



Planning Commission

Government of India

PART A: News pertaining to Planning Commission



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and Communication, IT & Information Division

“Each one of us has both; good and evil virtues. Those who decide to focus on the good ones succeed in life”.

“हममें से हर किसी के अन्दर अच्छे और बुरे दोनों गुण होते हैं . जो अच्छों पर ध्यान केन्द्रित करने का निर्णय लेते हैं वो जीवन में सफल होते “हैं.

Narendra Modi नरेन्द्र मोदी

HAPPY NEW YEAR EVE

1 'Central aid to state rose in past 3 yrs, but growth slow'

Hindustan Times, 31 Dec. 14, Anupam Trivedi

The annual assistance from the Centre to the state has increased in last few financial years, according to official statistics, even though the Uttarakhand government has been firing salvos at the central government over it.

Two days ago, the state Congress unit demanded `4,000 crore financial assistance from the centre. According to the central statistics office figures, the Centre released `4883.74 crores for the state in 2011-12. It released `4717.68 crores in 2012-2013. And in 2013-2014, it increased the assistance to `5418.60 crores.

Uttarakhand is one of the 11 Himalayan states which enjoy special category status besides Jammu & Kashmir, Himachal Pradesh, Assam, Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Tripura and Sikkim.

These special category states have to make part payment to the centre in lieu of getting funds for centrally-sponsored schemes.

Interestingly, on an average, central assistance has been substantial for the state though it has not helped Uttarakhand in increasing its Gross State Domestic Product (GSDP) which is total monetary value of goods and services produced by a state economy in a given year. "GSDP depends on various factors like rate of savings and investments and overall business atmosphere. But that doesn't mean the state does not need help," said Surender Kumar, media in-charge for CM adding that the state needs more funds.

The figures for Uttarakhand GSDP growth at constant (2004-5) price (as on 01-08-2014) was 9.36% in 2011-12. It was 5.61% in 2012-13 and 5.65% in 2013-2014.

Sometime back **Planning Commission** constituted a committee to study development in hill states arising from management of forest land with special focus on creation of infrastructure, livelihood and human development.

The report of the committee was discussed in Internal Planning Committee meeting held in February this year. A Planning Commission note claimed that IPC broadly endorsed the recommendations of the committee. The report has also been forwarded to states for further inputs.

2 The Times of **India** (New Delhi edition), 31 Dec 2014

Expert calls for universal health coverage

New Delhi: **India** is facing multiple health challenges, but its healthcare system is not geared up for an effective solution, president of Public Health Foundation of **India** (PHFI), professor K Srinath Reddy, said on Tuesday. And so he called for implementation of universal health coverage (UHC).

He was part of an expert group on UHC appointed by now disbanded **Planning Commission**. UHC, he said, would help improve access to health services without imposing financial hardship. He was delivering the annual GRIPMER oration.

GRIPMER dean, Dr Samiran Nundy, said they offer DNB training programme in 17 specialties and 14 super-specialties.

3 NHAM set to roll, once Modi gives go-ahead

Ads by Google

Indian Express 31st Dec. 14 by [Abantika Ghosh](#)

The National Health Assurance Mission, in the works since 2011 when the **Planning Commission's expert group** submitted its report on universal healthcare, is likely to take final shape in 2015. PM Narendra Modi is, however, still to see the presentation.

From April 1, 2015, the Health Ministry is scheduled to take charge of the Rashtriya Swasthya Suraksha Yojana, a healthcare scheme for BPL and migrant workers that is now under the Labour Ministry. The scheme is intended to prepare the ground for NHAM's countrywide rollout.

2015 will see revision of the national list of essential medicines, putting a cap on the price of more drugs. In a first, National Pharmaceutical Pricing Authority has written to pharma firms saying it is looking at including drugs of mass consumption in the list.

The Medical Council of India is expected to finish revising the medical education syllabus — an exercise that is being undertaken after 55 years. By June, the council hopes to start training medical teachers.

AYUSH is will see a lot of activity. The department has a dedicated MoS for the first time, and is working to make ayurveda and other Indian systems of medicine acceptable globally.

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PART B

NEWS AND VIEWS

Wednesday 31st, December 2014

Polity

: Congress, BJP in slugfest

Economy

: Oil hits fresh 51/2-year low below \$57
on supply glut

Planning

: Centre plans common clearing house for
commodity bourses

Editorial

: Impropriety of ordinance

Communication, IT Information Division

Post offices to issue ATM-cum-debit cards for savings account holders

Facility will be available in post offices that are on core banking solution platform

OUR BUREAU

New Delhi, December 30

Post office savings bank accounts can now be operated through ATMs. The Centre has amended the Post Office Savings Bank General Rules accordingly following the Budget announcement in this regard.

This facility, however, will be available only in post offices that are on core banking solution (CBS) platform. A notification said: "In case of an account standing at any post office with a core banking solution platform in place, the Post office Savings Bank shall issue ATM or

debit card to the account holder on payment of such fee as may be prescribed by the Central Government."

Currently, 676 post offices are on CBS. Four head post offices (Delhi, Mumbai, Kolkata and Chennai) have gone live on ATM.

This entire project is part of the ₹4,909-crore IT modernisation project of the Department of Posts. The department aims to take the ATM network to 2,800 by 2015.

The notification also mentioned that a savings account holder at a post office linked to

the CBS platform will be allowed to deposit money in his or her account at "any other post office with CBS platform within the limits prescribed".

Deposits can be made through the electronic mode as well. New rules also provide for giving a statement of account in lieu of the passbook, but only as an option to the customer.

The IT project also aims to provide customer interaction through multiple channels such as call centres, internet, ATM, mobile banking and net banking for PO savings bank customers.

It will provide an electronic and secure mode of money transfer, including doorstep delivery even in rural areas.



The Department of Posts aims to take the ATM network to 2,800 by 2015 R RAGU

Centre weighs in with record urea supply to curb black-marketing

But manufacturers want subsidy regime to end in order to improve production

PRATIM RANJAN BOSE

Kolkata, December 30

To curb black-marketing in urea, the Centre in December released a "record" 3.7 million tonnes (mt) into the market, by stepping up imports.

The usual monthly requirement of the fertiliser, whose supply is regulated, is 2.5-3 mt.

The demand for urea peaks towards end December and early January. India produces approximately 22 mt of urea against the annual consumption of 30 mt. The difference is met by imports.

Sources in the Chemicals and Fertiliser Ministry admit to a demand-supply gap building up from October-November.

They point to lower imports compared to last year for the imbalance in the early part of the ongoing Rabi season. According to data available with Fertiliser Association of India, India imported 0.9 mt (16 per cent) less urea during April-November 2014 against the same period last year.

The shortfall has led to the emergence of a black-market in the fertiliser. According to



Growing demand Shortfall in supply leads to black marketing

reports available from across northern and eastern India, urea has been selling at a heavy premium over the stipulated price of ₹5,360 a tonne in the last two months. Confirming this, sources in two

major fertiliser makers pointed to the drop in domestic production for the situation.

Three naphtha-based facilities (Madras Fertilizers, Southern Petrochemical Industries, and Mangalore Chemicals

and Fertilizers) have stopped producing due to subsidy issues.

A blast in a gas pipeline network in Andhra Pradesh affected operations of Nagarjuna Fertilizers and Chemicals.

"The net result is that we started the season with a shortfall of 0.8 mt. When compared with the monthly demand, the gap was significant," an official said.

The problem got compounded by a drop in supplies from the Oman-based joint venture of IFFCO, Kribhco and Oman Oil Company (OCC). Supplies from this venture, with which India has a long-term offtake agreement, have been down following the hike

in gas prices by the West Asian nation. To make up, the Ministry of Chemicals and Fertilizers stepped up direct imports from other sources.

The improved supplies cooled the black-market. According to a top dealer in West Bengal, the premium has come down from 30 per cent to 5 per cent over the last two weeks.

Fertiliser producers, however, feel the problem will recur. "Black-marketing of urea is not new. It is the result of stagnant domestic production. The only way to solve this problem is to end the subsidy regime leading to investments in urea manufacturing," said a manufacturer.

To get water to every farm, integrate rural job scheme with new irrigation programme: PM

Departments, Ministries asked to fast-track the scheme

OUR BUREAU
New Delhi, December 30

Prime Minister Narendra Modi has called for integration of the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA) with the Pradhan Mantri Krishi Sinchai Yojana. This will help in creating more irrigation assets, he said.

A day after clearing changes in the Land Acquisition Act, Modi chaired a high-level meeting on Tuesday on the irrigation scheme and asked the Departments and Ministries concerned to fast-track the scheme. He also called for a multi-pronged approach to reach the goal of providing irrigation facilities for every farm through



Farm push The linking of the MNREGS scheme with the irrigation programme is expected to create quality assets

the scheme. The new scheme was mentioned in the Budget, with Finance Minister Arun Jaitley saying, "Bulk of our farm lands are rain-fed and dependent on mon-

soons. Therefore, there is a need to provide assured irrigation to mitigate risk.

To improve access to irrigation we propose to initiate the scheme

'Pradhan Mantri Krishi Sinchayee Yojana'. I propose to set aside a sum of ₹1,000 crore for this purpose."

According to the Economic Survey for 2013-14, currently 63 million ha, or 45 per cent of net cropped area, is irrigated.

Under the Accelerated Irrigation Benefit Programme (AIBP), ₹64,228 crore of Central loan assistance (CLA) grant had been released up to December 31, 2013.

Noting that the rural job guarantee programme over the past few years was used for creation and augmentation of irrigation assets, Modi said, "NREGA should be integrated with the overall plan of Pradhan Mantri Krishi Sinchai Yojana." He also called for precise monitoring of outcomes.

At the macro-level, the Prime Minister asked the Water Resources Ministry to identify river-

The Prime Minister asked the Water Resources Ministry to identify river-interlinking projects that could be immediately taken up, and called for comprehensive mapping and identification of water bodies.

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He said satellite imagery and 3D photography could be used to guide villages to the best possible sources of irrigation.

The meeting was also attended by Water Resources Minister Uma Bharati and the Agriculture Minister Radha Mohan Singh.

Railways gears up for revamp programme

BS REPORTER

New Delhi, 30 December

The new regime in the Railway Board under minister Suresh Prabhu is gearing up for implementing a promise that the 150-year-plus transporter would be transformed and modernised within three years.

In 2014, the themes that dominated railways included a focus on technology to improve passenger services and safety, committees on financial health and transparency, and initiatives on high-speed and private participation.

The ministry launched a mobile ticketing system for the Mumbai Suburban network. That will be expanded in a phased manner in 2015. The ministry resorted to technology again while launching Wi-Fi broadband services at New Delhi Railway Station. The 'RailWire'-powered Wi-Fi gives a maximum speed of one mbps and is available to users free of cost, initially for 30 minutes.

The ministry also directed use of geospatial technologies for checking collisions at unmanned level crossings. Under such technologies, combining a global positioning system (GPS), geographic information system (GIS) and remote sensing, an alert would be flashed automatically in GPS-enabled mobile phones of all road users about the approaching train. The government hopes to significantly cut down loss of lives due to accidents on unmanned level crossings next year using these technologies.

The ministry also set up committees under former Delhi



IR's total earnings jumped 13 per cent to ₹100,622 crore between April and November, the first seven months of this financial year

BS PHOTO

Metro Rail chief E Sreedharan and former Comptroller and Auditor General Vinod Rai for infusing better transparency and accountability. Another committee was set up under former financial services secretary D K Mittal to recommend how to improve the railways' financial health. The recommendations, yet to be made public, are likely to cover rationalisation of revenue structure in 2015.

IR's total earnings jumped 13 per cent to ₹100,622 crore between April and November, the first seven

months of this financial year. It carried 713.11 million tonnes of freight during this period, a rise over a year earlier of 5.2 per cent.

The ministry organised an 'investors' meet' to attract private investment in the sector. It saw participation from chambers of commerce, public sec-

tor undertakings in the sector and heavy industry, investment consultants, bankers, rolling stock manufacturers and raw material suppliers.

IR has conducted trials of semi-high speed trains, at 160 km per hour, between Delhi and Agra. Safety clearance is awaited before commercial operation. More such trials are expected on the eight other identified routes for semi-high speed

trains in 2015.

It also took steps for introduction of high-speed 'bullet' trains on the Mumbai-Ahmedabad corridor,

part of the ambitious 'diamond quadrilateral' network of proposed high-speed rail connecting major metros and growth centres. The ministry has identified a new route between Delhi and Chennai for introducing one; a team from China will conduct a feasibility study.

2015
THE DRIVE AHEAD

Oil hits fresh 5½-year low below \$57 on supply glut

By **Praveen**
Energy Bureau
 New Delhi, Dec 30

BRENT crude oil dropped to a fresh five-and-a-half-year low in intraday trade on Tuesday, falling below \$57 a barrel, as investors wagered in the absence of any credible signs of a rebound in demand, a glut would continue well into the next year despite threats to Libyan supplies from a civil war there.

Brent dropped to \$1.14 to \$56.74 a barrel — its meanest since May 2009 — before clawing back some gains to trade around \$57.70 by 1215 GMT. US crude futures declined 20 cents to \$53.41 a barrel after dipping to \$52.70 — its lowest since May 2009 as well. Brent crude has declined more than 45% this year and is heading for its worst year since 2008 when a financial crisis roiled the global economy and dented energy demand.

A fall in crude oil prices worsened since November when the Organisation of Pe-



Morgan Stanley forecast this month that in the worst worst-case scenario, the North Sea crude benchmark could drop to as low as \$43 a barrel in the second quarter of next year

roleum Exporting Countries (Opec), accounting for roughly 40% of global supplies, chose not to cut production, signalling a price war with producers outside the cartel, especially US shale oil drillers. The global market is witnessing a glut, caused by huge US stock-

pile and Opec's reluctance to cut output despite slowing demand across leading consumers, including China.

The concerns of over-supply have far eclipsed latest worries that supplies from Libya could be disrupted by recent violence between forces loyal to the elected government and separatists.

US crude stocks are projected to stay flat at last week's level of 387.2 million barrels, the highest at least since the recording of data in 1982. Oil market sentiments have also remained dampened due to mounting speculations that US producers were unlikely to retreat from a price war with the Opec.

Moreover, the International Energy Agency earlier this month effected another downward revision of global oil demand, saying it would rise only 230 000 barrels a day in 2015, while supply outside Opec is expected to climb by 1.3 million barrels per day to 57.8 million. Demand for Opec crude was forecast to sink by 300 000 bpd next year to 28.9 million.

Compounding investors' concerns, Morgan Stanley forecast in December that in the worst worst-case scenario, the North Sea crude benchmark could drop to as low as \$43 a barrel in the second quarter of next year.

GST on petroleum might remain a distant goal

INDIVIAL DHASMANA
New Delhi, 30 December

The Union government hopes to sort out the issue of imposing the goods and services tax (GST) on petroleum after a few years of introducing the new indirect tax regime from 2016-17 but the transition seems far from being a smooth one.

This is because the Centre would need the concurrence of 20 states out of 29 to impose a GST on petroleum.

The Constitutional Amendment Bill, tabled in the Lok Sabha on December 23, seeks to bring petroleum under GST, but gives states the power to impose value-added tax (VAT), while the Centre will levy excise duty on it. This was the middle path since states did not want to impose GST on petroleum, as they earn a huge amount from it.

The arrangement will remain until the proposed GST Council alters it.

"The Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high-speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel," says the Bill, which tabled on the last day of Parliament's winter session.

The council is proposed to be chaired by the Union finance minister and state finance ministers. The Centre will have one-third vote and the states will have two-thirds vote in the council. No decision can be approved in the council unless it is approved by 75 per cent of the vote.

This means the Centre can block any decision in the council, as well as all the states put together. The Centre will need the support of over 67 per cent of states to approve any decision. This means 20 states out of 29 in the country.

"States will have to come on board to have GST on petroleum," said R

States to get one year to apply GST provisions

States will get one-year time to implement the provisions of Goods and Services Tax (GST) after introduction of the new indirect tax regime from April 2016.

With states such as Tamil Nadu and West Bengal still voicing their concerns over GST implementation, the Centre has provided for this one-year extension clause in the GST Constitutional Amendment Bill. Touted as the single-biggest indirect taxation reform since independence, the GST implementation would create a single tax for goods and services across the country. "The one-year grace period is only a transitory provision and all states will have to finally implement it. States are on board," a senior official said. This would "take care of any inconsistency which may arise with respect to any law relating to tax on goods or services or on both in force in any State on the commencement of the provisions of the Act".

A single rate GST will replace central excise, state VAT, entertainment tax, octroi, entry tax, luxury tax and purchase tax on goods and services to ensure seamless transfer. Some states have opposed introduction of the GST Bill without evolving a consensus on critical aspects like revenue neutral rates and bands, compensation methodology and thresholds.

Gujarat has proposed that the one per cent additional tax that manufacturing states can charge on inter-state trade for two years after GST roll out should not be withdrawn. West Bengal is also learnt to have raised demand for full one time payment of CST compensation and as well the losses likely to accrue due to abolition of entry tax. **PTI**

Muralidharan, senior director, Deloitte in India.

The National Democratic Alliance (NDA) has governments in 11 states, assuming that it will not be in power in Jammu and Kashmir. So it will require the vote of nine more states in its favour in the council.

The next big Assembly elections are scheduled for 2015-end when Bihar will go to the polls. This will be followed by Assam, West Bengal, Kerala and Tamil Nadu by mid-2016. In early 2017, elections are slated in Punjab and Uttar Pradesh. The GST is slated to be introduced from 1 April, 2016.

Besides, states are, in general, against imposing a GST on petroleum products because they earn a large chunk of their revenue from the tax on petroleum. They are also against imposing GST

on alcohol, another money-spinner for state finances, which has been accepted by the central government.

The net revenue collection states receive from VAT on petroleum products is over ₹1.25 lakh-crore and the tax on alcohol sales contributes roughly the same amount. Together, these two products account for almost 40 per cent of a state's total revenue. The Centre collects around ₹1 lakh-crore by taxing petroleum products.

States do not want to lose autonomy over such an important head.

Muralidharan said there was no economic rationale for not agreeing to a GST on petroleum, since there could always be a GST on these products and VAT above the GST rate, a proposal which was mooted by the Centre to states initially.

Ordinance to amend law on arbitration

Special Correspondent

NEW DELHI: To send out a signal to foreign investors that settling commercial disputes in India will no longer be a time-consuming affair, the government has decided to promulgate an Ordinance to amend the Arbitration and Conciliation Act, 1996.

The Ordinance is aimed at making it mandatory for commercial disputes to be settled within nine months and also putting a cap on fee of arbitrator. The Centre has sent it to President Pranab Mukherjee for his assent.

The proposed amendments stipulate that the presiding officer of a commercial dispute will have to clear the case within nine months, reported agencies quoting an unnamed official. The arbitrator will be

It is aimed at making it mandatory for commercial disputes to be settled within nine months and also putting a cap on fee of arbitrator

free to seek an extension from the High Court. But in case of further delays, the High Court will be free to debar the arbitrator from taking up fresh cases for a certain period.

The government had to take the Ordinance route as it wanted the reforms to be put in place at the earliest, the official said.

"Most of the recommendations of the Law Commission have been accepted. While

some have been incorporated in the law itself, some of the recommendations will be used while framing rules," the official was quoted as saying.

The Federation of Indian Chambers of Commerce and Industry (FICCI) said in a statement that the move would make India a more investor-friendly destination and help promote institutional arbitration.

FICCI Secretary-General and Indian Council of Arbitration Director-General A. Didar Singh said the proposed amendment of capping arbitrators' fee and introducing timelines for giving final awards would make dispute-resolution less expensive and give a push to commercial activity.

EDITORIAL | PAGE 8

Broadband may be made a basic need

DIGITAL NEEDS Telecom services to be also recognised; govt plans to provide on-demand connectivity within 12 months

M Rajendran

m.rajendran@hindustantimes.com

NEW DELHI: Telecom services and broadband connectivity may well be declared a basic right in India, with the Telecom Commission engaged in discussions on how to make broadband available on demand across the country in the next 12 months.

"We are working out a plan to recognise broadband connectivity as a basic necessity, such as education and health. This will ensure that consumers will get broadband on demand by 2015 and higher speeds of at least 100 mega bits per second (Mbps) on demand," said a Telecom Commission member. Telecom Commission is the policy-making arm in the communications ministry.

The commission is also exploring new technological developments in the broadband field. Alcatel-Lucent, for instance, recently achieved a new world record broadband speed of 10 giga bits per second (Gbps) for data transmission over traditional copper tel-

NET WORKS

1.7 Mbps Average broadband speed in India

175 mn No. of broadband connections targeted by 2016

79.2 mn Broadband connections in India at present

2 Mbps Speed expected to be delivered by 2020

ephone lines.

Average broadband speed available in India in 2014 is 1.7 Mbps. The Alcatel record is over 5,800 times this speed.

All broadband technologies would be given quick and easy clearance in matters of 'right of way', which have been bottlenecks in a majority of projects such as laying cables and putting up telecom towers. "A draft Right of Way Policy is likely to be released in this week. It had a deadline of December 31, 2014," a source in the Telecom

Commission said.

Right of way refers to environment and local administrative clearances required for a project.

The communications ministry's Broadband and Digital Vision has put broadband connectivity as a core utility, with broadband connection targets of 175 million by 2017 and 600 million by 2020. The speed expected to be delivered by 2020 is an average 2 megabits per second, and higher speeds of at least 100 mbps on demand.

If India manages to deliver on 100 Mbps on demand, it will join US, Japan and Sweden, which are also targeting similar speeds by 2020. "But South Korea has set a target of 800 Mbps... we are watching developments in that country and hope to reach at least half of it," said a senior Telecom Commission official.

Currently, India has 254.4 million internet subscribers, which includes 79.2 million broadband connections, according to the Telecom Regulatory Authority of India (TRAI). Broadband speed as defined by TRAI is a minimum of 512 kbps.

New irrigation scheme to link villages to water sources

Vishwa.Mohan
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New Delhi: Seeking to save farmers from vagaries of monsoon, the government will soon launch its ambitious rural irrigation scheme by linking villages through nearest possible sources of water.

The scheme — Pradhan Mantri Krishi Sichi Yojana — will have water conservation and building of irrigation infrastructures at village-level as its key components at micro level. On the other hand, the inter-linking of rivers across the country will be an important pillar of the scheme at the macro level.

Prime Minister Naren-

OPERATION LAND-TO-LAB

► 'Mera Gaon, Mera Gaurav' will involve agri experts/scientists for propagating scientific farming in villages

► Krishi Dak: Aimed at distribution of seeds of improved varieties of vegetables and food-grains to farmers at their doorsteps through the postal service



► Soil Health Cards to be provided to all 14.5 cr farmers (those having land holdings) in 3 years

► All 'mandis' to be connected through e-marketing under

Agri Tech Infrastructure Fund

► Aims to increase milk production to 150 million tonnes by 2016-17

dra Modi on Tuesday reviewed its preparedness and asked different ministries, including water resources and agriculture, to fast-track the necessary measures through a multi-pronged approach, including integrating it with NREGA, so that

the scheme could be launched simultaneously in couple of states by next month.

Modi also asked the water resources ministry to identify river-interlinking projects that could be immediately taken up and called

for comprehensive mapping and identification of water bodies across the country for which satellite imagery and 3D photography could be used to guide villages to best possible sources of irrigation.

Without giving an exact timeframe, agriculture minister Radha Mohan Singh, who attended the review meeting along with water resources minister Uma Bharti, said, "The scheme is in an advance stage of finalization and it will be launched soon." The government had proposed to launch the scheme in its first budget in July and set aside Rs 1,000 crore for this.

For the full report, log on to www.timesofindia.com

Whistleblower Act likely to be amended, says govt

TIMES NEWS NETWORK

New Delhi: After the land acquisition act, another flagship UPA legislation is likely to come under the scanner. The government is planning to amend the Whistle Blowers Protection Act less than a year after it received Parliament's approval.

In response to a RTI by NCPRI activist Amrita Johri, the DoPT said, "A proposal to introduce necessary Bill for amendment of the Whistle Blowers Protection Act, 2011 is under consideration of the government. The relevant file is under submission to higher authorities for placing the matter before the Cabinet and a final decision in the matter is yet to be taken by the Cabinet."

The Act seeks to protect

The NDA govt proposes to amend the Act and keep issues of national security out of its purview

whistleblowers, persons making a public interest disclosure related to an act of corruption, misuse of power, or criminal offence by a public servant. It brings within its mandate any public servant or any other person including a non-governmental organization who may make such a disclosure to the central or state vigilance commission. The NDA government proposes to amend the Act and keep issues of national security out of its purview. According to sources a system would also be put in place to

identify information that can be shared under the Act.

The Act was passed in much haste by the UPA government in February and received Presidential assent in May. However, the legislation has not been operationalized in the last six months as the rules have not been notified. This has been a dampener for activists and whistleblowers alike who do not receive any kind of protection despite the existence of a law.

During the last days of UPA, BJP proposed amendments in the bill when it came up for consideration and passage in the RS. One was to bar whistleblowers from seeking information on national security. The UPA government had agreed to the amendment saying it was necessary.

Govt sweetens captive coal block e-auction

■ Existing/upcoming plants that don't have PPAs with buyers of electricity will also be eligible to bid for blocks

Sumit Jha
New Delhi, Dec 30

THE government has made two crucial clarifications on the e-auction process for captive coal blocks in order to make them more attractive to potential bidders.

According to the changes introduced by the coal ministry, existing or upcoming power plants that don't have power purchase agreements (PPAs) with buyers of electricity will also be eligible to bid for the coal blocks. Also, the reserve price of Rs 100/tonne payable by the successful bidder will be included in the energy charge, which means that fuel cost that will be passed through to consumers will include reserve price along with the actual rate of coal at which the bid has been won.

This could translate into bidders being willing to bid more aggressively and still manage to run a profitable business, analysts said.

The minutes of meeting released by the ministry said "power projects which do not have PPAs today but would be entering into PPAs (Case 1 bidding) in future also need to be covered explicitly."

"Generators without PPAs have been in a dilemma for



some time. This was because states are unlikely to enter into PPAs with generators that do not have coal linkage and Coal India would refuse to give linkage to generators without PPAs. We have tried to correct the situation by allowing such generators to enter into the auction fray," a coal ministry official told *FE*.

Apart from the scarcity of coal that has led to more than 15,000 MW of generation capacity not being able to sign coal linkage pact with Coal India, the situation has been exacerbated by the loss making state-owned discoms not shying away from signing pacts with power producers for long-

term supply of power because of financial health.

While there will not be any deadline in place for such capacity to enter into PPAs, they will not be allowed to sell more than 15% of its capacity in the open market. These bidders will also have to pay an additional reserve price for the quantum of coal used for power sold in the merchant market, over and above the reserve price for other generators with long-term PPAs which is Rs 100/tonne.

"The clarification significantly invigorates the auction as there's considerable generation capacity without fully covered fuel supply, and generators can create an additional profit margin between the escalation offered in Case 1 bidding documents and the actual cost inflation," said Kameswara Rao, leader energy, utilities and mining, PwC.

As regards the reserve price (which is to be paid to the state government) being a pass-through, Rao said: "For merchant power, the reserve price is higher, the new proposal will make sure that there are no extraordinary gains from open market sales. This is a safety feature as bidders would factor in the extra reserve price in their quoted prices."

'Costly capital remark in Make In India context' Jaitley denies putting pressure on RBI to slash interest rates

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 30

FINANCE minister Arun Jaitley on Tuesday asserted that the government has not put any pressure on the Reserve Bank of India (RBI) to lower interest rates, after his comments on Monday that the high cost of capital was "one singular factor" that had slowed down the growth in the manufacturing sector in recent times.

Denying putting any pressure on RBI governor Raghuram Rajan, Jaitley in a Facebook post titled "Reporting With An Agenda", said, "The reports indicated that I had spoken on the Reserve Bank, its governor and voiced differences with them. The fact is that there was not a single sentence reference (not even a word) in my entire speech on either the Reserve Bank or its governor."

On Monday, speaking during the inaugural session of government's manufacturing campaign Make In India workshop, the finance minister had singled out the high cost of capital as the one factor that has adversely impacted the manufacturing sector, which had seen growth plummet to an over five-year low of 7.6 per cent in October.

"The credit offtake is slow,



The fact is that there was not a single sentence reference (not even a word) in my entire speech on either the Reserve Bank or its governor

ARUN JAITLEY, Finance Minister

FM meets Modi to discuss economy

NEW DELHI: Finance minister Arun Jaitley on Tuesday met Prime Minister Narendra Modi and is believed to have discussed the performance of the economy in the past seven months. The meeting comes at a time when the finance ministry is in the process of firming up proposals for the 2015-16 Budget.

infrastructure creation becomes slower, and the manufacturers find it difficult to afford costly capital, because it is going to add to each one of their costs. And, therefore, this is one area where each one of us has to be concerned about," he had said.

However, the finance minister, in the Facebook post, said that he was making suggestions on improving the country's manufacturing capabilities and reducing the cost of capital was a part of that.

"Since the subject of the workshop was to develop India into a manufacturing hub, I had made several suggestions which would enable India to improve its manufacturing capabilities... One of the many points that I made was that the cost of capital has to be cut down. Any one speaking on the subject of 'Make in India' into a manufacturing hub would necessarily suggest this," the finance minister said.

On November 17, while delivering the key note address at the Citi's Investor Summit, Jaitley had said that since inflation has moderated, "if RBI, which is a highly professional organisation, in its wisdom decides to bring down the cost of capital, (it) will give a good fillip to the Indian economy."

The RBI has consistently refused to cut down the interest rate since January 2013 on inflation concerns, despite the clamour for rate cut to bring down the cost of credit.

Jaitley denies pressuring RBI to cut rates

REUTERS
Mumbai/New Delhi, 30 December

Finance Minister Arun Jaitley on Tuesday said he was not pressuring the central bank into cutting interest rates. His comment that the high cost of capital was stifling investment had sent markets into a tizzy.

Arun Jaitley, in a speech in Delhi on Monday, had said "costly capital" was one of the factors impacting manufacturers. Analysts said his remarks were the most public attempt yet by the government to press the Reserve Bank of India (RBI) governor into easing rates.

But Jaitley said on Tuesday the comment was meant to discuss the challenges facing the manufacturing sector. "The fact is that there was not a single sentence reference (not even a word) in my entire speech to either the RBI or its governor," Jaitley said in a Facebook posting.

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Finance Minister Arun Jaitley

cut down. Any one speaking on the subject of the Make in India into a manufacturing hub would necessarily suggest this."

Traders said Jaitley's comments on Monday had reinforced expectations that the government was keen for the RBI to lower borrowing costs rates to help economic growth.

The finance minister said on Monday that when "credit offtake is

slow, the infrastructure creation becomes slower, manufacturers find it difficult to afford costly capital."

Benchmark 10-year bond yields fell four basis points to 7.89 per cent on Tuesday, not far from a near one and a half year low of 7.82 per cent in mid-December.

Previously, Jaitley also had to clarify comments after a speech in which he was widely seen as chiding the country's auditor for sensationalising its findings, creating a political row. However, the finance minister later accused media of not properly reflecting "the spirit" of his speech.

Inflation has cooled markedly in recent months, but Rajan has indicated he would move cautiously on any rate cuts, seeking to avoid having to flip-flop on policy should price pressures pick up again.

RBI has also made rate cuts contingent on the government meeting its budget deficit and undertaking fiscal reforms to reduce borrowing.

Jaitley meets PM

Finance Minister Arun Jaitley on Tuesday met Prime Minister Narendra Modi and is believed to have discussed the performance of the economy in the past seven months.

The meeting comes at a time when the finance ministry is in the process of firming up proposals for the 2015-16 Budget to be unveiled by Jaitley in February.

Modi had on Monday at Make in India workshop said the government was ready to change laws and rules to boost manufacturing sector. The economy has shown signs of pick up in the past seven months and is estimated to record a growth rate of 5.5 per cent in the current financial year. Jaitley in a Facebook post on Sunday has said his first priority would be to arrest the slowdown in growth. PTI

Govt, Oppn headed for showdown in RS

LAND LAW Oppn parties united against dilution of the farmer-friendly Act of 2013

HT Correspondent

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NEW DELHI: The NDA government and the Opposition are headed for a showdown in the Budget session of Parliament that generally begins in February, as various parties called for a united fight against the Centre's Land Acquisition Ordinance on Tuesday.

The government's move has brought opposition parties together in what they view to be a dilution of the farmer-friendly Land Acquisition Act of 2013, as the Centre readies for a packed legislative session that includes five ordinances, besides the Railway and General Budgets.

Congress' Jairam Ramesh said the ordinance has "vittated further" the atmosphere in Rajya Sabha, where Opposition's relentless pressure on BJP over religious conversions row stalled six Bills in the last winter session, including the insurance bill and the bill to replace the coal ordinance.

"The Congress would oppose every move to dilute the Land Acquisition Act. All political parties who are pro-farmers must come together to oppose it," party general secretary Digvijaya Singh said.

Left parties also called for pro-



■ A file photo of farmers blocking national highway No. 8 in protest against land acquisition. MANOJ KUMAR/HT

tests against the government's move. "The CPI(M) urges all democratic forces to come forward to oppose the anti-democratic and authoritarian acts of the Modi government," a CPI(M) politburo statement said.

The Trinamool Congress also upped its ante with party chief Mamata Banerjee saying she would not allow any such acquisition in her state.

Opposition said the government was going against the recommendations of the parliamentary standing committee headed by the BJP's Sumitra Mahajan last year.

"Her panel said the government had no business to acquire land for private industries and public private partnerships (PPP). The NDA government, on the contrary, eased the path of acquisition for these two pur-

poses," said a Congress leader.

The ordinance does away with a landowners' consent clause in the 2013 act by exempting five purposes, including national security/defence, rural infrastructure, affordable housing, industrial corridors, and infrastructure and social infrastructure. It also includes PPP projects, where the ownership of the land vests with the government.

Congress, BJP in slugfest

Each accuses the other of misusing CBI

National Bureau

NEW DELHI: The Bharatiya Janata Party and the Congress traded charges on Tuesday on the role of the Central Bureau of Investigation (CBI) in investigating the Sohrabuddin Sheikh encounter case after a special CBI court in Mumbai discharged BJP president Amit Shah in the case.

The Aam Aadmi Party (AAP) accused the Modi government of misusing the CBI to help Mr. Shah.

Congress spokesman Abhishek Singhvi accused the BJP of using the CBI as the government's hand-maiden, a charge returned by Arun Jaitley of the BJP. The two legal eagles of their respective parties took to social media to trade charges, with Mr. Jaitley posting a lengthy article, "The Vindication of Amit Shah," on Facebook. In an official response, the BJP termed Mr. Shah's discharge a "victory of truth and a vindication" of the party's stand that the Congress had mistand the CBI against its opponents for political gains. The party asked Congress president Sonia Gandhi to apologise to the nation.

Mr. Singhvi, in turn, asked why the special CBI Judge, the

special public prosecutor and the investigating officer were changed. In a series of tweets, he noted that after the Lok Sabha election, Mr. Shah had filed a discharge application and his lawyers argued for three days. In contrast, the CBI did not hire any special public prosecutor and the agency's lawyer argued for only 15 minutes. "The CBI and the government have a lot to answer," he said.

Stating that the court ver-

dict was the result of the prosecution indulging in a deliberate cover-up, Yogendra Yadav of the AAP said the conduct of the CBI raised serious questions about its independence and autonomy. The party wanted to know from the CBI why it did not appoint a special public prosecutor in this case and why it did not oppose permanent exemption of Mr. Shah from appearing in court when his lawyers had sought it.

CBI has lost credibility: Trinamool

Special Correspondent

KOLKATA: The Trinamool Congress said here on Tuesday that the CBI court's order to discharge BJP president Amit Shah in the Sohrabuddin Sheikh encounter case had established that the agency's "credibility has been broken irreparably."

Derek O'Brien, party spokesperson and Rajya Sabha member, pointed to the Trinamool's allegation on Sunday that the Bharatiya Janata Party and

the Central Bureau of Investigation were "working together" to protect Mr. Shah. "Sohrabuddin was killed not because he was a criminal or because the law agencies saw him as a threat to public order. He was killed because he had become inconvenient for his handlers in the government machinery," a Trinamool release had said on Sunday. BJP State unit president Rahul Sinha dismissed the allegations as "baseless."

Centre plans common clearing house for commodity bourses

NEW DELHI: The Finance Ministry has sought public comments on a proposal to set up a common 'Clearing Corporation' for national commodity bourses in order to reduce transaction cost of market participants as well as strengthen risk management systems.

At present, national commodity exchanges have integrated online facilities for trading, clearing and settlement of futures contracts.

Only one exchange — NCDEX — has set up a Clearing Corporation, which is a 100 per cent subsidiary of the exchange, for clearing and settlement of trades executed on the exchange.

All other national bourses have clearing and settlement functions as a division of the exchanges. The contracts are cash settled or settled by physical delivery at expira-

Public views on the report are sought by next month.

tion. In a report submitted to the Finance Ministry, the Working Group has recommended an independent common Clearing Corporation (CC) for the national commodity exchanges after studying various vertically integrated models of trading, clearing and settlement.

The public views on the report are sought by next month.

The Group has suggested setting up of an independent CC with a minimum net worth of Rs.100 crore to begin with, which should be reassessed after one year.

The clearing and settle-

ment of trades within the CC should be across commodity exchanges, for benefits of reduced collateral, cross margining, multilateral netting etc to flow to the participants.

Since the commodity bourses have expressed apprehensions of the impact on their profitability if the clearing functions are performed by another entity, the Group has suggested that the CC may allow the exchanges to retain their contribution to the 'Settlement Guarantee Fund' with them, for a pre-defined period, after creating a suitable exposure mitigation vehicle.

Since warehousing is an integral part of the settlement process of commodity futures contracts, the Group said the CC should coordinate with the Warehousing Development Regulatory Authority and state governments. — PTI

WEDNESDAY, DECEMBER 31, 2014

Impropriety of ordinance

By promulgating ordinances within days of the winter session of Parliament coming to a close, the Narendra Modi government has shown that it is not averse to repeating what his party would have considered a constitutional impropriety, had it been done by a Congress government. The power to issue ordinances is normally to be exercised to bring in urgent legislative measures when Parliament is in recess. It is not one to be resorted to merely because the government of the day lacks a majority in the Upper House or is unable to break a deadlock in Parliament. However, it is seen that inefficient floor management, fear of facing a House in which the incumbent party does not have a majority, and a reluctance to make pragmatic concessions across the floor in the interest of sticking to its legislative agenda are the main reasons for prolonged deadlocks. It is a situation rich in irony as the BJP had often questioned the United Progressive Alliance government's promulgation of ordinances in close proximity to a parliamentary session. As in the case of the impasse in the Rajya Sabha that occasioned the ordinances recently issued to make legislative changes in the coal and insurance sectors, logjams are often the result of the government's aversion to resolving issues raised by the Opposition. The Bharatiya Janata Party's justification for exercising the President's legislative power is that it had to avoid any further delay in the e-auction of coal blocks; and that raising the cap on foreign direct investment in insurance from 26 per cent to 49 brooked no further delay. And it has now approved yet another ordinance to amend the land acquisition law when there appears to be no urgent need to do so.

On the flip side, it is a fact that the combined opposition, which outnumbers the ruling party and its allies in the Rajya Sabha, was determined to stall the proceedings until the demand that the Prime Minister himself make a statement on the ongoing 'reconversion' drive organised by affiliates of the Sangh Parivar was met. Mr. Modi could have intervened at least once to clear the air on allegations that his government was conniving at the controversial *ghar vapsi* programmes across the country. For a government committed to undoing the 'policy paralysis' of the previous regime and revitalising economic reforms and good governance, his regime has shown notable reluctance to rein in fringe Hindutva elements that do not seem to care for the government's growth and development objectives. Finance Minister Arun Jaitley's claim that the promulgation of the ordinances signify the government's commitment to reform is questionable. An easier way to demonstrate its commitment to reform would have been to create conditions conducive to getting the Bills passed in the House.