Planning Commission
Government of India

PART A: News pertaining to Planning Commission

19.12.2014

Compiled by:

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Planning Commission Library

(महापुरुषों के प्रेरणात्मक विचार)

(To be in good moral condition requires at least as much training as to be in good physical condition.अच्छी नैतिक स्थिति में होना कम से कम उतना ही प्रशिक्षण मांगता है जितना कि अच्छी शारीरिक स्थिति में होना.)

Jawaharlal Nehru जवाहरलाल नेहरु

1. No consensus on what will replace Plan panel

SANJEEB MUKHERJEE, Business Standard: 19.12.2014

Some of the proposals might be difficult to implement, especially those that give states a say in the financial allocations in Central schemes

State would have operational freedom to alter or tinker with the schemes initiated by the Centre

If the government is to be believed, India will have a new body to replace the five-decade-old Planning Commission by the end of January 2015. It will be a body that will, in the words of Prime Minister Narendra Modi, encompass a new spirit and modern thinking while reflecting the changing pattern of India's economic growth.

Though various names are floating around for the new panel, some officials privately say that the new body will be called Neeti Aayog. There is some clarity on what its agenda is likely to be. A broad consensus has emerged that it will prescribe a far greater role for state governments in economic decisions, either through a permanent mechanism in which some chief ministers become part of the new organisation by rotation or informally through the forum of inter-state councils.

According to the information trickling through, the new body will have four major wings: Direct Benefit Transfer, Unique Identification Authority of India, Inter-state Councils and Programme Evaluation. Each is expected to be headed by a secretary, while the person overall incharge will likely be designated the vice-chairman. The prime minister is expected to head the new body as was the practice with the defunct Planning Commission.

This is not the first time that a need has been felt to reform and revitalise the Planning Commission that was created to usher in Soviet-style planned economic development by India's first prime minister, Jawaharlal Nehru, in the 1950s. Having outlived its utility, there have been attempts since the early 2000s to inject fresh thinking into the working of the commission.

The attempt got somewhat formalised during the first United Progressive Alliance regime, when subject experts from the private sector and academics were actively involved in the panel, some as members, others as consultants. In fact, the 12th FiveYear Plan (2012-17) document was prepared after perhaps the most exhaustive discussions with people outside the government.

Former prime minister Manmohan Singh — who had a past association with the PlanningCommission having been its member-secretary in the 1980s — in his last address to the body before demitting office had highlighted the need of a restructuring in the light of the changed domestic economic scenario. All through the era of controlled economy, the Planning Commission had played a pivotal role in shaping the growth model. At one point of time, it wielded such clout that it determined the location where a public-sector enterprise would be set up by the government.

However, after the Indian economy moved towards a more open regime with less state controls in the 1990s, the commission lost much of its utility. It did try to recalibrate its working, and was instrumental in the last decade in the formulation of some critical social interventions like the Rashtriya Krishi Vikas Yojana for agriculture as well as public-private partnerships in infrastructure, but its quintessential role as the driver of economic growth was blunted. Internally, too, there were efforts to rejig the functions of the body and special committees were created to achieve that. But there wasn't much to them.

It wasn't surprising, therefore, that after the National Democratic Alliance government took office a little over six months ago, Modi in his first prime ministerial speech from the Red Fort on Independence Day announced the abolition of the commission and plans to replace it with a more pertinent body.

Giving a new shape

The commission, in its last days, held a series of meeting with experts, policy makers and economists to formalise the broad contours of the replacement panel. It also invited suggestions from the public on the issue. In between, the finance ministry issued a circular directing all Central ministries to send their budget proposals for plan expenditure directly to it, rather than routing it through the PlanningCommission, as was the practice earlier. This marked a formal shift in the financial powers from the panel to the ministry.

A wider discussion was also held with the chief ministers and representatives of all states and Union Territories earlier this month on the rationale for the new organisation. According to a presentation made at the meeting of chief ministers by the existingcommission, all major Central schemes and programmes would be finalised by the government in consultation with the state governments. Determining priorities would involve the consensus of all states.

Moreover, state governments would have operational freedom to alter or tinker with the schemes initiated by the Centre. Till now, the states' concurrence on such programmes was taken for a formality. The central sector schemes, which more often than not reflect the priorities of the central government, will now on represent an amalgamation of the priorities determined jointly by the Centre and the states. However, some of the proposals might be difficult to implement, in particular those that give states a say in the financial allocations in central schemes.

"The complex nature of Indian politics and the varied interest of each state government might make it difficult to arrive at a consensus on many issues," a former member of the PlanningCommission points out.

However, not everyone is pessimistic about the proposed new structure of the commission. Sudha Pillai, former membersecretary of the PlanningCommission, in a recent discussion with Business Standard, said that the proposed structure would bring together development and security issues and deal with them in a coordinated manner. "This will lead to greater policy coherence," she said.

Pillai was of the view that the mechanism for consultation with the states had been grossly inadequate under the old system, and the PlanningCommission had remained predominantly a central government organisation. "One very important difference among the various states is the presence or absence of a healthy resource base there. This aspect has to be factored in while discussing a differentiated approach," Pillai said. Come January, and we will know whether these concerns have been addressed

2. Why this Team India will fail

Suvojit Chattopadhyay, Live Mint: 18.12.2014

Disbanding the Planning Commission was a bold announcement. Disappointingly though, the alternative proposed on the table is technocratic


A file photo of Prime Minister Narendra Modi. Photo: Bloomberg

Prime Minister **Narendra Modi**, in his recent meeting with chief ministers, presented a proposal for revamping the **Planning Commission**. The least we can expect from the Prime Minister's Office (PMO) these days is a sleek power point presentation and the PMO did not disappoint with what was termed the "new institution". The garden meeting, with the Prime Minister sitting in a circle with chief ministers, also created the picture of the much-talked-about Team India, a model for centre-state partnership.

Optics aside, there are several salient points for discussion.

The Prime Minister's presentation pointed out four areas of institutional weakness: lack of a structured engagement with states; ineffective coordination and resolution mechanisms between centre-state and across ministries; lack of contemporary knowledge links; and weak implementation and feedback loops.

In order to address the first two weaknesses (which seem to be interlinked and overlapping), the proposal is to create Team India, an equal and collaborative platform that brings together the centre and the states. The proposal gets the jargon mostly right (had the meeting been telecast live, it would have been a great candidate for playing governance-jargon bingo), but also positions the Prime Minister as a benign elder who would be "friend, philosopher and guide" to states!

There are some good ideas about rethinking planning cycles, especially at the state-level and of forming groups of states with common challenges/opportunities (demographic, geographic, economic, etc). Understandably, these ideas will take time to crystallize and to figure out implementation, but these are ideas with potential. So far so good.

Where the proposal starts unravelling is on the topic of implementation—how will the new institution improve implementation of public programmes on the ground? To take just one example, look at decentralization. It is ironic that the biggest legacy of the erstwhile Planning Commission is that of being too centralized (epitomized by the prescriptive centrally sponsored schemes), while at the same time, it positioned itself as a champion of decentralization to local governments. In the Prime Minister's proposal, there is hardly any talk of decentralization and strengthening local governments. There is no one model for strengthening local governments, but amidst the talk of centre-state partnerships, the last mile implementers are overlooked. The risk of the new institution being all about planning and allocations, but not sufficiently about effective implementation looms large.

Further, on issues of limited knowledge links, implementation and feedback loops, it is even less clear how the new institution will break the current mould. The Planning Commission brought together experts from a diverse background, drawing from the private sector as well as civil society. One can imagine that those that might be consulted by the new institution will probably be drawn from a different section of the room, but will that lead to an increase (or qualitative improvement) in the knowledge generated by the new institution? Honestly, it is hard to tell.

Finally, there appears to be a remarkable absence of serious political analysis in the outline of the new institution. The Prime Minister's presentation is a sanitized technocratic proposal that does not sufficiently capture the politics of administering a diverse country and a divisive polity. The proposed new institution for shepherding policymaking in India cannot be a stand-alone concept—it will be affected by contemporary political developments, every step of its way.

For example, bringing chief ministers around a table is no change from what the Planning Commission already does. Also, the near exclusive focus on chief ministers reflects a strikingly negative trend of state-level governance in India (and one that the Prime Minister himself is probably most comfortable with)—that of state governments being individual-centric. This view does nothing to improve the state-level planning and implementation machinery. If states were to truly own the development process in their backyards, the quality of collaboration between state government ministries need to improve, alongside the strengthening of its finance and treasury systems.

Also, how will the issue of deep mistrust between the Centre and certain states be addressed? Until the Bharatiya Janata Party (BJP) wins all states, this will remain a serious obstacle, especially given the social agenda that the BJP and its associates seem determined to pursue across the county. On a related note, the Prime Minister will have to demonstrate that his government and party are serious about moving away from both individualistic and identity politics, of which there is little promise so far.

Cooperative federalism is a worthy goal, no doubt. However, from the discussion around the proposed new institution that is set to replace the Planning Commission, it is not at all evident that we would have an institution that is fit for purpose. Disbanding the Planning Commission was a bold announcement. Disappointingly though, the alternative proposed on the table is technocratic, unimaginative and lacking in the political smarts—and looks set to fail.

3. H&UD dept seeks Rs 252cr

Biswa Bhusan Mohapatra, Here.Now:18.12.2014

Bhubaneswar, Dec 18: The housing and urban development (H&UD) department has sought `Rs252 crore under eight projects for Nabakalebara festival scheduled to held in Puri in July next year.

The demand comes in response to the request of the **Planning Commission** of India for detailed proposals to avail funds for the mega event.

“There is need of huge infrastructure development. There is infrastructure for 1.5 lakh people in Puri town but the city will have to cater to Rs 50 lakh people during the festival. So, we have requested the Union government to release `252.52 crore for implementation of eight projects,” said a senior official of the H&UD department.

The department requested funds for five new projects and three on-going projects. It demanded `Rs 104.65 crore to provide 24/7 water supply to the holy town, `Rs 38.08 crore for upgradation and widening of roads and upgradation and construction of covered drains.

It sought `Rs 72 crore for the on-going stormwater drainage project for Puri town, `Rs16.56 crore and `Rs14.84 crore for execution of municipal solid waste management of Lord Jagannath temple periphery and grand road and installation of high mast, mini-mast and streetlights, respectively.

As much as `Rs 6.39 crore has been demanded for construction, operation and maintenance of public and community toilets, upgradation of Puri bus stand and operationalisation of the programme management unit (PMU) for Nabakalebara festival.

“Considering the low resource base and limited capacity of the civic body, financial support for undertaking priority projects and completing on-going projects as well as institutional support through a PMU is urgently required so that the grand festival is held without any hiccup. In this context, the department proposes to solicit the financial support through one-time central assistance,” the department wrote.

Recently, the Planning Commission of India asked the state government to submit detailed proposals to avail fund for the mega event. The state government had then sought proposals from all administrative departments.

Earlier in May 2013, Chief Minister Naveen Patnaik had written to then Planning Commission deputy chairman Montek Singh Ahluwalia seeking special central assistance of `Rs 1,397 crore for the mega event.

PART B

NEWS AND VIEWS

Friday 19th, December 2014

Polity	: Mamata accuses CBI of functioning as a department of the PMO.
Economy	: Logistics sector in limelight as GST Bill gets Cabinet nod.
Planning	: Railway's finance arm to raise Rs.8,000 Cr. In January-March.
Editorial	: A significant achievement

The Times of India

19/12/14
Pg no ; 23.

First step towards manned mission

GSLV Mark-III Launch Successful

Binoy.Valsan@timesgroup.com

Sriharikota: This rocket didn't put a satellite in orbit. In fact, its payload plunged into the Bay of Bengal 20 minutes after the vehicle lifted off from Sriharikota. And that made it a success, for it was the first step to India's manned space mission.

The Indian Space Research Organization (Isro) achieved a success of a different kind on Thursday when its GSLV Mark-III on a suborbital experimental flight carried an unmanned crew module which was ejected at a height of 126km. Re-entering the atmosphere, its parachutes ensured a soft-thud on the sea. Recovered by the Indian Coast Guard, the Crew Module Atmospheric Re-entry Experiment (CARE) will undergo tests to ascertain its efficiency in bringing back future astronauts from India.

"Everything went as per plan," said Isro chief K Radhakrishnan. "After a decade of developing the GSLV Mk-II, we have tasted the first success of an experimental flight. The performances of the solid and liquid stages were as expected. The unmanned crew module worked extremely well."

GSLV Mark-III, weighing 630.5 tonnes — the heaviest rocket to be made by Isro — lifted off from the second launch pad of Satish Dhawan Space Centre at 9.30am. Designed not to take the payload to a higher orbit, the rocket had a dummy cryogenic engine. The rocket went through the stage separations as planned and, 20 minutes later, ejected the crew module at an altitude of 126 km at a velocity of 5.3km per sec. The module re-entered the atmosphere at 80km and plunged into the Bay of Bengal, about 180km from the Andaman & Nicobar Islands.

For once, there was something more exciting than the launch — the recovery of the payload. CARE was fitted with a system that eludes a chemical that turns the sea water at the point of impact a fluorescent green. This was for the overflying Dornier aircraft to spot it even if its beacon and GPS tracker failed. But the signals were loud and clear as the Indian Coast Guard vessel Samudra Paheradar made a deft approach.

The GSLV Mk-III being launched from Satish Dhawan Space Centre in Sriharikota. **For steps to download the Alive app, see P 13**

India's 1st space traveller heaves a sigh of relief

Mumbai: As India successfully tested the heaviest launch vehicle GSLV Mk-III, there was a sense of relief for 56-year-old Rakesh Sharma, the first Indian to travel in space. Having been a part of the Indo-Soviet manned spaceflight programme in April 1984, Sharma had always expressed disappointment that the government was not giving the 'go' for the mission. "It is a great start and a significant step towards implementing a human space flight programme. In my view, this success, in the very first attempt itself, proves that Isro has reached a stage which could mark the beginning of the journey of the Indian manned programme," he told **TOI**, a few minutes after the splashdown of the crew module in the Bay of Bengal. But Sharma warned that it should not be become a "stop-start-stop" programme. "Now, the programme has to be implemented. A manned space flight programme is a natural follow up," he said.

Sharma said an Indian manned spaceflight programme will employ cutting-edge technology and the mission will stretch beyond low Earth orbit to Moon and Mars. "It has to be a part of a global collaborative effort as no single nation has the resource to undertake such a project on its own." **Srinivas Laxman**

Business Line

Date 19/12/14

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Insurance FDI: Centre eyes ordinance route as Rajya Sabha logjam persists

Upper House work disrupted over conversion row

The ordinance path

- If the Insurance Bill is not passed, then an ordinance is an option
- The Centre can seek Parliamentary approval during the Budget Session to convert the ordinance into an Act
- If rules are issued through the ordinance and companies get investments, they will be legal even if no law is passed later
- The industry needs ₹60,000 crore over 5 years for expansion

OUR BUREAU

New Delhi, December 18

With just two working days left for the current Rajya Sabha session, the Centre has indicated that it may take the ordinance route to hike the foreign direct investment (FDI) limit in the insurance sector to 49 per cent.

The BJP-led National Democratic Alliance's minority status in the Upper House is a hurdle for smooth passage of the Bill.

"In case the Insurance Bill is not passed in this session, the ordinance route can't be ruled out," a top government official said here on Thursday. This indication came after the Rajya Sabha was adjourned without transacting any major business. Thursday was the eighth successive day of disruption as the Opposition demanded a statement from Prime Minister Narendra Modi on the religious conversion controversy.

An ordinance has the same powers as an Act. Based on the urgency, it can be promulgated between two sessions of Parliament. However, the government needs to get it converted into an Act in the next session.

It is believed that the Centre wants to put in place a statutory structure for foreign equity before US President Barack Obama's visit next month. Ordinances have been used before. Most recently, the UPA Government promulgated ordinances to empower SEBI to act against Ponzi and illegal deposit schemes. These became an Act in August.

Normally, both Houses of Parliament do not take up any government legislative business on Friday as it is reserved for Private Members' Bills. This leaves just two working days, December 22 and 23, in the ongoing session.

The Insurance Bill has been pending in the Rajya Sabha for the last eight years. In the last session, it was referred to a Select Committee of the Rajya Sabha, which submitted its report on December 10 and the Cabinet nod for the amendments came the same day.

Logistics sector stocks in limelight as GST Bill gets Cabinet nod

Enactment likely to become a reality from April next year

R YEGYA NARAYANAN

Coimbatore, December 18

With the Union Cabinet giving its approval to the Constitutional Amendment Bill for Goods and Services Tax, stocks in the logistics sector were in limelight on Thursday.

Stiff valuation stress

Many of these companies are integrated service providers, including transportation and warehousing, and their stock prices witnessed a sharp uptick accompanied by strong trading volumes. However, with many of them trading at stiff valuations, the extent to which their stock prices could rise in the near term remains to be seen.

While a lot of formalities are yet to be gone through before the GST is enforced, with general consensus reached on the subject it is expected that GST will become a reality from April 1, 2016.

Shares of Container Corporation of India (CCI) jumped ₹59.05 to close at ₹1,330, a gain of 4.65 per cent.

Snowman Logistics, which owns a string of temperature-controlled warehouses across the country, gained 7.54 per cent to end the day at ₹100.60. Gateway Distriparks (GDL) is its promoter and the largest stakeholder. GDL, which has three verticals — container freight stations, inland container depots and cold chain storage and logistics, spurted 2.57 per cent to ₹337.20.

Transport Corporation of India, vaulted 7.57 per cent to ₹262.80. GATI, an integrated distribution and supply chain solutions provider, gained ₹13.80 to close at ₹263.

To benefit auto, FMCG too

Introduction of GST will also help sectors such as automobiles and FMCG, among others, which would gain from higher sales. However, a clear picture about the impact of GST on the economy would emerge only when the contours of the Bill become clear.

Of the five stocks, only CCI and TCI appear to be trading at reasonable PEs.

BUSINESS LINE

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Lok Sabha clears e-rickshaw Bill

INDO-ASIAN NEWS SERVICE

New Delhi, December 18

The Lok Sabha on Thursday passed a Bill to legalise e-rickshaws by bringing them under the ambit of the Motor Vehicles Act.

The Motor Vehicles (Amendment) Bill, 2014 also provides for the Centre to make rules on the specifications for e-carts and e-rickshaws and the manner and conditions for issuing driving licences.

Replying to the debate on the Bill, Road Transport, Highways and Shipping Minister Nitin Gadkari said its passage will ensure the protection of the environment as well as provide employment to the poor. "There are nearly one crore people in the country who pull rickshaws and carts. We should free them from manual labour and help them convert to e-rickshaws and carts," he said.

The Bill also relaxes the rules for issuing driving licences for those driving e-rickshaws.

The Congress wanted the Bill to be referred to a standing committee. "This is the standard procedure," said Congress legislature party leader Mallikarjun Kharge.

"This will be a bad precedent. Then there will be no role for a standing committee. We are not anti-poor," he said.

However, Parliamentary Affairs Minister M Venkaiah Naidu said many bills have been referred to the standing committee in this session.

"But where we have don't have any major differences, why should we waste time?" he asked.

Congress leader Ranjeet Ranjan expressed doubts over the safety of e-rickshaws.

RRBs may get to tap markets for capital

Minister tables Bill in Lok Sabha

OUR BUREAU

New Delhi, December 18

Regional rural banks (RRBs) may soon be allowed to tap retail and institutional investors to raise capital.

A Bill to allow RRBs to raise capital from sources other than the Central Government, State Governments and sponsor banks, was introduced by the Minister of State for Finance Jayant Sinha, in the Lok Sabha on Thursday. This is significant as RRBs are currently not permitted to raise capital from investors other than Central and State Governments and sponsor banks.

While allowing RRBs to raise capital from external investors, the Bill has stipulated that in no event can the combined shareholding of the Central Government and sponsor banks go below 51 per cent.

Currently, the Centre's shareholding in RRBs is pegged at 50 per cent, while sponsor banks and State governments hold 35 per cent and 15 per cent, respectively.

Jayant Sinha

The Bill also stipulates that State Governments will have to be consulted if their shareholding in RRBs is reduced to below 15 per cent.

Besides increasing the authorised share capital of each RRB to ₹2,000 crore from the existing ₹5 crore, the Bill also provides for continuing managerial and financial assistance from sponsor banks beyond the first five years of functioning of such banks.

BUSINESS STANDARD

19/12/14

Pg no : 5

Oil ministry proposes reworking of gas allocation policy

BS REPORTER

New Delhi, 18 December

The petroleum ministry has proposed reworking the allocation policy of natural gas from non-New Exploration Licensing Policy (Nelp) blocks, to give first priority to firms selling compressed natural gas (CNG) and piped natural gas (PNG) for allocating the limited resource.

At present, fertiliser plants manufacturing urea enjoy the first priority over domestically produced gas followed by liquefied petroleum gas (LPG) plants and power stations.

City Gas Distribution (CGD) projects selling CNG to automobiles and PNG to households are ranked fourth.

The ministry is understood to have floated a note for the Cabinet Committee on Economic Affairs (CCEA) to give CGD firms top priority, followed by plants providing inputs to the strategic sectors of atomic energy and space research.

This will be followed by a small quantity of gas, up to 1.5 million standard cubic meters per day (mscmd), that will be allocated for extraction of higher hydrocarbons, including petrochemicals.

Gas-based urea plants would be fourth on the list, followed by power plants, provided they meet the condition that the entire electricity produced from allocated gas will only be sold at regulated rates.

The idea behind the review of the allocation priority for non-Nelp gas is that CNG and PNG are clean fuels which will help replace subsidised diesel in automobiles and LPG in households.

The new policy will also bring uniformity in allocation policy and eliminate anomalies on different sources of gas.

The ministry has also proposed to freeze allocation to all sectors, expect CGD and LPG, at supply levels of 2013-14 because domestic production is stagnant.

In 2013-14, 76.7 mscmd of gas was supplied from domestic sources as against allocation made for about 243 mmscmd. Of this, fertiliser plants received 29.79 mscmd of gas. Power plants got 25.59 mscmd, while LPG extraction plants received 1.83 mmscmd. Petrochemical plants received 3.32 mscmd while refineries got 1.89 mscmd and steel plants 1.32 mmscmd.

The ministry has also proposed to clearly define priority and non-priority sectors. The former will be a group of five sectors — CGD, plants providing inputs to strategic sectors, gas-based urea plants, power stations and gas-based LPG plants.

BUSINESS LINE

19/12/14

Pg no's; 3.

Railways' finance arm to raise ₹8,000 cr in January-March

Has RBI's nod to borrow $500 m from overseas, but fund-raising instruments undecided

MAMUNI DAS

New Delhi, December 18

Indian Railway Finance Corporation (IRFC), a dedicated financing arm of the Railways Ministry, is set to raise ₹8,000 crore in the January-March quarter of the current fiscal. It also has the Reserve Bank of India's approval for raising $500 million (around ₹3,140 crore today) through external commercial borrowings (ECB).

But it is not yet clear whether IRFC will use the ECB route, as the company has not finalised the exact timing and specific instruments that it will use to raise funds. It usually raises funds through bonds and loans.

Lower interest rates

In the current fiscal, IRFC has not accessed the market yet. "Interest rates have softened since April by 80-100 basis points and have also softened in the external market by 0.5-0.6 per cent, which translates into a large benefit spread over the long term," said a source.

The company has already handed over ₹4,000 crore in the current fiscal to the Railways, from internal accruals and funds raised last fiscal that were not disbursed, official sources told *BusinessLine*. The funds will be used to acquire locomotives, wagons and coaches.

IRFC aims to raise ₹11,790 crore for the current fiscal, of which ₹290 crore will go towards bankable projects of Rail Vikas Nigam Ltd. During 2013-14, it had funded acquisition of 635 locomotives, 2,861 passenger coaches, and 8,323 freight cars valued at ₹14,784.51 crore. On a cumulative basis, IRFC has funded 7,289 locomotives, 41,432 passenger coaches and 1,85,362 freight cars, which are valued at ₹1,12,266 crore. In 2013-14, the Indian Railways had mobilised ₹14,740 crore for buying rolling stock assets and another ₹440 crore for Rail Vikas Nigam. The funds were mobilised at a weighted average cost of 7.89 per cent. In the current fiscal, the borrowings were scaled down.

Head on The company has already handed over ₹4,000 crore in the current fiscal to the Railways, from internal accruals and funds raised last fiscal that were not disbursed REUTERS

The Financial Express

Date: 19/12/14

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Modi moves in to speed up $300-bn stuck projects

New Delhi, Dec 18

By taking over the Project Monitoring Group, which was previously in the Cabinet Secretariat, the prime minister could help firms planning coal, power, steel and infrastructure projects cut through a maze of up to 180 clearances

PRIME Minister Narendra Modi has taken direct control of a project-monitoring body to fast-track investments worth almost $300 billion and revive manufacturing in the country, two officials with direct knowledge of the matter said.

Pro-business Modi has faced criticism in recent weeks that his ambition to spur investment and re-energise the economy has yet to be realised, more than six months after he won elections with the strongest mandate in three decades.

By taking over the Project Monitoring Group (PMG), which was previously in the Cabinet Secretariat, Modi could help firms planning coal, power, steel and infrastructure projects cut through a maze of up to 180 clearances.

"The fact that the Prime Minister's Office (PMO) will be directly overseeing all the project clearances will impart a greater degree of efficiency and also ensure that clearances are fast tracked at every level," said one of the officials, declining to be identified ahead of a public announcement.

"The PMO's stamp will make a big difference."

A PMO official said a bureaucrat who had worked closely with Modi when he was chief minister of Gujarat state will head the monitoring group. The senior officer is among a few trusted civil servants with whom the PMO thrashes out key decisions, often at the expense of ministerial authority.

Former Prime Minister Manmohan Singh set up the PMG last year to prod ministers and bureaucrats sitting on files, a tendency that came to be known as "policy paralysis" and was blamed for growth of less than 5% for two straight years.

Since its inception, the PMG has facilitated 197 stalled projects worth about $110 billion.

South Korean steel maker POSCO is one of many companies to have approached the PMG. POSCO has waited nine years to get approvals to set up a $12 billion steel plant, which would be India's biggest foreign direct investment. *Reuters*

BUSINESS STANDARD

19/12/14

Pg No (5)

Here comes the Modi booster for ₹18-lakh crore stuck projects

REUTERS

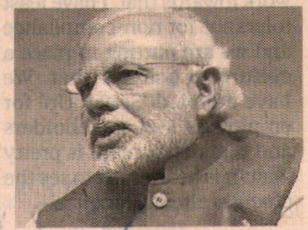
New Delhi, 18 December

Prime Minister Narendra Modi has taken direct control of a project-monitoring body to fast-track investments worth almost ₹18 lakh crore ($300 billion) and revive manufacturing in the country, two officials with direct knowledge of the matter told *Reuters*.

Pro-business Modi has faced criticism in recent weeks that his ambition to spur investment and re-energise the economy has yet to be realised, more than six months after he won elections with the strongest mandate in three decades.

Industrial output contracted in October in its worst performance in three years, jarring with a much-publicised "Make in India" campaign Modi has championed to make the country a manufacturing powerhouse.

By taking over the Project Monitoring Group (PMG), which was previously in the Cabinet Secretariat, Modi could help firms planning coal, power, steel and infrastructure projects cut through a maze of up to 180 clearances.



NEED FOR SPEED By taking over the Project Monitoring Group, which was previously in the Cabinet Secretariat, Modi could help firms planning coal, power, steel and infrastructure projects cut through a maze of up to 180 clearances

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South Korean steel maker Posco is one of many companies to have approached the PMG. Posco has waited nine years to get approvals to set up a $12 billion steel plant, which would be India's biggest foreign direct investment.

Tata Power and Adani Power are other top companies awaiting clearances.

"Business confidence has certainly improved in the last six to seven months, but this confidence now needs to get translated in the project delivery, kick-starting the investment cycle and boosting consumer demand," said Sunil Kanoria, president-elect of industry body Assocham.

The Hindu

19/12/14
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Parliamentary panel frowns at shifting planning tasks

Special Correspondent

NEW DELHI: The Parliamentary Standing Committee on Finance has "strongly disapproved" of the government's proposed move to transfer the task of planning and approving plan expenditure to the Finance Ministry.

The Committee has recommended that the Ministry of Planning be entrusted with the role until an alternate mechanism is put in place.

"...given the mandate and approach of the Ministry of Finance, the proposed planning and approval of Plan expenditure would invite the conflict of interest and is likely to result in a cutting down of genuine/adequate allocation of funds to Plan Schemes especially social welfare schemes in order to contain fiscal deficit," cautioned the Committee's report, tabled in Parliament on Tuesday. The Committee, chaired by Congress leader Veerappa Moily, also censured the Finance Ministry for "reducing the budgeting exercise to a ritual."

Veerappa Moily

The Department of Economic Affairs has not taken corrective measures to arrest the imbalance between Budget Estimates (BE), Revised Estimates (RE) and Actual expenditure, the report said.

"Such a recurring trend has obviously reduced the budgeting exercise to a ritual...The reasons advanced by the Department are rather routine and thus not very convincing."

The Committee also reported that against suggested economy measures for bringing down the expenses related to the preparation of the union budget — such as eliminating the duplication in documents —the Finance Ministry has merely reduced the number of printed copies.

The Committee had recommended that the Ministry use information technology to present a paperless and more user-friendly budget. For this, it had pointed out that the budget document titled "Statement of Revenue Forgone" was a mere production of the contents of Annexure 15 to another budget document titled "Receipts Budget."

In its written reply to the Committee, though the Ministry agreed the two sets amounted to duplication of information, it said it would consider eliminating printing of duplicate documents from future budgets.

As an economy measure, it said, however, it had reduced the number of copies of budget documents from 1,49,300 in 2011-12 to 1,09,800 in 2014-15.

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No consensus on what will replace Plan panel

Some of the proposals might be difficult to implement, especially those that give states a say in the financial allocations in Central schemes

SANJEEB MUKHERJEE
New Delhi, 18 December

If the government is to be believed, India will have a new body to replace the five-decade-old Planning Commission by the end of January 2015. It will be a body that will, in the words of Prime Minister Narendra Modi, encompass a new spirit and modern thinking while reflecting the changing pattern of India's economic growth.

Though various names are floating around for the new panel, some officials privately say that the new body will be called *Neeti Aayog*. There is some clarity on what its agenda is likely to be. A broad consensus has emerged that it will prescribe a far greater role for state governments in economic decisions, either through a permanent mechanism in which some chief ministers become part of the new organisation by rotation or informally through the forum of inter-state councils.

According to the information trickling through, the new body will have four major wings: Direct Benefit Transfer, Unique Identification Authority of India, Inter-state Councils and Programme Evaluation. Each is expected to be headed by a secretary, while the person overall in-charge will likely be designated the vice-chairman. The prime minister is expected to head the new body as was the practice with the defunct Planning Commission.

State would have operational freedom to alter or tinker with the schemes initiated by the Centre

This is not the first time that a need has been felt to reform and revitalise the Planning Commission that was created to usher in Soviet-style planned economic development by India's first prime minister, Jawaharlal Nehru, in the 1950s. Having outlived its utility, there have been attempts since the early 2000s to inject fresh thinking into the working of the commission.

The attempt got somewhat formalised during the first United Progressive Alliance regime, when subject experts from the private sector and academics were actively involved in the panel, some as members, others as consultants. In fact, the 12th Five-Year Plan (2012-17) document was prepared after perhaps the most exhaustive discussions with people outside the government.

Former prime minister Manmohan Singh — who had a past association with the Planning Commission having been its member-secretary in the 1980s — in his last address to the body before demitting office had highlighted the need of a restructuring in the light of the changed domestic economic scenario. All through the era of controlled economy, the Planning Commission had played a pivotal role in shaping the growth model. At one point of time, it wielded such clout that it determined the location where a public-sector enterprise would be set up by the government.

However, after the Indian economy moved towards a more open regime with less state controls in the 1990s, the commission lost much of its utility. It did try to recalibrate its working, and was instrumental in the last decade in the formulation of some critical social interventions like the *Rashtriya Krishi Vikas Yojana* for agriculture as well as public-private partnerships in infrastructure, but its quintessential role as the driver of economic growth was blunted. Internally, too, there were efforts to rejig the functions of the body and special committees were created to achieve that. But there wasn't much to them.

It wasn't surprising, therefore, that after the National Democratic Alliance government took office a little over six months ago, Modi in his first prime ministerial speech from the Red Fort on Independence Day announced the abolition of the commission and plans to replace it with a more pertinent body.

Giving a new shape

The commission, in its last days, held a series of meeting with experts, policy makers and economists to formalise the broad contours of the replacement panel. It also invited suggestions from the public on the issue. In between, the finance ministry issued a circular directing all Central ministries to send their budget proposals for plan expenditure directly to it, rather than routing it through the Planning Commission, as was the practice earlier. This marked a formal shift in the financial powers from the panel to the ministry.

A wider discussion was also held with the chief ministers and representatives of all states and Union Territories earlier this month on the rationale for the new organisation. According to a presentation made at the meeting of chief ministers by the existing commission, all major Central schemes and programmes would be finalised by the government in consultation with the state governments. Determining priorities would involve the consensus of all states.

Moreover, state governments would have operational freedom to alter or tinker with the schemes initiated by the Centre. Till now, the states' concurrence on such programmes was taken for a formality. The central sector schemes, which more often than not reflect the priorities of the central government, will now on represent an amalgamation of the priorities determined jointly by the Centre and the states. However, some of the proposals might be difficult to implement, in particular those that give states a say in the financial allocations in central schemes.

"The complex nature of Indian politics and the varied interest of each state government might make it difficult to arrive at a consensus on many issues," a former member of the Planning Commission points out.

However, not everyone is pessimistic about the proposed new structure of the commission. Sudha Pillai, former member-secretary of the Planning Commission, in a recent discussion with *Business Standard*, said that the proposed structure would bring together development and security issues and deal with them in a coordinated manner. "This will lead to greater policy coherence," she said.

Pillai was of the view that the mechanism for consultation with the states had been grossly inadequate under the old system, and the Planning Commission had remained predominantly a central government organisation. "One very important difference among the various states is the presence or absence of a healthy resource base there. This aspect has to be factored in while discussing a differentiated approach," Pillai said. Come January, and we will know whether these concerns have been addressed.

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Mamata accuses CBI of functioning as a department of the PMO

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[P]ulling no punches in her attack against the BJP for allegedly pursuing "political vendetta" against the Trinamool Congress, West Bengal Chief Minister Mamata Banerjee on Thursday charged that the CBI is being used as a "political tool" by the NDA government and is functioning as "a department of the PMO".

"We are the only party fighting a battle against BJP, who are trying to bulldoze TMC. That (arrest of WB transport minister Madan Mitra) is political vendetta.

"BJP... are jealous of us (but) democracy cannot be bulldozed or imposed. The attitude which is displayed (by BJP) is dictatorial.

"TMC will not bow down before anyone, except the people of the country. This is a political fight and it will fight (it) politically and democratically. You cannot stop our voice," Mamata told reporters outside Parliament House.

Hitting out West Bengal Chief Minister Mamata Banerjee addressing the media at Parliament House in New Delhi on Thursday RV MOORTHY

She maintained that her party had no role to play in the Saradha chit fund scam since it had not taken place under her government. She said there are many cases pending with the CBI in which there has not been any outcome.

"It (CBI) is not an autonomous body, but a department of the PMO. If the CBI is important, then it should act in public interest. Rabindranath Tagore, who won the first Nobel Prize in India... his Nobel medal was stolen, even that has not been found. Has CBI closed the case?

"In the Gyaneshwari accident case (of 2010), around 200 people were killed. As the (then) railway minister, I had initiated a CBI inquiry, but nothing happened. In Singur, the Rizwanur Rehman case, in Nandigram, in Netai... nothing has happened? So is the CBI a tool of the government?

"If you ask me the role of CBI, (it is) A — political vendetta, B — political vendetta, C — political vendetta," she said.

As she sought to defend Mitra, who was recently arrested by the CBI in connection with the Saradha scam, the CM said TMC is the only party that has no role to play in any scam.

Not related

"If you talk of about our MP (Kunal Ghosh) who was arrested, we gave nominations to three-four journalists as there was no representation from the media. They were not related to our party. TMC has no connection with any scam.

"Those who talk about scams should see that charity begins at home. Saradha (scam) did not take place during our government. From 2001-2006, it happened during the Left Front government.

"And not only in Bengal, but in Kerala, Tripura, Assam, Odisha. Chit fund is not illegal, but in the name of chit fund, cheating people is an illegal thing," she said.

The Hindu Pg 10.

EDITORIAL.

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A significant achievement

It has been a glorious year for the Indian Space Research Organisation. The successful launch of Mangalyaan into Mars orbit on September 24 on its maiden attempt was the crowning glory. On December 18, the space organisation followed it up with another stupendous success with the first experimental launch of a GSLV Mark III vehicle and the safe splashdown of an unmanned crew module in the Bay of Bengal off the Andaman and Nicobar Islands after re-entry into the atmosphere. These two achievements best exemplify the maturing of the Indian space programme and its capability to take the country's space missions to greater heights. The experimental flight of Geosynchronous Satellite Launch Vehicle Mark III carrying a Crew module Atmospheric Reentry Experiment (CARE) as its payload is remarkable for a few reasons. Unlike Polar Satellite Launch Vehicle (PSLV) launches, GSLV launch history has been trouble-prone. Making it all the more challenging is the fact that the GSLV Mark III vehicle is heavier, taller and more advanced than others. The rocket has the capability to put into orbit communication satellites that are as heavy as 4 tonnes — twice as heavy as the ones that are currently carried by GSLV rockets. Once the new vehicle becomes fully operational, India may well stop relying on other countries to launch satellites weighing up to 4 tonnes. The space organisation is confident of launching in two years a developmental flight of this vehicle with a fully operational cryogenic engine.

Thirty long years after Rakesh Sharma became the first Indian to travel into space aboard a Soviet Soyuz spacecraft, India has now come a step closer to realising its long-held dream of sending humans into space, with the successful test flight of GSLV Mark III and the safe splashdown of the unmanned crew module. The capsule performed as expected after re-entry into the atmosphere and, remarkably, decelerated to 7 metres a second before splashing into the Bay of Bengal. This is the first time India had ever tested the deployment of parachutes for deceleration. But more than understanding the re-entry characteristics of the crew module, the primary objective of the current mission was to test the new design of the rocket, particularly at the time of lift-off and passage through the atmosphere. The fact that there was little deviation from the flight path during its entire course till it reached an altitude of 126 km, was proof that the two large solid boosters fired simultaneously at take-off. Also, the vehicle withstood the atmospheric loading as it travelled through the atmosphere. Tall and heavy rockets encounter greater atmospheric loading than smaller vehicles.