Planning Commission
Government of India

PART A: News pertaining to Planning Commission

16.12.2014

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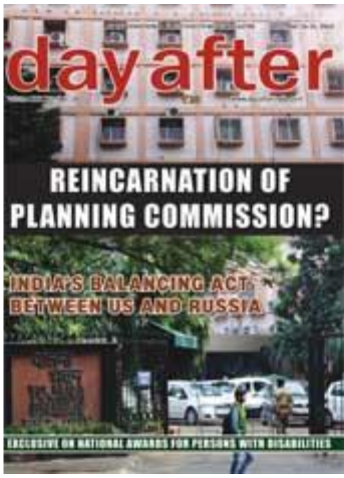
Planning Commission Library

(महापुरुषों के प्रेरणात्मक विचार)

(Action to be effective must be directed to clearly conceived ends.कार्य के प्रभावी होने के लिए उसे स्पष्ठ लक्ष्य की तरफ निर्देशित किया जाना चाहिए.)

Jawaharlal Nehru जवाहरलाल नेहरु

1. Reincarnation of Planning Commission?
Harbans Singh, The Day After: Dec. 16-31, 2014 Issue



"In my experience it is not easy to reform such a large ossified body and it would be better to replace it with a new body that is needed to assist states in ideas, to provide long-term thinking and to help cross-cutting reforms," Ajay Chhibber, IEO director-general, had said in the first assessment report to Prime Minister Narendra Modi. The report was regarding the role of the Planning Commission in the contemporary context and its efficacy in meeting the challenges of the future.

Armed with this comment, the BJP government, in the eyes of the Congress, has launched a frontal attack on the Planning Commission as it is believed that it has sensed a opportunity to dismantle an important contribution of Jawaharlal Nehru. The Commission had become the target of its critics as a relic of the Soviet era – a relic that had been discredited but India had continued to nourish it because of some misplaced loyalty to India's first Prime Minister. In fact it appeared that it critics were willing to cast away the baby along with the tub water.

The eagerness of the BJP government to see this change has been evident ever sinceNarendra Modi became the Prime Minister. Soon thereafter a number of opinions regarding the Commission having outlived its utility have been floating around. The Prime Minister himself fired a salvo from the ramparts of Red Fort on the Independence Day when he announced that it has been decided to scrap the Planning Commission and replace it with a body that represents the federal cooperative structure.

Thus when recently the Chief Ministers met in the capital, all the BJP and NDA ruled States rallied behind the Prime Minister on the subject. They were also supported by Tamil Nadu and Telengana, ruled by non BJP, non Congress parties. The Congress Chief Ministers, however, stuck together in opposing the scrapping and called for radical reforms to make the body relevant to the needs of the changed times. They were not convinced by Ajay Chhibber's contention that it was too ossified to be subjected to change.

The Congress Chief Ministers contended that even though the process of evaluation of the role of Planning Commission had been initiated by the Congress Prime Minister Dr. Manmohan Singh yet its scrapping was never the intention. All along it was understood that measures to rejuvenate the body would be suggested and accordingly the reforms undertaken. In fact, Prime Minister Narendra Modi referred to the remarks that his predecessor Dr. Manmohan Singh had made on April 30, to the effect that the Plan panel lacked a futuristic vision in the post-reform era, in his address to the Chief ministers. Dr. Singh, it would be recalled, had noted that the panel would have to reinvent itself in order to stay effective and relevant. But reinvention never implied that it needed to be scrapped altogether.

But the fact remained that the exercise of evaluation of the **Planning Commission** had begun during the Congress-UPA rule and now the report had been presented to the Prime Minister. The report prepared by the Independent Evaluation Office (IEO), headed by Ajay Chhibber, has recommended that the Planning Commission be scrapped and replaced with the Reform and Solutions Commission. As a result it has added to the debate about the role of the plan body in a changing India. The Commission, created by Jawaharlal Nehru, the nation's first prime minister, has its roots in Nehruvian socialism that saw a largely planned economy. It has greatly helped India to develop and grow in an equitable manner and this has often tested the patience of those States that feel that the laggard nature of some of the States has been pulling them back.

It is in this context that the new National Democratic Alliance (NDA) government is believed to be in favour of either scrapping or recasting the Planning Commission. After Montek Singh Ahluwalia resigned from the post of deputy chairman, the Narendra Modi government is yet to look for a replacement. Advocating a "bold and radical step", the IEO has submitted a report to the Prime Minister's Office saying that the current functions of the Planning Commission be taken over by other bodies "which are better designed to perform those functions". The report stated that since the state governments have better information about local requirements and resources than the central government and central institutions, they should be allowed to identify priorities and implement reforms at the state level, independent of mandatory diktats from central institutions. The task of long-term economic thinking and coordination, the report said, can be performed by a new body established to act solely as a think tank within the government.

"This institution should be staffed with experts with domain knowledge and kept free from a ministerial administrative structure. It is also recommended that it should have full-time representation of major trade and industry organizations, civil society representatives, academics etc. so as to capture their concerns and benefit from their expertise in formulating long term strategy," it added.

The new Reform and Solutions Commission will perform three main functions: serve as a solutions exchange and repository for ideas that have been successful in different aspects of development in various states and districts and in other parts of the world; provide ideas for integrated systems reform; and identify new and emerging challenges and provide solutions to preempt them. The report says that while the Finance Commission be made a permanent body responsible for the allocation of centrally collected revenue to the states working with the help of a panel of advisors, the finance ministry should be tasked with the division of funds among the various central ministries.

"To facilitate this task, a new Department of Planning can be created within the finance ministry. This department would work in consultation with the other departments of the finance ministry to allocate resources to meet the capital expenses of the other ministries of the central government," it added. The IEO in its report said the Planning Commission was created in response to the unique challenges faced by a nascent democracy and a fledgling economy. "It conceived a top-down approach to planning that envisaged a dynamic Central government building up the economic and social order of weak states," it added.

Experts feel that the Commission has succeeded in meeting the challenges that nascent India faced but since that objective has been achieved, the country needs to move on. But there is considerable difference of opinion as to what ought to be the right next step. N.C. Saxena, a former member of the Planning Commission, said he was in favour of abolishing the Commission but did not see the need to replace it with a solutions commission. “Most of the functions now performed by the Planning Commission like deciding the size of the state Plan are mere rituals,” Saxena said. “Other functions of the Commission like coordinating and evaluating programmes and schemes can be carried forward by the ministry of planning.”

A majority of Chief Ministers have favoured Prime Minister Narendra Modi’s proposal to replace the existing Planning Commission with another institution that would reflect a truly federal polity and a changed economic scenario, and which recognises states’ need for flexibility in spending. Congress-ruled states, however, suggested a revamp of the existing structure. The issue was also discussed during a four-hour meeting moderated by Finance Minister Arun Jaitley, where the PM “invoked the spirit of cooperative federalism” and stressed on the need for a suitable body to replace the Planning Commission. “The process of policy planning also has to change from ‘top to bottom’ to ‘bottom to top’,” Modi is learnt to have told the chief ministers.

However, it has been pointed by Modi critics that the criticism of the Commission as a ‘top to bottom’ approach is not only erroneous but mischievous too. The process of planning involves gathering all information and needs from the primary level and thereafter a careful planning exercise is undertaken to set the targets and allocate resources. Then there is also the need to ensure that there is by and large an equitable growth among the states. These critics also claim that the BJP is getting carried away by the unexpected and enormous nature of its electoral victory and hence is in a hurry to dismantle the Nehruvian legacy. This criticism is supported by the fact that the exercise to scrap the Commission has been set in motion without having a clear road map for the future.

This criticism is augmented by the fact that, the government has as yet not disclosed the contours of any alternative to the Plan panel though insiders do not tire of claiming that it was likely to be announced within a month. It is said that it would be chaired by the Prime Minister and include some Cabinet ministers, chief ministers, as well as private sector experts. Chief Ministers may be inducted by rotation, and have greater say in the allocation and use of central funds. The new institution will, as recommended by the Planning Commission, also serve as a hub for innovation and research. In accordance with the recommendation of most state governments, it is likely to do away with the concept of planning and annual plans.

Finance Minister Arun Jaitley, who briefed the media after the meeting, admitted that no timeline had been fixed for setting up the new body. He also assured that “the central government will take a considered view after the consultation is over,” and reiterated that the need for change was agreed upon by all and assured that the transition would be well managed. The need for smooth transition was echoed by a Congress Chief Minister.

But it would be instructive to remember that much before Chhibber report had reached the office of the Prime Minister, in his Independence Day speech, Modi had proposed restructuring the Planning Commission to suit the current needs of the economy, and to empower the states which, at the moment, have little say in decisions on state plans. Thus the BJP appears to have already made up its mind to do away with the Commission. BJP-ruled states including Rajasthan, Maharashtra and Gujarat were enthusiastic about the move, as were Tamil Nadu, Telangana, Punjab and most Northeastern states. Bihar, Assam, Kerala, Uttar Pradesh, Himachal Pradesh and Uttarakhand, however, questioned the need to replace the Planning Commission.

West Bengal Chief Minister Mamata Banerjee did not attend the meeting, but she has supported an alternative to the Plan panel in a letter to the Prime Minister. But a very interesting, and for some, a very disturbing move was made by the Punjab Chief Minister Parkash Singh Badal. While supporting the need to do away with the Commission, he strongly pitched for greater powers to the States in order to give genuine autonomy to them for planning their own future in accordance with the needs and resources available. The veteran Akali leader made a fervent plea for ushering in a genuine federalism and said if need be the Constitution be amended. The statement has caused considerable consternation even among the BJP leaders who have been advocating the abrogation of Article 370 that gives special status to Jammu and Kashmir. Sardar Parkash Singh Badal did not mince words in demanding that the centre should retain only the Defence, Foreign and Communications and transfer all the subjects to the States. The readers would remember that these were the three subjects that were surrendered by the last Ruler of Jammu and Kashmir while signing the Instrument of Accession, and these are the only subjects that J&K's Kashmiri leaders wants the centre to exercise control on. For the record, they are dubbed as anti-national.

But in the rest of the country different winds seem to be blowing. This becomes obvious when it is seen that at the meeting, there was broad consensus on three points: federalism must be strengthened, States must get more powers and they must have greater flexibility to implement schemes and programmes. "All States agreed that the principle of one-size-fits-all as far as the design and format of schemes and programmes go, does not work," Mr. Jaitley said. He also claimed that all States were in favour of cooperative federalism. Mr. Modi said also defined "Team India" was a combination of three teams - the Prime Minister and Chief Ministers; the Union Council of Ministers; and the bureaucracy in the Centre and States.

If and when the Planning Commission is scrapped then it would repeal the March 15, 1950 Resolution by which the Planning Commission was set up. But as of now there is no consensus on the nature of the body to replace the Planning Commission.

2. Public procurement policy target a bridge too far?
Rajiv Shirali, Business Standard: 16.12.2014

The size of India's public procurement market was variously estimated in 2011 and 2012 at Rs 12-15 lakh crore by the **Planning Commission**, CUTS and the Central Vigilance Commission

With Minister for Micro, Small and Medium Enterprises (MSME) Kalraj Mishra having told the Lok Sabha in a written reply last Monday that 20 per cent procurement from micro and small enterprises (MSEs) will be mandatory with effect from April 1, 2015 for all Central ministries, departments and Central public sector undertakings (PSUs), a little over three months are left for achieving a target that few of the parties concerned are prepared for.

The size of India's public procurement market was variously estimated in 2011 and 2012 at Rs 12-15 lakh crore by the Planning Commission, CUTS and the Central Vigilance Commission, but the Prime Minister's Task Force on MSMEs estimated in 2010 that MSEs' share of this market was a mere four-to-five per cent.

However, information on the procurement efforts of Central PSUs received by the MSME ministry up to November 2013 was not very encouraging. Out of 207 Central PSUs, 103 provided complete data, and only 32 had begun procuring more than 20 per cent from MSEs, while 49 had procured nothing from MSEs.

According to a CII background paper on the issue, "many [Central PSUs] are yet to start the process of measuring how much they are procuring from MSEs," although they are under a statutory obligation to provide the MSME ministry with the status of their procurement efforts.

The paper says the existing ecosystem is not yet prepared to face the challenges emanating out of the implementation of the procurement policy, and that a "paradigm shift is required in the ecosystem covering all stakeholders."

The paper says that the procurement policy opens a "huge window of opportunity" for the MSE sector and at the same time enables Central PSUs to develop an alternative, sustainable supply chain. "However, if continuous and systematic plan[s] are not put in place by all the stakeholders, then the desired and intended benefits of the policy may not come", it says.

Central PSUs feel that most MSEs do not meet the eligibility criteria when open tenders are floated, nor are the production capabilities of the MSEs very evident, because there is no comprehensive database available on MSEs. MSEs are unwilling to get themselves registered as such owing to procedural complexities.

The most crucial challenge that MSEs face when dealing with PSUs is delays in receiving payments. The procurement guidelines stipulate that payment must be made 90 days after the date of acceptance of goods or services by PSUs. However, PSUs tend to take too long for inspection of material that they are supplied with, and this leads to delays in payments. PSUs also do not make advance payments, especially at the time of procuring high-tech products.

To deal with bottlenecks and ensure the success of the policy, according to the background paper, there is a need for a coordination mechanism between the ministry of MSME and other stakeholders such as PSUs, MSE associations, the Development Commissioner - MSME, state industry directorates and MSME Development Institutes.

MSEs, which find tender processes and tender documents too complex to comply with, will need handholding not only from PSUs, but also from other stakeholders such as large vendors, "in order to augment capacities and ensure preparedness for availing the benefits of the procurement policy", the paper concludes.

3. Narendra Modi government to celebrate Good Governance Day on Christmas

Aman Sharma, The Economic Times: 16.12.2014

The government is readying a plan to celebrate Dec 25 as 'Good Governance Day', possibly spoiling the holiday plans of many.

NEW DELHI: Children may have been spared the need to compulsorily attend school on Christmas day, but bureaucrats may not be as lucky. The government is readying a plan to celebrate December 25 as 'Good Governance Day', possibly spoiling the holiday plans of many who had been looking forward to a five-day weekend.

Minister of state for personnel and in the Prime Minister's Office (PMO), Jitendra Singh, told ET on Monday that a plan is being finalised for activities for bureaucrats on December 25. "We are in the process of finalising a plan for government officials for that day," Singh said, effectively indicating that officials, especially senior ones, could end up having to attend office on what is a gazettedholiday.

Government sources also separately confirmed that the Department of Administrative Reforms & Public Grievances (DARPG), under the ministry of personnel, was framing a plan for various activities to be carried out by bureaucrats on December 25. The plan is being worked out in consultation with the cabinet secretariat and PMO, these sourcesadded.

This follows the decision of Prime Minister Narendra Modi, who has a reputation of being a workaholic, to link December 25 with good governance in honour of BJP stalwart and former PM Atal Bihari Vajpayee, whose birthday falls on the day. Modi made the announcement on December 2, and said on December 25, all BJP MPs and government officials will mark the day assymbolicofgoodgovernance.

Governance Day did not mean that officials would be asked to work as he sought to draw parallels with Gandhi Jayanti on October 2, on which day the government kicked off the Swachh Bharat campaign.

"Coming to office for such activity does not mean doing official work...These are two different things. It is not like they will be working," Singh said. Various activities, including taking a cleanliness pledge and other activities were carried out by officials on October 2, leading senior bureaucrats to wonder if December 25 will be even busier because good governance is all about thebureaucracy.

While the Modi-led government and BJP gear up to celebrate the birthday of one of its tallest leaders, among bureaucrats, already feeling overworked since this government took charge, the mood is not as exuberant. For one, it has upset the vacation plans of many. With Wednesday, December 24, a restricted holiday because of Christmas Eve and December 25 a gazetted holiday, many were hoping to enjoy an extended weekend and had taken or considered taking casual leave on Friday, December 26. One senior bureaucrat told ET that he had applied for a restricted holiday on December 24 and casual leave on December 26, effectively making for a five-day weekend which he planned to spend with his family in Goa. "But now, if one has to come to office on Christmas day, even for half-a-day, the vacation plans are ruined," the officer said.

This will be the second long weekend that could end up being spoilt for bureaucrats due to Modi government's enthusiasm to link them with special campaigns. On October 2, always a holiday to celebrate Mahatma Gandhi's birthday, many of them had to show up at work because of the Swachh Bharat celebrations and lost out on the opportunity to have a five-day extended weekend. The day after Gandhi Jayanti was a holiday on account of Dussehra, followed by the weekend and October6, which was a holiday for Id-ul-Zuha.

On that occasion too, the government did not issue any circular cancelling the holiday on October 2 and the same is expected for December 25 too.

4. Aadhaar goes stronger
The Financial Express: 16.12.2014

Compared with the total of over 72 crore people enrolled with Aadhaar, 10 crore having their data seeded with the bank accounts may appear short in a big way, considering the government's plan of linking it to the direct benefit transfers (DBT) for social sector schemes, subsidy payments and the ambitious Digital India to provide public services across the country. Against the backdrop of UPA's Aadhaar-based cash transfer scheme failing to take off and the chances of a possible demise of the Congress party's flagship project in the BJP-led NDA regime, however, this certainly looks impressive. The Pradhan Mantri Jan Dhan Yojana is obviously driving the surge in Aadhaar seeding with bank accounts and these 10 crore people—it is expected the number would grow rapidly in the next few months—can now digitally receive government subsidies and other payments directly into their bank accounts.

The good news is despite all the problems and oppositions to Aadhaar, the Aadhaar-based payment bridge is working well—about 8 crore transactions amounting to R5,152 crore have been made through this in the DBT for LPG, MGNREGA, tribal welfare schemes and pensions till December 9. The challenge for the Modi government has been to extend this success to the tricky areas of food and fertiliser subsidies. This looks possible now with schemes such as Bhamashah of Rajasthan and Samagra of Madhya Pradesh showing the way in terms of states successfully adopting Aadhaar for social schemes' money disbursal.

PART B

NEWS AND VIEWS

Tuesday, 16th December 2014

Polity	: AAP renews vows on bijli, paani
Economy	: WPI inflation hits 0% in Nov, lowest in over 5 yrs
Planning	: RBI eases refinancing norms for infrastructure loans
Editorial	: A weak agreement saves the day

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The Times Of India

Dated: 16/12/2014
Page No. 01,15

Hurdle cleared, govt plans bill for GST this session

Centre Agrees To Many Demands Raised By States

Times News Network

New Delhi: The government on Monday cleared the first hurdle to roll out goods and services tax by agreeing to several demands raised by the states, paving the way for the introduction of the Constitution Amendment Bill during the current session

▶E-rickshaw Bill tabled in Lok Sabha, P 2

of Parliament for the introducing the most ambitious tax reform from April 2016.

On December 12, TOI had reported that a bill paving the way for GST would be introduced in the current session of Parliament.

GST will create a unified market by ending multiple levies by the Centre and the states . States have been resisting the transition, fearing loss of flexibility, but came on board on major issues after a meeting with finance minister Arun Jaitley on Monday, the second such consultation in a span of four days.

"There is broad agreement on the issue," said a source present in the meeting.

▶Continued on P 15

Finance panel report may be tabled soon

The government may table the report of the 14th Finance Commission in the current session of Parliament to help states gauge the impact of its suggestions on their finances. The commission, headed by former RBI governor Y V Reddy, submitted its report on Monday. P 19

Petro products could be kept out of GST in initial years

▶Continuedfrom P 1

The Centre has conceded some ground to states by suggesting that petroleum products could be kept out of GST in the initial years, but included later. A tax on petroleum products was a critical issue for the states as some of them mop up as much as half their taxes from these goods.

TOI first broke the story on GST deal on December 12

Similarly, it agreed to allow the states to put an additional levy in lieu of entry tax, which will be subsumed into the combined tax on goods and services.

Manufacturing states led by Gujarat too will be allowed to levy a "transitionary tax for one or two years". Further, the Centre has assured states that their entire revenue loss will be taken care of for five years after GST rollout. It has indicated its willingness to incorporate the provision in the Constitutional Amendment Bill, although the details will be finalized after consulting the law department.

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

The Times Of India

Dated: 16/12/2014
Page No. 15

House bedlam: Insurance bill hangs in balance

Times News Network

New Delhi: Uncertainty over the functioning of the Rajya Sabha with the opposition demanding a statement by PM Narendra Modi on conversions clouds the introduction of a key reform bill to hike the foreign direct investment limit in insurance to 49%.

The opposition, including Trinamool Congress and Left, joined hands to demand the Prime Minister's presence during a discussion on conversions that have been in the spotlight in the wake of "ghar wapsi" programmes organized by Hindutva organizations. "PM ko lao, House chalao," said Trinamool MP Derek O'Brien.

Deputy leader of opposition in the RS Anand Sharma said, "This is a big issue. The opposition won't relent. The PM must come and reassure the country through a demonstrated action." But this may just be to tide over the confrontation created by the controversial statements on religious conversions.

With the winter session of Parliament due to conclude early next week, sources said while Congress has announced support for the insurance bill, it feels that it is up to the government to deal with other parties opposing the reforms.

The convergence of Trinamool Congress and Left besides SP, BSP and JDU to demand the PM's presence and response to a debate on conversions has renewed hope in the Congress camp that appeared badly marginalised after the BJP assumed office.

The opposition unity seems to have begun to appeal to the Congress and it does not want to hurt the fledgling partnership among the anti-BJP forces in Parliament. The party is also aware that Hindutva issues can ensure opposition unity rather than any reform bill.

The opposition, including Trinamool Congress and Left, joined hands to demand a statement by PM Narendra Modi on conversions

On its part, the government seems to feel that it has enough time to pass the bill and can work with opposition groups once the conversion debate is out of the way. This may take a day or two as Modi is campaigning in J&K on Tuesday and will not be in Parliament.

Sources said the government continues to seek consensus on a bill that defines propagation and inducement so that conversions by unfair means can be made unlawful. The opposition is wary of any commitment, preferring to focus on statements by various BJP figures.

Hindustan Times

Date: 16/12/2014
Page: 08

Real estate bill revised, relief given to builders

Moushumi Das Gupta
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NEW DELHI: In a major concession to the real estate sector, the housing ministry has proposed to allow builders to divert up to half the amount collected from a buyer for a specific project to other projects.

It is a dilution of the original clause in the Real Estate (Regulation & Development) Bill, drafted by the previous UPA government, that mandated the developer to put 70% of the amount collected for a project from the allottee to an escrow account to be used only for construction of that project. This has now been reduced to 50%.

The housing and urban poverty alleviation ministry, which is piloting the bill aimed at safeguarding property buyers interest from land sharks by setting up a Real Estate Regulatory Authority (RERA), has recently sent the draft bill to the Prime Minister's Office before taking it up formally in the Cabinet.

The 70% clause was aimed at putting a check to the general practice by majority of the developers to divert buyer's money to start new project instead of finishing the one for which money was collected. The real estate lobby was pushing hard for dilution of this clause.

The ministry has also expanded the purview of the proposed regulator to cover commercial real estate. Earlier, the bill covered only the residential real estate segment.

To protect buyer's interest, the ministry has also decided that developers of all ongoing projects for which he has not got a completion certificate as yet will also have to register with the RERA.

CAVEAT EMPTOR

- Builders need to register projects where the land exceeds 1,000 square metre or above with the regulatory authority before launching or advertising
- Not fulfilling contractual obligation would land the builder in jail
- For violation of approved plan/contractual agreement/delay in project, the buyer can claim compensation. If developer fails to respond, buyer can lodge complain with RERA

Clause that favours developers

- Instead of 70 %, developers can just deposit 50 % of the amount collected from buyers for a project in a special account for using to finish that project.

To do away with the multiplicity of litigation, the new bill also explicitly bars buyers who have a grievance, to knock the doors of any other consumer forums.

The Real Estate (Regulation & Development) Bill was introduced in the Rajya Sabha on August 14, 2013 and referred to the Parliamentary Standing Committee on Urban Development. The committee gave its recommendation, many of which, the housing ministry has incorporated. The bill proposes that all builders who are developing a project where the land exceeds 1,000 square metre or above will have to register themselves with the regulatory authority before launching or even advertising their project.

The Hindu

Date: 16/12/2014
Page No. 10

Parliament uproar over circular on Christmas

Anita Joshua

NEW DELHI: Three Cabinet Ministers were assigned to clear the air on the ongoing controversy over moves to mark December 25, Christmas, as Good Governance day in schools with events and competitions. The Union Human Resource Development (HRD) Ministry put out a detailed clarification that was also posted on the websites of its various institutions dealing with schools.

Smriti Irani

The issue was raised in the Lok Sabha by K.C. Venugopal (Congress) who read out from a letter sent by the Navodaya Vidyalaya Samiti (NVS) Commissioner G.S. Bothyal to all regional offices on December 10, listing the activities to be organised in Jawahar Navodaya Vidyalayas (JNVs) on December 25.

The letter says: "This is with regard to celebration of the birthday of Atal Behari Vajpayee and Madan Mohan Malviya as 'Good Governance Day' on December 25" and lists declamation contest, quiz competition, screening of best practises on good governance and innovative programmes as the activities to be organised to "mark the occasion in its true spirit."

Regional commissioners have been told to "encourage participation of students" and submit a "consolidated report specifying activities carried out in all JNVs," with photographs/video recordings, to the Commissioner's office on December 25 itself.

According to this letter, the Central Board of Secondary Education will also be organising competitions under the CBSE Expression Series on Good Governance on December 24 and 25. However, till date, the CBSE has not sent any separate circular to its affiliated schools.

School principals and parents point out that this is becoming a pattern with school education under the BJP government; earlier instances were Teachers' Day when Prime Minister Narendra Modi addressed children and the Swachch Bharat campaign on Gandhi Jayanti, October 2. "There seems to be a design to replace the original significance of the day by creating a new one," noted one principal.

The Hindu

Date: 16/12/2014

Page No. 01

Hope for growth as inflation plummets

Puja Mehra

NEW DELHI: Inflation and exports data released on Monday raised hopes of a revival in investments and growth. Declining for the fifth straight month, the pace of wholesale inflation dropped to a six-year low of 0 per cent in November.

Exports growth turned positive again – at 7.27 per cent – in November raising the hope that the $340-billion target for the current fiscal will be met.

Though the trade deficit widened to an 18-month high of $16.86 billion, the surge was in part due to a 40-per cent jump in import of machinery and transport equipment over October, signalling a possible revival in investments.

The rupee closed at an over 10-month low of Rs. 62.94 to a dollar, which will make India's exports relatively more competitive.

India grew at sub-5 per cent over the last two years. Growth recovered to 5.7 per cent during April-June, before slipping again to 5.3 per cent in the July-September quarter.

The inflation data reflects the falling cost of production in the economy, largely on the back of the sharp contraction in global prices of crude and commodities. It also reflects moderating food prices.

WIDENING GAP

DEFICIT RISES TO HIGHEST LEVEL SINCE MAY 2013

6-FOLD JUMP IN GOLD IMPORTS

- Imports soar by 571 per cent to $5.61 billion (over **Rs. 35,000 crore**)
- Total shipments jump 26.79 per cent to **$42.82 billion**
- Non-oil imports grow 49.6 per cent to **$31.10 billion**

TRADE DEFICIT $16.8 billion

Deadlock on GST broken

In a last-minute compromise deal, the Centre on Monday night decided to keep petroleum out of Goods and Services Tax (GST) in return for States agreeing to entry tax being subsumed in the new tax regime proposed from April 2016, reports PTI.

On the issue of compensation to States for revenue loss because of subsuming of all indirect taxes in the GST, the Finance Ministry will seek legal opinion on how it can be accommodated in the Constitution Amendment Bill that it wants to bring in the ongoing Winter session of Parliament.

Hindustan Times

Date: 16/12/2014
Page: 13

WPI inflation hits 0% in Nov, lowest in over 5 yrs

HT Correspondent
letters@hindustantimes.com

NEW DELHI: India's wholesale inflation rate slumped to 0% in November, a five-and-a-half-year low, driven by tumbling fuel and food prices, data showed on Monday, intensifying pressure on the Reserve Bank of India (RBI) to lower borrowing rates to aid an economic revival.

Experts, however, cautioned that the fall in inflation could also be partly because of statistical phenomenon called the "base effect", where a drop looks magnified because of higher prices in the previous year, particularly in the case of onions, vegetables and fuel.

The wholesale price index (WPI)-based inflation, the most commonly tracked metric to gauge the economy-wide price movements of goods, was flat in November against last month's 1.77% and 7.52% a year ago.

The November wholesale inflation is the lowest since 0.3% contraction in July 2009, reflecting a similar trend in retail inflation, which moderated to 4.38% in November.

Petrol prices have fallen 10% while diesel prices fell 3% in November from a year ago.

IT MAY BE TIME TO GET MOVING

The signals for a rate cut are slowly turning green. Will RBI governor Raghuram Rajan oblige?

0% Wholesale price index (WPI)-based inflation in Nov, the lowest since July 2009 when it stood at -0.3%

1.77% WPI inflation in Oct

0.63% Food inflation in Nov, a 3-year low

4.91% Inflation in fuel and power segment, the lowest since 2009

MIXED BAG

4.38% Retail inflation in Nov

4.2% Contraction in Industrial production in Oct

4.7% GDP growth in 2013-14

5.4-5.9% Estimated GDP growth in 2014-15

WILL HE OR WON'T HE?

- The industry has been demanding a rate cut to boost growth
- However, the Reserve Bank of India (RBI) has maintained a status quo on interest rates since Jan

- **Rajan, RBI governor**

EMIs UNLIKELY TO FALL SOON?

- RBI factors in retail inflation while formulating monetary policy. It is current below RBI's targeted 6% by Jan
- A rate cut based on the WPI inflation therefore appears unlikely
- Rajan had hinted at a rate cut early next year if inflation continued to decline and govt took steps to contain fiscal deficit

The Hindu

Date: 16/12/2014
Page No. 13

RBI eases refinancing norms for infrastructure loans

Oommen A. Ninan

MUMBAI: The Reserve Bank of India (RBI), on Monday, allowed banks to flexibly structure the existing project loans – to infrastructure and core industries – with the option to periodically refinance them.

Earlier, this option of periodic refinancing was available only to new loans in these segments.

"Only term loans to projects, in which the aggregate exposure of all institutional lenders exceeds Rs.500 crore, in the infrastructure sector and in the core industries sector will qualify for such flexible structuring and refinancing," the RBI said in a notification to all banks.

The RBI said banks were representing this issue, "as it would ensure long-term viability of existing infrastructure/core industries sector projects by aligning the debt repayment obligations with cash flows generated during their economic life."

Banks were asked to fix a fresh loan amortisation schedule for the existing project loans once during the life time of the project, after the date of commencement of commercial operations (DCCO), based on the reassessment of the project cash flows, without this being treated as 'restructuring'.

The RBI also said the viability of the project is re-assessed by the bank and vetted by the Independent Evaluation Committee. RBI said that banks could refinance the project term loan periodically (say 5 to 7 years) after the project has commenced commercial operations.

The refinance could be taken up by the same lender or a set of new lenders, or combination of both, or by issue of corporate bond, as refinancing debt facility, and "such refinancing may repeat till the end of the fresh loan amortisation schedule."

The RBI also said that banks could also provide longer loan amortisation as per the flexible structuring of project loans to existing project loans to infrastructure and core industries projects which are classified as 'non-performing assets' (NPAs).

However, the central bank said, these loans would be treated as 'restructuring' and the assets would continue to be treated as 'non-performing asset'.

The Financial Express

Date: 16/12/2014
Page No. 01, 02

Rupee slides to nearly 63/$

THE rupee saw its biggest single-day fall in three months on Monday to end the session at an eleven-month low of 62.94 against the greenback, even as the dollar gained ground against several major currencies across the world, reports **fe Bureau** in **Mumbai**. With the trade deficit for November widening by 26% to $16.86 billion, the currency market believes the rupee could slip beyond 63/$.

Meanwhile, the Indonesian Rupiah hit a 16-year low of 12698/$, owing to a rout in Indonesian sovereign bonds.

The central bank has bought nearly $60 billion from the market between January and October, lifting the country's forex reserves to $314.7 billion, data from the Reserve Bank of India (RBI) showed. Foreign investors have invested $43 billion into bonds and equities so far in 2014.

Despite the fall in recent weeks, the rupee has stayed on top of its emerging market peers, especially its closest competitor — the Indonesian Rupiah — as the best performing currency. At this level, the rupiah is down 4.27% so far in 2014.

Continued on Page 2

Rupee slides to nearly 63/$

Among other Asian currencies, the Malaysian ringitt is down by 6.3%, South Korean won is weaker by 4.5% while the Chinese renminbi is down 2.25%. The Russian rouble has been the worst performer with a fall of 45% followed by the Argentinian peso which fell by over 23%.

Government data had showed foreign investors pulled out 10.09 trillion rupiah ($795 million) so far this month through December 11. In contrast, foreign institutional investors continue to pump in dollars into India. In December so far, FIIs have bought $1.79 billion of bonds and $810 million of Indian equities.

HSBC expects the rupee to outperform its peers even in 2015 as a strong central government, lower oil prices and improving inflation will contribute to the currency's strength, the bank said. However, RBI's dollar purchases could weigh on the currency. "RBI was the only bank outside of North Asia to buy dollars in November, and it is doing so at increasingly higher levels of USD-INR," HSBC said in a report. This buying has dragged the rupee 3.84% between September and now.

Business Standard

Date 16/12/2014
Page No. 06

Repayment rules for core, infra sectors eased by RBI

BS REPORTER
Mumbai, 15 December

As a step to ease the pressure on stressed assets, the Reserve Bank of India has allowed lenders to restructure existing loans above ₹500 crore to infrastructure and core industries' projects.

Banks and financial institutions will have an option to periodically refinance such loans. Bankers said the revised norms will provide relief to completed projects which have started commercial operations in the said sectors. Many of these were finding it difficult to repay due to shortfall in cash flows and cost overruns.

This leeway is expected to help ensure the long-term viability of existing projects by aligning the debt repayments with the cash flows generated during their economic life. It is a step that will reduce potential stress, said Arundhati Bhattacharya, chairman of State Bank of India.

Vibha Batra, co-head of financial sector ratings at ICRA, said the new norms would "help to reduce the addition to the existing portfolio of stressed assets".

According to Union finance ministry data, the stressed loan books of commercial banks were 12.57 per cent of the total of loans as of end-September. Non-performing assets (NPAs) had a share of 5.32 per cent and restructured assets were 7.25 per cent.

IN BLACK & WHITE

- RBI allows lenders to restructure existing loans above ₹500 crore to infrastructure and core industries' projects
- Banks and financial institutions will have an option to periodically refinance such loans
- Bankers say revised norms will provide relief to completed projects which have started commercial operations in the said sectors
- Leeway expected to help ensure long-term viability of existing projects
- While giving the flexibility, the banking regulator has attached some riders, to ensure the exercise happens within a framework of prudential norms

While giving the flexibility, the banking regulator has attached some riders, to ensure the exercise happens within a framework of prudential norms.

Only term loans where the aggregate exposure of all institutional lenders exceeds ₹500 crore will be eligible for such flexible structuring and refinance. Banks can fix a fresh loan repayment (amortisation) schedule for existing project loans once during their lifetime. This could be done only after the date of commencement of commercial operations, based on the reassessment of project cash flows.

The exercise will not be treated as a 'restructuring', provided it is a standard loan as on the date of change of the repayment schedule. The Net Present Value of the loan should remain the same before and after the change in repayment schedule, RBI said.

B K Batra, deputy managing director, IDBI Bank, said the new norms were positive in the sense that they'd help to reduce the debt servicing burden on companies. Banks will save on provisioning for restructured loans.

Banks may refinance the project term loan periodically (for example, five or seven years) after the project has commenced commercial operations. The repayments at the end of each refinancing period could be structured as a bullet repayment, with the intent specified upfront, RBI added.

Refinancing can be done by existing lenders, a new set of lenders or a combination of both or by issuing corporate bonds. Such refinancing can be repeated till the end of the repayment schedule.

Bank can so address existing standard restructured assets; the latter's label won't change. Similarly, existing non-performing loans can be restructured under the new norms but these would continue to carry the "NPA tag", and refinancing can be done only after it becomes a standard asset, said RBI.

Hindustan Times

Date: 16/12/2014
Page: 15

14th Fin Commission submits report to Prez

REVENUE SHARING YV Reddy-led panel submits report to President's office, spells out formula for resource distribution

HT Correspondent
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NEW DELHI: The 14th Finance Commission on Monday submitted its report to the President, specifying a new set of formulae for distribution of tax revenues and grants between states and the Centre.

The report, which was submitted AN Jha, Secretary to the 14th Commission, was received by President Pranab Mukherjee's secretary Omita Paul.

Two distinctive features of the Commission's work involve redressing imbalances between the taxation powers and expenditure responsibilities of the Centre and the states respectively, and equalisation of all public services across states.

Besides sharing of tax revenues, the commission is also charged with laying down the principles for giving out grants-in-aid to states and other local bodies for a five-year period beginning April 1, 2015.

The Commission, headed by former RBI governor YV Reddy, has considered potential resources of the Centre and the state for the five-year period, taxation efforts and the potential of additional revenue mobilisation, demands on the resources of the Centre, and the various requirements of states, before it finalised the revenue sharing formula.

Reddy: mission over

The thirteenth finance commission headed by former finance secretary Vijay Kelkar had suggested a 32% share for states in Central revenues, but states have been demanding that the resources be divided equally between the Centre and states.

The Finance Commission is a body set up under Article 280 of the Constitution, primarily to recommend measures and methods on how revenues need to be distributed the Centre and states.

The Commission also has the mandate to recommend measures to govern the grants-in-aid of the revenues of the states out of the Consolidated Fund of India (CFI).

It also recommends measures needed to boost the consolidated fund of a state to supplement the resources of the municipalities in the state.

Besides Reddy, the other members of the commission were Abhijit Sen, member, Planning Commission; Sushama Nath, former Union finance secretary; M Govinda Rao, former director of National Institute of Public Finance and Policy; Sudipto Mundle, former acting chairman, National Statistical Commission; and AN Jha, secretary to the commission.

Business Standard

Date 16/12/2014
Page No. 04

100 million Aadhaar numbers linked to bank accounts: UIDAI

PRESS TRUST OF INDIA
New Delhi, 15 December

Unique Identification Authority of India (UIDAI) on Monday said the number of Aadhaar numbers that have been linked to bank accounts had touched 100 million, enabling these individuals to digitally receive subsidies and benefits under government schemes.

It said establishing a link between an Aadhaar number and a bank account makes it easy for the government to identify genuine beneficiaries and route welfare payments and subsidies directly into their bank accounts.

As on December 9, the Aadhaar Payment Bridge saw transactions crossing the 7.94 crore-mark across government welfare programmes such as Direct Benefit Transfer for liquefied petroleum gas (LPG), Mahatma Gandhi National Rural Employment Guarantee (MNREGA) scheme, Tribal welfare schemes and Pensions, amounting to ₹5,151.5 crore, it said

As on Dec 9, the Aadhaar Payment Bridge saw transactions crossing the 79.4 million mark across govt welfare programmes such as DBTL, MNREGA scheme, Tribal welfare schemes and Pensions, amounting to ₹5,151.5 crore

Issuance of Aadhaars crossed the 720 million-mark as on December 12.

About 100 million Aadhaar numbers have been generated in the states of Uttar Pradesh, Bihar, Uttarakhand and Chhattisgarh.

These four states with a combined population of about 34 crore, were allocated to UIDAI earlier this year.

The individuals can benefit from this system as it is portable across any bank in the country and the beneficiaries can access these subsidies even if they move to another part of the country, making the whole process hassle-free.

As many as 333 banks are live on Aadhaar platform. These are using Aadhaar payment bridge for financial transactions.

The Aadhaar identity platform is the largest biometric database in the world and serves users ranging from LPG consumers, MNREGA workers, public distribution system, remittance and scholarship beneficiaries, etc. — all using their Aadhaar number to avail benefits.

For linking Aadhaar number to their bank account, the residents need to provide a copy of their Aadhaar letter or their e-Aadhaar to the bank branch in which they maintain the account.

Once the account is seeded with Aadhaar number, it will be used by government departments to transfer subsidies directly into Aadhaar linked bank account, the statement added.

Residents can check status of the Aadhaar-Bank account linkage by dialling *99*99# on their mobile phone. This facility is provided by National Payments Corporation of India at a cost of ₹1.50 an enquiry.

The Financial Express

Date: 16/12/2014
Page No. 02

Centre retains veto power in GST council

Gireesh Chandra Prasad

New Delhi, Dec 15: In the proposed Good and Services Tax (GST) council, which will have constitutional backing, the Union finance minister will exercise veto power. While the Centre is making last-ditch efforts to get states on board for tabling the constitutional amendment bill for GST in the current session, it has introduced this provision in the Bill, which runs counter to the states' demand for equal say in the council.

The Constitution (122nd Amendment) Bill, which finance minister Arun Jaitley is planning to table in Parliament in the winter session, has proposed that most contentious matters relating to tax rates, exemptions, threshold limit for inclusion of dealers, sharing of Centre's tax share of inter-state trade and inclusion of various taxes and cesses within the proposed unified indirect tax shall be decided by the GST Council.

The council will also decide any special provision for the north eastern states, J&K, Himachal Pradesh and Uttarakhand that enjoy excise duty exemption. It will recommend how to share the Centre's tax receipts from interstate trade, from which manufacturing states like Gujarat and Tamil Nadu have been demanding an upfront cut.

What is interesting is that without the consent of the finance minister, no decision can be taken at the Council even if all other states come together.

State finance ministers led by J&K minister Abdul Rahim Rather, who met Jaitley on Monday, have brought this to his notice, sources said.

As per the Bill, every decision of the council will be be taken by a majority of not less than three-fourths of weighted votes (75%) of the members present and voting.

The Centre's consent is essential for passing any resolution as it carries a weight of one third (33.3%) of the total votes, while the votes of all states taken together account for two thirds (66.6%).

State ministers discussed with Jaitley their demand for excluding petroleum products and municipality taxes from GST and requirement for an independent constitutional mechanism for compensation for five years. The meeting was still on at the time of going to press.

The finance ministry says a broad agreement has been achieved with states on most of the issues concerning GST and that the new tax regime would be rolled out from April 1, 2016.

ALMOST AGREED

- The Centre and states on Monday almost reached a consensus on the GST Constitutional Amendment Bill. Although details of the resolution arrived at a meeting between finance minister Arun Jaitley and a group of state finance ministers were not immediately available, sources said the Centre had to agree to the states' demand for excluding petroleum products from the purview of GST to get them on board. There could also be a constitutional provision for GST compensation to states.

The Tribune

Date: 16/12/2014
Page No. 10

Direct LPG subsidy transfer across nation from January

NEW DELHI, DECEMBER 15

Beginning new year, LPG consumers across the country will start getting cash subsidy so that they can buy the cooking fuel at market price.

In preparation of the launch of the the Direct Benefit Transfer Scheme for LPG, which has now been renamed PAHAL, Oil Minister Dharmendra Pradhan reviewed the progress, right from getting a first-hand feel of the consumer interface through a newly launched website to calling up aggrieved consumer himself to understand problems being faced.

The ambitious plan, launched by the previous UPA government in June 2013 but abruptly stopped earlier this year following court orders, has been modified to exclude the requirement of unique identification number (Aadhaar) for availing the cash subsidy.

The scheme has been rolled out in 54 districts from November 15 and will extend to rest of the country from January 1.

At the review meeting with top ministry officials and officers of the three oil marketing companies, he instructed launching of Hindi and regional languages versions of www.myLPG.in.

"We need to get the work done on a war-footing," he said at the review.

Besides making suggestions on user interface, Pradhan on his mobile phone dialled one Dhillon of Ludhiana who had complained on ministry website of not receiving cash subsidy. He then went on to check booking and delivery status as well as cash transfer in random cases.

PAHAL or Pratyaksh Hanstantarit Labh will be implemented in all districts from January 1, he said. Under the scheme, LPG consumers will get cash subsidy in their bank accounts so they can buy a cooking gas cylinder at market price.

Cash equivalent to the difference between the current subsidised rate and the market price is transferred to the bank account of a consumer the moment he or she makes the first booking for a cylinder after joining the scheme.

The moment a consumer takes delivery of the cylinder, another advance cash subsidy is transferred to the bank account.

DBT (direct benefit transfer) is designed to ensure that the subsidy meant for the genuine domestic customer reaches them directly and is not diverted. Government is looking at saving Rs 10,000 crore in subsidy by curbing diversions and pilferages. In 54 districts of 11 states, the scheme covers 2.33 crore households. Currently, the Aadhaar generation level is 95 per cent in these districts. Under the scheme, consumers will now receive SMS at every stage of enrollment in the scheme. — PTI

Knowing PAHAL

- PAHAL or Pratyaksh Hanstantarit Labh will be implemented in all districts from January 1
- Under the scheme, LPG consumers will get cash subsidy in their bank accounts so they can buy a cooking gas cylinder at market price

The Times Of India

Dated: 16/12/2014
Page No. 06

AAP renews vows on bijli, paani

Also Promises Water Tariff Reform, Making Delhi A 'Solar City', Clean Yamuna

TIMES NEWS NETWORK

New Delhi: Aam Aadmi Party's popularity during the last assembly elections had a lot to do with its focus on free water and cheaper electricity. This year, both issues have found their way to the series of dialogues it has conducted with Delhiites and will form a major component of the party's manifesto.

The party unveiled its agenda on *'paani, bijli'* in Sangam Vihar on Monday, an area where water is a highly sensitive issue, given its scarcity. It has reinforced its pledge to slash power bills by half and provide 20kl of water free to each family while also promising reforms to the water tariff system and making Delhi a "solar city".

"The party will provide free lifeline water to each household every month. Unlike last time, those group housing societies not connected with the Delhi Jal Board supply network will be connected within a month. Within five years, more than 14 lakh households which do not have piped water supply right now, will also be connected to DJB's network. A time-bound plan of action will be made for each area, irrespective of its legal status," said party chief Arvind Kejriwal.

Yogesh Kumar

IN CAMPAIGN MODE: Arvind Kejriwal greets the crowd in Sangam Vihar

The plan also includes making 80 MGD from Munak Canal available, for which Delhi high court has already issued orders to Haryana. With this additional water, supply will be made available to areas like Sangam Vihar, Deoli, Mehrauli, Ambedkar Nagar, Tughlaqabad, Chhatarpur and Dwarka. Public hydrants and hand pumps will be installed along roads and JJ colonies.

On power, other than round-the-clock supply within five years, AAP has asked for an annual audit of discom accounts and no tariff hike till the audit is complete

The party has also proposed to abolish category B in DJB's tariff structure, under which small shop owners have been paying commercial tariff. As per AAP's plan, they will pay domestic charges and also be eligible for the free 20kl of free water. The annual automatic increase in water tariff will also be done away with. On Yamuna, the party says that no encroachments will be allowed and no untreated water will enter the river. The flood plain will be conserved and no construction permitted. On power, other than round-the-clock supply within five years, the party has asked for an annual audit of discom's accounts and no tariff hike till the audit is complete.

"Delhi government will set up its own power plants that will be fuel-efficient. A Delhi specific solar plan will be evolved as part of developing non-conventional sources of energy and group housing societies will be given incentives for generating solar power," Kejriwal said.

The Hindu
Editorial

TUESDAY, DECEMBER 16, 2014

A weak agreement saves the day

The 'Twentieth Conference of the Parties' of the United Nations Framework Convention on Climate Change ended in Lima on December 14, as the negotiations extended by two days beyond schedule. The Paris 2015 deadline for finalising an international agreement on climate change fuelled a sense of urgency at these talks. There was some optimism ahead of the conference, with the U.S.-China deal in November being considered a breakthrough and the European Union coming on board making serious commitments to cut emissions. But this hope soon fizzled out as rifts between 'developed' and 'developing' countries became deeper. In a familiar dialectical movement, the shift from hope to impasse eventually led to a last-minute deal, thus saving the talks from failure. The document that was finally agreed upon, calls for a commitment from all parties to an "ambitious agreement in 2015 that reflects the principle of common but differentiated responsibilities" (CDR). It "urges" developed countries to provide financial support to developing countries to meet their "ambitious mitigation" goals. The agreement urges parties to take national pledges by finalising their Intended Nationally Determined Contributions (INDC) by November 2015. However, the agreement is criticised for being a "watered down" and "lacklustre plan", leaving all political issues unresolved. But Environment Minister Prakash Javadekar told reporters, "We've got what we wanted."

The 'developing versus developed country' schism was at the centre of the debates. In trying to dilute this binary, wealthy nations like the U.S., and those of the EU argued that emissions from developing countries are consistently rising and they need to commit to more serious emission cuts. But India accused them of watering down the CDR principle envisaged in earlier agreements. The EU strongly favoured a review process to ensure accountability for the pledges made but China immediately blocked it, on grounds of national sovereignty. India stuck to its conventional position that the developed countries should shoulder a bigger burden as they are responsible for the problem in the first place, while poverty alleviation would continue to be India's primary concern. India may have demonstrated concern about climate change issues and rightly asserted the need to balance environment with socio-economic concerns. Yet, before it is too late, the nation has to acknowledge that its emissions are rising dangerously. Instead of always passing the burden onto others, it has to take responsibility for its actions. India has to make a pragmatically determined national pledge in Paris next year, backed by stronger domestic policies and a shift to clean, renewable energy.