योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

Thursday, 19th June 2014
Communication, IT & Information Division
Phone # 2525

NEWS AND VIEWS

Polity
❖ Pressure mounts but Governors dig in their heels...

Economy
❖ Govt anticipation on food prices...

Planning
❖ Finmin Plans to Divest Stakes in 7 PSUs; Coal India Sale May Fetch Rs 22,000 cr...

Editorial
❖ Good start on inflation...

"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

- **Pressure mounts but Governors dig in their heels:** Amid reports of the Narendra Modi government's apparent move to nudge some UPA-appointed Governors to step down, many of them have reportedly dug in their heels citing the 2010 Supreme Verdict which says the constitutional heads of states should not be axed when the ruling dispensation changes at the Centre. Maharashtra Governor K Sankaranarayanan, enjoying a second five-year term, today refused to resign saying he would consider quitting only if an "appropriate decision-making authority" asks him to do so. "Union Home Secretary Anil Goswami called me twice during last week (asking to demit office). I didn't reply to him anything," he said. "There is no vacuum in the Governor's post. No position in a democracy is permanent. If an appropriate decision-making authority asks me (to quit), I will definitely think over it," Sankaranarayanan told a TV channel. Similarly, West Bengal Governor MK Narayanan denied having put in his papers. In Karnataka, HR Bhardawaj, whose term ends in two weeks from now, has decided not to quit. Bharadwaj said Governors cannot resign unless their replacement is in place. Sources said over dozen vacancies would occur over the next seven months as many Governors were set to complete their term. Many BJP biggies were reportedly eyeing the positions. It is learnt that the ruling NDA-regime at the Centre may not go for en-masse removal of Governors. Some of these Governors are former IAS, IPS and military officers and they might survive. However, Congress 'loyalists' face a threat. (The Tribune).

Economy

- **Govt anticipation on food prices:** The measures announced by the government on Tuesday to dampen food prices, particularly on export and import, were more in anticipation of likely shortages from September, aver officials. They say stockists are already hoarding food products, in anticipation of such shortages. On Tuesday, the government imposed a $300 a tonne minimum export price (MEP) on onions, whereas exports are not rising at a rate alarming enough to merit a clamp, they said. "In onion, the early kharif crop is expected to hit the market from July-end; hence, the price would cool down by itself. Hence, by imposing an MEP of $300 a tonne now, the government seems to warding off any speculative hoarding," said a senior official. In March, India exported around 100,000 tonnes of onions, around 50,000 tonnes less than in February. Since then, unofficial estimates put export at 80,000-90,000 tonnes a month. "The real problem in onion is expected to emerge around September-October. By putting an MEP of $300 a tonne, the Union government has taken a bold and timely step," said Ashok Gulati, professor at ICRIER, the economic policy institute, and former head of the Commission for Agricultural Costs and Prices. Data from the department of consumer affairs show the average retail price of onions across India has risen by Rs 5 a kg between May 1 and this Tuesday. D K Joshi, chief economist at rating agency CRISIL, said the step was basically due to caution. "It is in anticipation; there is no pressure from the exports side," he said. (Business Standard).

Planning

- **Finmin Plans to Divest Stakes in 7 PSUs; Coal India Sale May Fetch Rs 22,000 cr:** The finance ministry is working on a road map to divest stake in seven big state-run companies, which include Coal India, Sail, MMTC, NMDC, NHPC and Nalco. The government holds 80% or more stakes in these companies. "WE will draw a road map and accordingly start consultations with the respective administrative ministries," said a senior finance ministry official. The Securities & Exchange board of India (Sebi) has proposed to bring public float in state-run firms at 75%, equal to that of private companies. The finance ministry is of the view the Sebi will give at least two to three years to meet the norms and it can accordingly work out a road map so that there is no glut of PSU stocks in the market. "It the Sebi norms are accepted, we will have to work out a mechanism to help them meet the new guidelines, keeping in mind both the timing of the issues and the appetite of the market," said the official quoted earlier, adding that focus is on increasing participation for retail investors. The government, which is expected to retain the disinvestments target through stake sale in PSUs at Rs 36,000 crore, will kickstart with bigger issues such as Coal India and Sail. A 10% stake sale in Coal India alone will fetch the government around Rs 22,000 crore at current market prices. "We are hopeful of Coal India issue before the end of this year," said the finance ministry official. (The Economic Times).

Editorial

- **Good start on inflation:** Apart from the almost habitual exhortation about cracking down on hoarders and black marketers—the largest hoarder is actually the government-owned FCI—the government has done well to start off its inflation-control measures by planning to offload 5 million tonnes of rice from FCI's overflowing stocks; 15-20 million tonnes would have had far more impact, and the government should have included wheat in it as well, but its early days yet. Reducing inflation in wheat and rice to zero, as has been pointed out earlier, could shave off a fifth from consumer inflation. The decision to ask states to issue orders to bypass mandis is welcome, and something Rahul Gandhi spoke of during the election campaign, but failed to deliver on. The Azadpur mandi, that the Centre now controls by virtue of President's rule in Delhi is a good place to start as it accounts for 50,000 tonnes of daily arrivals of fruits and vegetables—Mumbai's Vashi is the next largest at 43,000 tonnes. While reducing middleman commissions in mandis is important given the big difference between wholesale and retail prices, it is a good idea to get into active dialogue with potentially large buyers like Big Bazaar and Reliance Fresh, to encourage them to start farm-sourcing at the earliest. Curbing fruit and vegetable inflation is easier said than done and creating supply chains takes a long time, but the earlier a beginning is made, the better; the budget should follow through with specific capital subsidies for building cold storages, and on removing dehydration of fruit and vegetables from the reserved list for SMEs. (The Financial Express)

Business Line

Date 19/06/2014

Page No. 34

India, Russia to set up study group to push FTA

Move to boost trade from the current level of $10 billion

OUR BUREAU

New Delhi, June 18

India and Russia have agreed to set up a joint study group to look at the feasibility of a free trade agreement between India, the Customs Union of Russia, Belarus and Kazakhstan.

The decision to set up a study group was agreed at the four-hour long meeting between Russian Deputy Prime Minister Dmitry O. Rogozin and External Affairs Minister Sushma Swaraj here on Wednesday.

"Formalities for these are under process in all the countries and a formal announcement of the constitution of the study group will be made as early as possible," said a spokesman of the Ministry of External Affairs.

The study group is being set up both the leaders feel the existing level of bilateral trade at $10 billion did not reflect the potential.

The spokesman added that the principal focus was on improving the untapped potential between India and the customs union countries of Russia, Belarus and Kazakhstan in terms of economic and commercial engagement.

Hydrocarbons, nuclear energy, pharmaceuticals, fertilisers, diamonds, cooking coal and infrastructure development were the sectors identified for enhancing trade.

Energy ties

The two leaders also had a detailed discussion about cooperation in the field of hydrocarbons and energy.

The two leaders also felt that the CEO Council, which was set up last year, should be asked to work more intensively to make suggestions for boosting trade and investment ties.

At the meeting the possibility of India having a trade show in Moscow in September also came up.

Sushma Swaraj also informed the Russian Deputy Prime Minister about Kudankulam attaining criticality of 1,000 MW on June 7.

"They discussed the way ahead and the understanding was that Kudankulam II is likely to attain criticality by the end of the year," the spokesman added.

Rogozin is here to prepare the ground for Russian President Vladimir Putin's visit later this year for the annual summit meeting with Prime Minister Narendra Modi.

Joining hands External Affairs Minister Sushma Swaraj with Dmitry O. Rogozin, Deputy Chairman of the Government of the Russian Federation, during a meeting in New Delhi on Wednesday. Kamal Narang

Business Line

Date 19|06|2014
Page No. 07

DoT asked to review decision on licence fee for Net service providers

IT Minister to discuss issue with Internet companies today

THOMAS K THOMAS

New Delhi, June 18

The Prime Ministers Office has asked the Department of Telecom to review its decision to impose licence fee on Internet Service Providers.

PMO intervention sought

Under the new Unified Licence regime, DoT has proposed to collect eight per cent of the annual revenues as licence fee from Internet companies. At present ISPs do not have to pay revenue share. The Internet Service Providers Association of India had written to the PMO seeking its intervention. The Internet companies have told the Government that the fee would hurt the industry at a time when the focus was on rolling out broadband services.

Communications and IT Minister Ravi Shankar Prasad has invited the Internet companies for a meeting on Thursday to discuss the issue.

The Internet companies had earlier told the Telecom Regulatory Authority of India (TRAI) that Internet penetration in the country was still low and imposing a fee would be detrimental to the Government's plan to have broadband reach the masses.

Under the new Unified Licence regime, DoT has proposed to collect 8% of the annual revenues as licence fee from Internet companies.

ISPAI said charging a licence fee on pure Internet services may be counter-productive since all charges will ultimately be paid by end-subscribers who may not opt for the services if they become costly. Currently, companies with the ISP licence are allowed to deduct revenues from pure Internet services while calculating the licence fee payable to the Indian Government. Pure Internet refers to providing both Internet access and content, but not voice services.

'Remove discrepancy'

However, Internet services provided by mobile players through 3G and 4G technologies come under the purview of the licence fee. Mobile operators, therefore, say this discrepancy should be removed to level the playing field with broadband operators by imposing the fee on all players.

The Financial Express

Date: 19/06/2014

Page No.

Centre may make it less taxing for insurance firms in Budget

Arun S

New Delhi, June 18: The government may give a boost to the insurance sector in the upcoming Budget with a host of tax incentives.

Official sources told FE that in the Budgetary recommendations to the department of revenue, the department of financial services (DFS) has mooted the removal of service tax on micro-insurance, reduction of the service tax burden on life insurance premium, increasing the deduction limit to senior citizens and individuals for health insurance as well as a separate deduction limit of Rs 1 lakh under the Income Tax Act (I-T Act) for insurance premium.

At present, investments in insurance premium are included in the consolidated deductions under Section 80C (of I-T Act) for which the limit is Rs 1 lakh. Apart from insurance premium, the Rs 1-lakh limit includes investments in mutual funds, public provident fund and small savings among other things.

Pointing out that insurance is product that has to be 'sold' and therefore a 'push' product and not one which is 'bought' and thereby called a 'pull' product, the DFS has said that only a major incentive by way of a separate deduction limit will help in increasing insurance penetration in the country.

Insurance penetration had declined to 3.96% of gross domestic product in 2012 from 4.1% in 2011. The life insurance penetration as a percentage of GDP slipped to a paltry 3.17% in 2012 from 3.4% in 2011, while non-life insurance penetration increased marginally from a minuscule 0.7% in 2011 to 0.78% in 2012.

The DFS also suggested a reduction of service tax on the gross premium of life insurance policies.

From April 1, 2012, the service tax to be paid in the first year on the amount of gross premium of life insurance policies is 3% and 1.5% for the subsequent years (Prior to that it was 1.5% for the first and subsequent years).

The DFS has recommended a flat service tax of 3% for only in the first year and sought the removal of the 1.5% service tax in the subsequent years saying this is an additional burden and therefore a disincentive.

Life insurers can now avail the concessional rate in composite policies where the policyholder is not given the break-up of risk and investment components. However, where the policyholder pays the gross premium just for the risk-cover in life insurance, then normal rate of service tax – 12.36% - is levied.

The third suggestion is to do away with the service tax (12.36% including education cess) on micro-insurance products to take forward the financial inclusion programme and increase insurance penetration especially among the rural and urban poor. A micro-insurance policy is a life or general insurance policy where the sum assured is Rs 50,000 or less. On health insurance, currently while an individual can avail a maximum deduction of Rs 15,000 (including for the assessee, spouse and children) under Section 80D (of the I-T Act), for senior citizens the permissible benefit is Rs 20,000.

An additional deduction of Rs 15,000 can be availed by an individual for premium paid for parents (the limit is Rs 20,000 if either of the parents are senior citizens or both are senior citizens). The DFS has suggested that the deduction limit be increased to Rs 50,000 for individuals (including the premium paid for spouse, children and parents whether or not they are senior citizens/dependents) and for senior citizens the limit be hiked to Rs 40,000.

The Financial Express

Date: 19/06/2014
Page No. 03

Gadkari hints at amending Land Acquisition Act

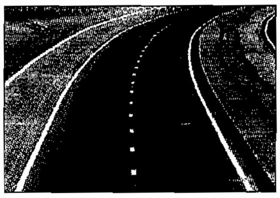
New Delhi, June 18

WITH ₹60,000 crore worth of projects stuck because of delays in land acquisition, transport minister Nitin Gadkari on Wednesday hinted at amending the Land Acquisition Act after consulting the states.

"We discussed (the Act) with the states and after I have considered their suggestions, I will take it to the PM. We will go by his decision," Gadkari, who is also in-charge of rural development, said in an interview. "Within 20 days... before the Parliament session, we will come to a conclusion as this issue is related to the future development of India," Gadkari said, when asked about the timeline of bringing the amendments.

He said the problem in the road network is that projects worth ₹60,000 crore are stuck, there are disputes in the Supreme Court and high courts. "Within a month my target is to find out equilibrium, we don't want to destroy contractors and construction of roads should happen as early as possible," he said.

He added that his ministry has solved problems for projects worth ₹20,000 crore already. Progress on many projects is lagging due to delay in land acquisition.



The road ministry has set a target of awarding 7,000 km worth of road projects this financial year, under the BOT (build, own, operate) and EPC (engineering, procurement and construction) models. The ministry, which had set a target of awarding 9,000 km of projects in 2013-14, could award less than 2,000 km projects by the end of the period. *PTI*

The Financial Express

Date: 19/06/2014
Page No: 12

States don't rice to the occasion: PDS stocks for APL families underutilised

■ Food ministry officials blame low offtake on storage crunch, poor distribution capacity

Sandip Das
New Delhi, June 18

As part of its inflation-curbing steps, the Centre on Tuesday announced an additional five million tonne of rice to states over what is required for the targeted public distribution system (TPDS) for the above poverty line (APL) families, but a review of the states' offtake for the item shows they have underutilised the allocations in recent years. The situation has been the similar for wheat also and the trend is mainly due to lack of storage infrastructure and transport facilities (see table).

Through the TPDS system, subsidised grain is given to both BPL and APL families, the offtake of grain allocated to BPL families is relatively higher.

In 2013-14, against an extra allocation of 10.2 million tonne of these two grains to be distributed to mostly APL families, states could take delivery of only half of the allocated amount. The government also makes extra grain allocation over TPDS to 200 poorest districts in the country.

PDS plus foodgrain allocation to states against offtake (for APL families)

Year	Commodity	Allocation	Offtake
2011-12	Wheat	68	40
	Rice	76	55
Total		**144**	**95**
2012-13	Wheat	70	43
	Rice	68	57
Total		**138**	**100**
2013-14	Wheat	57	27
	Rice	45	24
Total		**102**	**51**
2014-15*	Wheat	3	1.5
	Rice	2	1
Total		**5**	**2.5**

Source: Food ministry, volume in lakh tonne, *till May 19

Following a meeting by finance minister Arun Jaitley on measures to be taken for curbing inflation on Tuesday, a government statement said, "keeping in mind the increase in the retail price of rice, it was agreed that government, through the FCI, would release more supplies to the states to be released through the public distribution system."

The FCI has a rice stock of 28.2 million tonne at the start of the month against a strategic reserve norms of 9.8 million tonne. This rice stock also includes 7.6 million tonne still with millers.

Food ministry officials attribute the low offtake to the lack of storage and distribution capacity in the states. Besides a food ministry official told FE even entire amount allocated under TPDS have not been distributed by many states.

"FCI allocates grains timely while the states have been slow in taking possession," a food ministry official said.

Food minister Ram Vilas Paswan had stated that the government would be releasing additional rice stocks from government warehouses for supplies to the state governments.

Experts say that due to a significant rise in procurement in the last few years, the food ministry has been allocating extra grain to states for distribution to APL families.

"Without dealing with leaky PDS system, simply allocating extra grain would not help in dealing with rising inflation," Ashok Gulati, chair professor, Agriculture, Indian Council for Research on International Economic Relations (ICRIER) and former chairman of the Commission for Agricultural Costs and Prices (CACP) said.

The FCI allocated common variety of rice meant for APL families at Rs 795 per quintal to the states while rice given to BPL families under TPDS is sold at Rs 565 per quintal. For the poorest families under the Antodaya Anna Yojana (AAY), the rice is allocated at Rs 300 per quintal.

The Economic Times

Date: 19/06/2014

Page No. 04

EARLY END? The move that could effectively end the role of Unique Identification Authority of India in executing Direct Benefits Transfer

Taking Sheen off UIDAI, Rajnath Talks of Issuing NID Cards

AMAN SHARMA
NEW DELHI

Home Minister Rajnath Singh on Wednesday asked for the long-pending proposal for issuance of National Identity Cards to be brought for "approval at earliest", a move that could effectively end the role of Unique Identification Authority of India (UIDAI) in executing the Direct Benefits Transfer (DBT) scheme.

The UPA government had failed to approve and implement the Rs 5,500-crore project of issuing National Identity Cards under the National Population Register (NPR) project to nearly 82 crore adult Indian residents it being mentioned in the UPA's manifesto of 2009 and also approved by the Union Cabinet. In a presentation to Rajnath on Wednesday, officials of the home ministry and census office said the identity cards were imperative to address security concerns regarding illegal immigrants and could also be very useful in delivering the government's welfare programmes to the poor, in a hint towards the DBT.

"The home minister directed that effective steps be taken to take the project to its logical conclusion which is the creation of the national register of Indian citizens. He instructed that all necessary proposals including the updating of the database through linkages with the birth and death registration system and the issuance of national identity cards to citizens be brought for approval at the earliest," the ministry said in a statement. This endorsement for the NPR project could mean that UIDAI's role in authentication for DBT could be finished. The finance and oil ministries have already said UIDAI is not necessary for DBT.

HOME MIN OFFICIAL

The minister wants the UIDAI scheme to complement the NPR scheme by merging them...the NPR will get priority

The national identity cards are basically meant to be smart biometric-readable cards carrying details of each resident that can be read with handheld readers for executing the DBT programme.

Government sources said Rajnath Singh was been displeased to learn that while the census officials have already issued over 65 lakh national identity cards for residents in India's coastal areas the scheme was not approved by the UPA for extension to the rest of the country. "The minister wants the UIDAI scheme to complement the NPR scheme by merging them...the NPR will get priority," a ministry official said.

UIDAI has already enrolled biometrics of over 63 crore people while NPR scheme has captured the biometrics of nearly 25 crore people as of date. With the NPR scheme now getting precedence due to its better security processes than the UIDAI scheme, it is expected that UIDAI's role in enrolling people's biometrics and authentication for DBT will end and it will at most be a back-office for NPR. UIDAI's role may be limited to de-duplication (ensuring no two people with the same biometrics enter the system) and creating UID numbers and the NPR could undertake additional vetting of their credentials before admitting them to NPR. Incidentally, the NPR scheme was launched by the NDA government in 2003 but has not been completed even a decade later as UPA gave preference to UIDAI.

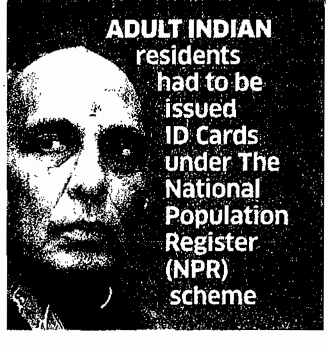
It's NPR Now

NPR SCHEME now getting precedence due to its better security processes than the UIDAI scheme

UIDAI'S MAY turn a back-office for NPR

UIDAI'S ROLE may be limited to de-duplication and creating UID numbers

NPR COULD undertake additional vetting of their credentials before admitting them to NPR



ADULT INDIAN residents had to be issued ID Cards under The National Population Register (NPR) scheme

The Economic Times

Date: 19/06/2014
Page No. 12

Cabinet Panel Says No to Choubey in PMO

Officer won't take charge as additional secy, will stay in power ministry

OUR BUREAU
NEW DELHI

The Appointments Committee of the Cabinet (ACC) on Wednesday cancelled the appointment of IAS officer Rajiv Nayan Choubey as an additional secretary in the Prime Minister's Office, just days after his appointment was ratified by the same committee, marking the second instance in which the process of appointing key officials in the PMO has been less than smooth.

On Wednesday, an official communique said the ACC "has approved the cancellation of order of appointment" of Choubey as additional secretary in the Prime Minister's Office.

According to an earlier official statement issued on June 13, the ACC had approved Choubey's moving out from the power ministry to the PMO by moving the incumbent additional secretary in the PMO Shatrughna Singh to the department of industrial policy and promotion. Singh has already joined the industry ministry following the order.

According to power ministry officials, the Tamil Nadu cadre 1981 batch officer continues to operate from the ministry from where he had been switched to the PMO.

Appointment Hits Roadblock

- **ACC HAD EARLIER** approved transfer of IAS officer Rajiv Nayan Choubey to PMO
- **IT HAD** moved incumbent additional secy to PMO, Shatrughna Singh to DIPP
- **THIS IS SECOND** instance in which high-level posting has not been a smooth affair
- **ORDINANCE ROUTE WAS** taken to appoint Trai chief Nripendra Misra in PMO

The ACC is headed by the Prime Minister and includes the home minister.

Choubey had joined the power ministry this February after a 20-month stint as the director general of Hydrocarbons, the country's upstream technical regulator for the oil and gas sector.

Choubey, who was appointed as DGH in June 2012, during the tenure of Jaipal Reddy, was switched to the power ministry in January 2014. During his tenure, Choubey is said to have had a rocky relationship with Veerappa Moily, who became petroleum minister in October 2012, replacing Reddy.

The two are said to have clashed over various decisions related to RIL KG D6 block, where Choubey is said to have insisted that RIL be asked to vacate large areas of the block, which Moily overruled on the ground that such moves would hurt investor confidence.

The cancellation of Choubey's posting marks the second snafu over a high-level posting.

A day after the Modi government took charge, it had to issue an ordinance amending the Telecom Regulatory Authority of India Act to pave the way for the appointment of Nripendra Misra as the principal secretary in the PMO. As a former TRAI chairman, Misra couldn't have been reemployed by the government after retirement.

Before the cancellation of his appointment in the PMO was approved on Wednesday, officials expected Choubey to take over as the next secretary to the PM after incumbent R Ramanujam's superannuation from service this July.

The Economic Times
Date: 19/06/2014
Page No. 13

Ministry wants States to Spend 60% NREGA Money on Agri Infra

YOGIMA SETH SHARMA
NEW DELHI

In a major revamp of the employment guarantee scheme, the ministry of rural development has proposed to make it mandatory for states to spend at least 60% of the MGNREGA money on creating infrastructure linked to agriculture. This is expected to bring at least ₹25,000 crore of investment into agriculture, a senior government official told ET.

As part of the amendments proposed in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the ministry will delegate funds at the district level so that larger works like creation of minor irrigation structures could be undertaken besides providing for a dedicated fund equivalent to 3% of the MGNREGA money to recruit technical manpower who will guide in planning and execution of works under the scheme, the official said.

"The government feels that the scheme needs to be more outcome oriented on all fronts, be it creating quality assets or payment of wages," the official said.

MGNREGA, a flagship scheme of the UPA government, was implemented in 2006. It promises 100 days of work in a year to every rural household. However, the scheme has drawn a lot of criticism for poor quality of assets being created and delay in wage payments, which has defeated the purpose of the scheme.

The Narendra Modi-led government had indicated that the scheme would have to undergo changes and focus more on asset creation in rural India.

The annual spend on MGNREGA is ₹41,000 crore with the Centre contributing ₹34,000 crore and the rest coming from states as well as through convergence between MGNREGA and other schemes, though this is miniscule as of now.

Out of the wage material ratio of 60:40, barely 28% is utilised in the material component under the scheme against the allotted 40%. The ministry estimates that these unutilised funds of 12% at the district level will fetch approximately ₹8,000 crore that can then be utilised to create bigger assets.

As per the proposal sent to states, the ministry has already moved a note to the department of expenditure seeking approval to set aside ₹1,200 crore for hiring technical staff who would guide in the planning and execution of MGNREGA works.

To address leakages in implementation and delay in payments, the ministry has also proposed to come up with a mechanism than will ensure that social audits of the scheme are carried out as per rules and there is effective implementation of the provisions of the delay compensation system.

Under the scheme's compensation clause, agencies responsible for the delay are expected to pay 0.05% of wages per day after closure of muster roll.

Jobs to Benefit Others Too

New Govt for Revamp of MGNREGA

- Scheme to focus on asset creation in rural India
- Creation of agri infrastructure high priority

Changes Proposed In The Scheme

- At least **60%** of funds to be spent on creating agri assets
- **Up to 3%** of scheme fund to be spent on hiring technical workforce
- **About 12%** of unutilised material cost to be spent on creating larger assets at district level

TOTAL ALLOCATION UNDER MGNREGA
₹41,000 crore

CENTRE'S SHARE
₹34,000 crore

Finmin Plans to Divest Stakes in 7 PSUs; Coal India Sale May Fetch ₹22,000 cr

DHEERAJ TIWARI
NEW DELHI

The finance ministry is working on a road map to divest stake in seven big state-run companies, which include Coal India, Sail, MMTC, NMDC, NHPC and Nalco. The government holds 80% or more stakes in these companies. "We will draw a road map and accordingly start consultations with the respective administrative ministries," said a senior finance ministry official.

The Securities & Exchange Board of India (Sebi) has proposed to bring public float in state-run firms at 75%, equal to that of private companies. The finance ministry is of the view that Sebi will give at least two to three years to meet the norms and it can accordingly work out a road map so that there is no glut of PSU stocks in the market.

"If the Sebi norms are accepted, we will have to work out a mechanism to help them meet the new guidelines, keeping in mind both the timing of the issues and the appetite of the market," said the official quoted earlier, adding that focus is on increasing participation from retail investors.

The government, which is expected to retain the disinvestment target through stake sale in PSUs at ₹36,000 crore, will kickstart with bigger issues such as Coal India and Sail. A 10% stake sale in Coal India alone will fetch the government around ₹22,000 crore at current market prices.

"We are hopeful of Coal India issue before the end of this year," said the finance ministry official.

Experts say the market has the appetite for stocks of state-run companies. "There will be a lot of interest from institutional investors but for retail participation, government will have to give incentives in the form of discounts and other measures," said Kishor Ostwal, chairman and managing director, CNI Research.

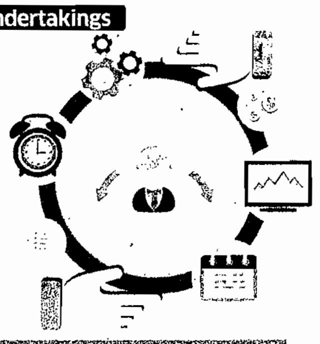
The government will also proceed with its residual stake sale in companies such as Hindustan Zinc and Balco. It has already decided to appoint valuers for its 29.54% stake in Hindustan Zinc, signalling that it is not averse to exiting assets.

In the case of sick PSU firms, the government will offload the additional stake to the special investment fund that was created for meeting the minimum public shareholding of 10% in six sick central public sector enterprises.

There May Be a Windfall

Government State In Public Sector Undertakings

[illegible]	[illegible]
Coal India	89.65
Sail	80.00
MMTC	90.00
NMDC	80.00
NHPC	85.96
Nalco	81.06
Neyvel Lignite	90.00



Government can fetch ₹22,000 cr from **10% stake sale in CIL**

Disinvestment target expected to be retained at ₹36,000 cr

Business Standard

Date 19/06/2014
Page No. 19

Govt to continue UPA's forest policy review

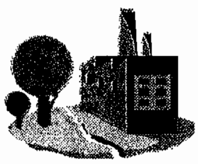
Process begins to invite comments from the public, other stakeholders

SOMESH JHA
New Delhi, 18 June

The National Democratic Alliance government has constituted a core drafting committee to review the National Forest Policy enacted in 1988.

While the process for review of the forest policy had begun during the UPA's tenure, the NDA government has now opened the process of seeking comments from the public.

The 1988 policy put in place the much-debated target of achieving 33 per cent forest cover in the country. While the country, by official surveys over the past few years, added more forests than denuded or cut, worries have arisen about natural forests being supplanted by mixed or monoculture plantations. Experts outside the government have also occasionally challenged the surveys for their methods.



The 1988 policy put in place the much-debated target of achieving 33 per cent forest cover in the country

The forest policy has also been in the need for revision with a slew of Supreme Court orders, primarily from its 'forest bench', substantially altering the laws and regulations that control forestry and forestlands in India. Even the definition of what constitutes 'forestland' was first laid down by the apex court, which held that forest laws would apply even to lands under control of different departments or individuals if a healthy stock of trees grew on it.

The forest policy also pre-dates the Forest Rights Act, which was enacted in 2006, handing back rights to traditional forest-dwellers over their lands that were nationalised under various laws. The government has preferred to run the forests and forest-dependent economy through its own joint forest management committees, which continue to provide control to the forest bureaucracy over the lands.

The environment ministry has invited comments of various stakeholders, including state forest departments and forestry institutions, to bring changes to the policy.

The last time the government reviewed the forestry sector was when it set up the National Forest Commission, which submitted its report in 2006. The commission had recommended against the need for a change in the policy framework.

Business Standard

Date 19/06/2014
Page No. 19

Modi picks man from Manmohan's PMO as private secy

Last week's appointment of Rajiv Nayan Choubey as additional secretary in PMO cancelled

NIVEDITA MOOKERJI
New Delhi, 18 June

In a curious turn of events on Wednesday, Prime Minister Narendra Modi picked Rajeev Topno, a 1996 batch Indian Administrative Service officer (IAS) from the Gujarat cadre and a part of the Prime Minister's Office (PMO) under former PM Manmohan Singh, as private secretary.

In another announcement, last week's appointment of Rajiv Nayan Choubey, a 1981 batch IAS officer from the Tamil Nadu cadre, to the post of additional secretary in the PMO was cancelled.

The order of the Department of Personnel & Training, appointing the 40-year-old Topno, currently a director in the PMO, as private secretary to Modi didn't specify the duration for which he would hold the post. Typically, government appointment orders mention the duration for which a person holds a post. Topno's central deputation is till June 28, and this has raised questions on whether or not it's a stop-gap arrangement.

That's not the only reason why Topno's appointment is seen as a surprise. In 2011, his name figured in a case relating to alleged involvement in an earthquake debris removal scam. The matter pertained to the Kutch earthquake of 2001, when Topno was Kutch District Development Officer. Before he joined the PMO in 2009, Topno was chief executive of Gujarat State Disaster Management Authority (GSDMA).

During the UPA regime, he was the only Gujarat-cadre officer in the PMO.

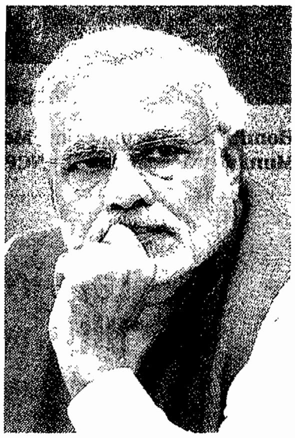
A bureaucrat said usually, prime ministers had two private secretaries, adding this was a powerful job, as a private secretary was in charge of the PM's appointment diary.

Considered a bright officer, Topno was known to Modi when the latter was chief minister of Gujarat. As CM, Modi headed GSDMA. At the time of the Kutch earthquake, P K Mishra, recently appointed additional principal secretary to the PM, was chief executive of GSDMA.

On Wednesday, the government, in a note, said the Cabinet's appointments committee had approved cancellation of the order appointing Rajiv Nayan Choubey as additional secretary in the PMO. Currently, Choubey is additional secretary in the Ministry of Power and is due to become secretary in a few months. It is believed the PMO, having realised the issue of hierarchy, cancelled the appointment.

It is learnt since Modi took charge as PM, Bharat Lal, the Gujarat resident commissioner in Delhi and a close aide of Modi, has been performing the dual roles of managing the PM's office and heading Gujarat Bhavan.

Under Narendra Modi, the PMO had started on a controversial note when former Telecom Regulatory Authority of India (Trai) chairman Nripendra Misra was appointed principal secretary to the PM. To enable Misra to take charge, an ordinance had to be brought in to change the appointment rules in the Trai Act.



Prime Minister Narendra Modi

JOB CHANGES IN PMO

APPOINTED:
Rajeev Topno, Gujarat-cadre 1996-batch IAS officer, made private secretary to Prime Minister Narendra Modi

- Duration not specified, in a break from tradition
- Topno's central deputation is till June 28

CANCELLED:
Appointment of Rajiv Nayan Choubey, a Tamil Nadu-cadre 1981-batch IAS officer, as additional secretary in the PMO