

PART A: News pertaining to Planning Commission



20.09.2014 to 22.09.2013

Compiled by:

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Planning Commission Library

[Note : Now the Daily Digest is divided into two parts: Part A contains News pertaining to Planning Commission and Part B contains general News and Views]

1. National Planning: Reject Jawaharlal Nehru, welcome Narendra Modi

Anand Singh, New Delhi, Bureaucracy Today: 18.09.2014

With his decision to scrap the Planning Commission Prime Minister Narendra Modi gave a clear signal that he is not going to stuck with the traditional Nehruvian economic policy. With his focus to centralize the powers aiming at development, Modi suggested a new body for national planning.

He said on August 15 that the new institution will have a new body, soul, thinking, direction and faith. It will be powered by creative thinking on public-private partnership, optimum utilisation of resources, and the utilisation of youth power. It will strengthen the federal structure of India. While many support Modi's move, there are voices to the contrary. A Bureaucracy Today report.

The Planning Commission was created in 1950 to meet the unique challenges faced by India after Independence in 1947. Through this Commission the Central Government adopted a top-down approach to national growth which emphasized economic and social development in the States. The experiment proved successful till the Fourth Five-Year Plan.

However, with the failure of Plans prepared by the Commission in the last two decades and the private sector coming up with better infrastructure development the idea of scrapping the Planning Commission started gaining ground in the country. The Commission's role in the recent years on the allocation of resources and funds to State Governments also generated a negative thinking against the planners.

A report prepared by the Independent Evaluation Office (IEO) in June 2014 recommended that the Planning Commission be scrapped and replaced with the Reform and Solution Commission. The IEO headed by Ajay Chibber in its report to the Prime Minister's Office suggested that the current functions of the Planning Commission can be taken over by other bodies which are better designed to perform those functions. According to highly placed sources in the Planning Commission, the Government is busy giving finishing touches to creating a new body i.e. "Monitoring and Accountability Commission". The number of employees of this new body is expected to be less than that for the Planning Commission. The new institution will also keep a tab on the annual achievement targets of different ministries and present its report in Parliament. This will ensure accountability of the ministries. The role of States in the proposed institution is not yet clear.

However, many economists differ on the Government's decision. Some of them opine that the Government is closing the last channel between the people and the State through which the problems of socio-economic injustice and deprivation could be addressed.

This argument is justified by the fact that despite several limitations, the Planning Commission has remained the only body that has consistently recommended many positive measures through

Five-Year Plans. It increased public expenditure to address socio-economic inequalities and supported Government programmes for social welfare such as the National Rural Health Mission (NRHM), the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the Right to Education scheme. All these recommendations from the Planning Commission came at a time when economic climate in the country was overwhelmingly of free market capitalism.

The former Deputy Chairman of the Commission, Montek Singh Ahluwalia, when contacted refused to comment on the Government's decision. In reply to a question Ahluwalia told Bureaucracy Today, "My ores were drought and I have sent a note. Let's see what the shape of the new institution will be."

Sunil Mitra, former Revenue Secretary, tells Bureaucracy Today, "There has been a big debate on the issue of scrapping the Planning Commission in the public domain. The Commission has a monopoly on allocating resources to the States and ministries of the Government of India and is also looking after the implementation of the Finance Commission's recommendation on dereliction. But the system today has become too much outdated." Mitra further says, "States voices are not being heard. Resources are not allocated properly and their percentages are increased over the previous years rather than actually looking into the capacity to spend. So I think the Planning Commission should go. With the Five-Year Plans the growth percentage was nominal in the past few decades. So I believe that in the account of losses relevant to the present circumstances there is a need for a ledger beginning in a more federal structure."

There are many voices against the Government's decision stating that with a new planning body socio-economic problems will not be heard now. Tribal leader Manish Kunjan tells Bureaucracy Today, "I am against the Government's decision to scrap the Planning Commission. The motive of the Government is suspicious as it will help corporates to exploit the resources of the tribal areas for making huge profits."

Sanjay Paswan, National President of the Scheduled Caste Morcha, BJP, tells Bureaucracy Today, "I want to make it clear that the BJP is very much alert for the concern of the marginalized. And it will be taken into account by any commission that is going to be formed."

Experts say the new body that Modi wants may serve as a solution exchange and repository for ideas that have been successful in different aspects of development in other parts of the world. It will provide ideas for integrated systems reform, identify new and emerging challenges and offer solutions to prevent them. And for his new development ideas the present Planning Commission has to go.

2. Direct benefit transfer plan set for expansion

The Hindustan Times: 20.09.2014

To check rising public expenditure, the government's two biggest money-spender schemes — subsidised ration for poor and job guarantee in rural areas — will soon be on the Aadhaar-enabled Direct Benefit Transfer (DBT) platform.

The disbursement of subsidy for cooking gas cylinders will come back on the DBT platform after the previous UPA government decided to put it on the hold just before general elections.

The UPA, which started transfer of public money directly into the bank accounts of beneficiaries through DBT, had deliberately kept the Public Distribution System (PDS) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) out of it fearing it would invite adverse reaction.

Prime Minister Narendra Modi at a meeting with Unique Identification Authority of India (UIDAI) officials about a fortnight ago gave a go-ahead to include the two schemes that account for more than `1,50,000 crore of the central expenditure, into the DBT platform.

A planning commission study had estimated that one-fourth of the food grains meant for the poor never reach the beneficiaries and there have been instances of large number of fake job cards to get benefit under MGNREGA. The move would help the government to plug these leakages.

Modi had also instructed that the disbursement of the cooking gas subsidy should be resumed on the DBT platform. The existing schemes of the DBT platform — pensions, scholarships and incentives to save the girl child — would also be extended to these 300 districts, officials said.

The PM has instructed that the UIDAI should ensure complete coverage in these 300 districts and meet the target of seeding of Aadhaar numbers in the bank accounts of at least 80% beneficiaries. "The PM wants the UIDAI to meet the target before the next review meeting to be held sometime in January 2015," a senior government functionary said.

For that the Planning Commission has called a meeting of chief secretaries of all union territories and states on September 27 and 30 respectively.

3. THE HINDU: 21.09.2014

‘Make in India’ pitch from Sept. 25



AP In his maiden Independence Day address, Prime Minister Narendra Modi invited the global business community to set up manufacturing facilities in India.



PTI In his maiden Independence Day address, Prime Minister Narendra Modi invited the global business community to set up manufacturing facilities in India. File photo

The objective is to take manufacturing growth to 10% on a sustainable basis.

Prime Minister Narendra Modi will launch the “Make In India” campaign on September 25, aimed at reviving the job-creating manufacturing sector — key to taking the economy on a sustainable high growth path.

The drive, the Modi government hopes, will do for investment sentiment what the “Incredible India” campaign has accomplished for tourism. With his “Come, make in India” slogan in his Independence Day speech, Mr. Modi had invited global companies to set up manufacturing units in India to supply to the rest of the world.

For the launch, the government is likely to invite the who’s who of the global corporate sector from the U.S., Japan, Korea, Sweden, Poland, Australia, China, Italy, Germany and France.

The campaign includes invitations to the world’s top 3,000 companies to explore investment possibilities in India. Indian Embassies around the world are expected to join the campaign. “The objective is to take manufacturing growth on a sustainable basis to 10 per cent over the long term,” a senior Industry Ministry official told presspersons on Saturday. The Department of Industrial Policy and Promotion has set up an eight-member expert panel to redress grievances and handle queries of global and domestic investors within 24 hours.

Its role will be to provide information and solve investors problems.



OFFERING NEW ENVIRONMENT TO INVESTORS

KEY PLAYERS OF GLOBAL CORPORATE SECTOR INVITED FOR LAUNCH

THE MODUS OPERANDI | 8-member expert panel set up jointly by Department of Industrial Policy & Promotion and FICCI

TEAM INVEST INDIA WILL

- 1 Interface with global investors
- 2 Redress grievances, act as helpdesk
- 3 Suggest reforms to Centre, States
- 4 Resolve policy issues

World Bank report ranks India **134th out of 189** nations on ease-of-doing-business parameters

- Invites to be sent to **30,000 top firms**
- Digital India Campaign to give **push to manufacturing**
- **25 identified sectors** including auto, food processing, IT, defence and entertainment
- Get manufacturing growth to **sustainable 10% over long term**
- Centre to work with States to **de-bureaucratise and deregulate**
- Help simplify **business procedures**, usher in **mindset changes**

The team will try to resolve issues within 48 hours. [Otherwise] it will go to the dept.'s nodal officer [to fix] within 72 hours. — **DIPP OFFICIAL**

Panel to work with States to ease investment process

The 'Make in India' campaign to be launched by Prime Minister Narendra Modi on September 25 will eventually take up policy reforms involving changes in laws to ensure ease of doing business in the country. An infrastructure push and tax issues are also on the cards, with the setting up of an eight-member expert panel by the Department of Industrial Policy and Promotion. Besides interfacing with investors, team Invest India will also work with Central and States departments to resolve policy and other issues.

“We will work with the States to accomplish de-bureaucratisation and deregulation and to ensure officials mindsets change from being permits issuers to partners in investment processes,” an official said.

Starting a business in India at present needs an entrepreneur to follow 12 procedures, which on an average takes 27 days. Similarly, enforcing contracts takes years, the official said adding that these need to be streamlined. The latest World Bank report on the 'ease of doing business' placed India at the 134th rank out of 189 economies on various parameters relating to business and regulatory environment.

Panagariya hopes for lean and thin planning body

Economist calls Modi brave for scrapping Planning Commission

PRESS TRUST OF INDIA

New York

A REPLACEMENT for the planning commission must be "lean and thin", a top Indian-American economist has said, even as he listed fiscal consolidation and trade and FDI liberalisation as key areas the new Indian government should focus on to return to high growth.

Arvind Panagariya, professor of Economics at Columbia University, termed as "brave" the decision by prime minister Narendra Modi to do away with the 1950-dated institution and said the body that takes its place should start "anew."

Addressing a gathering at the Chazen Institute of International Business, he suggested that Modi should put in "as lean and thin a team" for the commission's replacement with 10-12 people and "lots of resources so that they can draw on the experts as necessary" and then periodically that team should meet with the prime minister and finance minister.

He added that the new body should have "in the background enough research agenda (on) how to design the reforms taking into account the political economics." Panagariya, however, cautioned that the replacement of the commission should start "anew" as reforming the ex-



EFFECTIVE AND EFFICIENT: The new body should have in the background enough research agenda on how to design the reforms taking into account the political economics

isting one would ultimately have the "same players" and that "needs to get changed." Discussing the policy package that India should put in place to revive growth, Panagariya said a "reform menu" for the country should include fiscal consolidation, trade and foreign investment liberalisation, amendment in the Land Acquisition Act, labour market reforms, privatisation and decentralisation of higher education.

He said while fiscal consolidation is underway, some movement has also happened in foreign investment under the new government which has opened the de-

fence sector up to 49 per cent and insurance from 26 per cent to 49 per cent.

He, however, said in his view the government could have opened the insurance sector even more for foreign investment. The economist also pointed out that there is need to reform the labour market as many of the labour laws are "incredibly constraining."

Making a strong case for amending the Land Acquisition Act, Panagariya said the act is "incredibly draconian." "If everything under the current law goes smoothly, there are no challenges by NGOs, courts, it will still take five years. No-

body will dare initiate land acquisition under those circumstances".

Meanwhile, the proposal to replace Planning Commission with a new body, as announced by Modi, is still under consideration of the central government. In reply to an RTI query, the planning commission said the final decision, as and when it is taken, on its replacement will be put in public domain.

The commission was asked to provide detail of its meetings with officials of the PMO in this regard, copy of minutes of such meetings, and name, structure, address and mandate of the proposed body.

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5. Replacement of Planning Commission still under consideration

The Pioneer: 21.09.2014

The proposal to replace Planning Commission with a new body, as announced by Prime Minister Narendra Modi, is "still under consideration" of the central government.

In reply to an RTI query, the Planning Commission said the final decision, as and when it is taken, on its replacement will be put in public domain.

The Planning Commission was asked to provide detail of its meetings with officials of the Prime Minister's Office (PMO) in this regard, copy of minutes of such meetings, and name, structure, address and mandate of the proposed body.

"The proposal (to replace Planning Commission with a new body) is still under consideration with the government... As and when the final decision is taken by the government of India, the same will be placed in the public domain," the plan panel said in its reply to the RTI application filed by PTI.

The Prime Minister is the Chairman of the Planning Commission, which works under the overall guidance of the National Development Council, according to its present mandate. The Deputy Chairman and the full-time members of the Commission, as a composite body, provide advice and guidance for the formulation of Five Year Plans, annual plans, state plans and monitoring plan programmes among others. In his Independence Day speech, Modi had announced that a new institution with a new soul will replace the Planning Commission.

The new body will lead the country based on creative thinking, public-private partnership, optimum utilisation of resources, utilisation of youth power of the nation, to promote the aspirations of state governments seeking development, to empower the state governments and to empower the federal structure, he had said.

"Very shortly, we are about to move in a direction when this institute would be functioning in place of Planning Commission," Modi had said. The Congress had opposed the government's move, terming it a "knee-jerk and half-baked decision" and favoured a "restructuring instead of dismantling" of the panel. Later on his Twitter posts, Modi had invited suggestions from people on the proposed body to replace the plan panel.

6. Sanskriti Gurukul shines at DU summit

The Times of India:22.09.2014

Guwahati: Students from Sanskriti The Gurukul (STG), a leading school in the city, brought accolades for the school at the Hindu Policy Summit held at the Vallabhbhai Patel Commission Centre, Delhi University, North Campus recently.

Among the school delegates, Yash Maheswari was given the special mention award for 'reviewing' the constitution of India at the summit organized by the Symposium Society of Hindu College, University of Delhi. The award was given based on judgment criteria such as research, content, spontaneity, presentation and portfolio representation. Seven students of STG — Amrita Raja (Class XII), Yash Maheshwari, Anurag Shrivastava, Malika Gupta, Roshni Choraria, Adori Medhi, Pratyush Ranjan Bhuyan (all from Class XI) — participated in the event, accompanied by their guide and mentor Jolly Das. The summit consisted of three committees: commission to 'review' the constitution of India, 'Planning Commission of India' - 'National Development Council' joint meet and 'Tripartite Security Meet'.

The summit was attended by five schools and a number of colleges from across the country.

"It was a great learning experience for our students as they participated in a summit for the first time in which they had to compete with college students in matters of research, content, presentation and portfolio representation," said Ashutosh Aggarwal, secretary of STG, Guwahati.

7. Aadhaar set to get govt push for 5 key schemes

Business Standard: 21.09.2014

After reposing faith in the Aadhaar project at its Cabinet meeting last week, the Narendra Modi government wants direct benefits transfer (DBT) for 80 per cent of beneficiaries in five key schemes “as soon as possible”.

The schemes to be covered include that for cooking gas subsidy, where DBT was stalled by the previous government. The other schemes are on transfer of pensions, scholarships, the National Rural Employment Guarantee Scheme and the Public Distribution System (PDS).

According to the Planning Commission’s assessment, Aadhaar’s penetration among beneficiaries of these five schemes varies from 25 per cent to 60 per cent at present.

“In some states the reach is very little. We will now scale up the penetration to bring an Aadhaar-enabled mechanism for transfer of funds to 80 per cent of the beneficiaries of five programmes,” a senior official said.

To begin with, the plan to take Aadhaar to 80 per cent beneficiaries would be for 300 districts (of India’s 670 districts); it would be expanded after the first stage got over, the official said.

The Commission, the nodal agency for Aadhaar, will meet representatives from on Tuesday and those from Union Territories on September 30. “The meeting is for reviewing the state-wise progress of Aadhaar, evaluating the bottlenecks and finding solutions,” the official added.

The Prime Minister’s Office, it is learnt, is directly monitoring the progress of Aadhaar coverage for these five schemes. It had earlier sought from the Planning Commission a report on the feasibility of implementing DBT for these schemes.

Earlier this month, Prime Minister Narendra Modi had chaired a review meeting for both Aadhaar and the home ministry’s National Population Register (NPR) project. He had emphasised the need for using biometric technology for checking leakages in welfare schemes. Officials said it was decided that bank accounts would be linked to both Aadhaar and NPR for cash transfers — the finance ministry was told to work out a mechanism for linking NPR to bank accounts.

Under the previous government’s term, efforts were made to transfer cash directly to the bank accounts of beneficiaries for PDS and cooking gas, among other things. However, the plan had to be stalled due to Aadhaar’s sparse linkage with bank accounts. Also, the Supreme Court had ruled that the Aadhaar numbers could not be made compulsory for people to avail of benefits of

government schemes and subsidies. Before DBT for cooking gas was put in abeyance, around ~5,000 crore had been transacted through the channel.

However, after the launch of the ambitious Pradhan Mantri Jan Dhan Yojana, the government's plans of Aadhaar-linked programmes have again got a boost. The finance ministry had recently said 40 million bank accounts had so far been opened under the Jan Dhan scheme and banks had mobilised ~3,700 crore. The target for this scheme is to provide basic bank accounts to at least 75 million households by January 25.

The Cabinet had last week re-approved the Unique Identification Authority of India's (UIDAI's) mandate by extending its coverage to four more states, to cover one billion people. Aadhaar had undergone a period of uncertainty after the Bharatiya Janata Party-led government came to power in May this year. This was because BJP leaders had opposed the project during their campaign for the Lok Sabha polls.

To date, about 674 million Aadhaar numbers have been generated. UIDAI's total expenditure from inception to the end of August was estimated to be ~4,906 crore.

According to some estimates, Aadhaarenabled transfer of benefits could bring down the government's fuel subsidy bill by 20 per cent. The Centres' total expenditure under this head was pegged at ~63,427 crore for 2014-15, against the revised estimate of ~85,480 crore for the previous year.

8. Red Tape and Red Carpet

The Free Press Journal: 21.09.2014

Of the many problems inherited by the Modi Sarkar from the Manmohan Sarkar is to distinguish between Red Carpet and Red Tape, discovers V GANGADHAR.

The **Planning Commission** is discarded. Despite losing a lot of body weight. Some senior ministers still manage two major portfolios. Others manage nothing. Smriti Irani has to develop Human Resources from scratch despite not knowing how many degrees she has in her bag and if she will be rewarded with a Doctorate, a degree, a diploma or a mere certificate.



It is hard to reach the peak of development promised by NaMo. Every problem has twists and turns. Before creating some new thing, several old items need to be broken. The PM told the nation that it does not need red tape but needs red carpets. In the days to come Modi's **India** will be holding national and international meets to be attended by Head of State, religious leaders, holy men and so on.

The Vishwa Hindu Parishad architects and engineers Pic: PTI are Photo already **planning** to construct enormous structures to reach Ram Rajya and thousands of VVIPs from abroad will be

expected to visit these temples and towers. We needed thousands of kilometres of red carpets for the job. Modi is determined that the Hindu Kings and other VVIP visitors from abroad will not step down on even a single centimetre of natural soil but walk on specially woven red carpets.

he challenging task of weaving so many kilometres of red carpets is entrusted to one of Modi's trusted ministers, the present minister of Commerce, Nirmala Sitaraman who will make use of tradition and modernity. Her expertise in both South Indian and North Indian designs deeply impressed Modi to make Nirmala labelled his government's Designing Woman. Nirmala's budget is unlimited.

There is talk of Finance Minister Arun Jaitley levying a special 'Red Carpet' tax which may run into millions. While funds are not a problem, the carpets can be woven only with a special kind of thread. Intense research on this topic revealed that such a thread can only be produced from the traditional red tape (much-maligned) commonly used by the state governments and the Centre to bind their files.

Nirmala's Red Tape destroying department has the difficult job of saving all the red tape previously ordered to be destroyed. This red tape after undergoing special chemical treatment is expected to yield sufficient kilometres of special red thread which will be used to make the requisite number of red carpets.

The Ministry of Personnel which is directly under the PMO had ordered every single state and central government file not to be destroyed, remove the red-tape and return them safely to Ms Sitaraman's ministry which is setting up the machinery to produce the special red thread and transfer it to the Red Carpet section. The process will work round the clock and will yield enough red carpets to be utilized for the various important jobs of the Modi government. Such red carpets will herald the real arrival of ACHHE DIN...

Sep 22 2014 : The Economic Times (Mumbai)

9.PM Prepares to Help World Make in India

Vikas Dhoot

**New
Delhi:**

EASY BIZ Rationalising labour, FDI & green norms that are hurting investment, and opening a single-window system for start-ups are measures Modi will announce

Prime Minister Narendra Modi is set to unveil measures highlighting his government's initiatives to make it easier to do business in India in his first major interaction with industry captains after assuming office. This effort forms an integral part of Modi's Make In India pitch aimed at altering the negative narrative of uncertainty and red-tapism that haunts the country's investment climate.

Among the big-ticket measures Modi is expected to flag at the September 25 event are the rationalisation of restrictive labour, environmental and foreign direct investment (FDI) norms that have deterred investment and job creation in recent years, besides the setting up of a fully functional single-window system for starting a business that would allow budding entrepreneurs to get more than 100 central and state government clearances online.

Ahead of Modi's public pitch to restore the faith of local and global investors in India's market opportunities, the environment ministry has decided to roll back what's said to be one of the biggest hurdles to fresh industrial investment in the last few years that required any factory or assembly line built on 20,000 square metres or more to secure environmental clearance for construction. India Inc had red-flagged this at meetings steered by the Prime Minister's Office, which is in mission mode as it looks to improve investment climate, having tasked different departments with specific action points.

Environment, forest & climate change minister Prakash Javadekar has approved a draft notification that explicitly keeps building of factories and industrial production facilities out of the ambit of 2006 environment impact assessment norms. This is likely to be notified by early November, officials said.

Industry had told the PMO that the 20,000 sq m norm was meant to cover large township and housing construction projects, not the building of factories, but the previous UPA government had misinterpreted the clause in the last few years, introducing a delay of at least 24 months in building or commissioning any investment project planned over five acres or more.

"We have invited a large number of industry leaders across sectors, big, small and medium to the Make In India campaign launch by the PM at Vigyan Bhawan," said a senior government official. "The PM would make some important announcements, around the theme of ease of doing business," he said. India is ranked 134th out of 189 countries on the World Bank's Ease of Doing Business Index. Representatives of several global businesses and business groups and economic or commercial counsellors of several foreign governments will also attend the event.

Indian embassies across the world are expected to play a proactive role in propagating the Make In India mission, while the external affairs and industry ministries have been asked to work closely with states in organising road shows for global investors and handholding them through the process of setting up shop in the country.

Aimed at introducing transparency and efficiency in the myriad clearances required for business, the new singlewindow system involves digitizing more than 100 central and state-level approvals ranging from registering a boiler or getting a fire department clearance to getting a PAN and other tax identification numbers. The government is striving to make this operational by March 2015.

"The environment ministry is examining a recommendation to do away with the existing

categories of projects into categories A and B (which determines if a project needs a green clearance from the Centre or state) and relax the norms that require an environmental impact assessment and public hearings even for expansion projects," said a senior government official aware of the development.

The ministry is also looking at relaxing conditions related to the distance of the project from state boundaries and critically polluted areas, he said, adding that these changes were recommended by a panel led by the director of the National Environmental Engineering Research Institute (NEERI). The panel was appointed by former environment minister in the UPA government Jayanthi Natarajan, who allegedly delayed projects worth lakhs of crores by withholding green clearances, prompting Modi to coin the term 'Jayanthi tax' during the Lok Sabha poll campaign. Natarajan had kept the constitution of the committee and its terms of reference out of the public domain, although it submitted its report to her successor Veerappa Moily this May. Natarajan had rejected Modi's characterisation.

Other relaxations have also been proposed by the panel. "We have also suggested simplifying the process of issuing terms of reference issue for projects that have no public involvement. For instance, if ONGC has an exploration area 200 km offshore, there's no reason to involve the public at this stage," NEERI director SR Wate told ET, adding that in such cases, public hearings can be held at the development stage instead.

The labour ministry is looking at reintroducing the concept of 'fixed-term employment' under the Industrial Employment (Standing Orders) Act of 1946. Though the Atal Bihari Vajpayee government had introduced this option allowing firms to hire manpower for specific short-term projects in 2003, the UPA had repealed it in 2007.

In its first few weeks in office, the Modi government has emphasised the shift away from the inspector raj system used to implement different laws, including those relating to labour and industrial boilers. The labour ministry has done away with the

discretionary powers of inspectors, opting for a centralised intelligence-driven system for checking compliance.

The industry ministry, which administers the Industrial Boilers Act of 1923, has asked state governments to opt for self or third-party certification to vouch for the safety of boilers in production facilities. It is documenting the best practices across states and sharing them with others to boost competition.

The Prime Minister has also urged all departments to spare citizens the need to file bulky affidavits and certified documents, recommending a move to self-attestation, wherever it is legally feasible.

**On Sept 25,
Narendra
Modi will
unveil
initiatives
making biz
easier in
India**

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Opening Doors

With some measures already taken and others in the offing, the Modi govt is smoothening business paths considerably

	GREEN PATH		CLEAR VIEW		JOB SECURITY
Draft notification to keep building of factories and industrial production facilities out of the ambit of the 2006 environment impact assessment norms.	Single-window system involving digitising more than 100 central and state-level approvals, including registrations, clearances or even tax ID numbers	Reintroducing the concept of 'fixed-term employment' under the Industrial Employment (Standing Orders) Act of 1946. It was repealed in 2007			



A Red Carpet Invitation

After the 'Jan Dhan Yojana' PM Narendra Modi's other big initiative, boosting domestic manufacturing, is set for a big bang launch on Thursday. The PM had, in his i-day speech, invited the world to 'Come, make in India'. **ET** takes a look at the key components.

KEY ELEMENTS

1 Speed Up Decisions

DIPP & FICCI have jointly set up an 8-member expert panel that will

Address queries and concerns of investors

Clarify Indian policies to the investors

Suggest reforms to Centre and the states

Redress grievances

TIME BOUND PANEL

Issues to be resolved in 48 hours

Unaddressed queries go to DIPP secy, to be resolved in next 24 hours

2 Reaching Out Globally with a Digital Campaign

On lines of 'Incredible India!'

Foreign missions to be roped in

Launch to be attended by corporates from US, Japan, Korea, Sweden, Poland, China, Italy, Australia, Germany & others

3,000 top cos invited to explore investment opportunities

4 Like Jan Dhan, States Mobilised To Support

Campaign would be simultaneously launched in different state capitals, including Mumbai, Chennai and Bangalore

3 Thrust Sectors Identified

Scheme will focus on 25 sectors to begin with

Auto, food processing, IT, defence, electronics, pharma & textiles are important ones

WHY THE SPOTLIGHT ON MANUFACTURING



Government rightly sees manufacturing revival as key to achieving many goals such as higher growth, more jobs and increased exports

Manufacturing Share In GDP Has Stagnated (% Share in GDP)



How will manufacturing revival help?

Spur domestic economic activity	Reduce import and increase exports
Create jobs, move people out of agriculture and spur services	Balanced trade will help improve trade deficit, CAD
	It will help attract foreign investment

**THIS HAS MEANT
LOW JOB
CREATION,
HIGHER IMPORTS
AND BIGGER
TRADE DEFICIT**



WHY IS THE SPOTLIGHT ON MANUFACTURING

PM will launch the scheme on Sept 25 before leaving for US

Scheme will be highlighted during his trip to the US

Prime minister may announce some incentives for this initiative

Top Indian corporates may also announce projects

10. Replacement for Plan panel still under study

The Hindu:22.09.2014

The proposal to replace the Planning Commission with a new body, as announced by Prime Minister Narendra Modi, is “still under the consideration” of the government.

In reply to an RTI query filed by the PTI, the Commission said the final decision, as and when it is taken, on its replacement will be put in the public domain.

The Commission was asked to provide details of its meetings with officials of the Prime Minister’s Office in this regard, copy of minutes, and name, structure, address and mandate of the proposed body.

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I-Day promise

In his Independence Day speech, Mr. Modi announced that a new institution with a new soul will replace the Commission. The new body will lead the country based on creative thinking, public-private partnership, optimum utilisation of resources, utilisation of youth power, and promote the aspirations of State governments to empower the federal structure, he had said.

“Very shortly, we are about to move in a direction when this institute would be functioning in place of the Planning Commission,” Mr. Modi said.

The Congress had opposed the government’s move, terming it a “knee-jerk and half-baked decision” and favoured a “restructuring instead of dismantling” of the panel.

Later on his Twitter posts, Mr. Modi had invited suggestions from people on the proposed body to replace the Plan panel.— PTI

11. Government pitches for status quo on state transfers

Arup Roychoudhury ,The Financial Express:22.09.2014

Narendra Modi led government has asked the Finance Commission not to increase the share of central taxes that are devolved to states automatically. (AP) Narendra Modi led government has asked the Finance Commission not to increase the share of central taxes that are devolved to states automatically. (AP)

Summary Prime minister Narendra Modi may have promised to give states more...

Corridors of power: Narendra Modi's time starts now
Make in India: Hurdles to be resolved in 72 hours
Muslim body welcomes PM Narendra Modi's statement on community
India can rise again, equal China: Narendra Modi

Prime minister Narendra Modi may have promised to give states more autonomy when it comes to their spending priorities, and even disbanded the Planning Commission that is a vestige of centralised planning, but his government has asked the Finance Commission not to increase the share of central taxes that are devolved to states automatically.

In its pitch to the Finance Commission last fortnight, the finance ministry said it didn't have the requisite fiscal space due to defence and other spending — including the need to hike GST compensation to states — so the devolution share should be kept at the current level of 32% for the next five year period beginning FY16. Within this, transfers to individual states are based on their population and land area and backwardness among other factors. The centre also has to grapple with more demands from Andhra Pradesh (thanks to the creation of Telengana) as well as various states like Bihar that are asking for more funds.

The Finance Commission report will be submitted next month—all states have already made their requests, several have asked that the ratio be raised to over 50%.

Of the total transfers from the centre to the states, around half comes by way of their share in central taxes and an equal amount by way of grants and loans for the Plans of various states as well as the plethora of centrally sponsored schemes. In the FY15 budget, a total of R 7.8 lakh crore is to be transferred to states, and R3.8 lakh crore of this is to come by way of automatic sharing of central taxes.

If states have to be freed from the yoke of central ministries telling them where to spend their money — on irrigation or roads — the only way to do this is by way of raising the automatic devolution tax share.

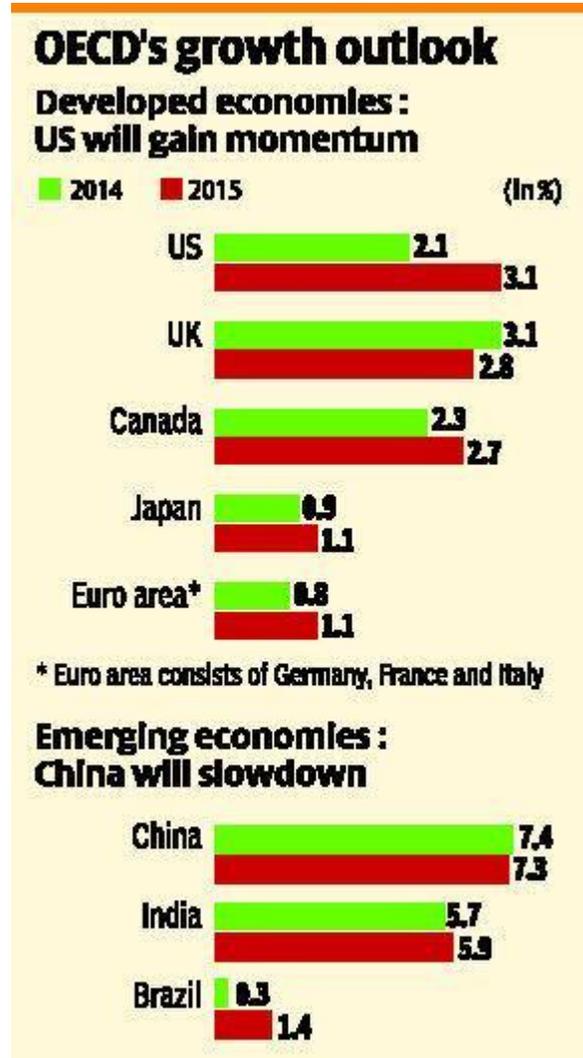
Besides creating a formula for transfer of tax proceeds and grants to states during the five years beginning FY16, the 14th Finance Commission's terms of reference also include laying new fiscal consolidation road map, suggesting a mechanism to compensate states for any revenue loss for them due to the implementation of the Goods and Services Tax (GST).

The fiscal flows from Centre to states are governed by Article 280 of the Constitution and these have conventionally been governed by the (fixed) formulas prescribed by the Finance Commissions (and approved by the Centre) for five year periods,

12.Growth optimism

The Business Line: 22.09.2014

Parvatha Vardhini C



Source: OECD

The latest assessment of global economic growth released by the OECD on September 15 says that the US economy could grow strongly in 2014 and 2015, while China will adjust to more sustainable growth rates. Growth will be strong enough to push unemployment down further in the US, the UK and Canada.

In Japan, where unemployment has already declined to low levels under the continued influence of monetary stimulation, growth is projected to come in at 0.9 per cent in 2014 and 1.1 per cent in 2015. Japan needs to pursue its quantitative easing measures to snap a deflationary trend, but it also needs to make more progress on fiscal consolidation than most other countries, adds the report.

Growth prospects for the euro economies remain the weakest among developed countries, with Italy's growth expected to stay at (-)0.4 per cent in 2014 and gain just 0.1 per cent in 2015. Given the low-growth outlook and the risk that demand could go down further if inflation remains near zero, or even turns negative, the Organisation for Economic Cooperation and Development recommends more monetary support for the euro area. It expects the European Central Bank to undertake quantitative easing measures.

On the other hand, emerging economies are expected to continue to grow much faster than advanced economies. India is expected to pick up while Brazil will experience a rebound from the recession it experienced in the first half of this year.

भारत को फिर सोने की चिड़िया बनाने का रोडमैप तैयार : प्रधानमंत्री



[Enlarge Image](#)

• पीटीआई, नई दिल्ली:अमेरिकी यात्रियों को वीजा ऑन अराइवल की सुविधा देने के लिए सरकार गंभीरता से प्रयास कर रही है। प्रधानमंत्री नरेंद्र मोदी के 26 सितंबर से शुरू हो रहे अमेरिका दौरे से पहले सरकार संबंधों को और बेहतर बनाने की कवायद में जुटी है। इस काम को अंजाम तक पहुंचाने के लिए होम और टूरिजम मिनिस्ट्री मिलकर मेहनत कर रहे हैं, ताकि मोदी के अमेरिका जाने से पहले इसे अंतिम रूप दिया जा सके। इससे उन अमेरिकियों को सहूलियत मिलेगी, जो सिर्फ घूमने या किसी अपने करीबी से मिलने-जुलने के लिए भारत आना चाहते हैं। इस सहूलियत के तहत किसी भी अमेरिकी नागरिक को 30 दिन तक भारत में रहने की छूट होगी। जनवरी 2010 में पांच

देशों के लिए वीजा ऑन अराइवल सुविधा शुरू की गई थी, जिसे बढ़ाकर अब 12 कर दिया गया है। मोदी ने कहा कि भारत और अमेरिका के बीच समानताएं हैं। मेरा विश्वास है कि भारत और अमेरिका के रिश्ते निर्णायक हो सकते हैं। अमेरिका ने दुनिया भर के लोगों को अपने यहां जगह दी। भारतीय और अमेरिकी अपने मिजाज में एक-दूसरे से जुड़े रहे हैं। भारत और अमेरिका इतिहास और संस्कृति के नाते एक-दूसरे से जुड़े हैं। ये रिश्ते और गहरे होंगे। भारत और अमेरिका के रिश्तों को केवल दिल्ली और वाशिंगटन तक सीमित नहीं देखा जाना चाहिए। उसका दायरा बड़ा है। अच्छी बात ये है कि अमेरिका और भारत का मिजाज सद्भाव का है। दोनों तरफ से इसमें अहम जिम्मेदारी निभाई गई है।•भाषा, नई दिल्ली

पाकिस्तान और चीन के प्रति मोदी सरकार की नीतियों की आलोचना करते हुए कांग्रेस ने कहा कि कूटनीति 'टेक अवे जॉइंट' जैसी कोई चीज नहीं है, जहां सब कुछ तैयार मिले। कांग्रेस ने कहा कि

प्रधानमंत्री को अमेरिका के साथ रणनीतिक संबंध बनाने से पहले देश को विश्वास में लेना होगा। खुर्शीद ने कहा कि अभी कोई फैसला करना जल्दबाजी होगी, लेकिन फिलहाल मोदी को विदेश नीति के मसले पर अच्छे नंबर नहीं दिए जा सकते। उन्होंने कहा कि अगर आप पाकिस्तान से निपटने के तरीके को ही ले लें तो यह बिल्कुल साफ है कि उन्हें लगता है कि वह कुछ कहेंगे और पाकिस्तान उसे मान लेगा। कूटनीति ऐसे काम नहीं करती। उन्होंने कहा कि पाकिस्तान एक मुश्किल देश है और पाकिस्तान ने हमें अनेक परेशानियां दी हैं।

'हमें चीन नहीं बनना'• एजेंसियां, नई दिल्ली

चीन के साथ होड़ के सवाल पर प्रधानमंत्री नरेंद्र मोदी ने साफ किया कि भारत को भारत ही रहना है, उसे चीन नहीं बनना। उन्होंने कहा कि यह युग एशिया का है। भारत कभी चीन के बराबर था। आज भारत और चीन फिलहाल एक रफ्तार से विकास की राह पर हैं। एक चैनल को दिए इंटरव्यू में मोदी ने साफ किया कि भविष्य में भारत के चीन से ही नहीं, अमेरिका से भी संबंध मजबूत होंगे।

'भारत फिर ऊपर जाएगा'

मोदी ने कहा कि एक वक्त था, जब भारत को सोने की चिड़िया कहा जाता था। हम पहले जहां थे, वहां से फिसले हैं, लेकिन फिर से हमें ऊपर जाने का मौका मिला है। हम ऊपर जाएंगे। भारत एक बार फिर सोने की चिड़िया बनेगा।

'साझेदारी से विकास'

मोदी ने कहा कि 5वीं और 10वीं शताब्दी में भी भारत और चीन की विकास दर एक जैसी थी। ग्लोबल जीडीपी में दोनों देशों का योगदान समान रूप में बढ़ रहा था और समान रूप में गिर रहा था। अब भी दोनों तेजी से एक साथ विकास कर रहे हैं। दोनों को ही एक-दूसरे के मदद की जरूरत है। हम आपसी सहयोग और साझेदारी के जरिए ही विकास कर सकते हैं।

'विरासत है लोकतंत्र'

प्रधानमंत्री ने कहा कि लोकतंत्र हमारी विरासत है। अपनी विरासत को छोड़कर नहीं बढ़ सकते। लोकतंत्र में विकास नहीं हो सकता, यह सोचना गलत है। यदि चीन उदाहरण है, तो दूसरे लोकतांत्रिक देश भी उदाहरण हैं।

PART B

NEWS AND VIEWS

Monday, 22nd September 2014

Polity

: Sonia-Pawar talks last hope to break
deadlock

Economy

: Govt might give firms one more year

Planning

: Centre, states to track project progress
Via joint mechanism

Editorial

: Life after Xi

Communication, IT & Information Division
Phone # 2525

Sonia-Pawar talks last hope to break deadlock

DEEPAK KUMAR JHA ■
NEW DELHI

With the BJP-Shiv Sena alliance facing trouble in Maharashtra, the Congress is making all efforts to salvage its ties with the NCP in the State. After the NCP's insistence on contesting half of the 288 seats in the State, efforts are on to facilitate an early meeting between Congress president Sonia Gandhi and NCP chief Sharad Pawar to resolve the issue.

Sources said that a meeting could take place any time in the next two days to end the deadlock and save the alliance in the interest of the ruling allies, who are facing a strong anti-incumbency factor. The last date of filing nominations is September 27.

"The two are expected to meet shortly to seal the deal on seat sharing. When the tallest leaders from both the sides meet, all speculation and political calculations will come to an end. Such stand-offs have happened in the past, are happening now and would continue in future also. Since the NDA tie-up too is in trouble, the Congress-NCP alliance is looking for an opportunity that can

DEALMAKERS?



After the NCP's insistence on contesting half of the 288 seats in the State, efforts are on to facilitate an early meeting between Congress president Sonia Gandhi and NCP chief Sharad Pawar to resolve the issue

A day after former Union Minister and senior NCP leader Praful Patel gave a 24-hour ultimatum to the Congress to resolve the deadlock, there was no 'official' word from the Congress on the expiry of the deadline

Patel on Sunday evening said that the party's Core Group meeting is scheduled for Monday and the party stands firm on contesting an equal number of seats

be termed as a blessing in disguise," said a top AICC functionary requesting anonymity. — A day after former Union Minister and senior NCP leader Praful Patel gave a 24-hour ultimatum to the Congress to resolve the deadlock, there was no 'official'

word from the Congress on the expiry of the deadline. Patel on Sunday evening said that the party's Core Group meeting is scheduled for Monday and the party stands firm on contesting an equal number of seats.

Continued on Page 4

Sonia-Pawar talks last hope to...

From Page 1

"No new proposal has been received by the NCP and its original demand for 144 seats stands," Patel said in Mumbai.

The last time Sonia and Pawar met was on August 6 when Pawar had announced that his party would contest the Assembly elections in Maharashtra in alliance with the Congress. But both the leaders did not finalise a pact on the number of seats each party would contest. The meeting happened in the backdrop of Deputy Chief Minister Ajit Pawar putting forth a demand for 144 seats to contest in the polls which Congress termed as "unjustified". Ajit had cited his party's "improved performance" in the 2014 Lok Sabha elections as justification for increase in their quota.

The Congress and NCP have shared power in Maharashtra since 1999 after Pawar quit Congress on the issue of Sonia's foreign origin. NCP has also been part of the Congress-led UPA at the Centre since 2004 and is the second-largest constituent in the Opposition alliance. In the last Assembly elections, Congress had contested 174 seats while the NCP had fought from 114 seats in the 288-member Maharashtra Assembly. In the last Lok Sabha polls, the Congress could secure only two seats while the NCP had won four out of the total 48 Lok Sabha seats in the State.

The Congress CEC on Saturday deliberated on candidates for 144 seats - the halfway mark - leaving the remaining 30 seats for negotiations or exchange with the NCP, prompting NCP leader Praful Patel to give a 24-hour ultimatum to the Congress.

Govt might give firms one more year

Relief would only be for unlisted companies; listed ones already have to prepare statements once a year

DEEPAK PATEL
New Delhi, 21 September

The Union ministry of corporate affairs (MCA) is considering deferring a requirement for companies to come out with consolidated financial statements by a year, to 2015-16, after India Inc pushed for it.

The relief would be for unlisted companies. Listed ones already have to prepare consolidated statements once a year.

The requirement for such a financial statement for all companies arose due to provisions under section 129 of the new Companies Act, enacted last year. The section says every par-

ent company, along with its standalone financial statements, has to prepare consolidated statements of itself and its subsidiaries, whether or not these are listed. The Act defines the word "subsidiary" broadly, to include associate companies and joint ventures.

"Traditionally in India, the primary financial statements of a company are its standalone financial statements. For, declaration of dividend is based on the standalone profits of the company and not on the consolidated profits of the group," said N Venkatram, managing partner, audit, Deloitte Haskins and Sells.

Therefore, the preparation,

audit and adoption of consolidated financial statements were not covered under the earlier Companies Act, 1956. However, listed companies were required to present consolidated financial statements on at least an annual basis,

The govt is thinking to exempt wholly owned subsidiaries from this rule

under clause 41 of the Listing Agreement prescribed by the Securities and Exchange Board of India.

Companies had asked for more time to comply with the new requirement for consolidation of statements. For this, the parent and subsidiary companies should necessarily follow the same accounting policies. If,

due to regulatory or other requirements, the accounting policies of the two companies are different, it becomes difficult to consolidate their statements.

"Providing more time to implement the regulations would assist the industry to align the accounting policies of the holding and subsidiary companies," said Vijaya Sampath, senior partner, Lakshminikumar and Sridharan Attorneys.

The new law also provides that if there are step-down subsidiaries, each subsidiary will also have to come out with a consolidated financial statement of

its step-down entity. An exemption may be given if the step-down subsidiaries are wholly owned. "The government is also thinking to exempt wholly-owned subsidiaries from this rule," a senior MCA official, who did not wish to be named, told *Business Standard*.

In India, there are groups which have many step-down subsidiaries.

There are those who don't agree with the new provision for consolidated financial statements under the new Companies Act for a closely held group.

"Reporting of consolidated financial statement is for better understanding of the financial efforts," said Venkatram.

position of the group as a whole. If the group is closely held among family members, requiring compliance... (consolidated statement) for the (whole) group would not serve any purpose," said Sampath.

Business has also been apprehensive on the significant resource allocation needed.

For unlisted companies, "the share of net worth attributable to the minority shareholders would need to be determined and any unrealised intra-group profit between the company and its subsidiary/associate will need to be identified for elimination. These could involve significant efforts," said Venkatram.

These could involve significant efforts," said Venkatram.

First-of-a kind coordination effort to be headed by Cabinet secy
Centre, states to track project progress via joint mechanism

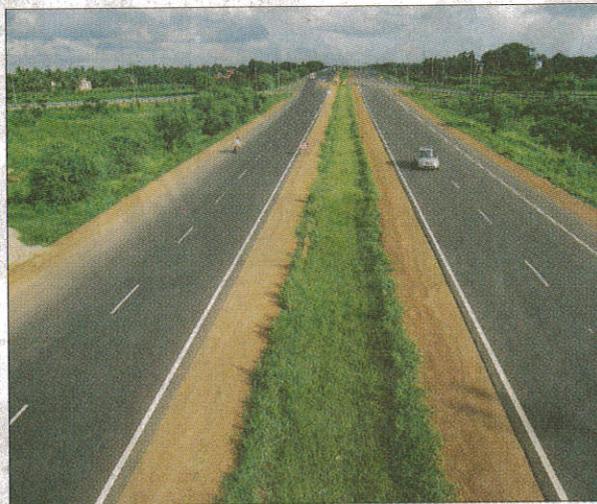
PRIYADARSHI SIDDHANTA
NEW DELHI, SEPTEMBER 21

IN a novel exercise, the Centre and states have decided to join force to set up a mechanism to fast-track stalled infrastructure projects. The proposed 'joint mechanism', to be headed by Cabinet secretary Ajit Seth and comprising chief secretaries of concerned states, aims at expediting the implementation of projects that have a cumulative investment potential of nearly Rs 10 lakh crore.

To fix the responsibility for delays in various projects, Prime Minister Narendra Modi has directed the formulation of a database on major contracting firms entrusted to supply equipment and raw materials for different projects and upload their details in the procurement portals of concerned Union ministries and state-run companies.

While electronic procurement is gradually becoming the norm in most government procurement, the concerned Union ministries should focus on making the suppliers accountable for untimely delivery, the Prime Minister has said.

The government has decided that the mechanism would also be web-based for online resolution of issues. Currently no known mechanism exists to coordinate ex-



ecution of projects between the Centre and the states.

On fast tracking the ongoing projects, the government has intensified the monitoring of progress, as key projects such as roads, airports and electricity generation are way behind their annual targets.

The Planning Commission, which the Prime Minister wants to be dismantled, has cautioned that while much less money is being spent for giving facelift to infrastructure development, even the pace of execution of various projects is also tardy.

Seth had already told an industry delegation in December last year that about 255 projects are stalled entailing an investment of nearly Rs 10 lakh crore, but considering that the previous UPA government

was on its last leg, not much headway could be made.

The bad loans of public sector banks led to their gross non performing assets increase by nearly four times from March 2010 (Rs 59,972 crore) to March 2014 (Rs 2,04,249 crore), according to the Economic Survey of the finance ministry.

In a presentation to Modi on September 10, the Plan panel cited that the Airports Authority of India (AAI) has invested only Rs 162 crore during the April-August period against a targeted expenditure of Rs 934 crore for 2014-15.

While the AAI is yet to declare airports in Bhopal, Indore and Raipur as international airports, it has still not identified four airports to be developed along with private

SPEEDY DELIVERY

■ The panel which comprises chief secretaries of concerned states aims at expediting implementation of projects

■ Currently no known mechanism exists to coordinate execution of projects between the Centre and the states

■ The government has decided that the mechanism would also be web-based for online resolution of issues

■ To fix the responsibility for delays, Prime Minister Narendra Modi has said that ministries should focus on making vendors accountable for timely delivery

partnership in the first five months of 2014-15. Portraying a dismal picture for the railways, the presentation said it only 450 km of new lines were constructed in 2013-14, but has managed to construct only 39 km out of a targeted 300 km during the first five months of 2014-15. It achieved only 36 km of gauge conversion and electrified only 97 kms.

In the roads sector, construction of 1,860 kms of roads awarded against targeted 8,500 kms and 178 km of highways tolled against targeted 3,730 km. In the electricity sector, the country added capacity of 8,318.47 MW during these months as against the targeted 17,830.30 MW. Coal output was 220.52 million tonne during the period against targeted 630.25 MT.

Rural jobs: Centre tells states to focus on 2,500 blocks

RUHI TEWARI

NEW DELHI, SEPTEMBER 21

IN a move that may be aimed at narrowing down the scope of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the Centre has informally asked states to focus its implementation in the 2,500 blocks designated as backward under the Intensive Participatory Planning Exer-

cise. The Rural Development ministry, in July this year, prescribed the exercise to ensure "greater focus" on backward blocks. Blocks were identified based on the percentage of population below the poverty line as per Planning Commission estimates of 2013.

However, according to the Rural ministry officials, states have been informally told to focus only on these blocks, thus

conveying the government's message on limiting the focus of the Act. "No official communication has been sent but yes, states have been informally told to keep their focus only on the backward blocks. A general sense in the government is that there is wasteful expenditure on the scheme with too much being put into implementation in blocks where it is not needed," a ministry official said.

The sources said senior officials were in fact conducting state-wise visits to hand-hold states through the exercise and ensure the focus remains on the 2,500 blocks. They also said that since limiting the scope of the Act formally would require an amendment to the Act, the government was trying to ensure a more streamlined implementation this way.

Focus on these blocks will

mean more effort will be put in to generate demand in these areas, and planning of works here would be a priority.

"While the idea is to ensure funds are better utilised, it does amount to diluting the scheme to an extent. Once focus is shifted to limited blocks, it will mean barely any effort will be made in the others, unless people themselves demand work," another official said.

'Successor of Plan panel must be lean and thin'

PRESS TRUST OF INDIA

NEW YORK, SEPTEMBER 21

A REPLACEMENT for the Planning Commission must be "lean and thin", a top Indian-American economist has said, even as he listed fiscal consolidation and trade and FDI liberalisation as key areas the Modi-led government should focus on to return to high growth.

Arvind Panagariya, Professor of Economics at Columbia University, termed as "brave" the decision by Prime Minister Narendra Modi to do away with the 1950-dated institution and said the body that takes its place should start "anew". Addressing a gathering at the Chazen Institute of International Business here, he suggested that Modi should put in "as lean and thin a team" for the Commission's replacement with 10-12 people and "lots of resources so that they can draw on the experts as necessary" and then periodically that team should meet with the Prime Minister and the finance minister.

He added that the new body should have "in the background enough research agenda (on) how to design the reforms taking into the account the political economics".

Panagariya, however, cautioned that the replacement of the Planning Commission should start "anew"

“(The new body should have) in the background enough research agenda (on) how to design the reforms taking into the account the political economics”

ARVIND PANAGARIYA,
Professor, Columbia University

as reforming the existing one would ultimately have the "same players" and that "needs to get changed".

Discussing the policy package that India should put in place to revive growth, Panagariya said a "reform menu" for the country should include fiscal consolidation, trade and foreign investment liberalisation, amendment in the Land Acquisition Act, labour market reforms, privatisation and decentralisation of higher education.

He said while fiscal consolidation is underway, some movement has also happened in foreign investment under the new government which has opened the defence sector up to 49 per cent and insurance from 26 per cent to 49 per cent.

He, however, said in his view the government could have opened the insurance sector even more for foreign investment.

EPC mode for road projects to aid PPP comeback: Gadkari

Timsy Jaipuria

New Delhi, Sept 21: Road transport minister Nitin Gadkari has said awarding contracts to build roads through the engineering, procurement and construction (EPC) route would revive the confidence of private developers. Following this, he feels, the public-private partnership mode would gain currency automatically.

Gadkari said this during an interview with *FE*, when asked whether the road ministry's recent preference for EPC meant it has abandoned the PPP route.

"The road sector is distressed and has seen loss of confidence by concessionaires, bankers and people at large. My topmost priority is to bring the sector back on the path of recovery by building

confidence among stakeholders," the minister said.

"As the sector regains momentum, PPP investments would pick up automatically," he added.

Under EPC, the government funds the construction — the developer only has to develop the project in a stipulated time. In the Build-Operate-Transfer (BoT) mode, the developer invests in the project and recoups it through either tolling rights or annuity.

Highway projects of 3,055 km were awarded through EPC in 2005-06, but it rapidly lost its sheen. The following

year, only 345 km were awarded, and it further slipped to 89 km a year later when BoT projects were on ascent, peaking at 6,491 km in 2011-12. Not even a single EPC project was awarded in the sector between



ACCELERATING

■ Road transport minister Gadkari said his ministry has created a shelf of over 500 projects that would be commissioned soon

■ He added that his endeavour was to identify and resolve bottlenecks through consultations with stakeholders, which would enable him to achieve the target of 30 km of roads per day

■ Gadkari said the ministry had floated a global tender for cement rate contracts to bring down costs

2008-09 and 2011-12.

However, of late, EPC has once again made a comeback due to the lukewarm response shown by private developers. For instance, this fiscal so far NHAI has awarded seven projects of 798 km, all under EPC

involving construction of 1,098 km of roads, of which 1,010 km will be awarded under EPC.

Gadkari, who has set a target of building 30 km of roads every day, said his ministry has created a shelf of over 500 projects that would be commissioned soon. He blamed the UPA government for the stalemate in the road sector stating, "We inherited from the UPA government 189 stalled and disputed projects. Highway construction remained less than 2 km a day".

However, Gadkari added that his endeavour was to identify and resolve bottlenecks through consultations with stakeholders, which would enable him to achieve the target of 30 km of road per day.

He felt that to achieve the target, state governments have to be taken on board. For in-

stance, the chief secretaries of all states have been asked to do monthly meetings to review the progress of road projects.

On his recent idea of cement roads, Gadkari said the ministry had floated a global tender for cement rate contracts to bring down costs.

For thrust on creation of productive assets linked to the farm sector under MGNREGA, Gadkari said the government would henceforth allocate at least 60% of works toward rejuvenating the sector through land development, water conservation and tree plantation. Besides, with a view to improving the productivity and quality of assets created under MGNREGA, the government has proposed that quantification of expected outcomes and actual outcomes be made mandatory.

Jan Dhan scheme may not bring much 'dhan' to public sector banks

Operational costs for banks may exceed the revenues earned

KR SRIVATS

New Delhi, September 21

People who have moved to the Capital from villages across the country to earn their livelihood, as household help and drivers, do not have any documents to show residence proof or even an Aadhar card for identity purpose. This makes it tough for them to benefit from the Pradhan Mantri Jan Dhan Yojana (PMJDY).

And public sector banks are also facing challenges, albeit of a different kind. The banks are staring at a hole in their balance sheets as the scheme gathers steam.

They hope that the Centre would soon start channelising the direct benefit transfer (DBT) payments to these accounts, paving the way for them to earn some revenues via commissions.

The problem is that banks in the Capital - despite the push for financial inclusion - do not think it is worth their while to do business with people from lower socio-economic backgrounds. To make matters more difficult, banks want them to bring about ₹2,000 as initial deposit before opening a Jan Dhan account. At the latest count, the number of



Huge demand People flocking to open bank accounts under Pradhan Mantri Jan Dhan Yojana in New Delhi. RAMESH SHARMA

PMJDY accounts have crossed the 4 crore mark.

"There is clear intent to ride the DBT benefits through these accounts. But, the real issue is when this will actually become a reality. Till then, the public sector banks have to bear the burden," said a chief executive of a public sector bank.

Apart from the operational costs involved, a big chunk of the spend will go to payment of salaries for the business correspondents (BC). To ensure the success of this scheme, the Finance Ministry has also decided to increase the salary payments for BCs to ₹5,000 per month.

If we assume a BC force of 5 lakh persons, then the annual salary

bill for the banks will be around ₹3,000 crore. Now, the moot question is whether the PMJDY accounts will earn sufficient returns to offset the increased BC salary payout for the banks.

Of course, one could always argue that the BCs will not end up servicing only PMJDY accounts.

But, the real issue is that banks see only costs getting saddled on them upfront due to financial inclusion drive, without any near-term revenues in sight. Also, the float money that they will enjoy from these "basic accounts" are not going to be much, going by the early trend.

For the roughly 4 crore Jan Dhan accounts that have been

opened, the total value of deposits received by banks is about ₹3,500 crore. Once all the initially targeted 7.5 crore PMJDY accounts are opened, the maximum float money is expected to be around ₹8,000 crore.

So the annual earnings by banks from the float money will be about ₹1,000 crore, lower than the estimated operational costs. The only thing that could change the economics for the banks will be early routing of DBT monies to the accounts.

The Finance Ministry wants to ensure that no-frill account holders don't rush to open PMJDY accounts just to get privileges of free accident cover of ₹1 lakh, free life cover of ₹30,000, overdraft facilities and a RuPay debit card.

It has now announced that even existing bank account holders will be entitled for the benefits of RuPay debit cards, insurance and overdraft facilities currently associated with Jan Dhan benefits.

The same benefits will also now be extended to the accounts opened by cooperative banks, Anurag Jain, Mission Director for PMJDY, had recently said.

"Duplication is bound to happen. Most public sector banks don't have the systems to check this - especially in interior India," a chief executive of a public sector bank said.

'Ministry of Planetary Affairs' Mooted

Indigenously built Indian spacecraft will soon attempt to enter the orbit around Mars

Aman.Sharma@timesgroup.com

New Delhi: How about a 'Ministry of Planetary Affairs' manned by officers from the 'Solar Family Exploration Service' and departments handling missions to Moon, Mars, Venus and Saturn? This is what a rather imaginative Modi government had come up with to explain a new cadre review policy while an indigenously built Indian spacecraft will soon attempt to enter the orbit around Mars, the Red Planet, after a gruelling 680-million-km journey.

Many ministries have been left foxed as well as amused by a 'Model Cadre Review Proposal' circulated to them last week by the Department

Of Personnel and Training (DoPT), whose charge is with PM Modi himself. The draft has been made by the DoPT to facilitate the various cadres for the exercise and a 10-page long proforma has been sent across on September 12 on how to prepare the note for the Committee of Secretaries for the cadre review. DoPT has circulated the proposal marked

India has a mission for Moon and Mars, but not for Venus or Saturn

'Secret' for a non-existing and imagined 'Ministry of Planetary Affairs'. The note cites a template to say the proposal under consideration is for the review of cadre of the 'Solar Family Exploration Service', calling

it a Organised Group 'A' Service under the Ministry of Planetary Affairs. "The officers of this service are responsible for managing the material supply chains to provide procurement and logistic support for solar missions of Government of India," the note says.

"Apart from postings in the main ministry, i.e., the Ministry of Planetary Affairs, the officers of the Solar Exploration Service are also posted in the field formations and some other important ministries/departments like PMO, Ministry of Science and Technology and Organisations like ISRO. The field offices are situated at Bengaluru, Hyderabad, Mumbai, Chennai, Kolkata," the DoPT note mentions.

KEEPING NOTE

Note asks ministries to cite **functional justification** of cadre review



This is just an 'imaginative template' to explain a new cadre review exercise to various ministries, says a senior DoPT official

A Shot in Arm for India on Black Money at G20



RBI governor Raghuram Rajan (L) with Commerce & Industry Minister Nirmala Sitharaman at the G20 Meeting in Cairns on Saturday. — AFP

Deepshikha.Sikarwar
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Cairns, Australia: India's attempt to unearth black money received a big boost, with the G20 on Sunday endorsing a far-reaching global initiative to stamp out tax evasion through automatic information exchange by 2017-2018 and resolving to coordinate to protect the tax base through cross-border arrangements.

"We are strongly committed to a global response to cross-border tax avoidance and evasion so that the tax system supports growth-enhancing fiscal strategies and economic resilience," read the communiqué at the conclusion of a two-day meeting of finance ministers and central bank governors belonging to the G20, a grouping of key nations that makes up 85% of the world's economy.

The G20 also sought a report on progress made by jurisdictions in relation to the exchange of information on request, which will be presented to the leaders of member countries at the Brisbane summit in November, a measure that will put pressure on offshore financial centres that facilitate tax evasion. It has also asked offshore financial centres to commit to the new norm well in time for the meeting. Finance ministers also resolved to take forward the OECD's latest Base Erosion and Profit Shifting (BEPS) action plan by 2015, a move that will make it difficult for multinationals to shift profits from one jurisdiction to another to save taxes,

Multinationals with a presence in many countries that prefer to show larger profits in low-tax jurisdictions or operate through subsidiaries in such territories will now face pressure to clean up their structures.

The communiqué takes into account concerns that many countries such as India have expressed on defining the base in the case of a multinational—home countries, intermediary country where the holding company is located or the country

ARVIND MAYARAM
Finance Secretary



The fact is the profits are in emerging markets. The base needs to be defined properly.

where it derives its profits.

For example, in the case of an American MNC that derives its income largely from emerging economies, the US authorities will get the right to tax as it will be seen as based there. "The fact is the profits are in emerging markets. The base needs to be defined properly," India's finance secretary Arvind Mayaram said.

India has taken up the issue at the forum to ensure that its tax base is not eroded. The majority of MNCs that operate in India invest indirectly through favourable tax jurisdictions such as Mauritius or Singapore to lower their tax outgo.

IMF for Bigger Role for India

The International Monetary Fund has endorsed a bigger role for developing countries like India in global forums and urged the US to proceed on the IMF quota reforms, reports **Deepshikha Sikarwar**.

"International institutions must mirror the state of changes in the world. We have redeployed participation at FSB (Financial Stability Board) to allow better representation for countries like India and other emerging economies," IMF MD Christine Lagarde said in reply to a question from **ET** on Sunday. "Composition of our board and governance of IMF and its reform are predicated on US Congress ratification. We very much hope that this will happen. It is overdue by two years and we will do whatever to convince necessity for this reform," Lagarde said.

The G20 also decided to implement strategies that would lift global growth by 1.8%, scaling it down from 2% proposed by Australia, the current chair. "We agreed to shift from government-led growth towards private sector-led growth, particularly from infrastructure investment," it said.

The G20 also resolved to create a Global Infrastructure Initiative to help boost investment through the sharing of best practices. "We need to be ambitious, we need to give people hope that tomorrow and the years beyond are going to be better than today. The agreement on measures to lift growth was 90% complete but by the time the G20 leaders meet in Brisbane in November there would be concrete outcomes. If the 1.8% growth rate is achieved, it would add \$2 trillion to the world's economy within four years," Australian FM Joe Hockey said.

Officials to undergo training for dealing with news media

Arup Roychoudhury

New Delhi, Sept 21: The Modi government, perceived to be very cautious in its handling of the media, has drawn up a plan to trumpet its achievements more effectively than the previous regime whose image took a big hit in the last leg of its tenure.

According to government sources, in a unique exercise, selected senior officials from the key economic and infrastructure ministries are set to soon undergo training on how to communicate with the media. The training programme, to be conducted by the information and broadcasting ministry, will focus on effectively disseminating the government's policy measures and achievements to the media.

The norm in the nation's capital so far is that the various ministries and departments draw their spokespersons from the Press Information Bureau (PIB). The new model is that a senior official in each ministry — preferably at the joint secretary level — will get special training in media management and the PIB official attached to each ministry will likely have a supportive role to him/her. The newly trained officials will virtually be the point persons for interactions with media. This, sources said, would not only make communication to the people through the mass media more effective but also avoid discordance in ideas put out.

The training session will be held on September 22.

The idea is to make sure that the government's successes and policy milestones are highlighted, as well as to

The training programme, to be conducted by the information and broadcasting ministry, will focus on effectively disseminating the government's policy measures and achievements to the media

try and prevent news leaks from the ministries.

"Apart from the really big events, whenever a minister takes a policy decision, the file passes through the bureaucratic chain of command before it is finally decided that a press release should be issued on it. However, in the current scheme of things, during the meantime, any reporter with access can break the news. Also, there are concerns on whether a particular story has been played in the right context or not," an official told *FE*.

Post-training session, the designated officials from the departments will coordinate with the PIB spokespersons to ensure that the news is issued without jumping bureaucratic hoops, thus reducing the chances of leaks.

The official did not clarify if the officers chosen for the training will also interact with the media directly. However, information and broadcasting minister Prakash Javadekar is likely to conduct part of the training, wherein he will tell bureaucrats about his own experiences with the media as the official spokesman for the BJP.

PC

GOI

FIRST INTERVIEW AS PM, TO CNN

Modi bats for democracy

BS REPORTER

New Delhi, 21 September

Democracy does not fetter growth and Prime Minister Narendra Modi has a clear road map to channel India towards growth. After a slew of pro-poor policy interventions, this was the clear message from Modi's interview, the first to any media house after he became the Prime Minister, to CNN's Fareed Zakaria.

Apart from expressing unambiguous faith in Indian Muslims' commitment to India ("Indian Muslims will live for India. They will die for India. They will not want anything bad for India"), a clear distancing from some of the other incendiary anti-Muslim statements by members of the Sangh, as well as from his own party, the interview stood out for maturity on world issues such as the tension between Russia and Ukraine, where Modi refused to take sides condemning only the bombing of a civilian airplane that took many lives, invoking "humanity".

Appropriating a Biblical simile in the Indian context, he said: "There is a saying in India that the person who should throw a stone first is one who has not committed any sins. There are a lot of people in the world who want to give advice. But look at them, and they too must have sinned in some way. Ultimately, India's viewpoint is that efforts need to be made to sit together and talk."

On China's place in the world, he said along with India, it had always had a dominant



"Relations between India and America should not be seen within the limits of just Delhi and Washington. It's a much larger sphere. Democracy is in our DNA"

NARENDRA MODI
Prime Minister, India

role. And so long as it submitted to "global laws", China, along with India, would play a major role in the coming years, a century that would belong to rising Asia. He betrayed no bitterness or ill will towards the US for the past misunderstandings and perceived insults, and reached out to the Indians in the US, as a way of bonding with that country. "Relations between India and America should not be seen within the limits of just Delhi and Washington. It's a much larger sphere. The good thing is that the mood of both Delhi and Washington is in harmony with this understanding. Both sides have played a role in this."

Although Modi has been described as a micro-manager and centralising influence, he asserted a robust faith in democracy. "Democracy is our commitment. It is our great legacy, a legacy we simply can-

not compromise. Democracy is in our DNA," he said, adding it was because of democracy that he, born in a poor family, could rise to become Prime Minister.

On being asked about the position of women in India, he advised against 'over analysis'. "Dignity of women is our collective responsibility. There should be no compromise on this matter. There should be no erosion in the law and order situation. We have to revive the family culture in which a woman is respected and considered equal, her dignity encouraged. The main thing here is girl child education," he said, adding his government was committed to this.

In the interview, there was no element of Hindutva thinking. Nor was there any reflection of cultural nationalism. Modi appeared to answer questions like any other liberal leader.

To speed up work on projects, Railways uses Prime Minister's name

RAGHVENDRA RAO

NEW DELHI, SEPTEMBER 21

INDIAN Railways seems to have found a new tool to expedite work on its ongoing projects: Prime Minister Narendra Modi's name. In a recent conference of its Chief Mechanical Engineers, the Prime Minister's name was invoked several times to underline the significance Rail Bhavan was attaching to the timely completion of critical projects.

As per minutes of the conference, accessed by *The Indian Express*, Railway Board's Member Mechanical Alok Johri told the engineers, "Projects are being closely monitored. Three projects in Budge Budge, Haldia and Chhapra are being monitored by the Hon'ble Prime Minister himself. One of these is likely to be inaugurated by him. Projects have to be delivered quickly..."

Railway Board's Additional Member (Mechanical Engineering) Rakesh Vatash told the engineers that "change in Government at the Centre, followed by Railway Budget has brought in fresh

initiatives and perspectives on dealing with issues". "There is close monitoring even at the level of the Hon'ble Prime Minister," Vatash said.

Johri also told the conference that "presently, the environment and the government is receptive to change". "This opportunity must be used to streamline processes like multiple finance concurrence. I am willing to delegate all purchase powers to zonal Railways except for powers to purchase complete rolling stock."

Railways are currently setting up two major manufacturing units in West Bengal: a LHB Bogie Frame Manufacturing facility at Budge Budge and a LHB Coach Project of the Integral Coach Factory at Haldia. Both projects are being viewed as politically significant as the BJP is trying to make inroads into Bengal.

Meanwhile, Rail Bhavan is abuzz with instances of how references to the Prime Minister have, of late, become frequent in official communications. Many officials admitted that the reference did add to the gravity of the matter and helped in getting things rolling.

No need to follow China, I have growth roadmap: Modi

On South China Sea, PM hopes Beijing will accept global laws

EXPRESS NEWS SERVICE
NEW DELHI, SEPTEMBER 21

ASSERTING that India does not need to follow Chinese model for a rapid economic progress, Prime Minister Narendra Modi said he has a "clear roadmap" to channel people's entrepreneurial nature towards achieving 8 to 9 per cent growth rates for a longer period.

The Prime Minister also hoped China, which has been aggressive in the matters relating to the South China Sea and the East Sea, would accept global laws and play a co-operating role as Beijing does not want to stand isolated.

Asked by CNN's Fareed Zakaria if the Prime Minister felt the pace of development in China was faster because of its authoritarian rule and slower in India due to its democratic set up, Modi said, "If China is one example, then democratic countries provide another example. They have also grown fast. You can't say



'Democracy in DNA'

If China is one example, then democratic countries provide another example. They have also grown fast. You can't say that growth is not possible because of democracy. Democracy is our commitment. It is our great legacy, a legacy we simply cannot compromise. Democracy is in our DNA.

that growth is not possible because of democracy. Democracy is our commitment. It is our great legacy, a legacy we simply cannot compromise. Democracy is in our DNA."

When pressed further, the PM said, "See, I have seen the strength of democracy. If there were no democracy then someone like me, Modi, a child born in a poor family, how would he sit here? This is the strength of democracy."

On comparison with China on the economic front, he replied, "India does not need to become anything else. India must become only India. This is a country that once upon a time was called 'the golden bird'... If you see the details of the last five or

10 centuries, you will see that India and China have grown at similar paces. Their contributions to global GDP have risen in parallel, and fallen in parallel.

"Today's era once again belongs to Asia. India and China are both growing rapidly, together. That is why India needs to remain India."

"It is my absolute belief that Indians have unlimited talent. I have no doubt about our capabilities. I have a lot of faith in the entrepreneurial nature of our 1.25 billion people. There is a lot of capability. And I have a clear road-map to channel it," Modi replied to a query that can India achieve 8 to 9 per cent growth rates that China has done

consistently for 30 years.

Asked about China's behaviour in the South China and the East sea that has left many of its neighbours worried, he said, "India is different... We can't run our country if we get worried about every small thing. At the same time, we can't close our eyes to problems. That's why India maintains that we are now in a different era. We are not living in the 18th century. China is also a country with an ancient cultural heritage. Look at how it has focused on economic development. It's hardly the sign of a country that wants to be isolated. It wants to stay connected. That is why we should have trust in China's understanding and have faith that it would accept global laws and will play its role in cooperating and moving forward."

On Russian annexation of Crimea, he said that India feels that efforts need to be made to sit together and talk, and to resolve problems in an ongoing process.

PM to inaugurate Global Investors' Summit on Oct 9

PNS ■ NEW DELHI

Prime Minister Narendra Modi will inaugurate the two-day Global Investors' Summit on October 9, at Indore, Madhya Pradesh, which would be attended by 20 countries.

This was announced on Sunday by Madhya Pradesh Chief Minister Shivraj Singh Chouhan while interacting with media here at the MP Bhawan. "The Prime Minister has given his consent to inaugurate the two-day Global Investors' Summit to be held at

Indore on October 9 and October 10," said the Chief Minister. Seven countries will be taking part in the Global Investors' Summit as partner state. A total of 20 countries are participating in the Summit.

The Chief Minister said Madhya Pradesh was not known to people internationally but scenario has changed now and the state has been visited by global investors.

Chauhan said at the investors summit the state will make presentations on several sectors to illustrate potential of Madhya Pradesh so that

including Japan, China and Singapore have shown interest in Madhya Pradesh with their representatives visiting the state. In this reference, he mentioned the visit of former Singapore Prime Minister Goh Chok Tong.

On the question as how many of Memorandum of Understanding signed by MP would translate into real investment, Chauhan said it would take time to assess to feel the real impact of the summit.

He said the Government was working all to facilitate small scale Industries in the

state and spend ₹700 crore in developing infrastructure.

Prior to the Global investor summit, on October 8, a MSME Summit at Indore will be inaugurated by Union Micro, Small & Medium Enterprises Minister Kalraj Mishra.

Chauhan on Sunday also met Union Finance & Defence Minister Arun Jaitley to expedite issues relating to 14th Finance Commission. He requested the finance minister an Early release of Central Assistance to the tune of ₹2,150 crore to mitigate the loss caused by successive hailstorms

and rains during March 2014. The Chief Minister also drew Union Defence Minister's attention to the pending issue of proposed National Memorial of Bharat Ratna Dr. Baba Saheb Ambedkar at his birth place Mhow in Madhya Pradesh.

Chauhan requested A run Jaitley for an early decision on swapping of land with the Army Authorities which has not yet been taken. The proposed land belong to the Defence Ministry and there are some technical issues which needs to be sorted out as early as possible, he added.



investors could pick up things of their choice.

He said many countries

Punjab, Haryana face kharif deficit

West UP too affected as deficient monsoon retreats | Rabi forecast no better

VIBHA SHARMA
TRIBUNE NEWS SERVICE

NEW DELHI, SEPTEMBER 21

The country's grain bowl — Punjab, Haryana and western Uttar Pradesh — may end up being the driest in the country this kharif season in the wake of an erratic monsoon season. Things are not looking up for the upcoming rabi season either.

The southwest monsoon is set to begin its retreat within 48 hours, starting with the west-end (Rajasthan), after having overstayed its visit to the northwest by more than three weeks.

The India Meteorological Department (IMD) said: "Conditions are favourable for the withdrawal of seasonal rain from some parts of the northwest during the next two days".

There is, however, still time for the IMD to officially declare the retreat from the rest of the northwest. The conditions that led to heavy downpour over Jammu and Kashmir have weakened considerably in the past 10 days.

Agriculture Minister Radha



GOVERNMENT ESTIMATES HAVE SUGGESTED A DROP IN PADDY OUTPUT THIS KHARIF SEASON. A FILE PHOTO

Mohan Singh has already warned that the areas that received deficient rain during kharif (primarily Punjab, Haryana and western UP) will continue to face challenges during the rabi season. The first advance kharif foodgrain production estimates released this Friday have projected a decline of over 7 per cent because of deficient monsoon.

The government estimates put the foodgrain production

at 120.27 million tonnes (MT), down by nearly 10 MT from the fourth advance estimate of 129.24 MT last year.

The production of key winter crop wheat is estimated to go down from 91.69 MT a year ago to 88.02 MT in 2014-15.

Terming the initial kharif forecast "conservative", Singh remains optimistic that production could rise in the following estimates — a trend observed in the past years. But the situation is

not as bad as in 2009 — another bad monsoon year.

The Centre has asked states to focus on 3.37 million hectare left unsown to make up for the expected kharif shortfall. Singh said during rabi, the focus would be on improving production of pulses and oilseeds since acreage under these two crops had been affected the most because of delayed rain.

CONTINUED ON ON P11

(G)rain deficit

- The first advance kharif foodgrain production estimates have projected 7% decline because of deficient monsoon
- Foodgrain production stands at 120.27 million tonnes, down by 10 MT from the fourth advance estimate of 129.24 MT last year
- Production of wheat, a key winter crop, is estimated to go down from 91.69 MT a year ago to 88.02 MT in 2014-15 crop season

Monsoon shortfall

- The overall northwest monsoon deficit is down to 21%, primarily because of 15% excess rain that lashed J-K recently
- Punjab (-47%) and Haryana (-55%) may be the worst affected states in the country along with western UP (-54%) and eastern UP (-41%)
- Uttarakhand and Himachal Pradesh are short by 26% and 35% rain, respectively

Kharif deficit in Punjab

FROM PAGE 1

In 2014, the southwest monsoon began its sojourn with a delay and topped it up with deficit in some areas and excess in others.

Normally, monsoon begins withdrawing from Rajasthan in the first week of September, completing its retreat journey through the region by mid-September.

But there have been instances in the past when monsoon overstayed its visit. IMD officials say there are no hard and fast deadlines and variations in arrival and departure dates are normal. For instance, last year the retreat began from Rajasthan on September 9 and from Himachal Pradesh, Punjab and Haryana around September 19.

While a delayed departure can help in sowing of winter crops by adding moisture to the soil, seasonal rain extending beyond a point can harm the standing crops — particularly paddy and cotton — ready for harvest. For rain-deficit parts of

the northwest, this extra rain is helpful but not beyond a point.

Overall, the northwest deficit is down to 21 per cent, primarily on the back of the 15 per cent excess rain that lashed Jammu and Kashmir over a few days. But most of the other subdivisions of the region, except Rajasthan, are down with a severe shortfall.

But with 47 and 55 per cent shortfall so far this year, Punjab and Haryana will go down as the worst affected states in the entire country along with western UP (-54) and eastern UP (-41).

Hill states of Uttarakhand and Himachal Pradesh are short of 26 and 35 per cent rain, respectively. East and West Rajasthan have so far received 3 and 2 per cent extra rain, respectively. Marathwada and Telangana are the other two regions to have suffered a rain shortfall in the country, which has otherwise now improved to a deficit of 12 per cent.

THE HINDU
BusinessLine

MONDAY, SEPTEMBER 22, 2014

Life after Xi

The border issue should not be allowed to colour India's ties with China. The Asian giants will gain more through cooperation and trust

In terms of the informal welcome and the potential it held out, Chinese President Xi Jinping's three-day India visit was markedly different from that of his predecessors. Coming at a time when both nations are eager to upgrade bilateral cooperation, the visit offered China an opportunity to lay the foundation for a closer geopolitical relationship — Beijing has noted, and with some discomfort, the increased intimacy between Tokyo and Delhi following Prime Minister Narendra Modi's visit to Japan and what it sees as the threat of India-US-Japan strategic cooperation in the Indo-Pacific. India, on the other hand, wants peaceful ties with China for its own rise and Chinese investments in infrastructure and manufacturing. The visit, as Xi himself pointed out, brought India-China relations to “a new starting point”.

However, the ongoing border dispute continues to cast a shadow over bilateral relations. Modi's decision to air India's security concerns publicly in the joint press conference with Xi shows how importantly the new government looks at this issue. But the Chinese side responded quickly to India's concerns with the joint statement saying “peace and tranquillity on the India-China border areas was recognised as an important guarantor for the development and continued growth of bilateral relations”. Also, for the first time, both sides said an “early settlement” of the boundary question should be pursued as “a strategic objective”, indicating the urgency and importance the issue got in the overall bilateral engagement. On the larger issue of trade and investments, the outcome has been less satisfactory. Although India did extract a promise from China to address the current imbalance in bilateral trade, it needs to look beyond trade imbalances to the larger benefits of a greater engagement with China. India's trade with China is out of balance not only in money terms, but in its composition — it exports mainly commodities and imports mainly manufactured goods. With Modi pushing India as a manufacturing hub, one had hoped to see a stronger attempt by India to go up the value chain. Given India's infrastructure requirements and China's competitiveness in this area, as well as India's competitiveness in services and China's huge demand for the same, greater stress could have been laid on addressing ways to enhancing these flows.

For Modi, this is another milestone of his 'Look East' policy. Ever since he came to power in May, the Prime Minister has tried to build a foreign policy agenda based on two principles — peaceful periphery and greater economic cooperation with Asian powers. During his visit to Japan early this month, Tokyo had promised investments worth \$35 billion in India. Now with an evident warming up to China days ahead of his US visit, the Prime Minister has strengthened this approach. But it remains to be seen how this policy will evolve in the wake of potential geopolitical tensions in the East, especially the growing rivalry between China and Japan.