

PART A: News pertaining to Planning Commission



21.11.2014

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and Communication, IT & Information Division

(महान लोगों के विचार)

(No great man ever complains of want of opportunities. कोई भी महान व्यक्ति अवसरों की कमी के बारे में शिकायत नहीं करता.)

Ralph Waldo Emerson राल्फ वाल्डो एमर्सन

1. Smart cities and the challenge of urbanization

Accelerate India | Nov 20, 2014, 06:31 PM IST

India's rapid population growth and the economic boom over the past two decades have propelled the phenomenon of urbanization, hitherto a rather slow process in India, into one of the foremost concerns of policymakers, economists, activists, and ordinary citizens. The government of India estimates that within 20 to 25 years, an additional 300 million Indians will be added to the nation's urban population, and the total population is expected to reach 1.5 billion in that period. This population explosion is unprecedented in our nation's history – these new urban citizens will have to be accommodated in cities that even today fail to provide basic infrastructure and services to their residents, with spiraling real estate costs and unplanned, rampant construction of housing and commercial projects.

Coping with urbanization

Policymakers have sought to address and manage the problems of urbanization through investment in urban infrastructure and civic services. However, before we undertake these grand initiatives, we must seek to deconstruct and understand the specific challenges that urbanization presents, and solutions that have been proposed or implemented.



Urban infrastructure and investment

One of the foremost problems of urbanization is building sustainable urban infrastructure, which includes urban streets, water supply infrastructure, sewerage and drainage systems, waste

management systems, and urban lighting systems, among many others. The **Planning Commission** states that India spends only \$17 per capita on urban infrastructure, whereas we should be spending \$100 per capita. The Commission also estimated that the total investment required over 20 years to build urban infrastructure would be \$1 trillion, a truly staggering sum!

Transportation and connectivity

Ensuring efficient transportation and connectivity is vital for modern urban life. Transportation infrastructure needs to keep up not only with the growth of new cities, but also existing regions that currently suffer from poor connectivity. India's railway network, though one of the largest in the world has grown by only 19% since the British departed for their rain-soaked land. Many cities in the northeast do not have railheads and must instead depend on a road network that is susceptible to frequent closures due to landslides and inclement weather. With respect to air traffic, new airports are necessary to facilitate the free movement of people, goods, and commerce.

New cities being developed must ensure that they provide excellent connectivity to other parts of the country and indeed to the rest of the world. For example, the upcoming Gujarat International Financial Tec (GIFT) City is located only 18 km from Ahmedabad airport and is well-connected by road to other cities in Gujarat and Maharashtra.

Power and water supply

Power generation is yet another challenge that must be met head-on – India had a peak power deficit of 15% in 2008, which is estimated to worsen to over 20% in 2017. Given the extent of load-shedding, new satellite towns and cities must not rely entirely on the electricity grid, but instead supplement this with electricity from renewable sources like windmills, solar panels, hydroelectric dams, and others. For instance, the Ministry of New and Renewable Energy has identified 48 cities to be developed as “Solar Cities”. Tamil Nadu has made great strides in bringing clean energy to its cities, while Lavasa is trying to generate 10–15% of its energy needs through renewable means. These are admirable initiatives, but a lot more needs to be done.

The problem of water supply is similarly staggering in scale. The World Bank predicts that India will face severe water crisis by 2050, while the government's figures show that even today, 22 out of India's 32 largest cities face near-daily water cuts caused by burgeoning demand. In Mumbai and Delhi, the gap between demand and supply of municipal water can be as much as 25%. How could this problem be resolved? “Smart” technology can play a role in reducing wastage and streamlining water usage – “smart” water meters are now being installed in cities like Mumbai,

Navi, Mumbai, Delhi and Bangalore. Similarly, some cities are mandating that new construction projects install innovative technologies like low-flow plumbing and wastewater reuse, and also require them to augment municipal water supply with alternative sources like rainwater harvesting.

Environment and sustainability

Energy and environment are going to be one of the most critical factors which citizens will weigh the livability factor of a city. A healthy environment that is good and congenial for the life and work, is one of the prime necessities of any individual. Any discrepancy on that front can be detrimental not only for the people living in it, but also to the city as a whole. Take the case of Beijing, the capital of China. It is one of the most modern of cities with sky-touching towers, and expressways. Yet, the smog that envelopes the city spoils the image of the city as a whole. In fact, during the Beijing Olympics in 2008, one of the prime concerns for all the athletes and attendees was the environment of the city. A city that is smart is also a city that is environmentally sustainable.

Meanwhile, keeping in mind the rises prices of electricity, energy efficiency is no more a fancy term but a necessity. With the use of automated metering, households can schedule their workload based on the time when the electricity usage is minimum. Meanwhile, with energy-efficient housing, that makes use of renewable energy like solar, and so on, the energy bills can be drastically cut. Modern smart cities are the ones that are not only energy-efficient but also to a great meet their own power requirements.

In the end, there are up teem challenges that lie on the path to smart city. For instance, one of the biggest questions is whether smart cities should be built ground up or existing cities should be systematically converted in a well-thought out manner. Considering the huge costs involved required in land acquisition, displacement of existing population, and a new build-up, reworking an existing city and fine-tuning it makes a much greater sense.

In the end, becoming a smart city improves efficiency, creates a positive environmental impact, enhances security, improves health, and simplifies construction permitting. These results lead to a more livable, appealing, and economically viable city that is attractive to new citizens and businesses.

2. Subramanian panel suggests overhaul of green laws

Nitin Sethi, Business Standard: 21.11.2014

The committee has suggested an umbrella law to help set up new national and state-level regulators that would also take the powers of the existing pollution control boards

The T S R Subramanian committee, constituted about three months ago to review laws related to environment and forest protection, has recommended some big-ticket changes to the rules and legislation. These include a complete overhaul of certain laws, special fast-track dispensation for power, mining and linear projects, self-certification of compliance by industry and diluting the powers of the National Green Tribunal (NGT).

The committee's recommendations, made in a report given to Environment & Forests Minister Prakash Javadekar recently and reviewed by Business Standard, are for a revamp of regulations and laws concerning environment, both pollution and forest-related. Several of these changes have either already been in the pipeline or previously discussed within the ministry. Some of these were suggested (or partly processed) during the previous government's term.

The committee has suggested an umbrella law to help set up new national and state-level regulators that would also take the powers of the existing pollution control boards. The law - Environmental Management Act - would do away with the need for separate Acts to regulate air and water pollution that empower states to give the consent to operate and establish industrial units.

The national and state-level regulators should be able to use the know-how of existing technical institutions and universities, while they appraise projects, as well as monitor their operations.

The law, as recommended by the Subramanian committee, reduces the powers of the National Green Tribunal by setting up special district-level courts to deal with infringement of environmental laws and an administrative tribunal (not a judicial one) to review clearances. A judicial review of project clearances should be the final step, and not the first stage of appeal, the committee has suggested. It has also advised infringement of laws be distinguished and categorised and prosecution and arrest be permitted only in the case of serious offences.

The committee has backed industry's long-standing demand that a self-certification system for compliance with environmental laws be introduced. This system, to be built on 'utmost good faith', would depend largely on project developers disclosing information and being held accountable in post facto review of project operations in areas chosen on random sampling.

A shrunk no-go area for miners - limited to the existing protected wildlife areas and forest patches with more than 70 per cent cover - has also been recommended. The original no-go area plan included wildlife corridors, lands with high biodiversity value (regardless of forest cover) and lands that acted as catchment of rivers.

The high-level panel has also suggested an amendment to the Forest Rights Act to provide a clear exception for all linear projects - roads, pipelines and power lines, etc. The high-level panel had not been tasked to review either the Forest Rights Act or the National Green Tribunal Act.

It has also recommended that the powers of the National Board for Wildlife (which has outside experts on board) in reviewing any changes to national parks and sanctuaries be handed over to the ministry.

A special 'fast-track' overall dispensation for linear, mining and power projects has also been recommended, besides an overhaul of the forest clearance process to further reduce the time taken.

The panel has advised that more kinds of projects and those larger in size than the ones permitted today be appraised at the state level, and not reviewed at the Centre, for environmental integrity.

The panel has also advised the government to firm up a legal definition of what constitutes 'forests'. The present laws do not define the areas where forest laws should apply. The definition was derived by a Supreme Court order that had extended the application of forest laws to lands that might not be classified as forest land on government records.

The court order included lands where trees of more than a certain density grew, regardless of the type or ownership of lands.

The five-member group said, while the compensatory afforestation asked of project proponents should be increased, their role should be limited to providing finances to state forest departments, and not beyond that. It also suggested a five-fold revision of rates of 'net present value' (NPV) that companies are required to pay for use of forestlands.

The panel suggested that a specialised and separate environment service be created as another All-India Service cadre.

Among the ideas and changes in the report that the environment ministry has already begun to process or is discussing are dilution of NGT's role, dilution of the power of tribals to give consent to projects, the legal redefinition of forests, shrinking of the no-go areas and easing of the appraisal regime for power and other projects. The process for upward revision of the NPV rates had begun during the previous government's term, and a committee was constituted to suggest new rates.

The creation of a new national and state-level authority was pushed by former environment minister, Jairam Ramesh, as well. But it faced opposition from many quarters for a variety of reasons. The present government has already made several amendments to the existing regulations; and other critical changes the high-level panel has recommended are already in the pipeline. These include a single-window clearance system, instead of multiple channels, for projects.

WHAT THE PANEL RECOMMENDS

New umbrella law to subsume existing environment laws, the powers of pollution control boards

National and state-level authority to appraise and monitor projects

Fast-track clearance for power, mining and linear projects

Self-certification of compliance by projects and random review

Larger and more projects to be appraised at the state level

Amendment to Forest Rights Act to dilute consent powers

Administrative tribunal instead of judicial National Green Tribunal to review clearances on appeal

District-level courts to decide on infringement of green laws

Limited no-go forest areas where mining is banned

Definition of 'forests' to be formulated to reduce litigation

New environment service as part of All India Services cadre

Companies to pay more for compensatory afforestation but not be involved beyond financing

3. Saarc without a backbone

Pratap Bhanu Mehta, Indian Express: November 21, 2014 12:05 am

Saarc was always hostage to the India-Pakistan relationship: India always feared it being used as a forum for bilateral one-upmanship by our neighbours. Saarc was always hostage to the India-Pakistan relationship: India always feared it being used as a forum for bilateral one-upmanship by our neighbours.

Despite his commitment to greater regional cooperation, Prime Minister Narendra Modi will have his work cut out for him at the Saarc summit in Kathmandu. Saarc declarations have made considerable progress on a range of issues, from trade and connectivity to ecology. But these declarations only serve to highlight that Saarc has near zero credibility. Can Modi convert a traditionally bureaucratic exercise, at the margins of our political imagination, into an ambitious political gambit with more meaningful outcomes?

There is some hope. The normative discourse on greater connectivity in the region has shifted. There are many projects already on the ground, ranging from grid connectivity with Bangladesh to power agreements with Nepal. These are very modest beginnings. Only in a culture that sets the bar as low as South Asia can these be regarded as progress. They are a far cry from the need to think of South Asia as shared ecological space, a connected energy market, a free-trade area, a zone of freer movement of people, a unified transport area, and more ambitiously, a zone of free, self-confident democracies. Contrary to our traditional fears, greater regional cooperation strengthens individual nations in Saarc rather than weakening them.

Saarc was always hostage to the India-Pakistan relationship: India always feared it being used as a forum for bilateral one-upmanship by our neighbours. This fear has diminished considerably. That is because some of India's bilaterals have improved, making it harder for all countries to gang up, as it were. There is also the view that regional cooperation can proceed at a different pace with different countries. And finally, at this point, the momentum of India-Pakistan relations has very little to do with India's actions. Pakistan needs to sort out what kind of national and regional player it wants to become: Indian conduct is, both for the Pakistani military and its Western supporters, largely an alibi for not facing up to its internal problems. Its human costs are high. But the only thing India can do is signal powerfully that there is a new regional imagination taking shape. This imagination has a lot of potential, and Pakistan can join the party if it wants to. The Pakistan factor is more reason to strengthen Saarc, not weaken it.

But there are serious obstacles. Regional institutions seldom overcome the pathologies of the bureaucracies of individual states. The importance of the credibility gap cannot be overestimated. Saarc would initiate a healthy precedent if, instead of making a lot of new pronouncements for the future, it began with an honest report card on how much delivery has fallen short of declarations. You can judge how serious an organisation is not by the scale of its promises, but whether it has an effective monitoring mechanism for implementation. The already agreed to Saarc roadmap for a transition from the Safta to a customs union would warm anyone's heart; the pace of implementation would drive anyone to despair. Even projects that have got off the ground, like the Saarc University, invite more scepticism than admiration. And Saarc institutions are pathetic both in capacity and in prestige.

India has to shoulder some of the blame. It is a tall order to expect India to do well in the region what it does only in fits and starts at home: build top-class infrastructure. But whether we like it

or not, infrastructure is the most potent tool of security, connectivity and diplomacy. India is not even off the starting block on this. We have rejected many infrastructure projects offered to us. Our execution does not command respect. It is also an open question whether the scale of financially viable projects is enough to add up to an infrastructure revolution in the region that has real political bite. But infrastructure is the backbone of regional cooperation. Right now, Saarc is a project without a backbone. The truth is that unless India shows exemplary execution capabilities in this area, the esteem it commands will be limited. And much of our neighbours' interest in us will depend on how well our economy does in the next decade.

Politicians in the region tend to be risk averse. In private, their normative and intellectual commitments are all for greater cooperation. In public, they face three obstacles. In some of the smaller countries, they fear being outflanked by their rivals, who are all too ready to use an anti-India card. Our neighbours are not alarmed by trade deficits with China, but the slightest spectre of a trade deficit with India is a political issue. These fears are exaggerated. But they have palpable effects.

Much of the discourse of regional cooperation is couched in very abstract terms and speaks of aggregate benefits to the countries involved. But aggregate benefits are seldom strong enough to override the opposition of entrenched interest groups which fear immediate distributive consequences. Moreover, the local communities where projects are going to be sited are often given little stake in them. Quite the contrary: they often fear that they will be used merely as way stations to seemingly lofty goals, without benefits flowing to them. None of these are insurmountable obstacles. But the form of local political advocacy needed to get projects off the ground still does not exist to a sufficient degree.

Finally, the domestic political cycles for many of our neighbours have to be taken into account. Nepal still has a political stalemate of sorts. Bangladesh is doing well, but the window of opportunity before the legitimacy crisis for the current government enlarges is small. Sri Lanka now has a cussedness about regional cooperation, largely buttressed by the view that China can sustain it. And it is unclear what compromises the new government in Afghanistan will make and what this entails for India. But the lesson is this: whenever there is a small window of opportunity, it is important to make maximum use of it, to deliver and execute projects that can endure the surface movements of politics. For example, coming good on all our commitments to Bangladesh is of such vital importance because if this moment is not used, the consequences will be serious.

Modi has a political opportunity. He can put an unprecedented political imprimatur on a usually moribund summit. It is a chance to boldly sketch what a new regional imagination, one that is vibrant and meaningful yet reassuring to all our neighbours, would look like. In many ways, this project is far more consequential, even for the future of secularism in the region, than we usually recognise. But he will also have to work hard to overcome the scepticism that big dreams usually incite in South Asia.

The writer is president, Centre for Policy Research, Delhi, and a contributing editor for 'The Indian Express'

4. Chinese Takeaway: Modi's Indo-Pacific

C Raja Mohan, Indian Express: November 21, 2014 12:10 am



The last time an Indian prime minister traveled to Fiji was in 1981, when Indira Gandhi arrived there.

Modi's Indo-Pacific

Prime Minister Narendra Modi's decision to visit Fiji after his pre-scheduled trips to Myanmar and Australia was indeed a surprise. This underlines the new commitment in New Delhi to bridging the gap between the potential and reality of Delhi's reach in the Indo-Pacific. The last time an Indian prime minister traveled to Fiji was in 1981, when Indira Gandhi arrived there. Since then, much has happened in Fiji and around it. The intensification of ethnic conflict in Fiji between Indian immigrants and the native populations saw Delhi focus exclusively on securing the interests of the Indian diaspora. The many coups in Fiji and the discrimination against the Indian community there led to Delhi's efforts to isolate the government and lose its broader influence in the island. Modi's visit comes in the wake of the UPA government's decision to begin constructive engagement of Fiji a few years ago.

In the island itself, the elections earlier this year saw the strongman Frank Bainimarama shed his military uniform and win a democratic election with the support of ethnic minorities, including

sections of the Indian community. If the restoration of democracy in Fiji set a positive context for Modi's visit, the PM announced a number of steps to boost India's relationship with Suva. This included the expansion of India's development partnership with Fiji, improving air links and announcing visa on arrival for the citizens of Fiji.

Fiji Looks North

The diaspora is not the only reason that has taken Modi to Fiji. Long seen as the backwaters of global politics, the region has increasingly become an important theatre in the emerging great power contestation in the Indo-Pacific. As elsewhere, the rapid rise of China and its intensive outreach to the islands in the last few years has stirred other major powers into action. What began initially as a competition with Taiwan for diplomatic recognition among the island states has now acquired an intensive strategic dimension.

With their vast exclusive economic zones, the Pacific Islands occupy millions of square kilometres of ocean space and straddle vital sea lines of communication. Some provide ideal vantage points for military power projection. They are also important locations for gathering signal intelligence and monitoring outer space activity. Guam, for example, is now critical for the maintenance of American forward military presence in the Pacific. The US also tests many of its "star wars" systems in the littoral.

For China, which seeks to expand its own strategic influence in the Pacific, limit American military primacy in the region and gain access to the rich natural resources of the littoral, the Pacific Islands have become an important priority. The last few years have seen China step up its presence through massive aid programmes, civilian as well as military, and frequent deployment of its naval units and the development of maritime infrastructure in the region. China also built a satellite-tracking station in Kiribati which, of course, was dismantled when the island switched its allegiance to Taiwan.

China's interest has given the islands more strategic options in their international relations and the means to resist political pressures from Australia and New Zealand. Fiji has consciously articulated a "look north" policy and played the China card with considerable deftness. With China raising its profile in the south Pacific, the US has ended its post-Cold War neglect of the islands and is back in play. Japan, too, is now committed to doing more for the islands. Australia and New Zealand, which had a free hand in the region after the Cold War, are now recalibrating their policies.

India Card

Hours after Modi left Fiji, Bainimarama was hosting Chinese President Xi Jinping. Xi is no stranger to the region, having visited the littoral as vice president a few years ago. Fiji and the other islands are eager for a strong Indian presence in the littoral. They know that India can't match the Chinese, dollar to dollar, in providing economic assistance. The islanders have no desire to switch from a dependence on the West to a total reliance on China. India's presence offers the prospect of greater regional balance in the south Pacific and offers more economic and political choices to the island states.

In meeting all the leaders of the Pacific Islands, promising to make the joint forum a regular affair, enhancing India's economic assistance programmes and unveiling defence cooperation with Fiji, Modi has demonstrated that India is ready to turn its historic links with the south Pacific into a strategic partnership.

The writer is a distinguished fellow at the Observer Research Foundation and a contributing editor for 'The Indian Express'

PART B

NEWS AND VIEWS

Friday 21st November 2014

Polity

: In J&K, BJP to focus on local issues

Economy

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: Of secret hoards in tax havens

Communication, IT Information Division
Phone # 2525

In J&K, BJP to focus on local issues

Gargi Parsai

NEW DELHI: In a bid to avoid a controversy during the on-going process of elections in Jammu and Kashmir, the Bharatiya Janata Party on Thursday said that although the abrogation of Article 370 that accorded special status to Jammu and Kashmir was "close to its heart," the priority in this election was to focus on the issues of corruption, dynastic rule and "integrated development" of the State.

"Neither have we given up the issue of abrogation of Article 370 nor sidelined it, but in this Assembly election our priority is to highlight the corruption and dynastic rule of a couple of families in the State. The integration of the country is important," said party spokesman Shahna-waz Hussain at a press conference here.

BJP president Amit Shah elaborated the issue in an election rally in Ramban. He said this election was crucial as it was only the BJP that could bring about complete

integration of Jammu and Kashmir with the rest of the country.

Mr. Hussain, who had just returned after campaigning in the State, claimed that people were enthusiastic

about the BJP's promise of development and bringing the State in the mainstream.

Prime Minister Narendra Modi is scheduled to address election rallies in Kishtwar, Udhampur and

Poonch while Home Minister Rajnath Singh held a public meeting in Leh on Thursday.

The first phase of the five-phase polling will be held on November 25.

Clarify stand on Article 370, Omar tells BJP

BEERWAH (J&K): Jammu and Kashmir Chief Minister Omar Abdullah on Thursday said he did not run away from Ganderbal, a bastion of the Abdullah family, from where he is a sitting MLA.

He filed his nomination from Beerwah, one of the two Assembly segments he is contesting. He is also contesting from the Sonawar Assembly segment.

"I did not run away from Ganderbal. I have worked in Ganderbal and there is hardly any village (in the constituency) where I have not worked," he said, addressing a rally in this town in Budgam in the Kashmir Valley.

Mr. Abdullah asked the BJP to clarify its stand on



Jammu and Kashmir Chief Minister Omar Abdullah with his supporters at Beerwah in Kashmir on Thursday. - PHOTO: NISSAR AHMAD

Article 370 that gave a special status to Jammu and Kashmir since the party was talking in different voices in different parts of the State on its abrogation.

"In Jammu, they talk about abrogating Article 370 and in the Valley they say that if people want, it will remain (in the Constitution)," he said. - PTI

Cabinet clears 3 key pacts for SAARC meet

NEW DELHI: Ahead of Prime Minister Narendra Modi's visit to Nepal to attend the South Asian Association for Regional Cooperation (SAARC) summit next week, the Union Cabinet on Thursday cleared three key framework agreements with member-countries to enhance rail and road connectivity and to set up a regional power grid.

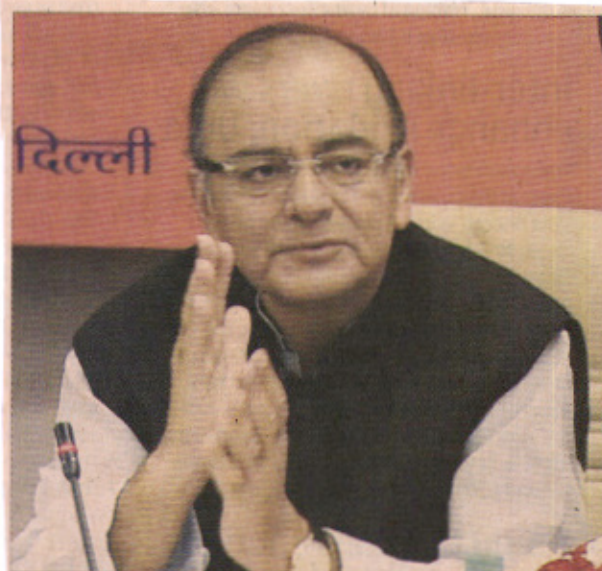
A memorandum of understanding (MoU) between India and Nepal for strengthening cooperation in the field of tourism was also given a green signal.

The memorandum is proposed to be signed during Modi's visit to Nepal beginning November 25.

Telecom Minister Ravi Shankar Prasad told reporters after the meeting that

the Cabinet approved signing of "SAARC Framework Agreement for Energy Cooperation (Electricity)" among the member-states during the 18th SAARC summit scheduled to be held at Kathmandu on November 26 - 27.

The Cabinet also approved the signing and ratifying the SAARC Motor Vehicles Agreement. - PTI



Finance minister Arun Jaitley at a meeting with CMDs and CEOs of public sector banks and financial institutions in Delhi on Thursday

Jaitley nudges banks to boost credit offtake

fe Bureau
New Delhi, Nov 20

AS a risk-averse banking system and weak demand conditions crippled growth in non-food credit, finance minister Arun Jaitley on Thursday asked public sector banks (PSBs) to ensure smooth credit flow to projects.

"We have suggested to the banks that proactive steps (be taken) in supporting various projects so that credit offtake in these projects takes up in a big way. Credit is the lifeline of an economy," he said after a quarterly review meeting of PSBs and other financial institutions. Jaitley added that he was optimistic about credit growth picking up soon as many projects are queuing up for credit.

The minister told the PSBs they should carry out lending on the basis of objective due diligence without being unduly conservative, in a completely transparent manner, "without fear or favour". This would boost the economy and enable an asset book of high quality, he said, adding that any external influence would be considered as a disqualification.

FE had reported that growth in the offtake of non-food credit continued to be weak, with loans to companies and individuals growing at 11.04% year-on-year to ₹60,09,720 crore for the fortnight ended August 22. This is the slowest growth in credit in over four years. Non-food credit had shown a growth of 11.77% in the fortnight ended December 18, 2009.

A DBS Bank India study showed that for the first time since FY10, deposit growth this year outpaced non-food loan growth. Credit growth between April and October was an average 12.5% y-o-y even as deposits during the same period grew at 13.1%. The Credit-to-deposit ratio of banks fell to 75.8% by end-October from 77% last year, DBS India said.

During the meeting, PSBs were advised to put in greater effort and outreach to ensure smooth access to credit to various sectors to facilitate rapid growth in economic activity, which was a key priority of the government. Key sectors like agriculture, housing, education and solar and renewable energy required particular focus in this regard, an official statement said.

Govt plans subsidised train tours to popularise Northeast

Trains with special coaches to bring in students from across India

AVISHEK G DASTIDAR
NEW DELHI, NOVEMBER 20

TO popularise the Northeast among the country's students, the government has a mega-tourism plan on the anvil, using the rail network as the primary mode of travel. Starting December, a number of trains that ply to the region will have coaches dedicated for taking school students from across India on tours at highly subsidised rates.

With the implementation of the programme pursued by the Prime Minister's Office regularly, the Railway Ministry has already had talks with the Tourism Ministry and states concerned to try set the

ball rolling. It has given the job of organising the tours to its Indian Railway Catering and Tourism Corporation (IRCTC).

The IRCTC has already had a similar experience a year ago when it collaborated with the Assam chapter of the Rashtriya Madhyamik Siksha Abhijan to take 2900 students to visit Delhi and Agra.

As per the programme, students will get to explore the Northeastern states during both winter and summer holidays. Each itinerary package could be of around 10 days. The packages will include bus travel, accommodation and sightseeing through conducted tours. The pilot programme is likely to be a tour

of Sikkim.

To facilitate the programme, the Railways is exploring the option of extending 50 per cent student concessions to its Darjeeling Himalayan Railway or "toy train", which will be part of the tour. The concession may also be allowed on the special coaches carrying the children. Usually these special coaches are attached to trains at commercial rates.

An estimated 10-12 trains will eventually be made a part of this programme, that will be rolled out in a phased manner. The primary education departments of states concerned are also being engaged to popularise the tours.

The mandate from the

PMO for this programme was to make affordable tourism packages for students to travel to the Northeast. To make the package attractive, one teacher will get to travel for free with a party of 70 students. The overall train-travel cost, which is still being finalised, could work out to be cheaper than the existing concessions. Railways has had a separate discussion with states regarding security of the travelling students in the programme.

"We want to attract school students to these parts of the country. We have had dialogues with the Tourism Ministry and also the states. It will be launched soon," said D P Pande, Member Traffic, Railway Board.

Adopt five villages each, Pranab tells central varsities

SAMUDRA GUPTA KASHYAP
GUWAHATI, NOVEMBER 20

PRESIDENT Pranab Mukherjee Thursday asked all central universities in the country to adopt five villages the way National Institutes of Technology (NIT) have been asked to, and transform them into model villages by providing solutions to a wide range of issues in order to make India progressive and equal.

Addressing the 12th convocation of Tezpur University in Tezpur, 180 km from here, Mukherjee said higher educational institutions in general and central universities in particular must actively involve themselves to make an India which is progressive and equal.

"Central universities have a pioneering role to play in setting standards for higher education across the country. They have to be a catalyst for rejuvenating other institutions of higher learning in their re-



President Pranab Mukherjee at the convocation, Thursday. PTI

gion thereby reducing regional academic imbalance. More importantly, central universities have to become a vehicle of social rejuvenation," he said.

The President said universities have to reach out to people in their region by disseminating knowledge, encouraging innovation, promoting environmental conservation and developing skills. "They have to elicit

the participation of talented local youth, increase their employability and usher in upward mobility of the deprived sections... Their work must resonate needs and aspirations of the people," he said.

Mukherjee said India as a developing nation has to search for solutions to issues like renewable energy, climate changes, drinking water, sanitation and urbanisation.

Cabinet clears 4 major power sector schemes

OUR BUREAU

New Delhi, November 20

The Cabinet on Thursday approved four significant decisions for the power sector — Deen Dayal Upadhyaya Gram Jyoti Yojana, Integrated Power Development Scheme,

North Eastern Region Power System Improvement Project, and a framework agreement for energy cooperation among SAARC members.

According to an official statement, the North Eastern Project is to strengthen the intra-State transmission and distribution system at an estimated cost of ₹5,111 crore, including capacity-building expenditure of ₹89 crore. The scheme is to be implemented with World Bank and Power Ministry assistance.

The Integrated Power Development Scheme is for the urban areas and entails an investment of ₹32,612 crore. The programme requires a budgetary support of ₹ 25,354 crore for the entire duration. The earlier scheme Restruc-

tured Accelerated Power Development and Reforms for 12th and 13th Plans will get subsumed in this new scheme.

The Deen Dayal project is for the rural areas. The full scheme entails an investment of ₹43,033 crore, but for 2014-15 the Government has allocated ₹500 crore. "The programme requires budgetary support of ₹33,453 crore from the Government over the entire implementation period," the statement said.

The CCEA has already approved the ₹39,275 crore for the scheme, which includes budgetary support of ₹35,447 crore under the earlier scheme — Rajiv Gandhi Gram Vidyutikaran Yojana. This outlay will be carried forward to the new scheme in addition to the outlay of ₹43,033 crore, the statement said.

The Cabinet also approved a framework agreement among SAARC member-states during the forthcoming SAARC Summit in Kathmandu on November 26-27.

High-level Panel Suggests Return of 'No-go' Areas

Says 'no-go' areas would be sacrosanct, except in exceptional circumstances

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New Delhi: The government-appointed panel headed by former cabinet secretary TSR Subramanian has recommended the return of the dreaded "no-go" areas for industrial activity such as mining in forest belts with strict enforcement, although the forbidden zones would be much smaller.

It has also suggested that highways, railways and transmission lines should be built only after taking on board the affected population, without letting anybody hold the projects to ransom. Currently, these projects are exempted from the provisions of the Forest Rights Act that requires consent of locals.

The environment ministry set up the panel in August to review five environment-related laws and suggest amendments to ensure that these laws meet their objectives.

The panel's recommendations on the no-go zones are reminiscent of a similar exercise undertaken during Jairam Ramesh's tenure as the UPA's environment minister. This had created a storm, with industry and ministers handling infrastructure ministries opposing the demarcation.

The committee has said the "no-go" areas would be sacrosanct, "which should not be disturbed except in exceptional circumstances and that too only with the prior approval of the

Union Cabinet."

The panel recommends that protected areas, which include reserve forests, wildlife sanctuaries, and national parks, and forest areas with over 70% canopy cover should be classified as "no-go" areas or inviolate zones. Forests with 70% canopy cover, classified by the Forest Survey of India as very dense forests, account for nearly 12% (83,502 sq km) of the country's total forest area, which is 697,898 sq km. "The no-go will be a strict no-go, so if there is a proposal for a road and it goes through the no-go area, it will not be entertained."

"The effort of the committee was two-fold; first to conserve and improve the environment, and second to make development easy," Subramanian told ET. This underlying principle has meant that the committee seeks greater clarity and predictability within the environment and forest system.

The panel has recommended mandatory submission of a "greening plan" as part of the mining plan while seeking clearance. "World over, majority of the mineral rich areas correspond to the forest areas. Mining companies mine in sections, they mine in one area and when they move to the next, they green the earlier section. In India, once an area is mined it lies fallow, so the forest area that is given for mining is lost forever. Mining has to be undertaken in a scientific manner," Subramanian said.

The panel suggests states must proactively settle the rights of the locals, stressing there can be no dilution of the rights of the tribal and forest dwelling population. However, for linear projects like highways, transmission lines, gas pipelines, railways, and public projects declared as being of "national importance", it proposes a cost-benefit analysis.

Govt Seeks A-G View on Next Step in Voda, Shell Cases

FinMin has sought the opinion on whether it should appeal in the SC against HC verdicts that favoured Shell and Vodafone in tax disputes

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New Delhi: In keeping with the Narendra Modi government's resolve to minimise litigation, the Ministry of Finance has sought the Attorney General's opinion on whether it should appeal in the Supreme Court against high court verdicts that favoured Royal Dutch Shell and Vodafone in tax cases.

"The matter has been referred to the AG and the law ministry," a finance ministry official told ET. The government may appeal against the high court rulings only if the law ministry gives the go-ahead. Overseas investors and the domestic industry, which have often labeled the aggressive actions

of income tax authorities as tax terrorism, are tracking the cases closely. The government had promised a non-adversarial tax regime soon after taking over in May and has already unveiled a series of measures in this regard, including a reduction in the filing of frivolous appeals.

Transfer pricing refers to the rate at which the various entities of a large company sell goods and services to each other. The transfer pricing cases against Shell and Vodafone pertain to the alleged undervaluation of shares they purchased from their Indian subsidiaries.

"The aggressive approach of tax authorities and the earlier government in case of Vodafone and Shell led to erosion of confidence of global investors...It is perti-

Not Rushing to Appeal



Finance ministry has sought legal opinion on whether to appeal Shell and Vodafone case

Mumbai HC has ruled against tax demand slapped on the two companies

Finance ministry has sought Attorney General's opinion if it should appeal in Supreme Court

GOVERNMENT KEEN TO CUT LITIGATION

- The new government has repeatedly urged income tax officials to cut litigation
- It has promised non-adversarial tax regime
- The tax demands on these cos relate to transfer pricing issues
- A Grant Thornton report places India as third-most litigious country in respect of transfer pricing

ment for the CBDT (Central Board of Direct Taxes) to consider both the judgments of the H'ble Bombay High Court and issue clarification in respect of reporting of transactions pertaining to issue of shares to foreign associated enterprises as well as whether the same will result in transfer pricing adjustment," said Suresh Surana, founder of RSM Astute Consulting Group, a network of accounting and advisory firms.

A Grant Thornton report had placed India as the third-most litigious country in respect of transfer pricing. The case against Shell was with regard to the issue of 870 million shares to Shell Gas BV in 2008-09 at ₹10 each. The Income Tax Department contended that the shares were grossly undervalued and assessed them at ₹183 per

share. It then added the difference to the taxable income of Shell India.

Funding a subsidiary through shares is a common practice among multinational companies, which view it as a capital transaction and outside the transfer pricing bracket. However, the income tax authorities argued the transaction was a transfer pricing arrangement and the money received by Shell India for the shares should be added to the company's total earnings, an argument that the high court rejected. The Bombay High Court on Tuesday quashed the department's tax order that proposed an addition of ₹18,000 crore in lieu of these transactions to the income of Shell India Markets Pvt, the Indian subsidiary of Shell.

NATIONAL FOOD SECURITY SCHEME

Centre might share only 25% of transport cost

SANJEEB MUKHERJEE
New Delhi, 20 November

The Centre is willing to bear only 25 per cent of the cost of transporting foodgrain from Food Corporation of India (FCI) godowns to ration shops, as well as the commission paid to shopkeepers, under the National Food Security Act (NFSA). This might help it keep its subsidy burden under check.

"A note for the Cabinet Committee on Economic Affairs is being floated on the issue; it could be sent for approval soon," said a senior official.

According to a rough assessment, the overall expenditure of transporting foodgrain and commission to ration shop owners stands at about ₹10,000 crore a year and the Centre will pay ₹2,500 crore, the rest of the cost will be borne by state governments.

Once the NFSA is implemented across the country, the total expenditure on the Act, including subsidy, is estimated to be about ₹1,30,000 crore a year.

The United Progressive Alliance government, which had pioneered the Act, had agreed to share half the overall financial burden. Though it had moved a Cabinet note on the issue, it couldn't be cleared due to a change of government at



According to a rough assessment, the overall expenditure of transporting foodgrain and commission to ration-shop owners stands at ₹10,000 crore a year

BS FILE PHOTO

the Centre. States such as West Bengal and Odisha have, for long, demanded the Centre bear the entire financial burden of transporting grain from FCI godowns to ration shops, as well as the commission paid to shopkeepers.

Under the existing Targeted Public Distribution System, it is the state governments' responsibility to bear the entire cost of transporting the foodgrain, as well as paying shop owners.

The cost of transportation of

grain and the commission paid to ration shop owners varies across states. Rice to above-poverty-line families, sold by the Centre at ₹7.95 a kg, costs ₹10 a kg in Assam and ₹11.5 a kg in Chhattisgarh, after factoring in transportation costs and the commission to ration shop owners.

The NFSA seeks to provide legal entitlement to cheap grain to 63 per cent of the country's population. Though the Act was passed last year, just 11 states



FOOD FOR THOUGHT

- Centre to move Cabinet note for sharing share costs with states, under the food security Act
- Additional subsidy burden due to this will be about ₹2,500 cr a year
- States such as West Bengal have been demanding the Centre bear the entire financial burden

have implemented it so far. For the remaining states, the Centre had extended the deadline to do so by three months, which was then changed to six months.

Art 370 obstacle in J&K's development: Rajnath

KHURSHED WANI ■ SRINAGAR

Describing Article 370 as a national issue, Union Home Minister Rajnath Singh on Thursday said, "It was 'an obstacle' in implementation of developmental schemes and projects in Jammu & Kashmir and an extensive debate was required for assessment of its utility.

The crucial article of the Constitution that guarantees special status to Jammu & Kashmir is one of the primary issues in the poll campaign in the embattled State. While Rajnath Singh talked about the issue at a public meeting in Leh, Chief Minister Omar Abdullah asked Prime Minister Narendra Modi to clear the air on

BJP's stance on the Article saying the BJP leaders were singing different tunes on the issue in Kashmir and Jammu.

But, before Modi could have clarified the actual stance, Rajnath Singh said that "certain parties' were raising the issue of Article 370 to create a sense of fear among certain voters.

"There are many schemes and projects which could be implemented in Jammu & Kashmir but Article 370 works as an obstacle," Rajnath Singh said at a well-attended public gathering in Leh while seeking votes for BJP candidate Chering Dorjey.

He said that the Article does not allow implementation of Central laws in Jammu &



Kashmir. "The State Government did not implement the 73rd Constitutional Amendment despite being in power for six years. The Centre cannot implement it directly in the State due to Article 370," he said and urged the people to vote for a party like BJP which is willing to implement the 73rd Amendment in J&K.

Singh said that Article 370 was a national issue and it needs extensive debate on whether it is required or not. "The Article 370 is a national issue for us and there should be an extensive debate over its utility. There are certain parties which raise the issue of Article 370 during elections as they want to create a sense of fear among certain voters. Those parties should discuss

the issues of governance and development in the State," Singh said.

He said that Jammu, Kashmir and Ladakh were extremely closer to BJP's heart. "The parties like the Congress believed that Ladakh was nothing more than a cold desert. India lost precious territory to China and Pakistan due to wrong policies of the Congress," he blamed.

He said that China did not share its boundary with Jammu & Kashmir at the time of independence. "The Congress lost Tibet to China which acted as the 'Buffer State' between both the countries and Pakistan handed over the Aksai Chin area to China," he said.

RBI asks banks to inform customers of fall in minimum balance

In case the minimum balance is not restored within a reasonable period, penal charges may be recovered

MUMBAI: The Reserve Bank of India on Thursday asked banks to inform their customers about fall in the minimum balance well in advance, and said that penal charges should be levied only to the extent of shortfall in such balances.

The guidelines with respect to levying of penal charges for non-maintenance of minimum balance will come into effect from April 1, 2015.

"... it has been decided that while levying charges for non-maintenance of minimum balance in savings bank account, banks shall adhere



to the additional guidelines," the RBI said in a notification addressed to banks.

Fixed percentage charge

As per detailed guidelines, the RBI said the penal charges should be directly propor-

tionate to the extent of shortfall observed.

"Charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening of account.

A suitable slab structure for recovery of charges may be finalised," the RBI said.

Further, in the event of a default in maintenance of minimum balance, the bank should notify the customer clearly by SMS/email/letter, giving them time period of one month to restore the bal-

ance so as to avoid penal charges. In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder, the RBI said.

The RBI further directed banks to ensure that such penal charges are reasonable and not out of line with the average cost of providing the services.

Also, they should ensure that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance. It also asked all banks to take immediate steps to update customer information.

The RBI said banks should not take undue advantage of customer difficulty or inattention. Instead of levying penal charges for non-maintenance of minimum balance in ordinary savings bank accounts, banks should limit the services available on such accounts to those available to basic savings bank deposit accounts and restore the services when the balances improve to the minimum required level. — PTI

RBI unlikely to cut rate: SBI chief

NEW DELHI: Ahead of the monetary policy review, State Bank of India Chairperson Arundhati Bhattacharya on Thursday said the Reserve Bank of India might leave the interest rate unchanged in the next review, but could soften its stance by the end of the current fiscal. The fact of matter is that all the parameters are indicating that there will be further fall in inflation. Between

November and January with the base effect, it may go up a little bit. But by March, it will be well below whatever the glide path that is indicated by the RBI," she said. "The RBI Governor has indicated that he will be data driven... may be by the end of the fiscal (cut in the interest rate by the RBI)," she added.

Asked if she expected rate cut from the RBI next month, she said 'no'. — PTI



Arundhati Bhattacharya

Of secret hoards in tax havens

The gathering of the Group of 20 countries in Brisbane over the past weekend was not without its share of lofty goal-setting on the big questions of the day that usually marks such summits. There are indications, however, of a realistic chance that the world leaders would be able to match their commitments with actions sooner than later. This optimism stems from the increasing synergy between Washington and Beijing, demonstrated in the climate change deal they announced days before the Brisbane summit. A case in point is the set of principles that the G20 leaders agreed that would enable governments to identify anonymous owners of shell companies and trusts and facilitate cross-border exchange of information. Billions of dollars of illicit finances, mostly from developing countries, are said to be parked in such entities; sums that could be utilised to lift millions out of poverty. Although these transparency principles have been in the making from the G20 summit last year, a final consensus emerged once China's concerns were addressed to its satisfaction. While allowing public access to information on beneficial ownership is still not part of the agenda, a readiness to track such data is a modest beginning. The G20 leaders gave their assent to the proposal put forth by the Organisation for Economic Co-operation and Development to limit the use of tax havens, as cleared by OECD Finance Ministers earlier.

By contrast, the target of a 2 per cent increase in overall output growth for the bloc within the next four years with a promise to further liberalise trade, is perhaps more of an expression of pious intent. The risk of another global recession, even if not of a magnitude similar to the earlier one, is a refrain that is not infrequently heard these days. Underlying the United States Treasury Secretary's comment of 'Europe's lost decade' are probably differences over strategy. But the European countries and the U.S. seem to have found common cause — to prevail upon major carbon-emitting countries to come up with credible commitments to lower their CO₂ emissions ahead of the global summit in Paris late next year. For his part, President Barack Obama pledged \$3 billion to the United Nations-backed Green Climate Fund to help poor countries cope with the challenges of global warming. Large carbon emissions represent also a feature common to the U.S. and Australia, Mr. Obama reportedly said, reflecting the mood in the White House. The U.S. pledge was followed by one from Japan. Leaders who would have preferred to persist with a business-as-usual approach to the matter may have found themselves isolated. Trite statements of politicians do not often inspire confidence in their will to take matching actions. The G20 leaders may be rewriting that old script.