



PART A: News pertaining to Planning Commission



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Planning Commission Library

and **Communication, IT & Information Division**

(महान लोगों के विचार) Anonymous

(Everything is always created twice, first in the mind and then in reality हर चीज का सृजन दो बार होता है, पहली बार दिमाग में दूसरी बार वास्तविकता में.)

1. States' views to be sought on Plan panel replacement

Sanjeeb Mukherjee, Business Standard: 10.11.2014 Last Updated at 00:37 IST

Modi in his maiden Independence Day speech had announced the winding up of the five-decade-old Planning Commission



The Centre is expected to seek the views of [state governments](#) soon on the organisation that will replace the **Planning Commission**. Officials said the views would be sought because the new body would have strong representation from state governments, including a few chief ministers, in line with Prime Minister Narendra Modi's idea of making states equal partners in growth.

"The [Planning Commission](#) used to act an interface between the central government and states. Much of this function will now be handled by the finance ministry, but it does not mean that the new entity will fully hand over that role," a senior official said. He also said the Centre might call a meeting of all chief ministers in Delhi or seek their views through other means.

Modi in his maiden Independence Day speech had announced the winding up of the five-decade-old Planning Commission. The government thereafter held a series of meetings with experts on the structure of the new body that will replace it.

The role of the commission has been gradually eased. A recent circular directed all major ministries and departments to furnish their plan budget estimates for 2015-16 directly to the finance ministry, marking the formal shift of responsibility of determining annual plan expenditure from the Planning Commission to the ministry.

Ministries and departments are no longer waiting for a nod from the commission before sending their programmes and schemes for [Cabinet](#) approval. The programme evaluation office, an attached office of the commission created just a year ago, has been wound up. There is talk that the Unique Identification Authority of India, which too is an attached office of the Planning Commission, will be shifted to the department of electronics. The fate of the over 1,800 staff of

the commission is unclear.

"There is no clarity when the new body will take shape, but I feel it should be formed by the end of the current financial year," another official said.

2. The Stone Roses

Lola Nayar, Outlook: 17.11.2014

Nehru's economic policies took wrong turns, but the right direction

Man or woman, ruler or peasant, no one remains relevant in totality some five decades later. But such is the bruising attack on Jawaharlal Nehru, his ideals and his economics, that anyone scanning the public debates of the day would happily conclude that one man alone is to blame for all our current 'mess'. This 'economic debacle' is at the heart of a right-of-centre attack on the Nehruvian way—shorthand for the socialist economics that defined India till the mid-1980s. It is not only right-wing internet warriors (usually based in the US) who use the term 'Hindu rate of growth' to lead the charge against Nehru. As top Nehru scholar Pulapare Balakrishnan of the Centre for Development Studies points out, much of the criticism of the man comes from sections of India who have really benefited the most from policies of those times.

“I believe India would have been a powerful exporter much before China, if only Netaji had a front seat in our policymaking along with (Jawaharlal) Nehru...India would have seized the opportunity the world offered and would have become the second-most powerful economy in the world,” Infosys's N.R. Narayana Murthy once said. His is not a view in isolation. It has on occasion been perpetuated by the Congress itself—its later generations using the Nehru name as a convenient punching bag to explain its own series of reforms in the 1990s. But more about that later.

Now that the BJP is in power, Nehru's economic legacy is being dismantled in right earnest. One of the first acts of prime minister Narendra Modi was to announce the unceremonious shutting down of the **Planning Commission**—that venerated pillar of old nation-building. Another Nehruvian-era symbol—the public sector units—is in for a revamp. Non-viable units like HMT will be shut down; others will be reorganised for 'efficiency'. Why, Modi's basic dictum—minimum governance—flies against the Nehruvian socialist grain of state-led intervention. Or look at the BJP's stated movement away from 'doles' to the whittling away of welfare schemes like NREGA.

Actually, and ironically, there is much in Modi's apparently novel blueprint that reminds us about the much harder challenges and choices faced and made by Nehru and his team for a newly independent India, a country taking fundamental steps in building a modern economy. Consider Modi's vision: a push for manufacturing through a make-in-India programme; plans for more IITs, IIMs and AIIMSs; lowering the fiscal deficit; executing infrastructure projects. As Modi is discovering, the research bodies set up by Nehru remain relevant today, with the private sector chary of investment in R&D.

So, is the criticism of Nehruvian economic policies justified? “Essentially, the Nehruvian model was a thing of his times. It was much more than economics. It was a vision of an India which is ingrained in our institutions, besides creeds like secularism or sarva dharma samabhava,” says Prof Abhijit Sen, former member, Planning Commission. Sen points out that while “there was a Nehruvian vision of creating a Planning Commission...much of the criticism of Nehru's economic planning under the Commission happened after he was no more”.

Indeed, the legacy of India's first prime minister has slowly been undermined by subsequent Congress leaders, including Indira Gandhi, who did away with many democratic norms. Nehru, in contrast, encouraged parliamentary debates while building support for the Planning Commission's proposals. Several other institutions set up by Nehru have suffered. Indira's tenure saw the nationalisation of banks, insurance companies, coal mines, non-coking mines, and promulgation of restrictive laws that impacted both domestic and foreign companies. Only the 1991 reforms brought some long-awaited relief—not just to industries, but concomitantly to consumers.

So, was Nehru right in promoting heavy industries and not small and medium industries that would have promoted Indian entrepreneurship? Was he right in supporting large dams in place of small and medium irrigation structures? Why did he bring in the licence and permit raj and shackle Indian industry? Even as these questions continue to crop up, experts point out that Nehru was in sync with his times and the people. Why else would his family continue to enjoy political favour with the people? “Criticism of Nehru's vision is more for his economic policies. Whether it was appropriate for his time or not is not the issue. It is heavily inappropriate for the present time,” says economist Surjit Bhalla.



Chief engineer Nehru inspecting the working model of a cement factory

Pulapare Balakrishnan says that the economic development strategy devised by Nehru, together with renowned statistician P.C. Mahalanobis, “had led to a good start”. In fact, he points out that “the acceleration of growth achieved in the 1950s has not been exceeded since. It was also a period when India grew faster than China”. However, the end of an era of unchallenged political support for the Congress after Nehru's death failed to build on those initial years of growth.

Management advisor M.B. Athreya has a different view. “Nehru's political legacy has been greater and more enduring than his economic legacy. On economics he was a prisoner of his anti-

imperialist life struggle and admiration for the initial achievements of the Soviet economy.” Pointing to Nehru’s push for capital-intensive industries and failure to capitalise on India’s huge, low-wage labour-pool for domestic and world markets, Athreya says Nehru did not adopt a pragmatic stance to India’s economic development strategy, based on the country’s SWOT in the 1950s. The result was that India did not partake of the opportunity of the historic post-war trade boom between 1946 and 1972. While the Asian Tiger economies of Southeast Asia grew handsomely, Nehru went for an import substitution model.

Drawing a parallel between challenges faced by India in the 1950s and now, Nasir Tyabji of the Institute for Studies in Industrial Development says the relevance of Nehru lies in the fact he “saw through the possibilities developing at a time when conditions were no less challenging”. The choices before India were the same, as even then the US was looking at India as a huge market for its goods while being supportive of India’s independence from British rule. However, Nehru did not toe their line, as he was keen to rebuild an industrial base in India. “Today, our preferred path is to do what Americans or the wto or international agencies want us to do (for instance, in pharma sector). There is no evidence that the government is applying its own mind to how to walk the talk,” says Tyabji.

Three areas where most experts feel Nehru fell far short of expectations is in tackling poverty, primary and secondary education and healthcare. Poverty remains a challenge which no government since then has been able to meet while relying only on welfare programmes like PDS. The state of school education and healthcare seem to be further slipping into an abysmal state, with governments looking to the private sector to fill the gap. The contradictions within the BJP’s education policy—roping in the RSS to formulate modules on the one hand, with an avowed intention to prepare the youth for job market challenges on the other, has alarmed many experts. They wonder which is worse—neglect of primary and secondary education during and since the Nehru era or the current saffron hues in education?

On the oft-repeated criticism that Nehru’s neglect of agriculture was one reason for India’s becoming dependent on shiploads of wheat from the US, economist Ashok Desai states the charge is not justified, given Nehru’s push to create more dams. “Nehru was a great one for building dams—the temples of modern India. So it (agriculture) wasn’t a mistake. But he did not do enough.... Agriculture then, as now, remains a state subject,” he says.

The economy may be in a better state today, but a lot of the credit still has to be given to the Nehruvian legacy that laid the foundation of big industries in the public and private sector. Experts feel that while shackles of import licences and industrial licences were wrong, the current line of ‘industrialisation at any cost’ is a mistake. Many feel our policymakers have lost the ability to think independently as Indians. For all the shortcomings of Nehruvian polity and economics, including failures to push through land reforms or a uniform civil code due to pressures from within the Congress, even his critics give Nehru credit for establishing India’s industrial and knowledge economy base. And that is a supreme legacy to hand down to posterity.

A Brief History Of Nehruvian Economics

- **1944** Leading industrialists led by J.R.D. Tata designed the Bombay Plan, which agreed the state should steer all levers of economic activity.
- **1947** Nehru inherited an economy and industry in tatters. India was one of the poorest countries in the world.
361 mn India's Population in 1947
50% Below poverty line
82.7% Lived in rural areas
- **March 1950** The Planning Commission was constituted; in 1951, the IRDA was instituted. India sustained its food economy by increasing imports.
- **1955** P.C. Mahalanobis became the high priest of planning. His model made government take a leading role in investment and setting up of PSUs. This had wide political support.
- **1956** The state acquired a monopoly over all big, capital-intensive business. The government pushed big dams, steel plants, and other “temples of modern India”.

The dominant thought was that state-controlled socialism was the way forward. Dissent came from Rajendra Prasad and Vallabhbhai Patel—both suggested a mixed economy.

- **1960** There was criticism of the dangers of hurting entrepreneurship, but Nehru had his way. By the 1960s it was apparent that the controls had led to corruption and stasis.
- **1991** Various symbols of the state-led pattern of development was dismantled; now, the Modi government is pushing further right and away from this path.

3. Suresh Prabhu: One-man think tank

The Free Press Journal: 10 Nov 2014

Former Shiv Sena leader Suresh Prabhu on Sunday formally joined the BJP before he was sworn in as a Cabinet Minister. Prabhu, who was Power Minister in the Atal Behari Vajpayee-led previous NDA government, received the party's primary membership in the morning. Ahead of the switch, Sena leader Uddhav Thackeray had reportedly made it clear that if Prabhu were to find a spot in the cabinet, his party would not consider it a part of the "quota" it is entitled to as a member of the Prime Minister's coalition government.

Prabhu, it will be recalled had called off his visit to Wharton in March 2013 as a mark of protest against the cancellation of the then Gujarat Chief Minister Narendra Modi's keynote address at the Wharton Indian Economic Forum. That was a defining moment for Prabhu, which catapulted him into the inner circle of Prime Minister Modi.

But that is not his only qualification. He has always been known as a studious and hardworking person who understands the intricacies of a finance, economy, taxation, environment, power and international law.

There was a time when the Shiv Sena patriarch would consult this intelligent chartered accountant-cum-lawyer for his independent views on important policy decisions. Suresh Prabhakar Prabhu, 61, was later rewarded with a Lok Sabha ticket by Bal Thackeray. During Vajpayee's tenure from 1998 to 2004, Prabhu was industry minister, minister of environment and forests, minister of fertilizers & chemicals, power, heavy industry and public enterprises.



The banker turned politician represented the Rajapur Lok Sabha constituency four times, from 1996 to 2009. He lost his seat in the 2009 general election. Late Janata Party leader Madhu Dandavate had earlier represented the same constituency. During the tenure of this soft-spoken minister the government set a challenging target of bringing electricity to all homes by 2012. Later, even Maharashtra set itself the target of becoming a load-shedding free state by 2012. Prabhu also served as chairman of task force for the inter-linking of rivers project, which was close to Vajpayee's heart, and which could resolve the twin problems of droughts and floods that perpetually plague **India**. Prabhu has been appointed as Modi's 'sherpa' to assist the Prime Minister at the upcoming G20 summit in Brisbane. He also headed a high-level Advisory Group for Integrated Development of Power, Coal and Renewable Energy for reforms in the power sector recently and is working on or is a member of over a dozen major international organisations and panels. His name also propped up as the obvious choice when Modi decided to replace the **Planning** commission with a think tank. Amidst all this, Prabhu has found time to indulge in some more academics -- pursuing two doctorates simultaneously, one on Public Finance from Mumbai University and the other from Berlin University on Climate Change. Prabhu is married to media person Uma, and the couple has a son Ameya. The family mostly lives in Mumbai.

4. Modi names the new Prabhu of policy

Sanjeev Rastogi: 10 Nov 2014*The Times of India* (Mumbai edition)

For Suresh Prabhu the wheel has turned a full circle. He was Shiv Sena's first choice for ministership in the 13-day Atal Bihari Vajpayee government. Eighteen years later, he snapped links with Sena moments before joining BJP to be an important member of the Modi cabinet.

The chartered accountancy examination topper is expected to play a crucial role in revamping railways and provide vital policy inputs across infrastructure and economy. Prabhu's reemergence as a prominent face in the Capital was evident at last week's World Economic Forum, where he was much sought after. For a perceived right-winger the ease with which he mingles with policy wonks comes as a surprise to many.

His return to active politics began soon after Modi took charge. Although some expected him to be part of Modi's cabinet in May, he emerged frontrunner for the revamped **Planning Commission**. For the past few weeks Prabhu, who won four times from Rajapur LS constituency in Maharashtra, has been closely working with the government.

He has already struck a note with fellow G20 sherpas when he joined the close-knit club a few weeks ago ahead of a meeting of leaders of the world's largest economies in Brisbane on Saturday and Sunday. The 61-year-old — working on his PhD in climate change from Freie University, Berlin and public finance from Mumbai University — is involved in **India's** strategy for the climate change talks in Lima early next year. By all accounts, the government is contemplating a strategic shift in its stance to delink its position from China.

Expect Prabhu to undertake some radical reforms in railways, the crucial cog in the infrastructure wheel that Modi believes should move faster for higher economic growth. He has very strong views on loss-making public sector companies, supporting closure of units which have little prospect of revival.

During his six-year stint in the Vajpayee government where he handled portfolios as diverse as industry, power and environment and chemicals and fertilizer, he implemented some critical reforms. Prabhu was behind the Electricity Act, 2003, which revamped the way the power sector worked. The UPA, dealing with held up projects worth close to Rs 20 lakh crore, relied on his strategy to remove hurdles faced by each project.



Over a decade ago, Prabhu had set up the crisis management group, where bankers, private developers and government officials would try to remove bottlenecks. He was the man Vajpayee tasked with interlinking rivers, a task Modi has taken up a decade later.

5. Made in Gujarat' Spreads Panic Among Bureaucrats

• Cithara Paul, *The New Indian Express*: 10.11.2014

Plans to introduce a six-day work week in government offices, and import of successful schemes, systems and officials from Gujarat could change the bureaucratic work culture

Scheme proposed to give autonomy to employees PK Mishra, Principal secretary to PM A K Sharma, Joint Secretary at PMO Has Mukh Adhia, Financial Services Secretary in the Ministry of Finance H K Dash, Ministry of Home Affairs Rajesh Kishore, National Human Rights Commission (NHRC) Guruprasad Mohapatra, Ministry of Commerce

New Delhi: The Gujarat Effect is picking up pace, demolishing the boundaries of babudom. **India's** civil servants, already distressed over the Modi Code of Conduct regarding punctuality, cleanliness, speed and transparency, are in for a bigger shock that could upset their weekend golfing **plans**.

The five-day week for government officials could soon be a luxury of the past, because the Central government is mulling the introduction of a six-day week work schedule, inspired by the Gujarat Model, which mandates bureaucrats to follow the dictum 'work is worship' in the state.

To push Prime Minister Narendra Modi's agenda with speed, the Union Government is airlifting Gujarat cadre officials with proven track records, some of whom have worked directly with Modi. A whole new set of ideas on governance too is being imported from Modi's home state, where he was Chief Minister for three terms.

So, no more lazy lunches at the Gymkhana Club. No more lazing in the sun, playing cards and sharing tiffin. Government officials who had an easy time during the various Congress governments, thanks to Pay **Commission** bounty, a lenient work culture and a five-day week work schedule implemented by Rajiv Gandhi in 1985, are bracing for tough

INSPIRED BY THE GUJARAT GOVERNMENT'S HUMAN RESOURCES MANAGEMENT SYSTEM (HRMS), DOPT IS TO SET UP A **PLANNING** MECHANISM THAT HELPS THE GOVERNMENT PICK AND CHOOSE SUITABLE OFFICERS AGAINST A PARTICULAR VACANCY ON THE BASIS OF EFFICIENCY AND SUITABILITY RATHER THAN SELECTING THE SENIOR-MOST OFFICIAL AVAILABLE Taking inspiration from the successful Samaras Panchayat of Gujarat, the Union government will promote unanimous elections to village panchayats across the country times. All government employees are already reporting for work at 9 am, fearing punitive measures. Direct phone calls from the Prime Minister, and constant monitoring of their social and official activities is keeping them on their toes.

"There has been no official communication so far, but since the government mechanism is being corporatised, we are mentally preparing ourselves for longer working hours with Sunday being the only off-day," said a despondent official. According to him, senior officials have already started to follow this pattern.

The Union Government is borrowing more than just ideas from Gujarat. The capital's power corridors are witnessing an influx of tried and tested Gujarat hands.

In the PMO itself, several Gujarat cadre officials play crucial roles in decision making and implementation.

They include Principal Secretary to the PM, PK Mishra (1972 batch) who had served as Principal Secretary to Modi when he was the Chief Minister in 2001-04.

Another senior bureaucrat is Anand Kumar Sharma, a 1988 batch Gujarat cadre and JS at the PMO, who was the Additional Principal Secretary to Chief Minister Modi.

Another key figure in the PMO is Rajeev Topno, a 1996 batch IAS officer, also of the Gujarat cadre, who has been appointed Private Secretary to the Prime Minister.

6. Late Recognition of Great People is no Recognition

By D P Satish, Indian Express Published: 10th November 2014 06:00 AM Last Updated: 10th November 2014 06:00 AM

BENGALURU: The Karnataka government has named playback singer S Janaki, space scientist Dr K Kasturirangan, jurist M N Venkatachalaiah and Kannada literary organisation Kannada Sahithya Parishat for the Karnataka Rajyotsava Awards. A total of 59 distinguished people or institutions are given this high honour. But the selection committee seems to have committed an unintended blunder by nominating such great people for the award now.

These awardees should have got the award long, long ago, not now. Take the example of Janaki. Who has not heard her melodious voice? She is in the league of greats like Lata Mangeshkar. Many lesser singers have got awards decades ago. Honouring Janaki with the Rajyotsava Award now is actually an insult to the nightingale of Kannada, Tamil, Malayalam and Telugu cinema. Janaki rejected the Padma award conferred by the Centre some years ago, but has gracefully accepted the Karnataka award.

Same is the case with Venkatachalaiah, the former chief justice of India. He is one of India's most respected jurists, known for his impeccable character and integrity. The Karnataka government should have honoured him long ago. He was honoured with the Padma Vibhushan in 2004. A state award 10 years later makes no sense.

Kasturirangan is a legend in space science. Under his chairmanship, ISRO scaled new heights. As a nominated member of the Rajya Sabha, he did good work and backed Kannada initiatives. As a member of the Planning Commission of India too, he did a good job. Down to earth, Kasturirangan has been heading several high-profile committees across India. He is a recipient of India's second highest honour Padma Vibhushan and got the Padma Shri way back in 1982.

The Kannada Sahitya Parishat may not be what it used to be decades ago. However, it has always been in the vanguard of the Kannada movement, and conducted itself with dignity and responsibility. All the above deserve the Karnataka Ratna and not mere Rajyotsava Awards. The selection committee headed by poet Channaveera Kanavi should have told the government that these people are too big for the award.

Realising that we have not honoured them in the past is good, but we should not announce awards just to correct our mistakes.

7. Sadananda Gowda may lose railways, BJP firm on Suresh Prabhu whatever Uddhav Thackeray's stand

The Times of India: 08.11.2014

Railways occupies a key place in the PM's plans. Both during and after the poll campaign, Modi has delineated his priorities for the public transporter by pushing for introduction of high-speed 'bullet trains', modernization of infrastructure and upgrade of facilities.

NEW DELHI: With a day to go for the first recast of the NDA government, there were indications that railway minister Sadananda Gowda may be given a different assignment as part of the government's new thrust to catalyze the infrastructure sector.

Sources in BJP indicated that the change of leadership of the critical infrastructure ministry was under consideration in view of Prime Minister Narendra Modi's anxiety to tone up functioning of the government's largest enterprise.

The plan to induct former Union minister Suresh Prabhu even as his party Shiv Sena plays hardball is part of the objective to boost the core sectors of the economy. Though Prabhu has already been tasked with responsibilities like being a 'sherpa' for G20 talks and also emerged as the top contender to head the new incarnation of the **Planning Commission**, he is, on paper, a paid-up member of Sena.

Sena chief Uddhav Thackeray, who was approached on Thursday to suggest two candidates for inclusion in the Modi ministry, has not got back yet. While the delay is being seen as his ploy to get BJP to give in to the demand for increasing Sena's representation in the Devendra Fadnavis government in Maharashtra, BJP sources hinted that the leadership may press ahead with its plan to bring in Prabhu regardless of what Thackeray might decide.

The concern over infrastructure also appears to have led the government to conclude that the telecommunications ministry, too, needs the attention of a full-scale minister. The portfolio is with Ravishankar Prasad who also looks after law and justice. It is not clear whether the concern will lead to Prasad being relieved of the telecom and IT ministry or, alternatively, give up law.

Pointers that rural development ministry, which is being looked after by transport minister Nitin Gadkari since Gopinath Munde's death, may also have a full-fledged minister ties in with the larger thrust to drive infrastructure.

Railways occupies a key place in the PM's plans. Both during and after the poll campaign, Modi has delineated his priorities for the public transporter by pushing for introduction of high-speed 'bullet trains', modernization of infrastructure and upgrade of facilities, in addition to putting trains at the centre of an ambitious plan to boost tourism, including religious tourism, and foraying into unchartered terrain in the Himalayas.

With Goa CM Manohar Parrikar, who announced on Friday that he would become a member of the Rajya Sabha from UP, set to join the Centre, the BJP leadership is having to deal with claims of CM aspirants in the state.

PART B

NEWS AND VIEWS

Monday, 10th November 2014

Polity

: Sena to sit in Opposition if BJP take
NCP support

Economy

: OECD for Rate Status QUO

Planning

: Govt to go ahead with changes to land
act: FM

Editorial

: Curbs on content in cyberspace

Communication, IT Information Division
Phone # 2525

Sena to sit in Opposition if BJP takes NCP support

Alok Deshpande &
B. Muralidhar Reddy

MUMBAI: Hours after the Union Council of Ministers was expanded on Sunday, a slighted Shiv Sena, which has been refused a Cabinet berth, declared it would sit in the opposition if the newly elected Bharatiya Janata Party-led minority government in Maharashtra sought the support of the Nationalist Congress Party (NCP) to survive the trust vote on Wednesday.

The Sena will vote against the new government in the State if the BJP accepted support from the NCP, an anti-Hindutva party, party chief Uddav Thackeray told presspersons after a long huddle with Sena MLAs.

"How can you take support from [NCP chief] Sharad Pawar, who was the first to use words such as saffron terrorism? Is the BJP ready to accept support from the NCP,

which supported the likes of Ishrat Jahan? If the BJP is ready to accept support from the NCP," Mr. Thackeray said, "the Sena will sit in the opposition and vote against the BJP government in Maharashtra for the sake of Hindutva."

However, he refused to say if the Sena would withdraw Anant Geete from the one slot that the Sena has in the Union Cabinet, continuing to keep the doors open for a rapprochement with the BJP.

"I will decide at the right time," was all he said.

Last week, Mr. Pawar declared that if need be, his party would vote for the trust motion to be moved by the State's first ever BJP Chief Minister, Devendra Fadnavis.

The announcement by Mr. Pawar, whose party has 41 MLAs, has weakened the bargaining power of the Sena, which has 63.

OECD FOR RATE STATUS QUO

RBI LIKELY TO TAKE 'MORE DOVISH' STANCE IN ITS UPCOMING POLICY: BOFA-ML REPORT

PRESS TRUST OF INDIA

Paris/New Delhi/Mumbai,
9 November

Cautioning the Reserve Bank of India against any rate cut, the Paris-based OECD has said that it should continue with the tight monetary policy as inflationary expectations are still high.

"In India, still-high inflation expectations call for a continuation of the tight monetary policy stance," the Organisation for Economic Cooperation and Development (OECD) has said in its Economic Outlook report.

RBI deputy governor HR Khan too had expressed similar opinion and warned against "early celebrations" over recent fall in inflation.

"Inflation still has a long way to go," Mr Khan had said, elaborating "structural issues" like input costs, wage burden, food prices, protein-driven inflation and rural areas witnessing wider inflation pressures.

POLICY EXPECTATION

■ In India, still-high inflation expectations call for a continuation of the tight monetary policy stance, the Organisation for Economic Cooperation and Development has said in its Economic Outlook report

■ While the 2 December policy should turn more dovish, RBI Governor Raghuram Rajan may want to await further clarity on the inflation peak-off, BofA-ML report said



The Reserve Bank is scheduled to announce its monetary policy review on 2 December. Industry has been demanding a rate cut in view of fall in inflation and the need to push growth.

While the WPI inflation in September dropped to a five-year low of 2.38 per cent, the retail inflation too was at its lowest since January 2012 at 6.46 per cent during the period.

The OECD further said

that India not only needs to continue with fiscal consolidation but should also improve its quality, re-balancing expenditures away from subsidies and towards public investment.

The Reserve Bank has been maintaining a tight monetary policy stance in order to tame inflationary expectations.

For the fourth time in a row, the RBI kept key interest rates unchanged in its

previous policy review on 30 September, and said it will not cut them unless inflation moderates to anticipated levels.

The growth has slumped to sub-five per cent for two consecutive financial years. It fell to 4.7 per cent in fiscal 2013-14 and is estimated to be between 5.4 and 5.9 per cent in the current fiscal. In April-June quarter of this fiscal, economic growth accelerated to 5.7 per cent.

OECD is a grouping of 34 countries, mostly developed nations.

Meanwhile, according to a Bank of America-Merrill Lynch report, the RBI is likely to take a "more dovish" stance in its upcoming monetary policy review on 2 December and may go in for a cut in repo rate in February.

"While the 2 December policy should turn more dovish, RBI Governor Raghuram Rajan may want to await further clarity on the inflation peak-off,"

BofA-ML report said.

"We are increasingly confident about our call for a repo rate cut in February," it added.

The report sees the RBI achieving its inflation target of eight per cent by January 2015 and six per cent by January 2016.

BofA-ML said that the case for lower rates looks increasingly compelling. "September growth will likely slow to around five per cent from 5.7 per cent last quarter, buttressing our view that recovery will need lending rate cuts," the report said.

It said that a case for rate cut also arises as imported inflation is moderating, with oil prices stabilising on Fed rate hike expectations and the rupee holding at 58-62 levels due to RBI recouping foreign exchange reserves.

The report estimates CPI inflation to drop to 5.7 per cent in October from 6.5 per cent in September.

Hindustan Times

Date: 10/11/2014

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Govt to go ahead with changes to land act: FM

HT Correspondent

■ letters@hindustantimes.com

NEW DELHI: India will soon ease land purchase rules, raise foreign investment ceiling in insurance firms, initiate tax reforms and bring down to 52% the government's stake in state-owned banks, finance minister Arun Jaitley said Sunday.

"Some changes may be necessary (to the land acquisition act)," Jaitley said at a seminar organised by the International Institute of Strategic Studies and Observer Research Foundation here.

"We will first try to reach a consensus and if that is not possible, we will go ahead and take the decision," he said, hinting the government was prepared to risk political opposition to press ahead with a raft of reforms.

A disinvestment calendar to sell equity in state-owned firms would "unfold" in the next couple of days, he said,



■ Jaitley: Firm on reforms

adding the government aims to bring down its equity in public sector banks to 52%.

The Centre was also in the final stages of talks with states on the goods and services tax, with the minister hinting that the constitution amendment bill would likely be moved when Parliament opens for winter session beginning November 24.

He was also hopeful that a bill to allow raising the FDI cap in the insurance sector to 49% will be passed during the Session.

Govt fast-tracks mines allocation, scraps rule of first-come, first-served

Sumant Banerji

■ sumant.banerji@hindustantimes.com

NEW DELHI: To fast-track and simplify the process of allocation of mines, the government has issued fresh guidelines that effectively does away with the first-come, first-served policy, which is currently followed for auction for licences based on technical parameters including size of the financial bid.

The guidelines that came into force with immediate effect on November 1, seek to bring in more transparency in the process of allocation and reduce the number of pending allocation.

The major pre-requisites to be considered before allocation of a mine include technical expertise, financial strength and proposed investment, value addition to the end-use project and financial bid as a percentage of royalty. Further, to prevent arbitrary proposals,

allocation has been barred for areas that have not been prospected for minerals. Besides, non-notified land also can no longer be allocated.

"State governments have been requested to process all proposals in accordance with these guidelines to facilitate expeditious disposal of mineral concession applications. Nearly 64,000 mining applications in various stages are pending before state governments while another 287 licence execution cases and 2,577 renewal applications are also pending," a mines ministry official told HT.

"This sector needs to move on. These guidelines supercede all previous instructions in this regard," he added.

The guidelines also lay down strict timelines for each step of allocation of mines including environment and forest clearances.

Govt to reduce stake in PSU banks to 52%

To push through amendments to the Land Acquisition Act, Goods and Services Tax in winter session

GIRJA SHANKAR KAURA
TRIBUNE NEWS SERVICE

NEW DELHI, NOVEMBER 9

Setting the tone for the forthcoming Winter Session of Parliament, Finance Minister Arun Jaitley today said that the government would push amendments to the Land Acquisition Act even if the Opposition did not support it and that the government was in talks with states and the amendments to the Goods and Services Tax (GST) might also be introduced during the session.

The Finance Minister also said that the government was planning to bring down its stake in public sector banks to 52 per cent so as to meet the Rs 3 lakh crore capital requirement.

Speaking at the India Global Forum summit here, Jaitley said, "Some changes may be necessary to the land acquisition laws. We will first try to reach a consensus and if that is not possible, we will go ahead and take the decision." The states have openly opposed the new Land Acquisition Act, complaining that it hurts the process of acquiring land for infrastructure projects.



Finance Minister Arun Jaitley along with other delegates at the India Global Forum organised by the International Institute for Strategic Studies in New Delhi on Sunday. PTI

Commerce Minister Nirjala Sitharaman had also last month suggested that amendments to the Bill may be brought in the Winter Session of the Parliament which starts on November 24. The Rural Development Ministry has already suggested a number of amendments to the Act that will water down provisions such as mandatory consent of at least 70 per cent locals for acquiring land for PPP projects, and 80 per cent for private projects.

The Act, which was

passed last year, may undergo drastic changes if Prime Minister Narendra Modi gives his approval to the proposals moved by the ministry. These also include dilution of a key clause of the Social Impact Assessment study, criticised by states as time-consuming for the industrialisation process.

Jaitley said that the government was looking at bringing down its equity in banks to about 52 per cent so that a large amount of capital, almost close to Rs 3 lakh

crore, could be introduced into banks itself, so that they have more resources for financial inclusion.

In 2010, the then Cabinet had approved a proposal to keep the minimum shareholding of government to 58 per cent in public sector banks in order to provide buffer for the future.

As per law, government holding at any moment must not come below 51 per cent to maintain the public sector character of PSU banks.

At present, government

"Some changes may be necessary to the land acquisition laws. We will first try to reach a consensus and if that is not possible, we will go ahead and take the decision."

Arun Jaitley, FINANCE MINISTER

shareholding in various banks varies between 56.26 per cent (Bank of Baroda) and 88.63 per cent (Central Bank of India).

Public sector banks require equity capital of Rs 2.4 lakh crore by 2018 to meet Basel III norms. For the current fiscal, the government has allocated Rs 11,200 crore for bank capitalisation. The government had infused an amount of Rs 58,600 crore between 2011 and 2014.

Jaitley also reiterated that the long-pending Insurance Laws Amendment Bill, which seeks to raise the foreign direct investment cap in the sector to 49 per cent, would get Parliament approval in the upcoming session.

"We have opened up investments in various sectors. I do hope that in this

session, I will be able to pass the Insurance Bill," he said. FDI in insurance is currently limited to 26 per cent. The much-delayed Insurance Bill has been referred to the select committee of Parliament after nine political parties made the demand in the last session. The reform, according to experts, could increase the flow of foreign investment to the tune of Rs 25,000 crore into private insurance companies.

Jaitley also said that amendments to the Goods and Services Tax (GST) may be introduced in the Winter Session and that the Centre was in the final stages of talks with states on the issue. "I am in the last stage of my discussion with the states before the introduction of amendments to the GST law in Parliament," he said.

"I do hope that my friends in the Opposition parties, particularly the principal Opposition, after a wasted opportunity when they were in government, spend a more fruitful tenure when they are in Opposition," Jaitley said.

Modi to consult CMs on body to replace plan panel

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New Delhi: To bring states on board, PM Narendra Modi is expected to seek the opinion of CMs on formation of the new institution that will replace the erstwhile Planning Commission.

A senior government source said Modi wants to make states active partners in finalizing the shape and contours of the new body. States' views are crucial because the BJP government has indicated that state representatives are expected to have a dominant role in the new institution, which will also have sectoral experts from private sector and government.

With Modi keen on cooperative federalism, an official said some CMs could be part of the new body. "The step is in the direction of PM's idea of making states equal partners in growth,"

With Modi said to be keen on cooperative federalism, an official said that some chief ministers could be a part of the new body which will have other state representatives too

he said. Earlier, Planning Commission used to act as an interface between the Centre and states. The fate of the over 1,800 staff of the panel hangs in the balance. Though there is no clarity as to when the new body will take shape. An official said it should be formed by the end of the current financial year.

Modi expands Cabinet, shrinks some ministers

Prabhu gets Rlys, Parrikar Defence, others help BJP expand in poll-bound states

MANEESH CHHIBBER & LIZ MATHEW
NEW DELHI, NOVEMBER 9

A FORTNIGHT short of completing six months as Prime Minister, Narendra Modi expanded his Cabinet today keeping the imperatives of both governance and politics in mind. So as he brought in 21 new faces and effected changes in the leadership of key ministries, his political calculations in his choice of ministers was also aimed at spreading the party's footprint in crucial states heading to polls.

The most significant changes in today's reshuffle were the shifting of D V Sadananda Gowda from the high-profile Railways to Law and Justice — his job was given to BJP's latest import

Business as Usual

By UNNY



and PM's trusted G20 sherpa Suresh Prabhu — and induction of former Goa Chief Minister Manohar Parrikar as Defence Minister. Health Minister Harsh Vardhan was shifted to low-profile Science and Technology, Earth Sciences but this move is being viewed as a move to make him

CONTINUED ON PAGE 2

THE 21 NEW & THE OLD

CABINET

Manohar Parrikar: DEFENCE
Suresh Prabhu: RAILWAYS
J P Nadda: HEALTH
Ch Birender Singh: RURAL DEV

MoS (INDEPENDENT)

Bandaru Dattatreya: LABOUR
Rajiv Pratap Rudy: SKILL DEV
Mahesh Sharma: CULTURE, TOURISM, AVIATION

MINISTERS OF STATE

Mukhtar Abbas Naqvi: MINORITY AFFAIRS
Ram Kripal Yadav: DRINKING WATER
Haribhai P Chaudhary: HOME
Sanwar Lal Jat: WATER RESOURCES
Mohanbhai K Kundariya: AGRICULTURE
Giriraj Singh: MSME
Hansraj G Ahir: CHEMICALS
Ram Shankar Katheria: HRD
Y S Chowdary: SCIENCE & TECH

Jayant Sinha: FINANCE
Rajyavardhan S Rathore: I&B
Babul Supriyo Baral: UD, HOUSING
Sadhvi Niranjana Jyoti: FOOD PROCESSING
Vijay Sampla: SOCIAL JUSTICE

PORTFOLIO MOVES

DEFENCE (Arun Jaitley): **Manohar Parrikar**
RURAL DEV (Nitin Gadkari): **Birender Singh**
HEALTH (Harsh Vardhan): **J P Nadda**
I&B (Prakash Javadekar): **Arun Jaitley**
RAILWAYS (Sadananda Gowda): **Suresh Prabhu**
LAW & JUSTICE (Ravi Shankar Prasad): **Gowda**
DONER (V K Singh): **Jitendra Singh**
CULTURE (MoS Shripad Y Naik): **Mahesh Sharma, MoS (Independent)**

[Outgoing ministers in parenthesis]



THE FIRST EXPANSION

Modi expands Cabinet, shrinks some ministers

the face of BJP's Delhi Assembly campaign when elections are held early next year. His place in the Health Ministry has been allocated to J P Nadda. Finance and Corporate Affairs Minister Arun Jaitley, who hands over the Defence Ministry to former Goa CM Manohar Parrikar, maintains his pre-eminent position in the government, taking on Information and Broadcasting from Prakash Javadekar. Former Army chief Gen V K Singh, who had a spate of tussles with successive secretaries has been relieved of the charge of Development of North-Eastern Region while Gautam Budh Nagar MP Mahesh Sharma, considered close to the RSS, was made Minister of State (Independent charge), Culture and Tourism as well as MoS, Civil Aviation.

Among the Cabinet ministers, Nitin Gadkari has been relieved of Rural Development which will now be handled by Birender Singh, who will also be Minister of Panchayati Raj, Drinking Water and Sanitation, while Communications and Information Technology Minister Ravi Shankar Prasad has been relieved of Law and Justice.

On the political front, the expansion lays down a roadmap for the party to establish itself as a credible alternative to entrenched parties in states where the BJP isn't the main player, including Bihar and Punjab where it is part of the ruling alliance with the Shiromani Akali Dal (Badal).

This probably explains why a figure as controversial as Bihar leader Giriraj Singh, a Bhumihar, who was among the first leaders to lend his voice to the Modi-as-PM chant and who said that Modi's critics should go to Pakistan, has been rewarded with the post of minister of state.

The expansion was overshadowed by the pullout of the

BJP's oldest ally Shiv Sena. Miffed over Modi's decision to induct one of its leaders, Suresh Prabhu, without its consent, the Sena stopped its member Anil Desai from joining the government. Prabhu quit the Sena and joined the BJP hours before he took oath as a cabinet minister.

Modi has also tried to balance caste equations, especially in states like Bihar, Uttar Pradesh and Punjab, which go to polls over the next three years. Thus, a minister of state (independent charge) to a Brahmin — Gautam Buddha Nagar MP Mahesh Sharma — is a signal to Brahmins of Uttar Pradesh who are disenchanted with both BSP and the Samajwadi Party and are unable to find any solace in the Congress.

An eye on the future is one reason for the induction of Agra MP Ram Shankar Katheria and Fatehpur MP Sadhvi Niranjan Jyoti, one a Dalit and the other belonging to the electorally powerful Nishad community. From West Bengal, Modi did not choose old party hand S S Ahluwalia but went for Babul Supriyo, a singer-turned politician — whom he had promised, during his campaign, to make a national hero. Mohanbhai Kalyanjibhai Kunderiya and Haribhai Parthibhai Chaudhary, both from Gujarat, have been Modi's loyal soldiers for long.

Between the two prominent Muslim faces in the BJP, Mukhtar Abbas Naqvi was handpicked but parked in the Minority Affairs Ministry as MoS with additional charge of Parliamentary Affairs.

The surprise induction of Hoshiarpur MP Vijay Sampla as MoS is another indication that the party is planning on life without the Shiromani Akali Dal (Badal). Sampla, a Dalit, is expected to be part of the BJP's efforts to become a major anti-SAD, anti-Con-

gress force in the state which has the nation's highest percentage of Dalit population — about 32 per cent.

Modi and the BJP will not easily forget, or let the Akalis forget, the fact that despite being in alliance at the Centre as well as in Punjab, Punjab Chief Minister Parkash Singh Badal and his party's frontline leadership campaigned for Om Prakash Chautala's Indian National Lok Dal in the recent Haryana Assembly elections, which the BJP won.

Caste equations also seemed to have played a part in the choice of Sanwar Lal Jat and Rajyavardhan Singh Rathore (a Rajput) as ministers from Rajasthan, which continues to be without a Cabinet-rank representation at the Centre despite the fact that all 25 seats went to the BJP.

A Cabinet berth to J P Nadda, a Modi loyalist, is also a subtle hint to party's Himachal Pradesh strongman Prem Kumar Dhumal's camp that Nadda is the party's future in the state. Dhumal's son and third-term MP from Hamirpur Anurag Thakur was also in reckoning for a ministerial berth but was overlooked.

The induction of former Congress leader Birender Singh, who switched sides just before the Assembly elections is to placate the Jat community since the BJP decided on a non-Jat Punjabi as Haryana's chief minister.

BJP's ideological parent, the Rashtriya Swayamsevak Sangh (RSS), also had its fingerprints on the reshuffle. Hansraj Gangaram Ahir (Maharashtra), the four-time MP from Chandrapur, the whistle blower in the coal block allocation scam is considered to be close to RSS chief Mohan Bhagwat. The Sangh is believed to have strongly weighed in for Parrikar, Nadda, Giriraj Singh, Dattatreya, Sharma and Sadhvi Niranjan Jyoti.

India to push for BEPS talks at G20 meet

SURABHI

NEW DELHI, NOVEMBER 9

INDIA, keen to go ahead with a global tax pact to curb tax avoidance by companies, is expected to push for negotiations of some provisions of the OECD's Base Erosion and Profit Shifting (BEPS) agreement at the meeting of heads of states of G20 nations to be held in Brisbane next week.

Officials said that formal negotiations would be conducted at a later date.

"We are fully committed to the BEPS pact. India does not have a confrontational stance but we feel that there should be more consistency and fairness in how to calculate the base erosion of a company," said a person privy to the development, adding that other countries including the United Kingdom too have sought a re-negotiations of the international tax accord on various provisions.

Prime Minister Narendra Modi is scheduled to attend

'Summit will not be talkfest'

SYDNEY: The upcoming G20 Summit will not be a "talkfest" but will focus on the clear goal of creating jobs, identifying tax cheats and boosting the world economy by two per cent, bringing "real difference" to people across the world, Australian Prime Minister Tony Abbott said on Sunday.

Calling the November 15-16 Brisbane G20 Summit "the most important meeting ever held in Australia", Abbott said Australia, as this year's Presi-

dent of G20, has set an agenda based on three themes.

The meeting will promote economic growth and jobs growth by strengthening the private sector. It will make the global economy more resilient to future shocks, Abbott said.

The meeting will strengthen global institutions because "in uncertain times, strong institutions make all the difference", he said in a statement.

"It won't be a talkfest," Abbott asserted.

the two-day G-20 Summit where heads of states of the grouping will finalise the Brisbane Action Plan. "There are no negotiations at the heads of states meeting. The leaders will sign the final G20 communique based on negotiations undertaken during the year," explained a second official.

Former Union minister Suresh Prabhu, who will be Modi's 'sherpa' at the Summit, had on Thursday said there will

be a particular focus on steps to deal with BEPS, where globally operating firms shift profits to low or no-tax jurisdictions. Taxation of e-commerce may would also be discussed, he had said. "There will be a new platform, a new regime and common reporting standards," Prabhu had said, while giving a broad overview on the G20 priorities at the summit. He had also announced that India has already circulated a position

paper on the issue.

The BEPS initiative that was fully endorsed by the G20 Finance Ministers and Central Bank Governors at their July 2013 meeting in Moscow as well as the G20 Heads of State at their meeting in Saint-Petersburg in September 2013 aims to ensure that companies pay tax where profits are made. The Action Plan prepared by the OECD is expected to be implemented over the next 18 to 24 months.

A recent paper by think tank National Institute of Public Finance and Policy too had said that though the 15 Action Points outlined in the BEPS framework are important, they would address the root of the problem, which is the "skewed distribution of taxing rights against nations".

The paper titled "Action Plan on Base Erosion and Profit Shifting: An Indian Perspective", which has focused on the Action Points has however noted that a re-look at the allocation of taxing rights was not on the agenda of the OECD.

iSPIRT launches India software products index

Top 30 Indian IT product companies valued at \$6.2 billion

SANGEETHA CHENGAPPA

Bangalore, November 9

There are 30 IT software product companies in India, which have a combined valuation of \$6.2 billion (₹37,500 crore), according to the country's first software products industry index.

The iSPIxB2B index, floated by software product think tank Indian Software Product Industry Round Table (iSPIRT), says the top 30 B2B software product companies (see the box) together employ 18,250 people.

While 27 per cent of them are headquartered in Bangalore, 20 per cent are in the National Capital Region and the rest are in

Chennai, Mumbai, Kerala, Pune, Singapore and Silicon Valley. Sixty-three per cent of these companies sell into verticals such as financial services, retail, media and travel and the rest offer solutions to organisations across industries.

Dev Khare, Principal, Light-speed India, and Fellow at iSPIRT, who led the top-30 index project along with four others from iSPIRT, told *BusinessLine*: "The goal was to identify the top 30 firms in terms of valuation and use the valuation number to compute the index. The Index indicates the sum total of the valuation figures of the top 30 companies starting at number of 100 and will be reported in the US dollar and the rupee." Now, for the first time, there is an objective source of data derived from company-

specific metrics about this segment of the market, added Khare. Some prominent companies are absent from the list as they declined to participate in the iSPIxB2B, but he did not name them.

To compile the index, iSPIRT identified over 350 companies, and short-listed 100 from which company-specific data was gathered directly from the companies or investors or public market exchanges.

Criteria

The selected companies had to meet the following criteria: 1) the company sells software to businesses on a licence or subscription basis; or 2) the company provides a B2B service driven through a differentiated software; and 3) the company was

Top 30 list of companies

*Quick Heal Technologies, Nucleus Software, SunTec Business Solutions, Druva Software, Vizury, Capillary Technologies, Zoho Corporation, Ramco Systems, SVG Media, Tally, Wingify, Freshdesk, IBS Software, Kayako, PubMatic, Komli Media, Wooqer, Vserv, Real Image Media, RateGain, Qubole, Ozone Media, Newgen Software Technologies, Manthan Systems, Indian Energy Exchange, Infracore Tech, Ilantus Technologies, Eka Software, AdNear and Accelerite.

founded in India or had co-founders who were based in India and elsewhere simultaneously. The iSPIRT team worked with Professors from Stanford and IIM to guide them on methodology for this index, which will be updated every six months.

Nearly 80 per cent of the top 30 companies have global customer bases. The India-focused companies are exploiting India-specific opportunities such as

the large SME base, burgeoning e-commerce infrastructure needs and rapid growth of organised chains in retail, healthcare, etc.

About 70 per cent of the companies are domiciled in India. This masks a significant shift since 2009 where a majority of Indian B2B software companies have started incorporating in the US, Singapore and the UK. Fifty per cent of the companies on

the index were started pre-2006 and majority were bootstrapped while 40 per cent of these have now got growth capital into them. The rest of the 50 per cent started post-2008 are generally venture-backed and 73 per cent have got early-stage venture capital into them now.

"Going forward, we expect the value of the top 30 to expand well beyond \$6.2 billion into the tens of billions as they participate in the \$500-billion global market for enterprise technologies. This will happen through IPOs on the Indian stock exchanges for profitable, market-leading companies as well as US and European stock exchanges for higher-growth companies that have reached revenue scale but may or may not be profitable," said Khare.

Sebi to clear milder version of draft insider trading norms

Board meets on November 19

JAYSHREE P UPADHYAY
Mumbai, 9 November

The Securities and Exchange Board of India (Sebi) is set to overhaul the insider trading norms, first framed two decades ago. The regulator is expected to approve the new norms at its board meeting on November 19.

Sources in the know said the new rules would be far more stringent than the regulations currently in place but not as strict as those mentioned in the draft document circulated in December last year.

For example, in the definition of "connected persons", public servants might not be specifically mentioned as insiders. Also, disclosing due-diligence procedures by companies to stock exchanges might not be part of the regulations.

"In the final guidelines, the market regulator has taken into consideration the feedback received from various intermediaries. Their concerns have been ironed out," the sources said.

The insider trading norms will define connected persons on the basis of the duty they perform for a company and the legal relation they have with the listed entity and its promoters.

In the draft regulations formulated by the insider trading committee, led by judge N K Sodhi, a connected person was defined as someone connected with a company in any capacity (including people who had frequent communications with company officers) in the six months prior to the trade.

The draft regulations had made headlines for their inclusion of public servants in the definition of connected persons. But in the final guidelines, public servants and ministers might not find a specific mention.

"If public servant or the media act on any insider information, they will be examined. However, there would not be any specific provision to deal with them," said a source.

In the draft regulations, any due-diligence that companies engaged in needed to

GOING SOFT

Draft norms

- Connected persons defined on the basis of association and responsibility to a company
- Connected persons include public servants
- Due-diligence required to be declared to bourses 2 trading days before proposed trade

New norms

- Connected person is someone who is related to a firm in any capacity
- No specific mention of public servants as connected persons
- Due-diligence aspects will not be mentioned

be declared to stock exchanges two days before any trading activity was undertaken in the stock. But the final norms might not find mention of due-diligence aspects.

"Dealing with situations where there is no intent to conduct a mala fide transaction needs clarity. Just declaring due-diligence two days before trade does not solve the problem and is not practical," said Raja Lahiri, partner, Grant Thornton.

However, there is another section of market that believes any form of price-sensitive information should be available to all types of investors. "The due-diligence aspect is the heart and soul of the regulations. Every investor has the right to access the information, whether positive or negative, about a company" said J N Gupta, chief executive officer, SES proxy advisors.

In December last year, the prohibition of insider trading (PIT) committee had given its report to the market regulator. Sebi later invited comments on the draft regulations.

Date 10/11/2014

Page No. 01

Govt frames new draft civil aviation policy

New Delhi, Nov 9: To meet the challenges of burgeoning air traffic, connecting remote areas, creating aviation hubs, ensuring safety and security and liberalising bilaterals to move towards an 'open sky', a new draft civil aviation policy has been framed by the government.

The policy, which was drafted and approved by the erstwhile UPA-II government, has undergone a fresh review under the BJP-led regime with additional thrust being given on remote area connectivity, official sources said.

The draft Civil Aviation Policy, on which the govern-

ment would seek the views of all stakeholders, would also focus on encouraging regional airlines and suggest steps to move towards lower fares to make aviation affordable.

The draft policy is likely to come up with suggestions regarding jet fuel prices and heavy taxation on it which pose a major roadblock for airlines and consequently, development of aviation hubs in various parts of the country.

The need to coordinate development of tourism and promotion of 'brand India' in a concerted manner may also form part of the policy.

PTI

The Hindu Editorial

Curbs on content in cyberspace

Facebook has disclosed that it restricted as many as 4,960 items of content on the social networking site in India in compliance with official requests in the first half of 2014. The significance of the figure does not lie in the mere fact that it is the largest number of restrictions from a single country during this period, or in the detail that India ranks second only to the U.S. in the number of requests for access to user data. The real and disturbing significance lies in Facebook's disclosure that these requests, primarily from law enforcement officials and the country's Computer Emergency Response Team, were made "under local laws prohibiting criticism of a religion or the state". The number of requests for access to users jumped from 3,598 (covering 4,711 users/accounts) in the previous six-month period to 4,559 (covering 5,958 users/accounts) in the first six months of 2014. Half of the requests were complied with. It is possible to argue in legal terms that the government may seek such access to user data or request blocking of content in exceptional circumstances. Article 19(2) of the Constitution permits reasonable restrictions on freedom of speech and expression, among other grounds, "in the interests of the sovereignty and integrity of India, the security of the State, public order, decency or morality or in relation to contempt of court, defamation or incitement to an offence."

Normally one would expect that any restriction on free expression in cyberspace would be aimed at curbing potentially explosive remarks that are likely to foment violence. It is indeed a bitter reality that social media have sometimes been used to spread rumours — the ones that sparked an exodus from Bengaluru of residents hailing from the northeastern States in 2012 being an example. However, the moot question is whether it will be reasonable to use the principle to bar all criticism of the state or religion. It cannot be forgotten that a book by the Indologist Wendy Doniger was withdrawn and pulped because the publisher was threatened with prosecution under Section 295-A of the IPC, which makes "deliberate and malicious acts intended to outrage religious feelings" a punishable offence. Recently, a political activist was arrested for an innocuous comment that implied that divine retribution was behind a cyclone that hit Visakhapatnam. If the government is making thousands of requests either for user data or blocking content, it should be transparent about the real nature of its requests. Only then will it be possible for citizens to know if they fall squarely within the constitutionally recognised reasonable restrictions, or if they amount to misuse of archaic laws.