Planning Commission
Government of India

PART A: News pertaining to Planning Commission

04.12.2014

Compiled by:

S. Wadhawan, ALIO **and** **Communication, IT & Information Division**
Mrs. Varsha Satija, SLIA
Planning Commission Library

(महापुरुषों के प्रेरणात्मक विचार)

(Inspiration and genius–one and the same.प्रेरणा और प्रतिभा -एक ही हैं.)

Victor Hugo विक्टर ह्यूगो

1. PM to talk new plan panel, funds with CMs

Kumar Uttam and Chetan Chauhan, Hindustan Times: 04.12.2014

Prime Minister Narendra Modi will hold an exclusive session with chief ministers on December 7 to discuss the proposed Niti (Policy) Commission to replace the Planning Commission and the future of annual and five-year plans. The CMs will also be allowed to raise any other issue related to the Centre.

The Prime Minister's Office communicated to the CMs that PM Modi would like to spend two hours with them to receive feedback on the various initiatives of the Central government and the policies the states would like the Centre to pursue. No officials will be allowed into the meeting.

"The PM wants a freewheeling chat with the CMs and get their feedback to help restructure the Centre-state relations," a senior government official told HT. Terming the platform between the Centre and state's 'cooperative federalism', the PM has sought to know what the "scope and method" of interaction should be and the strategy, tasks and mechanism" for this interface.

The interaction will take place post-lunch at the PM's residence at Race Course Road. In the pre-lunch session, the CMs accompanied by chief secretaries will give suggestions on the Niti Commission that will have four divisions --- Unique Identification Authority of India, Direct Benefit Transfer, Inter-State Council and the Plan Evaluation.

PM Modi has also sought suggestion from the CMs on five-year and annual plans. The job of deciding annual plans of states has been given to the finance ministry but the government wants to know if the states would like it to be part of the Niti Commission.

The PM, through a note circulated, also sought to know what the states thought of the five-year plan cycle and to suggest alternatives for it.

He has also asked the CMs their opinion restructuring the fund flow from the Centre to the states. Every year, the government gives over Rs. 3,00,000 crore to the states through central schemes and programmes.

2. Govt sets up high-level panel on tax issues

The Times of India: 04.12.2014

NEW DELHI: The government on Wednesday set up a High Level Committee (HLC) to interact with trade and industry and identify areas where clarity on tax laws is needed, a move aimed at boosting confidence among taxpayers.

The panel will be headed by former chief economic adviser Ashok Lahiri and includes Sidhartha Pradhan , former member of Settlement Commission (income tax and wealth tax) and Gautam Ray former DG (audit) customs and central excise. The HLC will submit half-yearly reports to the finance minister Arun Jaitley.

In his 2014-15 Budget speech, Jaitley had announced the government's intention to set up a high level committee to interact with trade and industry on a regular basis and ascertain areas where clarity in tax laws was required. Based on the recommendations of the committee, the Central Board of Direct Taxes and the Central Board of Excise and Customs shall issue appropriate clarifications, wherever considered necessary, on the tax issues within a period of two months.

This was among several measures that the NDA government had unveiled to boost the confidence of tax payers and provide certainty and clarity in tax laws. The government is dealing with several high profile tax disputes with multinationals and has taken steps to calm nerves of investors by promising a non-adversarial tax regime.

The panel will give recommendations to the CBDT/CBEC for issuing appropriate clarifications on tax issues. The two tax authorities will issue clarifications within two months from the date of receipt of recommendations of the panel.

The committee will be assisted by two nodal officers not below the rank of joint secretary/commissioner, one each from Income Tax and Customs & Central Excise. The choice of nodal officers will be recommended by the CBDT and the CBEC. The appointment of would be approved by the revenue secretary, a statement said.

3. A road map for Digital India

Shyam Ponappa, Business Standard: 04.12.2014

India's current overall policies for telecommunications don't serve our interests. Here's what must change

With all the talk about Digital India, one would think it's taking off. But in reality, it isn't quite here yet - because of our confused approach to independent networks, and regulations that restrict efficient use of spectrum and radio networks. Oddly enough, we don't suffer this confusion about sharing other infrastructure, such as roads, rail, electricity networks or airports. We readily share these on payment, as is logical, but we simply haven't done this for broadband and communications. It's unlikely we'll achieve ubiquitous digital access with our current approach. There are too many problems and too few synergies, requiring radical changes in direction.

Our legacy practices have resulted in several independent, countrywide networks like arterial systems, each run by its owner/operator. These systems connect at the customer ends on their own, except when customers are outside their franchise areas. This requires massive capital investment in a multiplicity of redundant backbone and urban networks with insufficient rural coverage, for a start.

Even worse, our administrative rules are far more constraining than the technological limitations. So operators must win their own spectrum at auction as in countries with (a) not many operators and (b) more commercially available spectrum, even as technology has evolved to facilitate shared network solutions.

This creates two further obstacles for Digital India: operators must invest large sums in spectrum auctions for their exclusive-use bands, and limited bandwidth - for instance, in the 900 MHz band - must be subdivided between numerous operators at a location, resulting in suboptimal performance.

The one proposed exception to the multiplicity of uncoordinated networks is the National Optical Fibre Network (NOFN) from state-owned Bharat Broadband Network Ltd. The plan is that this will reach clusters of villages at the gram panchayat level, and be available to all service providers; but it is very far from ready.1 Even when it is complete, the last-mile access to end-users will need to be built. Much of the countryside requires wireless access using the radio spectrum, because laying fibre costs too much. And our approach to spectrum allocation is such that spectrum is simply unavailable.

The required changes must, therefore, address even basic assumptions, for example, whether operators must be restricted to circles; how to organise the infrastructure ownership, build-out and operation to facilitate countrywide access; how to compensate governments for usage rights, and network and spectrum owners for common-carrier access to their assets; how to structure incentives for content development and delivery for education, healthcare, civic services, commerce and entertainment and so on, as well as for domestic high-technology manufacturing. If this isn't done, the already high level of technology imports will rise to unsustainable levels, constraining not only this sector but the potential of most sectors of the economy.

We need policies and regulations framed in our collective best interests, defined thus:

Effective and efficient communications services at reasonable costs, paying reasonable taxes and government charges

As explained above, our present approach is unlikely to get us there. So what can be done?

As a first step, one sweeping change can solve part of this seemingly intractable problem: permitting spectrum sharing between primary users, such as defence and defence-related services, who will continue to have priority rights and authorised secondary users, as under way in the United States and the European Union (EU).2 In this manner, current holders retain their rights, while allowing the utilisation of otherwise idle spectrum. Defence and government users continue without any changes to their equipment and practices, except where feasible for purposes of international harmonisation, such as defence users swapping 15 MHz in the 2,100 MHz band for the 1,900 MHz band.

With this approach, critical defence and security applications are not compromised for government or commercial revenues. Instead, the spectrum would be more fully used, more traffic would generate higher earnings yielding greater revenue share and tax collections, while security retains the priority it deserves.

A prerequisite for this is a collaborative, end-to-end strategy and a problem-solving approach to formulating and executing policies, regulations and processes. The participants must include the central ministries and agencies (department of telecommunications, department of electronics and information technology, information and broadcasting, defence, finance, the armed forces, security agencies); the regulator (Telecom Regulatory Authority of India); state governments; public sector units and their associated of some 2G licences, can be as ministries/departments; operators. The judiciary and the public must also be involved, because disruptive actions, such as those leading to the arbitrary cancellation damaging as dysfunctional policies or regulations.

The second major change required is to transition to open-access shared networks, available on payment to all licensed operators/service providers (excluding the ambit of defence and security). It may be appropriate to have two, three or even four networks that are interconnected. This has to be worked out by the participants based on technology, economics, business interests and pragmatism in terms of what is achievable in given timeframes. The transition needs to be through consultation and negotiation, as it would not work well if imposed through government or judiciary diktat.

Simultaneously, trials must be conducted with new technologies, starting with wireless broadband utilising unused spectrum reserved for TV broadcasts ("TV white space"). Other countries have done much of the pioneering work. The EU scientists are recommending using TV white space for "super-Wifi" at the International Telecommunication Union's next World Radiocommunication Conference, instead of auctioning it.3

Our trials must validate solutions such as for rural broadband being workable in our situation and circumstances. These trials will need to be extended in phases, both in terms of scope and of scale - for example, for the active sharing of TV and other spectrum, and of radio access networks, through rural and urban field trials. These will test usage by multiple operators in a given area. Once proven, policies and procedures can be developed and implemented across the country.

5. Banking on rural deposits

Madan Sabnavis, Financial Express: 04.12.2014

The Jan Dhan Scheme has by far been the quickest and most expansive financial inclusion drive launched in the country. It was launched with a set target for the existing banks. The results are quite amazing and actually provide some guidance to the new players entering the market as 'payments' or 'small' banks.

So far, 81.2 million accounts have been opened of which 60% are in rural areas. Banks, primarily public sector banks (PSBs), have issued 51.1 million RuPay cards for these accounts. Deposits in these accounts were R6,355 crore as of November 26. Interestingly, there were 60.7 million zero-balance accounts, which implies an average of R3,100 in the non-zero accounts. This scheme has been aggressively implemented and the focus was more on opening accounts with minimum KYC norms to expedite the process. The idea is laudable as it is a quick way of accomplishing a task. But the high zero-balance accounts, as well as low balances on an average, actually signal that these households typically do not have the money to keep as deposits or are sceptical of the same. Alternatively, they may not really be interested in such deposits, notwithstanding the add-ons of a debit card as well as possible future credit and insurance going forward.

Therefore, RBI's decision to start issuing licences to payments banks that will take savings bank deposits and invest only in government securities for a 1-year duration or less and, to a certain extent, in other bank deposits, will pose a challenge to the licensees as they will have to create a superstructure to keep their business going. All options are open and telecom companies and other card-based companies can tie their businesses with bank accounts and probably be more successful than banks as there is already an existing business relationship with the customer. The question is will these households actually keep the deposits with these banks or not?

Post offices qualify for such a licence and are well poised to leverage this market. They would only have to scale up and not really have to start afresh like the supermarkets or telecom companies. Their deployment of funds too would change—passing it on to the Centre and states; they will have to deploy all in short-term paper. Their operations too have to be altered unless a new Post Office savings bank is opened in the same premises, as there are other products being offered which can no longer be done—postage, fixed and recurring deposits, and small savings (including the Kisan Vikas Patra). Regulation does not permit the same and, hence, a new bank may be created for this purpose. However, for an completely new entrant, the establishment costs would be considerable.

The model, for any entrepreneur, makes a lot of sense as the bank will get deposits at 4% or free (current accounts) and can earn a good 7-8% return. Operational costs will be low at 1-2%, and hence a return of 1-2% can be maintained without any encumbrance of NPAs or capital as these variables will become irrelevant given the business model. However, if fresh infrastructure is to be created then there would be high overheads.

The small bank concept is, of course, more challenging as 75% of the funds have to go to priority sector lending, to the farm sector and the SMEs, with a cap of R25 lakh for 50% of the loans. This will be on top of the CRR and SLR requirements. Intuitively, it can be seen that the cost of servicing these small-sized loans would be high for these banks which will also have to open up brick-and-mortar branches, unlike the payments banks.

Additionally, both these segments are vulnerable. When the monsoon fails, the farm loans go bad and the cycle of monsoon failures has been moving with shorter amplitudes. Further, the economic cycle too has become more unpredictable and, often, a sustained industrial slowdown results in higher NPAs being generated as they get affected almost immediately when the economy slows down. This being the case, the pressure on quality would be high. This will also pressurise their capital and hence will be onerous, unlike it is for commercial banks where the portfolio is well spread across all sectors, smoothening the risks .

MFIs and NBFCs can apply here and it will be interesting to see if they are attractive to these players. This will hold for MFIs who would get access to deposits in a formal manner and can lend to these segments where there is a modicum of familiarity. NBFCs, too, may be inclined to consider this option given that the regulatory structure has become a little more intense for them in their normal line of business.

The crux of these banks working well would depend on their ability to garner deposits in the rural areas in particular. The Jan Dhan Yojana warns that it may be difficult to get the deposits, though opening accounts would be easy. It will require a lot of awareness. Counter-intuitively, if the Jan Dhan programme that offers the promise of credit and insurance has not caught on, would a plain vanilla deposit be convincing to the household. This is where the payments bank should work and linking one’s own product to the deposit could be a good way of making a start.

The author is Chief Economist, CARE Ratings. Views are personal

PART B

NEWS AND VIEWS

Thursday 4th December 2014

Polity	: Grand Janata reunion to begin
Economy	: Govt notifies relaxed FDI norms for realty
Planning	: PM to talk new plan panel, funds with CMs
Editorial	: Mr. Modi must do the right thing

Communication, IT Information Division
Phone # 2525

The Hindu

Date: 04/12/2014
Page No. 12

Bill to repeal 90 Acts introduced in Lok Sabha

NEW DELHI: Moving ahead with ridding statute books of obsolete laws, a Bill was introduced in the Lok Sabha on Wednesday to repeal 90 amendment Acts, including one which changes the law relating to salaries of members of Parliament.

Law Minister D.V. Sadananda Gowda introduced The Repealing and Amending (Second) Bill, 2014, which seeks to remove certain Amendment Acts from the statute books as they have outlived their utility.

In the monsoon session, the government had brought a similar Bill to repeal a total of 36 Principal Acts and Amendment Acts which are now considered redundant. That Bill is now pending with a Parliamentary Standing Committee.

This is the first time since 2001 that such an exercise is being undertaken by the Law Ministry.

Through the Bill, government also seeks to "rectify" the mistake that had "inadvertently" crept in at the time of the enactment of the Railways (Amendment) Act, 2008 and the Indian Maritime University Act, 2008.

The Bill makes it clear that once the measure becomes an Act, it will not affect any other law in force.

The Amendment Acts which are sought to be repealed include the Salary, Allowances and Pension of Members of Parliament (Amendment) Act, 2010, The Supreme Court (Number of Judges) Amendment Act, 2008, The Wakf (Amendment) Act, 2013 and the Banking Laws (Amendment) Act, 2012.

The move is in tune with Prime Minister Narendra Modi's agenda to do away with archaic laws.

Between 1950, when the Republic came into being, and 2001 over a hundred Acts have been repealed. — PTI

4 parties may reject report on Insurance Bill

Gargi Parsai

NEW DELHI: At least four parties may give a dissenting note on the report of the Rajya Sabha Select Committee on the Insurance Bill that seeks to raise the foreign direct investment (FDI) cap from the present 26 to 49 per cent.

The parties are the Trinamool Congress, Janata Dal (United), Samajwadi Party and the Communist Party (Marxist). This was apparent from the drift of the representations made by these parties at the meeting of the select panel on Wednesday. The panel chaired by Chandan Mitra had a clause by clause consideration and approval. The committee secretariat will finalise the draft report over the weekend which members will discuss next Monday.

The government will be able to muster enough numbers in the Rajya Sabha to get the Bill passed, as several parties, including the Congress, are on board, sources said.

There are 15 members on the select panel, with the BJP and the Congress having three members each. Among others are the AIADMK, the CPM, the TMC, the SAD, the BJD, the BSP, the JD (U) and the SP with one member each and an independent member.

According to sources, the report of the panel will be submitted in the middle of the next week, before December 12.

The Financial Express

Date: 04/12/2014
Page No: 02

Govt notifies relaxed FDI norms for realty

■ Removes 3-year lock-in period for investment repatriation ■ Reduces minimum floor area to 20,000 sq m

fe Bureau
Mumbai, Dec 3

THE government on Wednesday notified the revised rules for FDI in construction. Under these rules, the three-year lock-in period for repatriation of investment has been removed. Henceforth, investors will be permitted to exit on completion of the project or after development of trunk infrastructure, i.e. roads, water supply, street lighting, drainage and sewerage. The revised norms had received a Cabinet nod in October

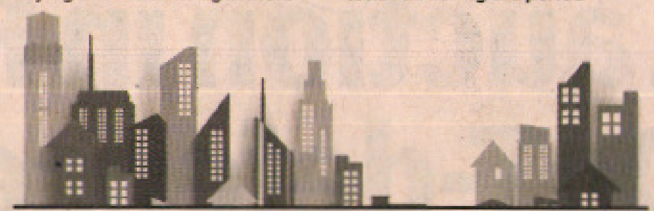
The revised rules also reduces the minimum floor area to 20,000 sq m from the earlier 50,000 sq m. It has also brought down the minimum capital requirement to $5 million from $10 million.

Industry observers welcomed the move, saying this would bring in more flexibility to the investor regarding their funds. Neeraj Sharma, partner, Walker Chandiok & Co, said, "Linking the exit rules to the completion of a project or development of trunk infrastructure and scrapping a three-year lock-in, is a smart move by the government. This would mean that the investors will be able to exit a project even in the initial years of investment once the trunk infrastructure is ready. The move should encourage more real estate developers to create quality infrastructure around their projects from the very beginning, and it will also help in fetching better prices for the projects."

However, there is a word of caution too. Anuj Puri, chairman and country head, Jones Lang LaSalle India, said: "With the FDI policy now providing investors a much more attractive exit option, albeit subject to whether the investor has a strong case for exit which needs to be approved, FII interest in the Indian construction sector is bound to increase. However, a certain amount of increased speculative activity may also be anticipated."

REALTY CHECK

- Brings down the minimum capital requirement to $5 million from $10 million
- Permits investors to exit on completion of the project or after development of trunk infrastructure
- Industry welcomes the move, saying this would bring in more flexibility to the investor regarding their funds
- Relaxed rules are expected to bring in more FDI into the construction sector
- Between April 2000-August 2014, the sector received FDI worth $23.75 bn — 10% of the total FDI during the period



The relaxed rules are expected to bring in more FDI into the construction sector, which has seen a decline in the inflows over the last few years. Between April 2000 and August 2014, construction development, including townships, housing and built-up infrastructure in the country, received FDI worth $23.75 billion, or 10% of the total FDI attracted by India during the period.

The new policy is also aimed at encouraging the much-needed low-cost affordable housing in the country and development of smart cities. The government has exempted the conditions of minimum floor area as well as capital requirement if an investee/joint venture companies commit at least 30% of the total project cost for low-cost housing.

The real estate developers have given a thumbs up to the new rules, but seek more clarity on the definition of FDI investment that will follow in the remaining cycle of the project after the initial $5 million.

Lalit Kumar Jain, chairman and managing director, Kumar Urban Development, and chairman, CREDAI, said: "The removal of three-year lock-in is a welcome move. However, we feel that the government needs to clarify whether the rules of exit will apply in the same manner if the subsequent tranches of FDI are brought in by an investor who is different from the initial investee."

The Statesman

Date: 04/12/2014
Page No. 11

THERE ARE SOME ISSUES WHICH WE ARE TRYING TO LOOK AT: DEPUTY GOVERNOR

RBI norms on e-commerce likely

PRESS TRUST OF INDIA
Mumbai, 3 December

RBI deputy governor HR Khan today said the Reserve Bank of India has some concerns on e-commerce transactions and will be coming out with some guidelines on the same.

"There are some issues which we are trying to look at. E-commerce is innovative and we cannot push away, so we will see....we are looking at coming out with some guidelines on it," Mr Khan told reporters on the sidelines of an NPCI event here.

He, however, did not elaborate the specific concerns.

In August, the RBI had found that US-based taxi aggregator Uber was flouting payments norms and had asked it to comply by 31 October, for which the company has sought more time.

Uber was following its practice that falls short on the two-step user authentication norms as laid out by the RBI.

The concerns voiced by the senior RBI official come within days of commerce minister Nirmala Sitharaman saying that her department was "watching" the developments in the fledgling space, including some cases involving e-commerce majors in the courts over the market model. It also comes after traditional brick and mortar traders approached the fair trade watchdog the Competition Commission of India in this regard.

Mr Khan said the RBI will come out with final guidelines on trade receivables discounting system, a draft of which was issued in July.

"We expect it is going to be a big game changer for the receivables of small and medium industry," he said. Under the guidelines, both factoring and reverse factoring will be allowed, he added.

On the foreign investors' caps in government securities, Mr Khan said the increase will come about but in a phased manner.

When asked about the Budget announcement of bond buy-backs to extend the maturity and reduce repayment burdens, Mr Khan did not give an exact timeline or quantum of the mop-up and limited to saying that it will be done by March 2015.

On the recently issued norms for establishment of the payments banks and small finance banks, he said the new banks will not be a threat to existing banks but may increase competition.

REGULATOR'S CONCERN

- The RBI will come out with final guidelines on trade receivables discounting system, a draft of which was issued in July
- In August, the RBI had found that US-based taxi aggregator Uber was flouting payments norms and had asked it to comply by 31 October, for which the company has sought more time

Business Line

Date 04/12/2014
Page No. 04

Centre relaxes FDI rules in construction

Minimum built-up area reduced to 20,000 sq meters

OUR BUREAU

New Delhi, December 3

The Government has formally notified a reduction in the minimum area and minimum capitalisation requirement for foreign investors in construction to attract more funds into the cash-starved sector.

Foreign investors can exit projects on its completion or on development of trunk infrastructure such as water supply, drainage, roads and street lighting, according to a Press Note released by the Department of Industrial Policy and Promotion (DIPP) on Wednesday.

The Press Note is based on the decision taken by the Cabinet for FDI in construction development in October this year.

The minimum built-up area requirement for FDI in construction projects has been reduced to 20,000 square meters from 50,000 sq.m.

For services plots, the minimum area requirement, earlier at 10 hectares, has been dropped completely.

Minimum capital requirement has also been halved to $5 million from $10 million.

For encouraging investments in affordable homes, the Centre has exempted the conditions of minimum floor area as well as capital requirement if an investee/joint venture company commits at least 30 per cent of the total project cost for low-cost housing.

Hindustan Times

Date: 04/12/2014
Page: 17, 19

Govt may hike FDI in defence units to 74%

SECURING SUPPLIES Centre looking for opportune political time to take call, decision may take upto two years

Arnab Mitra and Timsy Jaipuria
arnab.mitra@hindustantimes.com

NEW DELHI: In a bid to encourage foreign firms to transfer state-of-the-art technology in defence production, the government may increase the FDI cap for the sector to 74% from 49% at present.

Several opposition parties and even some affiliates of the ruling BJP, such as the Swadeshi Jagran Manch, are opposed to opening defence to foreign investment. "Keeping the FDI cap at 49% was a political call," the official said.

"The next big sector for foreign investments is defence. To attract serious players, the government has to ease the policy. Once the political climate cools down we will move a cabinet note to increase the cap to 74%," a senior government official said on the condition of anonymity. This may take up to two years.

India is expected to spend $40 billion (₹2.4 lakh crore) on defence purchases over the next 4-5 years, mostly from abroad. India imports 75% of its defence equipment, making it the world's largest arms importer.

Indian companies such as the Tata Group, Reliance Industries, Mahindra & Mahindra, Larsen & Toubro, Godrej Group and Bharat Forge have interests in the defence sector or are keen on entering it in a big way.

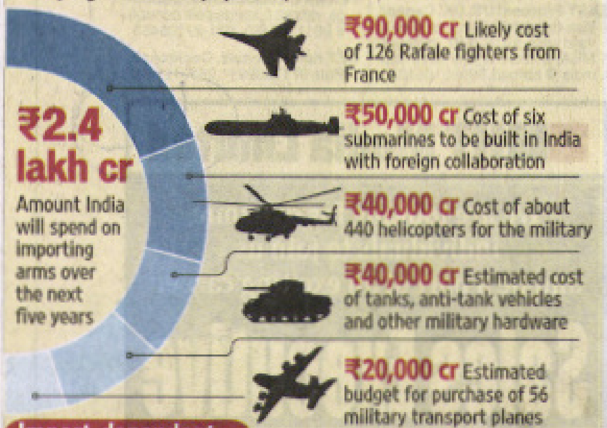
However, large western armaments companies are reluctant to transfer state-of-the-art technology without majority stakes in their Indian subsidiaries.

"Encouraging foreign defence manufacturers to establish bases in India will provide a platform for transfer of high-end technology and also catalyse domestic manufacturing," the official said.

» CONTINUED ON PAGE 19

INDIA'S SHOPPING LIST

The government will spend a humungous amount buying defence equipment, most of it from abroad



Import-dependent

- India is the world's largest arms importer; 75% of its total defence equipment is imported
- Imports are 40 times higher than exports
- Cos such as Tata Group, M&M, L&T, Godrej, RIL and Bharat Forge keen to enter defence sector

Defence ...

CONTINUED FROM P17

Currently, any foreign investment in defence exceeding 49% has to be cleared by the Cabinet Committee on Security.

"This sector definitely attracts a lot of investor interest but that does not translate into actual investments because foreign arms companies are not allowed to hold a majority stake. So, there is a need to further liberalise the cap," said Akash Gupt, partner, regulatory services at PWC.

During the UPA regime, then commerce minister Anand Sharma had pitched for raising the limit in defence to 74%.

"Globally, the defence sector has been the harbinger of new technologies and ...job creation. The US and the EU allow 100% FDI in defence manufacturing. India needs to do the same," the official quoted earlier said.

Hindustan Times

Date: 04/12/2014
Page: 11

PM to talk new plan panel, funds with CMs

FREEWHEELING Modi's exclusive session on Dec 7 is aimed at receiving feedback on Centre's initiatives, policies

Kumar Uttam
and Chetan Chauhan
letters@hindustantimes.com

NEW DELHI: Prime Minister Narendra Modi will hold an exclusive session with chief ministers on December 7 to discuss the proposed Niti (Policy) Commission to replace the Planning Commission and the future of annual and five-year plans. The CMs will also be allowed to raise any other issue related to the Centre.

The Prime Minister's Office communicated to the CMs that PM Modi would like to spend two hours with them to receive feedback on the various initiatives of the Central government and the policies the states would like the Centre to pursue. No officials will be allowed into the meeting.

"The PM wants a freewheeling chat with the CMs and get their feedback to help restructure the Centre-state relations," a senior government official told HT.

Terming the platform between the Centre and state's 'cooperative federalism', the PM has sought to know what the "scope and method" of interaction should be and the strategy, tasks and mechanism" for this interface.

The interaction will take place post-lunch at the PM's residence at Race Course Road. In the pre-lunch session, the CMs accompanied by chief secretaries will give suggestions on the Niti Commission that will have four divisions – Unique Identification Authority of India, Direct Benefit Transfer, Inter-State Council and the Plan Evaluation.

PM Modi has also sought suggestion from the CMs on five-year and annual plans. The job of deciding annual plans of states has been given to the finance ministry but the government wants to know if the states would like it to be part of the Niti Commission.

The PM, through a note circulated, also sought to know what the states thought of the five-year plan cycle and to suggest alternatives for it.

He has also asked the CMs their opinion restructuring the fund flow from the Centre to the states. Every year, the government gives over ₹3,00,000 crore to the states through central schemes and programmes.

- This is the first time the Prime Minister will be interacting with all the chief ministers. SUNIL SAXENA / HT FILE

SEEKING SUGGESTIONS

- The session will be held on December 7 to discuss the proposed Niti (Policy) Commission to replace the Planning Commission
- The CMs will also be allowed to raise any other issue related to the Centre
- The meet is to get the CMs' feedback to help restructure the Centre-state relations
- The two-hour interaction will take place post-lunch at the PM's residence.

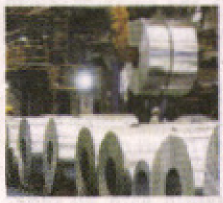
The Indian Express

Date: 04/12/2014
Page No. 17

Disinvestment process to begin with SAIL on Friday

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 3

GOVT LIKELY TO MOP UP ₹1,700 CR



- At current market prices, the stake sale is likely to raise over Rs 1,700 crore for the Centre
- The disinvestment in the steel PSU will be conducted through the offer-for-sale or auction route with sale of up to 20.65 crore equity shares

FINALLY kicking off the disinvestment line-up for the fiscal, the government is set to divest 5 per cent stake in state-owned SAIL on Friday.

"The offer shall ... commence on December 5, 2014, at 9:15 am and shall close on the same date at 3:30pm," said the state-owned steel firm in a filing to the stock exchanges on Wednesday. At current market prices, the stake sale is likely to raise over Rs 1,700 crore.

While this is just a small chunk of the Rs 43,425 crore that the Centre has Budgeted from disinvestment proceeds in 2014-15, it is significant as it is the first stake sale this fiscal.

"This is a start. Market conditions are good and over the next two months, we will have a host of stake sales. Disinvestment in ONGC as well as CIL is likely to take place early in the new year," said a senior official.

The disinvestment in the steel PSU will be conducted through the offer-for-sale or auction route with sale of up to 20.65 crore equity shares.

The exact floor price for the stake sale is likely to be announced on Thursday after market hours. For retail investors a 10 per cent quota is also likely to be included.

The Cabinet had, in July 2012, approved a 10.82 per cent stake sale in SAIL. The first tranche of disinvestment of 5.82 per cent was completed in March 2013. On Wednesday, shares of SAIL lost 4.67 per cent on the BSE to close the day at Rs 85.65 apiece.

The Centre plans to divest its holdings in over half a dozen firms this fiscal including a 5 per cent stake sale in ONGC, 10 per cent in Coal India Ltd, 11.36 per cent in NHPC Ltd as well as list firms including RINL and Hindustan Aeronautics Ltd.

Until now, the government has been deferring the commencement of the stake sale plan due to various reasons including lack of required number of independent directors as well as opposition from trade unions.

But proceeds from disinvestment are crucial to bridge the fiscal deficit that is targetted at 4.1 per cent in 2014-15. Indirect tax revenue is already under a cloud due to continued slowdown in the economy and the finance ministry has already imposed spending cuts including a 10 per cent cut in non-plan expenditure.

While there will be savings on the oil subsidy due to softening global crude oil prices, the fiscal deficit has already touched 89.6 per cent of the Budget estimate by October this year, raising concerns over the Centre's financial health.

The Times Of India

Dated: 04/12/2014
Page No. 24

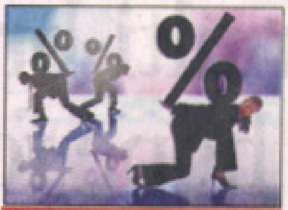
Govt sets up high-level panel on tax issues

TIMES NEWS NETWORK

New Delhi: The government on Wednesday set up a High Level Committee (HLC) to interact with trade and industry and identify areas where clarity on tax laws is needed, a move aimed at boosting confidence among taxpayers.

The panel will be headed by former chief economic adviser Ashok Lahiri and includes Sidhartha Pradhan, former member of Settlement Commission (income tax and wealth tax) and Gautam Ray former DG (audit) customs and central excise. The HLC will submit half-yearly reports to the finance minister Arun Jaitley.

In his 2014-15 Budget speech, Jaitley had announced the government's intention to set up a high level committee to interact with trade and industry on a regular basis and ascertain areas where clarity in tax laws was required. Based on the recommendations of the committee, the Central Board of Direct Taxes and the Central Board of Excise and Customs shall issue appropriate clarifications, wherever considered necessary, on the tax issues within a period of two months.



TO INTERACT WITH INDUSTRY

This was among several measures that the NDA government had unveiled to boost the confidence of tax payers and provide certainty and clarity in tax laws. The government is dealing with several high profile tax disputes with multinationals and has taken steps to calm nerves of investors by promising a non-adversarial tax regime.

The panel will give recommendations to the CBDT/CBEC for issuing appropriate clarifications on tax issues. The two tax authorities will issue clarifications within two months from the date of receipt of recommendations of the panel.

The committee will be assisted by two nodal officers not below the rank of joint secretary/commissioner, one each from Income Tax and Customs & Central Excise. The choice of nodal officers will be recommended by the CBDT and the CBEC. The appointment of would be approved by the revenue secretary, a statement said.

The Hindu

Date: 04/12/2014
Page No. 01, 13

Prosecute account holders by March 31: SC

Counsel expresses fears over period of limitation

J. Venkatesan

ONLY FOUR MONTHS MORE

STEPS TAKEN THIS YEAR TO BRING BACK BLACK MONEY

May 27: Centre forms **SIT to unearth black money stashed away abroad**	• **Supreme Court empowers SIT** to launch probe under IT Act • A-G assures **probe will be completed by March 31, 2015**
Oct 17: Jaitley says treaties with foreign nations a **constraining factor in disclosing details**	• SC asks SIT to submit **status report by November 30**
Oct 28: Supreme Court orders Centre to **reveal the names of all account holders**	**Nov 26:** Jaitley says **427 account** holders identified, **250 admit to having accounts**
Oct 29: Centre submits list of **627 names in a sealed envelope**	**Dec 3:** SC directs Centre to **complete prosecution by March 31, 2015**

NEW DELHI: The Supreme Court on Wednesday directed the Centre to complete prosecution of black money holders abroad under the Income Tax Act by March 31, 2015.

A Bench of Chief Justice H.L. Dattu and Justices Madan B. Lokur and A.K. Sikri gave this direction to the Centre after senior counsel Anil Divan, appearing for petitioner Ram Jethmalani, said the defaulters and evaders whose names had been disclosed to the SIT would be off the hook if the income tax proceedings were not completed by then.

Attorney General Mukul Rohatgi said the Income Tax Act had been amended to extend the period of limitation for launching prosecution. He said if prosecution could not be completed by the deadline, the law would be suitably amended or appropriate orders passed. He said some people had accepted that they had accounts in foreign banks and paid tax. Proceedings against others were pending.

During the last hearing, the Centre submitted to the court in a sealed cover a list of 627 Indians holding black money in accounts abroad, along with a status report regarding the investigation.

India to create software for world's largest telescope

Pheroze L. Vincent

NEW DELHI: Union Science and Technology Minister Harsh Vardhan on Tuesday signed a multilateral agreement admitting India's participation in the development of the Thirty-Metre Telescope (TMT) in Hawaii.

The Cabinet rapidly cleared the project and India has agreed to spend Rs.1299.8 crore on it over the next decade. Besides learning about the universe, India will gain the technology to manufacture fine aspherical mirror segments from the California Institute of Technology (Caltech). This technology, say experts, will form the basis of the next generation of spy satellites.

TMT will contain 492 hexagonal mirror segments of 82 different kinds. These will behave like a single mirror with an aperture of 30-metre diameter. This large collecting area of 650 square metres is thrice as sensitive as the Hubble Space Telescope.

An artist's rendition of the telescope.– PHOTO: AP

India's role will primarily be to create the control systems and software that keep the mirrors aligned and collect the data.

The control system is an intricate process involving edge sensors that detect the mutual displacement of mirrors, actuators to correct their alignment, and the segment support assembly. These will be manufactured by General Optics (Asia) in Puducherry, Avasarala Technologies and Godrej in Bengaluru respectively.

G.C. Anupama of the Indian Institute of Astrophysics explained that India would also manufacture 100 aspherical mirror segments in Hoskote near Bengaluru. "These thin glass slabs made in Japan have minimal expansion when heated. We will apply a protective layer and a reflective coating using technology from Caltech," she told *The Hindu*.

"Initially we will start off by producing two a year and after the technology transfer is complete, we will make one every fortnight," she added. The telescope is expected to be ready by 2024.

Institutions from the United States, Canada, Japan and China are also participating in the construction of the world's largest telescope on Mount Mauna Kea. This telescope, 4207 metres above sea level, may cost more than $1.47 billion.

The Indian Express

Date: 04/12/2014
Page No. 07

Centre likely to stick to its stand

GERMAN ROW ■ To argue KVS-Goethe Institute MoU violates education policy

RUHI TEWARI
NEW DELHI, DECEMBER 3

THE Ministry of Human Resource Development is likely to stick to its decision of scrapping German as a third language in Kendriya Vidyalayas with immediate effect, even as the Supreme Court had last week suggested it against bringing any change in the middle of the current academic session.

The Ministry is in middle of the controversy since it decided to replace German with Sanskrit as a third language in KVs barely three months before the session ends. Hearing the matter last week, the apex court had asked the Centre not to "punish the students for its mistake" and to consider teaching German as third language till end of the session. The SC had given the Centre a week's time to consider its suggestion. In its response to the Supreme Court, sources said, the Ministry on Friday would likely reiterate its stance.

The HRD Ministry would argue that teaching German as a third language and the MoU signed between Kendriya Vidyalaya Sangathan and Goethe Institute-Max Mueller Bhawan in 2011 violate the National Policy on Education and the Three Language Formula.

The MoU lapsed in September this year after the Centre refused to renew it since the government believed the agreement was "illegal".

The sources also said the Centre would explain to the court it plans to ensure a smooth mid-session transition so as not to cause much hardship to around 70,000 KV students between Classes VI and VII who have opted for German.

The Ministry has already announced that affected students would be allowed to pick any modern Indian language as the third language. However, Sanskrit would be the mandatory third language for the fresh Class VI batch.

The controversy erupted when the Board of Governors of Kendriya Vidyalaya Sangathan (KVS), headed by HRD Minister Smriti Irani, in its meeting on October 27 decided that "teaching of German language as an option to Sanskrit will be discontinued forthwith". German has been kept as an additional subject/hobby class for students.

As per the Three Language Formula, schools should teach Hindi, English and one modern Indian language to students, preferably one of the southern languages in the Hindi speaking states and Hindi, English and the regional language in the non-Hindi speaking states.

Hindustan Times

Date: 04/12/2014
Page: 01

Grand Janata reunion to begin

TOGETHER AGAIN Mulayam, Lalu, Gowda, Chautala, Nitish to merge parties; may announce joint campaign plan today

Srinand Jha
srinandjha@hindustantimes.com

NEW DELHI: The once-firebrand young Turks of the socialist movement, who fell apart more than two decades ago, are set to re-unite as a family of ageing warriors.

The process will begin with a huddle in Delhi on Thursday, and if all goes well, Nitish Kumar's JD(U), Lalu Prasad's (RJD), HD Deve Gowda's JD(S), and Om Prakash Chautala's INLD will merge as a new party under the leadership of former wrestler and SP supremo Mulayam Singh Yadav.

More than love for one another, it is the fear of rapidly diminishing political relevance and rise of BJP under PM Narendra Modi that is driving the process.

The new entity could be named the Samajwadi Janata Dal.

Given the SP's better credentials — being in power in Uttar Pradesh and also having the most MPs in Parliament among the lot — it is likely that Mulayam will be asked to lead the new party in the making. "However, a mechanism for collective leadership will also be worked out," sources said.

"The JD (U) is hopeful and keen on a merger of our parties. It is time for us to come together and jointly confront the challenges facing the country," former Bihar chief minister Nitish Kumar told HT.

"The Janata parivar merger should be seen as the first step in the direction of consolidating secular forces. Other like-minded parties could join at a later stage. Even the Congress and the Left parties are likely to support this secular formation," said JD (U) spokesman KC Tyagi.

After the luncheon meeting at the SP leader's residence, leaders of the fledging group are likely to announce joint campaign programme to highlight "failures of the NDA government" on issues including black money, unemployment and farmers' problems.

Senior BJP leader and minister of state for information and broadcasting Prakash Javadekar said that in a democracy, all political groupings had a right to come together or split. "But the Janata parivar DNA dictates that they come together and split again," he said.

Senior Congress leader Shakeel Ahmed remarked, "Old socialists are known for their typical characteristics. They cannot live without each other for a long time. But they also cannot live together for more than one year."

IN FIGHT FOR SURVIVAL

Faced with diminishing political clout, 5 splinter groups of erstwhile Janata Dal are joining forces

Mulayam Singh Yadav's Samajwadi Party: In power in Uttar Pradesh, the party was humiliated in Lok Sabha polls. Mulayam likely to lead the grouping, as SP has the biggest presence among them in Parliament

Lalu Prasad's Rashtriya Janata Dal: Wields influence in Bihar, which is due for polls next year. There is talk of another merger as well —Lalu's youngest daughter is to marry Mulayam's grand-nephew

Om Prakash Chautala's INLD: Party's hopes of comeback in Haryana dealt big blow in recent state polls. Is also battling leadership crisis with Chautala, son serving time in teacher recruitment scam

Nitish Kumar's Janata Dal (United): In power in Bihar, the party had a bitter falling out with BJP over its choice of Modi as PM candidate

HD Deve Gowda's Janata Dal (Secular): Former PM's party has 40 seats in Karnataka assembly. Was once also a part of a ruling coalition in the southern state

Together these parties have 14 members in the Lok Sabha and 30 in Rajya Sabha, with Samajwadi Party having the most MPs

The Hindu
Editorial

THURSDAY, DECEMBER 4, 2014

Mr. Modi must do the right thing

The remarks of Sadhvi Niranjan Jyoti, Union Minister of State for Food Processing Industries, at a public meeting in Delhi alluding to religious minorities as illegitimate children, were communal, provocative, and quite out of line for a person holding public office. Her apology was weak, and evidently made under duress, after Prime Minister Narendra Modi advised Bharatiya Janata Party Members of Parliament not to lose their demeanour and to exercise caution while making public statements. The "withdrawal" of the remarks, alongside the apology and expression of regret, did little to save the BJP from embarrassment as opposition parties were united in their protest demanding the Minister's resignation. While senior Ministers, including Arun Jaitley, were quick to denounce the Sadhvi's remarks, the damage had already been done. An apology, if it is to make any sense, must make the offending statement stand out as an aberration. But from the context of her speech it is evident the remarks were made neither casually nor in the heat of the moment during electioneering. The Sadhvi, who was inducted into the Council of Ministers in last month's expansion, seemed blissfully unaware of the responsibilities and expectations that come with high public office. Evidently, she knew her own mind just as well as she knew her audience when she indulged in her communal rhetoric. That she needed to be asked to apologise is in itself indicative of the absence of any remorse on her part.

If the Prime Minister is indeed shocked at the Sadhvi's choice of words, he should have said so explicitly instead of couching his reprimand in generalities. If he intended to get his no-nonsense message across to his Ministers and MPs, the right course for him would have been to drop Niranjan Jyoti from the Ministry. Criticising the actions without criticising the actor does not go far enough. Actually, the apology seems to have been offered to deflect the attacks of the opposition parties who were demanding her resignation. Niranjan Jyoti brings no particular expertise to the Ministry, and by adamantly refusing to drop her from the Ministry, Mr. Modi is indeed sending encouraging signals to the core Hindutva constituency that she was addressing while making the offensive remarks. The very fact that all the opposition parties, the Congress, the Left, the Samajwadi Party, the RJD and the Trinamool, have made common cause on this should make the BJP realise there is more to be lost in retaining the Sadhvi as a Minister. The best way for the Prime Minister to distance himself and his party from the Sadhvi's remarks is to sack her without further loss of time. It is time decency prevailed over considerations of party loyalty.