Planning Commission
Government of India

PART A: News pertaining to Planning Commission

27.10.2014

Compiled by:

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Planning Commission Library

(अरस्तु के अनमोल विचार)

All men by nature desire knowledge. (मनुष्य प्राकृतिक रूप से ज्ञान कि इच्छा रखता है.)

1. Govt may unveil new planning body before winter session

Business Standard: 26.10.2014

Issue of new body was discussed at meetings of experts in the Planning Commission

Government is likely to unveil the structure of the new official think tank that would replace the Planning Commission before the forthcoming winter session of Parliament in November.

"The government may form the new body to replace **Planning Commission** before the Winter Session," a source said.

The Members of Parliament, he said, would obviously enquire about the status of the replacement of Commission which was announced by Prime Minister Narendra Modi in his Independence Day speech from the ramparts of Red Fort.

The issue of new body was discussed at meetings of experts in the Planning Commission and several suggestions were made to the government.

Suggestions for the structure of a new body were also made by other individuals but Modi has yet to take a final view on it.

In order to maintain continuity in this regard, the government has shifted the responsibility of determining the annual plan spending from the Commission to finance ministry.

Recently, the Finance Ministry had asked all ministries and departments to submit their Plan spending estimate for 2015-16 directly to it.

As per the earlier practice, the central ministries as well as states used to send their annual Plan outlay proposals to the Commission for vetting.

After evaluating the budget proposals of the ministries and states, the quantum of Plan outlay was jointly finalised by the Commission and finance ministry.

Besides negotiating the play outlay of central ministries and states with finance ministry, the Commission has been evaluating various cabinet proposals of different ministries, including big infrastructure projects.

The Commission also has the responsibility to draft five year plans which are approved by the country's apex decision making body the National Development Council headed by the Prime Minister with cabinet ministers and chief ministers on its board.

2. M-Powering India

The Financial Express: Oct 27 2014

Over 5.5 lakh lost/theft reports being filed through the Delhi Police's mobile app—the app was launched in February—is a testament to both India's ongoing smartphone revolution and the potential smart governance has. Given smartphone numbers are on the rise—as per research firm IDC, India remains the fastest-growing smartphone market in the Asia-Pacific—the app universe is also likely to expand and governance agents, much in the manner the Delhi Police has, must look at mobiles as conduits for citizen engagement and service delivery. With both domestic and foreign makers of cheap smartphones looking at India as a focus market, access to such apps will only get more democratic.

Mobile (m-) governance is breaking out from being just a facet of e-governance to being a governance tool in its own right, be it for financial services (viz. network based funds transfer, payment services) or even security (safety apps, etc). The challenge before the government would be to find ways to harness it for good governance. A beginning had perhaps been made with the Planning Commission's Hackathon, where participants competed to develop mobile apps that, among other things, could aid the realisation of the 12th Plan goals. Though the Commission has been done away with, a Hackathon-like idea remains pertinent for good governance—especially given its participatory nature, where gaps are identified by the citizens themselves and the solutions (read apps), too, come from them.

3. Expenditure secy to hold Budget meets from November 3

Mukesh Ranjan, The Asian Age: Oct 27, 2014

Will revenue side of FinMin call the shots?

With the **Planning Commission** now defunct following an announcement by Prime Minister Narendra Modi earlier this year, the finance ministry's expenditure department has taken up its job as, according to recent guidelines by the government on preparation of the 2015-16 Budget, the job of finalising the revised estimates for 2014-15 and Budget estimates for 2015-16 have been assigned to the expenditure secretary. With this new mandate in hand, expenditure secretary R.N. Wattal will begin meetings with officials of other ministries and departments from November 3.

As the exercise of firming up the Plan expenditure has always been the responsibility of the Planning Commission, and ministries and departments used to consult the panel on their budgetary proposals, which in turn formed the Gross Budgetary Support for the year. The Planning Commission deputy chairman and the finance minister used to finally firm up the GBS for Plan expenditure.

This year, incidentally, the government has worked out a unique process in which both the role of providing funds and firming up the demands for Plan expenditure have been given to the finance ministry. The Budget-related meetings of the secretary, expenditure, with officials from other ministries and departments would delve upon the past performance of programmes or schemes indicating actual performance, against the estimated or targeted ones.

The departments would also be required to give projected physical outcome during 2015-16 and 2016-17, and the financial resources required for that. "Secretary (Expenditure) will take meetings in respect of the grants or appropriation under your charge (ministry) to finalise revised estimates 2014-15 (Plan and Non-Plan) and Budget Estimates 2015-16 and also to review programmes/schemes for finalisation of medium term expenditure framework for 2014-15," said the new guidelines.

The meeting would also discuss "any new expenditure commitments arising out of the policy changes, and disbursal and availability of funds at various tiers of scheme implementation," it said.

The Plan expenditure is government spending on social sector schemes like Bharat Nirman, the rural employment guarantee scheme and the National Rural Health Mission. Besides, it also includes the Centre's assistance to the states' and Union territories' Plans.

For the current fiscal year, the government has proposed Plan expenditure of `5.75 lakh crores, while that for non-Plan expenditure is over `12.19 lakh crores.

The total budgeted expenditure estimates, including Plan and non-Plan, stand at `17,94,892 crores, higher than the revised estimates for 2013-14 at `15,90,434 crores.

Meanwhile, according to information available, the Cabinet Committee on Parliamentary Affairs headed by Home Minister Rajnath Singh would meet on Monday to decide on the schedule of winter session.

4. China’s economic horoscope

Nitin Pai, Business Standard: 27.10.2014

Though growth in China is unlikely to slow down soon, India should prepare to take advantage of a shifting of gears there

A working paper by Lant Pritchett and Lawrence Summers, famous Harvard professors, has captured the attention of watchers of the global economy in the past few days. Its conclusion itself is straightforward and a validation of the commonsensical notion that countries can't grow fast forever and will ultimately slow down to normal. China (and India), they argue, cannot sustain high economic growth rates and will at some point slow down to two per cent or so. Obviously, this will have immense consequences for the global economy and for the distribution of geopolitical power.

What makes Professors Pritchett and Summers' analysis interesting - and debatable - is their contention that China's slowdown is imminent. Beyond "salient characteristics of China - high levels of state control and corruption along with high measures of authoritarian rule" they do not pinpoint why the Chinese economy should go into a steep decline now, rather than in the next decade, several decades later or indeed the next century. The question of "when" the great Chinese growth engine will shift down to low gear is more important than the knowledge that it will someday.

It is ironic that Professors Pritchett and Summers use the principle "past performance is no guarantee of future performance" to warn against extrapolating China's recent growth into the future, while using historical data to argue that because other economies regressed to the mean in the past, China will do so in the future. The truth is we just cannot say when diminishing returns will set in China's gigantic economy, even if we can say that one day they perhaps will. The prediction business is over-rated in general, the macro- and geo-economic prediction business even more so.

There's more. The Conference Board, a research institution that serves corporations, released a new report last week arguing that China's economy will grow only at 5.5 per cent over the next five years and further drop to 3.9 per cent over the next five. This is up to a couple of percentage points below World Bank and International Monetary Fund estimates. Reuters reported that its poll of analysts showed that short-term growth forecasts ranged between 6.5 and eight per cent, with a median at 7.1 per cent. That's slower than the 7.3 per cent year-on-year growth China registered in the third quarter, which itself was below the 7.5 per cent target that the Chinese government had set.

It is also true that the Chinese economy suffers from excessive debt, real estate dependency, slackening productivity, cronyism and other malaise. In the long term, it will face the demographic challenge of an ageing population. Yet it is hard to arrive at the conclusion that the Chinese economy will crash, or slow down to levels that the Harvard and the Conference Board studies predict.

For the Chinese Communist Party, ensuring the continued prosperity of the Chinese people is the sole ticket to political legitimacy and holding on to power. We can be reliably certain that it will treat matters of its survival and perpetuation very seriously. And it has. In November last year, its Third Plenum approved a plan that in its own words had a road map for "comprehensive and far-reaching reforms". How comprehensive and how far-reaching its reforms will be remains to be seen, but Xi Jinping's administration is engaged in the most transformational of policy agendas since Deng Xiaoping's.

A controlled slowdown is part of that plan. China analysts report that part of the reason why President Xi is consolidating political power - he's being acknowledged as the strongest leader since Deng - is to prevail over the entrenched interests that are bound to oppose the reform plan. Whether Mr Xi will win this round or not we cannot say, but his government certainly has the resources required to do so. Even the debt problem might not lead to a crisis, for, as The Economist argues this week, "China, unlike most other countries, controls its banks and has the means to bail them out."

In the meantime, China's shifting of gears, coming as it does with the possibility of a recession in Europe, will have consequences for Indian trade and foreign policies.

To the extent that it reduces the global demand for natural resources - including energy - the Indian government gets a window to get their pricing framework right and rationalise the subsidy regime without a popular backlash. The Modi government's decision to free diesel prices from government control is a good example of what New Delhi should do to take advantage of such opportunities. It gets harder and is different with other natural resources, but it makes sense for New Delhi to not let go of this opportunity.

Countries that depend on exports to China are likely to be more receptive to India in the coming years, as they seek to diversify their trade and find their external policies a little less vulnerable to Beijing's interests. New Delhi must prepare to reach out to countries ranging from Saudi Arabia to Australia to build new long-term business and strategic relationships.

It's also a good time to position India as an alternative location for manufacturing. Like with "Make in India" and the incipient labour reforms, policymakers must do what is right. Economic astrology shouldn't interfere with good policymaking.

5. Green buildings aren't that green

Sunita Narain, Business Standard: 27.10.2014

So are green buildings really green? I want to follow up on our discussions on this critical issue. The building sector is set to grow exponentially. It already has a huge environmental footprint - the domestic and commercial sectors consume some 30 per cent of India's electricity. So the imperative to go green is clear. The question is where India is and where it should go.

The Bureau of Energy Efficiency (BEE) has issued the Energy Conservation Building Code (ECBC) to improve the energy performance of buildings. It is expected that an ECBC-compliant building will use anywhere between 40 and 60 per cent less energy than its conventional counterpart. State governments are now adopting this code in their building permissions - Odisha and Rajasthan have made it mandatory. But enforcement of this code - which is largely prescriptive in terms of building design - remains a challenge.

The code itself has problems but these can be fixed in its next revision. The problem is bigger, when you understand that the code is for building design, with certain assumptions that its implementation will reduce energy use. But a big problem is that the use of the code in design is not linked to the actual performance of the building after it has been commissioned.

What the BEE has in addition is a voluntary star rating scheme, which sets the Energy Performance Index (EPI) of four categories of buildings -day use office, IT/BPO (with extended hours of work), hospitals and retail malls. The EPI is calculated differently for different climatic zones - hot and dry, temperate, composite, and warm and humid. But the rating, which is for an operational building, has no direct link to the ECBC. So there is no data to show what the design has actually achieved and there is no feedback loop that would improve design based on operational experience. Also, as yet, the BEE has not rated any building based on its index.

There are two other green-building certifying agencies in the country. The Indian Green Building Council (IGBC) started out as a United States initiative but is now wholly Indian and is promoted by the Confederation of Indian Industry (CII)-Sohrabji Godrej Green Business Centre. It runs a certification programme that rates buildings platinum, gold or silver, based on different criteria. Delhi-based The Energy and Resources Institute has its Green Rating for Integrated Habitat Assessment (GRIHA). Many state governments provide fiscal incentives and even bonus floor area ratio, or FAR, to builders who produce green certificates from these agencies.

The actual proof will, however, be in the actual data on the use of energy and water in a commissioned building. But there is little data on this. In other words, governments are giving away largesse without any verification. A few months ago, the IGBC put on its website information on the actual energy and water consumption of 50 of the buildings it had rated, out of some 450 in total. When my colleagues at the Centre for Science and Environment (CSE) analysed this data, all hell broke loose.

Why? Because we found that many reputed companies that had been given platinum rating were actually energy and water guzzlers. Obviously, this is not easy for companies to accept. The CII has written on their behalf arguing that we have got our analysis wrong because we have mixed up the typologies for the buildings. So, they say, ITC Saharanpur is a factory building, which has been compared to an office building. But IGBC gives its rating only for the office operations of a "factory". The CSE in its analysis used the EPI set by the BEE for an office building and found that as against the EPI of 190 for a composite climate, the ITC building has an EPI of 379, which is almost double.

Wipro in Gurgaon is an IT building, with server loads operating for 24 hours. It has been compared against performance benchmarks for an office building, says the CII. But the CII misses the fact that when the CSE compared the same building using the EPI for an IT/BPO complex - calculated as the annual average hourly EPI to take into account its extended hours - it exceeded the energy limits for them as well. Similarly, Wipro's office in Kolkata was found to be more than nine times higher than the minimum benchmark set by the BEE for a warm and humid climate.

The CSE analysis also finds that there are IGBC-rated buildings that match or are below the EPI set for their category for their climatic zone. So something is working, and we hope the CII and its partners will ask how they can learn from the best example so that expensive green features pay off in terms of performance.

More importantly, regulators need to get their act together on this issue. The CSE analysis is based on self-disclosure by companies, which is not verified or audited. The government needs to build a credible system of assurance, so that it can really push what is green, and not just what looks green from the outside but may be brown inside. It is time, as we say, to go beyond the green façade.

6. Transport constables go missing after STF FIR

The Times of India: 25.10.2014

BHOPAL: Two days after removal of senior IPS officer Sanjay Chaudhary from the post of transport commissioner, Special Task Force (STF) have launched a hunt for 35 candidates who reportedly went underground after being booked in the transport constable recruitment scam.

Of the 35 candidates, 13 failed fitness test. The remaining were taken off from field duty and asked to report to headquarters in Gwalior till STF's probe is complete. STF has booked for allegedly using unfair means to clear recruitment examinations. They were asked to report for duty on October 21, but no one turned up.

Tests were conducted by Madhya Pradesh Professional Examination Board (MPPEB) which is already under the cloud for irregularities in pre-medical test, medical pre-PG and various other recruitment tests.

Examination for recruitment of transport constables was held on August 12, 2012, for 332 posts and 56,455 candidates appeared for it. Results were declared on September 1, 2012.

Congress had been pressing for a CBI inquiry, alleging more than a dozen candidates, who figured in the merit list hailed from Gondia, native village of chief minister Shivraj Singh Chouhan's wife Sadhna Singh.

FIR into this 'sensitive' scam was registered on the basis of the report by handwriting experts at police headquarters. Around 40 answer sheets were sent for verification. The report was 'positive' in 35 cases.

A mismatch was detected in handwriting in application forms and answer sheets of candidates. False answers were covered with whiteners and correct ones were marked, sources said. Role of a former minister and two police officers also came to the fore during investigations.

PART B

NEWS AND VIEWS

Monday, 27th October 2014

Polity	: Modi marshals NDA MPs
Economy	: Inflation brings cheer and gloom
Planning	: Centre to Overhaul Exploration Policy
Editorial	: Another round of elections

Communication, IT & Information Division
Phone # 2525

The Hindu

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Modi marshals NDA MPs

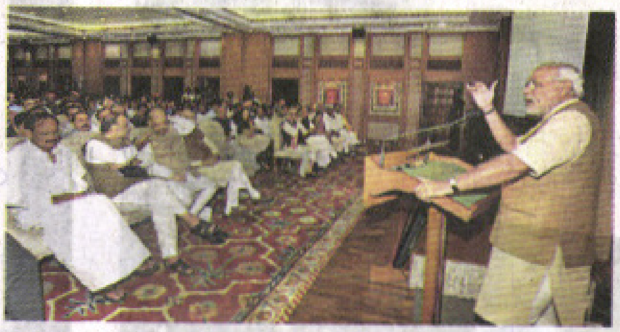
Focus on flagship schemes; Anant Geete leads Sena team

Smita Gupta

NEW DELHI: Ahead of the crucial winter session of Parliament, Prime Minister Narendra Modi told the NDA's close to 400-odd MPs on Sunday evening that he expected them to take his government's "pro-poor" initiatives proactively to the people, as these were not the exclusive property of some political parties/governments (a snide reference to the predecessor UPA dispensation).

He also said he expected them to conduct themselves in a "righteous" manner, never indulging in any activity that may bring them into disrepute.

Mr. Modi's pointed message to his flock was delivered over high tea — attended, interestingly enough, by the entire Shiv Sena contingent — on the lawns of 7 Race Course Road. It was the first such gathering of NDA MPs, but Mr. Modi promised that this would become a regular feature. Sena MPs, led by Union Minister Anant Geete, attended the Diwali Milan even as talks are on to form a BJP-Sena government in Maharashtra.



Prime Minister Narendra Modi addresses NDA MPs during a high tea at his residence in New Delhi on Sunday. — PHOTO: PTI

Union Parliamentary Affairs Minister M. Venkaiah Naidu, playing master of ceremonies, urged MPs to contribute to enhancing the quality of debates in Parliament, explained the Swachh Bharat Abhiyan's objectives, and announced that Sardar Patel's birth anniversary on October 31 would be celebrated annually as Ekta Diwas, when all government servants will take the unity pledge. BJP veteran L.K. Advani congratulated party president Amit Shah on the election victories in Maharashtra and Haryana, while presenting him with a shawl. For two hours from 4 p.m., the focus was on the importance of all Ministers and MPs being fully briefed on key programmes so that, as a government source put it, "elected representatives are empowered to become effective political communicators" both inside and outside Parliament.

Union Finance Minister Arun Jaitley briefed MPs on the Prime Minister's Jan Dhan Yojana.

Modi, top leaders attend Khattar swearing-in

Sarabjit Pandher

PANCHKULA (HARYANA): Haryana Governor Kaptan Singh Solanki on Sunday administered the oath of office and secrecy to Manohar Lal Khattar who became the tenth Chief Minister of Haryana at a ceremony witnessed by an unprecedented crowd and a galaxy of dignitaries. Nine Ministers, including six of Cabinet rank, were also sworn in.

The low-profile 60-year-old former RSS pracharak now leads the first-ever BJP government in Haryana. He is a first-time legislator, who won the Karnal seat.He is the first non-Jat Chief Minister in almost two decades and the first Punjabi to hold the post. Mr. Khattar was unanimously elected leader of the BJP legislature party last Tuesday.

While Ram Bilas Sharma, Captain Abhimanyu Singh, Om Prakash Dhankar, Anil Vij, Narvir Singh and Kavita Jain were sworn in as Cabinet Ministers, Bikram Singh Thekedar, Krishan Kumar and Karan Dev Kamboj were inducted as Ministers of State.

Haryana Governor Kaptan Singh Solanki greets Manohar Lal Khattar (right) after he was sworn in as Haryana Chief Minister in Panchkula on Sunday. – PHOTO: AKHILESH KUMAR

This was the first time that the swearing-in ceremony was held in the 'Mela ground' in Panchkula instead of the customary Haryana Raj Bhavan.

Apart from Prime Minister Narendra Modi, other BJP leaders at the function included L.K. Advani, Murli Manohar Joshi, Union Ministers Rajnath Singh, Sushma Swaraj, Venkaiah Naidu, Radha Mohan, Anant Kumar, and Harsh Vardhan. . Also present were Punjab Governor Shivraj Patil, Chief Ministers of States ruled by the BJP and its allies — Shivraj Chouhan, Raman Singh, Anandiben Patel, Vasundhara Raje and Parkash Singh Badal.

Known as a key strategist of the BJP who avoids the spotlight, Mr. Khattar has worked closely with Mr. Modi as his deputy, when the latter was in-charge of Haryana party affairs before becoming the Chief Minister of Gujarat.

Mr. Khattar is also said to have organised major relief activities during the Bhuj earthquake and managed the party's campaign in a major portion of Varanasi during the Lok Sabha elections earlier this year.

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Data Point

Inflation brings cheer and gloom

India battles rising prices; developed world fears deflation

MAULIK TEWARI

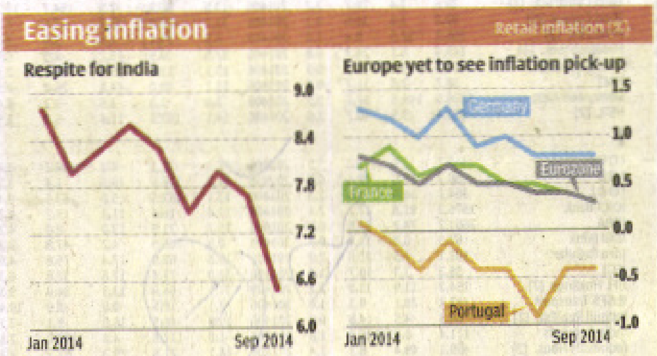
India cheered the recent cool-off in inflation, but in the developed world, very low rates of inflation or, worse still, deflation – a fall in the general price level – continues to remain a worry. And central banks in these countries are concerned about prices failing to pick up at the desired pace.

Low inflation

Take for instance the crisis-ridden euro zone, which reported a tiny 0.3 per cent rise in prices in September compared to the year-ago period. During the current year, inflation in the region has averaged only 0.5 per cent, much below the European Central Bank's medium-term target of 2 per cent. The euro zone includes 18 countries, including Germany, France, Italy, Portugal and Spain. The UK too saw its inflation rate ease to 1.2 per cent for the year until September. This is the lowest in five years and below the Bank of England's target of 2 per cent.

In the US too, the seasonally-adjusted inflation rate in August (compared to July) declined 0.2 per cent, the first time since April 2013.

In India, the inflation rate (based on consumer prices) fell to 6.5 per cent in September, beating expectations. This was a significant cool-off from the 8 per cent averaged until August this year and the lowest since the new CPI-based inflation index was introduced a little more than three years back. A slower rise in the price of food articles such as vegetables, compared to the past, helped. The decline has also raised hopes that the Reserve Bank of India's aim of bringing down the inflation rate to 6 per cent by January 2016 may be achievable.



Source: MOSPI and tradingeconomics.com

Inflation worries

Sharply rising prices, particularly of essential food items, have been hurting Indian households for quite some time now, in turn depressing consumption demand. Also, with inflation hovering at high levels, the RBI has been cautious with interest rate cuts, which would have helped bring down borrowing costs for the corporate sector.

If low inflation is good, why do Europe and the US seem to be bothered by their anaemic inflation rates? This is because a certain amount of price increase is supportive of growth. In an economy where prices are expected to trend downwards, consumers put off spending and companies do not have much incentive to invest. Overall economic growth takes a beating. Also, deflation makes debt payments more expensive – adding to the pain of the many deep-in-debt European governments.

Inflation pain

- Rising food prices
- High borrowing rates
- Slow consumer demand

Did you know?

In Europe, Bulgaria faced the highest rate of price deflation of 1.4 per cent in September 2014. Greece came in second with a deflation rate of 1.1 per cent

The Statesman

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CENTRE TO OVERHAUL EXPLORATION POLICY

TO ATTRACT INVESTORS, SPUR ENERGY OUTPUT AND REVIVE ECONOMY

PRESS TRUST OF INDIA
New Delhi, 26 October

Union oil minister Dharmendra Pradhan plans to overhaul the exploration policy to attract investors, spur energy output and revive the economy.

In parallel, the ministry is setting stiff targets for state-run explorers like ONGC to reverse the declining trend in oil and gas output in recent years as it looks to cut on import dependence.

Mr Pradhan wants to replace the 15-year old production sharing regime, which has produced more controversies and less oil and gas. Only three out of the 252 blocks given out have come to production stage. The new regime aims to inspire confidence in investors and

We want to increase ease of doing business in India. Bottlenecks have to be removed, red-tapism cut and investors given confidence so that they can come and invest in oil and gas exploration and production

DHARMENDRA PRADHAN

require minimal government intervention.

"We want to increase ease of doing business in India. Bottlenecks have to be removed, red-tapism cut and investors given confidence so that they can come and invest in oil and gas exploration and production," he said here.

The focus is on raising domestic oil and gas production beginning with state-run explorers ONGC and Oil India, who had in the immediate past not met their own stated targets. They have been given a 10 per cent improvement target so as to cut imports, he said.

Top most on priority is monetisation of small and marginal fields lying with ONGC with help of private investment as well as technology, he said.

Natural gas pipeline network in the country will be doubled to 30,000 kilometres by 2019 to expand the reach of environment-friendly fuel. Also, state refineries are being asked to improve efficiencies to become globally competitive even as fuel retailing is opened up for competition.

"We have set priorities and targets at every level ~ upstream, midstream and downstream. Efficiencies have to improve. Prime Minister Narendra Modi has showed how the same set of people under the same system can deliver better results," he said.

While the house is set in order, Mr Pradhan wants India, which spent $143 billion to import crude oil during the last financial year, to diversify its purchases to guard against geopolitical risks in some of the world's biggest suppliers.

BJP decision on Delhi after sorting out Maha

PRESS TRUST OF INDIA
New Delhi, Oct 26

A final decision on ending the political uncertainty in Delhi will be taken by the Centre and BJP leadership after government formation in Maharashtra, party's Delhi unit chief Satish Upadhyay said today.

Dismissing criticism by Congress and Aam Aadmi Party that BJP was "running away" from facing fresh polls in Delhi, Upadhyay said his party was "fully ready" for election as it has continued to enjoy people's trust across the country.

"Certain decisions will be taken after government formation in Maharashtra. The political situation will be clear soon," Upadhyay said.

He said announcement of bypolls by Election Commission to three assembly constituencies in Delhi does not mean that BJP was avoiding facing assembly polls in the city and maintained that it will get a clear majority in case fresh mandate is taken.

"By-election to three assembly seats is a constitutional requirement. It does not reflect BJP's views about assembly polls in Delhi. In fact, the Congress and AAP were not ready for polls," he said.

Sources in BJP said Rashtriya Swayamsevak Sangh (RSS) was not in favour of forming a government by BJP by "managing the numbers" and asked the Delhi leadership to prepare for fresh polls.

Upadhyay said BJP's victory in Maharashtra and Haryana have proved that party maintained its strong popularity among the masses and it was confident of people's support in Delhi too.

The Statesman

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PM invites ideas on key issues ahead of Australia visit

PRESS TRUST OF INDIA
New Delhi, 26 October

Preparing his first visit to Australia, Prime Minister Narendra Modi today invited ideas and thoughts on important issues from Indians, including those living in that country.

He has created a special platform on MyGov website for his Australia tour in which ideas could be shared.

"During my Australia visit in November, I would be attending a variety of programmes, including an interaction with the Indian community there.

"I want to hear ideas and thoughts from all of you, including friends in Australia and the Indian community there on my visit," the Prime Minister tweeted.

He said that ideas could be shared on the webpage especially created for his Australia tour.

"Participate in this MyGov Open Forum and share your ideas on what you feel are important issues for my Australia visit:http://mygov.in/groupissue/prime-minister-in-australia/ show," the Prime Minister said.

Mr Modi will be starting

his tour from Myanmar, where he will attend East Asia Summit (EAS) on November 12-13 in the Myanmar capital Nay Pyi Taw. From there, he will go to Brisbane for a G-20 meet on November 15-16.

From Brisbane, Mr Modi will travel to Canberra to hold a bilateral meeting with Australian counterpart Tony Abbott on 18 November.

This will be second meeting between the two leaders after Mr Abbott visited India last month during which the two countries inked the civil nuclear cooperation agreement.

From Australia, he is likely to go to Fiji on 19 November.

Mr Modi, who will be the first Indian Prime Minister to visit Australia since Rajiv Gandhi in 1986, will deliver an address to a joint sitting of federal parliament, according to officials.

The Indian Express

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Govt plans first corporate takeover post-Satyam

NSEL DEFAULT ■ Under probe, FTIL may be handed over to financial institutions

P VAIDYANATHAN IYER
NEW DELHI, OCTOBER 26

THE government is considering a proposal to supersede the management of Jignesh Shah-promoted Financial Technologies (India) Ltd, a company that develops software for stock and commodity exchanges. If undertaken, this would be the second such takeover forced by the government in recent corporate history after Satyam Computer Services Ltd in January 2009.

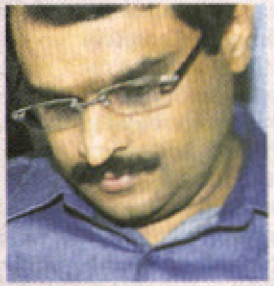
Jignesh Shah and FTIL are currently being investigated by the Mumbai Police Economic Offences Wing for their role in the Rs 5,600-odd crore default by FTIL's subsidiary National Spot Exchange Ltd (NSEL).

According to the proposal, post-management takeover, the company may be handed over to financial institutions during a transition phase when the government can consider bringing in new promoters. Jignesh Shah owns/ controls 45.63 per cent in FTIL as on June 30, 2014.

The management takeover has been proposed by commodities market regulator Forward Markets Commission (FMC) to the Ministry of Corporate Affairs. The Department of Economic Affairs in the Finance Ministry too has favoured the proposal and has observed that NSEL was effectively controlled by the key managerial persons of FTIL, and was fully in the know of NSEL affairs.

The NSEL merger with FTIL proposed by the Ministry of Corporate Affairs last week, if followed by a management takeover, would dramatically expedite the recovery process, said government sources.

THE REASONS



JIGNESH SHAH
FTIL promoter

- New management can ensure faster recovery of NSEL dues; so far only Rs 362.43 cr realised as against dues of Rs 5,689.95 cr
- FTIL was fully in the know of NSEL affairs; with 99.9998% holding, it controlled and directed governance in NSEL
- New promoter can clean up governance in NSEL and other exchanges promoted by FTIL — MCX, MCX-SX and the power exchange

Bullion Cues

Gold loses sheen

Strong economic numbers from the US have pushed the price lower

SPRINTER81/SHUTTERSTOCK.COM

GURUMURTHY K

After a sharp rise in the beginning of last week, the yellow metal lost momentum and reversed lower. It fell to a low of $1,226 on Thursday before closing at $1,231 on Friday, down 0.6 per cent for the week. The other precious metals Silver and Platinum also closed the week in the red. Silver closed at $17.2 per ounce, down 0.4 per cent and Platinum at $1,250 per ounce, down 0.9 per cent.

Existing home sales in US beating market expectation was the initial trigger that caused a reversal in gold prices. This number increased 2.4 per cent to 5.17 million units in September from 5.05 million in August. Market was expecting a 1 per cent rise in the existing home sales.

The initial jobless claims increased 17,000 to 2,83,000 for the week ended October 18. However, its four-week average fell to a 14-year low of 2,81,000, overshadowing the weekly rise in claims. New home sales in the US rose to 4.67 million units in September from revised 4.66 million units in the previous month.

The positive economic data releases from the US took the dollar index (85.73) higher by 0.7 per cent last week. Stronger dollar has in turn pulled gold price lower.

Also, the US SPDR Gold Trust, the largest gold backed exchange-traded-fund, is continuing to see outflows. The fund's holding tumbled 2 per cent to 745.39 tonnes last week from 760.93 tonnes the week earlier.

Cues to watch

The US Federal Reserve's meeting on Wednesday will be a key event to watch this week. With the quantitative easing set to be wound down this month, market will be curious to know the Federal Reserve's intent on interest rate hike plan. Any hint that the interest rate hike could be delayed will be positive for gold.

Other key economic data releases from the US this week include the durable goods order and consumer confidence data on Tuesday. It will be followed by the GDP and the usual weekly unemployment claims data releases on Thursday and the personal consumption expenditure data on Friday.

On the charts

The global spot gold price has support at $1,225 which is the 21-day moving average level. A test of this support level looks likely this week. If gold manages to sustain above this level, a rise to $1,240, the immediate resistance level, is possible this week. A break above $1,240 can take it further higher to $1,250.

On the other hand, if gold declines below $1,225, it can then target $1,219 and $1,210 which are the 50 and 61.8 per cent Fibonacci retracement support levels.

Silver looks much weaker than gold. It can dip to test its crucial support at $17 this week. A fall below this support can drag it further lower to $16.6. However, a reversal from $17 on the other hand can take the silver price higher to $17.6 in the coming week.

₹70,000-cr worth Swiss gold has headed to India

PRESS TRUST OF INDIA

New Delhi/Berne, October 26

As banks in Switzerland come under greater scrutiny, the quantum of gold having left Swiss shores for India so far this year has reached a record high of over 11 billion Swiss francs (about ₹70,000 crore). The gold exports from Switzerland to India stood at over 2.2 billion Swiss francs (about ₹15,000 crore) in September alone, which is double the figure for the previous month, show latest data released by Swiss Customs Administration.

As a result, the total Swiss gold exports to India since January this year has grown to 11.4 billion Swiss francs, show data compiled by the Swiss government's cross-border trade monitoring agency.

While industry watchers attribute the surge during September partly to the increased demand for the yellow metal ahead of Diwali and other festivals in India, the sudden spike is also being seen suspiciously in the backdrop of gold being used for 'layering' purposes to move funds from Swiss banks amid growing scrutiny for suspected black money. According to banking industry sources, banks operating in Switzerland, including those headquartered in the Alpine nation and the Swiss units of other European banks, have turned wary about dealing with their Indian clients in the wake of a growing scrutiny of such accounts.

A number of Swiss banks, including three with significant global presence, have begun telling their Indian clients to sign undertakings that are aimed at 'derisking' the banking institutions from potential risks arising out of regulatory actions against the bank customers by foreign governments.

Some banks are also telling their clients to close their accounts if they are not ready to take such risks, or if they have apprehensions about such accounts not being compliant with regulatory requirements in their home countries. Through these 'derisking' undertakings, the customer agrees to take responsibility for any possible regulatory or administrative compliance with international norms.

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Business Standard

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Builders allowed parallel bids for roads not taken

Given choice of govt and privately funded modes to put highway projects in fast lane

MANSI TANEJA
New Delhi, 26 October

To revive investment in the road sector, the Union government has come up with a new bidding strategy. The same stretches of national highway projects are now being offered in both government and privately funded modes. The National Highways Authority of India (NHAI) has invited rebids for four projects under the build, operate and transfer (BOT) mode, even as bidding under the EPC (engineering, procurement, construction) mode, where the government funds a project, is on simultaneously. These projects were earlier put up for bidding in PPP mode but found no takers. Subsequently, decisions were taken to award these projects in EPC mode. "About four projects have been rebid in PPP mode as some investors have shown interest. But, decisions were already taken to award these projects in EPC mode; so, now bidding in both modes is running simultaneously," a senior NHAI official told *Business Standard*.

The idea is to save time in awarding projects, as there have been delays because of there being no takers in the previous round of bidding, the official added.

A few foreign investors, including IJM Corporation Berhad, a leading construction group in Malaysia, have shown interest in certain projects — Eastern Peripheral Expressway worth ₹4,489 crore for a stretch of 135 km, Bathinda-Amritsar worth ₹1,899 crore for a stretch of 175 km and Ambala-Kaithal for about 95 km worth ₹878 crore.

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NEW STRATEGY

Dual course

NHAI has invited rebids for 4 projects under the build, operate and transfer (BOT) mode, even as bidding under the engineering, procurement, construction (EPC) mode is on simultaneously

The target

In the current financial year, NHAI has awarded 1,138 km of road projects, of which 511 km has been awarded under BOT mode. The target is to award 3,700 km through PPP and 2,300 km through EPC

Good times gone

Developers bid aggressively during 2010-2012, when the govt awarded a record 147 road projects worth ₹1.47-lakh crore

Green hurdles

Issues related to environment and forest clearances and land acquisition have come in the way of projects. Projects worth ₹1,80,000 crore are stuck because of such problems

Business Standard

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Builders allowed...

Among the biggest projects that has been rebid is the Eastern Peripheral Expressway, to be built between Sonepat in Haryana to Palwal in Uttar Pradesh, bypassing Delhi. The bids have again been called under BOT mode as one unit. For EPC, the project has been divided into three packages, which will further be divided into a total of six parts. In the current financial year, NHAI has awarded 1,138 km of road projects, of which 511 km (three projects) has been awarded under BOT mode of public-private partnership, according to another NHAI official. This fiscal year, the target is to award 3,700 km through PPP and 2,300 km through EPC mode. Developers had bid aggressively during 2010-2012, when the government awarded a record 147 road projects worth ₹1.47-lakh crore. At that time, India's economic growth was much higher but it slowed subsequently and input and inflationary costs have gone up since, due to which the award of contracts for national highways has slowed down and there is less of interest from the private sector. Besides, issues related to environment and forest clearances, and land acquisition have come in the way of projects. Projects worth ₹1,80,000 crore have been stuck due to various problems.

The Financial Express

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Electricity Act to get a facelift for reform

■ Separate licences mooted for wire biz, supply to consumers

Sumit Jha
New Delhi, Oct 26

With a decade's existence of the Electricity Act of 2003 doing precious little in infusing efficiency and competition into the sector, the government has proposed some key changes in the Act to remedy the situation and prevent the loss-ridden sector, which is struggling to meet the reformist conditions of a financial restructuring package (FRP), from plumbing fresh depths.

The Union power ministry's draft amendments to the Act, to be placed before

FE Special

the Cabinet soon, seek to separate "carriage from content"— meaning there will be separate licences for the wire business and the actual supply of electricity — with a provider-of-last-resort (POLR) facility, in what could eventually pave the way for open access for ordinary consumers.

While open access for even bulk buyers, despite the 2003 Act providing for it, has rarely been achieved due to the prohibitive surcharges levied by the regulators, the ministry now proposes to make open access mandatory for buyers with a load of of 1 MW and more.

According to the draft amendments, to start with, the distribution network business and supply business of the extant discom in an area will be separated with dual licensing. While for the initial one year, there will only be functional separation with common ownership, subsequently, ownership will also be segregated and additional supply licences will be given to new players. Initially, the incumbent supply licencee only will have universal service obligation (USO). This means a consumer can resort to him if other suppliers fail. Over a period of three years from the grant of licence, each supplier will also have the USO, so that consumers are not deprived of supply, even while having the freedom to switch from one supplier to another, in search of cheaper and quality power.

■ Continued on Page 2

UNTANGLING POWER LINES

PROPOSAL	IMPACT
Separation of carriage and content	Will force open access
More than one distribution licence using same wires	Will help lower tariffis
Independent review of SERC performance	Will ensure SERCs do their job
Mandatory open access for consumers >1 MW	Will lead to excess charges by discoms, should be optional
Govt can scrap Sec 62 tariff determination	Benefits PSUs like NTPC. Also, Sec 63 plants mostly in litigation

CARRIAGE AND CONTENT

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Power Act...

Experts welcomed the move saying it'll help bring down tariffs but added that to perform the role of POLR, licencees must be given incentives as in other countries where open access at the retail power distribution level is a reality. "POLR should have recourse to a Fund which the regulator will create by way of some levy to make good any loss that could be suffered by him due to this responsibility," said Kameshwar Rao, leader, energy, utilities and mining at PwC India. Although there are concerns over a proposal to deprive bulk consumers using open access of the services of PLOR, Rao said since suppliers usually compete to rope in large consumers, it might not be problem.

What's important is how ably various state regulators enforce the provisions, analysts said, citing the unimpressive track record of most of them in meeting obligations under the 2003 Act like reduction in cross-subsidisation and ensuring procurement from renewable energy firms. Few state electricity regulators are able to do justice to even the reform obligations like timely revision of tariffs under the FRP introduced last year.

Of course, the ministry's new draft recognises this and proposes to give supervisory powers to Forum of regulators (FoR) to ensure tariff rationalisation does take place. The FoR, headed by the chairman of the Central Electricity Regulatory Commission and comprising state regulators, will also have to submit a report to the government detailing the working of various state regulators.

Discoms are also concerned about a proposal to form an intermediary company and vest all existing power purchase agreements (PPAs) with it. The idea is to re-assign power from a pool of PPAs among the supply licensees on the basis of consumer mix, total consumer load with each and after factoring in transmission and distribution losses. Although the details of how this mechanism will be evolved will be clear only when the relevant rules will be framed, this could create uncertainties for discoms, while power producers will have little to worry about as the sanctity of the PPPs will be protected. "In the proposed intermediary model, licensees with cheaper power purchase pacts will lose out if they have to supply under more expensive PPAs negotiated by other licensees," Praveer Sinha, CEO, Tata Power-Delhi Distribution said.

Apart from the changes concerning the distribution sector, the power ministry has also sought cabinet approval for amendments related to grid security, whereby significant increase in penalty has been sought to ensure discoms comply with the norms prescribed.

The proposed amendments also seek to entrench the shift towards tariff determination through competitive bidding by limiting the amount of power whose tariffs are determined by the regulators. This would mean while state-run NTPC, which has signed several PPAs between 2004-2009 under Section 62 under which tariffs are regulated by the SERCs, the avenue for private players to this route will now remain closed. The good news is that there is also a proposal to allow "automatic" pass-through of the power purchase cost. Several projects under Section 63 (where tariffs are determined through competitive bidding) are under arbitration with the procurers over adjustments sought for rising costs of fuel.

The Hindu
Editorial

MONDAY, OCTOBER 27, 2014

Another round of elections

Kashmir is still recovering from the devastation of the recent floods; the State and Central governments are still involved in relief and rehabilitation operations. But extraordinary as these circumstances are in the Valley, deferring the Assembly election in Jammu and Kashmir was never an option before the Election Commission. Any postponement of the election process would only have added a political dimension to the administrative crisis in the State, stretching further the already strained capabilities of the National Conference government. Chief Minister Omar Abdullah appeared to have been motivated by the rationale of his own political survival when he mooted the deferring of the election in order to better deal with the flood crisis. In view of security considerations — militancy in Kashmir and Maoism in Jharkhand — the polls are spread over five phases beginning November 25 and ending on December 20. As in the Lok Sabha election, in J&K, the People's Democratic Party is expected to eat into the vote share of the National Conference, and the Bharatiya Janata Party may again raid the Congress strongholds. The break-up of the NC-Congress alliance is of little consequence, and the interest in the election is whether the Congress would win enough seats to remain a player for power in the post-election scenario. The PDP and the Congress have been partners in government before, and in the event of a fractured mandate in J&K, another political churning is quite likely.

In Jharkhand, the question is whether the BJP will be able to repeat its performance in the Lok Sabha election and get a majority of its own. After having won 12 of the 14 Lok Sabha seats, the BJP is the overwhelming favourite. Although the Jharkhand Mukti Morcha is at present in alliance with the Congress and the Rashtriya Janata Dal, the three parties might go their separate ways in the Assembly election. Differences over seat sharing aside, the parties are by no means natural allies. Jharkhand has seen several combinations of parties in power, and the JMM, especially, has shown a readiness to make friends with any party for the sake of sharing power. The Congress and the RJD have stakes in Bihar too, but the national party might see little merit in playing the role of a junior partner in a JMM-led coalition in a low-stakes election. For the BJP, it is important to keep up the winning momentum. Under the leadership of Prime Minister Narendra Modi, the BJP is now a centralised organisation. Just as he and his core team take credit for every success, they will be conscious that the blame for a defeat too will lie on them alone. But that seems to be a situation very much to the liking of Mr. Modi who is not averse to risk-taking.