योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

Wednesday 4th June 2014
Communication & Information Div.
Phone # 2525

NEWS AND VIEW S

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"Always have a plan, and believe in it. Nothing happens by accident."

Chuck Knox

Polity

- **AIADMK not joining NDA:** While ruling out the entry of the All India Anna Dravida Munnetra Kazhagam into the National Democratic Alliance, party chief and Tamil Nadu Chief Minister Jayalalithaa on Tuesday kept the door open for support to the Narendra Modi government in the Rajya Sabha, where the alliance does not have the numbers to ensure passage of Bills. After a 50-minute meeting with the Prime Minister, she said the need for a formal association with the NDA did not arise as the alliance had the majority in the Lok Sabha. Asked about the possibility of her party helping the government pass Bills in the Rajya Sabha, she replied: "We will see if that need arises." The NDA has only 64 members in the 245-member House and requires the support of parties such as the AIADMK, which at present has 10 members. Ms. Jayalalithaa, meeting the Prime Minister for the first time after he assumed office, submitted a 64-page memorandum listing various concerns of the State. In her memorandum, Ms. Jayalalithaa urged Mr. Modi to initiate expeditious measures to form the Cauvery Management Board. On the Mullaperiyar issue, she called upon the Centre to nominate a representative from the Central Water Commission and constitute the three-member Supervisory Committee to help raise the water level in the dam to 142 feet. She wanted India to move the U.N. for a referendum among the Tamil diaspora for the formation of a separate Eelam. (The Hindu).

Economy

- **Inflation risks balanced by expected govt action**: While talking about inflation, the Reserve Bank of India (RBI) appeared to be somewhat relaxed, which showed risks were balanced with expectations the new government would act on resolving supply-side bottlenecks and improving the fiscal position. As a result, the forecast of eight per cent retail inflation by January next year looks achievable. "The risks to the forecast of eight per cent CPI (Consumer Price Index)-based inflation by January 2015 remain broadly balanced," the central bank said, while announcing its bi-monthly monetary policy review on Tuesday. The favourable conditions made market participants hopeful the status quo on rates would be maintained for some time. However, risks to inflation could emerge at a later stage, and the central bank could resume its hawkish stance. "The decision to hold rates reflects the current level of inflation, as well as expectations policy and administrative action from the government in the coming months will address inflation and boost growth," said Chanda Kochhar, managing director and chief executive, ICICI Bank. Market participants said achieving six per cent inflation by January 2016 would be a major challenge for the central bank. "We see a few risks lurking in the background. These may lead to price pressures remaining sticky by the year-end and force RBI to raise interest rates one more time. Note that officials reiterated their target of bringing headline CPI inflation to eight per cent in January and six per cent by early 2016. (Business Standard)

Planning

- **Delay in Appraisal of 12th Plan likely:** The much-awaited mid-term appraisal of the 12th Five-year Plan (2012-17) may get delayed as the new government is not keen to rush this, primarily because the implementation of the Plan itself was delayed by a year. The outgoing commission had suggested that the mid-term appraisal of the Plan be done by the new commission by October this year. Last week, Planning Commission officials made a presentation to Inderjit Singh Rao, minister of state with independent charge, about the first few things that the new commission will have to do, including the mid-term appraisal, as has been the practice all these years. However, a senior Planning Commission official, who was part of this meeting, told ET that the minister was apprehensive about doing the appraisal in October as he feels that the Plan itself was delayed. According to the official, who did not wish to be identified, the minister told his officials that the government should not be in a hurry. "I think we should give more time to ministries to implement the scheme before we do the appraisal," the minister is believed to have told his officials. The mid-term appraisal of the Plan is expected to align the policies proposed with the vision of the new government besides revising down key targets. (The economic Times)

Editorial

- **RBI makes the first move:** Though the usual imponderables—El Nino, action on MSP, fiscal deficit—remain as they do at the time of any policy, the central bank did well to extend a hand to the new government which is trying to revive growth while keeping a lid on inflation. In sharp contrast to earlier RBI communications—at the time of Governor Duvvuri Subbarao and finance minister P Chidambaram for instance—this time around, RBI has taken the government's stated intentions/manifesto-promises on board and gone and announced a relatively dovish statement of policy intent. RBI has not cut policy rates, but it has eased liquidity by cutting the SLR 50 bps and, more important, signalled room for a rate cut a few months down the line "if disinflation, adjusting for base effects, is faster than currently anticipated". That doesn't necessarily mean rates will be cut—indeed, the 'adjusting for base effects' means just the expected June to November fall in inflation due to just the base effect won't be taken into account. But since RBI talks of the possibility of stronger government action on food supply, this means it is confident the government will dump wheat and rice stocks from FCI to kill foodgrains inflation; RBI seems to be more sure about better fiscal consolidation this time around, something finance minister Arun Jaitley has talked about. Steps on increasing the foreign exchange Indians can take out under the Liberalised Remittance Scheme are welcome, and expected given the inflow of dollars, though a cautious RBI has still not gone all the way back to the earlier $200,000 per year and kept the new limit at $125,000. (The Financial Express).

The Pioneer

Date: 04/06/2014
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RBI keeps key rates unchanged; cuts SLR by .5%

Mumbai: In line with the Modi Government's priority for taming inflation, the Reserve Bank of India took a tough stand and announced a *status quo* on monetary policy except for reducing statutory liquidity ratio (SLR) which was revised downwards by 0.5 percentage points to 22.5 per cent.

This is the second consecutive time that RBI Governor Raghuram Rajan has kept interest rates unchanged, belying hopes of any reduction in EMIs for home and auto loans.

The repo rate, at which the RBI lends to banks, has been retained at 8 per cent and the cash reserve ratio has been kept unchanged at 4 per cent.

The SLR, the mandatory amount of bonds lenders must park at the RBI, has been cut by 0.5 basis points to 22.5 per cent of their net demand and time liabilities with effect from June 14. This cut is expected to unlocked about ₹40,000 crore of banking funds. *PNS*

Finmin asks banks to find ways to hive off non-core businesses

NEW DELHI: The Finance Ministry on Tuesday asked banks to explore the possibility of hiving-off non-core businesses, including insurance and mutual funds, to raise funds to meet Basel III capital adequacy norms.

"There was a meeting of heads of seven large banks where many issues were discussed, including capital raising," Financial Services Secretary G S Sandhu said, without elaborating.

After the meeting, Bank of India Chairperson V R Iyer said there was discussion on monetisation or listing of non-core businesses such as insurance, mutual funds and credit cards to raise capital.

"We also discussed about hiving off non-core business. Different banks are in different leagues. State Bank of India can go for listing its insurance business as it is profitable," she said.

Many other banks cannot list their insurance ventures as they are yet to break even, she added.

According to sources, the possibility of asking some big borrowers to raise funds in the stock market and reduce debt was discussed.

The stock market is quite attractive at the moment and there is a possibility that some listed and non-listed companies that have borrowed heavily earlier can raise funds from the stock market and to that extent, reduce the debt, sources said.

This will help in avoiding further non-performing assets, or bad loans, because some of these borrowers are under stress, sources added.

The Finance Ministry has asked banks to identify such borrowers and encourage them to approach the stock market and raise funds.

These companies can also raise funds through private placement and unlock bank funds.The Finance Ministry has also asked banks to explore thepossibility of raising funds through public offers.

As part of the road map for raising capital over a period of five years to meet Basel III norms, banks can bring down the Government's stake to 58 per cent, sources said.

While the Government has prescribed a minimum stake of 58 per cent in State-owned banks, the holding can be brought down to 51 per cent on a case-to-case basis with cabinet approval, sources added.

In case State Bank of India and Punjab National Bank go for a public offer, the government's stake would come down to less than 58 per cent, the sources added.

During the meeting, it was reiterated that banks should act tough in case of wilful defaulters.

Options including change of management of defaulting companies and financing of acquisition of bad assets by strong companies were discussed.

Besides, the Finance Ministry is also considering having separate statutes to deal with high-value wilful defaulters. **PNS**

The Financial Express

Date: 04/06/2014
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Rail minister asks finance ministry for ₹10,000-cr hike in budgetary support

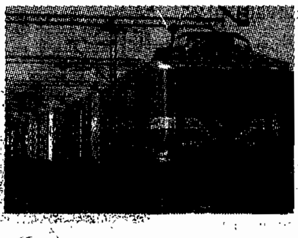
Rajat Arora

New Delhi, June 3: The railway ministry on Tuesday sent a missive to the finance ministry asking for a hike in the gross budgetary support (GBS) in the upcoming rail budget by almost Rs 10,000 crore to Rs 40,000 crore.

In the first meeting with finance minister Arun Jaitley, railway minister DV Sadananda Gowda and railway Board chairman Arunendra Kumar are believed to have asked the government to be more generous with the GBS or waive the dividend (of around Rs 6,000 crore) that the railway ministry has to pay every year.

In the wake of the recent accident in UP in which over 40 people were killed, the railways has also asked for a non-lapsable safety fund from the finance ministry. In the previous NDA government's regime, the railway ministry was given a safety fund of Rs 17,000 crore, which helped them bring down the accident rate.

"According to the 12th five-year plan, we should get Rs 2 lakh crore (Rs 40,000 crore per year) as the GBS. But we



have been getting far less amount. How do we survive when the passenger fares can't be rationalized without political intervention," a senior railway board member said.

For the past three years, railways has been cutting its annual outlay by over Rs 5,000 crore due to cash crunch. The operating ratio, which was expected to be around 87%, has shot up to 90.4% leaving it with little cash.

The railway ministry is also awaiting for the final nod from the government to increase its passenger and freight tariffs by around 15%. If the railway ministry doesn't increase the fares this year then it will have to cut down its annual plan by around Rs 5,000 crore, which will end up affecting the maintenance of its 64,000-km network.

The Financial Express

Date:

Page No.

Monsoon sets up date with Kerala in next two days

Sandip Das
New Delhi, June 3

SOUTHWEST monsoon rains are expected to hit the Kerala coast in the next two days, the India Meteorological Department (IMD) said on Tuesday.

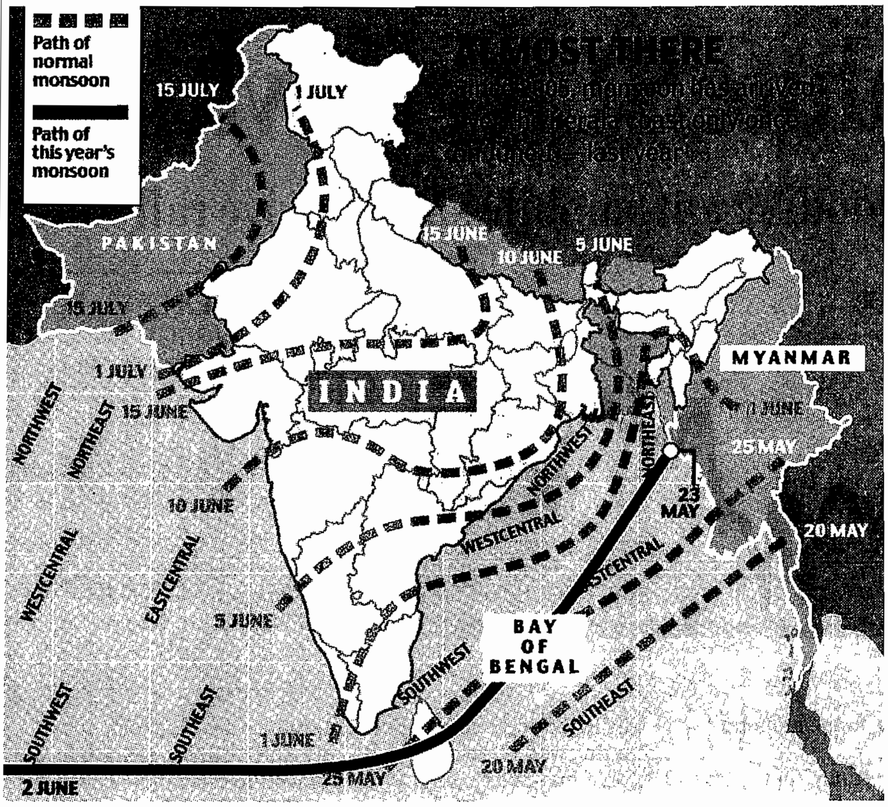
"Conditions are favourable for the onset of south-west monsoon over Kerala and its further advance into some more parts of the south Arabian sea, some parts of Tamil Nadu and some more parts of Bay of Bengal during the next 48 hours." IMD said in its evening weather bulletin.

The Met forecast also stated advancement of the south-west monsoon into parts of north-eastern states in the next 72 hours.

Last month, the IMD had forecast that the monsoon rains would arrive over Kerala's coast on June 5. However, the forecast had a model error of four days.

"Isolated heavy rainfall would occur over West Bengal and Sikkim, Arunachal Pradesh, Assam and Meghalaya, Nagaland, Manipur, Mizoram and Tripura, north Tamil Nadu, south interior Karnataka and Kerala," the Met department said for the June 5 forecast.

Since 2005, monsoon rains have arrived over the Kerala coast only once on June 1 — last year. Other years, the arrivals have been earlier or delayed by a few days. "Delay in arrival of monsoon rains for a couple of days is normal as the rains spread across three to four months," an IMD official told *FE*.



ARRIVAL TREND

Year	Actual onset date	Forecast onset date	% deviation*
2005	June 7	June 10	-1
2006	May 26	May 30	-1
2007	May 28	May 24	6
2008	May 31	May 29	-2
2009	May 23	May 26	-23
2010	May 31	May 30	2
2011	May 29	May 31	2
2012	June 5	June 1	-7
2013	June 1	June 3	6
2014		June 5	

Source: IMD, ministry of agriculture, LPA is calculated on the basis of the average annual rainfall (89 cm) recorded between 1951 & 2000

*from normal monsoon (Long Period Average)

Monsoon rains covers most parts of the country during June and July. Even the rains in August and September are attributed to the monsoon phenomenon.

In recent weeks, concern has been raised about the adverse impact of El Nino on the monsoon rains. "Once the monsoon enters the Kerala coast, we will monitor its progress closely as rainfall in June and July is crucial for kharif production," an agriculture ministry official said. The official pointed out that any delay in rains may not impact kharif crop output but it may delay sowing activities.

The first forecast by IMD in April had predicted monsoon rainfall at 95% of the Long Period Average (LPA), calculated on the basis of 50-year average rainfall of 89 cm in the June-September season of 2014. The IMD forecasts was just below the normal average of 96-104% of LPA.

The worrying aspect is that the first forecast had given 23% probability of a 'deficit' monsoon – which implies rainfall below 90% of the LPA. The forecast had given 33% probability to 'below normal' monsoon (90-96% of LPA) and 35% chances of 'normal' monsoon (96-104% of LPA).

The Met department's next forecast will be more definitive as it comes after the onset of the monsoon next week.

Monsoon rains are crucial for agriculture as about 40% of cultivable area is under irrigation and around 55% of foodgrain production, mainly paddy and coarse grains, is contributed by kharif or summer crop. Monsoon rains during the June-September period also help in boosting soil moisture for the rabi or winter crop.

Business Line

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Indian firms want FDI hike in defence with tech transfer rider

DIPP floats draft note for inter-ministerial consulatations

THOMAS K THOMAS/RAJESH KURUP

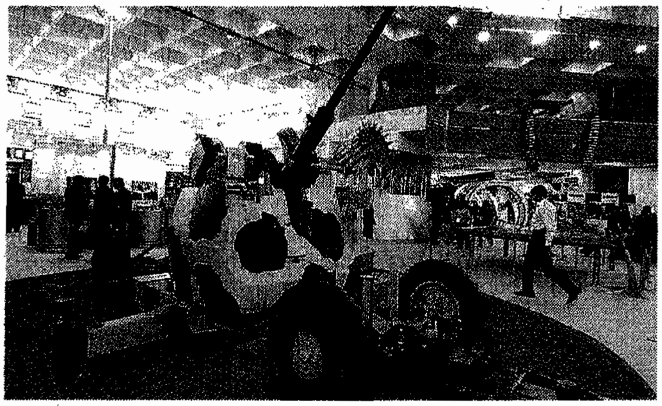
New Delhi/Mumbai, June 3

Indian companies are in favour of raising the foreign direct investment cap in the defence sector from the existing 26 per cent but with transfer of technology riders.

While most Indian players are comfortable with the idea of raising the cap to 49 per cent under automatic route, they want the Government to make it mandatory for the foreign players to transfer technology in case of higher equity participation.

The main concern for the Indian players is that they might lose out in case the Government permits 100 per cent FDI without any conditions. The Department of Industrial Policy and Promotion (DIPP) has floated a draft note for inter-ministerial consultations in which it has proposed three options: permitting 49 per cent, 74 per cent or 100 per cent FDI for the Defence production sector.

When contacted, a Tata Sons spokesperson said, "We do not comment on government policy. We have a strong presence in the defence space as demonstrated at the Defexpo, and the Indian private sector has the ability to participate in the industry's growth. Investment, including from the Indian private sector, should receive stimulation."



Crucial sector A file picture of an Anti-Aircraft Gun System on display at the 2010 Defence Expo in Delhi. Domestc manufacturers want technology transfer to be a key elemnt of the FDI policy in this sector.

In 2001 witnessed the Government had taken the first step in the opening the FDI sector to 26 per cent in the Defence sector. However, since then only a meagre $4.8 million FDI has come in.

The Kelkar Committee Report had emphasised the need for a greater role for the private sector in the Defence manufacturing.

"There are two reasons for revisiting and reviewing the FDI limits in the Defence Sector – India is a net importer of Defence equipment and components which comes around 70 per cent of import and secondly for strengthening the manufacturing base in India in the Defence sector, there is a need to acquire cutting edge technologies," said an Assocham position paper.

The problem, however, is that acquiring technologies from global companies at 26 per cent stake has proven to be unrealistic.

On the other hand Indian companies are not willing to give control beyond 49 per cent. Recently, Larsen & Toubro's Group Executive Chairman AM Naik said while hiking the cap from 26 per cent to 49 per cent was desirable, going beyond that was debatable.

On the other hand, Nikhil Gandhi, Chairman, Pipavav Defence, is in favour of allowing 100 per cent FDI in defence. In a recent interview to business news channel CNBC-TV18, Gandhi said that while 100 per cent FDI will increase foreign participation, no foreign company would be doing it without an Indian partner with local knowledge and local infrastructure.

Industry bodies such as the CII and Assocham are trying to build a consensus on the isues which has sharply divided the industry. Assocham has suggested 49 per cent through the automatic route, 74 per cent on Transfer of Production and 100 per cent on global relocation of facilities for TOT in critical niche areas.

"As witnessed in the auto industry a surge in manufacturing in Defence sector will also lead to the creation of an ecosystem consisting of local suppliers, vendors, etc. thus, creating more employment locally," Assocham said.

Business Line

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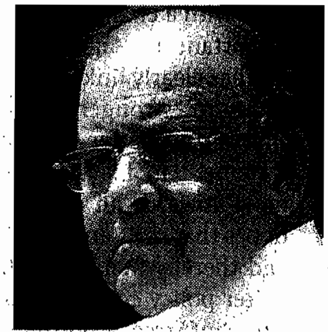
Jaitley sees merit in Rajan's steps

A 'calibrated' approach aimed at balancing growth with inflation

OUR BUREAU

New Delhi, June 3



Arun Jaitley, Finance Minister

Finance Minister Arun Jaitley has hailed the Reserve Bank's monetary policy announcement, stating that it had followed a "calibrated" approach aimed in the direction of balancing growth with inflation.

The latest RBI policy has allowed banks to lend more to the private sector as they will be required to subscribe less to Government securities than earlier, Jaitley said in a statement. He said it was a priority for the government to maintain a balance between growth and inflation.

The government is also concerned with restarting the investment cycle and moving towards higher growth and employment generation. "We would like to address the problem of inflation through supply-side measures, particularly in relation to food inflation," the Finance Minister said.

Fiscal consolidation is a priority for the government, he added.

The RBI on Tuesday reduced the statutory liquidity ratio — the amount commercial banks are required to maintain with RBI in the form of gold or government approved securities — by 50 basis points while maintaining the repo rate unchanged.

Business Standard

Date 04/06/2014
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FinMin may not allocate additional funds for bank recapitalisation

Tells banks to raise funds by hiving off non-core business

BS REPORTER
New Delhi, 3 June

Staring at a tight fiscal deficit position, the Ministry of Finance on Tuesday asked public sector banks to raise resources on their own, as it might not allocate additional funds for recapitalisation in the coming Budget over what had been allocated in the interim one.

"In the interim Budget, a provision of ₹11,200 crore was made. There is a remote possibility of giving more than that in the coming Budget," an official said requesting anonymity, after Financial Services Secretary G S Sandhu met seven large state-run lenders.

The ministry asked the state-run lenders to meet their capital requirements by offloading government equity, hiving off non-core business, and issuing bonds. "Various measures to raise capital to bring down pressure on the exchequer were discussed," Sandhu said after the meeting.


The Arun Jaitley-led finance ministry reiterated banks should act tough on wilful defaulters.

Banks can also list their subsidiaries and raise money, an official said.

Besides discussion on monetisation or listing of non-core businesses such as insurance, mutual funds and credit cards to raise capital, the finance ministry asked the lenders to cut costs.

"We also discussed about hiving off non-core business. Different banks are in different leagues. State Bank of India (SBI) can go for listing its insurance business as it is profitable. (But) many other banks cannot list their insurance ventures as they are yet to break even," Bank of India Chairperson V R Iyer told reporters after the meeting.

Officials said the government was willing to dilute its stake in public sector banks as long as it did not go below 58 per cent. However, in some cases such as Punjab National Bank and SBI, where it is already nearing 58 per cent, the stake might be further diluted but would remain above 51 per cent.

Banks might also be allowed to raise funds through long-term instruments to finance infrastructure. The ministry might incentivise such instruments and is in discussion with the Reserve Bank of India. Banks were also asked to check their non-performing assets. One of the solutions being considered is to encourage some listed and non-listed companies that had borrowed heavily and are under stress now to raise funds in the stock market and reduce their debt before it turns bad. These companies can also raise funds through private placement.

The ministry reiterated banks should act tough on wilful defaulters. Options, including change of management of defaulting companies, financing of acquisition of bad assets by strong companies, were discussed. The ministry is toying with the idea of a separate statute for high-value wilful defaulters with special courts and time-bound disposal.

Business Standard

Date 04/06/2014
Page No. 08

As private sector shies away, govt to fund eastern peripheral road project

MANSI TANEJA
New Delhi, 3 June

The government has decided to fund the ₹4,500-crore Eastern Peripheral Expressway project after it received no bids from private players due to various delays.

The bids for six-laning of the 135-km expressway would now be called through the engineering, procurement and construction (EPC) route after required approvals, a senior ministry official told *Business Standard*.

The bidding for the project remained open for almost two months but had to be closed, as no private player put in bid, despite showing interest earlier. At the time of request for qualification (RFQ), Reliance Infrastructure, IRB, Srei-OHL consortium and IL&FS showed interest in the project but nobody turned up with price bids.

Thanks to delays, the private developers got cold feet and their calculations on revenues and margins went haywire, another official added. "But we feel the bad patch is over now and financial markets will rise. This will allow public private partnership projects to bounce back after a low period of two years, where we did not get any bidders."

Bidding for the project was open for almost two months but had to be closed, as no private player showed interest

The approval for the mode change would be sought from an inter-ministerial group (IMG) and not the Cabinet, as it has already been approved by the Cabinet earlier, the official said.

Unlike the BOT (build, operate and transfer) model, the government funds the entire project under EPC (engineering, procurement and construction), and a developer undertakes the necessary construction work. BOT requires a private sector developer to raise and invest money for the construction of roads at its own risk, while National Highway Authority of India (NHAI) acquires land for the project.

The Eastern Peripheral Expressway is one of the two semicircular expressways, which will form a third ring road around Delhi. The other semicircular is the Western Peripheral Expressway. The eastern expressway would link Sonepat, Ghaziabad and Palwal and connect through national highways of Haryana and Uttar Pradesh. It was one of the major projects in private partnership mode that was cleared by the Cabinet in July last year. NHAI's expressway project have controlled access with many facilities such as ramps and lane dividers. These are built on highways with four lanes or more.

Besides, the ministry of roads, transport and highways also plans to restructure projects, which have been stuck for long via three options — the projects might be rebid at an updated cost, it might be bid in phases and thirdly, even the mode EPC or BOT mode could be changed after prior government approvals. The process for restructuring of as many as 25-30 projects has already started in NHAI.

Due to many projects being stuck, the government recently allowed them to reschedule the payment of premiums. NHAI allowed nine projects to seek rescheduling of premium under the new policy. Premiums are rescheduled when developers cannot service their debt, operating expenditure or pay NHAI.

In 2010-12, developers bid aggressively when the Centre awarded a record 147 road projects worth ₹1.47 lakh crore. At that time, India's economic growth was much higher but it slowed down subsequently.

The Statesman

Date: 04/06/2014
Page No. 11

Bandhan to focus on financial inclusion

STATESMAN NEWS SERVICE
Kolkata, 3 June

With 75 per cent of its customers in the eastern region, Bandhan, which has received the Reserve Bank's licence for setting up a bank last month, will address the financial inclusion issue of the nation, since 63 per cent of the unbanked population are in this region, said Mr Chandra Sekhar Ghosh, chairman and managing director, Bandhan Financial Services at an MCC Chamber of Commerce & Industry session banking held here today.

Mr Ghosh said that the key challenge of Bandhan as a bank will be to handle 55 lakh existing customers across 22 states, with 13,000 employees which would require minimum 600 bank branches.

Bandhan plans to list on the stock exchanges after three years of operation as per RBI norms, Mr Ghosh said.

"The RBI has given us 18 months to start banking operations. We hope to start banking activity from early next financial year," he added.

Earlier, Mr Sanjay Agarwal, president of MCCI, sought the details of how Bandhan plans to transform into a commercial bank as that includes "meeting CRR and SLR requirements, lending at bank rates, complying with procedural rigidities, slow progress of deposit mobilisation in rural areas and moving from relationship based model to financial transactional banking."

The Economic Times

Date: 04|06|2014
Page No. 12

CRUDE CAUSE Zero cess, tax holiday don't find favour with finmin

Oil Min's New Policy Sops Proposal a Non-starter

RAJEEV JAYASWAL
NEW DELHI

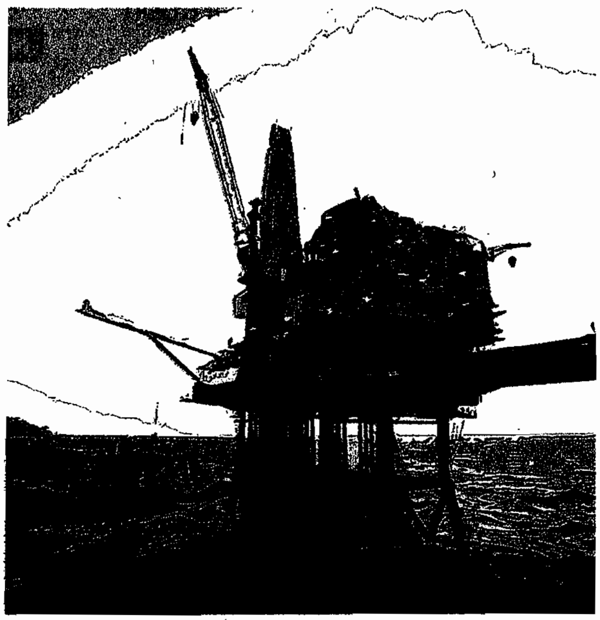
The finance ministry has vetoed the oil ministry's plan to provide special benefits like a 10-year tax holiday and zero cess and royalty for ultra deep water exploration, which the oil ministry wanted under the proposed new oil and gas licensing regime to replace the controversial New Exploration Licensing Policy (Nelp).

The finance ministry has sent its initial comments on a proposal sent during the UPA government's tenure, aiming to replace Nelp with a non-controversial uniform licensing policy (ULP), according to official sources.

The finance ministry does not support "double benefits for all offshore blocks by means of a tax holiday and 0% royalty." It favours continuation of cess on crude oil produced by companies in the country, sources added.

The draft Cabinet note had proposed that the new regime should extend income tax exemption to 10 years for companies producing oil and gas from ultra-deep water and frontier blocks without the obligation of paying royalty. Currently, income tax exemption is allowed for oil production for seven years.

The finance ministry is unwilling to abolish cess, sources said. "The exemption from levy of cess on crude oil may not be desirable as the cess so collected will ultimately be used for the development of the oil and gas sector and it is essential that the same is collected across all the players in the same industry to maintain parity," sources said quoting from a finance ministry note.



The finance ministry does not support "double benefits for all offshore blocks by means of a tax holiday and 0% royalty"

The oil ministry devised the ULP regime based on suggestions of the Rangarajan committee to avoid acrimony between government and private explorers such as Reliance Industries over alleged inflation of costs in the RIL-operated KG-D6 block that vitiated the investment climate, government and industry sources said requesting anonymity. RIL has denied the allegations.

The oil ministry's proposed new regime would discard key features of the current system of allowing the explorer to first recover its entire expenditure in developing oil and gas fields before sharing profits with the government. The proposal points out that nine auction rounds under new exploration licensing policy (Nelp) had "limited success" in terms of commercial discoveries. The government auctioned 254 blocks under nine Nelp rounds since 1999, but commercial production could start in only three blocks and the major gas discoveries were marred by litigations and controversies.

The Economic Times
Date: 04|06|2014
Page No. 13

Delay in Appraisal of 12th Plan Likely

YOGIMA SETH SHARMA
NEW DELHI

The much-awaited mid-term appraisal of the 12th Five-year Plan (2012-17) may get delayed as the new government is not keen to rush this, primarily because the implementation of the Plan itself was delayed by a year. The outgoing commission had suggested that the mid-term appraisal of the Plan be done by the new commission by October this year.

Last week, Planning Commission officials made a presentation to Inderjit Singh Rao, minister of state with independent charge, about the first few things that the new commission will have to do, including the mid-term appraisal; as has been the practice all these years.

However, a senior Planning Commission official, who was part of this meeting, told ET that the minister was apprehensive about doing the appraisal in October as he feels that the Plan itself was delayed.

According to the official, who did not wish to be identified, the minister told his officials that the government should not be in a hurry. "I think we should give more time to ministries to implement the scheme before we do the appraisal," the minister is believed to have told his officials.

The mid-term appraisal of the Plan is expected to align the policies proposed with the vision of the new government besides revising down key targets.

The National Development Council had adopted the 12th Five-year Plan in December 2012 while the Plan proposals should have kicked in from April 2012. This affected implementation and led to cost escalation and inordinate delay in the development delivery process.

Besides, the overall slowdown in the economy also impacted sentiment as a result of which there was a resource crunch in the system that led to slashing of funds for almost all schemes.

The 12th Plan has pegged the average annual growth rate at 8% and aggregate Plan resources at ₹37.16 lakh crore during the five-year period starting 2012-13.

Besides, the 12th Plan is different from the previous ones because it was for the first time that the Planning Commission came out with three different economic scenarios. As per the "aspirational" scenario one – of strong inclusive growth – India's economic growth will average 8% in the five years. However, in the "policy logjam" scenario, which is the worst-case model, GDP growth could slow to 5-5.5%, it had said.

The Economic Times

Date: 04|06|2014
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Slow-moving Road Projects to get Push

YASHODHARA DASGUPTA
NEW DELHI

Slow-moving highway projects are likely to be kickstarted with the highways ministry planning to review all ongoing projects along with all stakeholders.

The new road transport, highways and shipping minister, Nitin Gadkari, held a meeting with the highways ministry and the National Highways Authority of India (NHAI) officials last week where it was decided that region-wise reviews of projects will be held, especially those that are languishing.

The ministry will also take up the issue of land acquisition costs as per the new Land Act and apprise the minister of the difficulties it will impose on the highways sector and the possible alternatives. These are part of an action plan thrashed out at the meeting held at the NHAI headquarters on May 30.

"Region-wise meetings of 3-4 states at a time will be held to discuss ongoing projects, particularly those that are progressing slowly. The meeting will include key officials from NHAI, state governments as well as key concessionaires who are working on projects in those regions," said an official aware of the development.

NHAI officials said there are about 45-50 projects that are behind schedule and a list will be given to the minister specifying the bottlenecks and the status of each of these projects. Of these, about 10-15 are in a bad shape where work has stopped and there's little possibility of any progress, said an official.

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The highways ministry, which had recently approached the former government about the increase in land costs and the impact of the new Land Acquisition Act on key projects like the Delhi-Jaipur Expressway, will now identify the difficulties that the Act poses with regard to its impact on the road sector and apprise the minister of the same.

"We've been asked to provide a comparison between the old land acquisition rules and the new Act and suggest alternatives that can be used for procuring land instead. A meeting will be held with the ministry and NHAI soon to discuss these issues," said another official.

"We will also identify regions where there's a problem so that it can be taken up with the state authorities," he added.

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Govt to prepare priority list of equipment for defence forces

AJAY BANERJEE
TRIBUNE NEWS SERVICE

NEW DELHI, JUNE 3

Faced with a dilemma of balancing the available financial resources with needs of impending equipment purchases for the defence forces, the new government will draw up a list of priorities in the next couple of weeks.

Defence Minister Arun Jaitley was today briefed by Defence Secretary RK Mathur on all pending purchases, their status and glitches. The minister was also informed about the status of various ongoing acquisitions.

Jaitley was today given the priority list which included the purchase of 126 fighter jets from French aviation major Dassault. On January 31, 2012, Rafale was announced as the winner among six manufacturers after being tested on 643 parameters between 2009 and 2010. but even after two years, there is no clarity on the deal.

The Ministry will soon have to decide on the purchase of six additional strategic airlifters — the C-17 Globemaster. Tenders for the 155 mm artillery guns have been cancelled at least six times in the past 10 years. Not a single new gun has been inducted since the purchase of the 155 mm Bofors in 1987.

The Army's artillery modernisation plan is about US $ 3.8 billion and this includes howitzers that are towed, self propelled and mounted. This will include 1,580 towed guns, 100 track-mounted, 155 mm, 52 calibre howitzers and 180 similar vehicle-mounted guns for self-propelled artillery regiments.

The Mountain Strike Corps needs the lighter howitzer. The last proposal to buy 145 ultra-light howitzers (ULH) from BAE Systems has not been cleared.

The acquisition of helicopters has been hit affecting all three services. The tender for replacement Cheetah, which is based on French origin Lama Alouette III, has been recalled once and is mired in delays since 2007. The tender was to buy 197 helicopters and these were to be used by the Army Aviation Corps in the Himalayas.

The heavy lift helicopters of the Boeing, Chinook CH-47F, have been selected for 15 copters at cost of US $ 1.4 billion while the company's Apache AH-64D has been selected for 22 attack copters. There has been no movement while the Indian Navy's tender for 16 multi-role helicopters at the cost of US $ 1 billion. In January 2013, Indian Navy sent out a global request for information for acquiring 120 Naval Multirole Helicopters (NMRH) costing nearly US $ 6 billion.

Defence Secy briefs Jaitley

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- The minister was also informed about the status of various ongoing acquisitions
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Modi govt hosts Oman FM as its first foreign guest

ASHOK TUTEJA
TRIBUNE NEWS SERVICE

NEW DELHI, JUNE 3
Oman Foreign Minister Yusuf bin Alawi bin Abdullah today became the first top foreign dignitary to visit India after the installation of the Narendra Modi government.

Significance is being attached in diplomatic circles to the fact that Oman is a key Islamic nation which has been supportive of India at international forums on issues such as Kashmir and also backed India's bid for a permanent seat at the UN Security Council.

Shortly after his arrival here, the visiting minister held talks with External Affairs Minister Sushma Swaraj on bilateral relations in various fields, including economic, political, defence and security, and agreed to strengthen them. He also called on the Indian PM and conveyed the greetings of the Sultan of Oman, reaffirming the importance of his country's relations with India. Modi thanked the Oman leadership for looking after the welfare of the nearly 700,000 settled in the Gulf country.

According to official sources, the meetings between the two sides signalled a "desire for continued engagement at high levels between the two countries".

Prime Minister Narendra Modi with special envoy of the Sultan of Oman, Foreign Minister Yosuf Bin Alawi Bin Abdullah in New Delhi on Tuesday. PTI