Planning Commission
Government of India

PART A: News pertaining to Planning Commission

13.10.2014

Compiled by:

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आज का विचार (महात्मा गांधी के मूल्यवान वचन)

“धरम अपने दिल की बात हें । इंसान जाने और उसका ईश्वर जाने” ।

1. **Dilli Ka Babu: Unsure future**

   Dilip Cherian, Deccan Chronicle: 13.10.2014

The Thinking Cap in Another Era: Jawaharlal Nehru chairs a Planning Commission meeting, circa 1952.

The dismantling of the **Planning Commission** has come as a blow to the 500-strong **Indian Economic Service** (IES) officers, many of whom work in the plan panel. Sources say that at least 100 IES officers will now have to be accommodated in other ministries. But the IES officers fear that the decision harkens back to the times when babus of this cadre had to struggle long and hard for promotions. What further exacerbates their worries is that there is no chief economic advisor to protect their interests. The last chief economic advisor was Raghuram Rajan but after he became governor of the Reserve Bank of India, the government hasn't been able to find a suitable economist as replacement. Since the chief economic advisor is also the head of the IES cadre, this absence is being felt even more now when the IES babus are feeling vulnerable and unsure of their future.

2. High and dry

Gfiles 9 Oct 2014

The move to disband the six- decade- old Planning Commission has created a furore among the 500- strong Indian Economic Service (IES) officers. Nobody has thought about what will happen to those working there. In any case, IES officers were already sidelined in the government and they did not have major work in the ministries. Approximately 100 IES officers were working in the Ministry of Planning and they all have to be gainfully deployed. Even promotions will be impacted, as the officers from the defunct Plan panel will have to be placed in ministries, where posts of Joint Secretary and above are considered ‘ reserved’, albeit unofficially, for IAS officers. Sources disclosed that IES officers had an internal meeting at Yojana Bhawan to discuss their strategies if, in the worst- case scenario, as many as 100 Plan panel posts get abolished. Even if a part of the Planning Commission is retained, at least 30 to 50 IES officers need to be uprooted from Yojana Bhawan. There is no Chief Economic Adviser to the government for the last four months; he is the cadre controlling authority. So, a cadre created in 1961 whose first batch joined the government in 1968 is finding itself in a peculiar situation after 53 years. The situation is even more worrisome for the last batch which joined the service in 2010.

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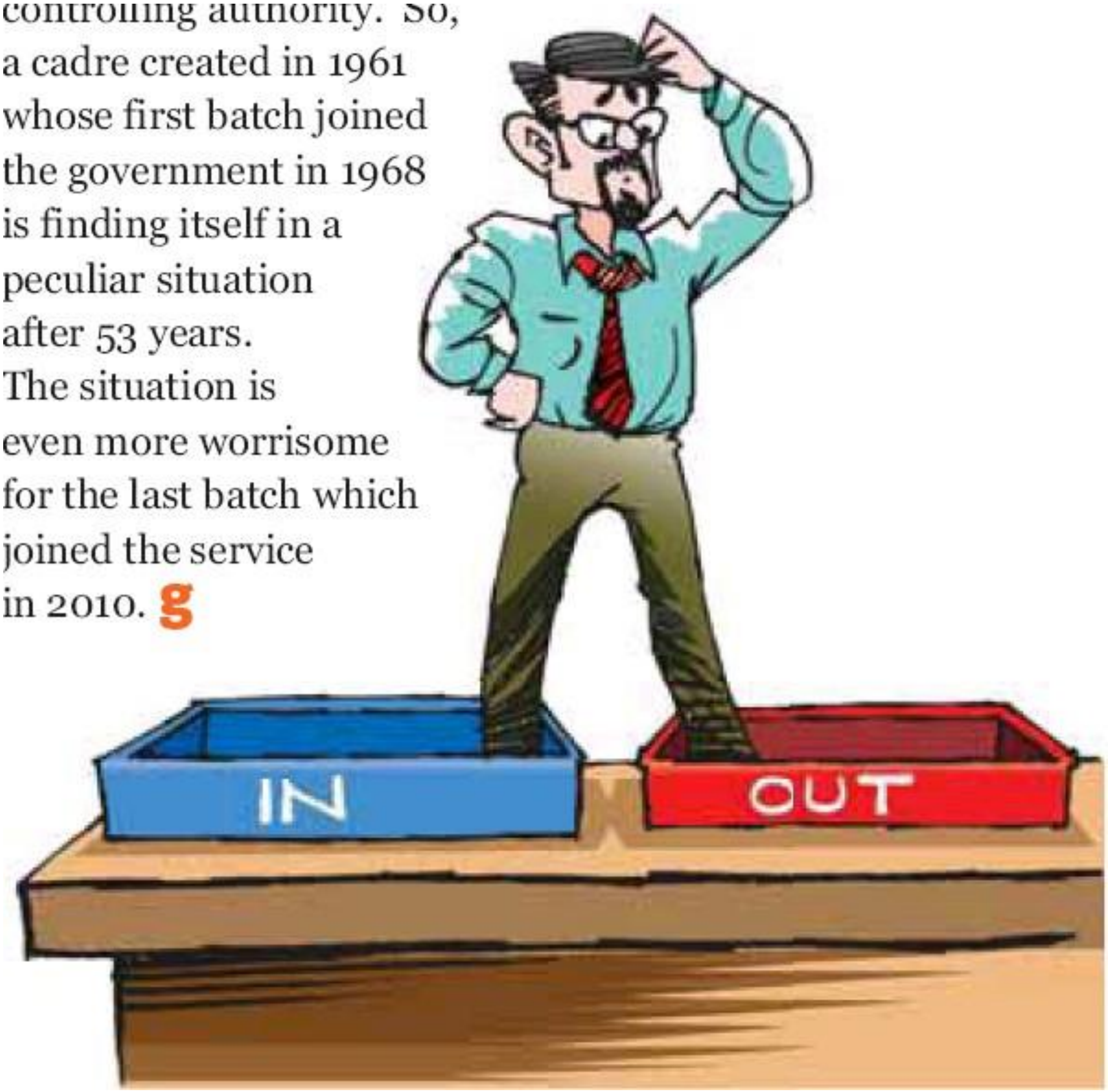

3. Catch 55 Stops Officers' Foreign Boarding Passes

Author: Pradip R Sagar, The Indian Express:12.10.2014

The Narendra Modi government is now coming up with a policy that would restrict senior bureaucrats beyond 55 years of age from foreign deputation postings.

NEW DELHI: After keeping an age bar for joining the Union Cabinet, the Narendra Modi government is now coming up with a policy that would restrict senior bureaucrats beyond 55 years of age from foreign deputation postings. No foreign deputation will be given to these officials. The government feels that it does not add any value to the country.

The development came in the wake of an instance of a top bureaucrat, who has been on foreign posting for over 10 years and was again seeking extension. While rejecting the officer's application, Prime Minister Modi has also directed his office to draft a policy to this effect. PM Modi feels that an officer's experience in the last leg of his career of foreign stint will not benefit the country.

Several senior babus have enjoyed long and extended foreign postings. Sanjeev Ahluwalia, a 1980-batch IAS officer of Uttar Pradesh cadre and younger brother of former Planning Commission chairman Montek Singh Ahluwalia, had enjoyed extended posting in the World Bank for many years since 2005.

Earlier, M N Prasad, a Bihar cadre IAS officer who was Secretary to Manmohan Singh, had gone to the World Bank by replacing Pulok Chatterji, during the last leg of his career. Even Chatterji, considered close confidant of the Gandhi family, was posted at the World Bank at the age of 56 and returned India barely months before his retirement.

"After 55 years, foreign posting's experience will not add any value to the country. By the time, the officer comes back to India after completing tenure, he/she would be approaching retirement. Government does not gain from their experience during foreign posting," said an officer from the PMO, who is involving in the policy-making.

Top officials of the rank of additional secretary and secretary will be covered under the new rule. The government feels that bureaucrats generally go for deputation postings abroad which include the United Nations bodies; international financial institutions like World Bank, International Monetary Fund and Asian Development Bank (ADB); multilateral organisations of which India is a member like International Atomic Energy Agency, World Trade Organisation, Commonwealth organisations; International Court of Justice, South Asian Association for Regional Cooperation and bilateral bodies set up under the Vienna Convention—embassies and bodies set up under them. Besides, the posts also included international NGOs or funding organisations from which India receives technical or financial assistance like Action Aid, Aga Khan Foundation and Ford Foundation, etc.

Several officials are serving their foreign postings beyond the age of 55 years. The tenure of 56-year-old Umesh Kumar, Director at the ADB headquarters in Manila, a 1983 batch IAS officer of Rajasthan cadre, is up to 2016. Similarly, Subash Garg of the same IAS batch of the same cadre is in the World Bank. Others include Anjali Prasad, the 57-year-old 1983-batch Uttarakhand cadre IAS officer who is India's ambassador to WTO; Rakesh Mohan, the 66-year-old retired Deputy Governor of RBI is Executive Director in IMF; Dilip Sinha, 60, an IFS officer of 1978 batch, and B N Reddy, Anil Rai and Rajiv Sinha are at the Permanent Mission of India in the UN, Geneva.

The PMO believes that most of these bureaucrats do not come back to India and try to settle in the country they have served in after developing good relations in that country during their stint. Previously, Namita Datta did not come back from her World Bank deputation in Washington; Atul Bagai did not report back from his Singapore posting, Rahul Anand and L V Nilesh did not bother to come back from their World Bank assignments, and the list goes on.

Recently, the Modi government set a cap of 'four' foreign visits for an officer in a year, and also sought "justification" for the visit of each member in a delegation—and why a "video-conferencing facility" cannot be utilised for interacting with foreign counterparts? Earlier, the UPA government had fixed the period of foreign deputation at seven years, after various instances of officers' overstaying on international assignment or deputation abroad. In fact, the government has also put monetary penalty on several bureaucrats for overstaying on foreign postings without required permission.

In May, while forming government, Modi, on the instruction from his party cadres, had decided not to appoint anyone above 75 years in his council of ministers.

4. Time to Reform the Central Government Health Scheme

Published on *Economic and Political Weekly* (http://www.epw.in)
Vol - XLIX No. 41, October 11, 2014 | Manoj Grover,

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Started in 1954, the Central Government Health Scheme (CGHS) currently provides healthcare services to more than three million central government employees, pensioners and their dependents across 25 cities covered under it. The package of services is generous and covers inpatient and outpatient care, including preventive care and the ayurveda, yoga, naturopathy, unani, siddha and homoeopathy (AYUSH) system of medicine. There are no exclusions for pre-existing diseases or any cap or limit on the coverage (La Forgia and Nagpal 2012).

Regardless of the fast-growing expenditures of this health benefit package, there is widespread dissatisfaction among beneficiaries. A comprehensive reform is needed in the orientation, service delivery and quality management systems of the scheme.

The CGHS wellness clinic functions as a mere channel for referrals to private hospitals and claim reimbursement. Experts have questioned the attitude of the CGHS medical officers. There is improper adherence to the drug list, and irrational drug combinations are commonly prescribed. Many patients enamoured of the expensive medicines commonly prescribed by private practitioners demand the same from the CGHS doctor or else seek referrals to fancy private hospitals (Bhat 2006). Most patients are treated or referred without a proper clinical examination or in-house laboratory investigations. The doctors on their part say that this happens because they can devote very little time to each one due to the excessive load of patients (Sharma, Kataria and Gandhi 1979). This often leads to a vicious cycle with the medical officers of the CGHS eager to refer patients elsewhere than take the responsibility themselves and the patients in turn, sensing the indifference of the medical officers, feel less confident about consulting them again. Moreover, the cumulative records are not maintained properly and lead to missed opportunities for better case management and epidemiological interventions to improve population health (Bhat 2006).

There are several reasons why the CGHS has reached such a situation. Since there is no cap/co-payment, there is a double-sided moral hazard. The beneficiaries may tend to overuse expensive curative care as they have no financial incentive to seek care early or follow a healthy lifestyle (demand side moral hazard). Empanelled hospitals may also provide unnecessary care to maximise their profits (supply side moral hazard). Short service hours worsen this problem, as the CGHS medical officers can refer patients so as to reduce their workload (Haldar et al 2008). Due to the poor delivery of services at the CGHS clinics, the healthcare practitioners lose touch with the basic skills and medical advancements. Though the providers are reimbursed at higher prices, there is no other mechanism to monitor or enforce quality of treatment outcomes. The CGHS covers the cost of alternative systems of medicine and even import of recently developed expensive medicines, which may be least cost effective.

Prescription of Solutions

Despite the poor range and quality of services provided at the CGHS clinics, the beneficiary community tends to trust the integrity and fairness of the system (Haldar et al 2008). It would be a pity if this trust is eroded due to management failure. The level of services provided by the CGHS wellness clinics must be upgraded so that it is well above that of the primary health centres situated in the remote rural areas. Proximity to some of the best medical and public health institutions must be exploited through collaborations. The best areas for such partnerships are for continuing medical, nursing and paramedical education for the CGHS staff and monitoring of quality of service delivery in CGHS clinics and empanelled hospitals. Another mechanism worth replicating is the Andhra Pradesh Government Employees Health Scheme, which puts the onus on the network hospitals in case of any related complication. The network hospital is obliged to treat it within the package price. This helps them simultaneously improve quality and control costs.

Other mechanisms have been suggested to develop the managerial and technical capacity of the CGHS medical officers (Bhat 2006). In-service administrative training course within one year of selection is a must since most of them are not aware of the manner in which government machinery functions and this leads to lack of confidence and a feeling of inadequacy in dealing with the office staff and in handling disciplinary matters. A compulsory transfer, preferably at the time of each promotion as is followed for officers in nationalised banks, or at least on promotion to the chief medical officer (CMO) grade and additional director grade, is a must to broaden their outlook. Even if the Medical Council of India (MCI) does not make it compulsory for doctors to attend refresher courses periodically to renew their registration as is being suggested, it should be made compulsory for CGHS medical officers.

Though the CGHS covers outpatient primary care, the focus is limited to secondary prevention and opportunities of primary prevention are missed. A reorientation is required to shift the focus towards prevention throughout the CGHS system. Behaviour change communication to promote healthy lifestyle should be given a major thrust at the CGHS captive wellness centres. Under the Affordable Care Act, the US Preventive Services Task Force recommends several interventions which have been proven to be effective in improving health outcomes US Preventive Services Task Force 2014). Many of them are relevant to the Indian context especially those targeting anaemia, obesity and tobacco consumption and hence should be the focus of the CGHS. To enforce this, incentive systems should also be developed so that both providers and beneficiaries comply with the primary prevention measures. Maintenance of healthy lifestyle can be rewarded by reducing the premiums just like insurance companies reward car owners for non-claim of insurance.

Under the proposed Central Government Insurance Scheme (La Forgia and Nagpal 2012), the cap of Rs 5 lakh per annum per family may do very little to control moral hazard because it will target only the extremely expensive procedures. Rather cost sharing measures/co-insurance mechanisms can be introduced where the insured will share a certain percentage of costs with the CGHS for the outsourced services, especially those with poor cost-effectiveness. In any case, the decision to include experimental forms of treatment must be based on the sound evidence demonstrating their effectiveness. Cost should also be a factor in this consideration and procedures, and drugs with doubtful effectiveness may not be reimbursed. Preventive healthcare services should be kept fully free for the beneficiaries so that they stay healthier and the demand for curative services is reduced. Active employees currently have to pay the expenses of treatment to the hospital, which are reimbursed by the government later. This could be troublesome in case of expensive inpatient treatment and cashless facility should be extended to active employees, just as it is done for pensioners. However, this may be challenging due to the complaints by empanelled hospitals of long delays in payments by the CGHS. Therefore, the scheme must simultaneously ensure timely payment to providers.

Pensioners

The fastest growing segment in terms of expenditure is that of the pensioners (La Forgia and Nagpal 2012). This is due to greater burden of disease and longer recovery periods in this segment of the population. Moreover, the scheme is not proactive enough to control this potential crisis. A majority of the elderly suffer from multiple disorders. It has been reported by many beneficiaries that they are dispensed with surplus medicines, most of which are not consumed due to poor tolerance or partial relief or may be due to lack of counseling from the health providers about the importance of compliance of treatment, especially the antibiotics, anti-hypertensives or oral hypoglycaemics, etc. Many of these patients would respond better to lifestyle modification, with the added benefit of fewer side effects. Apart from resulting in incomplete cure, there is a risk of development of antibiotic resistance if they are not consumed as advised. Such unnecessary expenditure is not justified in a country where the majority of the population suffers from poor financial protection from catastrophic health expenditure. Cities with large number of pensioners (>20,000) should have dedicated programmes for geriatric care focused on prevention. This will lead to reduction in the expenditures due to rational evidence-based care, proper compliance and preventive focus leading to improvement in health and longevity.

In short, to remain sustainable the CGHS must immediately focus on quality of service delivery in its wellness clinics as well as empanelled hospitals. One of the best ways to do so is to collaborate with premier medical and public health institutions, especially in areas of continuing technical education for CGHS staff and quality monitoring. There is also a need to reorient the focus of the CGHS from expensive curative care to cost-effective preventive care through evidence-based interventions. This is needed most urgently for the pensioners who are also increasingly claiming the most resources from the CGHS treasury. With these reforms, we can strengthen the CGHS and build upon it to progress towards our dream of universal health coverage.

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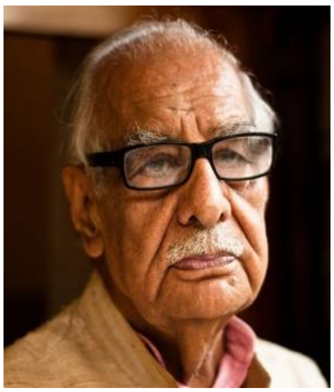
5. The Modi way

October 11, 2014 BY **Kuldip Nayar** , Pakistan today

He has buried Jawaharlal Nehru's idea of non-alignment



Prime Minister Narendra Modi's visit to the US was, in more ways than one, a success. He may not have brought with him anything tangible from America but has created a climate of confidence and won back Washington, which always looked at India with suspicion. Here is a person, who was denied a US visa, who was able to shame the US administration with speeches of friendship with America.

Modi was able to formulate a joint statement with President Barrack Obama that goes farther than what his predecessors were able to achieve. For the first time, an Indian prime minister wrote a joint edit with the US president in an American newspaper. This is a healthy practice which the Indian media should follow.

However, in the process, Modi has buried Jawaharlal Nehru's idea of non-alignment deep. True, the movement has lost its raison d'être, the confrontation between the communists and the democratic bloc. After the collapse of the Soviet Union in 1990, the communists lost the cold war.

Still the movement had come to represent an idea that small nations should not fear the big ones because of their size or power. In comparison, the number of states comprising the third world countries was far more than those either in the American bloc or the Soviet.

Modi is a product of the capitalist world. He has neither the pull of the Nehru era of socialism, nor that of Mahatma Gandhi's self-sufficiency. Modi wants the country to develop, whatever be the means and how big the economy may create a distance between the haves and the have-nots.

It is a pity that the left in the country has not grown in influence. But this is because the communists do not understand the Indians. Marx is important. So is Gandhi

I, belonging to an era where the independence meant economic betterment of the lower half, do not understand or appreciate how a country which is poor can develop or give justice to the have-nots without moving towards left. I believe that the socialistic pattern of society which we chose was the right path and we should go back to it. But Modi’s good-worded speeches, which meant everything to everybody, may be pleasing to the ear. He is, indeed, a forceful speaker. But what do we do on ground is important.

Take for example, the planning commission. That it had become a parallel government is true. But we should have removed the bureaucratic conflicts. The planning for a country like ours has to be there to marshal the resources and distribute them equitably among the states. The planning commission needed to be put back on the track, not to pushed aside, as Modi has done.

It is a pity that the left in the country has not grown in influence. But this is because the communists do not understand the Indians. Marx is important. So is Gandhi. Yet, in the communists’ politburo, you can see the photos of Marx and Engels, not that of Gandhi or Nehru who represented our independence struggle and sacrifices. Modi could have utilised the planning commission for the capitalist system which he preaches and follows. But its abolition does not make sense.

Many in the country praise Modi for not mentioning Kashmir when Pakistan Prime Minister Nawaz Sharif had devoted 19 sentences, to quote a Pakistani, to Kashmir, never done before. Modi did not even mention Kashmir in his speech. This has gone down well in the country. But by ignoring a problem, it does not disappear. India has to discuss the problem peacefully, across the table, sooner or later because Pakistan, besieged by several difficulties, finds support in the country.

The Hurriyat, which seeks to represent Kashmir, is acquiring fundamentalism and losing its appeal in India as well as among the democratic countries in the west. The Hurriyat would have earned laurels if it had turned out Syed Ali Shah Gilani when he changed his pluralistic line and talked in parochial terms.

I agree with the reaction coming from across the border that we overacted when we cancelled the talks with Pakistan after its high commissioner in India invited the Hurriyat leaders. Such talks have been held before even when the Hurriyat spoke about separatism. But Foreign Minister Sushma Swaraj gave a clear and categorical reply that the foreign secretary-level talks have been suspended. She also explained that the government had changed and its policy was different.

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I want to recall some instances of the past for Modi and Sushma Swaraj so that some continuity is visible in the policy followed then and now. Prime Minister Nawaz Sharif summed up his talks with the late Inder Kumar Gujral years ago at Male. "*Aap Kashmir de nahi sakte, our hum aap se le nahi sakte*" (you cannot hand over Kashmir to us and we are in no position to take it from you). Not only that, Nawaz Sharif confronted the army and entered into a time bound agreement with India to sort out the issue of Kashmir. It's another matter that the army dismissed him and took over the reins of the country. He had to undergo imprisonment of several months.

Why should the same Nawaz Sharif devote 19 sentences to Kashmir, the largest reference any Pakistan leader has made at the UN? Apparently, he has developed a vested interest in the prime minister's chair that he occupies. The armed forces, inherent by anti-India sentiment, do not want a settlement with New Delhi because the dispute is the raison d'être of its power in Pakistan.

Nawaz Sharif, elected with the support of the military and the rightists, remained tethered to secularism. He wanted to prove that Islam was not opposed to democracy or secularism which was equivalent to pluralism. Why has he changed? Or why he begs seeing which side is buttered. He never compromised. I personally think the wilderness has taught him a lesson.

In the US, Modi was able to create an environment where the BJP has begun to count. His priority for the SAARC countries has also delineated the agenda for the government. It's good that he has dropped hostility towards Pakistan. Now, it is time for the two countries to pick up the threads from where Manmohan Singh had left off.

6. Infrastructure boost to reduce demand-supply mismatch in cement sector

Equity Bulls: 11.10.2014

Infrastructure boost under new government and consequent growth in cement demand is likely to reduce demand-supply mismatch in the cement industry. The Indian cement industry is confronting excess capacity problem since last many decades resulting in lower capacity utilisation of cement plants. Country's present cement capacity is around 375 million tonnes; while demand is around 300 million tonnes. However, this gap between supply and demand is likely to shrink as focus on revival of stalled infrastructure projects results in higher demand growth over next few years.

Higher spend on public infrastructure is likely to result in rise in share of infrastructure sector; while share of residential sector is expected to decline. As per recent report by CII and AT Kearney titled 'Cement Vision 2025: Scaling New Heights", while residential and commercial construction will continue to spur cement demand, the industry's real boost is expected to come from an increase in the pace of infrastructure creation over the next 10 years. As per CII report mentioned above, an infrastructure investment of between 9-12% of GDP will be required to enable sustained economic growth in India.

"The present Government is focused on nation-wide infrastructure growth and various housing projects in urban and rural areas, amongst other initiatives. The Indian Government's measures to promote investment in ports, roads, airports and other infrastructure projects are also likely to support cement demand. The industry is also likely to get boost from demand for smart cities project," said Mr. Alok Sanghi, Director, Sanghi Industries Ltd.

Mr. Sanghi added that the cement companies are likely to benefit from the proposed increase in long term funding availability for infrastructure projects which is likely to facilitate more investment in these sectors. "Only through infrastructure spending, India can raise its per capita consumption, which is far lower at around 190 kg compared to over 350 kg in Brazil and 1500 kg in China," Mr. Sanghi said.

Shares of SANGHI INDUSTRIES LTD. was last trading in BSE at Rs.62.3 as compared to the previous close of Rs. 65.55. The total number of shares traded during the day was 102085 in over 714 trades.

The stock hit an intraday high of Rs. 65.6 and intraday low of 62.3. The net turnover during the day was Rs. 6425579.

7. Fighting India's silent epidemic

SOUMYA SWAMINATHAN,CHAPAL MEHRATHE HINDU:13.10.2014

APECONOMIC AND CLINICAL CRISIS: There are 2.2 million new cases and close to 3,00,000 deaths each year according to the Government of India's TB India 2014 report. Picture shows the x-ray of a patient in New Delhi suffering from both TB and HIV.

Tackling TB requires both strengthening the public sector and engaging the private sector

Over 60 per cent of all Indians seek health care in the private sector according to India's last National Family Health Survey. This undoubtedly makes the private sector the largest provider of health services in India. The government health system, though vast and well-intentioned, continues to be overburdened with multiple challenges including long waiting hours, an ageing infrastructure, limited funding and human resources. Even though parallel providers of health services, the absence of partnerships between the public and private sector has disastrous implications for patients and for disease control. A striking case study is that of TB.

With 2.2 million new cases and close to 3,00,000 deaths each year, TB is India's silent epidemic. The 60 per cent of all TB patients who first go to the private sector receive care whose quality varies enormously, often leading to delays in diagnosis and no assurance of cure. As a result, a large proportion of these patients move — sicker and poorer — from one provider to another, infecting others in the process.

Treatmentaccessandreliability

While TB can affect anybody, studies have shown that it is four times more common in people in the lowest socio-economic quintile compared to the highest. A recent systematic review found that the total costs of TB for patients and affected families on average corresponded to more than half their yearly income. This makes it a clinical as well as an economic crisis.

How can India address this crisis? Tackling TB in India requires both strengthening the public sector and engaging the private sector. For a disease like TB, early diagnosis and correct treatment are the easiest ways to reduce transmission. India needs to give every patient, irrespective of whether they go to the public or private sector, access to quick and reliable diagnosis and treatment.

“*Studies have shown that TB is four times more common in people in the lowest socio-economic quintile compared to the highest*”

For the government, this means that every primary health centre (urban and rural) — the first point of care for the patient — should be capable of making a diagnosis of TB and initiating treatment.

For this, diagnostic facilities need to be upgraded and clinical and laboratory staff given training. Private services could be utilised for some of these investigations in PHCs where these facilities may not be available (for example imaging studies, paediatrician opinions and rapid molecular tests). Patients should not need to travel long distances to get a diagnosis.

Ultimately, the quality of health care provided and a “satisfied client” are the most successful advertisements for the health system. At the same time, we must actively engage the private sector in a mutually acceptable way — while patients continue to remain with the individual doctor, both diagnosis and treatment could be provided free through the public sector.

Brazilianexample

Here, Brazil offers an excellent example, where TB drugs are offered only by the public health system and are unavailable in the private sector. TB drugs are bought through a centralised mechanism of acquisition and distribution, ensuring drug quality.

Such a model could easily work in India if combined with effective use of technology. Each patient diagnosed in the private sector could avail drugs through the use of a paper or electronic voucher valid at designated pharmacies. This would ensure that patients receive appropriate and quality-assured drug regimens reducing patient costs. Further, it would ensure notification of all patients and help in monitoring and follow-up to ensure cure.

There is obvious reluctance in the private sector to engage with the government because of the fear of losing their patients, excessive monitoring, delayed payments, etc. Hence, we must be flexible in our approach to treatment (as long as standards are followed) and create more transparency, accompanied by use of technology to address systemic delays.

ChangesinTBprogramme

Rapid reduction in TB burden is not possible without significant changes in India's TB programme. It requires uniform and equitable implementation of the diagnostic, treatment, public health and social support guidelines laid down in the Indian Standards of TB care, strengthening of human resources both at the Central and State level, using novel methods of monitoring patient compliance (e.g. mobile phone based) and launching a massive public awareness campaign. Procedures for procurement and distribution of drugs need to be streamlined to ensure a constant supply of quality-assured drugs. More flexibility in programme delivery needs to be given to State and district-level implementing officers. Alongside inputs to achieve universal health coverage, social protection interventions that address out-of-pocket expenses and the food and nutritional requirements of TB patients are also critical — an innovative example is the free breakfast scheme for TB patients launched by the Chennai Corporation.

India may take a cue from China, where TB prevalence declined by half as the government invested heavily in systemic improvements, modernisation and changing approaches to diagnosis and treatment. This revitalisation of TB services led to millions being able to access timely, high-quality TB treatment which considerably reducing the number of new TB cases.

India urgently needs similar investment in the health system combined with innovative strategies to address TB and drug resistant TB.

In 2013, the World Health Organization identified 3 million missing TB cases globally of which 1 million were in India. These 1 million missing cases fall somewhere between the public and the private sector and lack access to free care. If India wishes to end its TB crisis, we must begin by providing prompt diagnosis and treatment to our missing million. Yet this is unlikely to happen unless we transform our current TB programme while simultaneously engaging the vast private sector. If we do not act now, our inaction will make us responsible for continued suffering of patients and deaths.

(Soumya Swaminathan is director, National Institute for Research in Tuberculosis, Chennai, and Chapal Mehra is an independent New Delhi-based writer.)

8. Green-rated buildings not keeping their promise, says CSE report

MEENA MENON, THE HINDU: 13.10.2014

Green-rated buildings are falling below the minimum benchmarks of their official star rating by the Bureau of Energy Efficiency (BEE), says a report — "Building sense beyond the green façade of sustainable habitat" — by the Centre for Science and Environment released recently.

Data put out by the Indian Green Building Council (IGBC) on energy consumption of large commercial buildings that were rated and awarded silver, gold and platinum ratings, under the Leadership in Energy and Environmental Design (LEED) green-rating programme, show they are grossly underperforming, the report says.

Several of them cannot qualify even for the one-star label under the star-labelling programme that ranks buildings based on their energy efficiency when operational.

India started to mirror the global trends in green rating when the United States Green Building Council (USGBC) began rating buildings in India.

In 2007, LEED India (Leadership in Energy and environmental Design-India) was adapted from the USGBC LEED programme. This is a private initiative run by the IGBC.

India adopted the Green-rated Integrated Habitat Assessment (GRIHA) as the national rating system for buildings in 2007, the report says.

The total green-rated built-up area is not even three per cent of the built-up area in the country. Examining the green ratings, the CSE said the claim that buildings rated by the IGBC and GRIHA save 30-50 per cent energy and 20-30 per cent water was not supported by data or evidence of compliance and performance of each rated building.

Several State governments were giving fiscal incentives and allowance of extra built-up area to developers to promote private green-rating programmes. The report points to a lack of stringent and transparent monitoring of actual energy and resource use during building operation, and questions the need for a few green-rated buildings which were given sops for meeting the minimum green standards that all buildings must ideally implement.

9. Planning Board Moots Re-prioritising of Projects

By Saritha S Balan, The Indian Express: 13.10.2014

THIRUVANANTHAPURAM: It would be appropriate to re-prioritise programmes under Mission 676 if there are new schemes to be accommodated, suggests the guidelines issued by the Planning Board for the formulation of the annual plan for the year 2015-16.

The re-prioritising of the projects under Mission 676, announced by the government to complete crucial development projects in a time-bound manner, would also ensure resources for the timely completion of these projects.

Spreading of resources thinly to include more programmes may adversely affect the timely completion of the Mission projects, say the guidelines published recently.

The guidelines also call for greater focus to ensure that women are mainstreamed in all possible schemes. The initiative on Gender Responsive Budgeting, to analyse how effectively government policies, programmes and budgetary allocations respond to the needs and concerns of both men and women, aims at categorisation of specific schemes, programmes, components with a direct focus on women and girls.

Specific need-based programmes to address the concerns of women and girls shall be included where ever feasible.

The guidelines also include the suggestion to be careful, while proposing schemes under State Plan, to ensure that the schemes are productive, viable and catering to the immediate needs of the people as the funds for these schemes are provided by the State Government with no direct contribution from the Centre and is financed mainly through borrowings. The suggestion could well help the current situation of the state which is facing acute fund crunch.

Referring to the Central-sponsored schemes (CSS), the guidelines say that the schemes proposed in the Annual Plan should be in conformity with the restructured schemes introduced by the Planning Commission during 2014-15.

Due care should be taken to ensure that only those schemes of the Union Government which are operational at present are proposed to be included in the Plan.

From 2014-15 onwards, Government of India has decided to route Central assistance through the Consolidated Fund of the State (CFS) instead of transferring directly to the implementing departments/agencies. While proposing CSS and other Centrally-assisted schemes for the next financial year, this point should also be taken into account.

The guidelines also suggest to take utmost care while proposing schemes under Special Plan Assistance, Additional Central Assistance and One-Time Additional Central Assistance, so as to ensure such schemes are strictly in accordance with the existing guidelines issued by the Union Government.

The guidelines also moot that specific programmes may be evolved for the utilisation of funds for the development of Scheduled Tribes in the state.

The special fund will be utilised on a habitat-based approach involving district administration in tribal predominant areas.

PART B

NEWS AND VIEWS

Monday, 13th October 2014

Polity	: Work out a plan to deal with coal supply
Economy	: Govt Mulls Panel to Resurrect Big Infra Projects
Planning	: GST: Centre plans 3-year compensation for states
Editorial	: A blip or a turn?

Communication, IT & Information Division
Phone # 2525

The Statesman

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'Work out a plan to deal with coal supply'

STATESMAN NEWS SERVICE
New Delhi, 12 October

Worried about uncertainty arising out of the Supreme Court's verdict cancelling the allocation of 214 coal blocks, the Prime Minister's Office has asked the Coal Ministry to work out a plan of action in consultation with the infrastructure ministries so that plants are not stranded in the absence of fuel.

In a recent communication to the coal secretary the PMO has learnt this. The letter also asked the Coal Ministry to share the contingency plan chalked out so far with the PMO.

Principal Secretary to the Prime Minister, Nripendra Misra, had written earlier to the Coal Ministry regarding the contingency plan to deal with the implications of the Supreme Court's judgment on coal block allocation.

The Supreme Court in a judgment last month while quashing the allocation of 214 out of 218 coal blocks allocated to various companies since 1993 had allowed the Centre to take over operation of 42 such blocks which are functional. It had given a six months breathing time to these functional coal blocks to wind up their operations by 31 March, 2015.

It said the beneficiaries of the illegal process "must suffer" the consequences and refused to show sympathy to private companies which submitted that Rs 2.87 lakh crores have been invested in 157 coal blocks and Rs 4 lakh crores in end-use plants.

The apex court directed the the allottees of coal blocks to pay within three months an additional levy of Rs 295 per metric ton of coal extracted to compensate financial loss caused to the exchequer by the illegal and arbitrary allotments.

The Economic Times

Date: 13/10/2014
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Govt Mulls Panel to Resurrect Big Infra Projects

Rescue Act

Which projects will be relooked at?

Infrastructure projects which can't be saved by way of restructuring debt to be reviewed

WHO IS ON BOARD?

Panel to have representation from lenders who have exposure to stalled infra projects

Independent observers will be there to give recommendations to govt & RBI for suitable action

Out of ambit

It won't take up projects being monitored by the PMG in the cabinet secretariat

What will the committee do?

Explore mechanisms outside the established norms to put projects back on track

Recommend & facilitate takeover of these projects by interested parties

Committee headed by SB Nayar will expedite stalled projects worth more than ₹2,500 cr by unconventional means

Dheeraj.Tiwari
@timesgroup.com

New Delhi: Big infrastructure projects that are stalled and can't be saved through the usual ways such as by restructuring debt are set to get another look, with the government planning to set up a panel to consider their revival.

The committee is proposed to be headed by SB Nayar, head of state-run India Infrastructure Finance Company Ltd (IIFCL). It will consider infrastructure projects of above ₹2,500 crore and will have the mandate to explore mechanisms outside the established norms to bring them back on track.

"The committee can recommend and facilitate takeover of these projects by other interested parties," said a senior executive at IIFCL. "Preliminary discussions have taken place with the government and banks." The panel will have representation from lenders who have exposure to such stalled projects, the official said.

The new committee will not take up projects which are already being monitored by the Project Monitoring Group in the cabinet secretariat. This group was set up to fast-track big infrastructure and industrial projects that are held up for want of various government approvals. The government wants to push through infrastructure projects to quicken growth after two years of sub-5% economic expansion. Infrastructure is key to overall economic growth and experts estimate that India's creaky infrastructure such as roads and ports shave as much as two percentage points off the country's gross domestic product.

Indicators such as the Index of Industrial Production, which expanded at a five-month low pace of 0.4% in August, and annual credit growth that fell below 10% for the first time in five years, point to GDP growth taking a hit in the July-September quarter. Meanwhile, the government's efforts so far to boost infrastructure investment haven't shown any significant increase in the purchase of capital goods. The committee that the government proposes to set up will have independent observers as well, and will give recommendations to the government and the Reserve Bank of India for suitable action.

"So, there could be a case for 'one-time special dispensation', or projects where an outside agency can be brought in to resolve the impasse," the IIFCL official said.

Some bankers, however, aren't convinced about the proposal. "It depends on how much mandate this committee enjoys and what recommendations it makes and which ones are accepted," said an executive director of a state-run bank. He asked not to be named.

The chairman of a state-run bank said the lenders may not have much to do if the proposals are outside of corporate debt restructuring (CDR).

Business Standard

Date 13|10|2014
Page No. 01

GST: Centre plans 3-year compensation for states

States' demand for 5 years and Constitutional provision ruled out

VRISHTI BENIWAL
New Delhi, 12 October

Prime Minister Narendra Modi's plan to roll out a Goods & Services Tax (GST) by April 2016 could hit another hurdle, as the finance ministry wants to compensate states for only three years. States, on the other hand, have been demanding that the Centre compensate them, for losses incurred on account of switching to the proposed indirect tax regime, for five years.

Also, the ministry has ruled out making any provision for compensation in the Constitution amendment Bill; it may be provided for in the GST law.

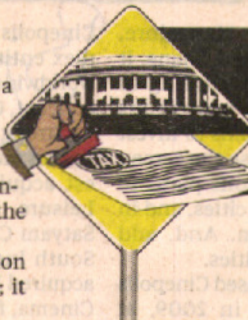
The compensation will be given to states on the lines of a formula to be suggested by the 14th Finance Commission, which is likely to give its report later this month. The panel was asked to give its recommendations on GST's impact on finances of the Centre and states, besides a mechanism for compensation.

"In our view, there will not be any loss. But, to address states' concerns, we can compensate them for the first three years. We have conveyed this to the 14th Finance Commission," a finance ministry official, who did not wish to be named, told *Business Standard*.

States had also asked the Centre to make a provision for the compensation in the Constitution amendment Bill, but the finance ministry is not ready to yield on this. The official explained that the Constitution Bill could not have such a provision because as amending it was not easy. An amendment to the Constitution requires passage of the Bill by a two-thirds majority in each house of Parliament, and ratification by at least half the state legislatures.

The Constitution amendment Bill, which will pave the way for GST, is likely to be tabled in Parliament's winter session (but it will not have a compensation provision). Turn to Page 4 ▸

TAXING JOURNEY
The road ahead for GST



Cabinet note on Constitution amendment Bill for GST prepared

Approval After approval from the finance minister, the note will be sent to ministries for consultation

Compensation For losses incurred on account of GST, the Centre wants to compensate states for three years, against their demand of five years

Constitutional provision Centre does not agree with states' demand that a provision for compensation be included in the Constitution Amendment Bill, says it will be provided for in the GST Bill

Council The Centre is amenable to states' demand for changes in the GST council and dropping the dispute-resolution council

Tabling The Centre wants to table the Constitution amendment Bill in Parliament's winter session

Deadline Many deadlines for GST implementation, originally scheduled for April 1, 2010, have already been missed

Likely date Even if the Constitution amendment Bill is tabled in Parliament's winter session, GST is unlikely to come into effect before April 1, 2016

Business Standard

Date 13/10/2014
Page No. 04

Another roadblock...

A draft Cabinet note on the amendment Bill has been prepared and will be circulated for an inter-ministerial consultation after Finance Minister Arun Jaitley has approved it.

"The fear over loss of revenue will remain for some time. It had happened at the time of the value-added tax (VAT) implementation as well. But all states eventually gained from it. So, in my view, both the Centre and states will gain from the broad-based structure of GST," said Sumit Dutt Majumder, former chairman of the Central Board of Excise & Customs and author of 'GST in India'.

Majumder said putting a sunset clause on the compensation had no meaning. The Centre could not say it would compensate for only three years even if some states made losses for longer.

"The Centre is committed to suitably compensating states through a legal mechanism. We are hopeful of an amicable resolution," said another finance ministry official who did not wish to be named. However, some manufacturing states like Gujarat, Maharashtra and Tamil Nadu fear incurring losses in the proposed destination-based tax. To allay their fears and to protect their revenues, the Centre is planning to keep alcohol out of the GST ambit, constitutionally. According to a revised draft of the Constitution amendment Bill, petroleum, though zero-rated, will be under GST because it is an input product. GST, a value-added tax, gives credit for taxes paid on inputs. If petroleum is kept out, it will break the chain for input credits.

However, since "alcohol is primarily a final product and states have revenue considerations, it can be kept out of GST". Tobacco, on which the Centre levies excise duty, and entry tax in lieu of octroi, will also be subsumed in GST.

Among other contentious issues were the GST council and the dispute-resolution authority proposed in the Constitution amendment Bill of 2011. At various meetings of the empowered committee of state finance ministers on GST, states opposed the authority and wanted changes in composition of the council to decide GST rates, exemptions and threshold limits, among other things.

"Changes will be made to the composition of the GST council proposed in the Bill of 2011, and the dispute-resolution authority will be dropped in the new version of the Bill," said one of the officials quoted earlier.

The Centre's concerns on the GST compensation issue, as well as those of states, stem from earlier disagreement over on the Central Sales Tax compensation. While states fear they will become dependent on the Centre for their own dues, the finance ministry's suspicion is that states might charge higher compensation on the pretext of something else "as they did in the case of CST".

The Economics Times

Date 13/10/2014

Page No. 11

MCA to Prescribe Road Map for Cos to Adopt New A/c Norms Next Week

New norms, converged with IFRS, are likely to increase global acceptance of financial statements of Indian companies

Rajat.Arora@timesgorup.com

New Delhi: The corporate affairs ministry will unveil a road map next week for implementing the new Indian Accounting Standards, a senior government official has told ET.

The blueprint will prescribe the class of companies that will be required to follow the new standards and the timelines within which they will need to adopt them.

The new Indian Accounting Standards (Ind-AS), which will be converged with the International Financial Reporting Standards (IFRS), are likely to initially apply to all listed and unlisted companies that have a net worth of ₹500 crore or more and their holding, subsidiary, joint venture or associate companies.

"The earlier road map released by MCA (ministry of corporate affairs) in 2011 could not be applied due to changes in the Companies Act and various other reasons. We are now in the process of revising the standards and will subsequently notify them by the end of December 2014," said the official quoted above. The Institute of Chartered Accountants of India (ICAI) is working on these drafts, some of which have already been released for public comments. These drafts include the one on financial instruments, which addresses the loan loss recognition problem that banks and financial institutions in developed countries faced during the 2008 global financial crisis. The drafts will be presented to the National Advisory Council on Accounting Standards by the end of this month, which will then make recommendations to the MCA for notifying these standards.

In Sync With the World

INDIA TO BEGIN CONVERGENCE WITH INTERNATIONAL ACCOUNTING STANDARDS SOON

A NEW BLUEPRINT

The new road map will specify companies that will have to switch to Ind-AS

Ind-AS is converged standard with international financial reporting standards

All listed cos will have to move to Ind-AS in 1st phase

Pvt cos with net worth of over ₹500 cr will be also covered

The new standards will be notified by Dec 2014

COMPLIANCE SCHEDULE

Compliance will be optional next fiscal

It will become mandatory from 2016-17

> The MCA should now keep the carve-outs to the bare minimum when finalising the new Ind-AS to ensure there is global acceptability for financial statements prepared using these standards when they are issued
>
> Companies should start assessing the impact of Ind-AS adoption on their business, financial reporting, systems and processes. These changes have an organisation-wide impact, and possibly the way the company does business and raises capital
>
> **SAI VENKATESHWARAN** Head, Accounting Advisory Services, KPMG

"The converged standards, relating to consolidated financial statements and fair value measurement, are likely to increase global acceptance of financial statements of Indian companies, resulting in lower cost of capital and improved valuations," said Sai Venkateshwaran, head-accounting advisory services at KPMG in India.

The earlier road map released by MCA in 2011 couldn't be applied due to changes in Companies Act & other reasons

The global accounting standard will also allow investors and lenders to assess the risks and returns of their various investment opportunities, using financial information that is relevant, reliable and comparable. The Indian Accounting Standards drew a lot of criticism when they were published in 2011, especially from the international community, which argued that there were significant carve-outs and deviations as against the IFRS and that the standards did not meet their objective.

"The MCA should now keep the carve-outs to the bare minimum when finalising the new Ind-AS to ensure that there is global acceptability for financial statements prepared using these standards when they are issued," Sai added.

Companies that will have to prepare their accounts as per the new norms will also be required to give last year comparative as per Ind-AS. Companies have to voluntarily follow the new Ind-AS from the next fiscal and it will be mandatory from 2016-17.

"It will give entities sufficient time to adopt new Ind-AS as it will have no impact on various requirements like minimum alternation tax computation, managerial remuneration computation because standalone financials will continue to be as per existing set of accounting standards," said Rakesh Nangia, managing partner, Nangia & Co.

The transition to a new framework for both financial reporting and tax reporting purposes will be a big change for companies and analysts say it may not be that smooth.

"Companies should start assessing the impact of Ind-AS adoption on their business, financial reporting, systems and processes, training needs and start preparing for the change, as these changes are not restricted to just the accounting function but have an organisation-wide impact, and possibly the way the company does business and raises capital," KPMG's Sai said.

Banks, financial institutions and insurance companies are expected to have a separate road map, which will be announced by their sectoral regulators in due course.

The Statesman

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Rules for 25% public holding in listed PSUs

PRESS TRUST OF INDIA
New Delhi, 12 October

Paving way for sale of PSU shares worth an estimated Rs 60,000 crore over the next three years, the government has notified rules for minimum 25 per cent public shareholding in listed state-owned firms.

To comply with these norms, over 30 listed PSUs will need to raise their public shareholding to minimum 25 per cent by 21 August 2017, as per a notification for amendment to the Securities Contracts (Regulation) Rules.

The move would help in promoting wider investor base in listed state-run companies and also provide a boost to the government's plan to raise funds from disinvestment programme.

Previously, the listed PSUs were required to have at least 10 per cent public holding, whereas the minimum public holding in non-PSU listed companies is already 25 per cent.

The non-PSUs were asked in June 2010 to attain minimum 25 per cent public shareholding within three years. Following the expiry of this deadline in June 2013, 105 listed companies were found to be non-compliant with these norms and necessary actions were initiated against them by capital market regulator the Securities and Exchange Board of India.

"... every listed public sector company which has public shareholding below twenty five per cent... shall increase its public shareholding to at least 25 per cent, within a period of three years, in the manner, as may be specified, by the Securities and Exchange Board of India," the finance ministry has said in its new notification for PSUs.

The new notification would bring in uniformity among all listed entities, irrespective of their promoter being the government or private sector entities, when it comes to minimum threshold limit for non-promoter or public holding.

As per the current valuations, the dilution in promoter holding in over 30 listed PSUs would lead to the government garnering over Rs 60,000 crore through sale of shares. This figure, however, might change as these share sales would take place over a long period of nearly three years.

The major PSUs where public shareholding is below 25 per cent include Coal India, SAIL, MMTC, NHPC, NMDC and SJVN.

While private sector firms were given three years time in June 2010 to achieve minimum 25 per cent public holding, the PSUs were also given three years in August that year to increase their public shareholding to at least 10 per cent.

The earlier proposal in June 2010 also required PSUs to attain minimum 25 per cent public holding, but these norms were relaxed later at that time.

A fresh proposal, however, was mooted earlier this year and subsequently the Sebi board approved in June a proposal which requires PSUs to have a minimum 25 per cent public holding.

In case of 105 companies that were found non-compliant to minimum public holding norms, the Sebi last year issued directions, including freezing of voting rights and corporate benefits such as dividend, issuance of rights and bonus shares, among others, with respect to excess of proportionate promoter shareholding in respective companies.

BOOST TO GOVT REVENUE

- Thirty listed PSUs will need to raise their public shareholding to minimum 25 per cent by 21 August 2017
- The move would help in promoting wider investor base in listed state-run companies and also provide a boost to the government's plan to raise funds from disinvestment programme
- The government would garner over Rs 60,000 crore through sale of shares
- The major PSUs where public shareholding is below 25 per cent include Coal India, SAIL, MMTC, NHPC, NMDC and SJVN

The Indian Express

Date: 13/10/2014
Page No. 05

Railways fits in Gujarat in model stations plan

AVISHEK G DASTIDAR
NEW DELHI, OCTOBER 12

PRIME Minister Narendra Modi's home state Gujarat enjoys a special place in his government, if the plans of Ministry of Railways are anything to go by.

Going beyond the promises of the rail budget, the Railways has been asked by the Cabinet Secretariat to extend the list for its mega-station redevelopment project from five to eight by including two stations from Gujarat and one from the Railways minister Sadananda Gowda's home state Karnataka.

Gandhinagar, Surat and Mangalore would now be developed as "model stations" along with Chandigarh, Bijwasan, Anand Vihar (both in Delhi), Shivaji Nagar (Pune) and Habibganj. Each station development project is likely to cost more than Rs 500 crore.

SURAT, Gandhinagar stations to have airport-like facilities; Dahod loco workshop to be modernised

The plan includes modern airport-like facilities and all-round real-estate development around stations and commercial utilisation of space by private partners.

The department has also been asked by the PMO to fully mordernise a locomotive shed-cum-workshop in Dahod, Gujarat, which has been under-utilised since steam engines were phased out. The modernisation plan would be announced in the next rail budget. The Dahod project is said to be dear to Modi.

Following the PMO's wishes, the Railways has given the job of developing Surat station to the Indian Railway Station Development Corporation, which was already carrying out the job on the five identified stations.

For Gandhinagar, the Railways' PSU Rail Land Development Authority was given the job a month ago. Considering the "priority of the project", the RLDA floated tender to appoint a consultant for techno-economic feasibility and it was opened on Thursday. Officials said award of contract would take place before March 2015.

For Mangalore, Railways has already met the local administration to outline the scope of work, according to documents accessed by *The Indian Express*.

For overhauling the Dahod workshop, which started operation in the early 20th Century as a steam loco shed, the Railways needs some more time to work out a plan.

The Financial Express

Date: 13/10/2014
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5 killed as cyclone hits AP, Odisha

Visakhapatnam, Oct 12

SEVERE cyclonic storm Hudhud hit the port city of Visakhapatnam on Sunday bringing with it torrential rains in three coastal districts of Andhra Pradesh and leaving five persons dead in the state and neighbouring Odisha, besides snapping power and communication lines.

Normal life was thrown out of gear as winds with a speed of 170 to 180 kmph battered Visakhapatnam, Srikakulam and Vizianagaram districts.

The gale, accompanied by heavy downpour, resulted in trees being uprooted and roofs of thatched huts and sheds being swept away.

While authorities in Andhra Pradesh evacuated 90,013 people across the four districts of Srikakulam, Vizianagaram, Visakhaptnam and East Godavari, about 68,000 people were evacuated from coastal districts of Odisha.

In Delhi, IMD director general Laxman Singh Rathore said, "Due to the hilly topography, the cyclone's intensity will reduce in next six hours and further reduce in next 12 hours. However, the area (Vizag) will experience heavy to very heavy rainfall for the next three days."

As the storm progresses, it will bring heavy rainfall to very heavy rainfall in Chhattisgarh, Bihar, east Madhya Pradesh, east Uttar Pradesh and Gangetic belt of West Bengal. *PTI*

The Statesman

Date: 13/10/2014
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'RTI MUST BE AN EASY TOOL TO BRING TRANSPARENCY'

ALMOST 2 LAKH PETITIONS ARE PENDING IN STATE COMMISSIONS

PRESS TRUST OF INDIA
New Delhi, 12 October

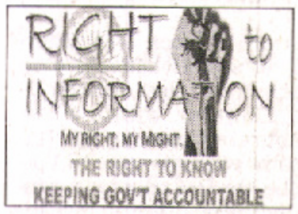
With over 1.98 lakh RTI petitions pending in the state commissions for the last seven years, activists have stressed on the need to make the process to seek information under the Act easy and use it as a tool to bring transparency in the development process.

Leading RTI activist Aruna Roy, on the occasion of RTI Day today, said that people are unable to gauge the effect and extent of RTI Act.

The RTI Act was enacted on October 12 in 2005. "It is being seen as a tool to highlight corruption only. But in fact, it should be seen as an alternative politics for bringing in change in the democracy and solve problems of Indian democracy," Ms Roy told *PTI Bhasha*.

In the end, it is a tool to frame policies, its effective implementation and to ensure people's participation, she added.

Former Delhi Minister Manish Sisodia, who actively participated in the RTI movement, said the process to get information under the transparency act and mentality of the concerned officer in providing information is the hindrance in effective implementation of the Act. "The officials dilly dally in providing the required information under this Act as they feel that the people who don't have the courage to stand before them were now questioning them," he said.



Noted RTI activist Laxmi Narayan Modi said the government has given the RTI Act to the people and has made provisions to penalise those who violate the law.

Mr Modi alleged that now the government itself was trying to make the law "blunt and ineffective".

Meanwhile, there is a section who feels that RTI was being used by some as a tool to threaten the officials.

According to the information received from the CIC under RTI Act, a total of 1,47,924 appeals and complaints were registered with the Commission in between 2006-07 and 2013-14, of which 1,16,333 appeals and complaints were addressed and 31,591 petitions were still pending.

Till December 2013, Uttar Pradesh had the most number (48,442) of pending cases, followed by Maharashtra with 32,390 and CIC, which has 26,115 pending cases.

Also, CIC had received over one lakh complaints over telephone but most of the files have been destroyed after the record retention schedule was over, the Commission said. The RTI reply said that the Commission doesn't keep the records of action taken against the public information officers, but added that till January 2014, in 987 cases the monetary penalty were imposed.

The Economic Times

Date: 13/10/2014
Page No. 14

3G Auction: DoT to Seek Trai Suggestion on Reserve Price

Telecom department yet to reach a deal with defence ministry to free up frequencies for civilian use

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New Delhi: The department of telecommunications (DoT) is set to shortly ask the sector regulator to recommend a reserve price for third-generation spectrum that it wants to auction in February, though it has yet to reach an agreement with the defence ministry to free up the same frequencies for civilian use. Two DoT officials confirmed the plan to **ET** and said negotiations were still under way with the defence ministry to swap the 3G airwaves with another band of spectrum held by DoT.

"No, there hasn't been a breakthrough," one of the officials said. "However, we decided to get a reserve price so that if the deadlock does get resolved any time before the auctions begin, we can immediately put the 3G blocks up for sale."

The government has a target to generate some ₹15,000 crore from the upcoming auctions scheduled to begin in the first week of February, with a third of that to come from the sale of pricier 3G airwaves in the 2100 MHz band, used to offer high-speed broadband services.

India's top carriers such as Bharti Airtel and Vodafone India had urged DoT to auction 3G bandwidth to enable expansion of data services where demand is surging with increasing smartphone usage. Operators also say making more 3G spectrum available to them will help achieve the government's aim to have 600 million broadband users by 2020.

The telecom regulator is currently working on setting the prices of airwaves in the 900 MHz and 1800 MHz bands for the February auction. The Telecom Regulatory Authority of India is expected to come up with the reserve price for these two bands by the end of this month. As reported earlier by this paper, the DoT and the defence ministry are in a stalemate over swapping 15 MHz of 3G spectrum, currently in possession of the defence ministry, with an equal chunk of 1,900 MHz band that the communications and IT ministry owns. DoT has yet to notify the defence band zone — setting aside the frequency bands that couldn't be used by anyone else — has soured matters.

If the 2010 3G auctions were taken as a guide, the government's inability to auction the 3G airwaves could mean a potential loss to the exchequer of ₹50,000 crore, according to estimates by analysts. A third of this would have come in this fiscal year ending March 31, 2015. In 2010, the sale of 3G bandwidth — 15 MHz in 17 circles and 20 MHz in five regions — had raised nearly ₹51,000 crore.

GSM operators, including Bharti Airtel, Vodafone India and Idea Cellular, had also urged the government for "partial allotment of 3G airwaves in the 2100 MHz band" immediately, if the telecom department is unable to thrash out a spectrum-swap deal with the armed forces.

The telecom regulator is currently working on setting the prices of airwaves in the 900 MHz and 1800 MHz bands for the February auction

"Partial allotment will enable mixed use of 3G spectrum by reserving such bandwidth for defence in some geographies and putting it to commercial use elsewhere," the Cellular Operators Association of India, the lobby body representing GSM operators, had said in a letter in late June, underlining the desperation for 3G airwaves. According to it, the defence forces use the frequencies only in a few areas.

In February, DoT is scheduled to auction 184 MHz of spectrum in the 900 MHz band currently held by Idea Cellular, Vodafone, Reliance Communications and Bharti Airtel, as their permits to use the bandwidth will expire in November 2015. It also plans to sell 104 MHz in the 1800 MHz band.

The final schedule will be firmed up after processing the regulator's recommendations on floor prices.

Setting Ground for 3G Spectrum Wars

ALL EYES ON SPECTRUM AUCTION IN FEBRUARY

In Feb, **DoT** is scheduled to auction 184 MHz of spectrum in the 900 MHz band currently held by Idea, Vodafone, RCOM and Airtel

It also plans to sell 104 MHz in the 1800 MHz band

Trai expected to come up with the reserve price for 900 MHz and 1800 MHz bands by month-end

Final schedule to be firmed up after processing Trai's recommendations on floor prices

600 m
No of broadband users that govt aims to achieve by 2020

₹50,000 cr
Estimated loss to the exchequer if govt is unable to auction 3G airwaves

DoT and the defence ministry are in a stalemate over swapping 15 MHz of 3G spectrum, currently in possession of the defence ministry, with an equal chunk of 1,900 MHz band

Negotiations still under way with the defence ministry to swap the 3G airwaves with another band of spectrum held by DoT, say sources

Telcos had urged govt for "partial allotment of 3G airwaves in the 2100 MHz band" immediately, if the telecom department is unable to thrash out a spectrum-swap deal with the armed forces

₹51,000 cr
Amount raised in 2010 through sale of 3G bandwidth – 15 MHz in 17 circles and 20 MHz in five regions

The Economic Times

Date: 13/10/2014
Page No. 08

Cos Oppose Govt Attempt to get Rid of Cost Recovery

Nelp-X gets delayed as ministry simplifies rules while oil cos move to save profits

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Rounds So Far

Nelp-I was launched in Feb 1999

Nelp-IX launched in London in Oct 2010

Nelp-X proposed to offer 46 blocks

254 blocks awarded, 148 operational under nine rounds

$21.32 billion invested so far

(Source: MoPNG & DGH)

New Delhi: The government plans to review its decision to adopt a simple, transparent revenue-sharing system for oil and gas fields in place of the controversial regime that allows explorers to recover their costs before sharing oil and gas revenues with the state.

The oil ministry wanted a system which does not require hands-on bureaucratic supervision and rules out allegations of "gold plating" costs because the government would get a specified revenue irrespective of the amount of money spent on developing the field. But exploration companies find the existing system lucrative, and have been mounting pressure on the government to stick to the current regime, sources said.

This is expected to further delay the 10th auction round of exploration blocks, government and industry sources said.

The oil ministry has been asked by "the competent authority" to hold its cabinet proposal, which sought to introduce simpler revenue-sharing from the next auction of oil and gas blocks, where the government will get revenue share from day an explorer starts output, sources said. The oil ministry had already circulated the less controversial draft revenue sharing model (RSM) for public comments with initial deadline of Sep 10, which was later extended to the end of September. The RSM model is based on the recommendations of the Rangarajan committee, which was constituted by the former Prime Minister Manmohan Singh in 2012.

"A review is ordered after industry delegations met some ministers in the government," a source with direct knowledge of the matter said. ET reported on Aug 19 that the government had decided to change the existing production sharing regime (PSC) so it does not need to micromanage oilfield affairs and companies have no incentive to inflate costs.

The government had taken a decision to abandon existing contractual regime after the Comptroller and Auditor General (CAG) of India said that the government was lax in enforcing contractual terms with private explorers and the contracts do not incentivize operators to minimize exploration and production (E&P) costs.

Private energy firms say that the proposed revenue sharing model (RSM) does not provide enough incentive for them to invest in India where hydrocarbon potential is not attractive. "India is not highly prospective like Gulf countries. No foreign company would invest in India without absolute clarity on oil & gas pricing and marketing policies and without allowing them cost recovery. A commercial discovery is made after sinking millions of dollars in dry wells, which is completely operators' liability," said an executive working for a private oil company.

Indecision on finalizing contractual terms is leading to inordinate delay in launching the tenth round of the New Exploration Licensing Policy (Nelp-X). "Four ministers have changed since the last round, but it is sad India is not yet prepared for Nelp-X," an executive working for a foreign energy major said requesting anonymity. The ninth round was unveiled four years ago on October 8 in London by then Oil Minister Murli Deora.

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Food security: India toughens stand at WTO

Will seek removal of restrictions in 'peace clause'

AMITI SEN

New Delhi, October 12

India has decided to strike a harder bargain on food security at the World Trade Organisation than it did in July. It wants restrictive conditions attached to the use of the peace clause dropped.

New Delhi, which had wanted the 'peace clause' offering protection against retaliatory action for breaching farm subsidy caps extended indefinitely in return for support to the trade facilitation pact, is now seeking more.

"We want the peace clause to be worded in a way that we can actually use it," a Government official told *BusinessLine*.

In its present form, the peace clause requires mandatory submission of various documents related to a country's procurement programme before it can be used. Not only the Centre, but States too have to submit data for five years giving details on the food security programme and all related numbers. "This may be impossible to provide, as many States do not maintain all this data," the official said.

Information has to to be supplied on agencies running the programmes, crops covered, provisions relating to purchase of stock, determination of administered price, accumulation of stock, release of stock, determination of release prices, and the eligibility to receive procured stocks.

Moreover, the peace clause notes that protection against legal action for breaching subsidy limits will be given only if the stocks procured under such programmes do not distort trade or adversely affect the food security of other members.

"If a developing country has to prove to the WTO that the procurement subsidies are non-trade distorting, then why do we need the peace clause at all? We might as well fight cases at the WTO," the official added.

In July, India had blocked an agreement on trade facilitation — a pact to smoothen flow of goods across by upgrading the Customs infrastructure — as it wanted its concerns on food security addressed first. It was decided at the Bali Ministerial meet of the WTO last December that a protocol on trade facilitation would be signed by July 31 2014.

Countries such as the US and Australia have now accused India of breaching the trust.

But New Delhi is unwilling to relent and wants an amendment to the Agriculture Agreement of the WTO so that price support for public procurement and food aid in developing countries — to benefit low-income farmers or those who lack resources — is considered a 'Green Box', or non-trade distorting, item and allowed without limits. Alternatively, it wants a change in the reference price year for calculating the subsidies.

At the Bali WTO Ministerial, India was offered the 'peace clause' so that no action is taken against its subsidies till a solution to its problem of subsidy calculation is found. However, New Delhi later realised that the offer was only for four years, till the next Ministerial meeting in 2017.

"Although the US has now approached us in Geneva (WTO headquarters) to tell us that they are willing to extend the peace clause indefinitely, our Ambassador to the WTO has told them that we are not ready to accept that yet," the official said.

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After RBI diktat, Uber under the scanner of Services Tax Dept

Dept sends tax enquiry to Uber

PRESS TRUST OF INDIA

Mumbai, October 12

After allegedly falling foul with the RBI, the US-based transport app provider Uber Inc, which offers its services to around 1,200 cab operators in India's 10 top cities, has come under the scanner of the Services Tax Department.

"We have sent a tax enquiry to Uber Inc. So far, they have not paid us a single penny in taxes. We have not sent them a demand notice as they don't have an office in the country, but are operating through their Netherlands arm," Mumbai Service Tax Commissioner SK Solanki told PTI.

When asked about the quantum of money in default, Solanki said: "The department has not sent a demand notice to them but an enquiry, seeking clarifications.

"Their headquarters has informed us that some representative from their Netherlands office will meet us. We will issue them a demand notice after getting their response because we are not sure who is liable to pay the tax – Uber or the cabbies. But someone has to pay," he said.

Tax issues A file picture of the popular car pick-up service Uber application in Berlin. AFP

Uber has become popular by offering luxury car rides for a little more than the regular fare.

The service tax notice to Uber makes it the first such demand to a foreign service provider in the e-commerce space in the country.

The San Francisco-based Uber Inc claims to be the world's largest transport app service provider by online aggregation of luxury cab operators, and has been under legal and regulatory lens in almost all the markets it operates, including US, Germany, Britain, Poland, Brazil, and Korea. It is present in over 200 cities globally.

In August, the RBI had reportedly asked it to stop receiving payments with single-factor authentication from October 31, which would effectively mean that it will have to shut shop by the end of the month here.

When told that Uber claims it is not in default, Solanki said: "I don't understand how they are different from any other taxi operator like Meru, TabCab etc who all pay service tax. We are very sure that either Uber pay us the tax or cabbies do so. But getting it from some 1,200 cabbies individually is not easy."

When contacted for response, Uber communications head for APAC Region Evelyn Tay in an email told PTI: "Uber complies with all applicable tax laws, and pays the relevant tax in every territory it operates in. All payments on the Uber system are cashless and fully traceable in an industry that has been notoriously cash-based for years."

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Final norms for payment banks next month, says RBI Deputy Governor

MUMBAI: Reserve Bank of India's (RBI) Deputy Governor SS Mundra has said that the central bank plans to announce the final norms on small and payments banks next month.

"We have received comments (on the discussion paper). Soon, in a month or so, the RBI will come out with the final guidelines on small and payment banks," he said, while addressing students from the Narsee Monjee Institute Of Management (NMIMS) over the weekend.

To deepen the financial inclusion process, and help get more people under the formal financial system, the RBI has mooted the idea of small banks and payments banks.

It had come out with draft guidelines earlier and had invited comments by August 28.

Mundra sought to dismiss concerns on profitability for such banks, saying they can earn from a variety of avenues like charging for transactions and through investments in government bonds.

Once released, these final norms would allow micro-lenders, telecom players, non-banking finance companies and public sector companies eligible to apply for licences once RBI invites applications for the same.

Small banks would provide a whole suite of basic banking products such as deposits and supply of credit, but in a limited area of operations.

Payments banks would offer a limited range of products such as demand deposits and remittances. They would have a widespread network of access points particularly in remote areas, either through their own branch network or through business correspondents or through networks provided by others. PTI

Business Standard
Editorial

A blip or a turn?

IIP a negative surprise, but recovery durable

Against the somewhat grim picture of the state of the global economy painted by the International Monetary Fund (IMF) at the annual World Bank-IMF meetings last week, the August numbers of India's Index of Industrial Production (IIP) came as somewhat of a shock. For the past few months, the IIP has been suggesting a steady, if modest, recovery in the economy, leading most analysts to say that the worst has been decisively left behind. The clustering of forecasts for August was for a year-on-year growth rate of over two per cent. The actual number came in at 0.4 per cent, with the manufacturing sector, which accounts for about 80 per cent of the index, declining by 0.2 per cent. This takes the year-on-year growth for the April-August period to 2.8 per cent, certainly not bad by the standards of the past couple of years, but the August number raises a serious question: is the recovery being nipped in the bud, and, if so, is the adverse global scenario projected by the IMF a significant factor in this?

Looking at the performance across industries, capital goods and consumer durables were the major contributors to the sluggishness, declining by 11 per cent and 15 per cent respectively, year-on-year. The former was done in by office, accounting and computing machinery (-43.9 per cent) and electrical machinery and apparatus (-17.8 per cent). The latter's decline was largely due to radio, television and communication equipment (-48.8 per cent). It needs to be emphasised that large swings of this kind have been seen through the entire period over which the recovery is supposed to have taken place. So, in and of themselves, they do not indicate anything more than a blip. Only time will tell, but meanwhile, key sectors, such as basic metals (19.1 per cent), non-metallic mineral products, which is primarily cement, (4.6 per cent), and other transport equipment (14.3 per cent), seem to be sustaining the momentum they have built up over the same period. This suggests that there is an underlying durability to the recovery, which should see economic growth improving over the next year. The electricity sector, however, continues to pose some questions with the August number pegging the growth at 12.9 per cent and the April-August number showing a healthy 11.7 per cent, much above the industrial growth rate for this period.

The expectation of a recovery will clearly be strengthened by the rapidly improving macroeconomic situation. The drastic fall in oil prices yields a triple dividend. Even with everything else remaining the same, inflation will moderate and the current-account and fiscal deficits will narrow significantly. If the government continues to take steps to address all the three stress points, the space to cut interest rates and increase public expenditure on infrastructure will quickly materialise. In a recent interview, Reserve Bank of India (RBI) Governor Raghuram Rajan emphasised the point that India is relatively well-prepared to withstand any shocks that may emanate from the United States Federal Reserve's monetary tightening. This has resulted from a combination of positive steps taken by the government and the RBI, reinforced by the favourable developments in oil and other commodity prices. Even if the modest growth momentum does actually weaken, the room for fiscal and monetary response, both domestically and globally, is now quite visible. Judicious use of this space combined with aggressive pursuit of a structural-reform agenda should help to keep the recovery going, while also preparing the ground for acceleration over the longer term.