Planning Commission
Government of India

PART A: News pertaining to Planning Commission

07.11.2014

Compiled by:

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Planning Commission Library

(महान लोगों के विचार) **Bill Copeland बिल कोपलैंड**

(कोई लक्ष्य ना होने कि दिक्कत यह है कि आप अपनी ज़िन्दगी मैदान में इधर – उधर दौड़ते हुए बिता देंगे पर एक भी गोल नहीं कर पाएंगे.)

1. PLAN PANEL REPLACEMENT BY YEAR-END
Chetan Chauhan and Gaurav Chaudhury, Hindustan Times: 06.11.2014

A body of technocrats, industrialists, chief ministers and development experts will likely be set up by the year-end to serve as the government's primary policy advisory council, replacing the planning commission.

The multi-member think-tank would have sufficient state representation in line with Prime Minister Narendra Modi's focus on "cooperative federalism" in long-term perspective planning, a source said.

The new institution will likely be modelled on the lines of China's National Development and Reform Commission (NDRC).

In his Independence Day speech, Modi had announced the government's intent to replace the planning commission with a new body, bringing the curtains down on the 64-year-old institution founded on the former Soviet Union's command-style development model. The panel had in recent years come under increased scrutiny with experts questioning its role in a marketeconomy model where private enterprises are the primary growth engines.

Under the new structure, the National Development Council, which was set up in 1952 and acts as the apex body for all development matters and centrestate relations, could undergo a change.

The finance ministry will likely take the final call on annual gross budgetary support for various central schemes and the states' annual plans, which till last year was decided by the plan panel.

THE CENTRE IS KEEN TO FILL THE BODY WITH EXPERTS FROM OUTSIDE THE GOVERNMENT, AND NOT BUREAUCRATS

The new think-tank will be "truly" national with three to four expert members nominated by the Centre and the rest by the states. Its functions, however, will be limited to preparing a long-term plan for the country and recommending policy changes to the government to improve the outcome of the huge welfare expenditure.

But, it will have some power to appraise the impact of government schemes and recommend remedial action to the ministries to improve outcome.

The yet-to-be named panel will likely have a structure similar to China's NDRC, which is responsible for collecting, processing, and providing economic information to other government departments and enterprises. It will have a secretariat in Yojana Bhawan under direct supervision of the prime minister's office.

The Centre is keen to fill the body with domain experts from outside the gover nment and not the bureaucrats who dominated the plan panel during the 10 years of the UPA. It wants a senior politician acceptable to most state governments to head the think- tank, sources said.

The body will have specific terms of reference for its work and will be expected to conduct extensive research on both social and economic issues. These reports will be discussed at bigger platforms with the representation of all states to make national policy-making an inclusive process, a source said.

Consultations with experts on perspective planning were held in September and some of their suggestions would find resonance in the final shape of the body.

2. A forgotten institution

C Gopinath Nair,Business Standard:06.11.2014

This refers to the editorial "Ending child labour" (November 5). The employment of children below the age of 14 is caused by poverty of their parents and the cruelty and greed of employers who exploit the poor. They do not hesitate to engage kids in risky jobs beyond their capacity such as rat-hole mining mentioned in an earlier article by Namrata Acharya ("Grey laws woe for child labour", October 20). The article also chronicles how our laws on the subject have proved inadequate to protect child exploitation. The condition of domestic help and the girl child is worse.

While stringent laws and their honest implementation is helpful, the need is for employers to spare at least children from illegal employment. Child labour is a blot on our democracy and falsifies the notion that India is on its way to becoming a dominant economy.

Y G Chouksey

Pune Three cheers to him for calling a spade a spade and stating two home truths upfront: that the Congress high command was Mahatma Gandhi and that Jawaharlal Nehru survived in the pre1947 Congress "probably wholly, and only, because of Gandhiji who liked him because he never, ever went against him".

When we achieved Independence, as everyone knows, Nehru became prime minister only because he was nominated as such by Gandhi, who had already declared Nehru as his "heir". Inevitably, after Gandhi, Nehru became the high command — and after him, of course, the family. One wonders whether the term high command was used in the Congress before 1920. I suppose it would take some more generations before anyone even dreams of attempting an honest and critical history of the Congress. If at all, it will have to begin with what may be called the mother of all counterfactual questions of Indian history: what if Gandhi had chosen to remain in South Africa and not returned to India in January 1915?

Sharadchandra Panse

Pune This refers to the report "Battered and bruised, Planning Commission loses more of its teeth" (November 3). While it is true that a socialist era promoted the formation of heavy industry and in turn its feeder small-scale units, economic policies looked inward and did not focus on competition. Board meetings in public enterprises were held more as a matter of formality without suitable budgetary challenges for manufacturing and marketing. Agricultural yield was left to nature. Further, multiple bureaucratic channels with inter-ministerial clashes on decisions rendered the implementation of framed policies of the Planning Commission ineffective. Industry and agriculture survived on government subsidies and lacked the fruitful deployment of resources and enterprise. Infrastructure was restricted and growth was more localised.

However, a modern economy demands market expansion to meet global challenges. Single window bureaucratic clearance will ensure the speedy movement of goods. Technological advancement and infrastructural development has helped promote private entrepreneurship with improvement in the quality of labour. Rapid market expansion by private enterprises coupled with more competition has reoriented the economic approach, rendering the Planning Commission to be an even more meaningless institution.

3. Lindiwe Nonceba Sisulu: We also own Mahatma Gandhi ji

Written by Divya A Indian Express: November 6, 2014 2:12 pm | Updated: November 6, 2014 2:13 pm

External Affairs Minister Sushma Swaraj shakes hands with Lindiwe Nonceba Sisulu, Minister for Human Settlement , South Africa during a meeting in New Delhi (Source: PTI)

As her country marks 20 years of independence, Lindiwe Nonceba Sisulu – South Africa's Minister of Human Settlements – makes her first-ever visit to India, to "express gratitude for India's support in their freedom struggle". Next year, South Africa will celebrate 100 years of Mahatma Gandhi's historic journey from South Africa to India. Excerpts from an interview:

There is a big ethnic Indian community in South Africa. What is their role in publiclifeandineconomy**?**

Indians, or Asians for that matter, are entrepreneurial by nature. They contribute a lot to our economy. Many of them have been there for generations, and we don't consider them as Indians or Asians. They are Africans, just like us. In the official population register though, we have to categorise our citizens as "Asians" or "Whites" or "Coloured", but that's for representational purposes. In fact, we are moving towards eliminating that.

Two decades after independence, what is the state of women in South African society?

We have exceeded expectations in women's representation within the country. In fact, now there is a law which ensures 50 per cent representation of women in every government community/institution. But having said that, patriarchy is still deep-seated in our society. For example, when it comes to land holdings, women may have access to land but their ownership is very very limited.

How does South Africa view its ties with India?

India is our closest ally in Asia. Together, we are part of BRICS as well as IBSA. We have learnt a lot from India in terms of housing solutions. Recently, we have established a National Development Plan, modelled on India's Planning Commission. Besides, there always the shared legacy of Mahatma Gandhi. Early next year, we are going to celebrate 100 years of his moving from South Africa to India, and his philosophy of passive resistance to oppression, in a big way.

What are the celebrations going to be like?

No finer details have been worked out as yet. In fact, since Mahatma Gandhi ji belongs to India as well as South Africa, I invite suggestions from the Indian government and citizens alike on how best to celebrate his legacy in an inclusive way. But we are going to invite the heads of Indian government here, and the Indian National Congress for the celebrations. Celebrating Gandhi is our way of telling the world that we also own Mahatma Gandhi ji. Even though India owns some of him, we own the better part of him.

4. Punjab diverting money meant for Dalit welfare

Ruchika M Khanna, Tribune News Service Chandigarh, November 6

Punjab, which has the largest population of Dalits in the country, has been diverting funds meant for the welfare of Scheduled Castes and Scheduled Tribes for other purposes.

The state has failed to spend 33% of the total Scheduled Caste sub-plan outlay, according to a latest report submitted by the Ministry of Social Justice and Empowerment. The report submitted in the Rajya Sabha recently has put Punjab almost at the bottom for poor implementation of the Scheduled Caste Sub Plan (SCSP).

The report shows that though Punjab has a Dalit population of 31.9%, only 28.55% of the total plan outlay was reserved under SCSP in 2012-13. Of a total plan outlay of Rs 14,000 crore, the SCSP outlay was Rs 4,039 crore. As per the **Planning Commission** guidelines, the SCSP should have been Rs 4,466 crore.

The SCSP aims at channelising funds for development of SCs in proportion to their share in total population. The data mentions that while Rs 427 crore has been denied to the Dalits in Punjab under this scheme, only 67% of what was actually reserved for Dalits was spent on their welfare. Of Rs 4,039 crore reserved under SCSP, the estimated expenditure is just Rs 2,725.65 crore.

While over Rs 1,300 crore meant for SCs have remained unspent in 2012-13, the unutilised funds for SCs/ STs in 2011-12 were Rs 1,420.93 crore. Funds to the tune of Rs 1,172.23 crore and Rs 759.33 crore had remained unspent in 2009-10 and 2010-11, respectively.

Finance department sources say a proper Scheduled Castes Sub Plan has been made in this year’s budget and 32% of the plan outlay (equal to the SC population) has been kept aside for the SCSP. To ensure proper implementation of the SCSP, the Punjab State Commission for Scheduled Castes has asked the state government to enact a special sub plan Act.

5. Will the new Congress bring economic renewal?

Mohamed A El-Erian, Business Standard: November 6, 2014 Last Updated at 21:46 IST

The Republicans and Democrats have to be convinced that their interests will remain aligned, even while pursuing economic policies and objectives that are anathema to the other

In their shellacking of the Democrats, Republicans did more than gain control of the Senate in yesterday's midterm elections. They also increased their majority in the House of Representatives to a level not seen for many decades, raising speculation that President Barack Obama may have no choice but to accommodate many Republican priorities in his remaining two years in office.

Sensing this possibility, and linking it to the unleashing of greater economic dynamism, the stock market is reacting positively. Yet the relationships are far from straightforward.

Undoubtedly, Americans are looking for more from Capitol Hill. Their historically low rating of a "do little" Congress is compounded by the feeling that political polarisation has undermined the country's effort to properly regain its economic composure after the 2008 global financial crisis.

With Republicans in control of both houses, the markets hope the stage is set for a constructive cohabitation of a Republican Congress and a Democratic president, similar to what evolved under President Bill Clinton. The late 1990s are remembered for a number of important pro-growth legislative initiatives.

There is certainly some low-hanging fruit that is ripe for bipartisan agreement, and that could be acted on quickly (such as free-trade agreements, immigration reform and the overhaul of corporate taxation). But two big things are required for this to translate into a phenomenon that would decisively improve the prospects for growth, jobs and prosperity.

First, the two parties would need to be a lot less beholden to their political bases. This is particularly tricky for the Republicans, given that part (though far from all) of their success yesterday came from the re-emergence of the party's more extreme activist wing. Obama would also need to move to the right, and do so without threatening his achievements that are of great value to Democrats (particularly health care reform, the focus on the middle class and efforts to increase the minimum wage).

The complication for both parties is that virtually all of the needed comprehensive economic policies involve some cost to someone in the short term.

Second, the two parties have to be convinced (and trust, initially and over time) that their interests would remain aligned, even while pursuing objectives that are anathema to the other. In compromising with the president, Republicans would seek to convince voters that they can govern responsibly and get things done, as a means of increasing their chances of capturing the White

House in 2016. For his part, Obama would be compromising to better secure his legacy, a strategy to increase the probability of another Democrat following him in the White House.

It is possible that these two challenges will be overcome, but it is far from probable. More likely is a sequence that initially involves constructive comments from both sides and some bipartisan legislative progress, only to give way again to gridlock as the 2016 election gets closer, together with threats of politically inspired investigations and hearings.If this occurs, the impetus to the economy - while positive - would fall short of the Sputnik moment needed to unlock this country's considerable potential for economic lift-off.

6. India to lose over $4.58 trillion to non-communicable diseases

The Economic Times: 05.11.2014

(The report said primary…)

NEW DELHI: India stands to lose $4.58 trillion due to non-communicable diseases and mental disorders between 2012 and 2030, an amount more than double India's annual GDP, according to a report.

Out of this, cardio vascular diseases (CVDs) will account for $2.17 trillion and mental health conditions $1.03 trillion for the majority of the economic loss, the report released by the World Economic Forum and the Harvard School of Public Health said.

"As India's new government resets the course of the nation, this report shows that addressing this health burden must be central to the agenda," said Arnaud Bernaert, Senior Director of Global Health and Healthcare at the World Economic Forum here.

The report, however, said primary prevention of NCDs with a focussed approach, if implemented, can reverse this trend with a return on investment of at least 15 per cent.

The focus areas include screening, in the case of hypertension; vaccination, in the case of human papillomavirus (HPV]); and reduced tobacco use.

An intervention to improve care for depressive and anxiety disorders through collaborative stepped care, which leverages an existing healthcare infrastructure and employed lay health counsellors to deliver care, also presents a promising approach to addressing common mental health conditions in India, the report said.

"Business leaders and government feel this pressure, and continued focus and collaboration on NCD prevention and control will be worthwhile. As the report highlights, primary prevention of NCDs, built upon robust early screening and a strong healthcare infrastructure, can provide India with favourable returns on investment," Bernaert said.

Commenting on the findings, David Bloom, Clarence James Gamble Professor of Economics and Demography at the Harvard School of Public Health said: "The global burden of NCDs is expected to increase due to two related demographic phenomena: global population growth and an increasing older population."

"Unhealthy diets, physical inactivity, harmful use of alcohol and tobacco consumption also drive the development of NCDs. In India, this is no exception, and NCDs are a large and growing challenge for its continued development. But solutions are available to improve the prognosis, reduce costs and create a healthier population," Bloom added.

The impetus for the report stems from 2014 data from the World Health Organization, which shows that an estimated 60 per cent of all deaths in India are due to non-communicable diseases (NCDs).

It said the most prevalent NCDs are cardiovascular disease (cause of 26 per cent of deaths in India, 2014), chronic respiratory disease (13 per cent), cancer (7 per cent) and diabetes (2 per cent).

The report also said NCDs not only affect high-income economies but there would also be serious cost implications for middle-income countries if communicable disease prevention remains their only focus.

PART B

NEWS AND VIEWS

Friday, 7th November 2014

Polity	: 6 parties unite to take on govt in Parliament
Economy	: Tax rates firmed up as GST gets set for 2016 rollout
Planning	: Govt aims to double coal, power output in 5 years
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Hindustan Times

Date: 07/11/2014
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At G20, India will push for global pact to stop tax fraud

Rahul Singh
rahul.singh@hindustantimes.com

NEW DELHI: India will attempt to build consensus on an international framework for automatic sharing of information to check tax evasion during the forthcoming G-20 Summit in Australia. This comes at a time the government has stepped up efforts to bring back black money stashed abroad.

New Delhi, which received $71 billion in remittances last year from Indians overseas, will also make a strong case to cut costs of transferring money. India is the world's largest recipient of remittances, followed by China that received $60 billion in remittances in 2013.

Prime Minister Narendra Modi will be in Brisbane on November 15-16 for the summit where the world's 20 major economies will discuss crucial issues such as firing up growth rates, infrastructure development, energy, climate change and reforming international institutions.

Suresh Prabhu, Modi's sherpa for the summit, said on Thursday that the creation of a "proper database" that can be shared automatically would make financial transactions more transparent and help check tax evasion.

A sherpa is a senior official responsible for preparing the agenda for leaders to consider during the summit.

Flagging concern over the high cost of transferring money to developing nations, Prabhu said the cost is as high as 10% of the value of remittances.

He said reducing this cost to less than 5% was a priority for New Delhi.

SETTING THE AGENDA

NEW DELHI WANTS

- An international framework for automatic sharing of information to check tax evasion
- To lower cost of remittances to less than 5%

LARGEST RECIPIENTS OF REMITTANCES

- Globally, India tops that list. It received **$71 billion** in remittances last year.
- China, which is second on the list, received **$60 billion** in 2013.

2014 G-20 SUMMIT IN AUSTRALIA

- PM Modi will be in Brisbane, Australia, on November 15-16 for the summit
- The world's 20 big economies will discuss issues such as energy and climate change

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The Times Of India

Dated: 07/11/2014
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WTO talks set for revival as India nears deal with US, EU

Row Over Food Security May Be Resolved Soon

Sidhartha & Surojit Gupta | TNN

New Delhi: After being in deep freeze for over three months, a global trade deal is finally in sight with the US and the European Union showing signs of accepting India's demand for providing flexibility to developing countries in fixing minimum support price for farm products.

In return, India will sign the stalled international treaty on easier customs rules once an agreement on the contentious food security issue is reached at the World Trade Organization (WTO).

"India, US and EU are close to some understanding and based on this...they will work for a final solution at the WTO," said a source, who did not wish to be identified. Senior commerce department officials are engaged in consultations in Geneva. There are indications that the developed countries will agree not to challenge any breach in food subsidy caps till the calculation formula is reworked.

Trade talks have been deadlocked after India refused to agree to a trade facilitation agreement for easier flow of goods through ports and airports without its concerns on food security being addressed.

BATTLE LINES

- In Dec, WTO members agreed to sign trade facilitation agreement (TFA) for easier customs rules. In return, they agreed to **rework formula for calculating subsidy paid to farmers** as India and others feared the 10% ceiling would be breached
- WTO members gave themselves up to **4 years to finalize** the new formula. During this period even a breach of the cap would not attract punitive action at WTO
- After taking office, Modi govt said it would **sign TFA only after food subsidy formula was reworked**, resulting in stalemate at WTO
- Alternatively, the govt demanded that the **four-year peace clause be extended** till the formula was reworked

India suggests global tax rules for e-commerce

The government is pushing for a new tax regime for global e-commerce firms. If approved, this would come as a blow to global giants who take advantage of the current rules to avoid paying taxes.

India has flagged the issue ahead of the G20 meeting in Brisbane next week, which will be attended by PM Narendra Modi.

Taxation of e-commerce is a complicated issue as the logistics, production and consumption may take place in different parts of the globe.

The meet is likely to endorse India's demand for lower charges on remittances.

The Times Of India

Dated: 7/11/2014
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RBI makes SMS alerts for cheques mandatory

New Norms Triggered By Rise In Fraud Cases

Times News Network

Mumbai: Banks will now start sending SMS alerts to both payer and drawer in cheque transactions as soon as the instruments are received for clearing. Expressing concern over the rise in cheque-related fraud cases, the Reserve Bank of India (RBI) has made SMS alerts mandatory for such transactions.

RBI has also asked banks to alert a customer with a phone call and obtain confirmation when dealing with suspicious or high-value cheques. Until now, SMS alerts were mandatory only for card transactions.

"The rise in the number of cheque-related fraud cases is a matter of serious concern. It is evident that many of such frauds could have been avoided had due diligence been observed at the time of handling and/or processing the cheques and monitoring newly-opened accounts," RBI said in a circular to all banks.

RBI has told banks that clearing cheques should not be a mere mechanical process and banks should bestow special attention on the quality of equipment and personnel deployed for cheque clearing.

MORE SECURITY

- All cheques of over ₹2 lakh to be scanned by ultraviolet lamp to highlight tampering

- Multiple-level checks required for cheques of over ₹5 lakh
- More focus on equipment & personnel used for cheque clearing

Fanatic Studio/Getty Images

Besides sending alerts, banks have been asked to ensure that all cheques of over Rs 2 lakh are scanned under an ultraviolet lamp that will highlight any tampering. In case of cheques of over Rs 5 lakh, banks have been asked to scrutinize them at multiple levels.

Although crossed cheques do leave a better money trail that can be investigated, fraudsters have managed to encash cheques by presenting them into accounts opened fraudulently. The additional rules come at a time when banks are expected to open several crore new accounts and many of them are under relaxed know-your-customer (KYC) norms. The RBI has said that while crediting high-value cheques, banks should ensure that the recipient's account is KYC-compliant.

"It has been reported that in some cases, even though the original cheques were in the custody of the customer, cheques with the same series had been presented and encashed by fraudsters. In this connection, banks are advised to take appropriate precautionary measures to ensure that the confidential information, viz. customer name/account number/signature, cheque serial numbers and other related information are neither compromised nor misused either from the bank or from the vendors' (printers, couriers, etc) side," the RBI said

The Financial Express

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Govt to roll out modified LPG subsidy scheme in 54 districts from Nov 15

New Delhi, Nov 6: The modified direct cash subsidy transfer for LPG consumers will be launched in 54 districts from November 15 and all over the country from January 1.

Oil minister Dharmendra Pradhan has reviewed preparedness for the launch of the direct benefit transfer for LPG (DBTL) scheme in four of the 54 districts, an official statement said.

The review with district authorities was done through video conference. "During the conference, the officials of the oil marketing companies, nationalised banks were also present with district authorities," it said.

The minister laid emphasis on coordination among all the units for effective implementation of the scheme and smooth and flawless receipt of LPG subsidy by consumers in their bank accounts.

Under the scheme, LPG consumers will get cash subsidy in their bank accounts so they can buy a cooking gas cylinder at market price.

Pradhan also discussed the issues pertaining to difficulties in the earlier scheme, the statement said, without elaborating.

This was a second such conference held by the minister for smooth implementation of the scheme, which is being launched from November 15 in 54 districts and all over the country by January 1, 2015, it added. *PTI*

Business Standard

Date 07/11/2014
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79 sick PSUs await FM's privatisation move

These companies had an accumulated loss of ₹55,656 crore in 2012-13

VISHAL CHHABRIA
Mumbai, 6 November

Finance Minister Arun Jaitley's Wednesday statement that the government is open to privatising sick public-sector undertakings seems to offer hope on 79 state-run companies that had an accumulated loss of ₹55,656 crore in 2012-13, according to the latest available numbers.

By the government's definition, a central public-sector enterprise (CPSE) is considered sick if its accumulated loss in a financial year is equal to or more than 50 per cent of its average net worth in the four immediately preceding years, and/or if it can be termed sick by the meaning in the Sick Industrial Companies (Special Provisions) Act, 1985.

The public-sector enterprises survey for 2012-13 shows that the number of sick CPSEs, 90 in 2004-05, came down to 66 in March 2012 but again climbed to 79 in March 2013. The result for the 2013-14 survey is not yet out.

The survey also shows that the number of operating CPSEs registered with the Board for Industrial & Financial Reconstruction (BIFR) was stable in 2012-13, at 44. The good part was that their accumulated loss fell from ₹65,642 crore the previous year. The number of sick CPSEs fell, albeit marginally, during this period — from 64 to 63. According to the survey for 2011-12, the 64 sick CPSEs as of that year had a combined employee strength of 226,188.

The prominent unlisted companies that figure on the list of sick companies are Air India, Hindustan Cables, Hindustan Fertilizer Corporation and Hindustan Photo Films.

For 2012-13, Air India had a negative net worth of ₹15,642 crore, thanks to losses of over ₹33,000 crore in the preceding six years. High cost and rising competition were among other reasons for the company's weak finances.

The other three also had a significantly high negative net worth — of ₹5,312 crore, ₹8,550 crore and ₹10,897 crore, respectively — at the end of 2012-13. These companies also reported losses for the financial year. Likewise, HMT Watches (₹2,012 crore), Indian Drugs & Pharmaceuticals (₹7,315 crore) and STCL (₹2,097 crore) witnessed high negative net worth at the end of 2012-13, besides losses for the year ended March 2013.

Among the listed PSUs that are sick are Hindustan Flourocarbons, Hindustan Organic Chemicals, HMT, and ITI (excluding revaluation reserves), which had combined accumulated losses of ₹6,503 crore at the end of March 2014, according to Capitaline data.

PRIVATE MASTERS AHEAD?

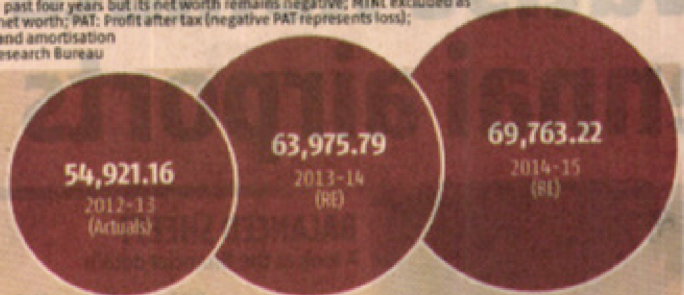
Top 10 PSUs that, given their finances, qualify to be privatised (figures in ₹ cr for 2012-13)

Company	PAT	Net worth	Ebitda	Turnover
Air India	-5,199	-15,642	-1,222	16,078
Hindustan Photo Films	-1,561	-10,897	-16	4
Hindustan Fertilizer	-381	-8,550	2	0
Indian Drugs & Pharma	-240	-7,315	4	61
Hindustan Cables	-885	-5,313	-307	0
Eastern Coalfields*	1,656	-2,459	2,109	9,770
HMT Watches	-242	-2,013	-53	11
Air India Charters	-300	-1,942	165	1,557
Hindustan Steelworks	-20	-1,392	92	1,239
Airline Allied Services	-181	-877	-168	214

* Eastern Coalfields has been making profits for the past four years but its net worth remains negative; MTNL excluded as it has reported a turnaround in FY14 and a positive net worth; PAT: Profit after tax (negative PAT represents loss); Ebitda: Earnings before interest, tax, depreciation and amortisation
Source: Public Enterprises Survey; Compiled by BS Research Bureau

ON GOVT SUPPORT

Budgetary support to public-sector undertakings since 2012-13* (₹ cr)



RE: Revised estimates; BE: Budget estimates
* Plan equity investment in all PSUs (and not the top 10 alone)
Source: Budget documents

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The Statesman

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UNION CABINET REJIG LIKELY ON SUNDAY

SHIV SENA, TDP MAY GET MINISTERIAL BERTHS

STATESMAN NEWS SERVICE
New Delhi, 6 November

Prime Minister Mr Narendra Modi is expected to undertake an expansion and reshuffle of his Council of Ministers on Sunday, with the BJP's Goa chief minister Mr Manohar Parrikar being tipped to become the defence minister in this major exercise.

The names of several BJP leaders – including Mr J P Nadda, Mr Mukhtar Abbas Naqvi, Mr Rajiv Pratap Rudy, the party's youth wing chief Mr Anurag Thakur, the Maharashtra MP Hansraj Ahir, and the Jharkhand MP Mr Jayant Sinha, the ex-minister Yashwant Sinha's son – have been doing the rounds among potential candidates to be inducted into the Union ministry. The BJP leaders such as Mr Giriraj Singh, a Bihar MP, Mr G S Shekhawat, a Rajasthan MP, and Chowdhary Birender Singh, a Jat leader from Haryana, are also in the race for ministerial berths. There are signs that a few faces from the BJP's major allies, the Shiv Sena and the TDP, might also bag some ministerial portfolios.

The Andhra Pradesh CM and TDP chief, Mr Chandrababu Naidu also gave clear indications about the upcoming ministry expansion. "You will know details about the Cabinet expansion in two days," he said here today.

> *Please don't equate the demands made by our party Shiv Sena to Central and Maharashtra governments. Our demands are different at different levels. We are firm on them*
>
> **A SHIV SENA MP**

The Sena's erstwhile ministerial nominee in the Atal Behari Vajpayee government, Mr Suresh Prabhu has also emerged as a potential candidate for a Cabinet post.

This will be PM Modi's first ministry reshuffle since he assumed office in May after leading the BJP to a historic victory in the Lok Sabha elections.

The Modi ministry is currently small in size, comprising only 44 ministers, including 22 Cabinet ministers and 22 ministers of state (MoSs).

The expansion-cum-reshuffle exercise would be aimed at streamlining the ministry while taking extra berths off a slew of ministers who have been handling multiple portfolios. It is also likely to "correct" regional imbalances by giving proper representation to states like Rajasthan where the party had made a clean sweep in the elections.

The heavyweight defence portfolio is currently being held as an additional charge by the finance minister Mr Arun Jaitley, who also handles the corporate affairs ministry. The road transport and shipping minister Mr Nitin Gadkari also holds portfolios such as rural development and Panchayati Raj. The law and justice minister Mr Ravi Shankar Prasad handles communications and information technology ministry too. Similarly, the parliamentary affairs minister Mr M Venkaiah Naidu also handles urban development. Mr Prakash Javadekar holds independent charge as the MoS for ministries like environment and forests as well as I&B. He is also the MoS for parliamentary affairs. The MoS Mr Piyush Goyal holds independent charge of power and coal and new & renewable energy. The MoS for finance and corporate affairs, Ms Nirmala Sitharaman also holds independent charge of commerce and industry.

G.O.I

The Tribune

Date: 7/11/2014
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6 parties unite to take on govt in Parliament

NEW DELHI, NOVEMBER 6

Six political parties of the "Janata parivar" (family) came together to present a united front against the government in the Winter Session of Parliament and have not ruled out the possibility of a merger to take on a resurgent BJP.

Samajwadi Party chief Mulayam Singh Yadav hosted a lunch for leaders of five political parties — JD(U), JD(S), INLD, SJP and RJD — at his residence here.

JD(U) leaders Sharad Yadav and Nitish Kumar, RJD supremo Lalu Prasad, JD(S) leader HD Deve Gowda, INLD's Dushyant Chautala and SJP's Kamal Morarka attended the lunch.

Former Bihar Chief Minister Nitish Kumar told the media that the parties decided to unite to raise issues of public importance in Parliament. Thanking Mulayam for the "initiative," he said the parties, which were part of the Janata parivar, decided to work together on the principle of unity.

(From left) SP chief Mulayam Singh Yadav, JD-S supremo HD Deve Gowda, JD-U president Sharad Yadav, RJD chief Lalu Prasad Yadav and JD-U leader Nitish Kumar during a meeting in New Delhi on Thursday. TRIBUNE PHOTO: MUKESH AGGARWAL

BJP downplays meet

BJP leader Shahnawaz Hussain on Thursday said the meeting of non-Congress and non-BJP parties to form a third front would not have any effect on his party or Prime Minister Narendra Modi. — ANI

He did not rule out possible 'merger' of the parties to further their electoral prospects. "The answer to this lies in future...we can move towards one party (Hum ek party ki taraf badh sakte hain)," he said. Though Mulayam was the host, he sent Kumar to brief the media on the lunch meeting. Mulayam's cousins Shivpal Singh and Ram Gopal and JD (U)'s KC Tyagi flanked Kumar during the briefing.

To a question why the Congress, also an opposition party, was not invited, Kumar said they did not discuss the Congress. — PTI

The Indian Express

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Govt looking at 11% for Centre, 12% for states; may figure in Budget

Tax rates firmed up as GST gets set for 2016 rollout

SHRUTI SRIVASTAVA
NEW DELHI, NOVEMBER 6

THE government is giving final touches to one of the most important aspect of the proposed Goods and Services Tax (GST) — the revenue-neutral rate (RNR) — as it prepares to table the Constitution Amendment Bill for GST in the upcoming Winter Session of Parliament.

A senior official told *The Indian Express* that the government is considering 11 per cent and 12 per cent rate for the Centre and states, respectively, under the GST.

With the government looking at a 2016 deadline for rolling out GST, which has been touted as one of the most ambitious reform, indications are that finance minister Arun Jaitley may make an announcement regarding the same in February in the new Budget.

Meanwhile, the Cabinet note detailing the final amendments to the Constitution Amendment Bill, vital for introducing GST, has been drafted and will be circulated soon, the official added.

"After making the calculations by including petrol and octroi in the GST as opposed to the states' demand of keeping them out, the rate that has been arrived at is 11 per cent and 12 per cent for the Centre and states, respectively," the official said.

According to the Thirteenth Finance Commission chaired by Vijay Kelkar, the rate for both the Centre and states was set at 6 per cent, with the combined rate of 12 per cent. He further added, "We are looking at a combined RNR of not more than 24 per cent which is still very high because the GST design we are adopting is distortionary in nature. However, going forward the distortions will be gradually removed, thereby reducing the rates."

Further, the government has completed its process of redrafting the Bill and has agreed to most of the demands made by the states including having a floor rate with bands to allow states the freedom to have a high or low tax rate.

Although it has included petrol under the GST, opposed to the states' demand, it has allowed them to levy taxes over and above the GST on the product.

The official said that the Centre will collect taxes from traders having a turnover of over Rs 1.5 crore while the states will tax those having a turnover between Rs 25 lakh and Rs 1.5 crore.

Currently, the threshold for excise duty is annual turnover of Rs 1.5 crore and for service tax it is Rs 10 lakh. The Bill has to be approved by two-thirds majority of Parliament and ratified by 50 per cent states to be passed.

The government is looking at the GST, which will subsume most of the indirect taxes of both states and centre, as a route to improve the ease of doing business by bringing down the incidence of multiple taxes.

BIGGEST TAX REFORM

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The Financial Express

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Govt aims to double coal, power output in 5 years

fe Bureau
New Delhi, Nov 6

THE Narendra Modi-led government will double the country's coal and power output in five years by encouraging private-sector mining, ensuring fuel supplies to power producers and enabling them utilise their full capacity, power and coal minister Piyush Goyal said on Thursday.

Talking at the World Economic Forum summit here, the minister said he has set a target of making the country power surplus by 2019 although by that time, demand might also double to 2 trillion units. This would offer investors a $250-billion investment opportunity, he said.

One of the means to achieve this output growth is by doubling coal production to a billion tonnes in five years from over 500 million tonnes now. The government has recently come out with an ordinance that contained a provision enabling commercial mining in the private sector, while it is on the job of re-allocating the captive coal blocks of private companies cancelled by the Supreme Court via a transparent auction process.

Goyal said 5.3 crore homes in the country were not yet electrified and many factories were operating on diesel power units, addressing which is a priority for the government.

Power minister Piyush Goyal speaks during the India Economic Summit 2014 at the World Economic Forum summit, in New Delhi on Thursday

The government will, therefore, take steps to increase power plants' access to fuel supplies and improve their capacity utilisation. Improving the electricity mix with greater focus on renewable energy sources is also on the agenda, he said.

"This government is sincere in giving power to all and this government will protect investments as we go forward," he said.

The minister said the e-auction of coal blocks announced recently through an ordinance would encourage private sector participation in the coal sector.

Goyal said he has set a target of 100 gigawatts of solar power generation by 2022, multiplying the UPA government's target fivefold. He appeared cautious on nuclear power saying that the US and many European countries have discontinued installation of nuclear plants.

"This government would like to be cautious that we are not being saddled with something only under the garb of clean energy or alternate energy; something which the West has discarded and is sought to be brought to India."

The minister stated that efforts were on to improve the bankability of projects in the power sector. The minister stated that the government was planning to invest $250 billion in the power sector over the next five years.

G.O.I

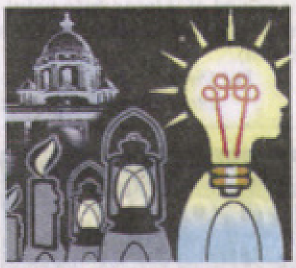
Times of India
Editorial

Shuffle Smart

Meritocracy and efficiency should guide Modi government's expected Cabinet shake up

With Prime Minister Narendra Modi expected to reshuffle his Cabinet and council of ministers, one person tipped to take over the defence portfolio is current Goa chief minister Manohar Parrikar. Given his IIT background and clean image, Parrikar is a good choice. Moreover current defence minister Arun Jaitley also holds the finance ministry, which is a full-time charge. In such a scenario, continuing with the present arrangement would see defence issues take a back seat. This is unacceptable since India faces a host of security challenges and a large chunk of the UPA years saw an ineffectual defence minister in A K Antony.

Too large a Cabinet can be unwieldy. Modi's pitch for 'minimum government, maximum governance' should translate into a reasonably sized ministry and clubbing related ministries is a good idea. For example, Piyush Goyal holding the charges of power, coal, new and renewable energy is akin to the unified US department of energy – clubbing these charges enables a holistic view which prevents turf battles and conflicts of interest. Jaitley, though, is the counter-example: clubbing finance, defence and corporate affairs puts too much on his plate and indicates the current Cabinet is thin on talent.



There is a case, therefore for inducting fresh talent. The upcoming reshuffle is an opportunity to bring in new ministers purely on the basis of meritocracy. Modi may have been insecure when he appointed his first Cabinet and therefore prone to picking the loyal over the talented. After BJP's big state election victories of which he is universally acknowledged to be the chief architect, there is no more reason for diffidence. Modi should be bold not only in appointing ministers but also in reorganising ministries for better performance. Related ministries, for example, can be clubbed under a super-ministry while redundant ministries – such as the one for information and broadcasting – are scrapped altogether.

Arun Shourie would be a good choice for induction into the Cabinet, given his excellent record during the NDA government's previous outing. At the same time Modi must keep out extremists such as Giriraj Singh, who during the Lok Sabha campaign had controversially remarked that those opposed to Modi have no place in India. A minister's job is to govern, not waste his energy on baiting political opponents or social groups. For the sake of social balance, the inclusion of Mukhtar Abbas Naqvi as a Muslim face would be welcome.