (Special Provisions) Bill, 2014 that replaces the ordinance. The Bill has been passed in the Lok Sabha but is stuck in the Upper House. The Opposition strategy will be to send the Bill to the House Select Committee.

The government proposes to bring the Payment and Settlement Systems (Amendment) Bill, 2014 to amend the Payment and Settlement Systems Act, 2007, and the Repealing and Amending (Second) Bill, 2014, which is a periodic measure for updating list of laws in force. In all, the second Bill seeks to repeal 90 laws and pass amendments to two laws.

Both the Bills have been passed by the Lok Sabha and have already been introduced in the Rajya Sabha. However, the Opposition will not allow the two pieces of legislation to be passed in the din and they are likely to be referred to the Rajya Sabha Select Committee.

Reserve Bank modifies definition for non-cooperative borrower

Oommen A. Ninan

- A defaulter who deliberately stonewalls legitimate efforts is a non-cooperative borrower

MUMBAI: The Reserve Bank of India (RBI), on Monday, modified the definition of a non-cooperative borrower and also fixed the cut off limit for classifying borrowers as non-cooperative would be those borrowers having aggregate fund-based and non-fund based facilities of Rs.5 crore from the concerned bank/financial institution (FI).

"A non-cooperative borrower is one who does not engage constructively with his lender by defaulting in timely repayment of dues while having ability to pay, thwarting lenders' efforts for recovery of their dues by not providing necessary information sought, denying access to assets financed/collateral securities, obstructing sale of securities, etc," said the RBI.

In effect, said the RBI, "a non-cooperative borrower is a defaulter who deliberately stonewalls legitimate efforts of the lenders to recover their dues."

RBI asked banks/FIs to report information on these borrowers to the Central Repository of Information on Large Credits (CRILC). Further removal of names from the list of non-cooperative borrowers should be separately reported to CRILC with adequate reasoning/rationale.

A non-cooperative borrower in case of a company will include, besides the company, its promoters and directors (excluding independent directors and directors nominated by the Government and the lending institutions).

In case of business enterprises (other than companies), non-cooperative borrowers would include persons, who are in-charge and responsible for the management of the affairs of the business enterprise.

The RBI told banks/FIs to put in place a transparent mechanism for classifying borrowers as non-cooperative.

"The decision to classify the borrower as non-cooperative borrower should be entrusted to a committee of higher functionaries, headed by an Executive Director and consisting of two other senior officers of the rank of general managers/deputy general managers as decided by the board of the concerned bank/FI."

"An opportunity should be given to the borrower for a personal hearing if the committee feels such an opportunity is necessary," the RBI added.

However, it said that the order of the committee should be reviewed by another committee headed by the Chairman/CEO and MD and consisting, in addition, of two independent directors of the bank/FI and "the order shall become final only after it is confirmed by the Review Committee."

Boards of banks/FIs were asked to review on a half-yearly basis the status of non-cooperative borrowers.

Business Line

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Constitution Amendment Bill on GST not to be vetted by Standing Committee

New tax regime will benefit most of the States from Day 1: Finance Minister

OUR BUREAU

New Delhi, December 22

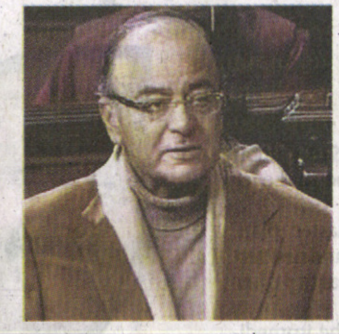
The Constitution Amendment Bill to enable implementation of the Goods & Services Tax regime will not be sent to the Standing Committee on Finance.

"Since the Standing Committee in the previous Lok Sabha did do a detailed study of the Bill and gave recommendations, there is no need to refer it again," a senior Government official said.

This means the Bill could be directly taken up for consideration and passage in the next session of Parliament. Once the Bill gets the nod from both the Houses, then it will require approvals by 50 per cent of State Assemblies . The Government introduced the Bill in the Lok Sabha on Friday last. The Bill is the first legislative step towards implementation of the new indirect tax reforms from April 1, 2016.

Meanwhile, Finance Minister Arun Jaitley said the new tax regime will benefit most of the States, especially the consuming States, as soon as it is implemented. The new system intends to subsume various Central levies (barring Customs duty) into Central GST (CGST) and State levies into State GST (SGST). This will help in creating a unified national market.

The Bill, once enacted, will confer concurrent power on the Centre as well as States and Union Territories, with State Assemblies allowed to make laws for levying goods and services tax on every transaction related to the supply of goods or services, or both (except those that fall in exempted category and alcohol).



Arun Jaitley

The source also clarified the transitional provision as proposed in the Bill.

It proposes that any law relating to tax on goods or services, or both, in force in any State immediately before the commencement of this Act which is inconsistent with the provisions of the Constitution Amendment Bill will continue to be in force until amended or repealed by the legislature. This gave an impression that both the old and the proposed tax provisions will be in force for one year. But the source rejected, this explanation, saying that only the old provision will be in force for the time being.

Consultative Committee

Meanwhile, the Consultative Committee discussed the broad contours of the Bill on Monday. Jaitley assured the Committee that the Bill envisages compensation for States through monetary provision and additional one per cent tax for two years.

He also said that as the volume of trade expands and the growth momentum picks up, every State will be benefited with a rise in revenue collections with the implementation of GST.

Most of the members of the Consultative Committee supported the Government's decision to implement the GST and said this would help in better tax collections, better tax compliance, fewer cases of tax evasion and litigation, more transparency and less harassment and corruption.

They said that the number of Departments will also reduce in due course, which, in turn, will lead to lower levels of corruption.

Business Standard

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Page No. 01

Govt might resort to ordinance route for insurance, coal Bills

KAVITA CHOWDHURY
New Delhi, 22 December

Senior ministers in the Narendra Modi government said on Monday it might take the ordinance route for the insurance and coal mines Bills as the Opposition, stronger in the Rajya Sabha, has been refusing to cooperate with the government in the winter session until it makes a statement on the religious conversion issue. Since Parliament is still in session, the government refrained from making an official statement but the ministers said there were ample "precedents by the Congress governments in the past" of Bills being pushed through the ordinance route. The winter session concludes on Tuesday.

Prime Minister Modi is believed to have taken a stock-taking meeting on Monday and the Cabinet committee on Parliamentary affairs is likely to meet on Tuesday morning.

To the Opposition's argument that the insurance Bill was a property of the House, a senior minister shot back, "It is the property of the people." P D T Achary, former secretary-general of Lok Sabha, told *Business Standard*, "It is not illegal to promulgate an ordinance when a Bill is pending before the House or even before a committee of the House." He cited the example of the National Commission of Minority Educational Institutions Amendment Ordinance the Congress-led United Progress Alliance promulgated in 2006, when it was before the Rajya Sabha.

Ordinances are temporary laws issued by the president on the Union Cabinet's advice when Parliament is not in session, allowing governments to take immediate legislative action. The ordinances cease to operate either if Parliament doesn't approve these in six weeks of reassembly or disapproving resolutions are passed by both the Houses. However, these can also be repromulgated. Moreover, a session of Parliament must be held in six months of passing an ordinance.

The Opposition will only be making a concession for the National Capital Territory of Delhi Laws (Special Provisions) Amendment Bill, 2014. Cleared by the Lok Sabha, the Bill that gives protection to unauthorised constructions in the national capital needs to be passed by December 31. Given impending elections, the Opposition parties are likely to help this Bill get passed on Tuesday, making it the only business transacted in the Rajya Sabha in this session.

Members of Trinamool Congress protest during the winter session outside Parliament in New Delhi on Monday. PHOTO: PTI

THROUGH THE BACK DOOR

ORDINANCES PROMULGATED in 16th Lok Sabha

- Telecom Regulatory Authority of India (Amendment) Ordinance, 2014
- The Andhra Pradesh Reorganisation (Amendment) Ordinance, 2014
- Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Ordinance, 2014
- Coal Mines (Special Provisions) Ordinance, 2014

ORDINANCES RE-PROMULGATED during 15th Lok Sabha (2009-2014) under UPA-II

- The Indian Medical Council (Amendment) Ordinance 2010 **4 times**
- The Readjustment of Representation of SC and ST in Parliamentary & Assembly Constituencies 2013 **3 times**
- SEBI Amendment Ordinance 2013 **2 times**
- Security Laws Amendment Ordinance **3 times**

UPA is United Progressive Alliance

Source: PRS Legislative Research

Business Standard

Date 23/12/2014

Page No. 04

Life visas for overseas citizens soon: Swaraj

NAYANIMA BASU
New Delhi, 22 December

In a significant move, the 13th Pravasi Bharatiya Divas (PBD), to be held in Gujarat from January 7 to 9, might see the Overseas Citizen of India (OCI) and Person of Indian Origin (PIO) cards getting clubbed, External Affairs & Overseas Indian Affairs Minister Sushma Swaraj said on Monday.

Prime Minister Narendra Modi had announced this move in September during his visit to the US.

"We are merging both (OCI and PIO) cards. Both will now get life-long visa," Swaraj said at a press conference here.

Merging these cards will enable PIOs to obtain life-long visas, like NRIs holding OCI cards do. At present, PIOs get visas for 15 years to acquire property here.

It was the United Progress Alliance (UPA) government that had introduced a Bill — the Citizenship Amendment Bill, 2013 — to merge both cards. The Bill was passed last year.

Besides, the Bharatiya Janata Party (BJP)-led government might also make a move this year to grant voting rights to NRIs and PIOs. According to Swaraj, the government has asked the Election Commission to work out three options — installing electronic voting machines (EVM) at embassies, allowing proxy voting and allowing travel to India for casting votes.

"We have given these three voting options to the Election Commission. They are yet to decide and get back," Swaraj said. The minister, however, was quiet on the issue of granting NRIs dual citizenship.

According to the minister, this year's PBD, to be organised by the Federation of Indian Chambers of Commerce and Industry, will be "different" from previous years, as it will seek to address the daily issues and concerns of NRIs and PIOs, and not deal only with investments or funding of projects.

The event this year will be preceded by a separate session on the youth. It will see the participation of NRI children who will attend special sessions 'Bharat Ko Jaano' (Understand India) and 'Bharat Ko Maano' (Realise India).

FOR INDIAN DIASPORA

- Make in India, Clean Ganga and economic reforms to be showcased
- Efforts to be made to engage the young generation to India's development
- Plenary sessions to have themes such as opportunities in India, smart cities, urban planning

Source: PTI

"We are merging both (OCI and PIO) cards. Both will now get life-long visa"

SUSHMA SWARAJ
External Affairs & Overseas Indian Affairs minister

The Financial Express

Date: 23/12/2014

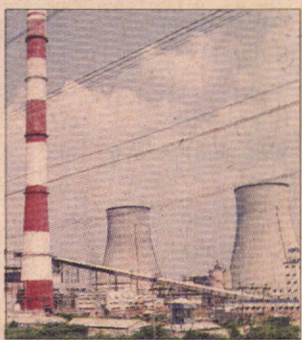
Page No. 02

Power ministry to resume bidding process for UMPPs

Sumit Jha

New Delhi, Dec 22: The power ministry is all set to revive the bidding process for ultra mega power plants planned in Odisha and Tamil Nadu, after having faced a delay of nearly a year amid opposition from some independent power producers who sought changes in bidding norms.

The first stage of bidding for two UMPPs had concluded last year but the financial bids stage of the process has been hanging



fire due to reasons ranging from delay in environmental clearance and misgivings regarding the bidding norms. "Power Finance Corporation (PFC) will soon be asked to continue with the process of bidding and invite final bids for the Odisha and Tamil Nadu projects," a government official said.

PFC is the nodal agency for UMPPs — coal-based thermal power projects that have 4,000 megawatt generation capacity.

PFC will invite qualified bidders for the final round soon. It's the prerogative of those who qualified in the earlier rounds to participate. No company has written to PFC seeking withdrawal from the race, the official added.

In October, Adani Power, Jindal Power and Sterlite Energy had pulled out of the bidding process for a UMPP proposed to be set up at Bhedabahal in Odisha. GMR Energy had pulled out of a planned UMPP at Cheyyur in Tamil Nadu. The companies had cited concerns over bidding norms for the UMPPs, particularly the design-build-finance-operate-transfer (DBFOT) model where lenders' exposure to the project is not fully secured.

Adani, Jindal Power and Sterlite had purchased the request for proposal documents for the Bhedabahal UMPP, and GMR for the Cheyyur plant, after making the cut for RFQ round. State-owned NTPC now remains the only player in fray after withdrawal of these firms.

The Odisha UMPP is a pit-head power project. Based on domestic coal to be sourced from allocated captive coal blocks, it is expected to cost around Rs 25,000 crore. The Cheyyur UMPP is a coastal power project, based on imported coal, with an expected investment of about Rs 24,200 crore.

The Economic Times

Date: 23/12/2014
Page No. 11

Modi Set to Review FinMin Performance by Month end

Ministry is expected to give a detailed account of fiscal situation & macroeconomic status

Deepshikha.Sikarwar
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Performance Pressure Mounts

PM will review finmin's performance at the end of the year

The review comes just before the finance ministry gets down to budget making

Prime minister could also give his input to the budget

The finance ministry will highlight the current global economic situation

It will point out how the govt will respond to any global crisis

It will point out steps taken to improve biz environment

New Delhi: Just before it plunges into preparations for the much-anticipated budget for FY16, the finance ministry is gearing up for a review of its performance by Prime Minister Narendra Modi by the year end.

The finance ministry is expected to give a detailed account of the fiscal situation and macroeconomic status besides key policy initiatives in areas of tax reforms and financial policy.

Modi's review at this stage, which is also likely to involve a few directions to North Block, assumes importance as the ministry will start giving the final shape to budget proposals in a few weeks. Investors will closely watch the next budget for an idea of what the Modi administration wants to focus on.

"Many feel that the first full budget of the BJP government in February 2015 will provide useful insights on the path ahead," Citi economist Rohini Malkani said in a note on Monday.Slowing tax revenues have made the task of containing the fiscal deficit at the budgeted estimate of 4.1% of GDP more challenging even as there is a growing view in the finance ministry that the government needs to find fiscal space to step up public investments.

Consideration should be given to address the neglect of public investment in the recent past besides reviewing the medium-term fiscal policy to find the fiscal space for this, said the mid-year review of the economic analysis released last week.

The finance ministry has begun to identify measures to boost revenues, having already raised excise duty on diesel. This is expected to net ₹10,000 crore extra this fiscal.

Besides revenue-raising measures, the department of revenue is also expected to highlight the range of measures undertaken in the recent past in line with the Modi-led government's promise of a non-adversarial tax regime to make the country an attractive investment destination.Recent global macroeconomic developments are expected to be highlighted and some of the key measures taken, including in the foreign investment space, are expected to top the agenda of the department of economic affairs.

The global economy faces new headwinds with the continuing plunge in oil prices, the Russian currency crisis, the growing woes of the Chinese economy.

The department is expected to present a detailed account of how India is geared up to weather the storm if it gets worse.Lower crude prices have allowed the government to roll out crucial reforms such as deregulation of diesel prices and finance ministry may present plans to curtail LPG and kerosene subsidies, including how these will be directly transferred to beneficiaries.

The Indian Express

Date: 23/12/2014

Page No. 09

United Janata Parivar slams Modi for 'unfulfilled' promises

MAHADHARNA ▌Calls for strong Opposition, Mamata lends support

EXPRESS NEWS SERVICE
NEW DELHI, DECEMBER 22

THROWING their collective weight behind the creation of a larger Opposition bloc in the country, six bigwigs of the erstwhile Janata Parivar on Monday shared dais at a "Mahadharna" slamming the BJP and Prime Minister Narendra Modi, even as the ruling party called the initiative a "gathering of brand ambassadors of corruption and misrule."

Samajwadi Party chief Mulayam Singh Yadav, RJD supremo Lalu Prasad and JD(U)'s Nitish Kumar called for "sinking old prejudices" and promised to "script a new story" in the Indian politics by ousting the BJP.

Tariq Anwar and D P Tripathi from the NCP also shared the dais, while Trinamool Congress chief Mamata Banerjee sent a letter of support to the leaders through Derek O' Brien, who however did not turn up at the venue.

PREN NATH PANDEY

Janata Parivar leaders in New Delhi, Monday

The agitation programme, which saw participation of former prime minister and JD(S) leader H D Deve Gowda, INLD's Dushyant Chautala and SJP's Kamal Morarka, is being dubbed as the "first solid step" towards the merger of the parties.

BJP national secretary Shrikant Sharma, however, tweeted: "This is not Janata Parivar. It's a gathering of brand ambassadors of corruption and misrule who have been rejected by people."

The senior politicians recalled that the Janata Parivar had formed three governments in alliance in the past and reminded Modi dispensation that it has got "only 31 per cent of votes" and would have to "go back" if it fails to fulfil the promises. "From our identities as separate parties, we have to merge in a single party. An agreement has been reached on this. Mulayam Singh has to work out the modalities...We should contact even others. Let us make a comprehensive Opposition. Setting aside our prejudices, we want to form a strong Opposition," Nitish said.

Attacking the NDA government, Lalu said, "An attempt is being made to persistently target Mamata."

He said that while people talk about the differences between him and Nitish, "we have come together now".

Playing audio of Modi's speeches, Rajnath Singh and Ramdev about bringing back black money, the leaders asked "what happened to the promise that Rs 15 lakh will reach the pockets of the poor once black money is brought back."

Editorial

The Hindu

Strengthening accountability

In a significant judgment, the Supreme Court recently quashed a "two-judge committee" set up by the Chief Justice of the Madhya Pradesh High Court to probe allegations of sexual harassment against a judge of the court. By insisting on the strict implementation of in-house procedures in cases of complaints against judges, this judgment marks a step towards greater transparency and certainty in proceedings relating to judges. In this case, the charges of harassment were levelled by a former Additional District and Sessions Judge of the Madhya Pradesh Higher Judicial Service. Her writ petition claimed that the in-house procedure envisaged by the Supreme Court was ignored by the High Court. Looking at how the judiciary addressed her complaint, the Supreme Court concluded that the prescribed procedures were not followed, and ordered a fresh probe. This commendable move reasserts the Court's seriousness of purpose in ensuring a gender-sensitive process of internal investigation on sexual harassment complaints.

One of the first investigations into judicial misconduct was the impeachment process against Justice V. Ramaswami of the Supreme Court, in 1991. That case brought to the fore the inadequacies of the impeachment process under the Constitution and made evident the absence of legal authority in the Chief Justice of India to take any action in such situations. In a subsequent case of allegations against Chief Justice A.M. Bhattacharjee of the Bombay High Court, the Supreme Court for the first time laid down an in-house peer review procedure for "correcting [the] misbehaviour" of judges. In 2008, these in-house procedures were employed in investigating allegations against Justice Soumitra Sen, leading to impeachment proceedings. The Supreme Court has now taken this prescription further by declaring that these procedures be widely publicised and made available on the judiciary's websites. However, it has to be noted that apart from the far-fetched impeachment process prescribed under the Constitution, there is as yet no institutional design or statutory law that can adequately support a transparent process of judicial inquiry, so as to enhance the accountability and legitimacy of the institution. The courts continue to be insular, oblivious to the principle of open justice — a stand justified on the ground of safeguarding judicial dignity and independence. Be it over criticism against judicial appointments or judgments like *Swatanter Kumar* (2014) that prohibited media reporting of sexual harassment allegations made by an intern against a judge, the judiciary has often been too defensive, deflecting criticism and hardly acknowledging the need for transparent accountability.