Planning Commission
Government of India

PART A: News pertaining to Planning Commission

17.10.2014

Compiled by:

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आज का विचार (महात्मा गांधी के मूल्यवान वचन)

"अस्पृश्यता तो तमाम सत्य की, धरम की और प्रगति की दुश्मन हें । इसे जरा भी सहारा देने में मेरा हाथ हो ही नहीं सकता" ।

1. India’s growing middle class and federalism are likely to set the tone for economic policies: S&P

Capital Market: October 16, 2014 Last Updated at 16:27 IST

Scrapping of **Planning Commission** was a significant step in enhancing the autonomy of the states says S&P

India's state governments are on the verge of gaining much more discretion in the use of transfers from the central government. Prime Minister Narendra Modi's scrapping of India's Planning Commission was a significant step in enhancing the autonomy of the states, said Standard & Poor's Ratings Services in a latest report.

The report, titled "India: The Shape of Things to Come," said this shift of central policymaking to the states is one of two important trends in the country - the other being expansion of the middle class.

Standard & Poor's credit analyst Joydeep Mukherji, said, "Fiscal decentralization should result in more competition between states in attracting investment and promoting growth, setting the stage for further economic reform and modernization. The government has reduced the number of centrally sponsored schemes and given states more flexibility in using the money in those schemes. Moreover, scrapping the Planning Commission also allows states to receive more federal transfers without strings attached, giving them scope to determine their own spending priorities."

A bulging young lower-middle income group in large and small cities, with strong aspirations for upward mobility, has swelled the middle class in India. Poor GDP growth of recent years has made the middle class more favorable toward economic reforms, which they increasingly see as necessary for rapid economic expansion and their own continued prosperity.

"The combination of growing federalism and a rising middle class sets the larger political context for the economic policies the government is likely to pursue in the next five years. We expect the government to seek to improve the administrative performance of the bureaucracy while pursuing gradual fiscal consolidation," Joydeep Mukherji said.

Standard & Poor's affirmed its 'BBB-/A-3' long- and short-term sovereign credit ratings on India on Sept. 26, 2014, and revised the outlook to stable from negative. The outlook reflects our view that the newly elected government will be able to implement economic reforms that spur growth, which in turn improves fiscal performance.

However, the Modi government is not likely to take dramatic steps to change economic policies. Joydeep Mukherji said, "Modi will seek to win as many state elections as possible, especially in the next two years, to gain seats in the upper house of parliament and ease the passage of legislation."

"The Modi government has inherited several weaknesses that will constrain economic growth, at least in the next year or two," Joydeep Mukherji added.

Inflation is likely to remain high, around 8% in 2014 and 7% in 2015, while the general government fiscal deficit is likely to exceed 7% of GDP in fiscal year 2015 (ending March 31, 2015) and remain above 6% in fiscal 2016.

Joydeep Mukherji said, "We believe that India's economic performance will disappoint optimists through 2015 but will likely be better than the fears of pessimists over the long term".

2. India: Growing Middle Class and Federalism to Help Shape Economic Policies, S&P Says

- Boby Michael, **International Business Times:** October 16, 2014 11:40 BST

India rupee bundlesReuters

India's state governments are on the verge of gaining much more discretion in the use of transfers from the central government with the shift of central policymaking to the states and expansion of the middle class Standard & Poor's Ratings Services said on Thursday.

Prime Minister Narendra Modi's scrapping of India's **Planning Commission** was a significant step in enhancing the autonomy of the states, S&P said.

"Fiscal decentralisation should result in more competition between states in attracting investment and promoting growth, setting the stage for further economic reform and modernisation," said Joydeep Mukherji, a credit analyst at S&P.

"The government has reduced the number of centrally sponsored schemes and given states more flexibility in using the money in those schemes. Moreover, scrapping the Planning Commission also allows states to receive more federal transfers without strings attached, giving them scope to determine their own spending priorities."

Aspirations of the middle class

A bulging young lower-middle income group in large and small cities, with strong aspirations for upward mobility, has swelled the middle class in India, the rating agency said.

Poor GDP growth of recent years has made the middle class more favourable toward economic reforms, which they increasingly see as necessary for rapid economic expansion and their own continued prosperity, S&P noted.

"The combination of growing federalism and a rising middle class sets the larger political context for the economic policies the government is likely to pursue in the next five years. We expect the government to seek to improve the administrative performance of the bureaucracy while pursuing gradual fiscal consolidation," Mukherji said.

Rating and reforms

On 26 September, S&P upgraded its rating outlook for India to stable from negative while affirming its 'BBB-/A-3' rating, saying the newly elected government will be able to implement economic reforms that spur growth, which in turn improves fiscal performance.

However, the Modi government will seek to win as many state elections as possible, especially in the next two years, to gain seats in the upper house of parliament and ease the passage of legislation, according to the rating agency.

Moreover, the Modi government has inherited several weaknesses that will constrain economic growth, at least in the next year or two, S&P said.

Inflation is likely to remain high, around 8% in 2014 and 7% in 2015, while the general government fiscal deficit is likely to exceed 7% of GDP in fiscal year ending March 2015 and remain above 6% in fiscal 2016.

"We believe that India's economic performance will disappoint optimists through 2015 but will likely be better than the fears of pessimists over the long term," Mukherji said.

3. Modi govt rejigs economic team

Business Standard: 17.10.2014

Mehrishi is economic affairs secretary; Swarup becomes OSD in the coal ministry; Mayaram transferred to the tourism ministry

The Narendra Modi government on Thursday took a slew of steps to restructure its economic ministries. Finance & Economic Affairs Secretary Arvind Mayaram was shifted to the tourism ministry, after exercises for the 2015-16 Budget had begun. Rajasthan Chief Secretary Rajiv Mehrishi, handpicked by Chief Minister Vasundhara Raje, was made the new economic affairs secretary. And, in the department of economic affairs, US-based economist Arvind Subramanian was appointed to fill the long-vacant post of the government's chief economic advisor.

Subramanian taking charge on Thursday also put to rest the speculation that his appointment had hit hurdle with a Narendra Modi-led government taking charge at the Centre.

In total, 20 bureaucrats - seven of them secretaries - were transferred by an order dated Wednesday. Among other transfers, Anil Swarup, heading the project monitoring group in the Cabinet Secretariat, was appointed officer on special duty in the coal ministry. He will take charge as secretary from November 1, after incumbent S K Srivastava retires. His appointment came at a time when the ministry is preparing implementation of the Supreme Court's decision on deallocation of coal blocks.

When a new government took over, speculations were rife that Mayaram and (the then) revenue secretary Rajiv Takru, considered close to the previous government, would be transferred from the finance ministry. Takru was replaced by Shaktikanta Das in June and posted to the department of the Northeast region, while Mayaram continued as finance secretary, contributing to many tasks, including the Budget presented by Finance Minister Arun Jaitley in July.

The transfer of Mayaram (59) has come as a surprise to officials in the finance ministry. "He is taking it in his stride, unlike other bureaucrats who met the same fate in the past," said an official who spoke to the finance secretary after the reshuffle was announced.

Mayaram will replace Pervez Dewan as tourism secretary on November 1, when the latter retires. Mayaram will, however, chair a Foreign Investment Promotion Board meeting on October 21 that is expected to decide on raising foreign direct investment in HDFC Bank. He had on Wednesday issued a statement on oil prices and held meetings in the ministry. He had a hectic schedule on Thursday as well. He also went to Parliament for work, sources said.

Now, only two of the five secretaries in the finance ministry - Financial Services Secretary G S Sandhu and Expenditure Secretary Ratan Watal - linger from the previous regime. In September, Aradhana Johri was appointed the new disinvestment secretary. She took charge from October 1, when Ravi Mathur retired.

Mehrishi belongs to the same Rajasthan cadre and 1978 batch as Mayaram. Watal, also of the 1978 batch, belongs to the Andhra Pradesh cadre. One of the two is likely to become the finance secretary. The tradition is, if the two most senior bureaucrats in the ministry are of the same batch, their ranks in the Union Public Service Commission (UPSC) examination are taken into consideration. If that is maintained, Watal will become finance secretary.

Insiders said the Bharatiya Janata Party-led government might gradually transfer bureaucrats considered close to the previous regime, which might lead to a debate over fixed tenures for secretaries. Mayaram was brought back to the finance ministry by P Chidambaram in 2012 after he replaced Pranab Mukherjee as finance minister. Mayaram had earlier worked in the finance ministry, including in the infrastructure division.

Mehrishi was appointed chief secretary of Rajasthan after the BJP government came to power in the state last year. During his stint, the state initiated major labour reforms. Mehrishi was a joint secretary in the department of corporate affairs in the law ministry between 2001 and 2004. Between 2003 and 2004, Jaitley was law minister in the previous NDA government.

Of the Uttar Pradesh cadre, Swarup was instrumental in clearing stalled projects as head of the project monitoring group set up by the previous government to revive investments in key sectors. In other postings, Water Resources Secretary Alok Rawat has been posted to the department of administrative reforms. The water resources ministry is considered important by the BJP-led government because of its priority for cleaning the Ganga. Additional secretary in the department of personnel and training Bhaskar Khulbe was appointed additional secretary in the Prime Minister's Office in place of R Ramanujam, who retired.

4. Key policy decisions by month-end

Aditi Phadnis , Business Standard: 17.10.2014

Having proved himself as a 'rock star' abroad and a vote-getting machine at home, Prime Minister Narendra Modi is now going to do what people are telling him to do: Take policy decisions that cannot be put off any longer.

The first of these is a Cabinet reshuffle likely by the end of this month - after Diwali. A brace of decisions on economic policy, including diesel pricing, disinvestment and gas pricing, will follow personnel changes carried out on Thursday.

A top Bharatiya Janata Party (BJP) source explained it was important to change the faces before changing policy. "Already people are saying that our government is doing what the previous government left undone. One way of clearing the air is to change the people who were identified with the previous government: Then the policy rollout will also have a stamp of novelty," he said. More changes in the department of banking and decisions on crucial appointments like the central vigilance commissioner and a new cabinet secretary are also likely.

The contours of a Cabinet reshuffle have not even been discussed yet but the gaps are obvious. Expecting victory in Haryana and Maharashtra, the party will want to accommodate people from these two states. Rajasthan is grossly under-represented.

The new interlocutor between the BJP and Rashtriya Swayamsevak Sangh (RSS), Krishna Gopal, is likely to take over on October 23. This will have its own impact on government-party relations. The role of MPs and the organisation in running the government is currently restricted. Gopal will address this skewed relationship. In the next few months, a new power dynamic in the BJP should be evident.

The party is confident the setback of the by-elections, where the BJP lost significantly, will be irrelevant once the Haryana and Maharashtra results are out. The two men who finally decided to dump allies and go it alone in the state polls - Narendra Modi and Amit Shah - are likely to gain enormously in credibility and clout if the elections go the way they had planned. This will add heft to policy decision that will follow.

5. **Subramanian is new economic adviser**

17 Oct 2014 Hindustan Times (Delhi)
Shishir Gupta & Gaurav Choudhury letters@hindustantimes.com Arvind Subramanian

NEW DELHI: The government Thursday appointed eminent economist Arvind Subramanian as the new chief economic adviser (CEA) as a new team looks set to take charge at North Block ahead of next year's crucial budget.

Subramanian, Senior Fellow at the Peterson Institute for International Economics, will work alongside Rajasthan chief secretary Rajiv Mehrishi, who replaces present finance secretary Arvind Mayaram.

Both are tasked with advising the government on policies to engineer a quick turnaround in Asia's third largest economy that is showing signs of clawing out of its deepest slump in a quarter of a century.

HT first reported on August 11 that Subramanian was likely to be made CEA. Named one of the world's top 100 global thinkers in 2011 by Foreign Policy magazine, he was among two candidates shortlisted to take over as India's top economist. Sources said his appointment came after weeks of consultations within the government and also keeping in mind signs of opposition from some quarters within the ruling party's ideological support base

Subramanian is ranked among the top 1% of the world's academic econo-mists in terms of citation of research, according to the widely used REPEC rankings. He obtained his undergraduate degree from Delhi's St Stephens College, his MBA from IIM-Ahmedabad, and his MPhil and DPhil from the University of Oxford, UK.

Likewise, sources said, Mehrishi's appointment came after extensive discussions with Rajasthan chief minister Vasundhara Raje, who was keen to retain him as her chief secretary. Mehrishi was leading the state's recent dramatic push towards free market refor ms, including initiatives to ease rules in labour market characterised by rigid laws.

Sources said finance minister Arun Jaitley held meetings with Raje and Mehrishi before the government decided on the crucial appointment to replace Mayaram, with whom "the FM shared a comfortable equation".

Sources indicated these appointments could be a precursor to further changes in the finance ministry in the coming months.

6. Race for cabinet secy post gathers pace

17 Oct 2014 Hindustan Times (Delhi)

HT Correspondent letters@hindustantimes.com

NEW DELHI: The Modi government's major secretary-level reshuffle has narrowed the race for the next cabinet secretary when Ajit Seth's extended term ends on 12 November.

Water resources secretary Alok Rawat's transfer as the administrative reforms secretary signals that the Himachal Pradesh cadre officer may no longer be a key contender for the post.

The 1977-batch Rawat's name will still figure in the shortlist to be formally drawn over the next week or so. Others who will make it to this list include his batchmates, power secretary PK Sinha, corporate affairs secretary Naved Masood and micro, small & medium enterprises secretary Madhav Lal. Sinha is believed to be a favourite.

Since the cabinet secretary's post is a promotion, the government cannot give seniority a go-by and has to consider all officers of the requisite seniority, a government source said, explaining that the Prime Minister's Office will have the right to select any of the shortlisted officers.

Sources suggested that the seniority principle could be tinkered with by including some more officers in the shortlist.

When the previous Manmohan Singh government was not comfortable appointing any of the senior-most officers, it started the practice of giving the incumbent cabinet secretary an extension. This is one reason why the UPA government only had three cabinet secretaries during its decade in power: BK Chaturvedi, KM Chandrasekhar and Ajit Seth.

PART B

NEWS AND VIEWS

Friday, 17th October 2014

Polity	: PM unveils labour reforms to make it easy to do business
Economy	: RBI in talks with govt to set up resolution panel: Rajan
Planning	: World Bank holds meeting on Ganga waterways plan
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Phone # 2525

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PM unveils labour reforms to make it easy to do business

Initiatives include EPF portability, single-window portal for business

OUR BUREAU
New Delhi, October 16

Prime Minister Narendra Modi launched a number of initiatives on labour reforms and ease of doing business, on Thursday.

He dedicated schemes such as portability through a universal account number (UAN) for Employees' Provident Fund subscribers, a single-window portal to enable doing business, and a labour inspection scheme in the Central sphere. He said all these schemes were already in place and it was only after their implementation that he was launching them formally.

"We need to appreciate labour issues through the perspective of the labourers, so that these can be understood and resolved with compassion," Modi said, while launching the new initiatives under the 'Pandit Deendayal Upadhyay Shramev Jayate Karyakram'.

Labour matters Prime Minister Narendra Modi and Labour Minister Narendra Singh Tomar launched a host of schemes, in New Delhi, on Thursday. KAMAL NARANG

Inspector Raj

The Prime Minister said the Government must trust its citizens, and a big step had been taken in this direction by allowing self-certification of documents by employers.

The portal for employers will allow them to submit a single self-certified return and be in compliance with 16 labour laws. Labour inspection, too, will become transparent as there will be random selection of units for this purpose, ending harassment or the 'Inspector Raj.'

An inspector will have to upload his report within 72 hours, failing which disciplinary action would be taken.

"Ease of business is the first and foremost requirement if 'Make in India' has to be made successful," he added.

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RBI in talks with govt to set up resolution panel: Rajan

Describes relationship with Centre as cordial, sees economic growth picking up

BS REPORTER
Hyderabad, 16 October

Reserve Bank of India (RBI) Governor Raghuram Rajan has said the central bank is in talks with the Centre to set up a financial resolution authority (FRA).

"We really need a financial resolution authority so that we can close financial institutions in trouble, without necessarily merging those and taking the losses. We need to clean institutions...while resurrecting those functioning well. FRA will be the entity that will do it," Rajan said in an hour-long interaction with students of the Indian School of Business here on Thursday.

He added RBI was also in discussions with the government about the monetary policy framework, in terms of making the objectives of the central bank more expressive. "One objective could be a specific level of inflation to which it can move. Another could be financial stability. The third objective could be growth. Also, what will be discussed is how to determine this process," he said.

After taking charge of the central bank in September last year, Rajan had set up a committee under Deputy Governor Urjit Patel to review India's monetary policy framework. Among other things, the panel suggested a shift to a rule-based monetary policy from the current discretionary monetary policy. It also suggested an inflation-targeting framework.

"We really need a financial resolution authority so that we can close financial institutions in trouble, without necessarily merging those and taking the losses. We need to clean institutions..."
RAGHURAM RAJAN
Governor, RBI

The government wants to announce the roll-out of the new monetary policy framework during the announcement of the 2015-16 Union Budget.

The RBI governor also said economic growth was picking up. He envisaged six per cent growth rate in the "final half of this year and next year and, hopefully, seven (per cent) a year after". He added to sustain this growth and raise it, "we have to think of how we reform the system of fundamentals".

Between September last year and January this year, RBI had raised the repo rate thrice to tackle inflation. The central bank has, however, maintained status quo in the rate in the past four policy reviews.

"We are trying to build the credibility of RBI and the government to keep inflation low. We are establishing we care about inflation and we keep it low; trust us. This allows us to promote growth," he said.

He spoke of the need to restructure human resources within the central bank, adding there was broad consensus among the top management on the restructuring.

The restructuring process was started last week, with RBI increasing the number new executive directors and segregating regulatory and supervisory departments. The appointment of a fifth deputy governor as chief operating officer (COO), which has faced opposition from the government, is also a part of the exercise.

While the central bank primarily looks after five areas — supervision, regulation, market, monetary policy and general services — the proposed COO will be in charge of general services. For this, there has to be a fifth deputy governor. But the RBI Act stipulates only four.

"We have to change the Act. We are working with the government. Let's see if it works," Rajan said.

Prime Minister Narendra Modi had an ambitious agenda for India and expectations of him were very high, Rajan said, adding the government seemed to be focusing on improving the framework for doing business. "You need to make it easy for business to grow. That means finance; that means regulations; and that means skilled labour. I think the government is working on all these. If we can do this and scale up the whole thing, I don't see why we cannot, over time, reach double-digit (growth rate)."

Emphasising the need to "put distress assets back on track", Rajan spoke of the need to open the licensing process to establish new asset reconstruction companies.

RBI's Central Board discusses banking issues

The Central Board of Directors of the Reserve Bank of India, which met in Hyderabad on Thursday, has reviewed the functioning of the central bank as well as the current economic situation and global and domestic challenges and policy responses.

"In particular, the Board reviewed areas relating to payment and settlement system, banking supervision, banking regulation, activities of the financial markets department and the Deposit Insurance and Credit Guarantee Corporation," a release issued by RBI said. RBI Governor Raghuram Rajan chaired the meet. **BS REPORTER**

Business Standard

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World Bank holds meeting on Ganga waterways plan

Experts raise concerns about its environmental impact

ARIJIT PALADHI
New Delhi, 16 October

The World Bank's representatives met a delegation of environmental experts, including Dr Bharat Jhunjhunwala, that expressed its concerns about the Jal Marg Vikas (Ganges waterways) project announced by the government, the minutes showed. Its budgetary allocation is ₹4,200 crore.

The concerns raised included the destruction of the river ecosystem due to inorganic contamination; harmful impact of ship navigation on water; and gradual reduction of the river's ability to self-purify.

National Waterway-1 (NW1) is a 1,620-km stretch of the Ganges from Allahabad to Haldia. In June, the Centre had made a proposal to the World Bank to revive NW1, later named Jal Marg Vikas in the Budget speech of Union Finance Minister Arun Jaitley. The proposal was based on a study by Danish Hydrological Institute, done between Allahabad and Gazipur, a 370-km stretch. In July, the World Bank responded with an offer to provide technical assistance for the initial study, whose outcome would decide investments on the project.

But before a detailed assessment of the NW1 was completed, Union Minister for Road Transport and Highways and Shipping Nitin Gadkari on June 7 outlined a plan that barrages could be constructed at every 100 km on the NW1, among others. This got criticism from environmental experts and scientists.

The presentation to the World Bank cited a threat to Gangetic dolphins and other aquatic flora and fauna because of the barrage construction. It quoted a Swiss study, which said a seven per cent increase in malarial diseases in nearby areas would happen once barrages came.

The World Bank representatives said they were unaware of the plan to construct 16 barrages. They said no funds had been disbursed. While the plan proposes to maintain a depth of at least three metres to make it navigable for barges carrying 1,500-2,000 tonnes, only 560 km (between Haldia and Farakka) has such depth. The rest (1,060 km) requires a study to determine pockets that need dredging.

"The mandate is to provide at least three metres of depth. Now the entire 1,620-km stretch is being considered, another detailed assessment will need to be made," said an official from the Inland Waterways Authority of India.

BRASS TACKS

- The investment for the stretch is divided into three phases: Haldia-Barh, Barh-Varanasi and Varanasi-Allahabad
- World Bank and the Indian government have planned three studies - detailed feasibility, cumulative impact, and market developmental studies
- The expression of interest for all the three studies has been advertised
- Consultants will be shortlisted and issued request for proposal by November.
- The final selection of consultants to be done by January

For full report, go to www.business-standard.com

The Financial Express

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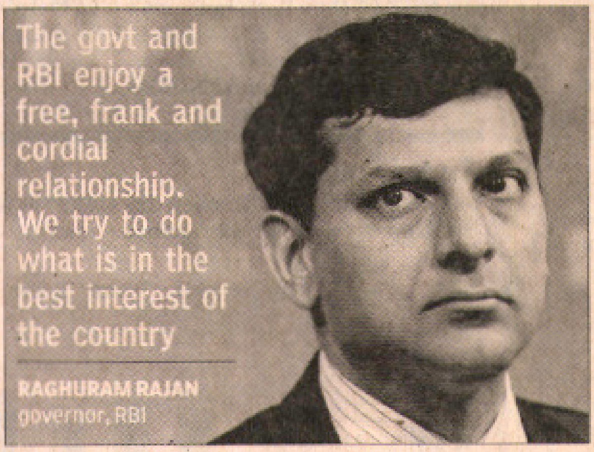
Can do more to sustain growth: RBI

fe Bureau

Hyderabad, Oct 16: Reserve Bank of India (RBI) governor Raghuram Rajan on Thursday said India is seeing a pick-up in economic growth and more can be done to support it on a sustainable basis.

He said the current account deficit had come down and some pick-up is seen in industrial growth. "The bottomline is that growth seems to be picking up as inflation is easing," he said while addressing the students of Indian School of Business (ISB).

Rajan said many market participants were convinced that India could hit the RBI's target of bringing down consumer inflation to 6% by January 2016. "We are expecting 5.5% this year; it may go up little more to 6% next year," he said.



He was in Hyderabad for the annual board meeting of the central bank. A release issued by the RBI said board reviewed the central bank's functioning; the present economic situation, global and domestic challenges, and policy responses.

Rajan said RBI was in discussions with the government over the country's monetary policy framework, calling the relationship between the two sides as cordial. He said the talks included setting objectives for the RBI and did not threaten the independence of the central bank and were instead issues being worked out between the two sides. "The truth is that the government and the Reserve Bank (of India) enjoy a free, frank and cordial relationship. We discuss many things and we try to do what is in the best interest of the country," Rajan explained.

On asset reconstruction companies (ARCs), he said the RBI will provide more licences as the country needs more specialists to put distressed assets back on track. Rajan stressed the need to steer foreign investments into longer-dated debt.

The Financial Express

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Malaysia takes the road less travelled

Evinces interest in 5 highway PPP projects worth ₹9,300 cr

Timsy Jaipuria
New Delhi, Oct 16

AT a time India's public-private partnership (PPP) projects designed for highway construction have few takers, banks have developed cold feet with regard to the sector and a disgruntled government is busy revisiting the model of publicly funded (engineering, procurement and construction or EPC) projects, some foreign investors seem to provide a contrast. Emboldened by the interest evinced by the Malaysian government's Construction Industry Development Board (CIDB) in five PPP projects that had got no bids, the ministry of road transport and highways is giving the projects another try by relaunching them, shelving a plan to develop these projects through EPC contracts.

The projects that will be placed again before potential investors have an estimated total cost of over ₹9,300 crore and include the ₹4,500-crore Eastern Peripheral Expressway in the National Capital Region and two long stretches in Punjab. In PPP projects, developers and the government enter into a concession agreement that provides for the former to recoup their investments with profits by tolling. In the past, some leading domestic infrastructure firms deserted high-profile highway projects awarded to them after competitive selection, citing toll collections falling way behind projections and escalation in project costs owing to delays in various clearances.

While CIDB, formed under an Act of that country's Parliament, promotes the interests and capabilities of infrastructure firms in Malaysia, China is also looking at India's road projects with renewed interest, though Beijing would in most cases prefer EPC projects and would want them to be given to Chinese firms, disinclined as it is to come in through the competitive route.

Official sources said while four projects Malaysia has shown interest in have already been relaunched for development under the build-operate-transfer mode, in the case of the 135-km Eastern Periphery Expressway the bids will be invited this week (see table).

Malaysia is a major potential foreign investor in India, with investments lined up in the power, oil refineries, telecommunication and electrical equipment industries, apart from highway and other infrastructure development projects.

Prior to the Malaysia showing interest in the five highway projects, the Indian government had decided to award these projects under the EPC mode, which has gained currency recently after drawing a blank between 2008 and 2012, the period that saw the PPP model being embraced by policymakers.

Close to 189 highway projects involving investments of around ₹1,80,000 crore are stuck due to problems of land acquisition, delays in forest and environmental clearances, non-transfer of defence land and hurdles in rail overbridges. Indian developers, confronting these problems and being financially stretched, have remained lukewarm in response to several new PPP projects presented by the government. The previous government could only manage to award projects for 3,169 km of the around 5,000 km of projects that went for bidding in 2013-14.

Foreign hand

Project	Date of relaunch	Length (km)	Cost (₹ crore)
Eastern Peripheral Expressway	Likely this week	135	4,489
Zirakhpur-Patiala	Oct 10, 2014	50	507.29
Ambala-Kaithal	Sept 1, 2014	95	853.9
Patiala-Bathinda	Oct 10, 2014	160	1,586.35
Bathinda-Amritsar	Oct 10, 2014	175	1,899

Source: MoRTH

The Economic Times

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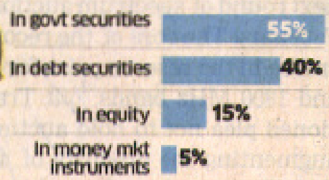
Bigger Equity Play Likely for Govt NPS Subscribers

Matter of Choice

Under National Pension System, subscribers can opt for the equity or debt option for investments

This choice is not given to govt employees under NPS | For them, there is only one default Tier 1 structure

Breakup of their investment:



NPS has total 75 lakh subscribers | Out of which, 37 lakh are central & state govt employees

PFRDA thinks govt employees should also get the option to invest in equities

This is a big opportunity lost. The fundamental premise of NPS was to grow the corpus of employees to meet their retirement needs
Dhirendra Kumar
CEO, Value Research

Govt hasn't been able to persuade EPFO to invest staff's savings into equity fund so far

Dheeraj.Tiwari
@timesgroup.com

New Delhi: The pension regulator may allow a greater portion of the retirement savings of government employees parked in National Pension System (NPS) to be invested in equities if the government proposes to do so.

This could over the year allow movement of thousands of crores of long-term retirement savings into equities, something that the government has been unable to persuade the Employees Provident Fund Organisation to do.

"The NPS structure offers an inbuilt flexibility to subscribers to choose the equity or debt option. We want that benefit to accrue to all subscribers," said a senior PFRDA official. Nearly 37 lakh central and state government employees are at present subscribers of NPS. The total asset under management of such subscribers is ₹57,908 crore.

Under the NPS, there are different plans that the subscribers can opt for, each providing varying degrees of exposure to equities, government bonds and private bonds.

This choice is, however, not available to government employees. At present, for government employees, there's only one default Tier I structure. Under this structure, the entire contribution of government employees is split among three state-run pension fund managers, who invest funds in the proportion of up to 55% in government securities, up to 40% in debt securities, up to 15% in equity and up to 5% in money market instruments.

"It is up to the state or central government to take a call. If only auto choice is made available to such government subscribers, their investment in equity option will be done according to the life cycle thus mitigating any risks," the above quoted official added.

The state and central government employees constitute almost half the NPS subscriber base. The total pension corpus invested in equity portion is only ₹5,000 crore. The scheme has 75 lakh subscribers and a corpus of ₹63,511 crore till October 2014.

"The equity exposure of around 15% is from the corporate sector, and that from the government subscribers is around 8.64%," said the above quoted PFRDA official. Under the NPS corporate model, the corporate or the subscriber is given two options—active or auto choice. In active choice, a subscriber can invest up to 50% in equities, while in auto choice, the investments will be made in a life-cycle fund. "For subscribes' up to 35 years, the equity portion is as high as 50%, and the exposure towards equity in the last few years is brought down to 10% and below," the official explained.

Experts believe that the government has robbed its employees by not giving such an option as most of them missed the Sensex rally during 2004-08.

The Tribune

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Labour reforms to end 'inspector raj'

PM spells out plan to simplify rules for industry and spur employment, growth

SANJEEV SHARMA
TRIBUNE NEWS SERVICE

<<PM Narendra Modi at the launch of Pandit Deen Dayal Upadhyay Shramev Jayate Scheme in New Delhi. PHOTO: MANAS RANJAN BHUI

What these steps mean

- Steps taken include rationalising 16 labour laws into a single form
- These measures are likely to enhance the ease of doing business and reduce harassment from inspectors
- These will encourage more small and medium enterprises (SMEs), thereby promoting manufacturing
- The thrust is on making rules simpler, making execution better and providing "maximum governance"

Part of 'Make in India' vision: PM

- The PM said the "Shramev Jayate" initiatives were an essential element of the "Make in India" vision
- They would pave the way for skill development of youth in a big way

NEW DELHI, OCTOBER 16

Prime Minister Narendra Modi today initiated what is considered as one of the toughest reforms linked to labour laws. The set of measures included ending 'inspector raj', rationalising 16 labour laws into a single form, and promising to return unclaimed funds of Rs 27,000 crore lying in the Employees Provident Fund (EPF) to workers who will also have the advantage of portability of PF accounts.

Launching the labour reforms package under 'Shramev Jayate' programme, the government is starting on these reforms in a way that does not require legislative changes but can be pushed through as executive decisions. Also, the thrust is on making rules simpler, making execution better and providing "maximum governance" in the words of the Prime Minister.

From the industry's standpoint, these measures are likely to enhance the ease of doing business, reduce harassment from inspectors, encourage more small and medium enterprises (SMEs) and reduce the compliance burden thereby promoting manufacturing and economic activity in the country.

Modi announced that the newly launched 'Shram Suvidha Portal' has simplified compliance of 16 labour laws through a single online form.

He said transparent Labour Inspection Scheme for random selection of units for inspection by computer would end undue harassment of the 'inspector raj,' while ensuring better compliance.

The Prime Minister expressed his concern that as much as Rs 27,000 crore was lying unclaimed with the Employees Provident Fund Organization (EPFO). He said this money belonged to poor workers of India, and the portability provided for Employees Provident Fund through the Universal Account Number would put an end to such money being locked up and not reaching the intended beneficiary.

The 'Apprentice Protsahan Yojana' and the Effective Implementation of revamped 'Rashtriya Swasthya Bima Yojana' (RSBY) for labour in the unorganized sector were also launched.

The Prime Minister said the "Shramev Jayate" initiatives were an essential element of the 'Make in India' vision as they would pave the way for skill development of youth in a big way.

The government earlier piloted three Bills to amend the Factories Act, Apprentices Act and Labour Laws (Exemption from Furnishing Returns & Maintaining Registers by Certain Establishments) Act, 1988.

The more radical reforms in labour would involve giving the industry freedom to hire and fire. "Finally, industry expects more radical changes such as removing government intervention in restructuring or right sizing of industry, which would create employment faster by redeploying resources", industry body Ficci said.

The CII said the long-awaited amendment to the Apprentice Act would enable industry to scale up the number of apprentices from three lakh to around 23 lakh thereby leading to large employment and creation of a skills talent pool for industry.

The Indian Express

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Rly Board reforms panel may push for decentralisation

AVISHEK G DASTIDAR
NEW DELHI, OCTOBER 16

THE first meeting of the high-level committee on Railway Board restructuring headed by economist Bibek Debroy will take place on Friday. On the eve of the meeting, which aims to overhaul the all-powerful Board, Debroy said members of the panel favour decentralization of powers in the national transporter.

"Even before the first meeting, the committee members have been in touch with each other over email and other means, and there is a consensus that there needs to be decentralisation of the Railway Board," Debroy told *The Indian Express*.

The all-day meeting will see a discussion on the terms of reference and a division of subgroups within the committee to carry out various stakeholder meeting in the coming months. A half-day meeting is scheduled on Saturday as well.

BIBEK DEBROY

"While meeting the various federations and unions, the entire committee should ideally be present, but for other meetings at zonal and division levels, the entire committee will not be present everywhere, so we will have subgroups of two or three," he said.

Debroy said the effort is to come up with a draft report of recommendations in six months which will invite comments from everyone from stakeholders to general public. "We will recommend changes in the Railway Act and the Railway Board Act. We will point out the necessary changes, while the job of drafting the amendments is something the government will do," he said.

There is a prevailing concern within the Railway bureaucracy that railwaymen have not been adequately represented in the panel. "We do not need people to be on the panel to interact with them. Let me assure you, we will interact with all stakeholders adequately," he said.

The Railway Board is staring at a season high-level vacancies and a bit of crisis in its high-level promotions process.

Its post of Member Electrical is lying vacant since August and has finally gone for vigilance clearance after so much dilly dallying even though there is a serving general manager, who has been perfectly eligible to take over since the vacancy opened up.

In November Member Mechanical Aloke Johri will retire followed by Chairman Railway Board Arunendra Kumar. January will see Member Traffice DP Pande superannuate.

Problem with the Railways right now is that it is finding it difficult to fill Member-level vacancies because its rules of making General Managers are under the scanner of the PMO. The PMO returned its latest proposal of GM empanelment at least thrice with queries, replies to which have not been satisfactory to the PMO.

The Pioneer

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'Make in India will be even bigger than Incredible India'

PTI ■ LONDON

The 'Make in India' initiative launched by the Government will have a bigger impact as it reflects a new mindset of growth in India, a senior official said here today.

"I feel 'Make in India' is like a movement reflecting a new mindset of growth in India, which in the coming years will drive India's growth story in a new way", Amitabh Kant, Secretary in the Department of Industrial Policy & Promotion, said.

Kant, who was behind the successful 'Incredible India' campaign said the 'Make in India' campaign reflects a new Indian growth mindset.

He was the Joint Secretary of the Union Ministry of Tourism when 'Incredible India' campaign was launched in 2002.

"I think 'Make in India' will definitely make an even bigger impact (than the Incredible India campaign) because it cuts across sectors and has political and administrative will at the highest level behind it," Kant told the news agency on the sidelines of the Overseas Indian Facilitation Centre's (OIFC) Diaspora Engagement Meet here on Thursday.

India has been a reluctant urbaniser but this can work to our advantage today because we can leapfrog technology in our vision for smart cities.

There is a new enthusiasm, vibrancy and dynamism in India which we are translating into reality," he added.

Kant also expressed India's willingness to partner with the UK on the Bangalore-Mumbai Economic Corridor (BMEC) but referred to some challenges that remain.

He said: "Industrial corridors are structured on the back of good perspective planning and that planning for the BMEC is in its final stages.

When we partnered with Japan on similar corridors of Delhi-Mumbai and Chennai-Bangalore, it brought in a lot of long-term lending – over 40 years at 0.1 per cent infrastructure requires long-term funding at low rates".

There is a new enthusiasm, vibrancy and dynamism in India which we are translating into reality
DIPP Secretary Amitabh Kant

The Indian Express
Editorial

Follow it through

A promising start has been made on labour reform. It is a reminder of the work undone

THE Central government announced a slew of long-overdue labour reforms on Thursday. Among other measures, a unified portal is to be launched, which will significantly ease the filing of compliance reports for 16 Central laws as well as make information on regulation more accessible. The Centre also took welcome steps to dismantle the "inspector raj" and block rent-seeking. Under the proposed "labour inspection scheme", inspectors will no longer enjoy the discretion to choose where to strike, they will be directed where to go by a computerised algorithm and will have to file an inspection report on the portal within 72 hours. This could be a game-changer. If rent seeking as well as the number and duration of disputes on violations decrease — in 2000, for instance, 28,864 of the 5,33,038 pending labour regulation-related disputes were over 10 years old — entrepreneurial energy could be directed to more constructive matters.

But labour reform is an ongoing project, piloted jointly by the Centre and the states. While a good start has been made, much more needs to be done. Even if businesses can now file one compliance report for 16 laws, they still have to comply with a whopping 44 Central acts as well as more than 150 state laws on labour. Pruning and rationalising this list — for instance, there are 27 definitions of "worker" — is desperately needed. On provident fund reform, the government did well to announce the assignment of universal account numbers in order to make PF accounts mobile across employers and jobs, but the more pressing questions are yet unanswered. Why shouldn't employees have the freedom to choose between the EPFO, a limited and inefficient fund manager, and the National Pension System? Or, take the issue of apprenticeships. The government announced 50 per cent support for training in MSMEs yesterday, and earlier, the Lok Sabha had passed progressive amendments to the Apprenticeship Act, including doing away with provisions that prescribe jail terms for violations. But the amendments don't go far enough — there is still too much micromanagement of apprenticeship programmes — and they are hanging fire in the Rajya Sabha.

It is the states that have shown the way on the big-ticket reform related to Chapter VB of the Industrial Disputes Act, governing retrenchment. However, the fact that Rajasthan's amendments are yet to receive the president's assent sends a bad signal — they were sent to him in August. The Centre should, at least, give the states the green light.