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GOVERNMENT OF INDIA

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"No matter how carefully you plan your goals, they will never be more than pipe dreams unless you pursue them with gusto"

W. Clement stone

Polity

- **Linking rivers: Centre says can't go ahead without states' nod:** The newly elected BJP-NDA Government today made it clear that the much-touted river linking project will not be carried out without the concurrence of the riparian states or beneficiary states. This is a major relief for states like Punjab which have a running feud with its neighbours over river water sharing. Among other states Karnataka and Tamil Nadu are locked in dispute over sharing of waters of the Cauvery. "We will take up the river-linking projects only when the state concerned gives it concurrence. Without concurrence of states, we will not take up any such project," Water Resources Minister Uma Bharti told Lok Sabha during the Question Hour. She assured the House that the principle of states' concurrence would not be violated at any cost. In his budget speech, Finance Minister Arun Jaitley talked about linking of rivers saying "an effort to link the rivers can give rich dividends to the country. It is time that we made a serious effort to move in this direction. To expedite the preparation of the Detailed Project Reports (DPR), I propose to set aside a sum of Rs 100 crore". Uma Bharti today said the Centre had identified three projects for interlinking of rivers and all such initiatives will be taken only when the concerned state governments give their concurrence. (The Tribune).

Economy

- **DIPP Calls for Invoking Sunset Clause to Terminate All BIPPAs:** The department of industrial policy & promotion (DIPP) has made a strong pitch for invoking the sunset clause in all its bilateral investment protection and promotion agreements (BIPPAs) to terminate existing pacts and also consider whether it wants to enter into any new ones. India has signed 83 BIPPAs, of which 72 are currently in force. BIPP As have a sunset clause of 10-15 years after which they can be terminated, else they get automatically renewed. "An exhaustive analysis of BIPP As shows that they have had a severe detrimental impact on India. There are many harmful provisions which are being invoked against India. So, rather than discussing the model text of BIPPA, there is a strong need to invoke the sunset clause of existing ones," DIPP has told the department of economic affairs, an official familiar with the development told ET. They also don't benefit India in any way, it has said. This marks an escalation of the turf war between the commerce and finance ministries, just before the latter is set to finalise a revised model text for such agreements and take it to Cabinet. As many as 17 foreign companies have served arbitration notices against India after investments ran into trouble. India lost a case based on the India-Australia BIPPA between Coal India BSE -0.73 % and Australia's White Industries BSE 4.91 %. India has to pay A$4.67 million with 8 per cent interest since 1998 in damages. (The Economic Times).

Planning

- **FinMin likely to seek Cabinet nod for 10% stake sale in CIL:** The Centre is gearing up for a big bang stake sale in state-run Coal India Ltd that could help meet half the target from disinvestment proceeds for this fiscal. The stake sale is being planned for September, along with disinvestment in a host of public sector units including ONGC Ltd, Steel Authority of India Ltd and MOIL. The finance ministry is expected to seek Cabinet approval for a 10 per cent stake sale in Coal India that could fetch Rs 23,700 crore. Though plans for a 5 per cent listing in the PSU were shelved last fiscal after opposition from trade unions, this time around the government is more optimistic. "The issue has not been broached this time in talks with either the coal ministry or the company itself. We are hopeful that the stake sale will go through this time," said a senior official. The Centre currently holds 90 per cent stake in CIL after a 10 per cent initial public offering in 2010. However, further disinvestment in the coal miner was stalled after its trade unions threatened to go on strike. In lieu of the stalled disinvestment last fiscal, CIL had paid an interim dividend of over Rs 18,000 crore to the Centre to help finance the fiscal deficit. Meanwhile, confident of meeting the Rs 43,425 crore target from stake sale proceeds this fiscal, the finance ministry is also finalising plans for a 10 per cent stake sale in MOIL Ltd. "We have sought comments from Madhya Pradesh and Maharashtra governments that also hold stake in MOIL. Once they give the go-ahead, we will finalise the proposal," the source said. (The Indian Express).

Editorial

- **Passing the burden:** The National Pharmaceutical Pricing Authority, or the NPPA, last week cut the prices of about 50 cardiovascular and diabetes medicines by up to 35 per cent. Some estimates suggest that after this order, 58 per cent of cardiovascular medicines and 21 per cent of diabetes medicines will come under price control. The industry says this will burn a hole of Rs 550 crore in its pocket. There is talk that such price controls will be extended to other therapeutic segments as well. When that happens, drug makers could suffer some serious loss of business. Naturally, they are up in arms. Apart from this, the way the NPPA has gone about cutting prices leaves some questions unanswered. The ministry of health and family welfare had in 2011 compiled the National List of Essential Medicine, which contained 348 drugs covering about 650 formulations. Price caps on these drugs were announced last year. However, the Drug (Prices Control) Order allows the government, if it considers it necessary in public interest, to cap the prices of other drugs also in case of extraordinary circumstances. It is this provision that the NPPA has used to order the latest price cuts. The extraordinary circumstances cited by the NPPA are the wide differences in prices among the various brands of the same generic drug (dosage, strength, etc, included) in the market. This "market failure", according to the NPPA, is because cardiovascular and diabetes care are driven by the doctor's prescription, and the patient has no choice. The underlying assumption is that prescriptions can be influenced by drug makers. (Business Standard)

Business Line

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To boost coal supplies, Goyal for faster green nod; fuel stock critical at 46 power plants

OUR BUREAU
New Delhi, July 17

Faced with fast-depleting stocks and limited supply, the Coal Ministry has urged the Ministry of Environment and Forests to expedite green clearances and help raise domestic output.

According to CEA data (made available on July 15), 46 of the 100 thermal power plants in the country have less than seven days of coal supply.

Addressing the Lok Sabha on Thursday, Piyush Goyal, Minister of State (Independent Charge), Coal, said: "Steps have been taken by Coal India and its subsidiaries to augment coal production, which includes capacity addition from new projects ... and stringent monitoring of development of coal blocks."

Improving supply

Goyal also has independent charge of the Power and New and Renewable Energy ministries. He said coal production would be augmented in the next 1-2 years.

The Government had also constituted an Inter-Ministerial Task Force on June 13 to undertake a comprehensive review of existing coal sources and consider the feasibility of rationalising the linkages to power plants, said the Minister.

In addition, the Coal Ministry is also pushing State Governments — Odisha and Jharkhand — to expedite land acquisition and engage with Indian Railways for movement of coal.

Goyal said that India has estimated reserves of 301.56 billion tonnes of coal. Between 1950 to 2013-14, the total amount of coal extracted stood at 12,534.97 million tonnes, while in 2013-14 the amount of coal mined totalled 565.64 million tonnes.

The Minister also informed the Lok Sabha that while coal-based generation capacity increased by 46 per cent from 2009 to 2014, coal supply has increased only 22.5 per cent.

Coal-based generation capacity as of March 31, 2009 stood at 77,649 MW.

It was at 1,13,280 MW as of March 31, 2014. Coal supply in 2008-09 was 342.6 mt and stood at 419.6 mt in 2013-14.

The Financial Express

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Size of PDS set to rise, but fewer people want to buy subsidised grain

Sandip Das
New Delhi, July 17

WHILE the Centre has asked states to roll out the National Food Security Act, 2013, by October, when the coverage of Targeted Public Distribution System (TPDS) will increase to an estimated 84 crore people from 55 crore now, the capacity of states to handle more foodgrain is doubtful given their poor offtake record in the last few years.

Official data since 2012-13 indicate that state governments have failed to take delivery of the entire quantity of grain allocated under the TPDS for above-poverty-line (APL) families and the poorest of the poor served under the Antyodaya Anna Yojana (AAY). In FY14, for instance, the offtake of rice by states for APL families was 93% of the allotment, while in case of AAY, only 77% of the grain allocated was lifted by the states.

About 8 crore families are deemed APL while 6 crore families are below the poverty line (BPL). The AAY scheme is meant for 2.5 crore families.

Food ministry officials attribute the low offtake to lack of storage and distribution capacity in the states. As the Economic Survey pointed out, even as minimum support prices (MSPs) are announced for various crops, the procurement policy is effective for only rice and wheat and that too only in a few states. As such the Food Corporation of India's procurement operations are suffering from diseconomies of scale not only due to big hikes in MSPs in recent years but also irrational stocking up, which inflates subsidy bills.

Rice offtake under TPDS

Year	% offtake (BPL)	% offtake (AAY)	% offtake (APL)
2012-13	99	97	81
2013-14	99	93	77
2014-15*	89	88	70

Wheat offtake under TPDS

Year	% offtake (BPL)	% offtake (AAY)	% offtake (APL)
2012-13	110	98	69
2013-14	105	89	76
2014-15*	103	87	81

*till May 2014

BPL: Below poverty line; AAY: Antyodaya Anna Yojana, for chronic-poverty-affected families; APL: Above poverty line

Despite lower procurement of wheat in the last two years, FCI had grain stocks of 68 million tonnes at the start of the month, which more than double the buffet stocks norms.

The food subsidy budget of the government is assumed to increase by more than 35% to ₹1.15 lakh crore in the current fiscal from ₹85,000 crore in 2012-13. If the FCI's unsettled dues from the finance ministry to the tune of ₹50,000 crore is taken into account, the actual food subsidy budget could be much higher.

What compounds the low purchase of ration grain is the fact that FCI has more than double the stocks it needs as per the buffer norms

Bigger states including Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Bihar, Jharkhand, West Bengal and Odisha have not taken delivery of entire quantity of foodgrain allocated to mostly APL families. The states are allotted foodgrain for implementation of TPDS on the basis of population estimates of Registrar General of India, 2000.

The Centre provides rice to states at ₹565 per quintal for BPL families and ₹795 per quintal for APL families. Similarly, wheat is allocated to BPL and APL families at ₹415 per quintal and ₹610 per quintal, respectively. AAY families get foodgrain at ₹300 per quintal (rice) and ₹200 per quintal (wheat). All families are entitled 35 kg of foodgrain monthly under TPDS.

The Financial Express

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Sebi releases draft guidelines on infrastructure investment trusts

■ **Proposed holding of an InvIT in underlying assets to be a minimum of ₹500 crore**

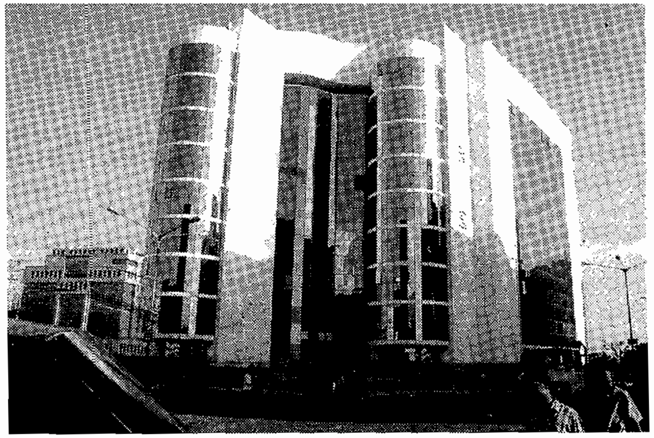
fe Bureau
Mumbai, July 17

THE Securities and Exchange Board of India (Sebi) on Thursday released draft guidelines for infrastructure investment trusts (InvITs) to enable financing and investment opportunities in long-term infrastructure projects. The draft guidelines by Sebi follow the proposal made by finance minister Arun Jaitley in pursuance to the Budget speech last week.

InvITs are designed to get tax benefits and will collect funds for investments in infrastructure projects, including PPP (public-private partnership). InvITs can be listed on the stock exchanges, Sebi said. The proposed holding of an InvIT in the underlying assets shall be a minimum ₹500 crore and the offer size of the InvIT shall not be less then ₹250 crore at the time of initial offer of units.

The guidelines state that a designated sponsor with a minimum net worth of ₹10 core (if it is a body corporate or a company), or minimum net tangible assets of ₹10 crore (in case it is a Limited Liability Partnership) will be eligible for InvITs, Sebi said.

Moreover, in the case where a sponsor is a developer, he must possess minimum experience of five years and at least two projects having achieved financial closure.



The aggregate consolidated borrowing of the InvIT and the underlying SPVs shall never exceed 49% of the value of InvIT assets. However, this may exclude any debt infused by the InvIT in the underlying SPV. Further, for any borrowing exceeding 25% of the value of InvIT assets, requirement of credit rating and unit holders approval has been made mandatory, Sebi said.

InvITs are designed to get tax benefits and will collect funds for investments in infrastructure projects, including PPP (public-private partnership). InvITs can be listed on stock exchanges

"As an innovation, a modified REITS-type structure for infrastructure projects is also being announced as InvITs, which would have a similar tax-efficient pass-through status for PPP and other infrastructure projects. These structures would reduce the pressure on the banking system while also making available fresh equity... I have provided a conducive tax regime for InvITs and REITS to be set up in accordance with regulations of the Sebi," Jaitley had announced, while presenting the Finance Bill FY15 in the Parliament.

As per the draft regulations, on which Sebi has sought public comments till July 24, the listing shall be mandatory for both publicly offered and privately placed InvITs. Besides, for any borrowing exceeding 25% of the value of InvIT assets, requirement of credit rating and unit holders approval has been made mandatory.

Sebi had come out with a consultation paper on InvITs in December last year, on which comments were sought till January 20, 2014. Based on the comments received on the consultative paper and the Budget announcement, Sebi has now finalised a separate regulatory framework for introducing InvITs in India. InvITs would have a similar tax-efficient pass-through status for PPP and other infrastructure projects.

The Tribune

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50% power plants have less than seven-day coal stock

GIRJA SHANKAR KAURA
TRIBUNE NEWS SERVICE

NEW DELHI, JULY 17
The country's largest power producer, NTPC, has pointed out that stocks at three of the six plants would last less than one day and the other power plants have stocks to last just about seven days, forcing the government to step in and take steps to ensure adequate coal supply to these power plants.

State-run NTPC has asked the Power Ministry to ensure more coal is sent to the six plants - which have a combined capacity of 16,840 MW or 15 per cent of the country's total energy capacity from the coal-based power plants. The panic buttons have also been pressed in view of the ensuing monsoon season which could disrupt supply deliveries.

NTPC worst-hit

- The Central Electricity Authority data says 46 coal-based generating stations, of the total list of 100, reported fuel stock for less than 7 days
- NTPC, the country's largest power producer, is the worst sufferer as stocks at three of the six plants would last less than one day and the other power plants have stocks to last just about seven days

Reports said while NTPC stated that six of its plants had critical levels of coal stocks, the Central Electricity Authority (CEA) said 46 out of 100 electricity generation stations in the country have fuel stock of less than seven days.

"With the ensuing monsoon, it will become more difficult to replenish the coal stocks and in case of even a small disruption, the total power generation at these stations will be adversely affected," NTPC Chairman Arup Roy Choudhury said in a letter written by him to the Ministry of Power on July 14. Stocks at three of the six plants would last less than one day, Choudhury said in the letter.

Stepping in to control the situation, Power Minister Piyush Goyal in the Lok Sabha said, the "corrective" action was being taken to improve coal supply, including efforts by Coal India Ltd to raise production beyond current year's targets.

The Statesman

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DARK DAYS AHEAD FOR NORTH, CENTRAL INDIA

SEVERAL THERMAL POWER PLANTS HIT BY SEVERE COAL SHORTAGE

STATESMAN NEWS SERVICE
New Delhi, 17 July

POWER CRISIS

While the National Thermal Power Corporation says six of its plants have critical levels of coal stocks, the Central Electricity Authority says 46 power generating stations have fuel stock of less than 7 days

1 Two days' worth of coal stocks at eight NTPC plants, accounting for 20,940 MW of its capacity

2 The plants are affected due to poor supply from Coal India ~ less that the annual contracted quantity.

3 Power minister Piyush Goyal says corrective efforts being made to improve coal supply

4 Environment ministry's nod sought to mine more coal; power plants told to use imported coal if required.

Large parts of northern and central India may soon plunge into darkness as 46 coal-based power plants are facing the prospect of shutdown owing to shortage of coal stock.

While the nation's largest power producer, the National Thermal Power Corporation stated that six of its plants have critical levels of coal stocks, the Central Electricity Authority (CEA) said 46 out of 100 electricity generation stations in the country have fuel stock of less than 7 days.

The power plants currently reeling under shortage of coal supply constitute nearly half the thermal power plants in the country.

NTPC, the country's largest power producer as well as the biggest consumer of domestic coal, is the worst sufferer as eight of its 23 electricity generating stations have stock to last a mere two days, sources in the coal ministry said.

These eight power projects ~ Jhajjar (1,500 MW), Rihand (3,000 MW), Singrauli (2,000 MW), Korba (2,600 MW), Sipat (2,980 MW), Vindhyachal (4,260 MW), Simhadri (2,000 MW) and Ramagundam (2,600 MW) ~ comprise 20,940 MW of its total 43,128 MW capacity of NTPC.

According to the data, these plants are mainly affected due to fewer supplies by Coal India. The public sector firm and its subsidiaries are supplying less fuel to the power utility plants than the annual contracted quantity (ACQ).

NTPC has urged the Ministry of Power to take cognisance of the matter due to acute power cuts across northern and central India amid rising mercury levels.

India reported a peak power deficit ~ shortfall in electricity supply when the demand is at its highest ~ of 3.7 per cent last month. The total power demand during the month stood at 1,42,647 MW of which 1,37,352 MW was met, leaving a gap of 5,295 MW.

In the Lok Sabha, Power Minister Piyush Goyal said "corrective" action is being taken by the government to improve coal supply, including efforts by Coal India Ltd to raise production beyond the current year's targets. Power utilities have been advised to use imported coal wherever necessary.

The environment ministry's nod is being sought to mine more coal and resource-rich states of Odisha and Jharkhand have been asked to help transport coal out quickly.

NTPC rang the alarm bells when it on July 14 wrote to the Power Ministry saying six of its plants with a combined capacity of 16,840 MW or 15 per cent of India's total energy capacity from coal-fired plants, have stocks of up to two days and cannot weather even a "small" disruption in supplies.

The Statesman

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SAIL stake sale in September

PRESS TRUST OF INDIA
New Delhi, 17 July

The government will kick off its big-bang disinvestment drive with five per cent stake sale in SAIL in September, followed by ONGC and power sector PSUs like REC, PFC and NHPC.

The department of disinvestment would embark on road shows for SAIL towards the end of this month in countries like Singapore, Hong Kong, the USA, the UK and continental Europe.

"Domestic road shows are equally important as overseas ones. Road shows take normally a month to be completed. SAIL is the most prepared company for disinvestment," a government official said.

The Budget 2014-15 proposes to garner Rs 43,425 crore from PSU disinvestment, of which about 30 per cent is expected to come from five per cent stake sale in ONGC.

Besides, a 10 per cent stake sale in Coal India is also on the cards which could fetch about Rs 23,000 crore and will make up for half of the disinvestment target. The sale of five per cent stake or about 20.65 crore shares of SAIL at the current market price of around Rs 85 a piece would fetch the exchequer about Rs 1,800 crore.

The Cabinet had in July 2012 approved a 10.82 per cent stake sale in SAIL. Accordingly, the first tranche of disinvestment of 5.82 per cent was completed in March 2013.

Panel to reduce tax litigations set up

PRESS TRUST OF INDIA
New Delhi, 17 July

With Rs 4 lakh crore locked up in litigations, the finance ministry today set up a committee consisting of officials from Central Board of Direct Taxes to suggest ways to reduce mounting disputes at various tax appellate forums.

The committee will "examine the assessment orders, appellate orders and scrutiny report for the appeal to the ITAT related to orders...and give its recommendations for different income groups, separately for corporate and non-corporate assesses", CBDT said.

The six-member panel of IRS officers, headed by a chief commissioner of income tax, has also been asked to study the efficacy of existing system of filing appeals to the Income Tax Appellate Tribunal by the I-T department and suggest steps to reduce litigation before the ITAT.

"The current initiative of CBDT is in line with the intent of the government seen in this Budget to reduce tax litigation and bring certainty in the tax environment," said Mr Amit Maheshwari, partner, Ashok Maheshwary & Associates.

In the Budget, finance minister Arun Jaitley had said that a tax demand of more than Rs 4 lakh crore is under dispute and litigation before various courts and appellate authorities.

"This is one of the serious concerns of all taxpayers in this country," he had said. In order to reduce litigation in direct taxes, Mr Jaitley had propose to make certain legislative and administrative changes.

The panel is required to analysis assessment orders separately by categorising income groups ~ up to Rs 25 lakh, Rs 25 lakh-Rs 1 crore, Rs 1 crore-Rs 10 crore and Rs 10 crore and above.

The Economic Times

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DIPP Calls for Invoking Sunset Clause to Terminate All BIPPAs

DILASHA SETH
NEW DELHI

The department of industrial policy & promotion (DIPP) has made a strong pitch for invoking the sunset clause in all its bilateral investment protection and promotion agreements (BIPPAs) to terminate existing pacts and also consider whether it wants to enter into any new ones.

India has signed 83 BIPPAs, of which 72 are currently in force. BIPPAs have a sunset clause of 10-15 years after which they can be terminated, else they get automatically renewed.

"An exhaustive analysis of BIPPAs shows that they have had a severe detrimental impact on India. There are many harmful provisions which are being invoked against India. So, rather than discussing the model text of BIPPA, there is a strong need to invoke the sunset clause of existing ones," DIPP has told the department of economic affairs, an official familiar with the development told ET. They also don't benefit India in any way, it has said.

Glare on BIPPAs

WHY THIS STAND

DIPP says these agreements are detrimental to India without commensurate benefits

These were historically driven by capital exporting, developed countries

Investors can slap claim on host govt for violation of global investment pact

DIPP says investor regime has changed much since India entered first BIPPA

India has signed 83 BIPPAs of which 72 are in force

Investors often go treaty shopping looking for the best treaty

DIPP says there is no empirical evidence to suggest BIPPAs have led to higher investment

BIPPAs are bilateral investment protection & promotion agreements between 2 nations

INDIA ALREADY FACING BIPPA HEAT

India has lost case to White Industries of Australia and paid fine of A$ 4.67 million

Several companies including Nokia, BP, Niko Resources, Deutsche Telecom, Vodafone Intl have served notice under BIPPA

Investments of these companies have run into trouble or faced adverse policy action

This marks an escalation of the turf war between the commerce and finance ministries, just before the latter is set to finalise a revised model text for such agreements and take it to Cabinet.

As many as 17 foreign companies have served arbitration notices against India after investments ran into trouble.

India lost a case based on the India-Australia BIPPA between Coal India and Australia's White Industries. India has to pay A$4.67million with 8% interest since 1998 in damages.

Companies including Nokia (Finland), British Petroleum (UK), Deutsche Telekom (Germany), Vodafone (UK), Sistema (Russia), and Children's investment fund (UK) among others have served notices under BIPA.

DIPP said such agreements force India to face international arbitration.

"There are many countries which are opposing the ISDS (investor-state dispute settlement) provision like South Africa Ecuador, Australia and Indonesia. Even France and Germany have opposed it," said the official.

Independent experts agree with the suggestion.

"There will be quite a number of BIPPAs nearing the sunset clause. I agree with DIPP here as the investor protection element has gone overboard. Investors are threatening sovereign states as you have given them the right. We should be cautious about signing any more BIPPAs," said Biswajit Dhar, professor, JNU. He said that there was a dire need to review BIPAs as agreements need to be balanced.

DIPP has emphasised that there is no evidence of a correlation between BIPPA and foreign direct investment (FDI) inflows as India and South Africa have no bilateral international investment agreement with the US, despite which the latter is one of the largest FDI investors.

Rather than BIPPAs, double taxation avoidance agreements (DTAAs) have "worked better to attract FDI from developing countries," according to an independent study by Jitender Singh, deputy director at DIPP.

The government has constituted a working group to review the BIPPA model text.

"Our BIPPAs and treaties are actually very weak, which is why we haven't been able to attract any investment," said Arpita Mukherjee, professor, Indian Council for Research and International Economic Relations. "There is no point making it weaker. The problem is the lack of synergy as investment agreement is done by the finance ministry and investment chapters by DIPP. If there is no investment guarantee, why will investors invest?"

Under the current arrangement, the finance ministry negotiates all bilateral investment agreements while the commerce and industry ministry is responsible for Comprehensive Economic Cooperation Agreements (CECAs) and Comprehensive Economic Partnership Agreements (CEPAs).

Some CEPAs and CECAs have investment components, something that has not gone down well with the finance ministry. The finance ministry told the commerce department last year that it will take over negotiation of all future investment pacts, including the relevant parts of comprehensive trade deals, after the latter unilaterally finalised the text for the India-Asean Comprehensive Economic Partnership Agreement.

The Economic Times

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Revamp of IAY on the Cards

YOGIMA SETH SHARMA
NEW DELHI

The rural development ministry is revamping the rural housing scheme and drawing a road map to implement it in "mission mode", a move that is in line with Prime Minister Narendra Modi's vision of housing with water, electricity and toilets for all Indians over the next eight years.

The key changes proposed in the Indira Awaas Yojana (IAY) include doubling the per unit cost to about ₹150,000, enhancing the area of each unit to 30 square meters and making construction of toilets part of the scheme, besides providing for mandatory convergence of water and power supply to rural households, a senior government official told ET.

As of now, the government gives a grant of ₹70,000 for construction of a new house of 20 sq mt size in plain areas and ₹75,000 for hilly and difficult areas. However, construction of toilets and provision for water and electricity, through convergence, is optional.

Since these fall in the domain of different ministries, convergence barely happens as a result of which most of the rural households are deprived of basic facilities of sanitation, drinking water and electricity.

Need to Revisit IAY

- Meet PM's vision of housing for all
- 37% rural homes covered in 30 yrs
- Per unit cost low to support toilets

Changes Proposed

- Implement scheme in mission mode & up size of unit from 20 to 30 sq mt
- Enhance per unit cost from ₹70,000 to ₹1.25 lakh to ₹1.5 lakh
- Include construction of toilets in IAY

"There is a need to revisit the scheme in a manner that fulfils the prime minister's vision of housing for all. We will soon come up with a discussion paper, proposing some sweeping changes in the scheme as the current size and cost of a house under IAY is inadequate to facilitate construction of toilets," the official said.

According to the official, since this would mean enhanced funding to the scheme, the government may have to look outside its purview for meeting the expenses. "This could include contributions under the corporate social responsibility initiative or accessing more funds from the National Housing Bank, the modalities of which will be worked out later," he said.

In an address to Parliament, Modi had said that the foremost priority of his government would be to uplift the poor and to ensure that nobody is without a house with water, electricity and toilet by 2022, when the country celebrates its 75th year of Independence.

"Even after 30 years of being in place, nearly 5.4 crore rural households are still to be covered under the scheme and, hence, there is a need to implement the scheme in mission mode if we are to realise this vision," said the official quoted earlier.

Indira Awaas Yojana, which was launched in 1985, has benefitted 3.25 crore rural households. About ₹1 lakh crore have so far been spent on the scheme. The target for the current year is 24.8 lakh houses with an allocation of ₹16,000 crore.

The Economic Times

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Govt says It Won't Scrap Plan Panel

OUR BUREAU
NEW DELHI

The government on Thursday said there were no plans to abolish the Planning Commission, putting to rest uncertainty over the existence of the country's apex planning body.

The statement made by minister of state for planning Rao Inderjit Singh in the Rajya Sabha means the BJP-led government, which has often criticised the commission, may now consider re-defining its roles and responsibilities.

Earlier this week, the minister in a Facebook post said there was a need for streamlining the role of the commission so that it should not be seen as a hindrance by states.

The term of the Planning Commission, which is chaired by the prime minister, is coterminus with the government. As a result, the previous commission under the UPA government ceased to exist on May 26 when the new government took charge.

However, even after one-and-a-half months of being in office, the new government has not reconstituted the commission. Instead, it has elevated the role of the planning ministry, giving minister Singh independent charge. This has raised questions about the future of the commission.

Several states, including Gujarat, had in the past criticised the role of the commission over the way funds were allocated to states. The criticism became more rampant in the recent past when the commission went overboard to even influence the policy decision of some of the big ministries, including the ministry of road transport and highways, leading to delays and, in some cases, projects getting stuck.

The Economic Survey unveiled by the government last week had emphasised the need to revisit the role of the Planning Commission in allocation of funds to states.

The Indian Express

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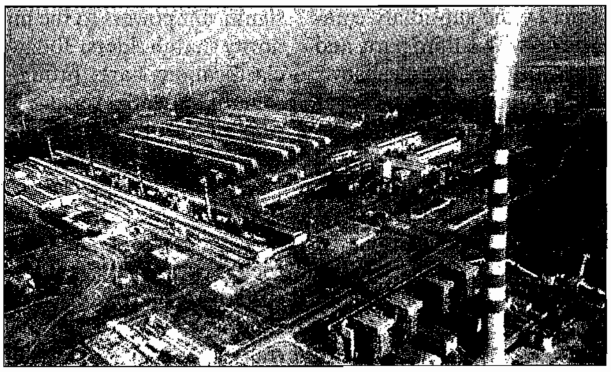
FinMin to tap Sebi for advice on residual stake sale in Balco

SURABHI
NEW DELHI, JULY 17


A file picture of Balco's plant at Korba, Chhattisgarh.

THE finance ministry plans to approach market regulator Sebi for advice on how to sell its residual stake in Bharat Aluminium Company (Balco) in the open market when the firm is unlisted on the bourses.

"The approval from the Cabinet Committee on Economic Affairs had said that the residual shares in Balco have to be sold in the open market. I don't know the mechanism of how this will be done as of now and I will have to discuss it with Sebi," disinvestment secretary Ravi Mathur told *The Indian Express*.

In the case of Hindustan Zinc Ltd, the disinvestment will be relatively simpler as it is already listed on the bourses. "Sebi has also recently allowed non-promoters to sell shares through the offer for sale route," said Mathur.

A decision on the procedure for stake sale in Balco is likely to be taken around September this year after the valuation report is submitted. "The valuation will take about eight weeks. So we will proceed on how to go about the stake sales in Balco as well as HZL after that," said a source.

The department of disinvestment had on Wednesday appointed a valuer for the deal, and had earlier this month also appointed a valuer for the residual stake sale in Hindustan Zinc Ltd.

The Union Cabinet in February had approved sale of government's 49 per cent stake in Balco, which according to official estimates will raise about Rs 1,500 crore. Previously in 2001, the Centre had sold 51 per cent of its stake in the company to Sterlite Industries. The company is not listed on the stock exchanges and has a paid-up capital of Rs 220.62 crore as on March 31, 2013.

While the government has previously listed PSUs on the bourses through initial public offerings, Balco is different from such disinvestment as it is unlisted.

Experts said the residual stake sale in Balco can be done through methods such as a closed auction. "For instance, the government can seek valuations from a number of firms based on which it can set the value of its stake and then set the reserve price. It can have a closed auction and sell shares based on bids," said Prithvi Haldea, chairman and managing director PRIME Database.

The residual stake sale of 29.54 per cent government equity in HZL is expected to be simpler as the company is listed on the stock exchanges. Between 2002 and 2003, the Centre sold 64.92 per cent stake in the company to Sterlite Industries.

The disinvestment in HZL, which is likely to be routed through the auction method is estimated to raise at least Rs 20,000 crore at Thursday's closing price of Rs 166.35 apiece on the BSE. In fact, the finance ministry is hopeful that it will raise much more than the targetted Rs 15,000 crore from the residual stake sale in the two firms.

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FinMin likely to seek Cabinet nod for 10% stake sale in CIL

SURABHI
NEW DELHI, JULY 17

THE Centre is gearing up for a big bang stake sale in state-run Coal India Ltd that could help meet half the target from disinvestment proceeds for this fiscal. The stake sale is being planned for September, along with disinvestment in a host of public sector units including ONGC Ltd, Steel Authority of India Ltd and MOIL.

The finance ministry is expected to seek Cabinet approval for a 10 per cent stake sale in Coal India that could fetch Rs 23,700 crore. Though plans for a 5 per cent listing in the PSU were shelved last fiscal after opposition from trade unions, this time around the government is more optimistic.

"The issue has not been broached this time in talks with either the coal ministry or the company itself. We are hopeful that the stake sale will go through this time," said a senior official.

WHILE PLANS for a 5% listing in the PSU were shelved last fiscal after opposition from trade unions, this time around the government is more optimistic

The Centre currently holds 90 per cent stake in CIL after a 10 per cent initial public offering in 2010.

However, further disinvestment in the coal miner was stalled after its trade unions threatened to go on strike. In lieu of the stalled disinvestment last fiscal, CIL had paid an interim dividend of over Rs 18,000 crore to the Centre to help finance the fiscal deficit.

Meanwhile, confident of meeting the Rs 43,425 crore target from stake sale proceeds this fiscal, the finance ministry is also finalising plans for a 10 per cent stake sale in MOIL Ltd.

"We have sought comments from Madhya Pradesh and Maharashtra governments that also hold stake in MOIL. Once they give the go-ahead, we will finalise the proposal," the source said.

The state-run manganese miner has a curious structure where the Centre holds 71.57 per cent stake in MOIL, while Maharashtra holds 4.62 per cent and Madhya Pradesh owns 3.81 per cent equity in the firm.

The Centre had listed MOIL in 2010 with a 10 per cent disinvestment that fetched Rs 1,200 crore.

Meanwhile, a 5 per cent stake sale in Steel Authority of India Ltd is also being planned that could raise about Rs 1,800 crore. The Cabinet had in July 2012 cleared disinvestment of 10.82 per cent government equity in the PSU and the first tranche of stake sale comprising 5.82 per cent equity was completed in March 2013.

The Times Of India

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Uma makes 34,000MW power point

Lists Benefits Of River Inter-Linking, Says UP & MP Okay With Ken-Betwa Project

Vishwa.Mohan
@timesgroup.com

New Delhi: A couple of days after finance minister Arun Jaitley pitched for inter-linking of rivers in his Budget presentation, Madhya Pradesh and Uttar Pradesh have given their consent for Ken-Betwa river link, which will be the first to be implemented under the new government. Two other projects, expected to be implemented on priority are Daman Ganga-Pinjal link spanning Maharashtra and Gujarat and Par-Tapi-Narmada link in Gujarat.

Water resources minister Uma Bharati on Thursday said rivers across the country could be linked in 10 years time if states agreed.

Replying to a supplementary question in Lok Sabha, Bharati said inter-linking of rivers (ILR) would not only provide electricity to the tune of 34,000 MW but also help in implementation of the ambitious rural irrigation scheme.

Allaying concerns of members, she, insisted that ILR would be taken up only after getting consent of states concerned and it would be implemented in such a way that uninterrupted flow of rivers and their purity would be maintained.

Her remarks assume significance in light of the Narendra Modi government's push for the move. Calling for a serious effort in the direction of river inter-linking, Jaitley's Budget set aside Rs 100 crore to expedite preparation of detailed project reports (DPRs). But different state governments have objected to four out of 30 ILR projects.

While Kerala assembly last year passed a resolution against taking up the Pamba-Achankovil-Vaippar link, Odisha did not agree to the Mahanadi-Godavari link due to submergence of Manibhadra dam/reservoir.

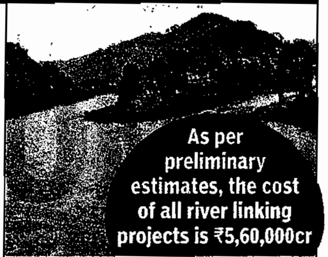
Though ILR was mooted way back in 1982, it was seriously taken up only during Atal Bihari Vajpayee's tenure as prime minister during 1999-2004. It, however, fell off the radar once the UPA came to power.

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

PROJECT COST ₹5.6L CR

Full ILR project has two components -- Peninsular and Himalayan

- Both the components together have **30 river-linking projects**
- Peninsular component involving the rivers in southern India – envisages **developing a 'Southern Water Grid'** with **16 river linkages** in different states
- **Peninsular component** includes **diversion of surplus waters** of Mahanadi and Godavari to the Pennar, Krishna, Vaigai and Cauvery rivers
- **Himalayan component** has **14 river linkages.** It was conceived to **build storage reservoirs** on the Ganga, Brahmaputra & their tributaries



As per preliminary estimates, the cost of all river linking projects is ₹5,60,000cr

OBJECTIONS RAISED BY VARIOUS STATE GOVERNMENTS OVER THE FOLLOWING LINKS
Pamba-Achankovil-Vaippar | Parbati-Kalisindh-Chambal | Mahanadi (Manibhadra)-Godavari | Netravati-Hemavati

- The projects, if fully implemented, will **make water available for irrigating 35 million hectares, generate 34,000 MW** of hydro-electricity and **control floods** in many states
- **Ken-Betwa link** will be the **first** one to be **implemented**
- DPRs of two links have been prepared: Ken-Betwa link and Damanganga-Pinjal link
- DPR of the Par-Tapi-Narmada link is being prepared

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Centre May Launch Second Exchange-Traded Fund To Woo Retail Investors

Govt plans selloff in over 12 PSUs

Sidhartha@timesgroup.com

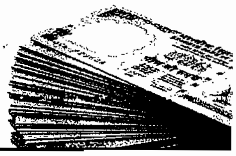
New Delhi: The government has identified over a dozen blue-chip public sector companies for disinvestment during the current financial year and plans a second exchange-traded fund (ETF) as it tries to scale the stiff target set by finance minister Arun Jaitley.

Sources said the idea of a second ETF was proposed by ratings agencies to the department of economic affairs recently and it is being "considered seriously", although unlike the first such fund, the new one will be 'energy light'. An ETF is a basket of stocks that is traded on stock exchanges and the first one launched during the last fiscal was seen to have a heavy presence of energy PSUs.

The government hopes to garner Rs 43,325 crore through disinvestment in PSUs, while another Rs 15,000 crore is expected to come from stake sale in Axis Bank, whose shares are held by Specified Undertaking of UTI (SUUTI), the entity that took over the assets and liabilities of the erstwhile UTI. An additional Rs 5,000 crore is budgeted to come from sale of residual shares in Balco and Hindustan Zinc, where the Centre is about to kick off the valuation exercise and hopes to complete the transactions by the end of October.

UNLOCKING VALUE

- Government hopes to garner ₹ 43,325 crore through **disinvestment in PSUs**
- **Another ₹ 15,000 crore is expected to come from stake sale in Axis Bank,** whose shares are held by Specified Undertaking of UTI
- In addition, some of the companies where the government holds over 75% will also see a **stake dilution** to comply with the recent Sebi guidelines on public shareholding



Apart from SAIL, Coal India and ONGC, there are several mid-rung PSUs, including five from the power sector where the government is eying a possible stake sale. ONGC and Coal India alone are expected to mop up Rs 35,000 crore based on current market price.

While National Hydel Power Corporation, Power Finance Corporation and Rural Electrification are comparatively easier ones where the Centre is expected to divest through an auction of shares on the stock exchanges, the government will seek permission from states for joint ventures Tehri Hydro Development Corporation and SJVN, said sources familiar with the development.

In addition, some of the companies where the government holds over 75% stake, will also see a stake dilution to comply with the recent Sebi move that public shareholding in all listed entities should be at least 25%, as against the earlier floor of 10%. There are 19 such PSUs where the government has to dilute its holdings but is opting to begin with companies where the stake is closer to 80%.

As a result, companies such as MOIL and NMDC (where the government holds 80% each) and NBCC and Neyveli Lignite (90% each) are on the radar, although officials said that some of them may be deferred to next year. The government wants to ensure that there is no bunching of share sales so that there is investor appetite and private sector is not starved for funding.

Not right time to divest: ONGC

TIMES NEWS NETWORK

New Delhi: State-run explorer Oil and Natural Gas Corporation (ONCG) has cautioned the government that it would not be prudent to divest stake in the company without clearing the air on key policy issues pertaining to gas pricing and sharing of fuel subsidy.

The government holds 68.94% in ONGC and plans to disinvest 5% stake, or 42.77 crore shares, this fiscal for Rs 17,400 crore, estimated at current share price. The divestment process is expected to kick off in September with 5% offering in SAIL.

In a communication to the parent oil ministry, ONGC has said the government is unlikely to realize the true potential/value of shares if these are sold at this point when the key issues remain fuzzy to investors. ONGC may indirectly pointing at the 5% selloff in 2012 that had to be rescued by LIC. The insurer put in over Rs 12,000 crore to pick up 95% of the offering in the face of investor apathy due to the same issues that remain unresolved till this day.

The first issue that is expected to put off investors is the discounts ONGC gives on crude to help state refiner-marketers to sell fuel at artificially low prices set by the government. The government gives cash subsidy to retailers to cover the remaining gap between retail price and costs.

ONGC's share of subsidy, or the discounts, has risen from Rs 44,466 crore in 2011-12 to Rs 56,384 crore in 2013-14 as the government has failed to

PRICING WOES

work out a graded formula suggested by explorers seeking a minimum assured realisation of $65 per barrel.

"ONGC's independent directors have been expressing their concerns on the existing mechanism. Investors have also expressed their concern on the current mechanism. As per them, the current mechanism is uncertain and due to which they are not able to properly value the shares of ONGC," the company has told the ministry.