योजना आयोग
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GOVERNMENT OF INDIA

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NEWS AND VIEWS

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

W. Clement stone

Polity

- **Eye to poll, Chavan unveils quota sops:** In a desperate effort to improve its prospects in the forthcoming Maharashtra Assembly elections, the beleaguered Congress-NCP Government on Wednesday announced a major policy initiative to extend 16 per cent reservation to Marathas and 5 per cent to Muslims in Government jobs and education. Fresh from the ruling Democratic Front's massive debacle in the Lok Sabha polls in Maharashtra, Chief Minister Prithviraj Chavan formally announced that the DF Government decided to create special categories for educationally and socially backward Marathas and Muslims and collectively make 21 per cent per reservation in Government jobs and education for the two communities. While talking to mediapersons after a specially convened State Cabinet meeting at the State-run Sahydri Guest House, the Chief Minister said the reservation would come into "immediate" effect and would not impinge upon the existing 52 per cent quotas for various other sections. Justifying the decision, Chavan said, "We have decided to treat Marathas as educationally and socially backward people and create a new category for them. Under this category, we have made 16 per cent reservation for Marathas. The five per cent reservation for Muslims is not religion-based but on the criterion of their social and economic backwardness". (The Pioneer).

Economy

- **Excise duty cut on automobile, capital goods to stay:** Union Finance Minister Arun Jaitley, on Wednesday, extended for six months the excise duty cuts the UPA Government had taken in its Interim Budget in February to revive economic growth. On February 17, the then Finance Minister, P. Chidambaram, had lowered excise duties on automobiles, capital goods and some consumer durable goods to boost demand for these goods. Mr. Jaitley has extended all those concessions till December 31 saying that the decision could not have been delayed till the tabling of his first budget in Parliament on July 10. "Since the concessions given in February were valid only till June 30, the Finance Ministry decided to extend them for a period of six months till December 31." When contacted, Mr. Chidambaram told *The Hindu* that the decision of the Modi Government to continue with his pro-growth policy step was a "wise decision; I welcome it." The reduced excise duty on small cars, scooters, motorcycles and commercial vehicles was 8 per cent. SUVs excise duty was cut from 30 per cent earlier to 24 per cent. The excise duty on large cars will stay at 24 per cent against 27 per cent earlier and that on mid-sized cars will continue to be at 20 per cent. It was 24 per cent before the Interim Budget cuts were effected. The former Finance Minister had also cut excise duty on all capital goods from 12 per cent to 10 per cent where it will stay now. Mr. Jaitley said that the decision was unlikely to hit tax collections, and it was rather expected to boost demand for these goods which would in fact push up revenues. (The Hindu).

Planning

- **In Modi they trust: Govt's 80,000-cr divestment plan to find more buyers:** The Centre's ambitious plan of raising Rs 80,000 crore by way of disinvestment this fiscal is expected to find more buyers than in the previous two to three financial years, a shift that can be credited to the change in the country's political as well as economic situation, and its effect on equity markets. Investment bankers feel the market has appetite for government paper. Some of the companies were established long ago and are well renowned among domestic as well as foreign investors. Besides, there is a high degree of investor optimism that the government to take tough policy measures and kick-start the economic reforms agenda. According to Ajay Saraf, ED and head of corporate finance and institutional equities, ICICI Securities, investors are showing a deep appetite for Indian stocks given the way foreign institutional investors' (FIIs) money has flown into Indian markets and the relative performance to other emerging markets. "The positive sentiments prevailing in the secondary market and increasing investor appetite which has been triggered by a new stable government. Going forward we expect banking, financial services, PSUs and some cyclicals to dominate fund raising. We see an increasing participation from Indian investors especially retail investors and we expect such investors to actively participate in IPO and PSU OFS, especially if there is a retail discount offered," Saraf said. (The Financial Express).

Editorial

- **Battle at Delhi University:** Institutions often get damaged in the absence of right leadership. The University Grants Commission is one such in immediate danger. When the UPA was in power the UGC had no objection to the four-year undergraduate programme (FYUP) started by Delhi University. In a letter to the Vice-Chancellor its secretary actually approved it. Now the UGC sings the BJP tune. So do some college principals when faced with pressure. The UGC has threatened to derecognise colleges if they did not revert to the three-year course. On Tuesday 57 of the 64 colleges complied with its directions. It has constituted a committee to advise the university on switching to the old system. Neither the colleges nor the UGC can decide on the switchover. That power lies with the university's academic council, executive council and Visitor (President). Behind the UGC's misplaced tough posturing is the HRD Ministry. The UGC Director (Administration), in a communication to the DU Registrar on June 20, has admitted that the "Central government ... issued directions to the commission" to this effect. Officially, HRD Minister Smriti Irani has maintained silence. Prime Minister Modi too has not spoken or tweeted on the issue. Leftist and pro-BJP student organisations are protesting against the FYUP. The BJP, which has got a good mandate in Delhi, has its electoral compulsions. Its junior, ill-informed leaders are vitiating the atmosphere by their irresponsible statements. The protesting students at least have a valid argument. (The Tribune)

Gas price hike decision put off for 3 months

- Nod to MoU with China for industrial parks
- Paddy procurement price up ₹50 per qtl

BS REPORTER
New Delhi, 25 June

A year after the United Progressive Alliance (UPA) government decided to increase the price of domestic gas produce, the new government is seen dithering over taking a call on notifying the new price from July 1. The Cabinet Committee on Economic Affairs (CCEA) on Wednesday deferred a decision by three months, though it did not junk or modify the pricing formula notified in January this year.

"CCEA has decided the issue needs comprehensive discussions. All stakeholders will be consulted and the people's interest will be kept in mind," Petroleum Minister Dharmendra Pradhan told reporters after the CCEA meeting.

Asked if a committee would revisit the pricing formula that raised the price of gas from $4.2 per million British thermal units (mBtu) to $8.8, a senior official said a review mechanism would be worked out later. "The entire issue and the Rangarajan committee report will be considered," said Pradhan.

Gas pricing guidelines were notified on January 10 but the implementation had to be deferred as the model code of conduct for the general elections kicked in, Pradhan said.

In another key decision, ahead of Prime Minister Narendra Modi's meeting with Chinese President Xi Jinping on the sidelines of a BRICS (Brazil, Russia, India, China and South Africa) summit next month, the Cabinet gave its in-principle approval to industrial parks to be set up by China. Law and Telecom Minister Ravi Shankar Prasad said the details of the agreement would be made public after the MoU was signed.

The decision on further consultations came a day after the government partially rolled back the railway fare increase announced earlier. Though Prime Minister Narendra Modi had earlier this month indicated some "tough" decisions from the government, Pradhan ruled out any phased increase in prices of cooking gas and kerosene. The government, however, decided to increase the support price of cereals for farmers which is expected to add to the government's subsidy bill, as well as food prices.

CABINET DECIDES

GAS PRICING: To hold wide consultations with stakeholders before taking a call on a gas price increase after three months

FORMULA: The petroleum ministry to decide on a mechanism to review the Rangarajan formula

PROCUREMENT PRICE: Cabinet has announced an increase in procurement prices of summer crops like paddy and pulses

MSP VS INFLATION: Law Minister Ravi Shankar Prasad has said minimum support price is not directly linked to inflation

MoU WITH CHINA: The Cabinet has given its in-principle approval to signing of a memorandum of understanding between India and China for setting up of industrial parks

Business Standard

Date 26/6/2014

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Govt support prices up for summer crops

BS REPORTER
New Delhi, 25 June

The Union government on Wednesday announced an increase in the minimum support prices (MSP) for kharif crops — paddy, coarse cereals, paddy and cotton — for 2014-15 (July-June), amid forecasts of a sub-normal monsoon.

The rise was modest compared to what was given last year, while in line with recommendations of the Commission for Agricultural Costs and Prices (CACP). The prices, announced by the Cabinet Committee on Economic Affairs (CCEA), will be effective from October 1.

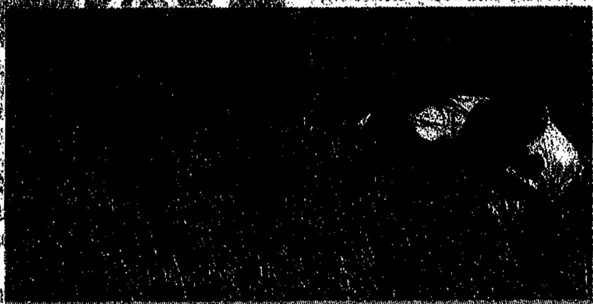
The MSP of paddy's common grade variety was raised by ₹50 a quintal to ₹1,360 for 2014-15, a 3.8 per cent rise compared to ₹1,310 a qtl in the previous year. In 2013-14, the rise was 4.8 per cent. It is similarly so for other crops, except jowar and sunflower seed.

Procurement prices of paddy's grade 'A' variety was raised by ₹55 to ₹1,400 a qtl. Paddy is a major kharif crop, the sowing of which starts with the onset of monsoon in June.

Asked if the rise in paddy MSP would lead to a rise in prices, Law Minister Ravi Shankar Prasad told a press conference: "I do not think a rise in MSP is directly linked to inflation. We are taking several measures to control inflation."

The MSP of pulses was increased by up to ₹100 a qtl. CCEA approved a ₹50 rise in the support price of tur and urad to ₹4,350 a qtl each; moong's was raised by ₹100 to ₹4,600 a qtl.

The cotton MSP has been increased by ₹50 a qtl to ₹3,750 for medium staple and to ₹4,050 for the long staple. In oilseeds, the government announced an increase of ₹50 in the support price of sunflower seed to ₹3,750 a qtl, and ₹100 for sesamum and nigerseed at ₹4,600 and ₹3,600 a qtl, respectively. Also, a rise for jowar by ₹30 to ₹1,530 a qtl for the hybrid variety and ₹1,550 a qtl for the 'maldandi' variety. Ragi's MSP was raised by ₹50 to ₹1,550 a qtl.



CROP WATCH

(₹/quintal)	2013-14	2014-15	% y-o-y
Paddy (common)	1,310	1,360	3.8
Paddy (grade A)	1,345	1,400	4.1
Moong	4,500	4,600	2.2
Urad	4,300	4,350	1.2
Tur	4,300	4,350	1.2
Cotton (medium staple)	3,700	3,750	1.3
Cotton (long staple)	4,000	4,050	1.2
Sunflower seed	3,700	3,750	1.3
Seasamum seed	4,500	4,600	2.2
Jowar (hybrid)	1,500	1,530	2.0
Jowar (maldandi)	1,520	1,550	1.9

Note: The marketing season for oilseeds is from November to October, for cotton it is October to September. For all other crops, it is from July to June
Source: Government

Business Standard

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Govt plans mega scheme for water transport network

BS REPORTER
Mumbai, 25 June

In a bid to make transport more cost-effective and improve employment opportunities, the shipping ministry plans to start a new programme — Pradhan Mantri Jal Marg Yojana — to develop a strong river and inland water transport network.

"The idea is to use the coastal line, rivers and inland to develop a strong water transport network which will not only bring down fuel consumption but will also generate employment," said Union Minister for Road Transport, Highways and Shipping Nitin Gadkari. He was speaking at the International Maritime Organisation's annual day of the Seafarer 2014 here on Wednesday.

Apart from being fuel-efficient, higher usage of water transport network will also help reduce road accidents which are to the tune of 131,000 every year, said Gadkari.

"There is immense scope for capital investment in the shipping sector and we also see good employment potential here," Gadkari added.

With regard to giving seafarers some relief on the income tax front, Gadkari said, "I have already written to the finance ministry and from my side I have already pushed for it and I think some solution will be out."

"The idea is to use the coastal line, rivers and inland waterways to develop a strong transport network which will not only bring down fuel consumption but will also generate employment"

NITIN GADKARI
Union minister for road transport, highways

Currently, Indian seafarers are drawn towards foreign shipping companies, as the latter has more conducive tax regime. Indian seafarers are exempted from paying any income tax when on foreign vessels, which is not the case when they are working for Indian vessels. It is only when a seafarer working for Indian vessel stays outside Indian territorial waters for more than six months that he can claim refunds as an NRI.

On a pension scheme for Indian seafarers, Gadkari said once he was in Delhi, he would make changes to the existing Act and see to it that the scheme was implemented, as it would not burden the government in any manner.

The industry has proposed approval for pension scheme for its seafarers, which is a contributory fund, where shipowners and seafarers have been regularly contributing for the past 15 years. Due to this, the government does not really have to bear the burden of release funds towards this scheme. India has 12 major and 200 minor ports, spread across the 7,500-km coastal line.

Business Line

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Japan writes to India on problems faced by its companies here

Seeks early action on issues such as labour unrest, retrospective taxation

AMITI SEN

New Delhi, June 25

Japan is putting pressure on India to sort out taxation, labour and other problems being faced by its companies such as Toyota, Mitsubishi and Honda.

Japanese Ambassador to India Takeshi Yagi has sent a letter to the Prime Minister's Office urging early solutions to issues affecting its companies and fast-tracking proposed investments, especially in the ambitious industrial corridor projects, a Government official said.

Earlier, notes were also sent to the Finance and Commerce Ministries by the Japanese Embassy stressing on the need for a predictable and transparent business environment.

"We are aware of the problems related to various Japanese companies that have been raised by the Japanese Ambassador. We have asked different Ministries and Departments that are involved to act on them," a Department of Industrial Policy & Promotion (DIPP) official told *Business Line*.

Labour issues

Labour unrest has emerged as a big problem affecting Japanese investments in India. Toyota Motor's Indian arm temporarily shut down two of its plants near Bangalore following strikes by some employees who were protesting delay in salary hikes. Suzuki Motors, too, faced violent labour protests in 2012 that led to one death and several arrests.

Retrospective taxation is another issue bothering the Japanese. The Finance Ministry has placed tax demands on certain Japanese companies, which includes a bill of \$2 billion on Mitsubishi and about \$600 million on Honda.

"Japan has renewed its attempts to sort out the tax related issues with the BJP Government, especially since the new regime has been saying that retrospective taxation is not a good idea," the official said.

Sorting out issues Prime Minister Narendra Modi with Japan's Ambassador to India Takeshi Yagi (file photo). PTI

Early clearance

Japan is also seeking early clearance for its proposed investments in the ambitious industrial corridor projects. Last month, the Japanese Ambassador had led a group of senior officials from investment and project funding agencies of the Japanese Government for a meeting with Industry Secretary Amitabh Kant to discuss investment and funding plans in the industrial corridors.

Japan has committed \$4.5 billion for the Delhi Mumbai Industrial Corridor project and is also considering giving financial and technological support to a similar industrial corridor between Chennai and Bangalore.

The projects have, however, suffered a set back following tough requirements under the new Land Acquisition Act. The DIPP has asked the Rural Development Ministry to make exceptions for Government-led infrastructure projects.

India is the biggest receiver of Official Development Assistance from Japan and Indian companies are also the second biggest receiver of assistance from Japan Bank for International Cooperation, after the Chinese.

Japan wants to intensify its ties with India also to counter Chinese influence in the region. Japan's Chief Cabinet Secretary Yoshihide Suga told a press conference in Tokyo recently that Modi was very friendly toward Japan. "We expect to further deepen our political and economic relation with India," Suga said.

In his telephonic conversation with Modi after his election victory, Japanese Prime Minister Shinzo Abe said that he would like to work closely with Modi towards further development of the Japan-India Strategic and Global Partnership.

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Govt hikes support prices of key kharif crops

OUR BUREAU/AGENCIES
New Delhi, June 25

The Government on Wednesday raised the minimum support price (MSP) for paddy by ₹50 to ₹1,360/quintal. The MSP for pulses has been hiked by ₹100/quintal.

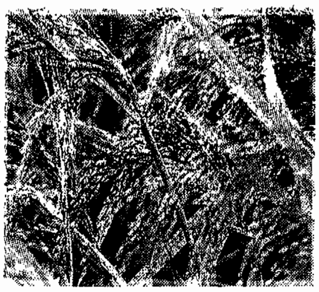
The MSP, raised after being approved by the Cabinet Committee on Economic Affairs on Wednesday, will not result in inflation, the Government said, adding that it was done to primarily encourage farmers to cultivate rice.

Paddy is a major kharif crop, sowing of which starts with the onset of monsoon in June.

Briefing the media after the CCEA meeting, Law and Telecom Minister Ravi Shankar Prasad said paddy MSP of Grade 'A' variety had been raised by ₹55 to ₹1,400 a quintal.

Prasad discounted any impact of these decisions on inflation, saying, "We are taking several measures to control inflation." In view of possibility of below normal monsoon, the Government has got into action and taken several steps to control prices, he said.

The MSP for cotton has been increased by ₹50 to ₹3,750 for medium staple and to ₹4,050/quintal for long staple.



For pulses, the CCEA approved a ₹50 hike in the support price of tur and urad to ₹4,350 each, while that for moong was raised by ₹100 to ₹4,600 a quintal.

In oilseeds, an increase of ₹50 was announced in the support price of sunflower seed to ₹3,750, besides a ₹100 hike in MSP of sesamum and nigerseed at ₹4,600 and ₹3,600 respectively.

The Government also approved hike in jowar MSP by ₹30 to ₹1,530 for the hybrid variety and ₹1,550 a quintal for the maldandi variety for this year. Ragi's MSP was raised by ₹50 to ₹1,550.

The Agriculture Ministry had recommended retaining the MSP of bajra and maize at ₹1,250 and ₹1,310 respectively and had proposed keeping the MSP of groundnut and soyabean unchanged for this year at ₹4,000 and ₹2,500-60 a quintal, respectively.

The Financial Express

Date 26/6/2014

Page No. 02

In Modi they trust: Govt's ₹80,000-cr divestment plan to find more buyers

Ankit Doshi

Mumbai, June 25: The Centre's ambitious plan of raising Rs 80,000 crore by way of disinvestment this fiscal is expected to find more buyers than in the previous two to three financial years, a shift that can be credited to the change in the country's political as well as economic situation, and its effect on equity markets.

Investment bankers feel the market has appetite for government paper.

Some of the companies were established long ago and are well renowned among domestic as well as foreign investors. Besides, there is a high degree of investor optimism that the government to take tough policy measures and kick-start the economic reforms agenda.

According to Ajay Saraf, ED and head of corporate finance and institutional equities, ICICI Securities, investors are showing a deep appetite for Indian stocks given the way foreign institutional investors' (FIIs) money has flown into Indian markets and the relative performance to other emerging markets.

"The positive sentiments prevailing in the secondary market and increasing investor appetite which has been triggered by a new stable government. Going forward we expect banking, financial services, PSUs and some cyclicals to dominate fund raising. We see an increasing participation from Indian investors especially retail investors and we expect such investors to actively participate in IPO and PSU OFS, especially if there is a retail discount offered," Saraf said.

According to reports, the new government has raised its FY15 disinvestment target by 41% from last year to Rs 80,000 crore. The Centre has announced plans to sell stake in state-owned companies like Coal India (CIL), Hindustan Zinc (HZL), Balco, Steel Authority of India (SAIL), Rural Electrification Corporation (REC), and Power Finance Corporation (PFC) among others.

The government has already initiated the valuation process for HZL (29.5%) and Balco (49.%) stake sale. Estimates suggest the exchequer could get Rs 22,000 crore from both the companies.

The Centre may raise an additional Rs 36,000 crore from CIL to comply with Sebi's minimum public shareholding norms. Sebi extended the regulations of 25% minimum public float to listed state-owned companies – a norm that applied only to privately held listed entities. As a result, CIL will have to trim its promoter holding to 75% from 89.65% as on the quarter ending March 2014.

Besides, an additional 34 companies have public shareholding below 25% and may help the Centre raise about Rs 24,000 crore.

"There is no lack of appetite. The market sentiment has changed with the changes in economic and political situation. The government needs to set the price right. Appetite among retail investors is also improving and a significant discount to market price would do wonders. Another option is a closed auction bidding, where the issue could be announced one day prior and you could see large quantities being bought even at a premium," said Prithvi Haldea, CMD, Prime Database.

Hopes of likely turnaround in economic situation has improved sentiment in the secondary market. Benchmark indices have given positive returns to the tune of 25% since February this year, helping Indian markets the best performing market on expectations of Modi's victory in the national elections.

Investment bankers said that Indian markets have the potential to receive another $15-20 billion, and about 50% of the total FII flows could flow into equity offerings like IPOs, FPOs, QIPs, and government disinvestment.

"If you consider FII flows over the last two years, India received about $20-25 billion each year even though the economic environment was challenging. However, the inflows were restricted to only the top 30 stocks. As against that, we are seeing a broad-based rally now, which goes beyond the top 200 companies. FII inflows can potentially be close to $30 billion, if not higher, and at least 50% of this amount can be absorbed by the primary market – IPOs, FPOs, OFS, QIP and disinvestment. This will be a healthy trend for the markets, for otherwise there is too much money in the system chasing limited number of stocks, which could lead to an asset bubble," said V Jayasankar, senior ED and head of equity capital markets, Kotak Investment Banking.

The Financial Express

Date: 26/06/2014
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Non-food credit growth stays anaemic

■ Rises just 14.2% against a high of 18% in September; bankers expect growth to remain moderate this year

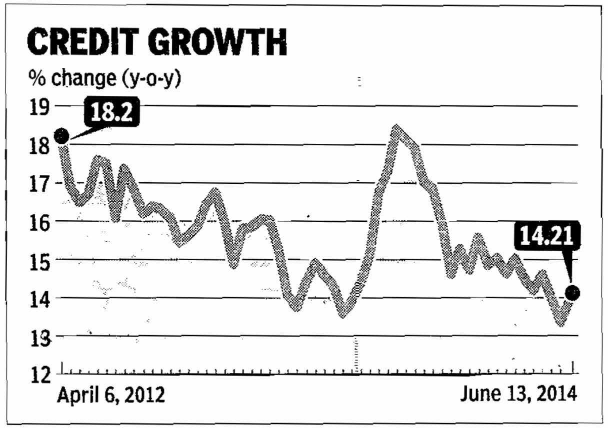
fe Bureau
Mumbai, June 25

NON-FOOD credit growth continued to be anaemic and increased 14.21% y-o-y to ₹59,80,296 crore, for the fortnight ended May 30, according to data released by the RBI.

SL Bansal, CMD of Oriental Bank of Commerce (OBC), said that credit offtake was yet to pick up and would take some more time. Bansal added that, at OBC, credit growth was below 10%. "In FY15, credit growth will remain about 10-12% at our bank," he said.

Credit growth had earlier hit a high of 18.20% y-o-y in the fortnight ended September 18, 2013. Credit demand had increased in August and September as the RBI took extraordinary liquidity tightening measures in July to stem the slide of the rupee, which had hit a lifetime low of ₹68.825 in August against the dollar.

The tightening measures had pushed up interest rates on commercial papers (CP), making them costlier and, hence, companies looked at banks for funding requirements.



Bankers expect credit demand to pick up in the third quarter of FY15, following a number of clearances of projects by the Cabinet Committee on Investments (CCI) in April.

Former finance minister P Chidambaram had said the CCI has cleared 36 projects with an investment worth ₹1.83 lakh crore in a bid to restart the investment cycle. The projects approved by the CCI included 18 power projects with an investment of ₹83,772 crore and nine other infrastructure projects with a total outlay of over ₹14,084 crore.

Meanwhile, deposit growth dipped marginally and increased 13.91% y-o-y to ₹79,00,894 crore. Time deposits grew 13.89% to ₹71,69,961 crore against ₹62,95,458 crore in the previous year, while demand deposits rose 14.14% to ₹7,30,935 crore from ₹6,40,386 crore in the year-ago period.

The Indian Express

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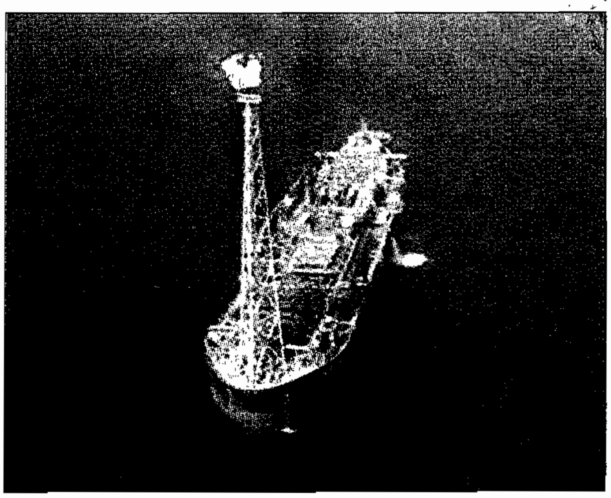
Cabinet acts on ministry note, defers revision by three months

PMO nudges oil ministry to ask for relook of gas price

AMITAV RANJAN
NEW DELHI, JUNE 25



'PUBLIC INTEREST'

- The prime reason given in the CCEA note for deferring the revision in gas prices by three months and using the interregnum to review it afresh was the legal and political tangle associated with the formula approved by the UPA
- The other reason cited in the CCEA note for delaying the price revisionwas the adverse impact on consumers as it would have raised the price of fertiliser, electricity, piped gas used for domestic cooking and compressed natural gas used by buses and taxis and fuel

ON instructions from the Prime Minister's Office, the petroleum ministry on Wednesday submitted a proposal seeking a fresh examination of the previous government's decision to revise natural gas prices. The proposal was approved by the Cabinet Committee on Economic Affairs (CCEA).

"Since the new government has been formed recently, it (UPA government approval) may be comprehensively re-examined before a decision is taken," said the CCEA note which was dashed off to the Cabinet Secretariat Wednesday afternoon. The issue was not listed for the day's CCEA meeting.

UPA, last December, approved a new formula for pricing all domestic gas from April 1 but stopped from announcing it due to the Model Code of Conduct during the general elections. Subsequently, the ministry informed Reliance Industries, one of the price beneficiaries, that the new rate will be effective from July 1.

The prime reason given in the CCEA note for deferring the revision in gas prices by three months and using the interregnum to review it afresh was the legal and political tangle associated with the formula that was approved by the UPA.

"It has been a contentious issue with two public interest litigations pending in the Supreme Court and adverse comments from the Standing Committee," said the note.

While the PILs accuse the UPA regime of colluding with RIL and hiking the price of gas to provide it windfall gains, the Parliamentary Standing Committee on Finance headed by BJP leader Yashwant Sinha had suggested that there was a case for revisiting the pricing formula.

The other reason cited in the CCEA note for delaying the price revision, which would have nearly doubled the producer price from current $4.2 per mBtu, was the adverse impact on consumers as it would have raised the price of fertiliser, electricity, piped gas used for domestic cooking and compressed natural gas used by buses and taxis as fuel.

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

And if these hardships were to be ameliorated, the CCEA note said, the government would be required to pay out huge subsidy in the forthcoming budget.

The concern for the public was reflected in petroleum minister Dharmendra Pradhan's statement while announcing that the current price would continue until end-September. "CCEA decided that comprehensive discussions were necessary on the issue. It was decided that consultations would be held with all stakeholders and it was important to keep public interest in mind."

The ministry will now send a new communication in light of the CCEA decision as under article 33.3 of the Production Sharing Contract with RIL, the deferment of domestic natural gas price "cannot be a dispute which could be arbitrated by a tribunal".

RIL and its partner BP have slapped an arbitration notice on the government over delay in revision of gas prices which for their KG-D6 field was duc on April 1 after the five-year validity of the old $4.2 per mBtu rate expired on March 31.

Hindustan Times

Date: 26/06/2014
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Disinvestment target for 2014-15 likely to cross ₹60,000 crore

hindustantimes budget 2014-15

HT Correspondent
letters@hindustantimes.com

NEW DELHI: The government will likely set a disinvestment target of more than ₹60,000 crore for 2014-15, which it seeks to achieve by selling stakes in state-owned companies.

This will be much higher than ₹36,000-crore target set in the Interim Budget.

The capital market regulator Securities and Exchange Board of India had approved sweeping new norms, including measures that could force the government to cap its stake in listed state-owned companies at 75%.

There are a total 38 public sector undertakings, in which the public shareholding is less than 25%. Bringing down the government's stake in these would mean that these companies will need to offload shares worth about ₹58,000 crore in all.

Of these, one PSU alone — Coal India Ltd (CIL) — would have to sell shares worth nearly ₹37,000 crore, sources said.

CIL, Steel Authority of India Limited and Hindustan Zinc Ltd are likely to be among the first ones to be off the block in the new disinvestment programme.

At present, while all non-PSUs are required to have a minimum 25% public shareholding regardless of their size or market capitalisation, PSUs are required to have a minimum public shareholding of only 10%.

The reform measures will likely encourage greater retail investors' participation in public offerings and offer them a larger slice of shares at a discount.

The Statesman

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I-T department told to redress grievances on time

STATESMAN NEWS SERVICE
New Delhi, 25 June

In a taxpayer friendly move, the Central Board of Direct Taxes (CBDT) has asked the income tax department to act promptly to ensure timely redress of taxpayers' grievances pending for a long time. The CBDT, which supervises the functioning of the I-T department, has asked all chief commissioners of the department to ensure that grievance applications are not keep pending for a long time.

As of 23 June, a total of 5,283 grievances were pending in various wings of the I-T department with 1,604 such pleas pending for more than one year, according to latest official data.

Taxpayers' grievances include timely credit of refunds, problems related to filing of tax returns and similar issues. Pending grievances shall be reviewed and authorities concerned reminded for redress on weekly basis and special focus shall be on grievances pending for more than one year and every effort shall be made to redress such grievances on priority basis, the CBDT wrote to the top I-T officers recently.

The decision to speed up action in this regard was taken by the CBDT after a meeting of all the ministries and departments was held by the department of administrative reforms and personnel grievances (DARPG) where the pending public pleas of the I-T department were also discussed.

The CBDT has also told its officials that new grievances received should be transferred to the authorities concerned on the same day even as the board instructed the I-T department to check the online portal of the government for public grievance redress on a daily basis.

"As per instructions of DARPG, a detailed report in respect of the three oldest grievances pending under each jurisdiction, indicating its registration number, date of registration, the reasons for delay and efforts made for their redress shall also be submitted to the grievance cell, CBDT along with the monthly progress reports that is presently being submitted by chief commissioners and directors general," the CBDT said in its instructions to field offices of the department.

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EASIER NORMS FOR MSMES SOON

■ SINGLE-WINDOW CLEARANCE ■ RAW MATERIAL, CAPITAL, MARKETING, OTHER ISSUES BEING ADDRESSED

PRES TRUST OF INDIA
New Delhi, 25 June

The government is working on simplifying procedures related to getting loans, raw material, marketing, labour laws, and acquiring approvals through a single-window clearance mechanism to encourage participation of small entrepreneurs in the MSME sector.

"As has been advised by the Prime Minister, we will put in place a single-window clearance mechanism for the MSMEs and make all efforts to address the significant issues of raw material, marketing, capital and others in a specific time-frame," Union MSME minister Kalraj Mishra today said here at an Assocham conference.

On the issue of revising the definition of micro, small and medium enterprises (MSMEs) so that they can adapt to the dynamic economic scenario, he said the need has been felt to increase the limit of capital investment by various stakeholders and the government will hold discussions to ascertain the new investment limit.

"Everyone feels that the (investment) limit at present must be enhanced. We will discuss and decide the new ceiling," Mr Mishra said.

At present, the definition of MSMEs in India is based on their capital investment.

A micro enterprise belonging to the manufacturing sector must have capital investment of up to Rs 25 lakh in plant & machinery, while the same investment should be up to Rs 10 lakh for service sector micro enterprises.

To be categorised as a small enterprise, the investment in plant & machinery should be between Rs 25 lakh to Rs 5 crore for manufacturing units whereas service sector units should invest between Rs 10 lakh to Rs 2 crore.

Similarly, to fall in the medium enterprises category, manufacturing units must invest Rs 5 crore and Rs 10 crore in plant & machinery whereas service sector units must invest Rs 2 crore to Rs 5 crore.

The new definition will also seek to resolve the issue of unregistered MSMEs which are not getting the benefits of the government policies at present.

The minister also said that the government will make efforts to revive sick industrial units in the MSME sector.

With the new government on the verge of completing one month in office, Mr Mishra said: "We have been successful in giving the message about a creative and positive work culture that was expected of us, we are going forward in that direction while taking things seriously".

Hinting towards the recent hike in rail passenger fares and freight rates, he said: "Though we do experience that certain recent steps being taken by us might be causing problems to the masses but we have done that keeping in mind the long-term results and those will prove to be fruitful as we go ahead".

NEW DEFINITION

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KALRAJ MISHRA
UNION MSME MINISTER

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