# Planning Commission
Government of India

## PART A: News pertaining to Planning Commission

## 12.12.2014

*Compiled by:*

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

**(महापुरुषों के प्रेरणात्मक विचार)**

(Arise, awake and stop not till the goal is reached.उठो, जागो और तब तक नहीं रुको जब तक लक्ष्य ना प्राप्त हो जाये.)

Swami Vivekananda **स्वामी विवेकानंद**

## 1. PLAN PANEL IS DEAD; WHAT WILL BE NEXT?

## Kalyani Shankar , The Pioneer: 12.12.2014

**Arguments for setting up a new** body **is that centralised planning concept cannot work, as the plan panel is losing relevance**

The Modi Government's decision to do away with the six-decade old Planning Commission is an importantexercise in a federal set-up, meeting the assertions of the Chief Ministers. Mr Narendra Modi had announced this from the ramparts of Red Fort during his first Independence Day speech. This week, the same has been taken forward with a meeting of the Chief Ministers to discuss and decide about the shape of the new body.

As expected, politics has crept into this important issue and the efforts to sort out the differences in the retreat informally did not work. While the NDA Chief Ministers endorsed Mr Modi's view, the UPA Chief Ministers, mostly from the Congress-ruled States, opposed the idea that it was being done with a view to get rid of a Nehruvian legacy.

What kind of a new body is being thought of? Mr Modi has given an indication. "We will replace the Planning Commission with a new institution having a new design and structure, a new body, a new soul, a new thinking, a new direction, a new faith towards forging a new direction to lead the country, based on creative thinking, public-private partnership, optimum utilisation of resources, utilisation of youth power of the nation, to promote the aspirations of the State Governments seeking development, to empower the State Governments and to empower the federal structure." It is a huge task indeed.

This is not the first time the Government is dismissive of the commission. Rajiv Gandhi called members of the commission a "bunch of jokers, but stopped short of dismantling it. The BJP in its 1998 manifesto said, "The Planning Commission will be reformed and re-organised in light of the changing developmental needs of our country."

The revamp plan during its 13-month rule also explored the possibility. Former Planning Commission Deputy Chairmen like KC Pant and even Manmohan Singh made some attempts to explore changes. From a highly centralised planning system, the Indian economy is gradually moving towards indicative planning where the commission's role is changing gradually.

The arguments for setting up ta new body is that the centralised planning concept cannot work in the changed circumstances, as the commission is losing its relevance. First, times have changed and issues have changed and Nehru himself would have been the first to say that the commission needs a re-look had he been alive. In a market economy, the planning process needs a different orientation and outlook.

Second, many State Chief Ministers had complained about having to visit Yojana Bhavan and go through the annual ritual of getting approval for their annual plans. Mr Modi too must have resented this exercise as the Chief Minister of Gujarat and would have made a mental note of it to rectify when he became the Prime Minister. In the changed scenario, the States want more say in a federal set-up.

Third, the role of Planning Commission after liberalisation had nothing to do with keeping the commanding heights of the economy with the public sector. The public sector itself needs reforms.

Fourth, Mr Modi's critics say that he wants to dump Nehru's legacy and doing away with the Planning Commission is one of them. When the commission came into being in February 1950, it was an era of centralised planning for the country. It assessed the assets of the country and formulated plans for their use.

It reviewed and discussed social and economic policies that affect national development. It also allocated funds for the centrally sponsored schemes. It has claimed credit for the increased agricultural and industrial production, modernisation of technology, liberalisation of the economy and improvement in the social indicators over the years.

Now that a decision has been taken, there are several questions, which need clarity. The Chief Ministers' meeting this week has not found an answer as to who would allocate funds and transfer from the Centre to the States. Will it be attached to the Finance Ministry or the Prime Minister's Office?

What happens to the National Development Council, which has a special place in the federal setup? Who will formulate and monitor the plans, or will there be no planning? What about the centrally-sponsored schemes? No doubt, the Finance Commission will have a bigger role. Who will arbiter the disputes between the States?  Will the new body get a statutory status?

## 2. Big step towards federalism

## Kalyani Shankar, The Millennium Post: 12.12.2014

Centralised planning, as a concept, cannot work now with states articulating individuated needs.

The Modi government's decision to do away with the six decade old Planning Commission is an important exercise in a federal setup like ours. Modi had made this announcement from the ramparts of Red Fort during his first Independence Day speech. This week the move towards strengthening our federal structure was taken forward with a meeting of chief ministers, where they discussed ways to create a new body. As expected, politics has crept into this important issue and efforts to sort out differences at the PM's retreat did not work. While the NDA chief ministers endorsed Modi's view, their counterparts in the UPA-ruled states opposed with the idea that it was being done with a view to get rid of the Nehruvian legacy.

"We will replace the Planning Commission with a new institution having a new design and structure, a new body, a new soul, a new thinking, a new direction, a new faith towards forging a new direction to lead the country, based on creative thinking, public-private partnership, optimum utilization of resources, utilization of youth power of the nation, to promote the aspirations of state governments seeking development, to empower the state governments and to empower the federal structure," Modi said. It is indeed a huge task. This is not the first time the government is dismissive of the Commission. Rajiv Gandhi called commission a bunch of jokers, though he stopped short of dismantling it.

The BJP in its 1998 manifesto said, "The Planning Commission will be reformed and reorganised in light of the changing developmental needs of our country". The revamp plan during its 13 months in office also explored the possibility. Former Planning Commission Deputy Chairmen like KC Pant and even Manmohan Singh made attempts to explore changes. From a highly centralised planning system, the Indian economy is gradually moving towards indicative planning, where the commission's role is changing gradually.

The arguments for setting up the new body is that the centralized planning concept cannot work in vastly different circumstances to those before liberalisation. First of all, times have changed and issues have changed and Nehru himself would have been the first to say that the commission needs a relook had he been alive. In a market economy the planning process needs a different orientation and outlook.

Secondly, many state chief ministers had complained about having to visit Yojna Bhavan and go through the annual ritual of getting approval for their annual plans. Modi too must have resented this exercise as the Gujarat chief minister and made a mental note of it to rectify when he walked into the PMO. Essentially the states want more say in a federal setup.

Thirdly, the role of Planning Commission after liberalisation had nothing to do with keeping the commanding heights of the economy with the public sector. The public sector itself needs reforms.

Fourthly, Modi's critics say that he wants to dump Nehru's legacy and doing away with the Planning Commission is one of them. When the Commission came into being in February 1950, it was during an era of centralized planning.

It assessed the assets of the country and formulated plans for their use. It reviewed and discussed social and economic policies that affected national development. It also allocated funds for the centrally sponsored schemes. The commission claimed credit for the increased agricultural and industrial production, modernisation of technology, liberalisation of the economy and improvement in social indicators over the years.

So what kind of a body is going to replace the Commission? If one goes by the presentation given by the Planning Commission Secretary Sindhusree Khuller to the chief ministers, the Prime Minister will head the new institution, which should act as a think tank. It may have 8 to 10 regular members with half of them representing the states. The chief ministers would be members by rotation and its remaining members could be experts in various fields. The new body could provide internal consultancy services to states and the Centre on different matters. It would monitor, evaluate, programme projects, conduct cross-sectoral and inter ministerial exercise and appraisal of projects. It is not clear how long it will take for the new body to emerge.

Now that a decision has been taken, there are several questions, which require clarity. The meeting with various chief ministers this week has not found an answer as to who would allocate funds and transfer it from the centre to the states. Will it be attached to the Finance Ministry or the PMO? What happens to the NDC, which has a special place in the federal setup? Who will formulate and monitor the annual and five-year plans or will there be no planning? What about the centrally sponsored schemes? No doubt the Financial Commission will have a bigger role. Who will arbiter the disputes between the states? Will it get a statutory status?

Once answers to these questions emerge, then the new body could function smoothly. But care must be taken to ensure the independence of the new body. There should be transparency in the selection of its members. It should also remain apolitical to win the trust of various chief ministers. With the prime minister's weight behind it, the new body should be able attract the highest talent in the country. How far the government accepts its recommendations will also depends on the prime minister. In short the new body should be able to function smoothly and effectively without interference from the political class. IPA

## 3. Dismantling Planning Commission will make states over dependent on Centre: CPI (M)

## The Economic Times: 11 Dec, 2014, 09.10PM IST

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Such over-dependence on the Centre is a clear demonstration of moving towards a centralised unitary state structure, said Sitaram Yechury

NEW DELHI: "Decommissioning" of the Planning Commission by the BJP-led government is fraught with political danger as it would promote a unitary system of governance by making all states "over-dependent" on the Centre for their finances, CPI(M) said today.

Observing that "the cat is out of the bag" from the Prime Minister's recent power-point presentation to chief ministers, senior party leader Sitaram Yechury said "all future flow of funds from the Centre to the states will be through the central ministries, reducing the states as mere dependencies -'vassalstates'.

"Such over-dependence on the Centre is a clear demonstration of moving towards a centralised unitary state structure, the exact opposite of our constitutional scheme of things and its federal structure."

In an editorial for CPI(M) organ 'People's Democracy' titled "Planning De-Commissioned", Yechury said the dismantling of the plan panel was "not merely an exercise confined to the domain of economics. It is pregnant with political danger to transform the Indian republic."

"It is such a unitary structure which facilitates the advance towards the RSS version of 'Hindu Rashtra' at the expense of undermining the secular democratic character of our republic where, instead of improving centre-state relations in favour of the states, the exact opposite would be the purpose and result," he said.

Such a move by the Narendra Modi government would "only accentuate the socio-economic disparities in our country alarmingly" and jettison the goals of economic equality, social justice and regional economic imbalances, Yechury said.

"This is fraught with the dangers of growing demands for separation from the existing states by regions who consider themselves 'backward'" and create "an increasingly polarised situation," he said.

## 4. New body replacing Plan Commission will empower states: Arun Jaitley

## Deccan Chronicle: December 10, 2014, 21.12 pm IST


Finance Minister Arun Jaitley (Photo: PTI/File)

**New Delhi:** Advocating greater powers for states, Finance Minister Arun Jaitley on Wednesday said a principle of 'cooperative federalism' is being followed in setting up the new body in place of Planning Commission.

"Our government stands by the principle of cooperative federalism, empowering states, least number of central schemes and more state schemes," Jaitley said while replying to a debate in the Lok Sabha.

Prime Minister Narendra Modi had called meeting of all chief ministers on Sunday to deliberate on the structure of the new body which would replace the Planning Commission where a majority view was in favour of decentralisation of power.

Advocating more autonomy for the states, the finance minister said: "...allow states to rule...because they have as much mandate to rule their states as much as we have to rule Delhi. We will maintain the spirit of cooperative federalism."

He added: "Even the Congress Chief Ministers (during the meet) that I heard, subject of their speech was decentralisation, cooperative federalism. One size does not fit all. Let the states decide and give more power to states."

He further said, "But because probably you (Congress) told them that it is our baby, the first sentence used to be, Planning Commission did a very good job. It should not be replaced. The rest of speech of even regional parties was broadly the same."

Jaitley said: "Do you only pay lip sympathy to cooperative federalism that you have a central government structure by an executive order or you have structure where centre, states and experts decide to minimise the number of central schemes."

The government concluded the consultations for deciding on the structure of the new body with Chief Ministers on Sunday. It is expected that the new body will be in place by the January 26.

**5. Navhbarat Times: 12.12.2014**

# कुर्सी से चिपके अफसर बदलेंगे

■ गुलशन राय खत्री, नई दिल्ली

### शहरी विकास मंत्रालय ने कसी कमर

केंद्र में मोदी सरकार बनने के बाद सरकार ने लंबे वक्त से एक ही ओहदे पर जमे अफसरों और कर्मचारियों की छुट्टी की तैयारी शुरू कर दी है। शहरी विकास मंत्रालय ने तो बाकायदा ऐसे कर्मचारियों और अफसरों की पहचान भी शुरू कर दी है, जो सरकार के नियमों के तहत तय अवधि पांच साल से ज्यादा वक्त से एक ही कुर्सी पर जमे हैं।

इनमें अंडर सेक्रेटरी से लेकर डायरेक्टर तक के अफसर शामिल हैं। इन सभी का रोटेशनल ट्रांसफर किया जाए। शहरी विकास मंत्रालय के सूत्रों का कहना है कि इन तबादलों की तैयारी तो अक्टूबर में ही शुरू हो गई थी, अमल अब शुरू किया गया है।

जिन अफसरों को एक ही कुर्सी में चिपके हुए पांच साल से ज्यादा हो गए हैं, ऐसे अफसरों को भले ही मंत्रालय के भीतर ट्रांसफर किया जाए, लेकिन उनका ऑफिस बदल दिया जाए। इसी तरह सेक्शन ऑफिसर से लेकर असिस्टेंट लेवल के अफसरों के बारे में लिस्ट बनाई जा रही है जिससे कि जो लोग एक ही कार्यालय में सात साल से बैठे हैं, उन्हें बदला जाए। इसी तरह यूडीसी और एलडीसी के लिए भी यही अवधि तय की गई है। मंत्रालय का कहना है कि अगर सेंसेटिव पोस्ट पर किसी को तीन साल का वक्त हो गया है, तो उसे फौरन ही बदला जाए।

ऐसे लोगों को नॉन सेंसेटिव पोस्ट पर भेजा जाए। सीपीडब्ल्यूडी के जोनल दफ्तरों में तैनात केंद्रीय सचिवालय सेवा और केंद्रीय सचिवालय स्टेनोग्राफर व टाइपिंग सर्विस के कर्मचारियों को भी बदला जाए। दरअसल एक ही पद पर लंबे वक्त तक बने रहने से करप्शन की संभावना बढ़ जाती है। ये नियम पहले से हैं, लेकिन अक्सर इन नियमों पर कम ही ध्यान दिया जाता है।

अब मंत्रालय ने अपने सभी विभागों के आला अधिकारियों को निर्देश दिए हैं कि इस आदेश का पालन होना चाहिए।

PART B

# NEWS AND VIEWS

Friday, 12th December 2014

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Communication, IT Information Division
Phone # 2525

Hindustan Times

Date: 12/12/2014
Page: 01

# Putin backs Make in India with copter, nuclear deals

## DEEPER TIES PM says Russia remains India's most important defence partner

Jayanth Jacob
jayanth.Jacob@hindustantimes.com

**NEW DELHI:** Russia offered to help India set up at least 10 more nuclear reactors and manufacture light-utility helicopters in line with the Make in India campaign as the two countries stepped up their defence and strategic partnership during President Vladimir Putin's visit on Thursday.

Prime Minister Narendra Modi said Russia would remain India's most important defence partner and its "unique place in India's foreign policy will not change" as he laid out a roadmap for stronger energy and business ties between New Delhi and Moscow at their 15th annual summit.

As India and Russia sought to strengthen a once-close relationship, the two countries signed 20 agreements including a contract to implement the third and fourth reactors of the Kudankulam nuclear power plant and a joint investment fund of $1 billion for Indian infrastructure and hydroelectric projects. Other strategic deals covered oil supply, infrastructure and an increase in direct diamond sales to India by Russian firm Alrosa.

"Even as India's options have increased today, Russia will remain our most important defence partner," Modi said after the summit. "Russia has offered to fully manufacture in India one of its most advanced helicopters. It includes the possibility of exports from India. We will follow up on this quickly."

HT was the first to report that Russia would join Modi's first big-ticket 'Make in India' initiative in the defence sector.

The agreements reflected Russia's need for allies in the face of Western sanctions over Moscow's annexation of Crimea and the conflict in eastern Ukraine.

Though India's defence cooperation with other countries is expanding, 60% of defence purchases still come from Russia. However, India plans to bring down its dependence on foreign vendors and increase indigenisation of the defence sector as part of the Modi government's Make in India initiative.

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## HT SPOTLIGHT — PUTIN IN INDIA

**Putin brings Crimea head along**

Sergey Valeryevich Aksyonov, 'prime minister' of the Ukrainian territory annexed by Russia, was part of Putin's delegation, a move that could irk the West. India said he wasn't part of official meetings. »P10

**Boost for energy sector**

Deals include $10bn agreement to import crude oil from Russia »P10

**Rebuilding Afghanistan**

Moscow, Delhi express hope for region to be terror-free in next decade »P10

## 20 DEALS IN A DAY

Delhi, Moscow make the most of Putin's day-long visit

PM Modi with President Putin in Delhi. MOHD ZAKIR / HT PHOTO

### MAKE IN INDIA

**DEFENCE:** Russia to manufacture Kamov 226T light utility helicopters with an Indian partner, at least 400 in a year. Choppers meant for both Indian armed forces and for export

**ENERGY:** Russia to supply at least 10 more nuclear reactors to India, with manufacturing of equipment and components done in India

### OTHER MAJOR DEALS

- Contract for Kudankulam 3 & 4 reactors
- $1bn co-investment fund for investment in Indian infrastructure projects including ports, toll roads, hydropower
- Consortium of Indian companies to acquire stake in $2bn Russian potash project
- Indian cos to buy diamonds from Russian diamond mining giant Alrosa, cutting out middlemen in the trade

The Statesman

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# RUSSIA TO BUILD TWELVE NUKE REACTORS IN INDIA

## 16 PACTS SIGNED IN THE SPHERE OF DEFENCE TIES, OIL AND GAS AND IN TRADE

**SIMRAN SODHI**
*simransodhi@thestatesman.net*
New Delhi, 11 December

Prime Minister Narendra Modi today met Russian President Vladimir Putin, and both sides stuck to a safe script about the bilateral relationship, but it is difficult to buy the script. While both countries share an old relationship, the world has changed a lot.

For one, the Russian President has few or maybe no friends in the Western world today. The situation in Crimea and President Putin's handling of the situation has led an angry set of Western nations to impose sanctions on Russia. India's relationship has warmed with the United States, the latest indicator being the acceptance by US President Barack Obama to be the chief guest at next year's Republic Day parade.

Russia has also sensed this change and recently started the process of a defence relationship with Pakistan. But none of this was mentioned during the day-long summit between the two nations here today. In media statements, after holding talks, both leaders stressed on issues of trade and defence cooperation.

Russian President Vladimir Putin and Indian Prime Minister Narendra Modi during a joint Press conference in New Delhi on Thursday. = SNS

Mr Modi said Russia will remain India's top defence supplier, even though New Delhi's options had improved since the end of the Cold War. "Even if India's options have increased, Russia remains our most important defence partner," Mr Modi said. He added that Russia had also offered to manufacture an advanced helicopter in India.

The PM said the two countries have "a strategic partnership that is incomparable in content". He added that Russia has been "a steadfast supporter" even in difficult moments of history. The Russian leader talked about a need to boost trade between India and Russia. Mr Putin said Russia was keen to deepen the political dialogue between the two countries to strengthen cooperation in various areas.

He said the two countries have a special privileged partnership. "It continues to develop dynamically," Mr Putin said.

Among the other outcomes of the visit was Russia's state-led Alrosa mining group entering into direct selling agreements with 12 diamantaires for supplies worth $2.1 billion over three years. Another outcome was the construction of 12 new nuclear power units in India over the next two decades. The two sides also signed 16 agreements in the sphere of defence cooperation, oil and gas and in trade, at the end of the 15th India-Russia annual summit. The real test of the relationship will be seen in the days to come.

Hindustan Times
Date: 12/12/2014
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NO DEFICIT BLUES

# CAD high, but situation comfortable, says Rajan

HT Correspondent
letters@hindustantimes.com

**KOLKATA:** The Reserve Bank of India (RBI) is comfortable with current account deficit (CAD) — the measure of the difference between the inflows and outflows of a foreign currency — even after it widened in the July-September quarter, governor Raghuram Rajan said on Thursday.

"Although it has widened in the last quarter, we are comfortable with CAD scenario. I would still say that risks remain... but I am not much apprehensive about it," Rajan said.

CAD widened to 2.1% of GDP in the July-September quarter, higher than both the previous quarters and a year earlier, the RBI said on Monday.

Finance minister Arun Jaitley has also said that there was no cause for concern over CAD since forex reserves were comfortable.

RBI governor Raghuram Rajan in Kolkata PHOTO: HT

On the inflation front, Rajan said with prices easing, he expected people to invest more in paper instruments than gold. A decline in gold buying would cool imports and take pressure off CAD.

Turning to the economy, Rajan said an interest rate cut won't by itself lead to higher economic growth, although it would have an impact.

The governor also noted the central bank was in discussions with the government about reviewing priority sector lending norms for foreign banks operating in India.

Turning to limits on foreign investments in government bonds, Rajan said it would look at raising the limit at an appropriate time, and would look at expanding it steadily.

Rajan also noted the central bank was in discussions with the government about reviewing priority sector lending norms for foreign banks operating in India.

Brushing aside allegations raised by the Enforcement Directorate that the RBI did not carry out its responsibility to stop ponzi schemes in the country, Rajan said the central bank was keeping a close watch and working with all state-level teams to take steps against chit fund companies.

# 'For six months we were focussed to make India healthy'

## Exercise begins now: PM to economists

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 11

KEEN to enhance India's attractiveness as an investment destination, Prime Minister Narendra Modi along with finance minister Arun Jaitley met with 16 top economists from the US on Thursday.

"A person who is unhealthy cannot derive benefit from exercise, the first six months of this government were focused on making India healthy once again. The 'exercise' would begin now," Modi told the economists.

The economists — Gita Gopinath, Martin Feldstein and Emmanuel Farhi from Harvard University; Mark Aguiar from Princeton University; Erica Field from Duke University; Mathew Gentzkow from University of Chicago Booth School of Business; Anne Krueger, former chief economist, World Bank; John Lipsky, former acting managing director of IMF; Karthik Muralidharan from University of California; James Poterba and Abhijit Banerjee from MIT — are in India as part of the NCAER Neemrana Conference.

Jaitley, who gave an overview of the various decisions taken by the government over the last six months in the economic sphere, expressed confidence that these were giving the desired results. "There is a mood of optimism and expectation from the new government, and the process of pragmatic and realistic decision-making is giving results," he said. Outlining policies undertaken by the government over the past six months, Modi said skill development and job creation, Pradhan Mantri Jan-Dhan Yojana and Digital India were the key priorities of the government.

> **"Injecting technology into government processes ... would provide the best possible solution to the problem of corruption"**
> **NARENDRA MODI,** Prime Minister

These initiatives would boost employment opportunities given that 65 per cent of the country's population is less than 35 years of age. "Injecting technology into government processes and decision making would provide the best possible solution to the problem of corruption," he stressed.

# One account for all financial assets soon

EXPRESS NEWS SERVICE
KOLKATA, MUMBAI
DECEMBER 11

**RBI Governor Raghuram Rajan speaking in Kolkata on Thursday.** PARTHA PAUL

FINANCIAL regulators, including the Reserve Bank of India, Sebi and IRDA, are working on creating a common account aggregation facility, which may allow the public to get details of all their financial assets such as bank accounts, stocks, insurance policies in one place.

A suggestion towards this end made by an Inter-Regulatory Technical Group was discussed by the Sub-Committee of the Financial Stability and Development Council (FSDC), which met here.

"We have discussed the possibility of creating a platform for people to see their accounts across regulatory bodies," RBI Governor Rajan told reporters after the meeting.

Rajan added that the RBI has asked the finance ministry for a review of priority sector lending norms which foreign banks find difficult to follow under the wholly-owned subsidiary model, where the conditions are stiffer. He added that the current account deficit which has widened to $10.1 billion or 2.1 per cent of GDP in Q2, is still at comfortable levels although there were risks.

Rajan also defended the allegation that the RBI did not pro-actively pursue firms running ponzi schemes in West Bengal, saying that the central bank was working closely with the established mechanism of State-Level Coordination Committees and Central agencies to probe such cases.

The Economic Times

Date: 12/12/2014
Page No. 02

**VOICING CONCERN** BMS general secretary requests all MPs to vote against coal block & insurance bills in Parliament

# Bharatiya Mazdoor Sangh Runs with Hare

## BJP govt's move would undermine rights of workers, says Virjesh Upadhyaya

**Our Political Bureau**

**New Delhi:** The Bharatiya Mazdoor Sangh, the trade union wing of BJP, has opposed legislations regarding denationalisation of coal blocks and allowing enhanced foreign direct investment in insurance. BMS general secretary Virjesh Upadhyaya said that both moves would undermine the rights of workers and "hard won rights, especially of coal workers".

"These bills will undermine our economy, especially the banking sector, put our national, natural resources in the hands of private interests that may not coincide with the national interest, and lead to their exploitation," he said.

"There are canards being spread that the public sector, especially in the coal sector is not stepping up to the plate, or is not efficient. That is not true, the public sector has been doing well for many years in this area," he said. "These are all ways in which the private sector is being given control over vital sectors of the economy," he added. "BMS has requested all MPs to vote against the passing of these bills, and also urges all trade unions to protest against these moves," he added.

The Union Cabinet has cleared amendments to the Insurance Bill on Wednesday after a Rajya Sabha select committee had submitted its report on the same. The government has also repealed the Coal Nationalisation Act in this session of Parliament.

**NOT A SECRET:** Modi

## After Modi's Exit, Bhartiya Kisan Sangh Trying to Regain its Relevance in Gujarat

**GANDHINAGAR:** RSS-affiliated farmers' body, Bhartiya Kisan Sangh, is trying to regain its relevance in Gujarat by taking on the BJP-ruled government on issues concerning the farmers. The BKS, which once had an influence over state government policies and a say in important appointments, was marginalised when Modi led BJP to victory in Gujarat after the 2002 communal riots. – DP.Bhattacharya@timesgroup.com

**Business Line**

Date 12/12/2014
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# Centre to give PSUs ₹1,000 cr for grid-connected solar projects

## CCEA nod for key solar sector proposals

OUR BUREAU
New Delhi, December 11

Giving a fillip to the country's renewable energy programme, the Cabinet Committee on Economic Affairs gave its nod to key proposals for the solar power sector on Wednesday.

The proposals include providing support of ₹1,000 crore to central public sector units to set up over 1,000 MW grid-connected solar photovoltaic power projects, setting up of 25 solar parks each with a capacity of 500 MW requiring financial support from Centre of ₹4,050 crore and setting up of over 300 MW of solar power projects by Defence establishments.

The 1,000 MW to be set up by PSUs will be under various Central/State schemes in three years from 2015-16 to 2017-18, with a condition that all cells and modules used in the plants will be made in India.

Similarly, the proposal for setting up of solar projects by defence establishment under Ministry of Defence and the Para Military Force under the Ministry of Home Affairs was also approved.

Under the scheme, over 300 MW of grid connected and off-grid solar PV projects will come up from 2014 to 2019.

Photovoltaic cells and modules used in plant should be made in India and an amount of ₹750 crore will be given by Ministry of New and Renewable Energy from the National Clean Energy Fund.

### Solar parks

The Cabinet also approved setting up 25 solar parks and Ultra Mega Solar Power Projects to accommodate over 20,000 MW of solar power from 2014-15 to 2018-19.

The scheme will seek active support of State governments who will have to nominate their nodal agency.

The agency may be sanctioned a grant of up to ₹25 Lakh for preparing a Detailed Project Report (DPR) of the Solar Park, conducting surveys. However, the DPR must be prepared in 60 days.

The Centre's implementing agency will be the Solar Energy Corporation of India.

# RBI reviewing priority lending norms for foreign banks

## Will nudge them to convert Indian branches into wholly-owned subsidiaries: Rajan

OUR BUREAU
Kolkata, December 11

The Reserve Bank of India is reviewing the priority sector lending norms for foreign banks; after which it will "nudge" them to convert their Indian branches into wholly-owned subsidiaries, Governor Raghuram Rajan said here on Thursday.

According to him, foreign banks have expressed their concerns and obligations (to the central bank and the Government) that they will have if they convert their branches into wholly-owned subsidiaries.

The primary concerns raised by these foreign banks relate to priority sector lending, which mandates that the banks lend to certain special sectors such as agriculture, small scale industries and education.

Rajan told reporters that once the norms are revised, the RBI will "nudge the foreign banks into adopting those structures."

According to Rajan, new foreign banks, which are entering the country will fall under the wholly-owned subsidiary scheme framework.

Foreign banks that entered India after August 2010 will have to convert their branches into wholly-owned subsidiaries. The conversion is however, voluntary for those who have been operating in the country before this cut-off period.

### New structure

"Those who are entering India will be coming under the structure; there is no issue with that. It was for those whom it was voluntary that we are trying to give an incentive to move into that structure by detailing the priority sector norms," he said, and added that the bank was worried about systemic risks arising out of large foreign banks in India. Hence, the RBI had to be explicit about the costs and benefits of their moving into the new structure. "Otherwise it would be retrospective regulation, which we would not want to do," he said.

However, if existing foreign banks apply for branch licences, the RBI will continue to grant the same. "We haven't stopped giving branch licences," Rajan said.

Steps in terms of introducing universal banking licences on tap basis will be taken after the RBI goes ahead with the licences for small and payments banks.

"We will re-examine the criteria we had for the universal banks and then come to a decision on reframing them. And then we will open the window at that point," he said.

RBI Governor Raghuram Rajan, Deputy Governor HR Khan (right) and Economic Affairs Secretary Rajiv Mehrishi the RBI's Central Board meeting in Kolkata on Thursday SUSHANTA PATRONOBISH

Hindustan Times
Date: 12/12/2014
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# Govt okays Electronics Development Fund

## GENERATING CAPITAL Corpus to be used in electronics, IT ventures; will be accessible to public and private sector firms

**HT Correspondent**
letters@hindustantimes.com

**NEW DELHI:** To boost local manufacturing, the Cabinet has approved the communications ministry's policy to set up an Electronics Development Fund (EDF), which will invest in electronics and information technology (IT) entrepreneurial ventures.

The policy frame for the EDF is aimed to resolve unavailability of adequate risk capital through venture funds for research and development (R&D), innovation and intellectual property creation in the companies operating in four areas — electronic system and design, manufacturing, nanoelectronics, and IT, according to a senior communications ministry official.

The corpus of the fund, which has been left open ended, will be managed by Small Industries Development Bank of India (SIDBI) or similar financial institution to fund startups and other ventures that promotes the EDF policy.

"There is an urgent need for manufacturing electronics and telecom products (in India), especially those having security implications," a source in communications ministry said.

A National Policy on Electronics (NPE) had envisaged that the EDF will be a 'fund of funds' to participate in 'daughter of funds' (angel funds and venture funds). The plan is to leverage these funds to acquire foreign companies, so as to shift the manufacturing of products currently imported in large volumes into the country.

"The fund is proposed to be managed professionally and would be accessible to both the government and the private sector," the source added.

Communications minister Ravi Shankar Prasad has been highlighting the need to promote domestic electronics manufacturing. It is important since the current domestic demand for electronics in India is about \$45 billion and is expected to grow at a compounded annual growth rate (CAGR) of 22% for the period 2009-2020, according to a note by the department of electronics. With current growth rate, the production of electronics hardware in the country is likely to grow to \$42 billion by the end of 2014 and \$105 billion by 2020, as per the note.

### FUNDING PLAN

- Electronics Development Fund will be managed by SIDBI or a similar financial institution
- The idea behind the fund is to shift the manufacturing of electronics and telecom products to India
- Present domestic demand for electronics in India is about \$45 billion
- Production of electronics hardware in the country is likely to grow to \$42 billion by the end of 2014 and \$105 billion by 2020, according to a note

The Tribune

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# 22 states, UTs support Bill to prevent 'honour killings'

ADITI TANDON
TRIBUNE NEWS SERVICE

NEW DELHI, DECEMBER 11

The government has initiated the process of drafting a law against honour killings by treating crimes in the name of honour as a separate category of offences.

The moves comes after 22 states, including Punjab, Haryana, Himachal Pradesh and Chandigarh (UT), supported the recommendations of the Law Commission of India to treat honour crimes as a standalone offence.

> "The policy decision on enacting a legislation will be taken after considering the comments of all states and holding consultations with the stakeholders."
> Sadananda Gowda, LAW MINISTER

Law Minister Sadananda Gowda said in Parliament today that the government would, after considering the comments from states, hold consultations on the enactment of the legislation against honour crimes.

"After considering the responses of all states and UTs and consultations with stakeholders, the policy decision to enact the legislation on the subject will be taken. It would be difficult to fix a timeline but the department has initiated the process of implementation

CONTINUED ON P11

## 22 states, UTs support Bill

FROM PAGE 1

of the report of the Law Commission in this respect," Gowda said.

The Law Commission had in its 242nd Report on "Prevention of Interference with the Freedom of Matrimonial Alliances in the Name of Honour and Tradition" recommended a strict law against honour crimes being perpetuated by community panchayats working by different names in different parts of the country.

The proposal to bring the law was first initiated during Congress-led UPA-II which had formed a Group of Ministers to make recommendations. The GOM never presented its report and was disbanded once its chairman - Pranab Mukherjee - proceeded to become President. At that time, Haryana had opposed the move.

The BJP government, after coming to power, circulated the proposal again and 22 states, including Haryana (which now has a BJP government), have supported the recommendations of the Law Commission.

Apart from Punjab, Haryana, Himachal and Chandigarh, the states that have backed the law are: Andhra, Assam, Chhattisgarh, Goa, Jharkhand, Karnataka, Kerala, Meghalaya, Mizoram, Nagaland, Odisha, Uttar Pradesh, West Bengal and the UTs of Dadra and Nagar Haveli; Daman and Diu, Lakshadweep and Puducherry. The responses of the remaining states are awaited. Consensus of states on the law to curb honour crimes is critical because the subject falls in List III (Concurrent List) of the Seventh Schedule of the Constitution and the Centre alone cannot legislate on it.

# Centre makes last bid to push GST Bill

## To share inter-state tax with states; petroleum may be kept out

fe Bureau
New Delhi, Dec 11

THE prospect of Parliament initiating constitutional changes for the launch of the Goods and Services Tax (GST) in its current session has been blighted since states are continuing with their opposition to some of the key proposals by the Centre on the design of the proposed comprehensive indirect tax.

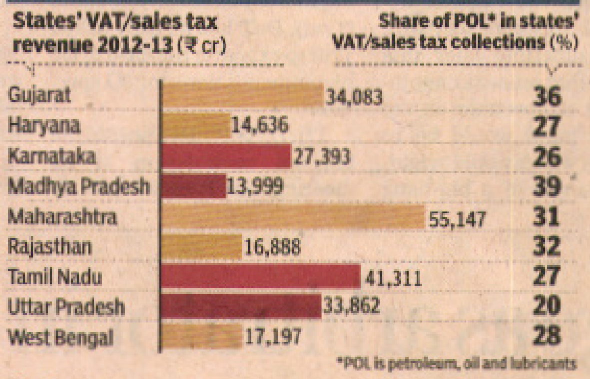
Belying finance minister Arun Jaitley's recent claim that an agreement with the states on most contentious issues was nigh, Empowered Committee of State Finance Ministers chairman Abdul Rahim Rather said after a meeting of the panel here on Thursday that the states can't agree to a proposal by the Centre to include petroleum taxes in the GST. He added that the states were not happy either with the Centre's proposal on how they would be compensated for any loss of revenue in the initial years of GST. The states have refused to tread even the middle path suggested by the Centre, which is to include petroleum taxes in GST and keep the rates nominal or even zero so that states can levy supplementary taxes sans input tax credit.

Rather who met Jaitley with a group of state finance ministers told reporters later that it was decided that a smaller panel of state finance ministers will discuss the contentious issues further and then with Jaitley again on Thursday night.

"We hope some solution will be found. We agree to the Constitution Amendment Bill in many respects, but not in toto." Rather said. At the time of going to print, the discussions were still on, indicating the urgency with which the government wants to resolve the differences.

Earlier in the day, Rather had said, "The Central government shall have to respect the views of the states with regard to their demands in the interest of co-operative federalism." He hinted that the states are united despite the political affiliations of the governments and added that they have unanimously decided to reiterate their demands.

### Cash cow




The Centre's revenue from excise and customs duties in 2013-14

**₹3.55 lakh cr**

The share of petroleum taxes in the combined indirect tax collections of the Centre and states is

**33%**

**Points of discord**

- Inclusion of petroleum products in GST
- Constitutional guarantee for compensation
- States want relief for 5 years, the Centre offers 3 year
- Inclusion in GST of entry taxes levied by municipalities

### DON'T HAVE A FLAWED GST

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The Hindu

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DRAFT REJECTED No consensus over compensation, petrol and entry taxes

# States reject Centre's Goods & Services Tax Bill

Puja Mehra

**NEW DELHI:** The States have rejected the draft Bill for the Goods and Services Tax (GST), dealing a major blow to the Centre's resolve to roll it out at the earliest.

The Centre-States stalemate has put a question mark over whether the government will be able to introduce the GST Constitution Amendment Bill during the ongoing Winter Session of Parliament. Union Finance Minister Arun Jaitley said in the Lok Sabha last month that he would introduce this Bill during the session. The GST rollout has missed several deadlines in the absence of a Centre-States consensus.

At a meeting of the Empowered Committee of State Finance Ministers on Thursday, the States opposed the draft Bill and its proposal to extend the GST to petroleum goods and entry tax.

> Major blow to the Modi government's resolve to roll out the reform

"Consensus eludes the Centre and the States on the three main issues of compensation, petrol tax and entry tax," Empowered Committee Chairman Abdul Rahim Rather told pressperson. He said the Empowered Committee would not support the Centre's Bill unless it conceded the States' three demands.

The GST will subsume all excise and service taxes. The States want compensation from the Centre for the revenues they will lose over five years from the shift to the GST regime. They want a clause on the compensation to be inserted into the Bill, Mr. Rather said.

The Centre's proposed draft does not have such a provision at present.

"We were surprised to know that the Centre has only agreed to one of our recommendations," said Mr. Rather.

The Union government agreed that its share of the revenue from the GST would go to the pool of tax revenues devolved to the States.

Mr. Rather, however, welcomed Mr. Jaitley's announcement in the Lok Sabha on Wednesday on the payment of Rs. 11,000 crore by April as compensation to the States for the central sales tax. "We are happy to know that the Centre has agreed to keep a provision of Rs. 11,000 crore in the current year's budget for it."

Later a PTI report said the Centre and the States on Thursday night made "some headway" in resolving the issues.

RAJYA SABHA EQUATION

# J&K election to decide LoP

## The question is whether Ghulam Nabi Azad can retain post

Smita Gupta

**NEW DELHI:** The ongoing Jammu and Kashmir Assembly elections could well determine whether senior Congress leader Ghulam Nabi Azad will continue as the next Leader of the Opposition in the Rajya Sabha as his term as an MP in the Upper House ends on February 15 — as do those of the other three members from the northern State.

Mr. Azad's continuance in the job, therefore, will be decided by whether he can be re-elected to the RS.

The Congress, which won 17 Assembly seats in the 2008 elections, party sources said, is hoping to get somewhere between eight and 12 seats this time, so that it could tag on to the People's Democratic Party (PDP), the outfit that is expected to win the largest number of seats in these elections — in 2008, the PDP got 21 and the BJP 11, while the National Conference, the top scorer, got 28.

If the party is able to pull off a post-poll PDP-Congress government, then Mr. Azad could continue in the job. For, with the party's numbers shrinking in State after State, as Assembly elections take place, the likelihood of a slot emerging elsewhere in the coming months looks remote.

It is against this backdrop that jockeying for the Leader of the Opposition in the Rajya Sabha has begun within the Congress. The former Commerce Minister Anand Sharma, currently the Deputy Leader of the Congress in the Upper House, is seen as one of those in the running, even though the list of 69 Congress members boasts many party seniors. They include the former Prime Minister Manmohan Singh, the former Defence Minister A.K. Antony, Congress president Sonia Gandhi's Political Secretary Ahmed Patel, and party general secretaries Digvijay Singh, Ambika Soni, Janardan Dwivedi and Madhusudan Mistry — the last named seen by many as a Rahul Gandhi favourite — not to mention Satyavrat Chaturvedi.

Clearly given that the Opposition outnumbers the government in the Rajya Sabha, and the Congress, as the largest party in the House, has the LoP's slot, the job needs to be done by someone who is both respected as well as has a good equation with other parties.

Mr. Azad had been chosen for precisely these reasons by the Congress leadership but has been missing for much of the current session as he has been campaigning intensively in Jammu and Kashmir: in a brief stopover in the national capital recently he had a meeting where he is believed to have emphasised the need for effective floor coordination with other parties.

The Hindu
Editorial

FRIDAY, DECEMBER 12, 2014

# Moving forward on insurance

The Insurance Laws (Amendment) Bill, which aims to increase the flow of foreign investment into the capital-starved insurance industry, is now just a step away from getting into the statute books. The Bill was first introduced in Parliament way back in 2008 but failed to receive support from parties across the political spectrum, including from the BJP, which now heads the government. The Rajya Sabha select committee, which went into the provisions in detail and whose report was tabled in Parliament on Wednesday, has recommended a 49 per cent composite cap on foreign investment while retaining the condition that management and control of the company has to remain in Indian hands. With the Cabinet quickly adopting the amendments suggested by the select committee, the stage is now set for the Bill to be introduced in the Rajya Sabha where despite the Congress's support the Bill is not likely to have easy passage. The Congress has hinted that it would like to delay the Bill at least until the Budget session in order to make the government 'sweat', as one party member has said. In effect, the party wants to do to the BJP what the latter did to the Congress on the same issue when it was leading the government.

Political games aside, the adoption of the Bill is expected to open the tap for the flow of foreign investments into the insurance industry as foreign players have been waiting for the increased limit. Backed by a higher level of ownership, foreign companies would also be willing to share technical expertise with their Indian partners. The 49 per cent cap will include both foreign direct investment (FDI) and foreign portfolio investment. Though this might disappoint those who would have liked the entire limit to be appropriated for FDI, the fact is that there are not too many companies that are profitable and mature to list on the stock markets. The scope for FII investment is therefore limited. As the committee has rightly observed, incremental foreign investment should ideally be used to increase the capital base rather than to buy out local promoters who might want to liquidate a part of their stake. Segments such as health insurance require sharp focus, and the market is also big given that the social security system is weak in the country. The committee has done well in not agreeing to lower the limit of paid-up capital from Rs.100 crore for health insurance players; a lower threshold would have made it easy for non-serious players to enter the sector. Expansion of the insurance industry is also important for the development of the infrastructure sector as the industry is typically a provider of funds for long-term investment. This augurs well for the BJP government's focus on developing infrastructure.