योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

Monday, 23rd June 2014
Communication, IT & Information Division
Phone # 2525

NEWS AND VIEWS

Polity
- Swiss list to Indians a major breakthrough: SIT chief…

Economy
- Stoke growth or go for fiscal prudence?…

Planning
- Planning Commission talks trash!…

Editorial
- Iraq wake-up call…

"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

- **Swiss list to Indians a major breakthrough: SIT chief:** Justice M.B. Shah, chairman of the 11-member Special Investigation Team on black money, said the Switzerland government's move to share with India a list of its citizens who are suspected to have stashed away untaxed wealth in Swiss banks will come as a major breakthrough in its ongoing investigation. "Of course, we will positively receive the information on the Zurich list. This information will help us assess the quantum of black money stashed away by Indians in that country," Justice Shah, a former Supreme Court judge, told *The Hindu* on Sunday over the phone. Following a Supreme Court direction, Prime Minister Narendra Modi on May 27 constituted the SIT on black money. The team has Justice Arijit Pasayat, also a former Supreme Court judge, as its vice-chairman. Justice Shah said a meeting of the SIT would be called soon to discuss the new development. "We will act on this list as per law and continue with our investigation," Justice Shah said from his home at Ahmedabad. Justice Shah was reacting to a PTI story from Zurich, which said Switzerland had prepared a list of Indians who had stashed away untaxed wealth in Swiss banks and was ready to share the details with New Delhi. "If the government is really serious about black money, it should crack down on tax haven companies dealing in laundered money from anonymous sources. Even the SIT was formed on the insistence of the Supreme Court and not the government," said senior lawyer Prashant Bhushan. (The Hindu).

Economy

- **Stoke growth or go for fiscal prudence?:** As Finance Minister Arun Jaitley prepares the Union Budget for 2014-15, he might either prefer to be guided by the Vijay Kelkar committee's road map on fiscal consolidation or choose advice from India-born economist Arvind Panagariya to concentrate on economic growth. Panagariya, a professor at Columbia University, recently said the government should concentrate on growth, even if it meant the Centre's fiscal deficit would be 4.5 per cent of gross domestic product (GDP) for the current financial year, against the 4.1 per cent pegged in the interim Budget. Whereas, the Kelkar panel schedule, given in 2012, wanted the government to contain the deficit at 3.9 per cent of GDP for 2014-15. On the basis of the Kelkar report, former finance minister P Chidambaram had given a new schedule on fiscal consolidation, by which the deficit should come down to 4.2 per cent of GDP in this financial year, against 4.8 per cent in 2013-14. In the interim Budget, he'd projected an improvement over his own road map and pegged the deficit at 4.1 per cent for the current financial year, as the deficit had come down to 4.5 per cent in 2013-14. As such, Chidambaram had termed Panagariya's suggestion as mistaken, earlier this month. When asked, neither would talk further on the issue. However, a member of the Kelkar panel does not find anything wrong in the fiscal deficit widening to 4.5 per cent of GDP for this financial year, though for reasons different from those given by Panagariya. (Business Standard).

Planning

- **Planning Commission talks trash!:** The Planning Commission has forwarded a detailed report on solid waste management to the Delhi Government, emphasising the use of solid waste for energy purposes. Based on this voluminous work of the Planning Commission, all the recommendations are being forwarded to three municipal corporations. The recommendations suggest setting up of treatment plants to recover maximum possible resource and energy from wastes. This will help reduce the size of waste going to landfill and ensuring better public health facilities. The report has laid emphasis on smart management of solid waste, taking into account the role of information communication technology system in tracking and routing the solid waste. The Commission's report has suggested a creation of Special Purpose Vehicle (SPV) and the new PPP module to establish the processing plants. It has suggested separate collection and transportation of domestic (trade and institutional waste), inert waste such as street sweeping and silt traps from surface drains. Inert waste should be kept away from biodegradable and recyclable waste to facilitate smooth processing of solid waste. At the same time, the municipal authorities should put in place plastic waste management system in order to facilitate plastic reuse, recycling and energy recovery. (The Pioneer).

Editorial

- **Iraq wake-up call:** Even a week ago, India's petroleum subsidies looked under control. At R1.4 lakh crore in FY14, they were around double what they should have been, but they were on track to coming down substantially. The per-litre diesel under-recovery was around R1.62, according to the petroleum planning and analysis cell of the petroleum ministry. So, were the 45 paise per litre monthly hike in prices to carry on, the subsidy would have been nullified in 4 months. To put this in perspective, of the R1.4 lakh crore FY14 under-recoveries, around R63,000 crore came from diesel alone. Hike the price of domestic cooking gas by around R100 per cylinder—this would still leave a whopping R333 per cylinder subsidy—and you could knock off another R11,000 crore or so from the subsidy bill. This could have halved the FY15 petroleum subsidy bill, without even touching the kerosene subsidy. That was a week ago. Then the Iraq hostilities started, and oil prices started climbing upon uncertainties of supplies—also, in India's case, a fifth of supplies come from Iraq. Immediately, this played out on the rupee as well. If the hostilities stop after a short while—there is no sign of this, as yet—it may not matter. Back-of-the-envelope calculations show every $1 hike in price of oil leads to an increase of R4,400 crore in annual under-recoveries and a one rupee change in the exchange rate leads to a R7,900 crore hike. The bulk of the impact—75% or so—takes place through diesel subsidies, which is why it is vital the government continues with the diesel price hikes, regardless of what happens in Iraq. (The Financial Express)

The Pioneer

Date: 23|06|2014
Page No. 02

Planning Commission talks trash!

Says your backyard isn't a landfill, but a goldmine

RAJESH KUMAR ■ NEW DELHI

The Planning Commission has forwarded a detailed report on solid waste management to the Delhi Government, emphasising the use of solid waste for energy purposes. Based on this voluminous work of the Planning Commission, all the recommendations are being forwarded to three municipal corporations.

The recommendations suggest setting up of treatment plants to recover maximum possible resource and energy from wastes. This will help reduce the size of waste going to landfill and ensuring better public health facilities. The report has laid emphasis on smart management of solid waste, taking into account the role of information communication technology system in tracking and routing the solid waste.

The Commission's report has suggested a creation of Special Purpose Vehicle (SPV) and the new PPP module to establish the processing plants. It has suggested separate collection and transportation of domestic (trade and institutional waste), inert waste such as street sweeping and silt traps from surface drains. Inert waste should be kept away from biodegradable and recyclable waste to facilitate smooth processing of solid waste. At the same time, the municipal authorities should put in place plastic waste management system in order to facilitate plastic reuse, recycling and energy recovery.

Meanwhile, the Planning Commission's task force has recommended that the municipalities should make a judicious plan of establishing decentralised and centralised facilities in their respective cities — taking into account availability of suitable land, community support, availability of operators — for the facility and environmental concerns.

Despite aforesaid firm recommendations, Delhi has got only one waste to energy plant in Okhla where 16 MW electricity is produced every day. Encouraged by this project, another waste to energy plant is likely to be operational in Gazipur by October. Thereafter, one more plant is being proposed in Bawana by the end of this year. However, the slow pace of establishing waste to energy plants may get momentum in the light of firm recommendations by the Planning Commission.

FROM TRASH TO ASH TO STASH

- The Planning Commission has forwarded a detailed report on solid waste management to the Delhi Government, emphasising the use of solid waste for energy purposes
- Based on this voluminous work of the Planning Commission, all the recommendations are being forwarded to three municipal corporations
- The recommendations suggest setting up of treatment plants to recover maximum resource and energy from waste. This will help reduce the size of waste going to landfill and ensure better public health facilities

The Pioneer

Date: 23/06/2014
Page No. 05

Secys told to provide inputs for Cabinet notes within 2 weeks

PNS ■ NEW DELHI

The NDA Government may have given greater freedom to Secretaries to function, but at the same time they have been made more accountable too.

In the latest among the slew of directives by the Cabinet Secretariat over the last few days, the Secretaries across all Ministries have been given a two-week deadline to complete inter-ministerial consultations for any Cabinet note. The Secretariat has made it clear the Ministry seeking comments from its counterparts would need to put it in writing the date on which the responses were sought.

Seen as an attempt to enforce accountability on babus tasked with taking crucial decisions, the directive further stated that the Secretaries who fail to provide inputs for Cabinet proposals within the stipulated time could be made to explain the delay in doing so before the Union Cabinet.

The circular, which was issued on June 20, said, "It has also been decided that if any consulted Ministry/Department has inputs that it considers necessary/critical for decision making in the case, and these could not be communicated to the sponsoring Ministry (the Ministry which has initiated the proposal), Secretary of such Ministry could be required to indicate such inputs during the meeting of the Cabinet along with reasons for not having been able to provide the comments in time."

To avoid any ambiguity on the proposed deadline, the note clarified that the two-week period will begin from the day the Ministry concerned delivers the draft Cabinet note to other Ministries for consultations.

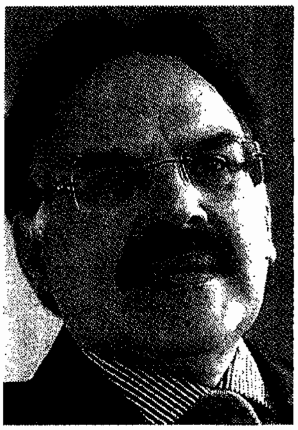
"In cases where the consulted Ministries fail to forward their comments to the sponsoring departments within two weeks, the sponsoring departments will clearly indicate in the body of the note the date on which comments were sought from the Ministries concerned and the fact that the comments of the Ministries have not been received till finalisation of the note for the Cabinet or the Cabinet Committee," the instruction suggested.

The Cabinet Secretariat further compressed the timeline for providing requisite number of copies of the Cabinet Note from the recently-decided seven working days to three. The directive stated, "It has further been decided that after sending a single copy of the final (Cabinet) note to the Prime Minister's Office and the Cabinet Secretariat, the time of seven working days for forwarding the requisite number of copies to the Cabinet Secretariat will stand revised to three days."

The Pioneer

Date: 23/06/2014
Page No. 10

India's economic policies will be growth oriented: Mayaram



NEW DELHI: India on Sunday assured the global community that policies of the new Government will deepen the reform process to put the economy on sustainable and balanced high growth path.

"As you are aware, India has elected a new government. We will be strengthening our growth strategies as per priorities of the new government," India's Finance Secretary Arvind Mayaram said at G-20 meeting in Australia.

"I am confident that this will be growth oriented and would deepen the reform process to put the economy on a high growth path which is in line with the G20 objective of strong, sustainable and balanced growth," he added.

He was making an intervention at G20 Deputies Meeting.

Mayaram, however, did not provide specifics saying the "reform measures" will be presented by Finance Minister Arun Jaitley in the forthcoming Budget.

Jaitley will present the budget in Parliament early next month amidst high inflation, particularly in the food segment, significant fiscal deficit and subsidy bill.

The new Government led by Prime Minister Narendra Modi assumed office in May after a comfortable majority in polls.

On Friday, Government took a "difficult but correct" decision to hike rail passenger fares and freight charges.

Modi had recently said that he will administer "bitter medicine" to revive the ailing economy.

The ruling BJP fought the elections on growth agenda at a time when the country's economy posted a sub-five per cent growth for two consecutive financial years.

Mayaram further said the global context is increasingly challenging and becoming less supportive for emerging economies growth prospects.

He said emerging markets are going through a phase of tepid economic activity, with some of them seeing significant 'negative output gaps'.

The reasons for the slowdown have been partly structural and exacerbated by external factors especially increased volatility with unwinding of unconventional policies, he said.

"Recent developments in Iraq have created huge uncertainties with an overhang on the global economy. The volatility in petroleum prices have put pressure on the fisc in countries like India," he added. PTI

The Economic Times

Date: 23|06|2014
Page No. 05

Modi Clamps Down on Junkets by Babus, Netas

Cabinet secy Ajit Seth sends second note on tightening rules on foreign trips

VIKAS DHOOT & YOGIMA SETH SHARMA
NEW DELHI

The Narendra Modi government, persisting with its theme of enforcing stringent discipline, is clamping down hard on foreign junkets to make sure that ministers and bureaucrats don't take off at the drop of a hat and that there are clear deliverables that accrue for India from such trips.

Cabinet secretary Ajit Seth sent round a second note on the subject days after the first one tightening rules on foreign trips. Seth told secretaries that Modi is unhappy about the casual approach of ministries to foreign trips reflected in their tendency to seek clearance at the last minute.

"Permissions are sought to be obtained in the nick of time as a result of which the proposals cannot be always scrutinized properly. The Prime Minister has expressed concern at this practice," Seth said in last week's letter marked to all secretaries to the government.

Earlier this month, the government asked ministers and officials to submit their proposals for overseas travel to the Prime Minister's Office 10 days ahead of the travel date as opposed to the earlier limit of five. For every subsequent trip, ministers and officials are now required to put on record what they have implemented from their learning on their earlier foreign visit–an additional requirement imposed by Modi on top of the traditional tour report officials submitted after every overseas outing.

Seth has called for "strict compliance" with the rules for foreign trips, asking for details of the tasks to be accomplished during such visits and "a post-visit report" to be submitted on the "immediate outcomes of the visit."

"The Prime Minister has further directed that for submitting the proposal for any subsequent visit abroad, the efforts made to realise the intended outcome of the earlier visit and the results should also be mentioned," Seth's communiqué stated it clearly.

This is a significant departure from the practice under the previous UPA government when ministers simply had to submit tour reports and "information regarding the funding" of their previous trip, for every subsequent visit abroad.

The prior approval of the Prime Minister is necessary for all ministerial trips abroad and the 10-day window for seeking a clearance from him effectively means that ministers won't be able to travel abroad at less than 15 days' notice. Prior to sending any such proposal to the PMO, ministers are required to get "political clearance" from the ministry of external affairs.

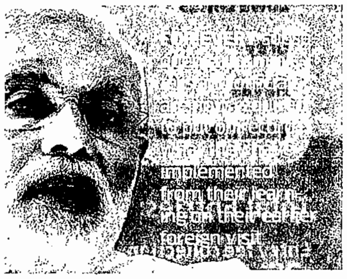
Overseas trip plans need to be submitted to the foreign ministry at least 15 days before departure. It reviews proposals to ensure that India's views are being effectively presented to foreign governments and there is no "duplication of visits." The PMO is required to reject any proposal that doesn't have the foreign ministry's green signal.

Ministers need to keep the PMO informed even about private visits abroad.

Discipline Time

MODI IS unhappy with the casual approach of ministries to foreign trips

EARLIER THIS month, the govt asked ministers and officials to submit proposals for overseas travel to PMO 10 days ahead of the travel date as opposed to the earlier limit of five



GOVT NOW also wants details of the tasks to be accomplished during such visits and "a post-visit report" to be submitted on the "immediate outcomes of the visit"

The Economic Times

Date: 23/06/2014
Page No. 08

Plan Panel Stares at Uncertainty, PM to Seal its Fate

Advisory Body not to play key role in this year's budget, may be rejigged or scrapped

VIKAS DHOOT
NEW DELHI

A month after the new government took charge, the Planning Commission remains unconstituted and headless. With the Budget just two weeks away, it is clear that Yojana Bhawan would play little or no role in this year's fund allocations, traditionally a major part of its role.

The new chairman of the Commission, Prime Minister Narendra Modi seems to be mulling the future role of the Commission, considered a Nehruvian relic, that former finance minister P Chidambaram called 'too big, flabby and unwieldy' on Friday and the BJP's Shahnawaz Husain likened to an 'impediment.' Given the current flux, the Plan Panel is unlikely to wield the same clout that it used to, leaving Yojana Bhawan officials in suspense about the future of the 64-year-old Commission whose past deputy chiefs include worthies like President Pranab Mukherjee, ex-PM Manmohan Singh and his most trusted lieutenant Montek Singh Ahluwalia.

Officials are anticipating three-four scenarios: a) the Commission would be scrapped, b) rejigged with a different structure and role from its conventional mandate of allocating funds to states and schemes, or c) merged with the PM's Economic Advisory Council.

One of BJP's key thinkers Arun Shourie earlier told **ET** that the country needs a Systems Reforms Commission rather than a multitude of advisory bodies like the Planning Commission.

According to a member of the recently lapsed Planning Commission of UPA-II, this is precisely what the previous prime minister Manmohan Singh had in mind when his government swept back to power in 2009 with a bigger mandate than 2004."In August 2009, Singh had asked Ahluwalia to reform the Commission and when a roadmap was suggested by 2010, the PM accepting it had said that the think tank should be a 'systems reform commission', an essay in persuasion and not a budget-making body," former Planning Commission member Arun Maira told ET.

Yet, chairing his last meeting as Planning Commission chairman in April, Singh asked its members four questions that were similar to the ones he had asked in 2009; a) Are we still using tools and approaches which were designed for a different era? b) Have we added on new functions and layers without any restructuring of the more traditional activities in the Commission? c) What additional roles should the Commission play and what capacities does it need to ensure that it continues to be relevant to the growth process and d) As governance issues are integral to economic growth, are these areas for the Commission to delve into?

Maira, whose answer to all those questions, was a resounding "Yes", said the questions coming back to the table reflected that little was achieved on reforming the body despite a broad agreement on the need for it. An expert panel led by another trusted aide of Singh – his economic advisor C Rangarajan – even suggested scrapping its traditional role of doing budgetary and Plan allocations in 2012. Nothing came of that either.

"I have a feeling that in 2009, the PM was confident of planning reforms, but what had changed was, unlike 1991, a 'stroke of pen' reforms was not enough," Maira told ET. As a state CM visiting Yojana Bhawan, Modi would often urge the Commission to change its outlook from speaking about numbers and funds to helping states learn and gain from its wisdom and knowledge base.

BJP's Arun Shourie said country needs a Systems Reforms Commission rather than Planning Commission

One of the reasons the Commission's role in Budget allocations wasn't scotched, said officials, was the fear that nobody would bother to meet them in such a case. By contrast, Modi used to tell the Commission: "I should come here when I learn something new and gain from it in running my state," according to Maira.

When Jawaharlal Nehru formed the panel in 1950, he would frequently consult its members and make them even brief the Cabinet to expand their worldview and open their minds to new ideas and priorities. This had completely stopped in recent years, though Singh had promised to hold a meeting every month with the Commission on different subjects."Instead, we just had pro forma meetings once a year," said Maira. "If an institution wasn't being used in a way it could be effective, it becomes ineffective and is seen as being ineffective," he pointed out.

Business Line

Date 23/06/2014
Page No. 01

Free Govt-led infra projects from new Land Acquisition Act: DIPP

Wants norm requiring mandatory consent of people affected by projects scrapped

AMITI SEN
New Delhi, June 22

To avoid delays in large-scale projects, such as industrial corridors and national highways, the Commerce and Industry Ministry has proposed that Government-led infrastructure projects be kept out of the ambit of the new Land Acquisition Act.

The Department of Industrial Policy and Promotion, in a submission to the Rural Development Ministry, has said that provisions such as mandatory consent of project-affected people for land acquisition should not apply to infrastructure projects where the Government has a stake.

"Acquiring land for projects such as roads, railway and ports has come to a halt since the new Land Acquisition Act was implemented early this year.

"If we do not exclude Government-led projects from the ambit of the Act, our ambitious plans to build and upgrade infrastructure across the country will be stuck," a Government official told *Business Line*.

New legislation

The new legislation – the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act – makes it mandatory for developers to obtain the consent of 70 per cent of the people whose land will be acquired for Public-Private Partnership projects.

In the case of private projects, the consent of 80 per cent of the

displaced is mandatory.

Road Minister Nitin Gadkari, who also has additional charge of Rural Development, recently said that changes may be brought about in the Land Acquisition Act.

He added that he had discussed various provisions of the Act with State governments and that the Prime Minister would take a final call on the matter.

Projects stuck

According to Gadkari, road projects worth ₹60,000 crore are stuck as there are ongoing disputes in the Supreme Court and High Courts.

The Department is also against carrying out a social impact assessment, which is mandated under the new Act to identify families that would be affected if land was acquired.

The Department is implementing the Delhi-Mumbai Industrial Corridor, a $90-billion mega infrastructure project, with financial and technical aid from Japan.

The Government has also approved the Amritsar-Delhi-Kolkata Industrial Corridor and the Chennai-Bengaluru Industrial Corridor, which could all get delayed if the new Land Acquisition Act is not amended, the official added.

The new Act came into force this January, replacing the Land Acquisition Act, 1894, with the objective of giving fair compensation to farmers.

Business Line
Date 23/06/2014
Page No. 01

Gas price: Reliance Industries told to drop arbitration notice against Govt

With no dispute, notice not tenable: Petroleum Ministry

RICHA MISHRA
New Delhi, June 22

The Petroleum Ministry has 'informally' asked Reliance Industries to withdraw the arbitration case it has filed against the Government disputing the decision to postpone implementation of the revised gas price guidelines.

People privy to the development told *Business Line* that at a recent meeting between PMS Prasad, RIL's Executive Director and CEO, Petroleum Business, and Petroleum Secretary Saurabh Chandra, the latter suggested that the contractor of the controversial KG-D6 block should withdraw the arbitration notice.

RIL and its partners, BP and Niko, had served a notice on the Ministry in May. On June 17, another notice was sent on the appointment of an arbitrator. The Ministry has 30 days to respond.

"The Government is keen to resolve the issue, but the same cannot be done under pressure," said an official, adding that the 'interests of sectors such as power and fertilisers have to be taken into account."

According to the Petroleum Ministry, at this stage, no dispute exists because the Government has the right to decide on the price of gas, a natural resource that belongs to it. Therefore, it said, the notice is not tenable and the contractor should withdraw it. RIL and partners had filed an arbitration notice as their future investment plans depend on the gas price.

New pricing formula

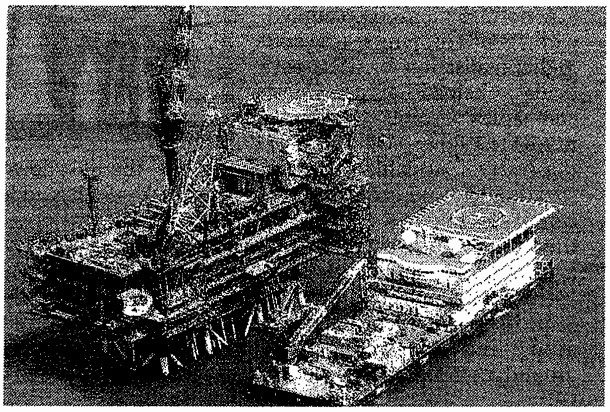
Meanwhile, a consensus seems to be emerging in the Government that the pricing formula suggested by the Rangarajan panel needs review. The Petroleum Ministry has sought Prime Minister Narendra Modi's guidance on the issue. It has said that a decision on the new price for the RIL-operated KG block has to be taken before July 1.

This urgency is because of the fact that RIL was told, through a communication on April 21, that "the Government will notify the price after the code of conduct (general elections) is lifted. As per the notified guidelines, the earliest possible date for applying the revised prices is July 1, 2014..."

Till the new price is announced, the contractor had to charge the existing price of $4.2 a unit (gas is measured in million British thermal units).

The Ministry wanted to make a presentation to Modi on the subject in the presence, among others, of the Finance, Power, and Chemicals and Fertilisers Ministers and their officials. It also flagged the issue in its June 20 presentation to the Prime Minister. Power, chemicals and fertilisers are among the industries that are directly impacted by a change in the gas price.

Every dollar increase in the price means power costs going up by about 45 paise a unit, CNG (compressed natural gas) cost rising ₹2.81 a kg (in Delhi), and PNG (piped natural gas) going up by ₹1.89 per standard cubic metre.



Price calculation

Besides, the Ministry is also seeking guidance on the method of price calculation – if it should be on the basis of gross calorific value (GCV) or net calorific value (NCV). The heat produced from natural gas is measured in calorific value. The issue cropped up when RIL-BP-Niko proposed that the price be based on the GCV.

This was not acceptable to buyers, as the gas price would automatically go up by a dollar.

The Financial Express Date: 23/06/2014
Page No. 05

PM meets Pradhan, Jaitley to work out gas price hike

New Delhi, June 22

PRIME Minister Narendra Modi on Sunday met oil minister Dharmendra Pradhan for the second time in three days, apparently to hammer out an acceptable increase in natural gas prices that could be announced soon.

After nearly five hours of discussion on issues facing energy sector on Friday, Modi again called a meeting on Sunday with Pradhan where finance minister Arun Jaitley also joined.

Sources said at the Friday meeting the gas price revision was flagged as one of the immediate decisions that the new government needs to take to revive investor interest in the stagnant oil and gas sector.

While the new government is keen to take an early decision on the issue, it may be looking at moderating the proposed increase — from current $4.2 per million British thermal unit to $8.4, they said, adding a new rate may be announced as early as this week.

After nearly five hours of discussion on issues facing the energy sector on Friday, PM Narendra Modi again called a meeting on Sunday with Petroleum minister Dharmendra Pradhan

Oil and gas producers say the current $4.2 per million British thermal unit rate is not enough to help produce from new finds in deepsea, but a new formula that had been approved by the previous government will result in increase in electricity tariff, urea cost, CNG rates and piped cooking gas price.

Given that inflation is already high and recent rise in food prices in anticipation of below-normal monsoon will add to it, the new government is debating if gas rates should be revised now and add further to inflation, they said.

Every dollar increase in gas price will lead to ₹1,370 per tonne rise in urea production cost and 45 paise per unit increase in electricity tariff. Besides, it will lead to a minimum of ₹2.81 per kg increase in CNG price and ₹1.89 per standard cubic metre hike in piped cooking gas.

The new government, sources said, is mulling if the Rangarajan formula approved by the previous UPA government for pricing of all domestically produced natural gas, should be tweaked or certain modifications made in its implementation.

The Rangarajan formula calls for pricing rates at an average cost of importing liquefied natural gas (LNG) into India and rates prevailing on international hubs in the US and the UK as well as price of gas imported into Japan.

Sources said there is a thought that the high priced Japanese imports, which have no relevance to India, should be excluded from the formula to bring down the gas price from $8.4 as arrived at using Rangarajan formula, to about $7-7.5.

Another possibility, proposed two weeks ago, is to allow higher prices only on output that is in excess of current production; or to allow higher gas prices only for production from fields discovered under the New Exploration Licensing Policy like Reliance Industries-operated KG-D6 fields. This would mean state-owned ONGC, whose gas production comes from pre-NELP blocks, being kept out of price revision. *PTI*

E-governance software in govt offices soon

New Delhi, June 22: The tech-savvy Narendra Modi dispensation has put on fast-track the process of making government offices more efficient and transparent work places by introducing e-Office, a software that will minimise the use of paper.

The Cabinet Secretariat, official sources said, has issued instructions to ministries to phase out their paper work by adopting e-Office.

E-Office has been designed by the National Informatics Centre (NIC).

Initially, officials will be trained to operate e-File to ensure effective and transparent inter and intra-government processes.

eFile, an integral part of e-Office, is a file tracking system designed to make government departments paperless by scanning, registering and routing the inward correspondence attachment, draft for approvals and movement of files as well as receipts.

"Once the officials are trained and the system is in place, we will ask the states to send proposals and other documents through the file-tracking channel," a Rural Development Ministry official told PTI. *PTI*

The Financial Express

Date: 23/06/2014
Page No. 05

Food ministry working on price for release of rice

Sandip Das

New Delhi, June 22: With the government yet to take a call on the modalities for releasing 5 million tonne of rice into market for curbing inflation, the food ministry has started work on the price structure at which the grain would offered to traders through tendering.

Food ministry sources told *FE* that the Food Corporation of India (FCI) had rice stock of more than 28.2 mt at the start of the month, which is more than the double the requirement under the strategic reserve norm. Therefore, allocating extra grain would not be a problem. However out of total stock, 7.6 mt is still with millers for processing.

"We are waiting for the nod from the finance ministry," a food ministry official said. As per food ministry's calculations, the acquisition cost of the common variety of rice for FCI currently stands at ₹2,410 per quintal—which mainly includes the procurement cost (₹1,910 per quintal), mandi charges or VAT (₹222 per quintal), milling charges (₹38 per quintal) and incidentals.

The FCI has calculated the procurement cost (at 67% conversion rate from paddy) on the basis of the minimum support price (MSP) of the common variety at ₹1,301 per quintal for 2013-14 (Oct-Sept) season. Besides, if freight, handling and storage charges are included, the economic cost of rice works out to be ₹2,755 per quintal.

"We can release rice at the economy cost for which the government has to take a call," a food ministry official said.

The official said while FCI has been releasing wheat under the Open Market Sale Scheme (OMSS) to bulk buyers through tendering from its excess stocks over the last few years, it would be the first time in a decade that the corporation would sell rice in open market.

In 1994-95, FCI had sold a small quantity of rice in the open market with the corporation allocating 1.4 lakh tonne (2012-13) and 2.4 lakh tonne (2013-14) under OMSS (direct) to state governments for retail distribution, which was not lifted by states entirely.

Last week, as part of steps to curb inflation, finance minister Arun Jaitely had announced the release of 5 million tonne of rice into the market. The official press 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 state governments through the Public Distribution System (PDS)."

Besides, Jaitley had stated that the government was keeping a close watch on the price movement of 22 commodities, including rice, wheat, pulses, vegetables, salt, sugar, milk and edible oil.

"The government would be releasing additional rice stocks from government warehouses for supplies to the state governments," food minister Ram Vilas Paswan had stated.

Food Corporation of India had rice stock of more than 28.2 mt at the start of the month, which is more than the double the requirement under the strategic reserve norm. Therefore, allocating extra grain would not be a problem

Business Standard

Date 23/06/2014
Page No. 02

Pharma pricing norms set to be tightened

Regulator studying pricing models in various nations; draft legislation likely by end of March

SUSHMI DEY
New Delhi, 22 June

Pharmaceutical companies might be up for stricter price regulations. The government is planning to bring in a legislation that would take into consideration pricing models across the US, European Union (EU), China and 14 Organisation for Economic Co-operation and Development (OECD) countries.

The National Pharmaceutical Pricing Authority (NPPA), which regulates prices of medicines in the market, has already initiated work in that direction. NPPA Chairman Injeti Srinivas said the agency plans to come up with the first draft of the legislation by the end of this financial year.

"We have started dialogue with some institutions to commission a study that would look into pricing models of different countries. We are also internally exploring areas that this study should focus on and terms of reference etc. In two-three months' time we will formally commission the study," Srinivas told *Business Standard*. He added the proposed legislation will cover all kind of medicines including patented, imported and even non-scheduled drugs.

At present, medicine prices are regulated under the Drug Price Control Order (DPCO), 2013, emerging out of the National Pharmaceutical Pricing Policy, which was cleared by the previous government.

The proposed legislation would also provide more teeth to NPPA, enabling it to penalise companies flouting the law or overcharging consumers for medicines.

"An Act is much superior instrument to merely rule-making power. Our endeavour would be to move towards a progressive legislation based on international models, which will be reasonable while providing more powers to NPPA to keep a check on prices," Srinivas said.

Currently, around 30 per cent of the total ₹79,000-crore domestic pharmaceutical market is under regulation, where prices of 348 essential medicines are capped at the average of all drugs in a particular segment with more than one per cent market share. Prices of these medicines are allowed an annual hike based on Wholesale Price Index. For all other medicines, companies are free to raise prices up to 10 per cent annually.

PRICE CONTROL MECHANISM

- Currently, around 30 per cent of the total ₹79,000-crore domestic pharmaceutical market is under regulation
- Prices of 348 essential medicines are capped at the average of all drugs in a particular segment with more than one per cent market share
- Prices of these medicines are allowed an annual hike based on Wholesale Price Index
- For all other medicines, companies are free to raise prices up to 10 per cent annually

While the new government at the Centre is expected to keep a stringent check on prices of medicines and make them affordable for the common man, the NPPA, of late, has taken some stringent steps in the direction. For instance, for the first time, the regulator has attempted to cap the launch price of medicines. In a recent notification, the regulator said prices of new brands of existing medicines will have to be at par with the most expensive drug in the segment.

In another such notification, using a public interest provision in the DPCO, 2013, the regulator has said it would monitor the difference in prices between various brands of medicines used in treatment of cancer, HIV, tuberculosis, malaria, cardiovascular diseases, diabetes and asthma.

Business Standard

Date 23/06/2014
Page No. 04

Stoke growth or go for fiscal prudence?

Jaitley gets contrasting advice from economists, who're also not so bothered about impact of the trade-offs

INDIVJAL DHASMANA
New Delhi, 22 June

As Finance Minister Arun Jaitley prepares the Union Budget for 2014-15, he might either prefer to be guided by the Vijay Kelkar committee's road map on fiscal consolidation or choose advice from India-born economist Arvind Panagariya to concentrate on economic growth.

Panagariya, a professor at Columbia University, recently said the government should concentrate on growth, even if it meant the Centre's fiscal deficit would be 4.5 per cent of gross domestic product (GDP) for the current financial year, against the 4.1 per cent pegged in the interim Budget. Whereas, the Kelkar panel schedule, given in 2012, wanted the government to contain the deficit at 3.9 per cent of GDP for 2014-15.

On the basis of the Kelkar report, former finance minister P Chidambaram had given a new schedule on fiscal consolidation, by which the deficit should come down to 4.2 per cent of GDP in this financial year, against 4.8 per cent in 2013-14. In the interim Budget, he'd projected an improvement over his own road map and pegged the deficit at 4.1 per cent for the current financial year, as the deficit had come down to 4.5 per cent in 2013-14.

As such, Chidambaram had termed Panagariya's suggestion as mistaken, earlier this month. When asked, neither would talk further on the issue.

However, a member of the Kelkar panel does not find anything wrong in the fiscal deficit widening to 4.5 per cent of GDP for this financial year, though for reasons different from those given by Panagariya. The latter had said the government should not be unduly worried about a small fiscal slippage, and boost infrastructure spending. The Kelkar committee member told *Business Standard* it would be too much to expect the new government to stick to the 4.1 per cent target for 2014-15. "Much has changed since we presented the report in 2012 and now. The (previous) government did not do the kind of expenditure restructuring we'd wanted it to do," the member said.

C Rangarajan, former chairman of the earlier Prime Minister's Economic Advisory Council, did not agree on widening the target for FY15. "I think containing the fiscal deficit at 4.1 per cent of GDP will send the right signals. Nobody is saying it is not difficult to achieve 4.1 per cent but that is desirable," he said.

Rangarajan said nobody wants the government to immediately go for a fiscal deficit at three per cent of GDP, the ultimate target to be achieved by 2016-17. "In some sense, we have relaxed the mandate, as we did not say go for three per cent immediately." In any case, he recommended the deficit be set lower than in the previous year (4.5 per cent).

Panagariya, in fact, wants the government to raise capital expenditure from 1.76 per cent of GDP to two per cent. This would require slightly over ₹30,000 crore of additional money.

Rangarajan, also chairman of the Madras School of Economics, said the fiscal deficit was not rising due to capital expenditure but because of rising revenue expenditure. "Allocations should be redistributed to capital expenditure. Clear decisions on subsidies are required," he said.

CARE Ratings' chief economist Madan Sabnavis said, "Ideally we should cut on some other expenditures, say fuel or fertiliser subsidy, and use the savings for additional capex." The option, he said, was to work on the present targeted expenditure for capex and not wait to see how the year evolved. The interim Budget had projected capex to grow about 12 per cent to ₹2.13 lakh crore for FY15, against the ₹1.9 lakh crore in the revised estimate for FY14. It was, however, less than the ₹2.29 lakh crore estimated in the budget estimate for FY14. An alternative, Sabnavis said, was to earmark an additional amount for capex, perhaps by 0.5 percentage points, Keynesian in spirit

FISCAL DEFICIT: A ROAD MAP

As % of GDP

Road map of the 13th finance commission submitted in 2013, headed by Vijay Kelkar

'09-10	'10-11	'11-12	'12-13	'13-14	'14-15
5.8	5.7	4.8	4.2	3.0	3.0

Note: Road map from 2009-10, as the earlier one prescribed under the Fiscal Responsibility and Budget Management Act came to an end in 2008-09
Source: The 13th finance commission

Vijay Kelkar Committee's recommendations given in 2012

'12-13*	'12-13**	'13-14	'14-15
6.1	5.2	4.6	3.9

* If panel's steps are not taken
** If panel's steps are taken
Note: Panel had recommended several expenditure reform measures
Source: Kelkar Committee report

Fiscal deficit road map given in 2012 by then finance minister P Chidambaram, based on the Kelkar Committee's report

'12-13	'13-14	'14-15	'15-16	'16-17
5.3	4.8	4.2	3.6	3.0

Source: Finance Ministry

Actual performance

'09-10	'10-11	'11-12	'12-13	'13-14	'14-15*
6.3	4.7	5.6	4.8	4.5	4.1

* Interim Budget projection
Source: Budget papers and the Ministry of Statistics and Programme Implementation

Business Standard

Date 23/06/2014
Page No. 06

Now, govt plans AIIMS-like institutes for agricultural research

SANJEEB MUKHERJEE
New Delhi, 22 June

After promising to set up an All-India Institute of Medical Sciences (AIIMS) and an Indian Institute of Technology (IIT) in each state, the Narendra Modi government is toying with the idea of establishing AIIMS-like institutes for agricultural sciences. Officials in the know said the government is in the process of converting the Rajendra Agriculture University, Pusa in Samastipur, Bihar, into a Central Agriculture University (CAU) and has also started the process of setting up 13 more such CAUs across the country, either through converting the existing institutes or setting up completely new ones.

On Thursday, Union Agriculture Minister Radha Mohan Singh, too, directed the Indian Council of Agriculture Research (ICAR) to explore the possibility of opening six new agriculture colleges in the North-Eastern states and also upgrading the infrastructure of the existing ones. However, he did not disclose how many of them would be CAUs.

The new CAUs to be built by the NDA govt will be classified as institutes of national importance like AIIMS and IITs

"All the CAUs will be classified as institutes of excellence and national importance which would help in attracting world class talent both as students and teachers," Arvind Kumar, deputy director general (education) in ICAR, told *Business Standard*.

The new CAUs to be built by the National Democratic Alliance (NDA) government will be classified as institutes of national importance like AIIMS and IITs. It will also make them eligible for central support, outside the jurisdiction of the states. The help of private sector could also be sought for setting up these CAUs, another official who is directly involved in the matter said.

These universities are expected to come up in all the 15 agro-climatic zones as identified by the Planning Commission. At present, the government has just two CAUs for agriculture the first one is in Imphal, while the second is under preparation in Jhansi (Uttar Pradesh).

"Building CAUs will also help in maintaining the quality standards in agriculture education, which is sometimes openly flouted in the state-run universities where more than 40 per cent vacancies is not fill, which affects the quality of teaching," the official said.

To remove ambiguity and allegations of favouritism, the government is also in the process of framing a policy on establishment of CAUs, which would lay down the norms, the requirements, modalities for setting up these universities, said officials.

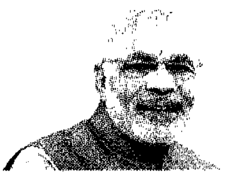
For full report, visit www.business-standard.com

The Indian Express

Date: 23/06/2014
Page No. 05

Secys will explain if ministry doesn't give critical inputs in time

RAGHVENDRA RAO
NEW DELHI, JUNE 22



THE NEW NEW DELHI

MINISTRIES which have inputs that are critical or necessary for decision-making in proposals piloted by other ministries but fail to communicate them in time will now have a lot to explain for. The Secretaries of such ministries could not only be required to list out such inputs during the Cabinet meeting but may also have to provide reasons for not having provided the comments in time.

While the government has already made clear the importance it is going to attach to the Secretary-level officers in various ministries, the Centre, in a fresh directive, has decided to make Secretaries more accountable when it comes to playing a role in inter-ministerial consultations, particularly in giving inputs to proposals sponsored by other ministries.

"If any consulted Ministry/Department has inputs that it considers necessary/critical for decision making in the case, and these could not be communicated to the sponsoring Ministry/Department in time, Secretary of such Ministry/Department could be required to indicate such inputs during the meeting of the Cabinet along with reasons for not having been able to provide the comments in time," reads the latest communication issued by the Cabinet Secretariat.

This latest missive comes days after Principal Secretary to PM Nripendra Misra asked the Secretaries in all ministries to pay special attention to time-bound requests from the PMO and send back crisp and accurate replies in time. Misra had also asked the Secretaries to preferably approve the responses at their own level, placing accountability for every communication to the PMO.

Now, compressing the time-frame for completion of inter-ministerial consultations to two weeks, fresh instructions from the Cabinet Secretariat stipulate that whenever a consulted ministry or department fails to forward its comments to the sponsoring ministry or department in the two weeks duration, the sponsoring ministry will "clearly indicate in the body of the note the date on which comments were sought from Ministry/Department concerned and the fact that the comments of the Ministries/Departments consulted have not been received till finalisation of the note for the Cabinet/Cabinet Committee".

Simply put, those ministries which fail to act in time while responding to inter-ministerial consultations, will no longer be able to go scot-free. The latest directions also mandate that ministries sponsoring a proposal will have to ensure that the draft note for the Cabinet or Cabinet Committee is delivered to all Ministries or Departments required to be consulted and the PMO quickly.

Further, in an attempt to cut delays, the government has decided that once a single copy of the final note is sent to the PMO and Cabinet Secretariat, the time taken to forward the requisite number of copies to Cabinet Secretariat will now be three days instead of the earlier seven days. Final notes received in the Cabinet Secretariat up to Thursdays and found to be procedurally in order will be placed before the Cabinet or the Cabinet Committees the following week.

The Indian Express

Date: 23/06/2014
Page No. 13

Experts call for the Railways to run a set of PSUs to attract investments for projects

Despite fare hike, Railways need to be merged into govt fisc

SUBHOMOY BHATTACHARJEE
NEW DELHI, JUNE 22

IT costs the Railways Rs 2 to earn Re 1 from a passenger. Despite the surprise of a steep increase in fares on Friday afternoon, there is little chance with this sort of earning, it can finance any of the massive projects announced in the President's speech to Parliament.

To do any of those, even with foreign funding, Rail Bhawan is instead banking on Pranab Mukherjee's assurance that "investment in Railways will be increased using innovative financing methods".

The first thing they would like to do as "innovation" is to scrap an 89-year-old model under which the Railway finances are kept separate from Government of India finances. It was a British plan rolled out in 1924 based on the Acworth Committee report of 1921.

The Railway Budget in July will show if there has been any progress on that score but the messy financial world of Indian Railways cannot get sorted out without it. The Railways for instance, gets budget support from the government and then returns about 30 per cent of that as dividend — all in the same year (Interim Budget 2014-15 figures). The shortage in its investment funding, as a result is of Rs 43,000 crore built up in just five years.

RAILWAY FINANCES

11TH FIVE YEAR PLAN

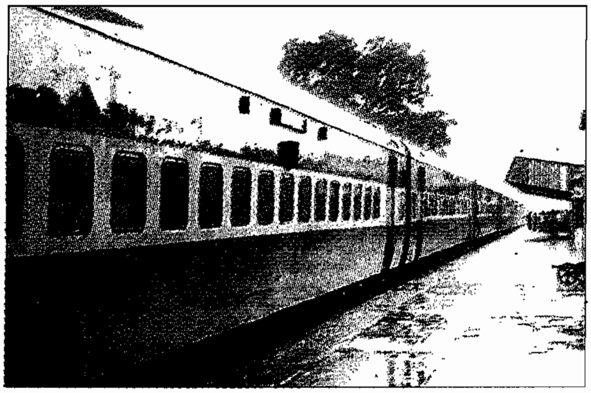
Rs 80,000 cr
Loss from passenger service

Rs 1,90,000 cr
Total planned Investment
Of which

Rs 77,000 cr
Government support

Rs 70,000 cr
Internal resources and borrowing

Rs 43,000 cr
Investment shortfall



KEY RATIOS

	Passenger services Earnings per km to cost	Freight services Earnings per km to cost
1995	67.3	142.8
1996	64.6	138.7
2004	60.8	138.0
2007	64.4	174.5
2009	49.1	147.9
2011	50.0	148.5

(All figures in per cent) SOURCE: RAIL BUDGET

"It is a confused approach. The Railways should become a government department running a set of public sector enterprise," says Dhirendra Swarup, former expenditure secretary in the finance ministry who piloted 10 Union budgets.

Over the past two decades, the cost of carting a passenger on a train for a kilometre has risen to nearly 53 paise. The Railways earn exactly half of that from her.

Just look at the table alongside. From a high of 67 per cent the Railways earned from each traveller in 1995-96, by 2010-11 the percentage is down to just 50 per cent.

How does Indian Railways make up for that? For every crate, it overcharges to make up for that 50 per cent gap. The overcharging stretches from vegetables and milk to coal. The subsidised railway passenger makes the poorest pay for her journey.

Other than tickets for passengers and freight, the only other way the Railways can now raise money is to borrow from the government—the gross budgetary support.

Since it is not an enterprise, it can borrow from the public only through a special purpose vehicle. This is the Indian Railway Finance Corporation (IRFC). From the money it borrows, IRFC buys railway coaches and wagons and leases them to the Indian Railways.

The lease payments from Railways' earnings are obviously a costly exercise and have reached their limit. By Budget 2013-14, of every rupee spent by the Railways, lease payments accounts for over 11 paise. There is going to be no money for any project, diamond or any other shape, unless this conundrum is solved.

According to Rakesh Mohan, chairman of National Transport Development Committee, the innovative financing choices involve turning the Railways into a quasi sovereign corporation and make each major project run as a subsidiary company of it. For this, the British relic of Separation Convention must go.

"The Railway Budget today has come down to about 15 per cent of the national budget, so (a merger) can definitely be done," says Ashok Chawla, chairman of the Competition Commission of India.

Swarup is clear that a radical change is required. "If FDI in railways has to happen, the present arrangement must be disbanded. Only corporations can receive such investment helped by a government entity that can leverage low cost sovereign borrowing."

China plans to invest around Rs 5 lakh crore in railways for FY15. The Indian Railways, in FY14, planned to spend just Rs 64,305 crore.

The Tribune

Date: 23/06/2014
Page No. 18

SAARC PUSH

Sushma to meet mission heads

ASHOK TUTEJA
TRIBUNE NEWS SERVICE

NEW DELHI, JUNE 22
Foreign Secretary Sujatha Singh has summoned all Indian heads of mission in the neighbourhood for a day-long conclave in Delhi tomorrow. This is a follow-up to Prime Minister Narendra Modi's initiative to invite leaders of SAARC countries and Mauritius to his swearing in ceremony.

The meeting, the first of its kind, comes within a month of Modi's meeting with SAARC leaders and aims at charting out concrete follow-up plans with each South Asian neighbour within specified timelines, official sources said.

External Affairs Minister Sushma Swaraj will chair all sessions to take stock of the current state of play in India's relations with each of its neighbours, including China and Pakistan, and set down the new government's priorities and approach.

Swaraj will also pay a goodwill visit to Bangladesh from June 25-27. The visit takes place at the invitation of Bangladesh Foreign Minister Abul Hassan Mahmood Ali.

This is Swaraj's first stand-alone visit abroad as the External Affairs Minister. She had accompanied Prime Minister Modi on his recent visit to Bhutan. During the visit, Swaraj will hold discussions on bilateral issues with the Bangladesh Foreign Minister. She will also call on the Bangladesh President Abdul Hamid and Prime Minister Sheikh Hasina. She will also have engagement with think tanks, chambers of commerce and industry and cultural organisations.

B'desh visit from June 25

- The first-of-its-kind meeting of India's Mission heads in neighbouring countries is aimed at charting out concrete follow-up plans with each South Asian neighbour within specified timelines
- External Affairs Minister Sushma Swaraj will chair all sessions to assess India's relations with each of its neighbours, including China and Pakistan. Swaraj will pay a goodwill visit to Bangladesh from June 25-27

The Tribune

Date: 23/06/2014
Page No. 18

India can export fighter jets, missiles: DRDO

NEW DELHI, JUNE 22

With Prime Minister Narendra Modi stressing the need for increasing arms exports, the Defence Research and Development Organisation (DRDO) has said India can sell combat aircraft and missiles whose production cost would be "much lower" than some of the weapons sold by countries such as China..

DRDO chief Avinash Chander said the country needs a "policy mechanism" for exporting weapon systems and the defence research agency has suggested a "single window clearance" for sale of arms to friendly foreign countries in a time-bound manner.

"We have a list of equipment that includes the Light Combat Aircraft 'Tejas', 'Akash' air defence system, 'Prahar' class of missiles and 'BrahMos' supersonic cruise missiles along with a number of systems that can be exported," he said.

"We are discussing the methodology for developing the export potential as well as a policy mechanism for export of weapon systems," Chander said.

The DRDO chief was asked about a recent comment by the Prime Minister that India should produce arms for itself and also supply them to other nations.

Tejas is a lightweight, multi-role, single-engine tactical fighter aircraft. Akash, a surface-to-air missile, has a range of 25 km.

Prahar is a 150 km-range tactical missile system while BrahMos is a supersonic cruise missile with a strike range of 290 km.

On the cost benefit for countries procuring arms from India, Chander said: "Many times Indian weapons are a lot cheaper. There are various other systems, like if you take strategic missiles, the long-range missiles that China sells to Saudi Arabia and the cost at which we produce, it would be one-third or one-fourth," he said.

Chander said, "We can talk only about the price at which people sell and what comes out in published figures about the contracts of the day. By that, our production cost would be much lower. What will be the export cost, that will be the policy decision of the government." — PTI

Indigenous arsenal on offer

- DRDO chief Avinash Chander says indigenously manufactured Light Combat Aircraft 'Tejas', 'Akash' air defence system, 'Prahar' missiles besides 'BrahMos' supersonic cruise missiles can be exported
- Tejas is a lightweight, multi-role, single-engine tactical fighter aircraft. Akash, a surface-to-air missile, has a range of 25 km
- Prahar is a 150 km-range tactical missile system, while BrahMos is a supersonic cruise missile with a strike range of 290 km

Regional head hurt in freak knife attack

Hyderabad: The regional director of DRDO, RK Satpathy, was injured in a freak knife attack while shopping in the crowded Charminar area of Hyderabad on Sunday. He was stabbed by a boy who was being chased by people, the police said. The attacker was allegedly trying to escape after committing a theft. —TNS