

योजना आयोग भारत सरकार Planning Commission GOVERNMENT OF INDIA

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NEWS AND VIEWS

Polity

- ❖ Purushothaman to quit: 'Governors can't be treated like clerks'...

Economy

- ❖ Gowda eyes local, foreign funds to drive Railways...

Planning

- ❖ Govt readies plan for 51% FDI in defence...

Editorial

- ❖ Full of ideas, short on substance...

"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

- **Purushothaman to quit: 'Governors can't be treated like clerks':** Breaking his silence over his transfer from Mizoram to Nagaland, Governor Vakkom B Purushothaman on Tuesday said Governors "cannot be treated like clerks" and that he plans to resign in protest on July 11. "Governors must be given more importance. Theirs is a constitutional office. They cannot be treated like clerks, transferring them here and there. It is not fair to transfer them as they are doing now without their consent. If they had asked me to resign I would have not done so. But now they have transferred me, and without my consent. So as a mark of protest I will resign," Purushothaman told The Indian Express. Purushothaman, who took over as Mizoram Governor on September 2011, will be the first politician-turned-Governor to resign as all others who left office after the BJP came to power at the Centre are former bureaucrats. His resignation would mean both Nagaland and Tripura, which he currently holds additional charge of, would be without Governor for the time being. The 86-year-old will send in his papers from his home state Kerala. He will go to Chennai for a medical check-up on Wednesday, and then proceed to Thiruvananthapuram, the city he hails from. He won't be returning to Aizawl on July 18, as planned earlier. Purushothaman's exit from Mizoram will coincide with the arrival on Wednesday of Governor Kamla Beniwal, who has been shunted out of Gujarat where she had several tussles with the state government when Narendra Modi was the chief minister. (The Indian Express).

Economy

- **Gowda eyes local, foreign funds to drive Railways:** With less-than-desired Budgetary support from the Centre, Railway Minister DV Sadananda Gowda hopes to mop up money from other investors – both domestic and foreign – to implement his Rs. 65,000-crore plan. Gowda's Budget for 2014-15 had a 'white paper' feel, explaining the NDA take on what the UPA regime did to the Railways' finances by not increasing fares. Presenting his maiden Budget on Tuesday, he elaborated on how the losses of the passenger segment increased during the UPA regime, and how investments were "misdirected" into loss-making newer tracks rather than doubling congested ones, which would have led to financial returns. Gowda, who is not under any coalition pressure, has routed investments into identified, prioritised projects that he believes will offer good returns. Prime Minister Narendra Modi defined the Railway Budget as one that would set the direction not just for the Railways, but through the Railways for the entire country. The Budget has identified 30 projects that are expected to offer good returns and that are to be completed on a priority basis. From the gross budgetary support, the Minister has set 1,000 km of rail tracks for the dedicated freight corridor and also allocated Rs. 6,500 crore for the project. He has also set aside Rs. 5,116 crore for rail connectivity to the North-East – these funds will not yield returns immediately. (Business Line).

Planning

- **Govt readies plan for 51% FDI in defence:** Ahead of the Budget, the government is ready with a series of proposals to increase overseas flows into the economy, including a composite foreign investment ceiling that includes shares held by FII's and venture capital firms and slightly diluted norms for FDI in defence. A formal proposal to allow 100% in the several segments of the construction business is also ready and will be sent for consultations over the next few days. Senior government officials told TOI that the department of industrial policy and promotion, which had proposed a graded regime in regime that allowed 74% FDI if a foreign investor transferred technology and 100% for state-of-the-art equipment is now willing to lower the bar a little. So, a fresh plan that seeks to increase the ceiling from 26% to 49% for cases without transfer of technology and 51% with technology transfer is being discussed. The dilution in stance follows defence ministry's reluctance for a ceiling beyond 49%, a position which is also held by several large Indian corporate houses such as Larsen & Toubro and Bharat Forge. L&T has gone public with its stance against allowing foreign investors to hold over 49% in Indian defence ventures. "On FDI, we are not aware of the precise contours of government policy on FDI in defence. However, we do see the need for significant investment in the sector and investment, including from the Indian private sector, deserves encouragement," a Tata Sons spokesperson said. Government officials said that Prime Minister Narendra Modi may take a final decision on the FDI cap for defence. (The Times of India).

Editorial

- **Full of ideas, short on substance:** Having effected increases amounting to 14.2 per cent in passenger fares and 6.5 per cent in freight tariff last month, Railway Minister D.V. Sadananda Gowda had very little to do in his maiden budget. His presentation was full of ideas and policy formulations, but lacked concrete proposals or a vision or road map to take the Indian Railways forward. What became clear even before the budget presentation was that the Railways was in poor financial health, and a course correction was imperative as the operating ratio was precarious. In short, the Railways had to spend 94 paise for every rupee earned, leaving a surplus of just six paise. The system cannot afford the huge doses of investment required to complete ongoing projects, leave alone initiating new ones. Mr. Gowda says the Railways needs Rs.5 lakh crore over the next 10 years to complete just the ongoing projects. As outlined in the President's address to Parliament, the Diamond Quadrilateral Network of High Speed Rail system connecting major metros and growth centres was announced, but with a mere Rs.100 crore earmarked for initiating the project. He also unveiled the longer-term plan to introduce bullet trains, with the Mumbai-Ahmedabad route taking the lead. While the bullet trains will require completely new infrastructure, the high-speed train can make do with upgrading the existing network to allow speeds between 160 and 200 kmph. The budget focusses clearly on passenger amenities, cleanliness, safety and security. (The Hindu)

Purushothaman to quit: 'Governors can't be treated like clerks'

ADAM HALLIDAY

AIZAWL, JULY 8

BREAKING his silence over his transfer from Mizoram to Nagaland, Governor Vakkom B Purushothaman on Tuesday said Governors "cannot be treated like clerks" and that he plans to resign in protest on July 11.

"Governors must be given more importance. Theirs is a constitutional office. They cannot be treated like clerks, transferring them here and there. It is not fair to transfer them as they are doing now without their consent. If they had asked me to resign I would have not done so. But now they have transferred me, and without my consent. So as a mark of protest I will resign," Purushothaman told *The Indian Express*.

Purushothaman, who took over as Mizoram Governor on September 2011, will be the first politician-turned-Governor to resign as all others who left office after the BJP came to power at the Centre are former bureaucrats. His resignation would mean both Nagaland and Tripura, which he currently holds additional charge of, would be without Governor for the time being.

The 86-year-old will send in his papers from his home state Kerala. He will go to Chennai for a medical check-up on Wednesday, and then proceed to Thiruvananthapuram, the city he hails from. He won't be returning to

Aizawl on July 18, as planned earlier.

Purushothaman's exit from Mizoram will coincide with the arrival on Wednesday of Governor Kamla Beniwal, who has been shunted out of Gujarat where she had several tussles with the state government when Narendra Modi was the chief minister.

Beniwal will fly from Ahmedabad and is expected to land in Aizawl's Lengpui Airport at 1 pm, half an hour after Purushothaman's flight is scheduled for departure. The state government has tentatively scheduled 9 am Thursday for Beniwal's swearing-in ceremony as Mizoram Governor. Her term ends in November.

The state government will hold a small farewell ceremony for Purushothaman at Lengpui Airport on Wednesday. Chief Minister Lal Thanhawla will miss the ongoing assembly session to attend the ceremony and also to welcome Beniwal, according to a CMO official.

When asked if he had any parting message for the people of Mizoram, Purushothaman said Mizos are "one of the most peace-loving people" and the most literate after the people of Kerala. "Like Kerala and other states with high-literacy rates, Mizoram too will face the problem of unemployment among educated youths, and Mizo youths too will need to explore the world in search of work," he said.



VAKKOM B
PURUSHOTHAMAN

On-board dining, a new order

Ready-to-eat meals, regional cuisine to be on the menu

OUR BUREAU

New Delhi, July 8

Forget the drab food menu on Indian trains, on-board dining is all set for a revamp.

Not only will passengers be served pre-cooked meals or ready-to-eat meals from reputed brands, they will also get an option to order regional cuisine from food courts set up by the Railways through emails and SMS.

The Railway Minister on Tuesday said that a pilot food court project will start shortly between New Delhi-Amritsar and New Delhi-Jammu Tawi sections.

In addition, passengers will get an opportunity to give their feedback on the quality of food served on-board through an IVRS mechanism. The Railways will also seek third party audits of its catering services by certified agencies.

Ready-to-eat brands welcomed the move and said this will give a huge opportunity for a segment that is still nascent in the country.

Chitranjan Dar, Divisional Chief Executive, ITC Foods Division, which has the Kitchens of India and Aashirvaad ready to eat meals, said, "Ready-to-Eat packaged food is a hygienic, preservative-free meal option. Given that such packaged food can counter balance the seasonal availability of vegetables and provide year-round meals, it will bene-



Interesting fare The proposal to introduce ready-to-eat meals in trains have enthused the players in this segment.

fit both consumers as well as agriculture."

He added that passengers can be offered a wider variety of hygienic and safe products encompassing both the premium and popular segment.

Sanjay Sharma, CEO of MTR Foods, said, "We look at it as the first step of Ready-to-Eat being recognised as a safe, hygienically prepared and tasty food option for rail commuters." He said ready-to-eat meals are already being served on flights.

Analysts believe that although the segment is small, it is growing at a fast rate year-on-year.

Sahil Gilani, Director-Marketing and Sales, Gits Foods Products, said that this will increase the awareness

and acceptability of ready-to-eat meals and hoped that the Railways would seek reputed vendors through a clean supply chain and transparent mechanism.

Our Mumbai Bureau adds: The key beneficiaries would be ITC, Nestle with its cuppa noodles, Hindustan Unilever with its Knorr soup packs, and Marico with its masala oats.

Abneesh Roy, Associate Director, at Edelweiss Securities said that apart from pushing their existing ranges these companies would also innovate to tap this opportunity.

"Marketing efforts and the willingness to offer customised RTE packs has extended the reach of convenience foods," said Reetesh Shukla, Associate Director, at Technopak.

India, UK to set up Financial Partnership in three months

OUR BUREAU

New Delhi, July 8

India and the UK have agreed to launch a UK-India Financial Partnership that will aim to promote closer ties between Mumbai and London as financial centres.

The strategic partnership — to be supported by both the Governments and the respective financial services industries — will be set up over the next three months, according to a joint statement issued by Finance Minister Arun Jaitley and UK Chancellor of the Exchequer George Osborne.

This followed the seventh round of UK-India Economic and Financial Dialogue held here on Tuesday.

In the first year, the deal will cover the following workstreams: collaboration to develop the Indian corporate



Strategic ties Finance Minister Arun Jaitley with Britain's Chancellor of the Exchequer George Osborne in New Delhi on Tuesday. PTI

bond market; mutual sharing of expertise on banking regulation and capitalisation; enhancing financial training and qualification; financial

inclusion; (v) and developing a programme around the opportunities to improve cross-border provision of financial and insurance services.

Mahatma's statue to be installed in London's Parliament Square

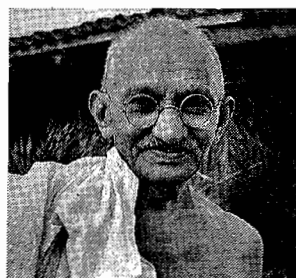
PRESS TRUST OF INDIA

New Delhi, July 8

Sixty-seven years after he led India to freedom from British rule, a statue of Mahatma Gandhi would be installed in Parliament Square in London by early next year.

The British Foreign Minister William Hague and Chancellor of Exchequer George Osborne, who are on a visit here, today announced the plan for the statue of Gandhi, the inspiration for non-violent civil rights movements around the world.

"Gandhi's view of communal peace and resistance to division, his desire to drive India forward, and his commitment to non-violence left



Mahatma Gandhi

a legacy that is as relevant today as it was during his life. "He remains a towering inspiration and a source of strength. We will honour him with a statue alongside those of other great leaders in Parliament Square," Hague said.

Osborne said as the father of the largest democracy in the world, it's time for Gandhi to take his place in front of the mother of Parliaments. He is a figure of inspiration, not just in Britain and India, but around the world, he said.

"New Indian Prime Minister (Narendra) Modi invoked his memory in his inaugural speech to Parliament. I hope this new memorial will be a lasting and fitting tribute to his memory in Britain, and a permanent monument to our friendship with India," Osborne said.

The Foreign Minister and the Chancellor made the announcement while visiting

Gandhi Smriti, the Gandhi Memorial here on the second day of their visit. The British High Commission in a statement said, "A monument in a location of symbolic value for our democracy is a fitting tribute to this great man, which will inspire us all to uphold his ideals and teachings ahead of important anniversaries of key moments in his extraordinary life."

Gandhi has a particular connection to London, having studied there like so many of the talented young Indians it welcomes today, the statement added. The High Commission said that the aim is to install the monument by early next year.

Control fiscal deficit through economic expansion: Jaitley

New Delhi, July 8

AHEAD of his maiden Budget, finance minister Arun Jaitley on Tuesday said fiscal deficit needs to be maintained at an acceptable level through expansion of economy and tax buoyancy rather than contracting expenditure.

Replying to supplementaries during Question Hour in the Rajya Sabha, he said fiscal prudence is required because if the deficit goes out of control it would mean borrowing more to finance current expenditure.

"So, if we are borrowing more in order to finance the current expenditure, we are spending beyond our means. If we are spending beyond our means, we are going to leave behind a legacy of debt," Jaitley said.

Fiscal deficit has to be "maintained at an acceptable level," he said. "And, the cur-



'No list of Indians with Swiss banks'

■ **New Delhi, July 8:** India has been told four days ago that there is no list of Indian tax residents holding assets in Swiss Banks in their own name or through structures, the Rajya Sabha was informed. However, the government said the Swiss National Bank on its website reported that the total deposit of Indians in their banks have increased about ₹14,100 crore at the end of 2013 from about ₹8,547 crore a year ago. In a written reply to Shantaram Naik, finance minister Arun Jaitley said that the government wrote to the Swiss authorities on June 23 this year seeking information. "The Swiss authorities in their reply dated July 4, 2014 have stated that there is no list of Indian tax residents holding assets in Swiss financial institutions in their own names or through structures," he said. *PTI*

rent acceptable level, which is by the FRBM Act, is that you have to move towards 3%."

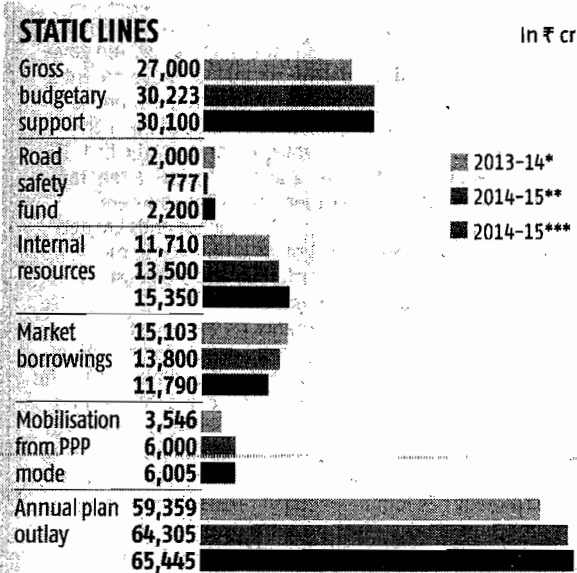
"I would personally have been happier if the containment of fiscal deficit takes place by expansion of the economy, by greater tax buoyancy, by greater tax collection, rather than by contracting expenditure," Jaitley added.

Stating that fiscal deficit can be controlled by either collecting more revenues or by spending less, he said: "When you spend less, you also tend to contract the expenditure and the economy. Therefore, we will have to have a judicious mix of expenditure as well as revenue collections".

But in exceptional times like the 2008-09 global slowdown, fiscal deficit has to be put behind and come out with an economic stimulus, he said, adding that "these are circumstances where the fiscal deficit itself will rise". *PTI*

BUDGET OUTLAY 1.77% more than the interim budget

2014-15 Plan outlay highest until now



*Revised Estimate; **Interim Budget; ***Full Budget; Note: The total might not match as all items have not been included Source: Railway Budget 2014-15

BS REPORTER
New Delhi, 8 July

With a focus on the safety and security of passengers, Railways Minister DV Sadananda Gowda on Tuesday proposed an annual Plan outlay of ₹65,445 crore for the Railways in 2014-15, the highest. The outlay is 1.77 per cent more than proposed by the United Progressive Alliance government in the interim railway budget for 2014-15 and about 10 per cent more than actual allocation in 2013-14.

A total of 23 per cent of the increased Plan outlay will be financed through internal accruals, projected at an all-time high of ₹15,350 crore, against ₹13,500 crore projected in the interim budget and the 2013-14 revised estimate of ₹11,710 crore. This indicates the government could continue with fare and freight rationalisation, the beginning of which was seen last month, when the government had raised passenger fares 14 per cent.

unmanned railway crossings, use of modern vehicle-borne ultrasonic flaw detection systems to detect rail and weld fractures in tracks and automatic closing of doors before trains began their journeys (both in main-line and suburban coaches), to be taken up on a pilot basis. Despite the increased budgetary support in 2014-15, the railways will still fall short of the 12th five-year Plan (2012-13 to 2016-17) target of generating about ₹194,221 crore from budgetary support. The low allocation in the first three years of the Plan effectively means to meet the target, the government will have to provide about ₹58,000 crore in the last two years of the Plan, through budgetary support.

The estimated market borrowing was scaled down to ₹11,790 crore from ₹13,500 crore in the interim railway budget and ₹11,710 crore in the revised estimate for the 2013-14.

In a reflection of its stretched financial position, the Modi government has pegged the 2014-15 gross budgetary support at ₹30,100 crore, marginally less than the ₹30,223 crore pegged in the interim budget.

"Safety of passengers is of paramount importance for Indian Railways. It is estimated about ₹40,000 crore will have to be invested in track renewal, elimination of unmanned level-crossings and construction of road under-bridges and road over-bridges," Gowda said, while delivering his maiden railway budget speech. He added the Railways had decided to embark on an ambitious path to safety and security of passengers. This included speedy construction of foot over-bridges and road under-bridges, elimination of 11,563

Indian Railways hopes to mobilise only ₹6,005 crore through the public-private partnership (PPP) mode, only ₹5 crore more than projected by the interim Railway Budget and significantly more than the ₹3,546 crore mopped up in 2013-14. This puts in doubt the mobilisation target through the PPP route in the 12th Plan. While the Railways is expected to generate about ₹100,000 crore through the PPP mode during the 12th Plan, only ₹16,551 crore is expected to be mobilised in the first three years of the Plan. For the Plan period, internal revenue generation is projected at ₹225,000 crore. The budget showed the Railways' share of the Road Safety Fund in 2014-15 is projected at ₹2,200 crore, against ₹777 crore projected in the interim budget of 2014-15 and ₹200 crore more than in 2013-14.

PPP • Industry expects private participation to help the Railways become a commercially viable organisation

Private funding, FDI to gather steam

Govt to leverage the resources of railway PSUs and channel its investible surplus to fund rail infra projects

BS REPORTER
New Delhi, 8 July

Served of funds, Indian Railways is eyeing foreign direct investment (FDI), surplus funds of railway public sector units (PSUs) and the public-private partnership (PPP) route to fund the "bulk of its future projects, including high-speed rail". Terming the paucity of funds the Railways' biggest challenge, Railway Minister D V Sadananda Gowda on Tuesday said as the Railways was capital-intensive, it hadn't been able to raise substantial resources through the PPP route.

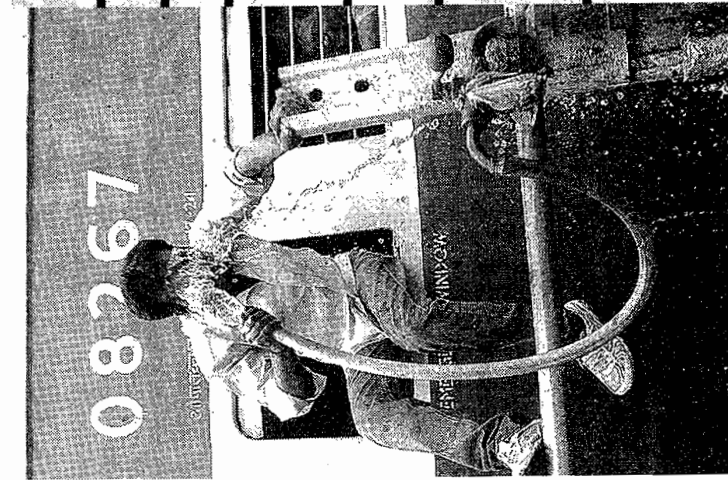
Of the total Plan outlay of ₹65,445 crore, PPPs are expected to bring in ₹6,005 crore. Railway Board Chairman Arunendra Kumar said during 2013-14, the Railways had raised ₹2,500 crore through the PPP route, ₹3,500 crore less than the target. Of the total PPP investment, ₹937 crore was raised by Rail Land Development Authority and its land monetisation programme.

Among the big-ticket plans the Railways wants to push through the PPP mode in 2014-15 are 20 power sector

and port connectivity projects (for the ports of Jajgarh, Dighi, Rewas, Hazira, Tuna, Dholera and Astranga), amounting to about ₹4,000 crore. "We will interact with industry and take further steps to attract investment under PPP through build-operate-transfer and annuity routes; eight-10 capacity augmentation projects on congested routes will be identified for this purpose," the railway minister said in his speech. Zonal railways would be "suitably empowered" to finalise and execute such projects, he added.

The government will also leverage the resources of railway PSUs and channel their investible surplus funds to the Railways' infrastructure projects. FDI in the sector, except in rail operations, will also get a push.

A string of initiatives, including passenger amenities such as foot overbridges, escalators and lifts, boundary walls and extension of dual-display fare repeaters at all ticket counters will be executed through the PPP route. "We will take up the development of identified stations to international standards, with modern facilities



HAND IN HAND...

Of the total plan outlay of ₹65,445 crore, PPP expected to bring ₹6,005 crore

During 2013-14, railways raises ₹2,500 crore through the PPP route

Of the total PPP investment that railways attracted, ₹937 crore was raised by the Rail Land Development Authority under its land monetisation programme

FDI in the sector, except in rail operations, also likely to be pushed by the government

Foot overbridges, escalators and lifts, building of boundary walls, extension of dual display fare repeaters at all ticket counters around stations to be executed through PPP route

The budget has also proposed private participation to harness solar energy by utilising roof top spaces of railway stations, other railway buildings and land

further.

Industry expects private participation to help the Railways become a commercially viable organisation. "Currently, Indian Railways is making losses and it lacks funds and the required infrastructure. Having private sector participation and opening the gates to FDI will fill the gap and give the desired boost. The emphasis on prioritising crucial projects is another signal towards growth," said Nalin Jain, business leader (South Asia), GE Transportation.

The PHD Chamber of Commerce and Industry said the right way to rebuild the Railways would be through domestic and foreign capital, for which a Cabinet note must be prepared as soon as possible.

"The minister has admitted railways finances are in a mess due to populist measures by previous governments. All necessary approvals of the government should be taken so that funds and technologies are garnered to serve the intended purpose," said Sharad Jaipuria, president of the chamber.

stations and other railway buildings. Similar initiatives will also be taken to modernise the Railways' logistics operations by setting up logistics parks that provide for warehousing, packaging, labelling, distribution, door-

to-door delivery and consent tracking. Private investment will also be encouraged to fuel the growth of a network of freight terminals. The policy for private freight terminals, Gowda said, was being restructured

and passenger amenities on the lines of newly developed airports, through the PPP model," Gowda said.

The budget has also proposed private participation to harness solar energy by utilising the rooftops of railway

Budget may allocate more for 10 new AIIMS

SUSHMI DEY
New Delhi, 8 July

The Narendra Modi government's maiden Budget is likely to increase budgetary allocation for setting up new All India Institutes of Medical Sciences (AIIMS) in various states.

The Union Ministry of Health has submitted a proposal to set up an AIIMS in at least 10 new states over the next year and is expecting a higher allocation of 10-15 per cent for this during Budget 2014-15, a senior official told

Business Standard.

According to the official, work has begun in this direction and the ministry has written to different states to identify land for setting up an AIIMS.

Last year, while the United Progressive Alliance government had announced a total allocation of ₹37,330 crore for the health care sector in Budget estimates for 2013-14, it made a provisioning of ₹1,650 crore for the new AIIMS-like institutes under the central sector scheme, Pradhan Mantri Swasthya

Suraksha Yojana.

Another official, in the know of developments, said the latest proposal to set up more AIIMS had secured "consent from the top-most level" in the government and therefore, would "certainly be part of the Budget".

Currently, there are a total of seven AIIMS across the country, including the one in New Delhi which was set up in 1956. The other six are new institutes developed on the same model in Madhya Pradesh,

Odisha, Rajasthan, Bihar, Chhattisgarh and

Uttarakhand. While these institutes were commissioned in 2012, indoor patient facilities in the hospitals of these AIIMS are currently functional in a limited way.

The ministry's latest proposal has considered 13 new states, including Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, Goa, Maharashtra, Arunachal Pradesh and Assam.

Union Minister for Health

Harsh Vardhan has also written to the chief ministers of Harayana, Himachal Pradesh, Jharkhand, Karnataka and Punjab to identify land in three to four locations for setting up an AIIMS in their respective states.

The idea behind setting up these new AIIMS in each state is to reduce traffic in AIIMS Delhi as the number of critical care patients are increasing across the country.

For full reports, visit www.business-standard.com



No List of Indians Holding Swiss Bank Accounts: FM

OUR BUREAU
NEW DELHI

India's efforts to elicit information on black money from Swiss authorities have hit a wall once again, with Switzerland saying that it has not compiled a list of Indian nationals holding assets in its banks.

"The Swiss authorities, in their reply dated July 4, 2014, have stated that there is no list of Indian tax residents holding assets in Swiss financial institutions in their own names or through structures," finance minister Arun Jaitley said on Tuesday.

In a written reply to Shantaram Naik in Rajya Sabha, the minister said India had written to the Swiss authorities on June 23 after it was reported in the media that Indians were keeping large amounts in Swiss banks.

The Swiss National Bank has reported on its website that the total deposit of Indians increased about ₹14,100 crore at the end of 2013 from about ₹8,547 crore a year ago.

Jaitley said following amendments to the Double Taxation Avoidance Convention (DTAC) with Switzerland on October 7, 2011, India had made several requests seeking information about its nationals holding accounts in Swiss banks. "There has been a positive response to some requests, where information has been provided subject to the confidentiality clause in the said DTAC. In other cases, the Swiss government has not been providing the information requested cit-



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ARUN JAITLEY
Finance Minister

ing restriction imposed by their domestic laws," the minister said.

On steps being taken to bring back black money stashed abroad, Jaitley said the finance ministry had constituted a special investigation team (SIT) under the chairmanship of former Supreme Court judge, Justice MB Shah. The work of SIT is in progress, he said.

India has upped pressure on Swiss authorities to part with information on tax defaulters, especially those that figured in the so-called HSBC list, which India received from the French tax authorities. The French had obtained the list from an employee of the London-headquartered bank.

WEAK MONSOON DEPLETES RESERVOIRS

Govt to Control Water Supply in Parched West, South India

MADHVISALLY
NEW DELHI

The government will have to regulate the supply of water for irrigation and drinking in western and parts of southern India as exceptionally weak monsoon has rapidly depleted reservoirs that normally start filling up rapidly by the end of June and provide water for the rest of the year.

The situation can be salvaged if the monsoon quickly bounces back from the current seasonal deficit of 42%. The India Meteorology Department maintains that rainfall will improve, but other forecasters are not so optimistic.

The Central Water Commission which coordinates schemes for water resources, irrigation, drinking water and flood forecasting is advising states to be judicious in using water, and to construct check dams quickly so that more water can be conserved.

"The current situation is crucial and we are keeping a watch. The water inflow is below normal primarily in the Krishna basin. So we are edging towards situation where we need to be careful of availability of drinking water. Similarly, in Vidarbha and Saurashtra we have to watch the situation. We might have to im-

pose reservation for drinking water," said AB Pandya, chairman, Central Water Commission. He said state government would decide how to allocate water for drinking and irrigation. "For example in places like Saurashtra drinking water can be released once in two days for half an hour. In other places where there are reservoirs only for drinking water, supplies can be reduced from twice a day to once a day. And in places where reservoirs are used for dual purpose- irrigation and drinking, the latter will be given emphasis," he said.

Officials said that in a normal monsoon year, there is enough flexibility to allocate water for drinking and irrigation but this year, there are fears of a shortage of drinking water. Pandya said such measures have been taken up in the past in regions like Rajasthan, Vidarbha and Saurashtra. As on July 3, the 30 reservoirs of south India, were filled only to 13% of the total live storage capacity of 51.37 bcm, compared to the average storage of last ten years during corresponding period at 25%. Similarly,

the 22 reservoirs in Gujarat and Maharashtra were filled only to 23% of the total capacity of 24.54 bcm. The water storage during the previous year was 30% and average storage of last ten years was 23%. Pandya said that they were going to watch the weather development for the next 10-15 days. "July is a crucial month. If water storage in reservoirs goes below the 10 year average then it will be difficult situation," he said. The Ministry of Water Resources is preparing an action plan for states which it is likely to give in the next few days said government officials. "Building small check dams, so that even the last October rain can be captured can be an immediate measure," said Pandya who felt that 2015 summer would be more critical if monsoon rains were not evenly distributed this year.

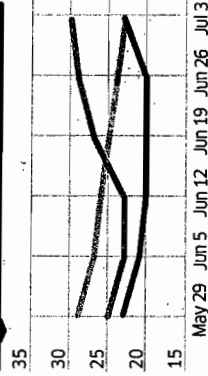
"The shortfall will keep building," he said. The reservoirs are filled by monsoon rains from June to September. Depleted reservoirs and weak rainfall can hurt winter planting because fields would have inadequate moisture and crops sown after the monsoon depend almost entirely on reservoir water. The country has the capacity to store 253,388 bcm of water, and adds new capacity every year.

Dipping into Danger

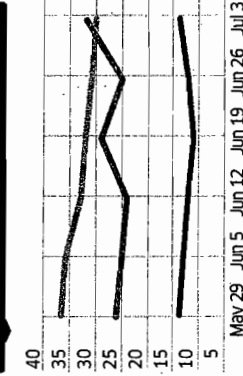
The storage levels at all reservoirs has been falling since end of May

■ % of total live storage capacity
■ % of storage of same period last year
■ % of storage of average of last ten years

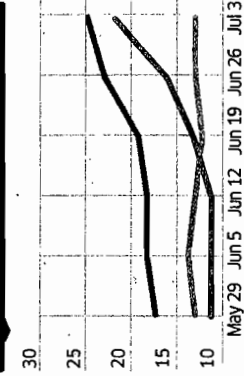
WESTERN INDIA



CENTRAL INDIA



SOUTH INDIA



Text: SHREYA MASKARA