



PART A: News pertaining to Planning Commission



10.12.2014

Compiled by:

**S. Wadhawan, ALIO
Mrs. Varsha Satija, SLIA
Planning Commission Library**

and Communication, IT & Information Division

(महापुरुषों के प्रेरणात्मक विचार)

(Everything is always created twice, first in the mind and then in realityहर चीज का सृजन दो बार होता है, पहली बार दिमाग में दूसरी बार वास्तविकता में.)

Anonymous

1. An advisory council?

Business Standard: 10.12.2014

Planning Commission should make way for independent think tank

Prime Minister Narendra Modi hosted a meeting with state chief ministers over the weekend, where the future of the Planning Commission was discussed. The prime minister had declared as long ago as his Independence Day speech from the ramparts of the Red Fort on August 15 that the Commission would be disbanded. However, since then, there has been little clarity on what will replace it, if anything. As it happened, the meeting of chief ministers did not move the discussion forward as much as was hoped, either. One thing that did emerge from the Prime Minister's Office, somewhat typically, was a suggestion for a replacement name - "Team India". While it will naturally raise a few eyebrows, the name does underline the fact that Mr Modi will wish to position any replacement of the Planning Commission as something that is more deferential to the increasingly powerful chief ministers of states. This is, of course, not unrelated to Mr Modi's own experience as a powerful chief minister uncomfortable with the restraints of the Planning Commission. However, Finance Minister Arun Jaitley reportedly confirmed after the meeting that there was still no timeline on when the replacement body would be set up.

Essentially, the questions should be: what functions of the Planning Commission are still relevant? Which of those that are relevant can and should be farmed out to other bodies? And what additional functions should a new body take on? The old Commission had various duties. The basic perspective planning division is something that many agree is outdated, and no longer serves a major purpose. Even under the last government, as the prime minister emphasised in his meeting with chief ministers, the perspective planning process was sought to be modernised and dragged out of the 1950s. To the extent that this is the core of the old Commission's task, it should be just shut down. The projects appraisal division discharged the other main function of the Commission. This, too, should be phased out as this function can be discharged by ministries at the Centre or relevant departments in the states where such projects are to be located. Another function of the Commission, however, was to control the disbursement of central money. This has already been farmed out to the finance ministry in many ways, rendering the Commission toothless.

There are other functions, too. The Planning Commission often served as a referee between various stakeholders. First of all, between the Centre and the states - the problem being that, in the last decade in particular, it was seen as too biased towards the Centre. But also, it was a referee between states and between Union ministries. Indeed it often served as India's sole infrastructure regulator, questioning bad decisions that were being taken by powerful ministries. These are important functions, and should be hived off to other bodies. And an infrastructure regulator - a Bill for which was ironically drafted by the Commission - is overdue.

Finally, there is the question of providing relatively independent and long-term economic advice to a government chronically short of expertise. This is the direction in which the last dispensation also wished to take the Commission. The question here is whether a simple independent think tank is the best idea, or whether it should be replaced by an enhanced council of economic advisors within the Prime Minister's Office - or indeed by a reinvigoration of the economic service, and advisors placed within individual ministries. In general, the Commission's replacement should be the product of a realistic estimation of the problems of capacity in the government.

2. Plan Commission Autonomous, More Powerful, Committed: Manik The New Indian Express: 10.12.2014

AGARTALA: Tripura Chief Minister Manik Sarkar differed with the Centre's idea of converting the Planning Commission to a mere think tank and has proposed for making it autonomous, more powerful and committed to the people.

"Its periphery of work is limited and we feel the need to make it more powerful, autonomous and committed to the people so that it can function more meaningfully," Sarkar told reporters here while commenting on his recent meeting on the fate of the Planning Commission in Delhi.

"A GDP-based development is now going on in the country, but higher GDP doesn't mean it can address the basic needs of the people and create more employment.

"We want improvement of common people's standard of living, qualitative education and healthcare for every citizen, drinking water facilities and residence for everyone. Improvement of GDP will not always help improving quality of life of the common people," Sarkar said.

He further added that there should be adequate representation from the states in the proposed body.

There should be an annual plan discussion between the Centre and the states and the body should not be guided or influenced by the thoughts of market driven economy, he said.

3. Y. V. Reddy did not back larger role for panel

Puja Mehra, The Hindu: 10.12.2014

Finance **Commission** is likely to submit its report before Dec. 15

NEW DELHI: Chairman of the Finance **Commission** Y. V. Reddy has not supported an expansion in its purview to include the **Planning Commission**'s role of allocating funds to States. NEW DELHI: Former Reserve Bank Governor and Chairman of the Fourteenth Finance **Commission** Dr. Y. V. Reddy has not supported an expansion in its purview to include the erstwhile **Planning Commission**'s role of allocating funds to States.

The Modi government had informally sought Dr. Reddy's views on the issue, said a government source. The Finance **Commission** is likely to submit its report to President Pranab Mukherjee before Monday (December 15).

Prime Minister Narendra Modi had invited Thirteenth Finance **Commission** Chairman Dr. Vijay Kelkar to a high- level consultation meeting on the **Planning Commission** on August 27, where he too expressed reservations on the issue.

According to a source who had attended the meeting, Dr. Kelkar said if the Finance **Commission** had to take on the **Planning Commission**'s role it would have to be made a permanent body through a Constitutional Amendment. Doing so, Dr. Kelkar cautioned, could dilute the biggest strength of the Finance **Commission** – its non- permanent nature. Since Finance Commissions are appointed anew after every five years they are able to look at the devolution of the Centre's tax revenue to States with a fresh perspective each time, he said.

The **Planning Commission**'s allocations to States of Central funds meant for development expenditure were made on a yearly basis.

Dr. Kelkar also informed the meeting that all the Finance Commissions set up in Independent **India** had deliberated on whether the **commission** should be a permanent body. Each time the recommendation was to not make it permanent, so that it remains equidistant from the Centre and States. He also pointed out that while Finance **Commission** members tend to be revenue expenditure experts, the **Planning Commission**'s developmental objectives require capital spending- related skill sets.

In the wake of the scrapping of the **Planning Commission**, the Modi government is mulling assigning the role of allocating **Plan** funds across States to the Finance **Commission**. Some States, such as Gujarat, have supported the idea.

Gujarat Chief Minister Anandiben Patel has proposed that the Centre should give grants to State governments for implementing Central Government schemes as per allocations made in the Union Budget or the Finance **Commission**, according to a press statement.



“The back door favour to the States by the **Planning Commission** in the name of Special Central Assistance and Additional Central Assistance should be stopped,” Ms. Patel said.

4. Plan panel replacement: Guj CM calls move revolutionary **The Millenium Post: 10 December 2014,**

Gujarat Chief Minister Anandiben Patel termed Prime Minister Narendra Modi's decision to replace the Planning Commission as "revolutionary".

Patel made the remark after the meeting Modi held with Chief Ministers on Sunday over the issue. The new Gujarat Chief Minister is believed to have offered several suggestions over replacing the Planning Commission with a new entity which is going to give representation to the states along with the union government.



"The Planning Commission had just become a central agency but PM's novel suggestion would see the formations of a new institution 'National Commission'. This novel idea of cooperation through 'Cooperative Federalism' would strengthen the relationship between state-state and centre-state. It will bring all on the same platform to resolve long pending and undecided issues. It will also bring states with the same situations on one platform for issue based cooperation," she said.

"For coastal states – from Gujarat to West Bengal (total nine states), there can be one common strategy formed by this new institution for issues such as development of ports, tourism, fisheries and others. The new institution can focus more on the macro issues and their implementation part could be left to the state governments. It could emphasise on long term strategic vision which ultimately could give directions to the governments. It could think over the issue raised by the states and can form the policies beneficial for the states and nation," suggested Patel.

5. Undoing the Planning Commission's ills

The Live Mint: 10.12.2014

The new body should focus on strategic acumen and service delivery



Illustrative: Jayachandran/Mint

During his term as prime minister, Rajiv Gandhi once called members of the Planning Commission “a bunch of jokers” after he disagreed with the Commission’s incremental approach. But the real truth, as the fall of centrally-planned economies across the world showed soon enough, was that Soviet-style planning itself was a circus. In India’s case, however, the real tragedy isn’t that we reposed our faith in planning to begin with, rather the fact that it has taken a quarter of a century post the economic liberalization reforms in 1991 for politicians to realize that the Planning Commission has to be wound up.

Despite accepting that centralized planning only had an indicative role in a market-driven economy, successive governments persisted with the farce of central and state plans. By their very existence these plans curtailed the free play of market forces, reducing opportunities for private entrepreneurship and eventually inhibited India’s growth.

Thankfully, Prime Minister Narendra Modi announced the demise of the Planning Commission in his Independence Day speech and detailed discussions are now underway about replacing it with an institution more in sync with the demands of times.

In this regard it is worrisome to note that some have suggested that the new institution should have political leadership with the prime minister and a group of chief ministers heading it. This would be disastrous, as it would reinforce the ills of the Planning Commission era.

The defining feature of the Planning Commission, in actual practice, was the political character of the institution. Far from being the think-tank for providing strategic vision for the country, the Commission was reduced to a political tool of the central government for dictating the policy choices of state governments and micro managing implementation. Year after year, democratically

elected chief ministers would rush to Yojana Bhavan with a begging bowl only to be told to implement another grandiose centrally-sponsored scheme despite different states having diametrically opposite ground realities.

This trend subverted state governments' autonomy and was in direct conflict with the trend in the Finance Commission, a constitutional body unlike the Planning Commission. While each successive Finance Commission has tried to devolve greater revenues to states, the Planning Commission in turn encroached on all funds to implement Plan targets.

The states had little recourse in terms of resolving the outstanding issues of conflict either with the central government or with other states.

Much has been said about the need to have cooperative federalism in the country. However, the proposed institution is not the tool for it.

Concerns about cooperative federalism should be addressed in the Inter-State Council (ISC), which has for long lived in the shadow of the Planning Commission.

ISC is a constitutional body comprising the prime minister, six Union ministers as well as all the chief ministers with the mandate to resolve outstanding conflicts that any federal set up would naturally have. By its very constitution, it is the Team India that the prime minister has referred to—the team of chief executives in the country. However, since its formation in 1990, ISC has met on just 10 occasions. That needs to change if cooperative federalism has to be achieved.

The new institution, replacing the Planning Commission, should only house experts drawn from various fields and it should focus on two key areas. First, it should provide the government the strategic acumen to advance India's position in a globalized world.

Take energy security for instance. India urgently needs an energy security doctrine. India is the fourth largest energy consumer and its import dependence is expected to grow to 50% of total demand by 2030. However, India's foreign policy has rarely been in sync with its energy needs.

Second, the new body should provide consultancy to central and state governments on improving governance and public service delivery. This would require knowing innovative ways of using technology and behavioural sciences to improve outcomes.

The prime minister would do well to make a clean break from the past and create an institution that corrects the gross anomalies perpetuated by the Planning Commission.

6. OUTLIVING THE PURPOSE

THE PIONEER: 10.12.2014

Earlier new body replaces plan panel the better

That a majority of the States should be in favour of replacing the Planning Commission is not surprising given that they are ruled by either the Bharatiya Janata Party or a coalition in which the party is a constituent. But it is not just this number which is the persuading reason for the panel to be disbanded in favour of a new structure; the need of the hour and the changed socio-economic situation are compelling enough.

Prime Minister Narendra Modi's meeting with the Chief Ministers on Sunday and the elaborate discussions he held with them on the subject was an important exercise in the direction of determining the aspirations of the States and how they see the proposed body meeting those aspirations. Having been a Chief Minister, Mr Modi is as qualified as any other to understand where the Planning Commission had gone wrong and what should be done to fix the problem.

After all, no one, not even the Congress Chief Ministers, disagree over the fact that the plan panel had fallen short of the States' needs and demands, and that the commission needed to be given a new shape; tinkering would not serve the purpose. Of course, driven by politics, the Congress Chief Ministers especially have opposed the scrapping of the Planning Commission on the pretext that it had served the country's planning needs admirably in the decades since independence.

Their opposition is understandable — though not justified — because the plan body was a relic of the socialist past which Jawaharlal Nehru was enamoured of. For the Congress to welcome the abolition of the panel on the ground that the latter had failed or at the very least outlived its purpose, would be tantamount to condemning an executive decision of the Nehru-led Government. There is no doubt that the Planning Commission had a justification five decades ago when centralised planning was adopted as the model of economic development.

That the model failed to a large extent to deliver is a subject of different debate. Today, the flavour is cooperative federalism, a term that the Modi-led Government has adopted in its push for “bottom-to-top” development approach. In other words, the Centre wants growth to be driven by the States rather than be imposed through one-template plans of the Union Government. This makes sense because States have often complained that the Planning Commission thrust its ideas on them and virtually forced them to adopt those ideas because it held the purse-strings.

The most important task the Planning Commission performed was the disbursement of plan funds to the States. Experts have been saying that the task can be handled by the Finance Commission which has constitutional status. The new structure should concentrate on issues of Centre-State relations, which the National Development Council has failed to effectively tackle. It remains to be seen whether the NDC will be merged in the new set-up. Now that the Prime Minister has received feedback from the States, and a good deal of background work had been done beforehand, the new organisation must come into being at the earliest. There is talk that it must have constitutional validity and be accountable to Parliament. It's an idea worth considering.

7. Private Sector in Planning Commission

Business Recorder: 10.12.2014

Long gone are the days of top-down planning commissions that directed the economy from commanding heights; the future in today's market-led globalized world lies only in what may be called as indicative planning. This was the starting point of one of the plenary sessions (titled: Planning in 21st Century) at the SDPI's annual conference that kicked off yesterday in Islamabad.

The panellists that included representatives from Indian and Bangladesh's economic communities, along with their Pakistani counterparts, agreed in identifying that planning in today's world has to be a more dynamic exercise - something which this column has been arguing time and again.

The reason for that is simple: the 21st century is on a bullet train to evolution to the point that it is increasingly becoming volatile. Anything and everything can happen, so try not to be off guard; black swans that emerged rather rarely in the preceding centuries are now emerging more rapidly and dissipating at the same pace.

In such an environment, there are some who argue that why plan in the first place. Why hold this sense of grandeur to channel the economy and indeed the society in any direction? they ask. But to these voices one must quip that just because seas have become stormy it doesn't mean that the captain should stop giving directions to better manage the ship and try to reach relatively safer waters. We all need a sense of direction and a North Star to guide us.

One such North Star is the UN's MDGs that serve as the guiding force in several countries. The same has been adopted by and large in Planning Commission of Pakistan's latest Vision 2025 document. But there are two other elements that Pakistan's Planning Commission should consider looking at.

First, as has been demanded in Indian constitution - though not entirely practised to the fullest - is the adoption of district level planning council. These are to help focus on local variations in development, albeit of course it would require a listening government, an effective local government - things that remain elusive in Pakistan's society.

The second thing that this column would like to suggest is to have members from the private sector on the board of the planning commission, at home and abroad. These members should come from the academia, the media, think tanks and other representatives from the civil society. Perhaps even representatives from business community, just so long they do not hijack the commission to their favour alone.

The idea is not just to invite private sector input in the planning process - as is done via external consultations - but to have them on board in the execution and oversight process as well. This would not only improve the feedback loop, but would also be more consultative in a relatively real time basis, as against a one-off consultative exercise.

Having private sector members on the board of planning commission can also help the commission

be more responsive to the needs to the ever changing economy, and the society at large, as the private sector is arguably better placed in reading the pulse of the economy and react to it on a timely basis.

When BR Research excitedly pitched this idea to Pradeep Mehta, the secretary general of CUTS International - one of Indias top civil society think tanks, to find out what he thinks about it, he responded by saying that the same has already been proposed in India. So much for a new idea!

Anyway, following the scrapping of Indias Planning Commission by Narendra Modi, a policy proposal to have private sector representation on the board of Indias soon-to-be-launched new planning body has been put forward and given Modis tilt towards the market, it will not be surprising if that prescription is accepted. Whether Pakistan adopts a similar strategy depends how visionary the Vision-walas are.

8. Create Fewer Finance Panels

The Economic Times: 10.12.2014

Apropos 'How to Revamp the Planning Commission' (ET, Dec 9), we have the Planning Commission, the Finance Commission, the National Development Council and the InterState Council with marginal, but subtle, differences. The oldest inheritance is the Finance Commission that assumed different avatars. It's time an expert group looks into the job content, manpower resources, functional appropriateness and relevance in the present context with the objective of eliminating unnecessary duplication in functions and funding problems, and suggests the setting up of one or two bodies to replace the existing four for the smooth functioning of the Centre and states.

It may not be possible to satisfy all governments, political parties and bureaucratic hangovers, but if the group is headed by a person of eminence, pervasive skill, capacity to argue out cogently and administrative tact, India should be able to achieve the right institutional mechanism.

9. Mamata opposes new body replacing Planning Commission

SME Times News Bureau | 08 Dec, 2014

Opposing creation of a new body to replace the Planning Commission, West Bengal Chief Minister Mamata Banerjee has written to Prime Minister Narendra Modi urging him not to "dilute the autonomy of the states" but to protect and strengthen the nation's federal character.

Banerjee, who skipped Modi's Sunday meeting with chief ministers in New Delhi to discuss the structure of the new structure that would substitute the Planning Commission, in a letter called for assigning the Inter-State Council (ISC) with decision making responsibilities instead of setting up a new body.

"Any new structure that is thought of, should strengthen the role of the states and eliminate actions like discretionary fund transfers. The activities of the proposed new body should flow out of constitutional mandates and should be assigned a major role in handling issues between the centre and the states," said Banerjee in the letter.

"Instead of setting up a new body, it may be more appropriate to assign the decision-making responsibilities of the Planning Commission to the ISC. The Council, which is a constitutional entity, has a secretariat which will require suitable strengthening.

"The existing constitutional provisions could be appropriately modified to enable the ISC to discharge its augmented range of functions. In the same vein, the National Development Council should also be subsumed with the new dispensation," suggested Banerjee, also the Trinamool Congress chief.

She also asserted that an existing functional mechanism should not be dismantled without putting in place a "credible and capable body with a statutory mandate".

"I may also add that the new structure should not, in any way, dilute the autonomy of the states including fiscal autonomy and, in fact, protect and strengthen the federal character of the nation as enshrined in the constitution," she added.

Addressing the media after the first round of the meetings, Union Finance Minister Arun Jaitley claimed that most chief ministers have favoured an alternative structure that would replace the Planning Commission

10. Panel can be think tank: K Chandrashekar Rao

Deccan Chronicle: December 08, 2014, 00.12 am IST

NEW DELHI: During the Chief Ministers meet with the Prime Minister to discuss the disbanding of the Planning Commission, Telangana Chief Minister K. Chandrashekar Rao suggested that the new institution's primary role should be that of a 'think tank', which should minutely examine present and future implications of each policy proposal and new schemes.

“While the decision making will be done by Team India, think tank should provide technical inputs,” he said.

He also suggested that in future, all transfers from the Centre might be based on the recommendations of the finance commission.

“The allocative role of the Planning Commission may be dispensed with,” he said.

This will be in the true spirit of the Constitution and will result in doing away with the artificial distinction of transfers and expenditure into plan and non-plan. The Constitution does not provide for such a distinction,” he said.

11. Amar Ujala: 10.12.2014

योजना आयोग की गैर मौजूदगी से अधर में राज्यों की वार्षिक योजनाएं

शिशिर चौरसिया

नई दिल्ली। योजना आयोग को खत्म करने के निर्णय के बीच राज्यों की वार्षिक योजनाओं को अंतिम रूप देने का काम लटक गया है। बजट पेश होने में करीब ढाई महीने बचे हैं, लेकिन अभी तक यह तय नहीं हुआ है कि राज्यों की वार्षिक योजनाएं कौन तय करेगा। वैसे इस प्रक्रिया से जुड़े लोगों का कहना है कि इस बार भी कामचलाऊ तरीके से पिछले वर्ष के बराबर ही राशि का आवंटन कर दिया जाएगा।

पूर्व कैबिनेट सचिव एवं योजना आयोग के सदस्य रहे बीके चतुर्वेदी ने अमर उजाला से कहा कि इस समय तो योजना आयोग है ही नहीं। यह वित्त मंत्रालय और राज्यों के बीच मध्यस्थता का काम करता था और राज्यों की आवश्यकता के हिसाब से न सिर्फ राशि आवंटित करता था बल्कि उसके लिए उपयुक्त योजना भी बनाता था। इस वर्ष इस राशि का आवंटन वित्त मंत्रालय के जरिए ही होगा, लेकिन अभी तक यह स्पष्ट नहीं हो पाया है कि आवंटन के लिए कोई नया फार्मूला बना है या पुराने फार्मूले के आधार पर ही आवंटन किया जाएगा। उल्लेखनीय है कि मोदी सरकार के गठन के बाद जब पूर्ण बजट पेश किया गया था तो उसमें भी राज्यों के सलाह मशविरे के बिना पिछले साल के आवंटन के आधार पर ही नए सिरे से आवंटन कर दिया गया था। योजना आयोग के एक दूसरे पूर्व सदस्य सौमित्र चौधरी का कहना है कि नया निकाय बनाने की बात कही जा रही है, लेकिन यह कुछ दिन में नहीं बन सकता। जहां तक राज्यों के आवंटन की बात है तो यह उसी तरह से हो जाएगा, जैसे कि पिछले साल हुआ था। चौधरी का मानना है कि इस बार भी वित्त मंत्रालय की तरफ से ही इस राशि का आवंटन होगा।

एससीए पर फंस सकता है पेच

पहले राज्यों के विशेष अनुरोध पर विशेष केंद्रीय सहायता कोष (एससीए) से कुछ राशि दी जाती थी। जैसे पिछले वर्ष उत्तर प्रदेश को महाकुंभ के आयोजन के लिए और उससे पहले उत्तराखंड को कुंभ के आयोजन के लिए कुछ अतिरिक्त राशि मिली थी। हालांकि, यह कोष अभी भी है लेकिन इससे राशि जारी करने का अधिकार या तो योजना आयोग के उपाध्यक्ष को है या फिर अध्यक्ष को। योजना आयोग का अध्यक्ष प्रधानमंत्री होते हैं इसलिए वह इससे राशि आवंटित कर सकते हैं।

- पिछले साल के बराबर ही कामचलाऊ तरीके से हो सकता है राशि का आवंटन
- वित्त मंत्रालय और राज्यों के बीच मध्यस्थता का काम करता था योजना आयोग

आम बजट पेश होने में ढाई माह बचे, लेकिन राज्यों की वार्षिक योजनाओं के लिए नहीं बना कोई फॉर्मूला

PART B

NEWS AND VIEWS

Wednesday, 10th December 2014

Polity

: Phase 3: 58% turnout in Kashmir, 61%
in J'Khand

Economy

: Jaitley rules out gold import curbs

Planning

: New law to cover web-based taxi
services, says Gadkari

Editorial

: One book for India

Communication, IT Information Division
Phone # 2525

Court tells RBI to get tough with banks

Asks them to enforce client accountability, improve communication with customers

VINSON KURIAN

Thiruvananthapuram, December 9

The Supreme Court has asked the Reserve Bank of India (RBI) to demand responsible behaviour from banks while communicating with customers.

Especially so, while making transactions in rural areas or when dealing with the poor, who may have little knowledge of what they are signing up for.

Right to Information (RTI) activist S Dheenadhayalan says the customer can now look forward to a level-playing field.

A top RBI official is on record as saying that "a great threat arises from the asymmetry between information and power between Fs and poor consumers."

The official said, "This means that there is a real potential for negative outcomes arising out of institutional abuses or ill-informed client decisions."

An RBI Master Circular, issued on July 1 this year, asked banks to ensure entry of correct and legible particulars in the pass-books and statement of accounts.

Electronic clearing

In the case of electronic clearing and electronic fund transfer, banks do not provide details. This is in spite of the particulars provided by the receiving bank.

In some cases, computerised entries use codes which just cannot be deciphered, the RBI said.

It added that banks ensure that brief, intelligible particulars are entered in passbooks/statement of account.

This was followed by a Supreme Court clarification recently on admissibility of computer records but subject to stringent conditions.

Generally, the loan accounts bear a foot-note saying "any discrepancy in this statement has



GEMPHOTO/SHUTTERSTOCK.COM

to be brought to the notice of the bank within a period of seven days." But now a bank will be required to ensure that the statement of account is in conformity with section 65 (B) (2) of the Evidence Act, Dheenadhayalan said.

Same page

It will need to be in congruity with the ledger folio and with the contractual rights and obligations, followed by the disclaimer about discrepancies, if

any. For instance, bank computers charge interest regularly on a loan account and then issue internal "systemic vouchers" for these entries every month.

But these are not shared with customers who may not be tracking their accounts.

The customers are charged a normal interest, which shows up in the loan accounts. But, as RTI documents show, they are unaware of the actual amount, which could vary from month to month.

Jaitley rules out gold import curbs

NEW DELHI: Finance Minister Arun Jaitley told the Rajya Sabha on Tuesday that the rise in the current account deficit was not a cause for concern because of the comfortable foreign exchange reserve position.

Reserve Bank data on Monday showed the CAD rising to 2.1 per cent of the GDP in the second quarter from 1.7 per cent in the first. The Opposition said it was not a very happy situation. Mr. Jaitley said the government would consider tightening measures only in extreme cases, as over-regulation of gold imports could push the yellow metal into the grey market. "In the first six months of this year, the CAD is broadly under control," Mr. Jaitley said.

The current account deficit (CAD) in the second quarter of this financial year increased on account of the higher trade deficit contributed by the deceleration in export growth and increase in imports.

"...since the foreign exchange reserve position in the country is reasonably comfortable, and the balance of payments is also broadly under control, I don't think there is any reason for concern, or, to take the kind of steps which we had to take in 2013 or 2014," Finance Minister Arun Jaitley said.



Arun Jaitley

The current account deficit is the net difference between inflows and outflows of foreign currencies. India's CAD narrowed down from 4.7 per cent in 2012-13 to 1.7 per cent in 2013-14 because of a lower trade deficit as a result of modest recovery in exports and a sharp fall in imports, particularly gold imports.

'Not a happy situation'

Joining the debate during Question Hour, Congress leader Anand Sharma said the CAD growing to 2.1 per cent, despite the fall in global crude prices, "is not very much a happy situation, as the Finance Minister is saying."

He said there was concern

that the crude import bill had drastically come down, but the country's import bill had gone up and exports were falling.

The CAD was brought under control in 2013-14 after the government imposed restrictions on import of gold. Following this, in 2014, certain restrictions were withdrawn.

"...if you put too many restrictions on gold, then the official entry of gold through the normal channels goes down, but through the unofficial smuggling channels it goes up. So, the moment the position became more comfortable, the position was liberalised," Mr. Jaitley said.

"We are keeping a close eye on it and, at the moment, the situation is broadly under control. If some steps are required, it is only at that stage that we will consider the steps," he added.

To another question, Mr. Jaitley said till November 27 of the current fiscal, foreign institutional investors and foreign portfolio investors had made Rs. 1,84,757-crore net investments in the country.

During the first six months, investments made by FIIs and FPIs stood at Rs 1,44,053 crore of which Rs. 82,810 crore came in the form of debt and the remaining in equity. — PTI

Russia-Pak. ties in India's interest: Putin

Suhasini Haidar

NEW DELHI: Russia's cooperation with Pakistan will serve the "long-term" interests of India,



says Russian President Vladimir Putin, who is set to land in Delhi tonight for the annual India-Russia summit.

Responding to questions submitted by *The Hindu*, Mr. Putin also said the scope of the agreement signed last month, which was the first of its kind between Russia and Pakistan, is limited.

"[Regarding] Pakistan, we have held talks on Russia's possible assistance aimed at improving effectiveness of counter-terrorism and anti-drug operations. In my view, this kind of cooperation serves the long-term interests of all countries of the region, including India," replied Mr. Putin.

■ DETAILS ON | PAGE 10

Russia-Pakistan ties in India's long-term interest: Putin

Suhasini Haidar

NEW DELHI: Russia's cooperation with Pakistan will serve the "long-term" interests of India, says Russian President Vladimir Putin, who is set to land here on Wednesday for the annual India-Russia summit.

Responding to questions submitted by *The Hindu*, Mr. Putin also said the scope of the agreement signed last month, which was the first of its kind between Russia and Pakistan, is limited. "[Regarding] Pakistan, we have held talks on Russia's possible assistance aimed at improving the counter-terrorism and anti-drug operations. In my view, this kind of cooperation serves the long-term interests of all countries of the region, including India," he said.

Brushing aside concerns that the cooperation would lead to a shift in India-Russia ties, or that India's growing military closeness to the U.S. was "transforming" bilateral ties, he replied: "If some transformations take place, it would be a completely different kind of transformation. The high level of bilateral cooperation and trust allows us to start a gradual transi-



Vladimir Putin

tion from the traditional producer-consumer model to joint development and production of advanced weapons systems," he added, referring to the co-developed Brahmos missile as well as the fifth-generation fighter aircraft.

Mr. Putin, who will hold meetings on Thursday with Prime Minister Narendra Modi, will also meet President Pranab Mukherjee and Vice-President Hamid Ansari, hopes to see some "significant achievements" from these meetings. He listed nuclear energy cooperation as a "pillar of the India-Russia strategic partnership." He hailed the Kudankulam plant built by Russia as the "world's only nuclear power plant which meets all the "post-Fukushima" safety

requirements."

Site for nuclear plant

To a question by *The Hindu* on India's liability laws creating "problems" for further nuclear plants, Mr. Putin said Russia could build at least 25 new units. He said a new vision document entitled, 'Strategic Vision of the Strengthening Russian-Indian Cooperation in the Field of Peaceful Uses of the Atomic Energy' would be signed during the visit. The Russian President said he "awaits" India's decision on allotting the site for a new Russian-designed nuclear power plant as well.

'Gas line unviable'

Responding to other questions submitted by Indian journalists on the energy partnership, Mr. Putin said Russia was looking to "diversify" its natural gas markets from Western countries to Asia. However, he said a pipeline to India, at the moment, was "commercially unviable", but added that LNG transportation would continue. Russia hoped for more Indian investment in oil and gas exploration on the lines of 'Sakhalin-1' that has supplied more than one million tonnes of oil annually.

New N-plants high on agenda: Putin

■ Russian Prez dismisses Indian concerns over military cooperation with Pakistan

Moscow, Dec 9: Terming the ties with India as a "privileged strategic partnership", Russian President Vladimir Putin on Tuesday said that construction of new nuclear plants besides military and technical cooperation was high on the agenda during his visit to New Delhi.

Seeking to dispel the perception that Russia-India ties had lost some warmth, Putin described India as a "reliable and time-tested partner" although he spoke of a "gradual transition from the producer-consumer model to joint development and production of advanced weapons systems".

Dismissing concerns in India about military cooperation between Russia and Pakistan, the President said, "We have held talks on Russia's possible assistance in improving effectiveness of counter-terrorism and anti-drug operations".

"In my view, this kind of cooperation serves the long-term interest of all countries in the region, including India," Putin told PTI in a wide-ranging interview a day ahead of his arrival in the Indian capital on a 24-hour visit.

The Russian leader spoke



Russian President Vladimir Putin lights a candle at a cathedral near St Petersburg on Monday

warmly about Prime Minister Narendra Modi, describing him as a "reputable political leader, who has already made a significant personal contribution to the promotion of the Russian-Indian cooperation".

Putin said during his sixth visit to India he looked forward to specific steps aimed at "strengthening the privileged strategic partnership"

between the two countries during which particular attention would be given to expanding trade and economic links, besides boosting mutual investments.

Listing the joint strategic projects, the President said that these included construction of new units for Indian nuclear power plants, promotion of Russian Sukhoi super-jet-100 and MS-21 passenger

aircraft to Indian market besides manufacturing of helicopters and creating a "smart city" on the basis of Russian technology.

"Apart from building new energy units of the NPP (Nuclear Power Project) "Kudankulam", we await the decision of the Indian government to allot a site for construction of a new Russian-designed

nuclear power plant.

"Document to start construction of the second stage of that NPP has been nearly finalised. A general framework agreement for building the third and fourth energy units was signed in Mumbai this April," Putin said on his talks agenda with Modi.

He said that "Kudankulam" is the world's only nuclear power plant which meets all the "post-Fukushima" safety requirements.

However, the President sidestepped a question whether the problems over whether the problems over the Indian nuclear liability law posing hurdles in fresh nuclear energy cooperation have been resolved.

Putin said Russia attached particular importance to the development of military and technical cooperation which is one of the main components of the strategic partnership.

"We will discuss in detail the current projects in this most important sphere related not only to the export of ready-made equipment but to close technological and industrial cooperation as well," he said.

PTI

New law to cover web-based taxi services, says Gadkari

Moushumi Das Gupta

moushumi.gupta@hindustantimes.com

NEW DELHI: The government will bring all web-based taxi services, which have courted controversy following Friday night's rape incident involving a Uber cab, under the purview of a stringent new bill that is set to replace the archaic Motor Vehicle Act, 1988, road transport minister Nitin Gadkari told HT on Tuesday.

The draft Road Transport and Safety bill will have a safety-related provision to empower authorities to seek all information from taxi services, such as Uber and Ola. Web-based services don't operate their own fleet but aggregate taxi-owners in a city for their customers through a mobile app.

"We will soon discuss with states and formulate a policy to regulate such app-based

cab services. We would need the state's cooperation since it comes under their purview but all necessary steps would be taken to regulate them," Gadkari said.

Currently, the Motor Vehicle Act framed way back in 1988 does not have any specific category covering services like Uber, giving them the leeway to sidestep licensing requirement a must for other cab operators.

"We will soon go to the cabinet to get the new bill approved and introduce it during the current session of parliament," the minister said.

Gadkari said his ministry is also preparing a central database of driving license and drivers across India which would go a long way

in identifying if a driver has been involved in any unlawful activity. "Even if a driver has been involved in an accident ten years ago we will get to know once the centralised database gets ready," he told HT.

On the furore created over his statement that banning such web based cab services in the aftermath of Friday's incident is not a solution, Gadkari clarified that he is not against taking action against them.

"Action should be taken, be it by the state or the Centre in case they are found violating law. What I meant was that banning such services inconveniences the public. If there is any problem or lacuna, let's work to fix that instead of banning and inconveniencing the public," he said.



ALLOCATING FUNDS TO STATES

Y.V. Reddy not for expanding role

Finance Commission is likely to submit its report before Dec. 15

Puja Mehra

NEW DELHI: Former Reserve Bank Governor and Chairman of the Fourteenth Finance Commission Dr. Y.V. Reddy has not supported an expansion in its purview to include the erstwhile Planning Commission's role of allocating funds to States.

The Modi government had informally sought Dr. Reddy's views on the issue, said a government source. The Finance Commission is likely to submit its report to President Pranab Mukherjee before Monday (December 15).

Prime Minister Narendra Modi had invited Thirteenth Finance Commission Chairman Dr. Vijay Kelkar to a high-level consultation meeting on the Planning Commission on August 27, where he too expressed reservations on



Y.V. Reddy & Vijay Kelkar

the issue.

According to a source who had attended the meeting, Dr. Kelkar said if the Finance Commission had to take on the Planning Commission's role it would have to be made a permanent body through a Constitutional Amendment. Doing so, Dr. Kelkar cautioned, could dilute the biggest strength of the Finance Commission - its non-permanent nature. Since Finance Commissions are appointed anew after every five years they are able to look

at the devolution of the Centre's tax revenue to States with a fresh perspective each time, he said.

The Planning Commission's allocations to States of Central funds meant for development expenditure were made on a yearly basis.

Dr. Kelkar also informed the meeting that all the Finance Commissions set up in Independent India had deliberated on whether the commission should be a permanent body. Each time the recommendation was to not make it permanent, so that it remains equidistant from the Centre and States. He also pointed out that while Finance Commission members tend to be revenue expenditure experts, the Planning Commission's developmental objectives require capital

spending-related skill sets.

In the wake of the scrapping of the Planning Commission, the Modi government is mulling assigning the role of allocating Plan funds across States to the Finance Commission. Some States, such as Gujarat, have supported the idea.

Gujarat Chief Minister Anandiben Patel has proposed that the Centre should give grants to State governments for implementing Central Government schemes as per allocations made in the Union Budget or the Finance Commission, according to a press statement.

"The back door favour to the States by the Planning Commission in the name of Special Central Assistance and Additional Central Assistance should be stopped," Ms. Patel said.

Telecom Commission finalises spectrum base price, with riders

PRESS TRUST OF INDIA
New Delhi, 9 December

The inter-ministerial panel, Telecom Commission, has finalised the base price for spectrum to be auctioned in February with some riders.

The commission held a meeting on Monday to discuss the next round of spectrum auction, including finalisation of the base price. "The commission has given approval to DoT (department of telecom)'s committee recommended reserve price with some conditions. Other matters regarding the auction were also discussed," said a source.

The committee had suggested a base price of ₹3,646 crore a MHz for the auction of 800-MHz spectrum, used for offering CDMA services, 17 per cent higher than what the Telecom Regulatory Authority of India (Trai) recommended.

The price for 900 MHz and 1,800 MHz as recommended by the DoT committee could not be ascertained.

The commission's decision will now be placed before Telecom Minister Ravi Shankar Prasad for final approval and, after that, the Cabinet might be approached for certain issues, the source said.

The commission on Monday discussed the revised recommendations submitted by sectoral regulator Trai on pricing of the 800,

900 and 1,800 MHz bands.

Trai has reiterated its recommendations for the 900 and 1,800 MHz bands, while it has increased the base price by 15 per cent for 800 MHz band. The DoT had sent back Trai's recommendations on 800, 900 and 1,800 MHz bands for reconsidering some points.

The next round of spectrum auction is proposed in February and the government is estimated to garner at least ₹9,355 crore from sale of radiowaves.

Most of the spectrum which is proposed to be put for sale is being used by Airtel, Vodafone, Idea Cellular and Reliance Communications across various parts of the country.

These companies will need to buy back radiowaves to continue their operations in areas where their licences expire in 2015-16.

Trai has also released a consultation paper on pricing of 2,100 MHz band, used for offering third generation (3G) services, as the government plans to auction this band along with 800, 900 and 1,800 MHz in February.

Telecom companies as well as the regulator have been of the view that the auction should take place only when adequate spectrum is made available, and the bidding should be held simultaneously for both the services, 2G and 3G.

The Telecom Commission's decision will now be placed before Telecom Minister Ravi Shankar Prasad for final approval

NORTH BLOCK POLICY CHARCHA

Discussion on land reforms throws up innovative ideas

VRISHTI BENIWAL

New Delhi, 9 December

As the government tries hard to build a consensus on amendments to the Land Acquisition Act, the private sector on Tuesday came out with novel ideas to strike a balance between industry and farmer interests. It suggested the government define its role in land acquisition and make a land bank, besides giving some equity in projects to farmers whose land is being acquired.

The ideas came up during North Block Policy Charcha — the first interactive session organised by Chief Economic Advisor Arvind Subramanian to discuss key policy issues of the day.

The topic of the first interactive session—land reforms—can't be more contextual, as the government faces heat on the amendments from various quarters.

"One of the suggestions was that the government should have a role in acquiring land and make a pool, so that it can be used for various purposes. Another suggestion was to make the definition of 'public purpose' clear," a person who was

KEY SUGGESTIONS

- The government should have a role in acquiring land and make a pool, so that it can be used for various purposes
- The definition of "public purpose" be made clear in the Land Acquisition Act
- Instead of giving financial compensation to farmers after acquiring their land, it could be a better option to give them some sort of equity in the project

present in the meeting told *Business Standard*.

It was also suggested that instead of giving financial compensation to farmers after acquiring their land, it could be a better option to give them some equity in the project.

Amendment to the Land Acquisition Act, passed during the United Progressive Alliance (UPA)-II government to set a fair compensation for farmland being taken over for industrial projects, is a major change being anticipated by the industry. The government was planning to table the Bill in the ongoing winter session but it is now learnt that it might first try to get the Opposition on board.

While some of the people present in the meeting were in favour of changes to the law to make it more industry-friendly, some others suggested a status quo. Officials from the finance ministry quietly heard them without offering any comments.

"It was a brainstorming session to get better understanding on the issue. Some of the suggestions may be given as input while making changes to the law, but discussions in such interactions may not necessarily lead to an action," the official added.

A representative from the private sector blamed the government for troubles in land acquisition, saying industry is always made a scapegoat due to lack of capability of the government.

India's Director at the World Bank, T V Somanathan, was the inaugural speaker at the session. He is a 1987-batch IAS officer from Tamil Nadu. Somanathan was earlier managing director of Chennai Metro Rail Corporation.

Economists, think tanks, academicians, representatives from the private sector, the finance ministry and administrative ministries attended the session that lasted for

more than one hour. Officials from the ministry of rural development, urban development and industry department were present.

The session — somewhat on the lines of Chai pe Charcha (chat over tea) by Prime Minister Narendra Modi in the run-up to the general elections — is the first in the series of such interactions. There will be another one on the Goods and Services Tax (GST) later this month, where Arvind Modi, an officer from the Indian Revenue Service, who had headed the Thirteenth Finance Commission task force on GST, is likely to speak.

This is not the first time such interactive sessions are being organised by the economic division of the finance ministry. CEA Kaushik Basu had started such discussions about three years ago. The enthusiasm fizzled out gradually and now Subramanian is starting it in a new avatar.

Officials said the new CEA wanted to have a platform where people from the government as well as outside could come and share their views on crucial policy matters. It is learnt that the name North Block Policy Charcha was suggested by Subramanian himself.

Final Law to Ban Child Labour Soon

Amendment to the Act proposes total prohibition of employment up to the age of 14 years

Yogima.Sharma
@timesgroup.com

New Delhi: The government will soon consider final amendments to the Child Labour Act 1986 that will pitch for a complete ban on child labour up to 14 years, including those involved in domestic work.

The labour ministry has finalised the amendments to the Child Labour (Prohibition and Regulation) Amendment (CLPRA) Bill after incorporating some of the recommendations of the standing committee on labour as well as the inter-ministerial group set up for the purpose. A draft note will be put up for consideration of the Cabinet.

Senior government officials told ET that the bill will go to the Rajya Sabha, after Cabinet's nod, with proposed official amendments. "Since the bill is largely the same as proposed by the previous government, we hope it will sail through in both houses of the Parliament," the official added.

The Child Labour (Prohibition and Regulation)

Amendment (CLPRA) Bill, which was introduced in Rajya Sabha by the previous government in 2012, was sent to the standing committee that had submitted its recommendations in December 2013. Thereafter, the new government had sent it to the inter-ministerial group set up for the purpose to resolve internal differences. The bill is now with the labour ministry that is in the process of drafting the Cabinet note on the same. "Child labour is a stigma to our society and it is a grave issue.

In coming days we will re-introduce amendment to the Child Labour Act that will lead to complete ban on child labour in 5-14 years age," labour minister Bandaru Dattatreya said on Tuesday. Dattatreya was speaking at the National Consultation on Child Domestic Work and Trafficking organised by Save The Children.

Amendment to the Child Labour Act proposes complete prohibition of employment of children up to the age of 14 years while banning employment of children between 15-18 years in hazardous works, in sync with the Right to Child-

dren to Free and Compulsory Education Act 2009.

Besides, it provides for a fine of ₹60,000 to an employer who employs children below the age of 14 years or an imprisonment of up to two years.

Under the proposed changes, even the parents are liable to be fined ₹5,000 and imprisonment between six months to one year if they force children below 14 years into child labour for the second time after being rescued.

The government is even mulling to provide vocational training to the rescued and rehabilitated children to ensure that they grow up as skilled labourers by roping in non-governmental organisations as part of its rehabilitation exercise.

The 1986 law prohibits employing children only in certain occupations such as mines, work in hazardous process and with inflammable substances or explosives.

Minors working in middle class homes as domestic workers and those employed at hotels, dhabas were included as a category of child labourers only after an amendment in 2006.



ZAHID

LAND ACQUISITION LAW

National Highways May Get Exemption from R&R Policy

Unlike industries, road developers can't pledge rehabilitation by providing jobs to land holders

Ruchika.Chitravanshi
@timesgroup.com

New Delhi: The Indian government may exempt national highways from the resettlement and rehabilitation provisions of the much-criticised land acquisition law as it looks to revive road construction as part of its overall plan to reboot infrastructure development in the country.

A senior government official said that highway development, which has come to a grinding halt because of various reasons, including the virtual impossibility of acquiring land to build roads on, is being considered for exemption from various procedural requirements of the Act.

While the government is considering a general relaxation in some provisions of the Act, a special exemption is being considered for national highways. That's because, unlike industries, road developers can't promise rehabilitation in terms of providing jobs to land holders among other things. "We are ready to compensate even more than what the land acquisition Act asks for but it involves a very complex process which we can do away with since infrastructure is a priority," the official told ET.

Compensation for land would be based on the highways ministry's own norms, with R&R not feasible in such projects. Besides roads, similar so-called linear projects in sectors such as railways could also be given such treatment.

The Narendra Modi government, elected on a mandate to step up development, wants to upgrade and expand India's creaking, congested infrastructure that's seen as a hindrance to growth and speed up projects by removing procedural hur-

Carve Out For Roads



Roads ministry wants a special regime for land acquisition for roads

It will push for exemption from rehabilitation and resettlement norms of Land Acquisition Act

Government is already considering changes in the land law

Government in talks with political parties on ways to reform the Land Acquisition Act to spur infra growth

WHY THIS PROPOSAL?

Unlike factories and infra projects, roads cannot give employment to those displaced

Land acquisition delays have stalled roads projects

WHAT IS THE PLAN?

Road ministry would instead compensate land owners on the basis of its own norms



Compensation could even be higher than prescribed in the law

New norms require 80% of land acquisition to be completed before the award of project

Around 21 national highway projects that the National Highways Authority of India (NHAI) recently sought bids for on a BOT basis didn't receive any response. Of the projects awarded in 2012-13 and 2013-14, NHAI has terminated 23 BOT projects that account for a total length of 2,500 km.



dles. It's considering legal changes to facilitate this.

The Land Acquisition Act introduced by the previous Congress-led United Progressive Alliance government has drawn flak from multiple quarters including industry and state governments besides central ministries and departments. Congress-ruled states have also raised concerns over the cumbersome procedures prescribed by law that have halted land acquisition for infrastructure projects. In 2013-14, a total of 4,260 km of national highways were developed,

down from 5,732 km the year before. As of October, only 1,984 km has been developed in the current fiscal year.

The department of industrial policy and promotion (DIPP) has also criticised the land acquisition law as an obstruction to development. Inter-ministerial consultations have already been initiated on the changes required, another official said. The government will also discuss the matter with political parties before amending the law. The new Act, which replaced the Land Acquisition Act of 1894, requires

'Road Projects Picked up Pace Under Modi'

New Delhi: Proactive governance and faster approvals under the Narendra Modi-led NDA regime have resulted in "unprecedented pick-up" in execution of road projects awarded in 2013-14, a study by Crisil research has revealed. Of the 16 projects awarded in the last fiscal, work has already begun on 12, or 75% of the total projects. In case of some of the projects awarded last fiscal, there has been 40-50% progress already; the study has noted. During 2012-13, only 18% of the projects got off the ground while the count was even lower at 10% in 2011-12, says Crisil. As per the study now it takes only seven months to achieve the appointed date, when concession period starts compared to 10-12 months earlier. — Our Bureau

developers to get the consent of 80% of land owners in the case of private projects and 70% in case of public-private partnership projects. In order to fast track infrastructure development, roads minister Nitin Gadkari had said that bids would be called for highway projects only after 80% of the land required had been acquired. "It will be helpful wherever there is a greenfield project because the land requirement will be significant," said Vinayak Chatterjee, chairman, Feedback Infrastructure.

100% FDI likely in medical devices

Sushmi Dey & Sidhartha | TNN

New Delhi: The department of industrial policy and promotion (DIPP) has moved a Cabinet note to allow 100% foreign direct investment in medical devices as part of a strategy to not only reduce imports but also promote local manufacturing for the global market, which will be worth over \$400 billion next year.

Over the past few months, the government has eased FDI rules in defence and construction to promote domestic manufacturing as PM Narendra Modi made a pitch for 'Make in India' and boost investment and economic activity. The proposal on medical devices will be a carve-out of the FDI policy in pharmaceuticals, said an official, adding that there will be no need for government approval in this segment. Currently, India imports over 70% of medical devices used here.

At present, medical devices come under the purview of the Drugs and Cosmetics Act and FDI in the sector is governed by the same rules as that for pharmaceuticals or medicines. Though the government al-

EASING NORMS

- DIPP proposal suggests that FDI in manufacturing of medical devices can be allowed under the **automatic route**
- The idea is to promote local manufacturing of complex and sophisticated medical devices to **make them affordable** by reducing imports
- India imports over **70%** of medical devices
- Medical devices come under the purview of the Drugs and Cosmetics Act and FDI in the



sector is governed by the same rules as for pharmaceuticals or medicines

lows 100% FDI in pharmaceuticals, companies are required to comply with certain conditions. For instance, in case of pharmaceuticals, 'non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board (FIPB). Similarly, in case of FDI in existing pharma manufacturing units, the government may incorporate the conditions while granting approval.

Now, the proposal, moved by DIPP, suggests medical de-

vices are different from medicines and, therefore, FDI for manufacturing of medical devices can be allowed under the automatic route without any such conditions as are applicable for pharmaceuticals.

The FDI norms, in case of drugs, are also stringent because there were concerns due to increasing presence of multinationals through acquisitions of domestic pharma companies, which may adversely impact prices of medicines in India. This was the reason the government differentiated be-

tween the FDI policy for setting up a new drug facility and the acquisition of an existing one. FDI is allowed through the automatic route for setting up a new drug facility while for FDI in existing facilities approvals are need by the FIPB and Competition Commission of India.

The latest proposal, which has received consent during inter-ministerial consultation, is expected to be tabled in the Cabinet this month, official sources said. The healthcare and diagnostic segment is growing rapidly, creating a major market for manufacturing of medical equipment and devices in India.

The medical technology sector in India was estimated at \$6.3 billion in 2013, growing 10-12% per annum, according to a recent report from The Boston Consulting Group. The report says the sector is highly underpenetrated, contributing merely 7-8% of the spending on healthcare, compared to 18% on pharmaceuticals. It says the medical technology sector has the potential to touch \$50 billion by 2025, if it gets ample government support and clarity, in terms of policy and regulation.

Phase 3: 58% turnout in Kashmir, 61% in J'khand

AGAINST ODDS In J&K, separatist hub Sopore records lowest turnout at 30%

Toufiq Rashid

toufiq.rashid@hindustantimes.com

SRINAGAR: Millions of voters defied a separatist call to boycott assembly elections in Kashmir and exercised their franchise amid tight security in the third phase of the polls on Tuesday. The turnout was lower than the first two rounds with voters in separatist strongholds staying away.

The Election Commission said 58% of voters turned up to cast their ballot, less than over 70% numbers in the first two phases when Kashmiris battled bone-chilling winter temperatures in a bid to keep the Bharatiya Janata Party (BJP) from gaining in the Muslim-majority state.

Sixteen constituencies in the Valley went to the polls under the shadow of violence after 21 people were killed in a string of militant attacks last week, including one on an army camp in the border town of Uri, but that didn't stop people in central Kashmir where the turnout was a high 73%. Uri recorded a record turnout of 79% while the highest percentage was in Charar-i-Sharief where 82% of people came out to vote.

Militant attacks and the poll boycott call cast a shadow on voter turnout in many areas, including the separatist bastions of Sopore and Baramulla in North Kashmir and South Kashmir's Tral and Pulwama.

Sopore logged the lowest numbers at 30% while Tral and Pulwama recorded 38% voting and Baramulla was moderate at 45%. Sopore is the hometown of separatist leader Syed Ali Shah and Tral was one of the worse affected in Friday's militant attacks, with two civilians killed and 10 injured in a grenade attack in a crowded market.

Many people said they were voting for peace and development in Kashmir which has



been torn by a separatist revolt for about 25 years.

"We have borne the brunt of wars between the two countries. The Kashmir issue is too big and complex to be resolved by my vote. Our village got road this year only. Earlier we used to trek on foot. I am voting for a pakka road and hope to see some employment generation here," said Muhammad Hanief, a 50-year-old government employee.

Chief minister Omar Abdullah and three of his cabinet colleagues are among 144 candidates whose fate will be decided in the third phase spread across Budgam, Pulwama and Baramulla districts.

Analysts say his National Conference is expected to lose in the face of deep anger, especially since the devastating floods in September, while the Peoples Democratic Party is seen emerging as the single largest party in the 87-member assembly.

Some areas in South and North Kashmir witnessed stone pelting and a petrol bomb was hurled by unidentified men at a polling station in Gulmarg



■ (Top) Women stand in a queue to cast their votes in J&K's Monu; (above) voters outside a polling booth in Jharkhand. HT PHOTOS

constituency. No casualties were reported and polling was generally peaceful.

Jharkhand too defied a Maoist call to boycott the polls with 61.35% of voters turning out to vote in 17 constituencies in a bid to end years of political instability in the state which has seen nine chief ministers and been under President's Rule three times since it was created 14 years ago.

Barring a few incidents of exchange of gunfire between security forces and Maoists

in Giridih district and clashes between two political parties in Ichagarh before polling began, the third round passed off peacefully.

A total of 289 candidates are contesting 17 out of the state's 81 assembly seats, including former chief ministers Babulal Marandi, former deputy chief minister Sudesh Mahato, and three cabinet ministers—Annapurna Devi, Rajendra Prasad Singh and Jaiprakash Bhai Patel.

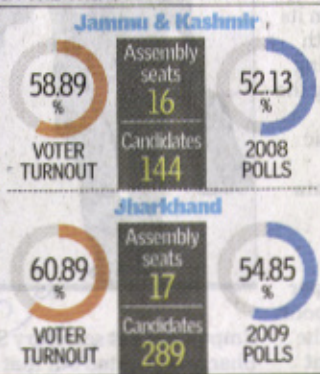
(With inputs from Sanjoy Dey in Ranchi)

J&K, JHARKHAND POLLS Voters defy threat of violence Impressive turnout in 3rd phase

PEACEFUL POLLS NO MAJOR INCIDENT OF VIOLENCE REPORTED IN 33 ASSEMBLY SEATS THAT WENT TO POLLS IN THE THIRD PHASE OF ELECTIONS



People line up to cast their votes at Beerwah in Central Kashmir on Tuesday. — PHOTO: NISSAR AHMAD



National Bureau

NEW DELHI/SRINAGAR: The third phase of polling in 17 Assembly constituencies in Jharkhand and 16 in Jammu and Kashmir saw an impressive turnout despite boycott calls and threats of violence.

While Jharkhand saw a voter turnout of 61 per cent, J&K recorded 59 per cent polling. All the constituencies that went to the polls in J&K, including Uri where militants struck last Friday, are located in the Valley.

Though the turnout in J&K was not as impressive as in the first two phases, there was increased participation in areas that traditionally boycott polls.

People in Tral constituency, which saw 37.68 per cent polling, told *The Hindu* that the turnout was much better than they expected after the two recent grenade attacks in the area and the frequent sarpanch killings. The constituency had seen 0.8 per cent voting in the Lok Sabha elections, and 48.69 per cent in the 2008

Assembly polls.

In Jharkhand, polling was by and large peaceful amid elaborate security arrangements.

The turnout in the third phase was better than the 54.85 per cent during the 2009 Assembly polls. Silli constituency saw the highest polling at 74 per cent, while only 44.44 per cent voted in Ranchi. In 2009, Ranchi had seen a 64.62 per cent turnout.

■ BJP'S ADVENT PUSHES UP TURNOUT IN VALLEY | PAGE 10

FROM PAGE ONE

BJP's advent pushes up turnout in Valley

Zahid Rafiq

SRINAGAR: The 16 seats in Jammu and Kashmir that went to polls on Tuesday are located in Baramulla, Budgam and Pulwama districts. The voter turnouts in these segments in the Lok Sabha polls this year and the 2008 Assembly polls were 25.43 per cent and 52.13 per cent respectively.

Sopore saw an increase in the turnout from 19 per cent in 2008 Assembly polls to 30 per cent on Tuesday. The constituency had polled only 1.02 per cent in the recent Lok Sabha elections.

The increased polling in areas like Sopore and Tral is being seen as the people's reaction to the BJP's much-hyped entry into the political fray in the Assembly elections in the Valley. The BJP has fielded a Sikh candidate from Tral and, according to sources, the party is banking on more than 6,000 Sikh and migrant voters to clinch the constituency.

"If we did not come out to vote, the BJP's candidate

would have won and we decided to stop the party from winning from here. We are sure that we have defeated their plans," Majid Zargar, a 36-year-old first-time voter, told *The Hindu*.

The Chief Election officer informed that in the Baramulla district, Uri recorded 79 per cent turnout, Rafiabad 63 per cent, Sangrama 56.15 per cent, Baramulla 45 per cent, Pattan 60 per cent. In the five Assembly constituencies of Budgam district, Chadoora recorded 65 per cent turnout, Budgam 70 per cent, Beerwah 74.14 per cent, Khan Sahib 73 per cent and Charar-i-Sharief 82.14 per cent. In Pulwama district, Pampore recorded 46.48 per cent, Pulwama 38.31 per cent and Rajpora 47.06 per cent voter turnout.

Chief Minister Omar Abdullah's decision to shift to Beerwah added spice to the contest in the constituency and increased people's participation in the electoral process.

KOLKATA MUNICIPAL ELECTIONS

BJP Plans Modi Rally to Win Kolkata

Elections to KMC and 90 other civic bodies are considered the biggest polls before the crucial assembly elections in 2016

Tamal Sengupta@timesgroup.com

Kolkata: The West Bengal unit of BJP has decided to hold a rally at the Brigade Parade Grounds in February that will be addressed by Prime Minister Narendra Modi, in its bid to wrest the Kolkata Municipal Corporation when polls are held in April. A senior BJP leader admitted in private that they were banking heavily on Modi to kick off the campaign and wrest KMC from the ruling Trinamool Congress. Elections to KMC and 90 other civic bodies are considered the biggest polls before the crucial assembly elections in 2016 and BJP is making all efforts to perform well in the civic polls.

Chief Minister Mamata Banerjee has already announced that Kolkata mayor Sovan Chatter-

jee would continue to run the civic body for the second consecutive term. But electors have no idea about BJP's mayoral candidate yet. BJP national secretary Sidharth Nath

Defeat of BJP's Tiwari in recent Chowringhee by-elections indicates that party is yet to establish its dominance

Singh told ET recently, "We are open about projecting someone as our mayoral candidate for KMC elections." State BJP leaders also said that they were planning to fight April's KMC polls by projecting someone as would-be mayor. But the party is yet to announce the name even though Banerjee has already declared Chatterjee as her party's candidate again.

BJP knows that the state election commission and law and order during polls would be under

the control of the state police. BJP state president Rahul Sinha has already alerted party workers about this. "We may not get central forces during the civic elections. We know that the ruling party might get some benefit during civic elections. But we have full confidence in the people," Sinha told ET.

Apart from KMC, about 90 municipalities across the state will go for polls in April and none of these civic bodies are under BJP's control. Even in KMC, BJP has just three councillors out of 141 municipal wards.

Even though the party has claimed that more than 1 lakh Muslims have joined them, it

might be hard for them to secure Muslim support in areas like Park Circus, Garden Reach, Rajabazar, Metlabruz that are Muslim-dominated under KMC. The defeat of BJP candidate Ritesh Tiwari in Chowringhee assembly by-elections indicates that BJP is yet to establish political dominance in the city.



Prime Minister Narendra Modi addresses an election rally in Dhanbad on Tuesday.

BIJAY/HT

Modi seeks strong, stable BJP govt in Jharkhand

HT Correspondent & Agencies

letters@hindustantimes.com

DHANBAD: Prime Minister Narendra Modi Tuesday appealed to the people to vote for a "strong and stable" BJP government in Jharkhand, and promised an action-oriented and pro-poor governance in return.

Addressing a Bharatiya Janata Party (BJP) election rally in coal city Dhanbad, Modi said he has confidence in the electorate that it will give its full mandate to the BJP, helping the party replicate its victory of May 2014.

"Mujhe vishwas hai ki aap BJP ko poorn bahumat dilane wale ho (I have faith in you, the voters, that you will ensure full majority for the BJP)," he said, ahead of the fourth phase of the

I HAVE FAITH IN YOU, THE VOTERS, THAT YOU WILL ENSURE FULL MAJORITY FOR THE BJP

NARENDRA MODI, Prime Minister

state assembly polls Dec 14.

As many as 15 constituencies in the 81-member Jharkhand assembly go to polls Dec 14.

"It was Jharkhand's overwhelming support that a stable and strong government was formed after 30 years at the Centre. I appeal you to vote for a stable and strong government led by BJP in the state."

He said: "People can ask a report card of a stable and strong

government..."

Modi said his government is dedicated to improve the situation of the eastern part of the country. He said though the eastern Indian states have natural resources, "but the economic development did not take place of these areas. I have to... improve situation of eastern states".

He also took a dig at the Congress slogan to remove poverty.

"While nationalising banks 40 years ago, (they) had argued for poor but no poor people went to door of the banks. My government is dedicated for development of the poor and more than seven crore accounts have been opened under Jan Dhan Yojna."

LS passes Payments and Settlements Bill

HT Correspondent

letters@hindustantimes.com

NEW DELHI: The Lok Sabha on Tuesday passed the Payments and Settlement Systems (Amendment) Bill, which aims to bring India's banking payment system in sync with international practices.

"The world will lack confidence if obsolete laws in the country's financial system exist. The bill seeks to address this 'gap' in the law", Jaitley said in his reply to a debate on the bill.

The bill was subsequently passed by a voice vote.

The bill seeks to improve the payment and settlement systems by increasing transparency and stability of the financial market.

The Hindu Editorial

WEDNESDAY, DECEMBER 10, 2014

One book for India

Union Ministers and senior leaders of the Bharatiya Janata Party seem to thrive directly or tangentially on controversies related to religion. In proposing that the Bhagavad Gita be declared a 'national scripture', External Affairs Minister Sushma Swaraj was not setting off a debate on what, if anything at all, should be India's national scripture. She was, instead, trying to prepare the stage for a communally polarised political debate on a Hindu religious scripture. As a secular democracy, India cannot possibly adopt as its national scripture a book revered by any one religion. None will dispute with Ms. Swaraj when she says the Bhagavad Gita helped her to handle challenges as India's External Affairs Minister. What is up for debate is not the content of the Bhagavad Gita, not the aesthetics of its slokas or the relevance of its precepts. What Ms. Swaraj calls into question is the secular nature of India, whether a holy book of one religious community can be imposed as the national book of Indians of all faiths. To argue, as BJP vice-president Dinesh Sharma did, that the Gita is not a religious book, but is meant for the whole of humanity, is rather disingenuous. Irrespective of the extent of its secular appeal, the Gita, a part of the Mahabharata, is a Hindu text associated with Lord Krishna, and cannot qualify as a national book.

That gods and goddesses should not be invoked as part of the national ethos was made clear even at the stage of the framing of India's Constitution. Indeed, when a suggestion was made to begin the Preamble of the Constitution "in the name of God", there was strong opposition from many members of the Constituent Assembly, including several who considered themselves believers. As one member who argued against invoking God in the Preamble put it, "such a course of action is inconsistent with the Preamble which promises liberty to thought, expression, belief, faith and worship to everyone." Freedom of conscience that is guaranteed under the Constitution includes the right to practise any or no religion, and seeking to elevate a sacred scripture of any one religion as India's national scripture is tantamount to undermining the secular basis of the Constitution. While it might be too early to demand that the Narendra Modi government deliver on its promises of development and growth, there is little doubt that some of the energies of the new government are getting drawn to old, divisive issues. That not just junior ministers but even a senior leader should make such a communally divisive suggestion is disturbing. If indeed there is a felt need to hold up one book as a national book, then it should be the country's Constitution, and nothing else.