Planning Commission
Government of India

PART A: News pertaining to Planning Commission

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Planning Commission Library

आज का विचार (महात्मा गांधी के मूल्यवान वचन)

"स्त्री अपना मातृ-पद धारण कर ले और अगर माता अपने बालक से डरती हो तो वह पुरुष से डरे।"

1. The right to be forgotten

Ajit Balakrishnan, Business Standard: October 21, 2014

On the new dimensions in the battle for online privacy

It was 1984, and the Berlin Wall is still standing, when Gerd Wiesler - a foot soldier in the Stasi, the dreaded East German spy agency - is assigned to keep under surveillance a playwright, Georg Dreyman, who apparently is an enemy of the State. Wiesler soon discovers the real reason for the surveillance: Dreyman is having an affair with a movie actress that the minister of culture also covets. The minister's goal is to find some political charges he can pin on his rival. Wiesler, an idealist, though a loyal servant of the state, works silently to protect the man who he is assigned to keep under surveillance.

This is the plot for The Lives of Others, the 2006 German-language film directed by Florian Henckel von Donnersmarck, which, apart from winning innumerable awards, brought so powerfully to centre stage the issue of mass surveillance. It is believed to have influenced even Edward Snowden, the former United States government computer programmer who leaked, among other things, the news that even the phone lines of foreign heads of government, such as Angela Merkel of Germany and Dilma Rousseff of Brazil, were being tapped by the American government security apparatus.

Mr Snowden's revelations reveal one of the central paradoxes of contemporary life. The coming of the internet has made it infinitely easier for us citizens to communicate with each other; we can do that by email, through social media posts, through apps on phones - and from what we can see, citizens worldwide seem to be spending much of their day doing just that. But the way the internet is organised has also made it infinitely easier for governments to tap into this vast information flow. This is because information flow on the internet is concentrated at a few telecom companies, email providers and social media networks. Governments, for both valid purposes such as law enforcement and for improper purposes such as spying on political or commercial opponents, can tap into these networks in a way that was impossible for them to do in the good old days of the paper-post, telegraph and land-line based telephone.

And what is worse, it is not just overweening governments that we citizens have to worry about. Commercial service providers: email service providers, social media networks, e-commerce companies, to mention just a few, are all potential infringers of our rights. When we use one of these services, we entrust to them our names, our addresses, our credit-card numbers, our dates of birth, who our friends are, who we share a sense of intimacy with, to name just a few dimensions of the information we share. It is only gradually that it is dawning on us that some of this information we have trustingly shared can be used against us when we apply for a job or when we apply to admission to a college.

A frivolous social media post from your college days can return to haunt you when you go for a job interview later. Many such posts are perhaps because the internet allows you spontaneous and effort-free ways to express your opinions; in an earlier era, by the time you committed your silliest thoughts to paper, stuck a postage stamp to it, and sent it off, much time had passed. And even if you posted it, it would at best be seen by one or two persons - whereas, in the internet era, your silly idea may get forwarded around, find an unintended audience of hundreds, and exist in cold cyberspace for ever.

With this realisation has come the battles about "privacy" and the demands that explicit laws be passed to protect the privacy of citizens.

Countries differ to the extent and scope of protection of privacy laws and even on what information should be considered "private". In the United States, for example, there is a specific Privacy Act that specifies that the information about an individual that is collected and stored by the United States government in the normal course of its functioning must be made available for inspection to that individual. In addition, there are innumerable other statutes that define what use can be made of information about an individual's financial status, credit status and health status. There is even a law that prohibits asking a person her age in a job application or interview.

The Europeans have added a new dimension to information privacy by insisting that citizens have a "right to be forgotten". It started in 2010, when a Spanish citizen lodged a complaint saying that an auction notice about his repossessed home was appearing on web search results even though the proceedings against him had been fully resolved; he demanded that search engines and a newspaper site that still showed this auction notice in search results stop doing so. The Court of Justice of the European Union upheld his demand and ruled that this information be removed not only from internet search engines' servers in Spain but also from their servers in the United States. A new human right, the "Right to be Forgotten", has been born, and it is going to extend

2. The Narendra Modi sweepstakes

Shreekant Sambrani, Business Standard: 21.10.2014

With the fresh mandates, Mr Modi would be expected to deliver miracles. But that is for another day. For the moment, it would be cussedly churlish to deny him and his party their richly earned right to gloat

Narendra Modi scored his fifth sweeping victory since 2002 in the state Assembly elections in Haryana and Maharashtra, even falling short of a majority in the latter. All these were about just one issue, Narendra Modi himself, except the first one in 2002 for the Gujarat Assembly. That was effectively a referendum on the riots following the Godhra incident, where the Gujarati voter vehemently rejected any guilt for it and gave Mr Modi an unprecedented majority. In all subsequent elections, Mr Modi reinvented himself. In 2007, he was the leader Gujarat had chosen to defend Gujarati asmita (identity) - helped along nicely by the Congress, since its vituperative "maut ka saudagar" epithet actually boomeranged on it. In 2012, he presented his "vikas purush" persona, and with an eye already on the national stage, invited others to share the state's prosperity. That avatar was in full flow in the general election earlier this year, further propelled by the sorry tales of Congress misrule. All these fetched handsome dividends, which is now a part of our folklore.

Mr Modi was supposed to have gambled by making the Bharatiya Janata Party (BJP) go it alone. Maybe so, but this was foretold. These state elections were crucial to the BJP's goal of establishing its primacy in the Indian polity. The party had to win them on its own to achieve this objective. It had depended on allies in both states to gain a toe-hold, playing a secondary role. The states could have been easily won by the alliances following their grand success in the general election. But that victory would have still left the BJP a junior partner.

BJP's chief strategist Amit Shah - hand-picked by Mr Modi as party president - knew from his Uttar Pradesh experience that a BJP vote share of 30 per cent plus would ensure its majority in a multi-cornered contest. Even with a slightly lower vote share, it would be the dominant party within hailing distance of a majority. Breaking old alliances was made easy in both the states by the recalcitrance of its partners, the Haryana Janhit Congress and the Shiv Sena. The state elections did become lotteries, but the BJP was not waiting for a lucky number. It was the sponsor of the sweepstakes, who gains regardless.

This time around, Mr Modi had become the chief dream merchant. He peddled a vision of a resurgent India much respected and wooed by small and large global powers, a garbage-free "swachh" Bharat with toilets in every school and house, and best of all, a land of opportunity where the youth with well-paying jobs would drive the economy to new heights. Who could counter its allure? Certainly not the Congress; it seemed to have thrown in the towel even before the bout had begun. It feebly asked Mr Modi what his achievements to date as the prime minister were. That became most opportune for him to contrast his 60 days in power against the Congress' 60 years. The Congress star campaigners, the Gandhi mother-and-son duo, were missing in action as Mr Modi and Mr Shah barnstormed every corner of the two states. Their hapless incumbent chief ministers, Bhupinder Singh Hooda and Prithviraj Chavan, were cannon fodder to Mr Modi. He easily out-campaigned them notwithstanding hoarseness of speech and recycled rhetoric.

Large crowds flocked to his rallies to hear that very message. That this was the high season of the pre-festival marketing blitz was not lost on the master marketer Mr Modi. Aspirational India wanted ever more mobile phones and electronic gadgets. Mr Modi sensed that it also wanted his versions of good governance and development. He made that irresistible of all marketing pitches: since the electorate had already bought the government at the Centre five months ago, he was offering free another at the state level. Not surprisingly, Mr Modi's closest rivals for media space were those Santa Clauses, Amazon, Snapdeal and others of their ilk.

The warriors remaining in the arena dealt in altogether different commodities: family fealty and victimhood. The Indian National Lok Dal (INLD) in Haryana demanded votes as tributes to Tau Devi Lal and the Shiv Sena in Maharashtra invoked Bal Thackeray. These maudlin appeals were garnished generously with stories of injustices: the current INLD patriarch Om Prakash Chautala was sent to jail for creating jobs for the poor youth, while the Sena was kicked out of a 25-year-old alliance by an ungrateful BJP. It was all a Gujarati conspiracy to vivisect Maharashtra, it hinted. No attempt was too crude to appeal to the supposed chauvinism of the Jats or the Marathi manoos.

The new generation of voters saw much merit in belonging to the mainstream. Availing of promised new opportunities trumped victimhood any day. That was a no-brainer except to the Sena and the INLD (and one veteran Marathi editor, every channel's favourite Maharashtra expert, who predicted Mr Modi's Waterloo with fewer than 100 seats for the BJP. These, alas, were not famous last words. Pundits always live to prophesy another doomsday.)

With these fresh mandates, Mr Modi would be expected to deliver miracles. But that is for another day. For the moment, it would be cussedly churlish to deny him and his party their richly earned right to gloat.

Mr Modi consciously evokes Mahatma Gandhi when he handles the physical broom as he campaigns for a clean India. Electorally, he wields another kind of broom, that which the second most important Gandhi in India did in 1971 and again in 1980, sweeping the opposition into the dustbin, as celebrated in the memorable R K Laxman cartoons of those days.

3. Festive cheer: Govt set to make more employees eligible for annual bonuses

Surabhi, Financial Express;21.10.2014

According to the proposal, those earning upto Rs 18,000 a month will now be eligible for a bonus of upto Rs 6,000 a month. (Reuters)According to the proposal, those earning upto Rs 18,000 a month will now be eligible for a bonus of upto Rs 6,000 a month. (Reuters)

SummaryRinging in some cheer in the festive season for the workforce...

PM Narendra Modi to address joint session of Australian parliamentRajnath Singh to visit Mumbai as BJP set to start talks with Sharad Pawar's NCPIndia lagging behind in field of medical research: Prime Minister Narendra ModiCongress questions if Bharatiya Janata Party will ally with 'corrupt party' in Maharashtra

Ringing in some cheer in the festive season for the workforce, the Narendra Modi government is set to make more employees eligible for annual bonuses by amending the Payments of Bonus Act of 1965.

According to the proposal, those earning upto Rs 18,000 a month will now be eligible for a bonus of upto Rs 6,000 a month. This would be a sharp jump from the current wage ceiling of Rs 10,000 per month and a minimum bonus of Rs 3,500 per month or Rs 72,000 annually that is permitted at present.

The issue was taken up at a tripartite consultation called by labour minister Narendra Singh Tomar with trade unions and employers on Monday to discuss amendments to the Payments of Bonus Act.

“In view of changing scenario and price rise, the minister asked the participants to deliberate upon the ministry’s proposal to amend the Payment of Bonus Act by enhancing the eligibility ceiling under section 2(13) of the Act from Rs 10,000 per month to Rs 18,000 month and calculation ceiling under section 12 from Rs 3,500 per month to Rs 6,000 per month,” said an official release. Sources said that industry representatives expressed reservations about the revised ceilings but the government is still keen to go ahead with it.

The wage ceiling and the entitlement ceiling were last revised in 2007 and made effective retrospectively from 2006. The move, which comes on the back of demands from trade unions for abolition on ceilings on payment of bonus due to rising inflation, was also recommended by the National Commission on Labour. Internal calculations by the ministry reveal that the Consumer Price Index (industrial workers) rose to 243 points from 134 points between November 2007 and November 2013. “The equivalent amount of Rs 3,500 works out to Rs 6,347 and that of Rs 10,000 (eligibility limit) to Rs 18,134. Hence, there is a case in point to revise the calculation ceiling to Rs 6,000 and also the eligibility limit to Rs 18,000 in terms of rise in price index,” said a note prepared by the labour ministry.

Under the Act, factories and establishments employing 20 or more persons are expected to pay bonus to their employees in every accounting year, provided the worker has worked in the establishment for at least 30 days. However, employees in Life Insurance Corporation, seamen, dock workers, university employees are excluded from the provisions of the Act.

4. Government plays safe on coal auctions

The Financial Express; 21.10.2014

The government on Monday unveiled expeditious follow-up action on last month's Supreme Court order that cancelled 214 captive coal blocks effective the end of this fiscal by seeking to promulgate an ordinance to revert these mines to itself to create a pool and subsequently reallocate blocks from it. While central and state public-sector entities will be allotted blocks on a nomination basis, a specified number of the blocks will be allocated to private companies through e-auction for end-use purpose.

Click here for graph

Finance minister Arun Jaitley, who announced the decision after a Cabinet meeting, also made clear the Centre's intent to move towards denationalisation of commercial coal mining. While the first tranche of blocks for e-auction will be for the exclusive use by the firms they are allocated to, the ordinance to be issued by the President will contain an enabling provision for commercial mining, Jaitley said, without giving a time-frame.

Jaitley and power and coal minister Piyush Goyal were, however, quick to add that the interests of public-sector Coal India — whose 10% stake is slated to be disinvested this fiscal — would be "fully protected". Commercial coal mining by the private sector, an epochal reform stalled for long for political expediency, is seen crucial for augmenting the country's coal output, which is stagnating, leading to rising (and expensive) imports of the fuel. (India's coal output grew at a measly 0.7% in FY14 to 562 million tonnes while imports surged 42% in FY13 and upon that 16% in FY14 to 169 million tonnes).

The pool of coal blocks will be segregated for auction in such a manner that prominent end-use industries like power, steel and cement won't compete with one another for the blocks and that a sufficient number of blocks goes to each of these sectors.

To the chagrin of the current holders of cancelled mines, they won't have the first right of refusal in the auction process and will have to compete with others for retaining blocks in which many of them have invested substantially (the total investments in the cancelled coal blocks and their end-use plants are said to be to the tune of R2.83 lakh crore).

Stating that the government's plan was to complete the reallocation in three to four months, Jaitley said that the land rights of the blocks will be transferred by the present holders to the new allottees on payment of compensation to be decided by a competent authority to be set up. The proceeds of the auction will go to the respective states, mostly in the coal-rich eastern part of the country.

The apex court on September 24 cancelled all 214 captive coal blocks allocated to private companies and public-private joint ventures it had held were illegally and arbitrarily allocated, dealing a body blow to the industry, but gave the government an opportunity to introduce a regime of probity and fairness in disbursal of the vital natural resource.

The companies that were producing coal from some of these blocks (37 blocks are already producing and in another five production is about to start soon) were asked to pay penalties. Industry had estimated that the penalty would amount to some R8,400 crore given cumulative production of over 280 million tonnes till March 31, 2015, when the cancellation would take effect.

The wait is on

* Ordinance to allow land above mines to be transferred to new users

* Auctions only for actual users right now

* Enough mines to be put out for captive users but no right of first refusal

* PSUs and state governments will get allocated mines

* Ordinance to have an enabling clause for commercial mining, but no timeline set for this

* Cannot call this a repeal of the Coal Nationalisation Act, says finance minister

5. Govt move to ensure coal supply
The Times of India: 21.10.2014

Coal Ordinance Will Bring Transparency: Cos Right step but weak on reforms, say experts

|Hyderabad/New Delhi: Industry experts have lauded the decision of the Narendra Modi government to bring about an ordinance to carry out reforms in the coal sector and said they were in line with the decisions and recommendations of the Supreme Court.

They also expressed disappointment over the non-appointment of an independent statutory regulator. Lack of a timeline on allowing commercial mining also came as a disappointment for some experts.

"The decision to promulgate an ordinance to grant coal allocations for public entities like NTPC by nomination instead of auction is a good decision. As far as private entities are concerned, the centre has decided to create a pool of coal blocks and put them to auction in a transparent manner. This conforms to the decisions of the apex court," said E A S Sarma, former power secretary.

A more far reaching decision, according to Sarma, is to allow the host state to get the benefit of the auction.

Sarma said the Modi regime has not appointed an independent statutory regulator to de-politicize coal mine allotments and coal pricing. "This would have been a very good reform."

Sarma said finance minister Arun Jaitley was misled on the issue of coal reserves in India. "His statement that there are abundant coal reserves in India is wrong. According to the United Nations framework classification, the recoverable reserve of coal in India is only 18 billion tonnes." As per the Planning Commission's projection of the coal demand in India, this reserve will not last more than 15-20 years.

Former coal secretary P C Parakh said the move is aimed at dealing with the SC ruling. "I won't say it is a big-ticket reform," Parakh told TOI. He said the government had missed an opportunity of allowing commercial mining. "There is no timeline. This was an opportunity to come clean on the coal sector and allow commercial mining." New Delhi: The proposed Ordinance for the coal sector will quickly allow all stakeholders to cut through the maze created by the Supreme Court's order cancelling mines allotted to public sector and private players since 1993 and avoid disruption in supplies. First off, the SC order has rendered the mining rights, or licences, illegal. While the mining rights are back with the respective state governments, the land remains with the original allottees. The Ordinance addresses the problem regarding transfer of the blocks.

The land of the cancelled blocks would now vest with the government. The value of the land is to be decided by an empowered committee. The Ordinance is expected to make provisions for new allottees, to pay this amount to the original allottees, settling the issue of compensation for land.

This process would immediately take care transfer of 74 blocks where mining is either already underway or is expected to begin shortly. Forty mines are already in production and mining is expected to start in the next six months to a maximum of two years in 34 other blocks.

Since the e-auction is to be completed in three to four months, new allottees would come in before the court's deadline for halting production from mines already in operation. This would prevent a disruption in supply to user industries, notably power plants. For the 34 blocks, which have all the clearances, the new allottees would pick up the baton of developing them from original allottees.

The e-auction method chosen by the government does not only help ensure utmost transparency. But, it would also help garner a higher price for a block. This is because bidders can revise their bids any number of times till closure. So, a bidder whose enduse plant is ready or nearly ready would be willing to match the best price and pay more to win a mine since it would be vital for the unit.

The enabling provision for allowing private companies to re-enter commercial coal mining is primarily aimed at the remaining blocks where much work regarding clearances etc remains to be done or haven't been done at all. This provision could also cover the unallotted or unexplored blocks, where allowing private entry for commerical mining would speed up development.

TOI had on July 3 reported that a meeting on June 10 had recommended examining the proposal to open up coal mining to international competition.

Mumbai: Banks feel that a quick auction of coal blocks by the government will stave off bad loans in businesses connected to coal mining. Lenders are, however, awaiting the new price of coal and the impact it will have on corporate margins.

"This (government decision to auction blocks) addresses our concerns to a large extent. The government has taken very concrete steps. We hope these auctions take place quickly within three or four months. We believe that going forward, the fact that the government is looking at import substitution bodes very well for the country considering that we have very large reserves," said Arundhati Bhattacharya, chairman, State Bank of India.

According to Bhattacharya, banks are waiting to see at what prices the coal will be coming up. "We have to compare this with the cost of coal when we had taken up the project. We will have to see how the new price impacts margins. At this point, it is very difficult to say what will happen," she added. Bhattacharya said banks might have liked a right of first refusal for the current owner of the mines as this would have ensured that things move smoothly, but overall the decision to reallocate was seen as positive.

SBI has a direct exposure to power generating units of Rs 4,300 crore. It is only after the impact of the new prices on the earnings are seen that the banks will review the loans. Larger industries that are dependent on coal are seen well placed enough to absorb any impact on their margins.

A senior official at a public sector bank said that the reforms put the economy in a better position than prior to the Supreme Court order. This opens an opportunity to bring coal mining on a commercial platform and is a more efficient way of harnessing natural resources

PART B

NEWS AND VIEWS

Tuesday, 21st October 2014

Polity	: Maharashtra picture still hazy as Sena-BJP stand-off continues
Economy	: Gas price hike to put pressure on retail inflation
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The Financial Express

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Maharashtra picture still hazy as Sena-BJP stand-off continues

Mumbai, Oct 20

A day after Maharashtra Assembly polls gave a fractured verdict, major political parties on Monday went into a huddle exploring ways for government formation, but the picture remained nebulous with speculation rife about whether it will be an NCP-propped BJP ministry or a coalition regime with Shiv Sena.

The stand-off between former allies BJP and Shiv Sena, whose coming together will obviate the need for an outside support from NCP, continued even after Uddhav Thackeray's phone call to Prime Minister Narendra Modi and BJP chief Amit Shah on Sunday to congratulate them on the party's electoral triumph in Maharashtra and Haryana.

The newly elected Shiv Sena MLAs met and authorised party president Uddhav Thackeray to choose their leader in the House but there was no discussion at the meeting on reviving the 25-year-old alliance that fell apart just before the election following failure of seat-sharing talks.

"All the newly elected MLAs met Uddhavji and they unanimously took a decision to give him the right of choosing the legislative party leader," Sena MP Sanjay Raut said after the meeting.

Shiv Sena chief Uddhav Thackeray at a meeting with newly-elected party MLAs at Sena Bhavan in Mumbai on Monday

"Today's meet was not about the BJP. Therefore, we haven't discussed BJP at all. A final decision will be taken by Uddhavji and conveyed to the media in due course," he said.

Another Sena MP Anil Desai said "no overture" was made to BJP on a reunion and the meeting was called just to authorise Uddhav to select a new legislature party leader.

Om Mathur, BJP's Assembly poll in-charge, said the party was "open to all" in its quest for forming government "but there has been no proposal" from Shiv Sena.

"In the interest of Maharashtra and for government formation, all doors are open," he said when asked if BJP had accepted NCP's offer of outside support.

BJP general secretary in-charge of Maharashtra Rajiv Pratap Rudy said Union home minister Rajnath Singh and another general secretary JP Nadda, appointed observers for election of the legislature party leader, will discuss "in depth" the issue of ties with Sena."

After Rajnath Singh and J P Nadda arrive, the top BJP leadership will have a conclusive statement as to how we are going to proceed with our alliance. As of now, BJP is confining itself to that it is going to stake the claim for chief ministership of Maharashtra," he said.

Singh and Nadda are likely to arrive here tonight. He also said BJP Parliamentary Board, the party's highest decision-making body, had not discussed NCP's offer. As the picture remained hazy, NCP chief Sharad Pawar defended the party's decision to extend "outside support" to BJP, which has emerged as the largest party in the 288-member Assembly with 122 seats, saying it was the "best alternative" to usher in a "stable" government."

Offering outside support to BJP was the best among alternatives before us. We have to ensure a stable government comes in Maharashtra, Pawar said, addressing newly elected MLAs after nephew and former deputy chief minister Ajit Pawar was elected leader of the NCP legislature party.

Pawar said no other combination was feasible going by the number of seats won by major parties. Ajit Pawar claimed he was approached by a Congress leader who proposed forming a coalition government with Congress, NCP and Shiv Sena as constituents.

PTI

Business Standard

Date 21/10/2014

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Gas price hike to put pressure on retail inflation

Retail inflation cooled down to 6.46 per cent in September, the lowest level since January 2012 on the back of declining prices of fruits and vegetables

NEELASRI BARMAN

Mumbai, 20 October

The government's decision to raise natural gas prices could put pressure on retail inflation. Although the government has also announced the deregulation of diesel prices, experts believe the positive impact that would arise out of lower diesel prices is almost negligible on retail inflation.

Consumer Price Index (CPI)-based inflation cooled down to 6.46 per cent in September, the lowest level since January 2012 on the back of declining prices of fruits and vegetables. On Saturday, the government announced diesel price deregulation and the gas price increase from the current \$4.2 per million British thermal units (mBtu) to \$5.61 per mBtu. The switchover from government-dictated diesel rates to market pricing immediately reduces diesel prices by ₹3.37 a litre.

"Diesel accounts for 0.04 per cent of CPI and 4.7 per cent of Wholesale Price Index-based inflation. Hence, the direct impact of lower diesel prices is likely to be significant on WPI, but almost negligible on CPI inflation," said Sonal Varma of Nomura in a note to clients.

As gas-based power plants account for only about seven per cent of the total power generation in India, the impact of higher power costs on CPI inflation is likely to be insignificant, Verma said. "Thus, we judge the fuel reforms together could push up CPI inflation by about 20-30 basis points in the coming months," she added.

In the fourth bi-monthly monetary policy review released last month, RBI had said that as far as its medium-term objective of six per cent CPI by January 2016 was concerned, "the balance of risks is still to the upside". RBI had also flagged policy preparedness to contain pressures if the risks materialise.

Experts believe the repo rate, which stands and eight per cent since the start of FY15 might continue to remain so for the rest of the year. "A more benign inflation outlook will doubtless further stoke expectations of an earlier-than-expected policy easing by RBI. We remain skeptical for several critical reasons, however, especially given challenging base effects and disruptions to food production from the deficient monsoon are set to see inflation in food prices," said Mole Hau of BNP Paribas in a note to clients.

Notwithstanding the Bharatiya Janata Party's (BJP) success in Maharashtra and Haryana state elections and the BJP-led central government's fuel reforms have sparked hopes for additional reforms, there are risks that could arise out of rebound in global crude prices. "Any sharp rebound in global crude prices will filter through as a negative trade shock, especially as petrol and diesel prices are now market-determined. Such an event will truly test the government's resolve in keeping prices market-linked and not reviving state interference," said Radhika Rao of DBS Bank in a note to clients.

The Economics Times

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'No Premium Pricing for Undeveloped Natural Gas Fields'

Oil minister Dharmendra Pradhan says govt has also cleared the confusion between gross and net calorific value

Rajeev.Jayaswal
@timesgroup.com

New Delhi: Deep sea natural gas fields that have already been discovered but not developed so far will not be given any premium on gas pricing but new finds in challenging terrains can charge a price higher than \$5.61 per unit approved by the Cabinet on Saturday, Oil Minister Dharmendra Pradhan told **ET**.

On Saturday, the government had announced incentives for gas discovered in difficult, costly areas. "For all discoveries after this decision, in Ultra Deep Water Areas, Deep Water Areas and High Pressure-High Temperature areas, a premium would be given on the gas price to be determined as per the prescribed procedure." Analysts had interpreted this as a declaration that fields discovered in deep-sea regions, but not yet developed, would also be able to charge a premium.

"'New discoveries' means discoveries made after Saturday's decision," Pradhan said in an interview with ET. The minister also said that the price of \$5.61 per unit will not be inflated on account of calorie value. Some industry executives had argued that the actual price that customers pay would be 11% higher than the announced rate of \$5.61 per unit because natural gas also contains moisture for which factories will not pay. Technically, these are called gross calorie value and net calorie value.

He said that in terms of gross calorie value, the approved price is \$5.05 per unit, which would increase to \$5.61 per unit on a net basis. "The \$5.61 (per unit) price we announced on Saturday was the net price. We announced the price because historically gas is valued on NCV (net calorific value) basis in the country," Pradhan said.

The gas price is based on a new formula that excludes costly liquefied natural gas (LNG) prices from the calculation, making the increase significantly lower than the price from the Rangarajan formula, which would have doubled the rate to \$8.4 per unit and on NCV basis, price would have been \$9.3 per unit, officials said.

> The new finds in challenging terrains can charge a price higher than \$5.61 approved by the Cabinet on Saturday
>
> **DHARMENDRA PRADHAN**
> Oil Minister

While announcing the new gas price, the Cabinet also settled the contentious issue of GCV and NCV. "The price so notified would be applied prospectively with effect from November 1, 2014 and would be on GCV basis as input prices in the formula are on GCV basis," the Saturday Cabinet decision said.

The controversy over the heat value emerged during the previous UPA government when Reliance Industries asked its gas consumers to renew gas sale and purchase agreements (GSPAs) with new terms, which included calculation of gas price at GCV basis. Fertiliser companies raised objection and said it would accept the GCV rate only if the oil ministry specified it in writing because it would have raised urea subsidy.

The new price has disappointed private gas producers because they were expecting a price between \$7 per unit and \$8 per unit. "We have to invest in other countries," a private oil and gas field operator said requesting anonymity.

Pradhan said, this could be an isolated case. "The Sensex jumped on oil sector reforms. Stock of ONGC has surged. The government has taken long-pending decisions, which are investor-friendly. Yes, we are also committed to protect interest of the common man. We can't allow abnormally high gas price," he said.

"We are getting into exciting times in E&P (exploration and production) sector," said PwC leader - oil & gas Deepak Mahurkar. He said the government's decision to review gas prices twice in a year is positive. "Also the prices will be determined every six months, as against the earlier regime of only once in a five-year review. The investors were looking for exactly this," he said.

ONGC, which is the biggest gainer of the new rate, will add 4,000 crore on its topline. "We should not see oil and gas sector reforms in isolation. Diesel price deregulation will strengthen our economy by reducing country's fiscal deficit. Particularly, ONGC will gain as it had to share a large part of diesel subsidy burden," ONGC chairman DK Sarraf, said.

The Tribune

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Gas pricing will ensure profit, not windfall gain: FM

NEW DELHI, OCTOBER 20

Days after approving lower than demanded gas price increase, Finance Minister Arun Jaitley has said the $5.61 per mmBtu rate will ensure explorers make profit but not windfall gain.

The increase in rate, approved the Cabinet Committee on Economic Affairs (CCEA) on Saturday, balances interests of oil and gas explorers and consumers, he said here.

"It is a rational decision..., Even at this ($5.61) price, the explorers are going to make profit. They won't have a windfall profit. At the same time, the burden of consumers will be minimal," he said. Jaitley said the CCEA approved price of $5.61 per million British thermal unit as against $8.4 per mmBtu approved by the previous UPA government and higher rates demanded by private firms like Reliance Industries and BP, balances incentives for investment and consumer interest.

"With this decision, the explorers may not make a windfall profit, they will make a profit." Jaitley added that he was not against business. "Well it is a balancing act. I am not against business, or against big business. I don't consider profit a bad word. I think it is windfall profit that is a bad word. Therefore, this (gas price hike) ensures profit rather than windfall profit, at the same time this also factors into interest the aam aadmi," he told a news channel. — PTI

The Tribune

Date: 21/10/2014
Page No. 14

MGNREGA workers in Jammu not paid wages for six months

Development works stalled as dept concerned suffers huge liabilities

ARTEEV SHARMA
TRIBUNE NEWS SERVICE

JAMMU, OCTOBER 20
In violation of norms, labourers employed under the Centre's flagship programme, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), have not been paid for the past six months in all 10 districts of the Jammu region.

Under MGNREGA, which aims at enhancing the livelihood security of people in rural areas, it is mandatory to pay wages to workers within 15 days. The labour force, however, has not been paid in the Jammu region, courtesy shortage of funds with the Department of Rural Development and Panchayati Raj. In the Kashmir region, the department released the payment to labourers last month after a gap of almost five months.

A senior officer of the department, who did not wish to be identified, said development activities in all 10 districts of the Jammu region had come to a grinding halt due to non-availability of funds. "No new development work has started in the Jammu region since the start of the current financial year (April onwards) as the department is short of funds," the officer said.

He said total liabilities, including the wages of labourers for the last financial year, were around Rs 274 crore. This had come down to Rs 74 crore after the release of about Rs 200 crore in two instalments.

"We undertook and completed only temporary works after the funds were released to the department. In many parts of the Jammu region, workers have not been paid their wages," the officer said, adding that the physical progress of development activities was zero till September 30 in this financial year.

"The department cannot start new development activities unless it clears the liabilities and wages of labourers," he said, adding that there had been "tremendous pressure" on the department for clearing the liabilities and starting new works for development in rural areas.

Mir Altaf Ahmad, Director, Rural Development and Panchayati Raj Department, Kashmir, however, said the department in the Valley had liabilities of about Rs 50 crore, but they were cleared after it recently received Rs 79-crore funds.

"The department is at sixes and sevens as it has huge liabilities of wages and material cost. Labourers have been deprived of their legitimate rights as they have not been paid their wages for months. We request the Central government, particularly the Union Minister concerned, to immediately intervene and put an end to the misery of the labour class," said Anil Sharma, president, All Jammu Kashmir Panchayat Conference.

He said the state government owed an explanation as to why the wages of MGNREGA workers of the Jammu region had not been cleared even though those in the Kashmir valley had received the payment.

A labourer works at a construction site in Jandrah village of Jammu district. TRIBUNE PHOTO: INDERJEET SINGH

Shortage of funds

A senior officer of the Department of Rural Development and Panchayati Raj, who did not wish to be identified, said development activities in all 10 districts of the Jammu region had come to a grinding halt due to non-availability of funds. No new development work had started in the Jammu region since the start of the current financial year as the department was short of funds

The Times Of India

Dated: 21/10/2014
Page No. 23

Fin regulators pitch for commission rejig

TIMES NEWS NETWORK

Mumbai: Financial sector regulators have agreed to come together and set up a task force that will look into varying commission structures in mutual funds, life insurance and pensions. Commissions have been the cause of a turf war between regulators in the past and both the pension regulator PFRDA and market regulator Sebi have sparred with insurance regulator IRDA over relatively higher commissions in insurance.

The RBI on Monday released the minutes of the latest meeting of the Financial Stability and Development Council's (FSDC's) sub-committee. In the meeting, RBI, Sebi, IRDA, PFRDA and Forward Markets Commission have agreed to set up a small task force chaired by a neutral party that would include an academician to make a study on the comparability of the incentive structure across financial products offered in these segments.

Regulators have also agreed to have a common body — the Central Registry of Securitisation, Asset Reconstruction and Security Interest of India (CERSAI) — which will, in coordination with RBI, act as the central KYC repository for the entire financial system. At present, there are no upfront commissions on mutual funds following the removal of entry load on investors. Investments under the National Pension Schemes (NPS) are also free of commissions.

NEW TASK FORCE

However, insurance intermediaries do get upfront commissions. It is widely felt among fund managers that the NPS has failed to achieve its potential because it is voluntary and there is no incentive to anyone to distribute the scheme.

The Pioneer

Date: 21/10/2014
Page No. 10,11

Centre closer to finding a solution on GST, Sitharaman

BANGALORE: The Centre is closer to finding a solution to approve a legislative scheme, which enables the introduction of Goods and Services Tax (GST), Union Minister of State for Commerce and Industry Nirmala Sitharaman said on Monday.

"Several meetings have been held with representatives from states and all would think we are closer to a solution on the GST," Sitharaman told reporters on the sidelines of an interaction with stakeholders in coffee industry here.

The Finance Ministers of states have been pressing for lowering the threshold limit to ₹10 lakh for imposing GST on entities and asked the Centre to specify GST compensation structure for five years in the Constitutional Amendment Bill.

The States also have been demanding legal powers, and not only administrative powers, to collect tax from businesses with an annual turnover of up to ₹1.5 crore.

"On the GST, the Finance Minister (Arun Jaitley) has very clearly indicated that the Constitutional amendment will be brought in the Winter session," she said.

The UPA Government in 2011 introduced a Constitution Amendment Bill in the Lok Sabha to pave the way for the GST regime which aims at subsuming most of the indirect taxes at the central as well as the State levels.

On deregulation of diesel prices announced on Saturday, she said, "We are towards reform; want to deregulate; want to make it reasonable, and when further prices come down everybody will benefit given the market considerations. So, our inclination is to deregulate."

In much-awaited reform, government on October 18 had deregulated diesel prices for the first time in over five years - a move that resulted in a price cut of ₹3.37 a litre.

Asked if the gas price hike to \$5.61 per mmBtu on heat value would not come as a deterrant for foreign companies looking upstream operations, Sitharaman said the central government has come up with an alternative from the point of view of consumers and investors.

"The Government has come up with an alternative, keeping the price reasonable - reasonable from the point of view of the consumer, and reasoanble from the point of view of attracting investment. Otherwise, nobody wants to come and invest," she said.

The Goods and Services Tax (GST) is a Value Added Tax (VAT) to be implemented in India, the decision on which is pending. It will replace all indirect taxes levied on goods and services by the Central and State Governments.

Govt forms panel to frame bankruptcy code

PNS ■ NEW DELHI

The Government has set up a committee to frame bankruptcy law to enable entrepreneurs to close down unviable businesses.

The committee under T K Vishwanathan, former Law Secretary, will study the corporate bankruptcy legal framework in India and submit a report by February next year, Finance Ministry said in a statement.

Finance Minster Arun Jaitley in 2014-15 Budget had announced that an entrepreneur friendly legal bankruptcy framework would be developed for SMEs to enable easy exit. The Committee will examine the whole gamut of issues relating to bankruptcy, including the following specific areas like why bankruptcy matters and early detection and resolution of financial distress.

It would also look into protection of interest of stakeholders and would study the rescue mechanism and suggest ways of improving it, besides liquidation procedure for smaller companies.

In its meeting in August, the sub-committee of the Financial Stability and Development Council (FSDC) had called for taking early steps by financial sector regulators for a vibrant, deep and liquid corporate bond market: "A group headed by a former Law Secretary would examine all the existing laws and a single Bankruptcy Code would be put in place as an effective Bankruptcy Code is critical in developing a sound corporate bond market," an RBI statement said.

Business Line

Date 21/10/2014

Page No. 04

Cash transfer for LPG likely to save up to ₹14,000 crore in subsidies

Will plug leakages and check pilferages, says official

SHISHIR SINHA

New Delhi, October 20

Direct benefit or cash transfer in bank accounts for domestic gas cylinder (LPG) is estimated to save ₹12,000-14,000 crore in subsidies. On October 18 (Saturday), the Government announced a modified scheme wherein the subsidy will be transferred into bank accounts irrespective of it being seeded with Aadhaar.

According to a Finance Ministry official, DBT (direct benefit transfer) will plug leakages and check pilferages which, in turn, will save subsidy. At present, a cylinder filled with 14.2 kg of domestic LPG is sold to a registered consumer in Delhi at a subsidised ₹414. Out of this, the distributor gets ₹40.71 as a commission, while the remaining of ₹373.41 goes to oil marketing companies. But this is almost half the cost.

Subsidy mechanics

According to the Petroleum Planning and Analysis Cell of the Oil Ministry, the desired sale price, as on October 1, should be ₹800.63/cylinder. The difference between the desired price and the price paid by a consumer is compensated in two ways.

One is a direct subsidy of ₹22.58/cylinder by the Central Government, the other is cash assistance from a combination of oil exploration companies and the Centre. These two ways are used to subsidise 12 cylinders a year for every consumer.

The Government feels that direct subsidy transfer will ensure that genuine consumers get the benefit. Before the previous UPA Government put a brake on direct subsidy transfer in Aadhaar seeded bank accounts, the oil marketing companies had already weeded out over eight lakh fake connections.

Positive effect Direct subsidy transfer will ensure that genuine consumers get the benefit.

There are differences over the actual number of total gas connections, with the Ministry putting the number at 16 crore and the National Sample Survey Organisation, at nine crore.

Another official said that direct transfer of LPG subsidy will get a further boost through the Pradhan Mantri Jan Dhan Yojana, which aims to include every unbanked household. Till now, over six crore accounts have been opened under the scheme against the 7.5-crore target by January 26 next year. Now, the Finance Ministry is hoping that a total of 10 crore bank accounts will be opened under the scheme.

Fuel reforms

Meanwhile, various economic research agencies have hailed the Government's decision on diesel deregulation and transfer of subsidy into bank accounts. Rohini Malkani of Citi Bank, in a note, said diesel deregulation is likely to reduce fuel subsidy by ₹60,000 crore annually (0.5 per cent of GDP). "In addition, the leakages in kerosene and LPG subsidy can be plugged with implementation of DBT," she added.

Nomura, in a note written by Sonal Varma and Aman Mohunta, said diesel accounted for 0.04 per cent of CPI (retail inflation) and 4.7 per cent of WPI inflation (wholesale inflation). Hence, the direct impact of lower diesel prices is likely to be significant on WPI (nearly reduction of 30 basis points) but almost negligible on CPI.

The Indian Express

Date: 21/10/2014
Page No. 15

Centre likely to offload 5% ONGC stake by next month

ENS ECONOMIC BUREAU
NEW DELHI, OCTOBER 20

THE government is expected to sell 5 per cent stake in state-owned ONGC Ltd by early next month that will help raise an estimated Rs 18,000 crore.

"Given valuations, this is the right time to divest stake in ONGC," said a senior finance ministry official, adding that the stake sale will take place in the first week of November.

Newly appointed disinvestment secretary Aradhana Johri is understood to have held meetings with merchant bankers in Mumbai on Monday to finalise the timeline for the stake sale.

While the Union Cabinet had last month approved the 5 per cent disinvestment in the state-owned oil explorer, the plan has got a fillip after the decision to de-regulate diesel prices and raised natural gas rates last Saturday.

While diesel prices reform is an important measure that will cut down the subsidy burden, combined with the hike in natural gas rates will help improve ONGC's balance sheet.

Following the Cabinet decision, ONGC scrip jumped up by 5.44 per cent on Monday to close at Rs 418.85 a piece.

At the current market price, the sale of 5 per cent stake or over 42 crore shares, would fetch about Rs 18,000 crore to the exchequer.

The department of disinvestment has already appointed five merchant bankers including Citigroup, HSBC Securities, UBS Securities, ICICI Securities and Kotak Mahindra Capital for managing the stake sale.

The government had last sold 5 per cent stake in ONGC in 2012, raising Rs 14,000 crore.

'RIGHT TIME TO DIVEST'

CABINET HAD approved the 5% disinvestment in the state-run oil explorer last month

THE GOVERNMENT had last sold 5 per cent stake in ONGC in 2012 for Rs 14,000 crore

The Economic Times

Date: 21/10/2014
Page No. 04

WASHED AWAY India will lodge a protest against US' financing Diamer-Bhasha hydel project that may open sluice gates for further global funding in PoK

US Fund Flow into PoK Dam Floods Delhi with Concern

DipanjanRoy.Chaudhury@timesgroup.com

New Delhi: India, upset with a recent US move to mobilise funds for a hydel-power project in Pakistan occupied Kashmir (PoK), will lodge a protest with the Obama administration for supporting a venture in a territory which it considers to be illegally occupied by Islamabad.

Delhi, that has long protested moves by outsiders including China to support Diamer-Bhasha dam hydel-power and irrigation project and other infrastructure ventures in PoK, is particularly peeved as the US is acting decision comes at a time when Pakistan has upped the ante on Jammu & Kashmir through repeated ceasefire violations and subsequent efforts to internationalise the issue.

The Modi government is expected to use diplomatic channels to lodge a protest with the US, official sources said, adding that PoK was under illegal occupation of Pakistan and any infrastructure project in that area is illegal. Delhi maintains that the entire state of Jammu & Kashmir, including the PoK, is an integral part of India.

Delhi had always protested against the construction of Diamer-Bhasa project located in Gilgit-Baltistan area of PoK. The issue has been repeatedly raised with both China and Pakistan in the past, sources recalled. Beijing's total support to Pakistan's projects in PoK is to the tune of $12-15 billion.

The dam site was an integral part of India by virtue of Jammu & Kashmir's accession to the country in 1947, sources stressed. There are also fears that the reservoir of this dam would inundate large parts of land in northern part of Jammu and Kashmir adjoining PoK. The project site is 165 km downstream of Gilgit, capital of northern areas of PoK.

Last week, the Obama administration had organized a fund-raising event in Washington to seek support for the 4,500 MW Diamer-Bhasha project. USAID Chief Rajiv Shah, who was once in the race to become envoy to India, and Dan Feldman, US Special Representative for Afghanistan-Pakistan, attended the event.

"Investment in the Diamer Bhasha dam is the smartest choice for Pakistan," Feldman was quoted in a Pakistani media report days after the event. Expressing similar sentiment, US Ambassador to Pakistan Richard Olson said in Lahore recently: "This project presents exciting opportunities for foreign and local investors to profit, while bringing critically needed energy, water, and foreign investment to Pakistan."

Modi govt is expected to use diplomatic channels to lodge a protest with Obama admin

Pakistan's Finance Minister Ishaq Dar and Water, Power and Defense Minister Khawaja Muhammad Asif was present at the Washington event to attract US and international investors for the project, sources informed. Incidentally the fund-raising event was organized less than ten days after Obama met Prime Minister Narendra Modi in the US capital.

The World Bank had earlier rejected Pakistani government's proposal for financing the project following India's reservations against it.

Caught in the Current

WHAT IS IT?

Diamer-Bhasha project consists of a 6.3 m acre-feet reservoir

It has two power stations of 4,500 MW installed generation capacity

Project site is 165 km downstream of Gilgit, capital of northern PoK

WHY THE RANCOUR?

Dam site was an integral part of India by virtue of J&K accession

Reservoir will inundate large tracts in northern J&K

Issue has been repeatedly raised with both China and Pakistan

PRESENT TENSE

Pak has recently violated ceasefire several times & taken issue to UN

New Delhi is objecting strongly to US funding at this time

World Bank, ADB unwilling to finance on India reservations

India against moves by outsiders, stressing Pakistan's aggression

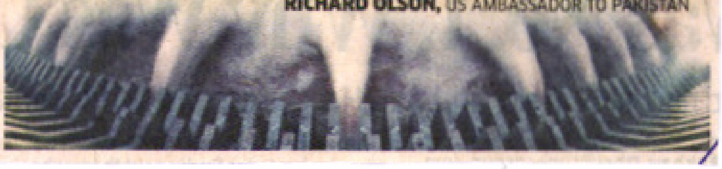
WINDOW OF CHANCE...

SOURCES FEAR US support might now influence World Bank, ADB

BEIJING'S SUPPORT to Pakistan's projects in PoK has been $12-15 B

"This project presents exciting opportunities for foreign and local investors to profit, while bringing critically needed energy, water, and foreign investment to Pakistan."

RICHARD OLSON, US AMBASSADOR TO PAKISTAN



RE-ALLOCATION OF COAL BLOCKS

204 Cancelled Coal Mines May Not Find Aggressive Corporate Bids

Govt on Monday said mines cancelled by SC would be auctioned to private cos and on nomination basis to state-run utilities

Our Bureaus

New Delhi | Mumbai: Companies are unlikely to submit aggressive bids for the coal blocks, even though the country faces a huge shortage of coal and most of the blocks on offer lie in difficult terrains, experts and industry executives said.

The government on Monday announced that it will award all 204 coal mines cancelled by the Supreme Court through auction to private companies and on nomination basis to government utilities. Finance minister Arun Jaitely said there are 74 coal blocks including 37 operating mines which can be auctioned within two months.

Association of Power Producers director general Ashok Khurana said, most mines may not find takers apart from the existing owners as developing infrastructure in the interior regions could turn out to be an uneconomical proposition.

Essar Energy director Sushil Maroo, said, "The fear of losing all the money invested on these mines have been somewhat relieved by the government committing to pay for the land acquisition. Our concern now is whether other expenses would be paid back as well. Government needs to move fast on bidding these mines to avoid more chaos in power sector. The bidding will only see serious power producers participating and there would not be unnecessary aggression in bidding."

Kameswara Rao, energy, utilities, and mining Leader, PwC, said, "Companies would factor in risks before putting in bids for the coal blocks. Bidding will depend on the mines that are put on auction."

The bidding will only see serious power producers participating and there would not be unnecessary aggression in bidding

SUSHIL MAROO
Director, Essar Energy

Companies would factor in risks before putting in bids for coal blocks. Bidding will depend on mines that are put on auction

KAMESWARA RAO
Energy, utilities & mining leader, PwC

He said that the government should offer discount on the block, particularly for power companies, and auction such blocks that are of economic size and rich in geological data.

The UPA government had offered 90% discount on floor price to power companies. As per the policy, steel and cement companies that propose to pay the highest amount per each tonne of coal produced will bag the blocks.

The NDA government has scrapped the first round of coal blocks bidding that was initiated in the UPA regime and is reworking on the bidding mechanism.

Sanjay Sagar, JSW Energy chief executive officer Sanjay Sagar said the company sees this as an opportunity to acquire mines. "This will give a fair chance to genuine users of coal to acquire mines. The decision to make sure state governments get money from the auction is very wise as it will reduce the roadblocks that companies have to face in dealing with state authorities," he said.

According to sources, 37 operating blocks can be auctioned as soon as they are priced. Five coal blocks that were expected to begin operations this fiscal, will also be auctioned soon. The blocks are Mandla North of Jaiprakash Associates, Sial Ghoghri of Prism Cement Ltd, Toksisud North of GVK Power, and Bicahrpur of Madhya Pradesh State Mining Corp and Kharga Joydev of Damodar Valley Corp.

Another 32 blocks are expected to have made substantial progress by securing land, water environment and forest clearances.

Unions Threaten to Launch Strike if Sector is Privatised

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Kolkata: Central trade unions that represent 90% of workforce at state-run Coal India (CIL) have threatened to go on an indefinite strike if India opens up the sector, allowing private miners to sell coal commercially in the market.

However, they aren't against the government taking back the mines allotted for captive mining and re-auctioning them to companies who would use the fuel mined from there for their own requirements. They also do not have any objections to the government allotting mines to state utilities.

"We would initiate our opposition as soon as the government decides on allowing private companies to sell coal commercially and would go on indefinite strike. In fact, the unions have already placed before the government that they are against the Centre's move to denationalise the coal sector," SQ Zama, secretary-general of the Indian National Mine workers' Federation, told **ET**.

Jibon Roy, general secretary of the All India Coal Workers Federation, said the federation would oppose private commercial mining, and will go on a national strike along with other unions if the government decides to go ahead with the proposal. On the proposal to re-auction the mines, he said it was in line with the Supreme Court's directive, which recently cancelled mining licences for more than 200 coal blocks allocated for captive use. "We will keep a close watch on the government's move," he said.

The unions expect coal-block auctions to increase the cost of power production. "They (those who win the blocks) will have to include the cost of the auction – the money paid to the government for winning the blocks – this is expected to increase costs," said Roy.

CIL officials are unfazed by on the proposal that would allow private companies to sell coal. "There is a huge demand-supply mismatch for coal. If private companies do start selling coal, it will only help substitute import demand," a senior official at the state-run miner said. "However, the cost of coal produced by private miners may be less than that sold by CIL because 50% of our cost of production includes salary and wages for workmen."

Business Standard

Date 21|10|2014
Page No. 05

Restarting DBT might first need SC nod

SURABHI AGARWAL &
SUDHEER PAL SINGH
New Delhi, 20 October

The government might have rushed the announcement, against cautious legal advice, on re-starting cash subsidy transfers for cooking gas (LPG).

The problem stems from a Supreme Court (SC) order that the Aadhaar (Unique Identification) number should not be mandatory for availing of government services.

Since Direct Benefits Transfer (DBT) in LPG had required a mandatory linkage of the Unique Identity number, a petition was filed by a former MLA, alleging contempt of court.

In response, the government had informed the SC that the scheme had been put into abeyance.

"This is why it will have to go to the court once again," an official said, adding "perhaps the government should not have hurried this up (the announcement)."

The solicitor general, Ranjit Kumar, had in fact advised against implementing the project before taking the SC approval. Yet, on Saturday, the Cabinet said a modified version of the DBT scheme in cooking gas would begin from mid-November in 54 districts, and in the rest of the country by January.

The government had earlier sought the opinion of the solicitor general on re-starting the project, frozen by the former government in January. In a letter dated September 11, Kumar warned that restarting work on the scheme "may invite the court's contempt".

Solicitor-General seems to have also thought so, given an earlier direction that Aadhaar could not be made mandatory to get the subsidy

The government should first place the report of the committee appointed to study the project (headed by former Indian Institute of Technology director Sanjay Dhande) before the SC and seek an amendment to the court's order, it was advised.

Business Standard has reviewed a copy of the letter.

It should be noted, though, that the government has only announced its intent to restart the project. Actual implementation is a month away.

A government official said the Centre was likely to approach the Court over the coming weeks and was "hopeful" of an okay to the modified version before mid-November. Another official said the government might not have to take SC permission for a re-launch but it would still keep the court "informed". The court had said Aadhaar would not be mandatory for entitlement schemes, the second official said.

"We have done the same thing. We are saying the consumer will get LPG supply entitlement whether or not he/she has Aadhaar," the official added.

Ground-level implementation challenges were cited as the main reason by the previous government for putting the scheme on hold. It had also formed a 12-member panel for a course correction.

The committee gave its report in May, suggesting the project was beneficial for containing subsidies. Before it was put in abeyance, DBT in LPG was operational in 290 districts and ₹5,000 crore of subsidy had been transferred directly into the Aadhaar-linked bank accounts of consumers.

The modified scheme will only start, as noted earlier, in 54 districts in the first phase. These have been chosen based on high penetration of Aadhaar numbers and its seeding with bank accounts.

Ordinance to douse coal fire, enable e-auctions

Proceeds from auction of mines to go to states; commercial mining to be considered later

BS REPORTER
New Delhi, 20 October

In keeping with its momentum of announcing key policy decisions, the government on Monday said it would promulgate an ordinance to resolve issues arising out of the cancellation of coal blocks. The ordinance will address issues related to coal supply to companies of central and state governments, as well as private companies in the cement, steel and power businesses. It will also address valuation of the land to be taken over from those who have lost coal blocks.

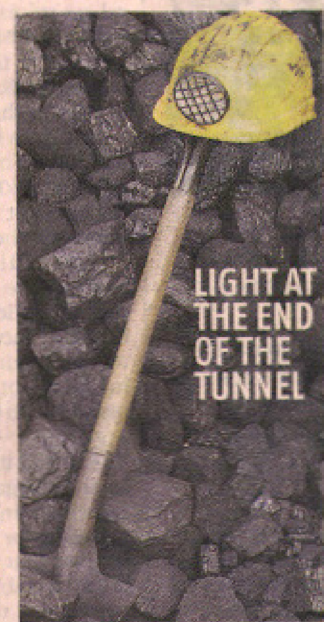
The coal sector has seen a logjam after the Supreme Court, on September 24, ordered the allocation of 204 blocks be cancelled. Though the order had put a question mark on the National Democratic Alliance government's plan to introduce commercial mining to bring about efficiency and use of better technology, Finance Minister Arun Jaitley said an enabling provision would be made later to introduce commercial mining. Unlike the current system, in which coal mining rights are allotted to actual users in some notified sectors, commercial mining will mean opening up the sector to mining companies selling coal to users.

Introduction of commercial mining will require changes in the Coal Mining Nationalisation Act, 1973. "Rules will be framed for commercial mining, under which the government could also decide commercial miners. We want optimal utilisation of resources and reduction in the amount of imports," Jaitley said at a media briefing after a meeting of the Cabinet on Monday.

For state-owned companies such as NTPC, as well as state electricity boards, coal mines will be allocated on a need basis. "The government will create a pool of sufficient and adequate number of mines for auction, through a transparent e-auction process for the private sector," Jaitley said.

Mines will be allotted based on the per-tonne requirement of coal. Quashing any idea of denationalisation of the coal sector, the finance minister said the structure of Coal India would remain unchanged.

Turn to Page 20



- Commencement of re-allocation of cancelled coal blocks
- In the sate sector, NTPC and state electricity boards to be allocated mines
- Private sector to bid through transparent e-auction route
- A pool of coal blocks for end users in power, cement and steel sectors
- 42 operational blocks and 32 in different stages of production to be put up in first phase of auctions
- Price of land to be determined by authority during course of auction

FIRMS THAT WERE HIT BY THE SC RULING, BUT MIGHT NOW ENTER VIA E-AUCTIONS

- Jindal Steel & Power
- Adani Power
- Monnet Ispat & Energy
- Hindalco
- JSW Steel
- Tata Power
- Essar Steel
- Prakash Industries
- Surana Industries

This is not an exhaustive list

THE STORY SO FAR

Jun '93: Coal Mines (Nationalisation) Amendment Act to allow captive coal mining passed

1993 to 2009: Govt allocates 201 blocks to private, public sector firms for captive use

Aug 17, '12: CAG says govt extended undue gains to firms by not auctioning 57 blocks allocated between 2006 and 2011

Aug 27, '12: PM tells Parliament CAG's assessment of ₹1.86-lakh-crore loss to exchequer due to allocation not justified

Sep '12: CBI begins questioning in the alleged coal scam after CVC forwards complaints; raids are conducted, FIRs filed

Jun '13: FIR filed against JSPL Chairman Naveen Jindal; former minister Dasari Narayan Rao also named an accused

Oct '13: FIR filed against industrialist Kumar Mangalam Birla and ex-coal secretary P C Parakh for alleged criminal conspiracy and abuse of official position

Aug '14: SC terms allocations made between 1993 and 2010 illegal

Sep '14: SC cancels 214 block allocations, directs CIL to take over these mines

Oct '14: Govt says it will promulgate ordinance to resolve issues related to Supreme Court's order de-allocating coal blocks

ECONOMY 4

- Coal auction rules a positive: India Inc
- Loan recast hinges on coal supply to steel, power sectors

The Indian Express

Date: 21/10/2014
Page No. 15

'Professionally taken' call to ensure profit, not windfall gains: Jaitley on gas pricing

PRESS TRUST OF INDIA
NEW DELHI, OCTOBER 20

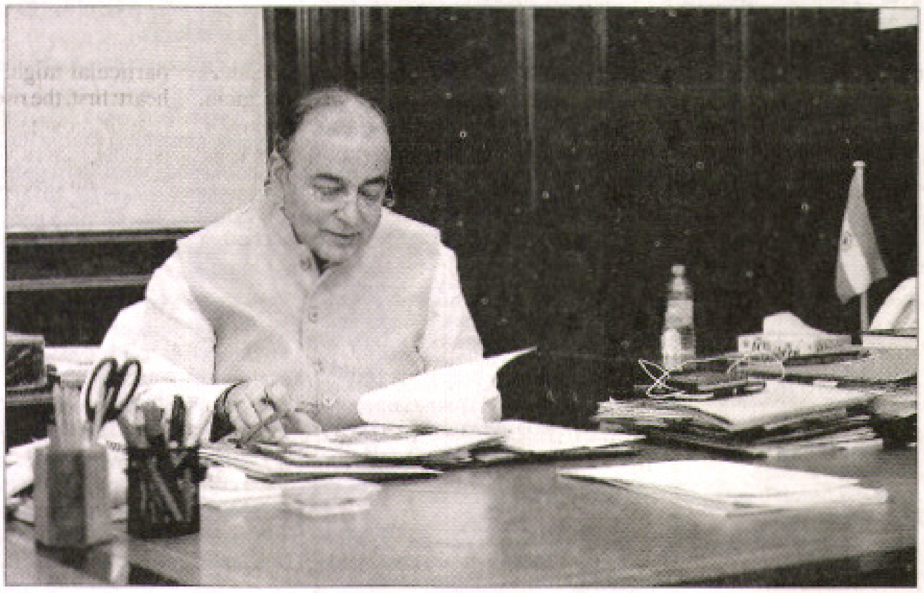
DAYS after approving a lower-than-demanded gas price increase, finance minister Arun Jaitley has said the $5.61 per mmBtu rate will ensure explorers make profit but not windfall gain.

The increase in rate, approved the Cabinet Committee on Economic Affairs (CCEA) on Saturday, balances interests of oil and gas explorers and consumers, he said here. "It is a rational decision... Even at this ($5.61) price, the explorers are going to make profit. They won't have a windfall profit. At the same time, the burden of consumers will be minimal," he said.

Jaitley said the CCEA approved price of $5.61 per million British thermal unit as against $8.4 per mmBtu approved by the previous UPA government and higher rates demanded by private firms like Reliance Industries and BP, balances incentives for investment and consumer interest.

"We balanced the decision where there is incentive for investment in the sector and at the same time the consumer is not overburdened," he told *ET Now*. "With this decision, the explorers may not make a windfall profit, they will make a profit."

Jaitley said the gas price decision was "professionally taken."



Union Finance Minister Arun Jaitley at his office in North Block in New Delhi on Monday after recuperating from illness that kept him away from office for nearly a month. PTI

'Govt to re-look at gold curbs after Diwali'

NEW DELHI: Faced with 5-fold rise in gold imports that is pushing up the current account deficit, finance minister Arun Jaitley on Monday said the government would look at re-imposing curbs on gold imports after Diwali.

"Let the festival season be over, I will have a look at it," said Jaitley replying to a query on whether government will re-impose restrictions on gold imports. PTI

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Central, state govt firms to get coal blocks without bidding

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The Cabinet on Monday cleared an ordinance that will allow the government to take over the cancelled coal blocks. First of, blocks would be allotted to government entities such as NTPC, state electricity boards and mining companies of state governments. This would protect the interest of electricity consumers.

For private companies, the blocks would be put in a central pool for bidding through an e-auction. The first round of the auction would be completed in the next three-four months, which is well within the six-month deadline set by the Supreme Court to stop production from the cancelled mines.

The entire proceeds from the auction would go to the states where these mines are located. "This will financially empower the eastern states in particular (which have most of the coal mines) and lakhs of labourers would get employment, while bank capital held up with the allottee companies would be fruitfully utilised," the finance minister said.

The biggest beneficiaries would be states like Chhattisgarh, West Bengal, Jharkhand and Odisha. Madhya Pradesh, Maharashtra and Andhra Pradesh would also benefit.

"The entire mess that the UPA had left behind from 2005 onwards over the next four months would be cleaned up," Jaitley said, adding coal worth $20 billion, which was being imported annually, would be domestically substituted through this measure.

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COALGATE: PEEKING INTO THE PAST

1951 Working party consisting of representatives of coal industry, labour unions and government set up, suggests amalgamation of small units

1956 National Coal Development Corporation (NCDC) formed with 11 collieries, tasked with exploring new fields and expediting development of new mines

1971 Following first oil price shock, need felt to conserve scarce coal resources

1972 All 226 coking coal mines except those in captive use of Tisco, Iisco and Damodar Valley Corporation nationalised under Coking Coal Mines (Emergency Provisions) Act, 1971, Bharat Coking Coal Ltd formed

1973 Coal Mines (Taking Over of Management) Ordinance, 1973 promulgated, govt takes over all 711 non-coking coal mines. All of them nationalized through the Coal Mines (Nationalisation) Act that followed and brought under newly formed PSU called Coal Mines Authority Ltd

1975 A holding company, Coal India Ltd, formed to take manage both coking and non-coking coal companies. It has since spawned several subsidiaries

1993 Amendment to nationalization Act allows captive mining of coal by companies in certain sectors like power and steel

1993 onwards Hundreds of coal blocks allocated to private sector firms for captive mining without auction

2013 Coalgate scandal with allegations of allotment of mines on spurious considerations hits headlines

2014 Supreme Court holds all allocations of coal blocks since 1993 illegal

The Times of India
Editorial

Opportunity Knocks

BJP poll victories give Modi the space to fulfil his economic promises

An outright assembly poll victory in Haryana and a stellar performance in Maharashtra clearly confirm that BJP has hit a political purple patch. Following the last round of bypoll results many had questioned whether the Modi wave witnessed during Lok Sabha elections was on the wane. But by wresting away Haryana and Maharashtra from Congress, the Modi-Amit Shah combine has once again proved that BJP's poll machinery can fire on all cylinders. The poll results not only strengthen BJP across the country but also Modi and Amit Shah within the party and Sangh Parivar.

Understandably BJP is now looking forward to upcoming assembly elections in Jammu & Kashmir and Jharkhand, where it should use the same strategies deployed successfully in Maharashtra and Haryana. It also appears ready for fresh polls in Delhi. In all three states it has an excellent chance of forming the government. J&K will likely throw up a fractured mandate but BJP could still emerge as the single largest party, as it did in Maharashtra.

Given that BJP is on a strong wicket politically Prime Minister Narendra Modi is well placed at this point to challenge a firmly held conviction among politicians, to the effect that good economics makes bad politics. There is no real evidence to confirm such a conviction. Indians have turned aspirational but politicians are behind the curve. Modi is commonly perceived as being pro-business but this hasn't hurt him politically in any way.

It's now time to turn that perception into reality by pushing economic reforms. True, BJP was politically burnt by its 'India Shining' experience, but this has been radically misinterpreted. Benefits of reforms during the last NDA regime were reaped by UPA-I because reforms were enacted during the fag end of the Vajpayee government. Thus, Modi should take tough decisions on the economy now when BJP's political fortunes are on the ascendant and his hand vis-a-vis the Sangh Parivar has grown strong. The need of the hour is big-ticket reforms such as Goods and Services Tax, land acquisition, labour laws, raising the FDI cap in insurance, direct benefits transfer, supply side response to inflation and so on. Having already displayed an appetite for political gambles, Modi must not play it safe on the economy front. Risks of inaction are far higher than risks of reform, as UPA found out to its cost.