

योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

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Communication, IT & Information Division
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NEWS AND VIEWS

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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

- **Over 1 lakh families in food security net:** More than 120,000 families in the city have started getting food grains at a highly subsidized rate after the Delhi government provided them with new ration cards under the National Food Security Act, 2013. According to SS Yadav, commissioner food and supplies, 550,000 persons belonging to 164,000 families added to the food security net this month. "We have started the process of issuing rations cards to the eligible families and they are being delivered by speed post," said Yadav. Officials further said that these families have started receiving highly subsidised food grains - rice at Rs 3 per kg and wheat at Rs 2 per kg from this month. "In addition 164,000 families comprising of 550,000 members have also been added to the food security net and will start receiving their entitlement as well as new food security cards from August. Among these people there are over 280,000 males, 274,000 females and 37 transgender," said a senior Delhi government official. The Food Security Act has been implemented in tow phases by the Delhi government. In phase one more than 3.2 million people who have Below Poverty Lines (BPL), Antyodaya Anna Yojana (AAY), Jhuggi Ration Card (JRC), resettlement colony ration cards (RCRC), Above Poverty Line (APL) ration cards were brought under the safety net from September 1, 2013. "We have received 1,518,585 applications and so far 1,431,122 household have been verified in the field. (Hindustan Times).

Economy

- **Bill cleared to empower Sebi to deal with Ponzi schemes:** The Union Cabinet cleared the Securities Laws (Amendment) Bill on Thursday, to empower the Securities & Exchange Board of India (Sebi) to effectively check illegal deposit taking and Ponzi schemes, with a corpus of at least Rs 100 crore. "The Cabinet Committee on Economic Affairs has cleared the Bill," a finance ministry official said after the meeting. It will be introduced in Parliament and replace an earlier ordinance to this effect. In March, the President had re-promulgated the ordinance. It had strengthened the enforcement powers of Sebi, while allowing it to conduct searches and seizures. Officials said Sebi wanted to introduce a concept of minimum penalty. "That has been incorporated. The rest is mainly the ordinance. But, for exact details, we will have to wait a bit." Sebi Chairman U K Sinha said it would send a strong signal to those defrauding gullible investors with illegal schemes. He expressed hope the Bill would get approved in the current session of Parliament. "I have not formally seen what has been approved by the cabinet or what was the proposal. But if it is on the lines approved in the earlier ordinance, then there are two-three most important things. The first is unauthorised deposit collecting investment schemes, the second relates to the area of Sebi's ability to recover the penalties and the third would pertain to special courts where people can be prosecuted, if they have violated the regulator's norms," Sinha told reporters in Chennai. (Business Standard).

Planning

- **Govt Plans to Build 12 Dry Ports, Accelerate Connectivity Projects:** To make Indian exports more competitive, the Narendra Modi government is drawing up an ambitious plan to build 12 dry satellite ports to spruce up the dozen major ports, so that they can dock super-sized ships and set up a new entity to speed up long-stalled port connectivity projects. Exporters would be able to conduct all their customs and export paperwork at the dry inland ports from where their consignments would be forwarded and loaded onto a ship at the nearest seaport. The system envisages an exporter from Jodhpur sending his goods to the Kandla or Mundhra ports in Gujarat, while one in Telangana would be linked to the Kakinada or Vizag ports. Senior government officials said the idea was firmed up after a delegation of leaders from Telangana pointed out to the government that the creation of the state has deprived it of the erstwhile Andhra Pradesh ports that are now part of Seemandhra. "Shipping minister Nitin Gadkari has told them the problem could be sorted out by setting up a riverine or dry port in Telangana from where goods can be transferred to the Seemandhra ports," an official told ET, adding export-related paperwork could also be completed at such hinterland ports. In Telangana's case, a riverine port could be considered on the banks of the Godavari at a site that is well-connected to a national highway and the railway routes, from where goods could be sent to the Kakinada port through an inland waterway, for instance, he said. "We are looking at 12 such dry satellite ports and are working out the details, so that we can offer states that don't have a coastline or a port to export their products from," the official said. (The Economic Times).

Editorial

- **Dealing with bank failure:** The Reserve Bank of India's move to identify domestic systemically important banks (D-SIBs) is a result of the requirement that all member countries of The Basel Committee of Banking Supervision set up a regulatory framework for banks that 'are too big to fail'. While this needed to be done to complement the existing framework for globally important banks or G-SIBs, it is pertinent to question the merit of subjecting our big banks to capital requirements over and above that stipulated under Basel III. Big Indian banks are smaller than most of their global counterparts in both absolute and relative terms. For instance, the eight US G-SIBs have combined assets equal to 70 per cent of the country's GDP; in India, the combined assets of the likely six D-SIBs add up to only a third of its GDP. Moreover, our banks mainly engage in plain-vanilla lending and have very limited inter-connected financial exposures through over-the-counter derivatives and other exotic instruments. As a result, the risk of contagion from credit defaults is substantially lower. Also, bank failures are rare in India, unlike the US or the UK, where the likes of Washington Mutual and Northern Rock have gone belly up in recent times. Public sector banks (PSBs), which have implicit state backing, make up roughly three-fourths of all deposits and advances in India. This is why there was very little panic amongst depositors when the United Bank of India reported a surge of bad loans last year. (Business Line)

Living standards remain poor in India, says UN study

Human Development Index ranks India 135th out of 187 countries

PRESS TRUST OF INDIA

New Delhi, July 24

In a sign that India has a lot of catching up to do, the country's ranking in the Human Development Index (HDI) remained unchanged at 135, in 2013, reflecting little improvement in the living standards of its people, says a United Nations Development Programme report.

"India's HDI value for 2013

Still a laggard

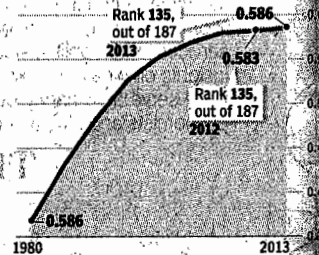
Top 10 countries in 2013

Norway	0.944
Australia	0.933
Switzerland	0.917
Netherlands	0.915
US	0.914
Germany	0.911
New Zealand	0.910
Canada	0.902
Singapore	0.901
Denmark	0.900

Source: United Nations Development Programme

Human Development Index

Trends in India's HDI



is 0.586 — which falls in the medium human development category — positioning the country at 135 out of 187 countries. Between 1980 to 2013, India's HDI value increased from 0.369 to 0.586," said the UNDP report, released on Thursday. The report further said that among the BRICS countries India remained at the bottom



Photo: Reuters

in South Africa as a result of the HIV/AIDS epidemic," the report said. Among the BRICS countries, Russia, Brazil and China are in the high HDI category. Russia secured the highest rank, at 57, followed by Brazil at 79 and China at 91.

South Africa and India rank in the middle category, securing the 118th and 135th positions, respectively, it said.

The HDI reflects long-term progress in three basic dimensions of human lives — a long and healthy life, access to knowledge and a decent standard of living. In 2013, the study covered 187 countries, the same as in 2012 and 2011.

with lowest the HDI value. "India is the lowest performing country among the BRICS nations in all categories of HDI with the exception of life expectancy, which is lower

Food Security Scheme covers 1.2 lakh more beneficiaries

TRIBUNE NEWS SERVICE

NEW DELHI, JULY 24

The Delhi government has increased the beneficiaries under the Food Security Scheme with new ration cards being issued to 1.2 lakh families this month.

Commissioner of Food and Supplies S.S. Yadav said that the delivery of new ration cards have been started by the department under the National Food Security Act, 2013.

Yadav said that 1,64,259 families comprising 5,55,325 members have been added to the food security net and will start receiving their entitlement as well as new food security cards from August.

Among these people there are 2, 80,549 men, 2, 74,739 women and 37 transgender. These families have started receiving the subsidised food namely rice at the rate of Rs 3 per kg and wheat, Rs.2 per kg

from this month.

Yadav clarified that in Delhi, the Food Security Act has been implemented in two phases. In phase one, 32.25 lakh people having Below Poverty Line, Anadodya Anna Yojna, Jhuggi Ration Card, Resettlement Colony Ration Card and Above Poverty Line ration cards were brought under the food security net from September 1, 2013.

"Thereafter, the applica-

"Among 1.2 lakh people there are 2, 80,549 men, 2, 74,739 women and 37 transgender. These families have started receiving the subsidised food namely rice at the rate of Rs 3 per kg and wheat, Rs.2 per kg from this month"

S.S. Yadav, Commissioner, Food and Supplies

tions were invited from other eligible households to provide food security benefits. In response to this, the department has received 15.16 lakh applications. So far, 14.31 lakh households have been verified in the

field," Yadav added.

The department has deployed over 1,500 people for physical verification of these applications. All the eligible applicants will be provided food security in the next three months.

India may agree on WTO trade pact after 'assurance' on food security

General Council to decide on trade facilitation agreement today

NAYANIMA BASU
New Delhi, 24 July

In a possible change of stance, India might finally relent on the World Trade Organization's (WTO's) trade facilitation agreement (TFA), provided it gets an "assurance" from 160 member-countries, especially the developed nations, that issues concerning food security would be addressed along with TFA.

Meanwhile, the WTO General Council has decided to take up issues concerning the Bali package, particularly TFA, at its meeting on Friday. The General Council, the highest decision-making body of WTO, is meeting in Geneva on Thursday and Friday.

According to a high-ranking official present in Geneva, there was "visible change of stance in India's position" on Thursday during the General Council meet, even as hectic negotiations behind closed doors

took place to nudge India into signing the Protocol of Amendment that would make TFA a legal framework.

"India has not said no to TFA. India will block it, unless its concerns regarding food security and public stockholding are addressed. The two are not the same," another official, asking not to be named, told *Business Standard*.

The bone of contention, according to officials, is that work on TFA has advanced more rapidly than that on food security. Apart from that, India has never raised any objection to the trade facilitation agreement.

Apparently, the same message was communicated to Indian ambassador to WTO Anjali Prasad last evening, though the Cabinet Com-

mittee on Economic Affairs did not take an official position on the issue.

This is somewhat similar to what happened during the conclusion of the G20 trade ministers' meeting in Sydney last week.

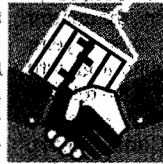
Prasad is also learnt to have spoken to Commerce Secretary Rajeev Kher to firm up the country's stance on the issue.

According to Keith Rockwell, director of WTO's Information and External Relations Division, WTO Director-General Roberto Azevêdo met Minister of State (Independent Charge) for Commerce and Industry Nirmala Sitharaman twice on the sidelines of the G-20 meet. "Azevêdo held no conversation (over telephone) with Sitharaman

or any other Indian official on Wednesday. He (last) met with her in Sydney," Rockwell added.

However, India does not seem to be winning friends in this issue. Several officials *Business Standard* spoke to indicated the developed countries were not willing to link the two issues because the consensus reached during the Bali Ministerial was that issues concerning food security and public stockholding would be taken up later, as the deadline for that is 2017. By comparison, if TFA gets converted into a legal document, it will be opened up for a year for all members to ratify it for implementation by July 31, 2015.

A statement made by Thailand, Malaysia, Vietnam, Pakistan and other developing countries, meanwhile, said: "A decision to step away (from TFA) will be in no one's interest. It will undermine the ability of WTO to deliver for the future."



Negotiations are learnt to have taken place in Geneva to nudge India to sign the Protocol of Amendment

Bill cleared to empower Sebi to deal with Ponzi schemes

BS REPORTER
New Delhi, 24 July

The Union Cabinet cleared the Securities Laws (Amendment) Bill on Thursday, to empower the Securities & Exchange Board of India (Sebi) to effectively check illegal deposit taking and Ponzi schemes, with a corpus of at least ₹100 crore.

"The Cabinet Committee on Economic Affairs has cleared the Bill," a finance ministry official said after the meeting. It will be introduced in Parliament and replace an earlier ordinance to this effect.

In March, the President had re-promulgated the ordinance. It had strengthened the enforcement powers of Sebi, while allowing it to conduct searches and seizures.

Officials said Sebi wanted to introduce a concept of minimum penalty. "That has been incorporated. The rest is mainly the ordinance. But, for exact details, we will have to wait a bit."

Sebi Chairman U K Sinha said it would send a strong signal to those defrauding gullible investors with illegal schemes. He expressed hope the Bill would get approved in the current session of Parliament.

"I have not formally seen what has been approved by the cabinet or what was the proposal. But if it is on the lines approved in the earlier ordinance, then there are two-three most important things. The first is unauthorised deposit col-



"I think the most important impact, once this Bill is passed by Parliament, will be to give a signal to the people who are in the habit of raising unauthorised money from gullible investors that Parliament does not approve of it"

U K SINHA
Sebi chief

lecting investment schemes, the second relates to the area of Sebi's ability to recover the penalties and the third would pertain to special courts where people can be prosecuted, if they have violated the regulator's norms," Sinha told reporters in Chennai.

The Bill seeks to give Sebi sweeping powers like attachment of properties, launch of recovery proceedings, seeking call data records to investigate cases and ordering search and seizure against manipulators and fraudsters. It has checks and balances to the powers of Sebi. It has also introduced some additional amendments based on the recommendations of Parliament's standing committee on finance and additional proposals from Sebi.

The additional amendments provided that the Sebi chairman should record the reasons in writing while issuing an order for search and seizure, and that the

authorised officer may requisition the services of a police officer or any officer of the central government to assist him in these.

The Securities Laws (Amendment) Ordinance was first promulgated on July 18, 2013. It had to be promulgated thrice, as it could not be passed by Parliament. The move came after the chit fund scam of the Saradha group was exposed in Kolkata in 2013.

"It will give a signal to the people who are in the habit of raising unauthorised money from gullible investors that Parliament does not approve of it," Sinha said.

To tackle Ponzi schemes being floated as Collective Investment Schemes (CIS), any money collection of ₹100 crore or more will be classified as a CIS and thus would fall under Sebi's domain.

This will bring chit funds with a corpus of more than ₹100 crore under Sebi's ambit; these were earlier exempt.

25% of wheat stock to be sold to cool prices



BLOOMBERG
New Delhi, 24 July

India, the world's second-biggest wheat producer, will sell 10 million tonnes from state inventories in the domestic market as the worst start to the monsoon since 2009 threatens to stoke food prices. The grain will be sold to users in the open market from reserves of about 39.8 million tonnes, Food Minister Ram Vilas Paswan said after a Cabinet meeting in New Delhi.

Prime Minister Narendra Modi's government has ordered a crackdown on hoarders and set minimum export prices on onions and potatoes to increase domestic supplies amid concern that scanty monsoon rainfall will hurt crops and fuel inflation. The Cabinet last month approved sale of five million tonnes of rice from state stockpiles to curb a surge in prices.

Gains in food inflation slowed in June to 8.14 per cent from 8.74 per cent the previous month, while the consumer price index rose 7.31 per cent in June, the least since January 2012.

India received 25 per cent less rain than a 50-year average between June 1 and July 23, the India Meteorological Department estimates.

Economists peg FY15 growth at 5.3%

REUTERS
Bangalore, 24 July

India's economic growth will accelerate this financial year but economists in a Reuters poll trimmed their forecasts, tempering their optimism the first majority government in three decades would quickly bring in reforms and spur business investment.

The poll of 25 economists

taken this week forecast growth would rise to 5.3 per cent in the current financial year, slightly down from the 5.5 per cent expected in April, when the world's largest democracy was in the middle of national elections. Growth is expected to be 6.3 per cent next year, unchanged from the previous poll.

For some forecasters, at least, it is too early to expect

drastic policy changes that would lead to major upward revisions to growth forecasts.

Only five of 16 economists expected the government to meet its budget deficit target of 4.1 per cent of the gross domestic product for the current financial year.

The economy grew 4.7 per cent in the previous financial year.

Tomato, Potato Prices Continue to Skyrocket

Tomato supplies have suffered following heavy rains in north India while UP traders are now exporting potatoes to Pakistan

SUTANUKA GHOSAL & JAYASHREE BHOSALE
KOLKATA/PUNE

Potato prices are rising, while tomato has briefly touched ₹100 a kg in some neighbourhood markets in north India because of a supply glitch.

Tomato supplies have suffered following heavy rains in the north. Meanwhile, potatoes are being exported to Pakistan and the country's second-biggest producer, West Bengal is contemplating restrictions on allowing traders to supply the tuber to other states.

Potato prices have risen to ₹40-45 in Bangalore. Traders in Uttar Pradesh, the major supplier to the south are exporting potatoes to Pakistan, where prices have touched ₹70 a kg. Last week, the Economic Coordination Committee of the Cabinet in Pakistan extended the date for duty-free import of potatoes till November 15, and approved import of another 100,000 metric tonne of potatoes to arrest skyrocketing prices.

KR Krishna, a leading wholesaler of vegetables from Yeshwanthpur, Bangalore said the region receives potatoes from Uttar Pradesh, West Ben-

gal and Madhya Pradesh. "At the wholesale level price of potatoes is hovering around ₹23-25 per kg. And at the retail level prices have shot up to ₹40-45 in Bangalore. In Chennai, price is around ₹35-40 per kg and so is it in Hyderabad. Prices will cool off hopefully once potato starts arriving from Hassan from second week of August." Prices are also rising in Gujarat, Narendra Modi's native state. In Ahmedabad the wholesale price of good quality potato which was priced at ₹16 per kg earlier is now selling at ₹21. At the retail end price is hovering around ₹30 per kg. In Delhi and NCR, price of potato is hovering around ₹30 per kg.

Pakistan's announcement last week on duty free import has enthused traders in Uttar Pradesh, the largest producer of the tuber. Last week, the price at the wholesale level was ₹16 per kg. Now it is ₹18 per kg and traders indicate that prices may go up further. "I am sending 17 tonnes of potatoes per day according to the requirement of Pakistani buyers. I am getting good prices from Pakistan which is equivalent to the minimum export price (MEP) set by the government," said an Agrabased trader who did not want to be named. India has set an MEP of \$450 tonne for potatoes. Even Sri Lanka is showing interest to buy Indian potatoes, said Patit Paban De, a leading potato trader from West Bengal. RP Gupta, director, National Horticultural Research and Development said, "Fresh potatoes which are arriving from hilly areas of Himachal Pradesh and Uttarakhand are now pricey. But potato prices will stabilise from September onwards." India had produced 46.3 million tonnes of potato last year. While prices of potatoes have shot up in most parts of India, West Bengal chief minister Mamata Banerjee is mulling to stop intra-state movement of the tuber to arrest prices in her own state. In last one week wholesale price has gone up 7% in Bengal which has moved up prices at retail level. "If prices go up further then we will stop movement of potatoes from our state. CM has called a meeting on July 28 to review the situation and take a final call," said Arup Roy, state agri marketing minister. The state has 34 lakh tonnes of potatoes in cold storages.

RETAIL PRICE WOES

Tomato prices in many big cities ranged from ₹60/kg to ₹80/kg. The ministry of consumer affairs, which monitors daily retails prices in key cities across the country, on its website said that the retail price of tomatoes in Mumbai on Thursday was ₹45/kg but traders in the Vashi mandi said even wholesale prices were higher, ruling between ₹50/kg to ₹60/kg. Tomato supplies have been disturbed almost across in the country in July. Traders, wholesalers blame it on the erratic monsoon. Farmers from Narayangaon near Pune say that the disease incidence almost spread within a week, affecting more than 50% farmers in the area. According to trade estimates, tomato arrivals dropped from 18.37 lakh crates in June to 4.26 lakh crates of 20 kilogram each in Ju-

ly. "The daily arrival of tomatoes had declined from about 80,000 crates in June to about 50,000 crates in July. Last year, the daily arrival used to be 1 lakh crates in July and August," said an official of the Narayangaon market. The farmer-level tomato prices in June were ₹5/kg to ₹15/kg. At the Azadpur market in New Delhi, wholesale prices of tomatoes are between ₹20/kg to ₹40/kg.

IMF Retains India's Growth Target at 5.4%

All emerging economies see cut in forecast, Russia takes biggest hit

OUR BUREAU
NEW DELHI

India is the only big emerging economy to escape a cut in the International Monetary Fund's update of its World Economic Outlook that says the global economy seems to have tripped on an unexpected contraction in the US economy in the first quarter.

IMF has retained its forecast of 5.4% growth in Indian economy in 2015 and a stronger 6.4% growth next year.

"In India, growth appears to have bottomed out, and activity is projected to pick up gradually after the post-election recovery in business sentiment, offsetting the effect of an unfavourable monsoon on agricultural growth," the IMF said.

Global economy is now projected to grow only 3.4% in 2014, down 0.3 percentage point from the earlier forecast. "The recovery continues, but it remains a weak recovery, indeed a bit weaker than we forecast in April," Olivier Blanchard, Economic Counsellor, IMF, said in a statement attributing the downward revision largely to the developments in the US.

"In retrospect, it (first quarter contraction in the US) seems to be largely due to one-off factors, ranging from an inventory correction to unusually bad weather. Looking forward, US growth for the rest of the year is still forecast to be 3.25% and 3% in 2015," he said. IMF has retained its 2015 forecast at 4%, but warned that geopolitical risks have risen.

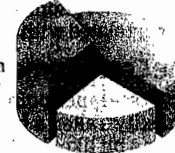
"Global growth could be weaker for longer, given the lack of robust momentum in advanced economies despite very low in-

IMF Delivers a Cut

Growth forecasts down % annual growth in 2014	Latest forecast	Variance from earlier forecast
World	3.4	-0.3
United States	1.7	-1.1
Euro Area	1.1	0
Emerging and Developing	4.6	-0.2
Russia	0.2	-1.1
China	7.4	-0.2
India*	5.4	0
Brazil	1.3	-0.6
South Africa	1.7	-0.6

Many downside risks

- Increased geopolitical risks could lead to sharply higher oil prices
- Risk of a renewed rise in longer-term interest rates, particularly in the US
- Major economies face stagnation risk in medium term
- In the euro area, adverse shocks could lead to lower inflation or price decline



terest rates and the easing of other brakes to the recovery," the IMF said in its outlook warning geopolitical risks could lead to sharply higher prices.

The emerging economies faced "the negative growth effects of supply-side constraints and the tightening of financial conditions over the past year could be more protracted," the IMF said but added that leading indicators suggested global recovery regaining strength in the second quarter of 2014.

Barring India, all other BRICS members saw their forecast cut in the review, with Russia taking the biggest knock — its likely growth is now pegged at 0.2% compared with 1.3% earlier and, for 2015, at 1% instead of 2.3% earlier. "This reflects mainly a deterioration of business confidence, which has been aggravated by geopolitical tensions. The result has led to large capital outflows, and a near freeze in investment decisions," Blanchard said.

India at 3rd Place on PPP Basis

NEW DELHI: The IMF has updated its the World Economic Outlook estimates of purchasing power parity weights and GDP after the International Comparison Programme (ICP) released new benchmarks for 2011. India has a higher 6.7% share of global GDP on purchasing power parity basis in 2011 compared with 5.8% according to 2005. India is now the third biggest economy on the PPP basis. In terms of market exchange rates, India has only a 2.5% share.

Govt Plans to Build 12 Dry Ports, Accelerate Connectivity Projects

Working on improving draft capacity of ports, where docking areas are 12 metres deep

VIKAS DHOO
NEW DELHI

To make Indian exports more competitive, the Narendra Modi government is drawing up an ambitious plan to build 12 dry satellite ports to spruce up the dozen major ports, so that they can dock super-sized ships and set up a new entity to speed up long-stalled port connectivity projects.

Exporters would be able to conduct all their customs and export paperwork at the dry inland ports from where their consignments would be forwarded and loaded onto a ship at the nearest sea port. The system envisages an exporter from Jodhpur sending his goods to the Kandla or Mundhra ports in Gujarat, while one in Telangana would be linked to the Kakinada or Vizag ports.

Senior government officials said the idea was firmed up after a delegation of leaders from Telangana pointed out to the government

“We are looking at 12 such dry satellite ports and are working out the details, so that we can offer states that don't have a coastline or a port to export their products from.”

SENIOR GOVT OFFICIAL

that the creation of the state has deprived it of the erstwhile Andhra Pradesh ports that are now part of Seemandhra.

“Shipping minister Nitin Gadkari has told them the problem could be sorted out by setting up a riverine or dry port in Telangana from where goods can be transferred to the Seemandhra ports,” an official told ET, adding export-related paperwork could also be completed at such hinterland ports.

In Telangana's case, a riverine port could be considered on the banks of the Godavari at a site that is well-connected to a national highway and the railway routes, from where goods could be sent to the Kakinada port through an inland waterway, for instance, he said.

“We are looking at 12 such dry satellite ports and are working out

the details, so that we can offer states that don't have a coastline or a port to export their products from,” the official said.

The government is also working on improving the draft capacity of India's 12 major ports, where docking areas are currently only 12 metres deep, making the largest and most cost-effective ships out of bounds for Indian exporters.

“We can't get 200,000-tonne super ships without a draft of 18 metres, so we are looking at a tie-up between Cochin Shipyard and a foreign technology partner to boost our dredging capacity and deepen the existing ports to 18 metres,” the official explained.

All the major ports have also been asked to consider shelling out ₹100 crore to ₹200 crore from their profits to pool in equity for a new corporation that will focus on executing port connectivity projects worth ₹20,000 crore that had been announced years ago but have seen little work on the ground. The new entity would likely be operational by October this year, officials said.

Shipping and road transport minister Gadkari had said last week that he hopes to boost the country's GDP by at least 2% by improving the state of roads and ports over the next two years.

'Aadhaar will be used for LPG subsidy to needy'

By the Bureau

New Delhi, July 27 (Close on the heels of Prime Minister Narendra Modi endorsing the Unique Identification Authority of India and pitching for use of the Aadhaar platform for speedy roll-out of the fledgling direct benefit transfer (DBT) scheme, petroleum minister Dharmendra Pradhan said on Thursday that in order to target the LPG subsidy to the needy, the government will also use Aadhaar.

As far as LPG subsidy is concerned, the minister said, some section of the society needed it, but added that the question was how to identify them and fix the quantum of subsidy. "In order to reduce the subsidy burden, the needful reforms would be taken. We are working towards a mechanism to roll out targeted subsidy. It is possible to identify targets, maybe through UIDAI and NPR,



Petroleum and natural gas minister Dharmendra Pradhan at the Express Group's Idea Exchange on Thursday AMIT MEHRA

and the marketing network would be effectively monitored," Pradhan said, setting a timeframe of "a month or two" to take steps in this regard.

Speaking at the Express Group's Idea Exchange programme, Pradhan, 45, recalled the SC ruling that natural resources like gas belonged to the people of In-

dia with the government being the custodian of the same. On gas pricing, he said, "This (the SC's view) is the primary premise. We feel that all issues related to gas pricing should be looked at afresh. The (Rangarajan) formula has been questioned; so without being judgmental, the government wants to review it."

Ministry readies road map to phase out e-auctions by CIL

Subhash Narayan
New Delhi, July 24

THE coal ministry has prepared a road map for phasing out of the lucrative e-auction route for Coal India (CIL), a move that is likely to adversely impact the company's bottomline and its valuation ahead of a proposed stake sale.

Sources said that CIL has already been directed to reduce quantity of e-auction coal to a mere 26 million tonne in 2014-15, a fall of over 55% from 58 mt it sold under the route last year. The company may need to keep the e-auction of coal at 5% of its total production in subsequent years. Depending on the fuel availability situation, the company could be told to further reduce this quantity with possibility of completing eliminating e-auction of coal once domestic prices are aligned with international prices.

"The intention is that fuel needs of maximum number of power projects are met first before any other route is ex-



plored to sell coal," said an official.

The situation on fuel availability for power projects has already reached critical stage this year. Of the 100 coal-based power plants monitored by Central Electricity Authority (CEA), about 44 plants are currently having critical coal stock of less than seven days, of which 25 power plants are having super critical coal stock of less than four days requirement.

The decision (to reduce CIL e-auction) could result in loss of earnings to the tune of ₹2,000 crore for CIL in 2014-15.

Depending on the decisions taken in subsequent years, the earnings could see a further fall. Already CIL's financials are under stress with the company's witnessing a drop in the last fiscal profit, the first such fall since the global financial crisis of 2008-09.

The move is expected to af-

fect government's disinvestment programme as a 10% divestment of the government equity in the company is expected to fetch close to ₹24,000 crore or more than one-third of ₹63,425 crore pegged from the disinvestment proceeds in this year's Budget. With expectation of falling profitability, the company's valuations can take a hit impacting the share sale issue.

CIL sold close to 58 million tonnes of coal, or 12.5% of its total production of 462 million tonnes, through spot e-auctions in 2013-14.

This helped the company earn revenues to the tune of about ₹13,000 crore. If the fuel was sold at notified prices, the earnings from the same amount of coal would have been lower by ₹4,000 crore.

The average price of coal being sold by CIL at notified prices is currently at ₹1,600 a tonne. While average realisation of e-auction in 2013-14 remained at ₹2,200 per tonne. The price of e-auction coal last year actually fell from a level of ₹2,600 per tonne in the previous year.

CCEA okays sale of 10 mt of wheat in open market

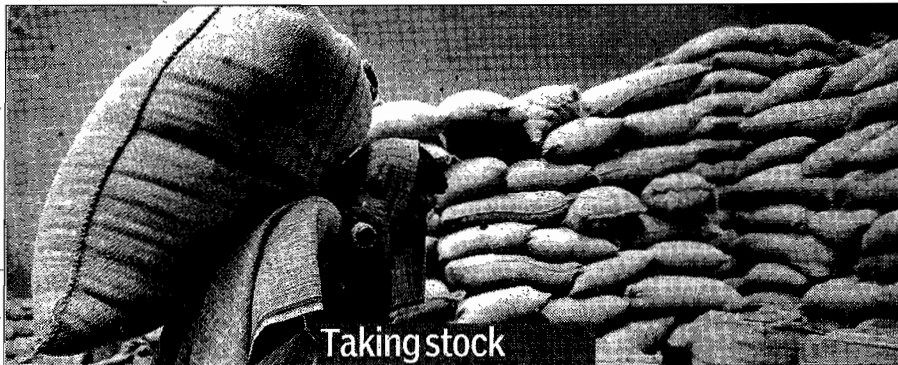
■ Wants to avoid any price escalation of staple grain ■ Reserve price set at ₹1,500/quintal

fe Bureau
New Delhi, July 24

THE government on Thursday decided to offload 10 million tonne of FCI wheat stocks in the open market till March 2015, much higher than 5.8 million tonnes sold last year, in a bid to avoid any price escalation of the staple grain. The reserve price for the open market sale would be ₹1,500 per quintal exclusive of freight costs, a food ministry official told FE after a meeting of the Cabinet Committee on Economic Affairs (CCEA).

While offloading of FCI's wheat stocks in the open market are usually done from September, the inflation-wary Narendra Modi government, this time around, decided to commence the operations two months in advance.

As per Agricultural Marketing Information Network (Agmark) data, the wholesale wheat price at Khanna market (Punjab)



Taking stock

has risen marginally to ₹1,435 per quintal on Thursday from ₹1,400 per quintal a week back. In Ghaziabad market, the grain is currently sold at ₹1,600 per quintal.

The FCI was holding close to 40 million tonne of wheat at the start of this month, more than double the strategic reserve requirement.

Sources said the FCI would now sell bulk of grain from its old stocks. As far as rabi crop (2014-15) is concerned, procurement ended by end-June. For this crop, open market operators will

■ Close to 40 mt of wheat with FCI at the start of July, more than double the strategic reserve need

■ The entire quantum of wheat would be sold to bulk buyers through weekly tendering process

■ In FY14, 5.8 mt of wheat was sold against the govt target of 8.5 mt

have to offer a 5% premium over ₹1,500 a quintal.

The entire quantum of wheat would be sold to bulk buyers through weekly ten-

dering process which would also ease storage pressure faced by the FCI prior to the procurement season starting April next year.

In the last fiscal, FCI had sold 5.8 million tonne of wheat to bulk buyers while the government had set a target of 8.5 million tonne of grain to be sold under open market sale scheme.

The FCI had realised average price of more than ₹1,604 per quintal (inclusive of freight) for the wheat sold to private traders, earning ₹9,310 crore.

"Supply situations would improve in the next few months and will keep wheat price under control," Adi Narayan Gupta, a flour miller from Uttar Pradesh and former president of Roller Flour Millers Federation of India, said.

To combat inflation, the government last month allocated 5 million tonne of rice additionally for the Targeted Public Distribution System (TPDS).

In 2013-14, around 20 key consuming states such as Uttar Pradesh, Madhya Pradesh, Kerala, Tamil Nadu, Karnataka, Orissa, Bihar, West Bengal and Maharashtra were allocated 2 lakh tonne of wheat for sell to bulk buyers. Himachal Pradesh and north-eastern states have been allotted 50,000 tonne of wheat each under OMSS.

Food secretary Sudhir Kumar last week tweeted 'the government will offer wheat for open market sale from central pool'.

We have miles to go in improving rural India: Jaitley

PNS ■ NEW DELHI

Finance Minister Arun Jaitley on Thursday said the country has "miles to go" to improve investment flows into farm sector, rural infrastructure and housing in villages.

"I don't want to say that nothing has been done but still we have miles to go. Capital formation in agriculture which is the key to the development of the rural infrastructure. That is the one area where we are still hugely lacking," he said at a function organised by Nabard.

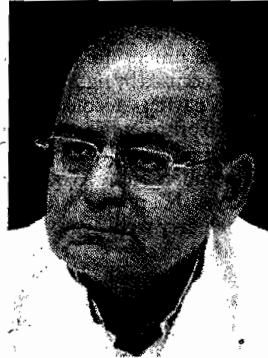
"We have embarked upon rural roads programme, embarked upon several irrigation (projects). We talk about affordable housing in urban areas but rural housing is still not being mentioned as part of larger national agenda," Jaitley said.

The government therefore has decided to provide housing for all in the next few years.

Besides, it would be government's endeavour to provide power to all, toilet to all, clean water to all and reasonable access to rural roads in the next few years, he added.

"It's difficult and challenging but absence of this can never give us satisfaction," he said.

Praising the efforts of National Bank for Agriculture and Rural Development (Nabard), Jaitley said it has played key role in development of rural India which comprises of largest percentage of India's



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ARUN JAITLEY

population.

"Nabard has become pivotal organisation doing work for different fields of in the rural areas which are all included under the larger umbrella of rural development. It's perhaps the most challenging field of the economic activity which has been assigned to Nabard," he added.

Need to be pro-industry to service the poor, says Jaitley

ENS ECONOMIC BUREAU
NEW DELHI, JULY 24

FINANCE minister Arun Jaitley on Thursday justified the government's decision to ~~hike the foreign direct investment limit (FDI) in insurance sector to 49 per cent, saying that the step was required to raise funds for the sector.~~

"Insurance sector is cash starved. The health sector is not picking up because of this... The hard reality is that we need to expand insurance in several sectors," he informed the Rajya Sabha during his reply to the debate on the Appropriation Bill.

Jaitley said that the NDA government has come back to the original proposal on which the Congress had also agreed. "By December 2013, we had made some considerable headroom but due to elections it was not carried forward... it was the NDA government which had originally conceived of 49 per cent FDI in the sector but at that time the Congress had no appetite for it," he said.

He asserted that profit is not a bad word, and that the low tax regime envisaged in the Budget is aimed at boosting economic activity. "We have reached a stage where profit is

“ We have reached a stage where profit is not a bad word. Unless there is a profit, there will be no taxes

ARUN JAITLEY,
Finance Minister

not a bad word. Unless there is a profit, there will be no taxes." He also argued that the Budget was both pro-business and pro-middle class.

"Some members said this Budget was pro-business ... I will make a candid confession ... Does it help middle class and neo middle class. yes it does. I have worked on the premise that low taxation is good for the economy. People want to buy goods, they don't want to buy taxes. I have no hesitation in saying that this Budget is pro-business. It also helps the middle-class, the neo-middle class and the poor. You need to be pro-industry, to garner revenues and then to service the poor", the minister said.

Jaitley said a pick-up in manufacturing activity would in turn stimulate growth and boost government revenues to help in social sector schemes and ultimately in poverty eradication and job creation.

"The real challenge is to return to 8 per cent to 9 per cent growth rate," he said, while underlining challenges created by the previous UPA government.

Though there are some initial signs of recovery in the economy, Jaitley also said that concerted national efforts must be made to ensure that investments return to the country, "In the last few years, there has been a reverse flow of investments," he said.

"The earlier government could have been more decisive. It could have avoided a drift in policy decisions. It could have taken steps when the economic environment got impacted by the various scams," he said.

Jaitley also clarified that the government would move ahead with hiking the FDI cap in the defence sector to 49 per cent but the policy would remain the same.

As announced in the Union Budget on July 10, the government as a policy would not use the power on retrospective taxation, he said. A framework has been created in the CBDT to deal with any fresh issues, while pending litigations would be allowed to continue, he added.

Skills ministry to subsume units from 19 ministries

SURABHI

NEW DELHI, JULY 24

DESPITE some resistance from various ministries, the government is finalising the contours of the new ministry of skill development and entrepreneurship which will take over skilling initiatives from all other government agencies.

A decision on its final shape is expected soon, said three officials familiar with the development. The Cabinet Secretariat is expected to make changes in the Allocation of Business Rules of the government to allow agencies related to skilling and entrepreneurship to be consolidated into the new ministry.

The decision is expected after an inter-ministerial consultation by the Prime Minister's Office earlier this month.

"Views of all the 18-20 ministries involved in skilling were taken at the meeting in early July. Now we are expecting that something will be announced soon but the transition would take some time," said one of the officials.

So for instance, the director general of employment and training in the labour ministry that runs industrial training institutes and skilling initiatives could be transferred to the new ministry along with the National Skill Development Corporation (NSDC) that was set up by the finance ministry.

Similarly, skill development and entrepreneurship agencies with the ministry of micro, small and medium enterprises are expected to be merged with the new ministry as well as the technical training division in the ministry of human resources development.

With a vision of creating a "Skilled India", Prime Minister Narendra Modi had created the ministry of skill development and entrepreneurship a day after

BUSINESS RULES

■ The Cabinet Secretariat is expected to make changes in the Allocation of Business Rules to allow agencies related to skilling and entrepreneurship to be consolidated into the new ministry

■ The decision is expected after an inter-ministerial consultation by the Prime Minister's Office earlier this month

■ The new ministry will have agencies drawn out of ministries of labour, MSME, human resources

assuming office and had allocated the portfolio to Sarbananda Sonowal, who is also minister of state (independent charge for sports and youth affairs).

The ministry has no officers at present and the minister continues to work out of his office in the ministry of sports and youth affairs.

"With the new ministry now being set up, there will now be an inter-ministerial integrated effort," Sonowal had earlier told *The Indian Express*.

However, sources said that many ministries have expressed unhappiness over the pruning of their roles. The department of economic affairs is understood to have pitched for retaining NSDC within the finance ministry, while similar rumbles have also come from the labour ministry.

"It is ultimately a political decision and out of our hands," an official, however, pointed out.

Though the UPA government had set a target of skilling 500 million youth by 2022, formal training in India is still abysmally low compared to other countries. Currently, only 10 per cent of the workers between the ages of 15 and 59 years have some amount of professional training in India, of which just an abysmal 2.5 per cent have professional training. In contrast, globally on average, 60 per cent to 80 per cent of a country's workforce is skilled