Planning Commission
Government of India

PART A: News pertaining to Planning Commission

24.09.2013

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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. Disband the Planning Commission, focus on states instead

Suvojit Chattopadhyay, Live Mint: 23.09.2014

Strengthening state-level planning mechanisms would be an appropriate follow-up to dismantling **Planning Commission**

On the 67th anniversary of India's independence, Prime Minister **Narendra Modi** announced that the Planning Commission would be dismantled and replaced with another institution that focuses on 'solutions' and 'innovations'. Photo: HT

On the 67th anniversary of India's independence, Prime Minister Narendra Modi announced that India's Soviet-inspired vehicle for central planning, the Planning Commission, would be dismantled and replaced with another institution that focuses on 'solutions' and 'innovations'. This is in line with the Prime Minister's emphasis on devolving greater power to state governments and working with states as equal partners. Since then, there has been plenty of commentary on the merits and demerits of the proposal and suggestions on the way forward. Most analysts seem to agree that the Planning Commission has outlived its utility, while cautioning that finishing off the Planning Commission should not imply the death of planning.

In this column, however, I want to focus on institutions that already exist at the state level and their much ignored planning mechanisms. Most states have a planning department that has a directorate—the state planning board. If you look at the functions and responsibilities of these bodies, you will find a few items that are similar across states. Prominent among these are: working on medium- to long-term state **development plans** and guiding state departments, proposing schemes to correct regional developmental imbalances and facilitating decentralized planning.

However, as things stand currently, the state planning boards have little power to determine (or influence) the allocation of funds among competing priorities in the state. For the most part, their power varies according to the importance the chief minister gives them and that is reflected in the quality of personnel appointed as members and the administrative powers given to them.

In addition to this, in recent years, the central government and the central Planning Commission, through a plethora of centrally sponsored schemes, had been distorting the district- and state-level planning and accountability mechanisms. A move towards correcting this was made when the government of India’s 2014 budget announced a three-fold increase in the quantum of funds being transferred to state governments. The demise of the central Planning Commission should be an opportunity to further empower states in carrying out their own planning and monitoring. Decentralizing the plan’s origin should also help focus far more sharply on implementation down the delivery chain and fixing accountability for performance.

This column has long argued in favour of decentralized planning. The popular image of decentralized planning is that of gram **panchayat**-level planning exercises through the gram sabha or their urban counterparts, the ward (*mohalla*) sabhas. However, decentralized planning is a multi-layered and multi-faceted exercise where gram panchayat-level plans are supposed to be logically aggregated and combined with block- and district-level priorities to form district plans. These district plans should form the basis of a significant component of the overall state plan.

In order to make this happen, below the state level, we have the district planning committee (DPC) and the district planning officer (DPO). However, these institutions and individuals have even lesser power in influencing planning and allocation of funds, let alone monitoring the performance of the projects implemented. Proper district planning requires, at the very least, guidance on funds available, flexibility in allocations and competent personnel—for all of which, districts should seek support from the state planning board. Going forward, state planning boards should be held accountable for implementing decentralized planning in their states. In fact, I believe it should be their single-point mandate.

State planning boards are well-positioned to play this role. Their coordination role among the various state departments gives them access to the consolidated picture of the state government’s priorities and the state’s finances. It is of course worth looking at the very design of the state planning board and consider, say, moving them to the finance department, if that will facilitate their functioning.

The idea of disbanding the Planning Commission has been around for a while. That Narendra Modi had the gumption to announce it from the ramparts of the Red Fort is creditable. However, as with most other moves by the new government, these announcements stand out only in comparison to the inaction of the previous government. Critical to making a real mark on this subject therefore is making a difference to implementation on the ground. The body that replaces the Planning Commission must have real teeth and the resources to monitor and evaluate government programmes under its remit as well as its own performance. It must be clarified in **policy** and action that putting an end to the Planning Commission is not putting an end to developmental planning, but rather, a move to take any such institution closer to the **people** and governance structures on the ground. Focusing our attention to strengthening state-level planning mechanisms would be an appropriate follow-up.

2. Columbia Economist Advocates 'Lean' Planning Commission

India West: Posted: Monday, September 22, 2014 12:15 pm

Prof. Arvind Panagariya. (columbia.edu photo)

Columbia Economist Advocates 'Lean' Planning Commission 0 comments

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 liberalization 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 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 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" 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 defense sector up to 49 percent and insurance from 26 percent to 49 percent.

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 labor market as many of the labor 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 (to acquire land). Nobody will dare initiate land acquisition under those circumstances".

He listed infrastructure development and privatisation as key areas that require immediate government attention.

On higher **education**, Panagariya expressed pessimism and said the sector seems to be going in the wrong direction.

"Indian system is highly centralised. What India needs is decentraliation" in the education sector.

Panagariya said while these are the set of reforms that need to be done, there are issues that can go wrong and "implementation" is the key problem. He said while Gujarat as a state succeeded by improving governance and controlling corruption, "at the Center we need policy changes."

3. P Chidambaram says India can manage 8 pct GDP growth, takes dig at PM Narendra Modi govt

The Financial Express | New Delhi | Updated: Sep 23 2014, 15:59 IST

P Chidambaram said it is possible to finance 8 pct growth by domestic savings and some **foreign direct investment**. Reuters

SUMMARY*Former FM P Chidambaram said India can achieve high GDP growth over the next 2-3 years.*

Former Finance Minister P Chidambaram today said India can achieve 8 per cent growth in the next 2-3 years by following the path of fiscal prudence and then proceeded to take a dig at the Narendra Modi govt.

"I remain very confident, despite change in government, that if we remain firmly on the path we will get back to 8 per cent growth in about 2-3 years," he said at an event here.

The Indian economy grew by 4.9 per cent in 2013-14 fiscal. However, in the April-June quarter, the growth picked up to 5.7 per cent.

Chidambaram said if the government continues to remain on the path of fiscal prudence, promotes **savings and investments**, and be **more** diligent in implementing projects, it would be possible to get back to 8 per cent growth.

Indian economy was growing at over 9 per cent before it was impacted by the **global financial** crisis of 2008.

"Financial sector reform is also very much required for achieving 8 per cent growth. FSLRC (Financial Sector Legislative Reforms Commission) has made far reaching recommendations, some are legislative, some are non-legislative in nature. Non-legislative recommendation should be carried out over a period of next 2-3 years," he said.

Chidambaram said it is possible to finance 8 per cent growth by domestic savings and some foreign direct investment.

"Anything more than 8 per cent is bound to become inflationary which will exacerbate fiscal deficit. We have to borrow more and there are consequences of borrowing more and enlarging the fiscal deficit and current account deficit," he added.

Chidambaram further said that the key to controlling inflation is to contain fiscal deficit. Government aims to bring down fiscal deficit to 4.1 per cent in the current fiscal from 4.5 per cent in 2013-14.

He said 8 per cent growth would help create employment for 10 million people.

Appreciating Narendra Modi government's decision to abolish Planning Commission, Chidambaram said the body has outlived its utility.

"I believe that the right decision was to end the Planning Commission and what should be in place is only a much smaller, not more than 100 people in the new body," he said, adding only those people should be inducted who can do prospective planning, and lay out the future roadmap and finally leave it to the Ministry.

4. Mihir S Sharma: Mr Modi's choice

Business Standard: 24.09.2014

China and the United States are not just two geopolitical poles, but would expect different strategies for economic development in India

Prime Minister Narendra Modi has a choice to make. He has just met Xi Jinping, the president of the People's Republic of China — a man so powerful The Economist this week calls him "Xi who must be obeyed". He is about to meet Barack Obama, the embattled president of the United States, a thoughtful, perhaps vacillating man who is distinctly uncomfortable with the mantle of Leader of the Free World. Where Mr Xi has triumphed over his rivals to a degree that has not been seen in China since the 1970s, Mr Obama is increasingly a Manmohanesque figure, hamstrung by his Republican opponents. Mr Modi himself has domestic power somewhere in between these two; his massive mandate gives him considerable political capital that he has not yet spent on anything but buying time, but he is yet to deal with the many choke-points in the Indian system of government — not to mention the unfriendly Upper House.

The India-China-United States relationship is usually thought of in terms of Grand Strategy, whatever that is. Are we "too close" to one or another? Are we compromising on non-alignment, or multilateral autonomy, or strategic independence, or whatever we're calling it this week? Can we play one off the other, or use one to get concessions by making the other jealous? I have always been a little doubtful about this. Perhaps Grand Strategy is a little like being a teenager at a dance, but one would think there would be more to it.

Certainly, the recent incursion into Ladakh by the People's Liberation Army (PLA) reminds us that the idea that China and the United States should be kept equidistant if our concerns are solely "strategic" is mildly ridiculous. The United States has not recently tried to militarily pressure us over a disputed border, and it is my – admittedly controversial – contention that it never will. Mr Modi and his government deserve credit for responding to the PLA's shenanigans with more restraint than the prime minister's rabble-rousing as a candidate had led us to expect. It was almost as if Manmohan Singh and Shiv Shankar Menon were in charge.

It is possible that Mr Modi's hand was forced. Mr Xi was in town, and he came with gifts — vast promises of investment. Mr Modi, as a decade of Vibrant Gujarat summits has shown, has a weakness for foreigners bearing tribute. Among Mr Xi's offers: two big industial parks in Maharashtra and Gujarat. These were eagerly seized on and publicised. The prime minister, like many others, believes that China will have to be dealt with on two registers: it can be used economically, while defied politically. Among those who think this is unlikely to happen is the leadership of the People's Republic of China. As Nitin Pai has explained on these pages, China has of late chosen to use its economic heft to win political arguments with its neighbours, and merely trying to do the same thing with India. The incursion at the time of the Xi visit was merely a deliberate reminder of the price of doing business with the Middle Kingdom.

The United States is, thus, at a massive disadvantage. It may pose less of a threat, but nor can Mr Obama promise billions for industrial parks. Thus, the emphasis of any joint statement is likely to be on security-related or multilateral matters, and not on the economy. This has been the case for some time. Last year, for example, when Dr Singh visited the United States, a major step forward was made on defence co-operation. The United States, in the words of the then deputy secretary for defence, Ashton Carter, had changed its mindset about technology transfer to India "from a culture of presumptive no to one of presumptive yes". I'd expect one or two marquee deals of this sort will be announced. Lockheed Martin's chief executive is reportedly one of those likely to meet Mr Modi; the aerospace giant already builds parts for the C-130 Hercules in India, but it recently told Aviation International News that it is looking for an "Indian partner" to expand operations on "the system or mission side".

Mr Modi, however, could go further. But that would mean deviating from the script that has been written for him by various self-serving members of the Indian business community. He cannot think of himself as chief lobbyist for Indian software firms or for generic pharma makers. It is because the previous government allowed itself to be captured by such interests that it reduced the Indo-American relationship to something that is now being called "transactional". The prime minister of India should have more on his mind when he meets the United States president than visas for a few hundred Indian engineers, or protecting the freeriding business model of India's multi-billion-dollar pharma companies. There are murmurs that Mr Modi may announce a willingness to increase India's currently fuzzy commitment to intellectual property rights. If so, this would spike the guns that American business has currently trained on India.

Unlike with China, in the United States the prime minister will have multiple power centres to woo. But it is important to note that $20-billion commitments are nothing – wisps in the air – compared to the difference that American companies can make on the ground if they choose to invest. They will invest perhaps if Mr Modi charms them and promises the earth. He has shown he can do that — 282 seats, remember?

But Mr Modi will also have to recognise that their price is different from Mr Xi's. And this is where the choice will come in. Will Mr Modi pay Mr Xi's price, or the Americans'? Will he kowtow at the border, as Mr Xi made him aware he must, for $20 billion? Or will he do what foreign investors want and need, and conduct genuine far-reaching reform at home? No more tinkering at the margins. Instead, increases in foreign-direct-investment levels; and reforms to make labour, land and capital more mobile. That, too, would involve spending political capital. Would he rather spend it being weak at the border, or being strong at home?

The choice between the United States and China is not an artificial one. It is a choice of ideologies. It is a choice between large government-led investment promises, and radical economic reform that allows for more ebullient entrepreneurship and easier private investment. Mr Modi, as Gujarat chief minister, preferred the former. In 2007, he announced the snazzy Gujarat International Finance Tec-City — abbreviated, as you knew it would have to be, as GIFT. It was to be built by landmark Chinese architects. It is a little difficult to find the original promises on the website for some reason, but it appears that by 2010, a 400-metre tall "Diamond Tower" was to be built, along with an entire central business district of – and I wince as I write this – 25.8 million square feet. Just for comparison, London's Canary Wharf has 14 million sq ft. In 2014, two rather sorry towers are still being built, amidst acres of fallow land; all the various memoranda of understanding have expired. The 500,000 jobs that were promised have not, as it happens, materialised.

Mr Modi, faced with his choice, is no doubt thinking longingly of these two vast Chinese industrial parks. I'd suggest he keep GIFT in mind when he does.

5. Biometric attendance for central govt employees by September-end

The Financial Express: 24.09.2014

The attendance of the employees can be tracked through a website, attendance.gov.in, which would be fully operational by the month-end

New Delhi: Aadhaar-based biometric attendance systems for central government employees will be fully operational by the end of this month.

“The biometric attendance system for central employees will be fully functional by the end of this month,” information technology secretary Ram Sevak Sharma told PTI. According to Sharma, the attendance of the employees can be tracked through a website, attendance.gov.in, which would be fully operational by the month-end.

The website is expected to bring more transparency as it would provide and update information about central government employees on real-time basis. The attendance web portal will use the information entered in the biometric devices and will act as a centralized management information system (MIS) for attendance.

Under the new attendance system, the employees would be able to mark their attendance using biometric reading devices in various government offices. It will facilitate employees mark their attendance at other central offices also which would help the government to track their movements.

According to the information available on the attendance web portal, as many as 163 central government organisations have registered themselves for the same.

At present, as many as 1,816 biometric attendance devices are operational in various central government offices. There are around 43,000 registered users (employees), out of which 18,262 are Aadhaar verified.

6. Bibek Debroy to head panel to revamp Railway Board

Business Standard: 24.09.2014

To steer restructuring of the Railway Board, Indian Railways has set up a committee under Bibek Debroy, economist and professor, Centre for Policy **Research**. The committee will recommend steps to mobilise resources for major projects and help set up a Rail Tariff Authority.

Speaking to *Business Standard*, Debroy said, "It's premature to comment on the steps ahead. Let the first meeting convene to chalk out a path ahead."

Three months ago, Railway Minister Sadananda Gowda had, in his Budget speech, proposed reforming the Railway Board. To rationalise rates and do away with political interference in this field, the government had also introduced a fuel adjustment component, linking freight and passenger rates with fuel prices.

Other members of the panel include former Cabinet secretary K M Chandrasekhar; Gurcharan Das former chairman and managing director of Procter & **Gamble**; Partha Mukopadhyay, senior fellow, Centre for Policy Research; Ravi Narain, former managing director of the National Stock Exchange; and a nominee from the Department of Economic Affairs, finance ministry.

Vivek Sahai, former chairman of the Railway Board, said, "The committee should submit its report within a year, without demanding any extension. Then, it will be up to the government to implement the suggestions. I hope this committee does not have a fate similar to that of other committees. To introduce efficiency, the Railway Board needs reforms."

Earlier, similar committees, headed by Rakesh Mohan and Sam Pitroda, hadn't seen success, in terms of implementation of their recommendations.

Amid the government clearing the road to the flow of domestic and foreign direct investment into Indian Railways, setting up a Rail Tariff Authority was important, as this body would act as a nodal authority in case of disputes arising between private parties and the railways, said a railway official.

The Railway Board was earlier restructured in 1988. At that time, an additional post of member (electrical) was created, through the structure largely remained the same as that during the British era.

Currently, Indian Railways works on a top-down hierarchical model — a six-member Railway Board creates, implements and monitors policies in this segment and takes all key decisions. The railways is categorised into 16 geographical zones, employing about 1.4 million people. It operates on a cadre-based system (mechanical, engineering, electrical departments, etc), with no separation of passenger and freight businesses.

PROPOSALS FROM OTHER PANELS

- The Rakesh Mohan committee of 2001 sought corporatisation of the railways, with separate freight and passenger operations
- Sam Pitroda committee of 2012 sought reorganisation of the Railway Board, with separate members for passenger, freight, **technology** and business development
- Pitroda report called for scrapping the position of chairman of the Railway Board and replacing it with a chief executive officer
- Other key suggestions of the Pitroda panel included appointment of an ombudsman for all private-public partnership projects

7. Law ministry to scrap dated laws

Business Standard: 24.09.2014

A fresh bill will be introduced in the winter session of parliament for repealing hundreds of obsolete statutes, Ravi Shankar Prasad said

The Union law ministry is looking at removing dated laws. “A fresh Bill will be introduced in the winter session of Parliament for repealing hundreds of obsolete statutes,” minister Ravi Shankar Prasad said on Tuesday.

“Lok Adalat-like bodies can be used for cheque bouncing and traffic Bills,” Prasad said.

The National Democratic Alliance (NDA) government had introduced a Bill in the Lok Sabha during the Budget session for repealing 32 Acts. The Repealing and Amending Bill, 2014, is aimed at removing certain Amendment Acts and Principal Acts.

"There is a Bill pending to repeal 32 Acts. The Law Commission has given a recommendation and I think in the next session I am going to come with another Bill to repeal hundreds of laws. Therefore, it is a priority agenda for us," Prasad added.

The NDA government is in the midst of setting up a portal for finding children who are lost.

Also on Tuesday, Urban Development Minister Venkaiah Naidu said the private sector would have a huge role to play in the setting up of smart cities across the country.

“Smart cities require substantial investments and offer huge opportunities for public-private partnerships,” he said while addressing the All India Management Association’s convention.

Industry experts have meanwhile pointed out that India is now on agrowth trajectory while the image of the country has certainly improved sincethe past few years. " The image has improved and today investors are willing toinvest in India. As long as rules are clear, we think the regulatory environment in the country are open", Kunal Bahl, Founder and CEO, Snapdeal said.

8. New opportunities for India-U.S. trade

The Hindu: 24.09.2014

Prime Minister Narendra Modi's visit to the U.S. is the perfect occasion for buildinga mutually beneficial relationship

Encouraging business:During his visit to India, U.S. Secretary of State John Kerry expressed the Obama administration's support for 'some changes' that would deal with the provisions of the Senate's immigration reform bill. Picture shows Mr. Kerry with Prime Minister Modi, External Affairs Minister Sushma Swaraj and U.S. Secretary of Commerce Penny Pritzker.— Photo: AFP

The U.S. and India are the two largest democracies in the world. In the early 1990s, India became an economic powerhouse by embracing the free enterprise system — the very system that made America so strong. India is now the world's third largest economy and has quickly become one of America's greatest trading partners. Notably, American exports to India have increased by 491 per cent since 2001. Bilateral trade between the countries has reached $100 billion and may rise to $500 billion by the end of the decade. These are not idle numbers. They tell the story of Americans who got **jobs**, earned promotions and started businesses because they embraced India as a trading partner.

Historic visit

This is a story that needs to reach more Americans, especially since the country's economic recovery has floundered under the Barack Obama administration. Thankfully, new opportunities for trade have arisen. In May this year, Narendra Modi was elected as India's Prime Minister in what was called "the biggest exercise of democracy on the planet." The excitement over the promise of economic freedom and prosperity spurred over 550 million people to vote, representing a record turnout of 66 per cent. Prime Minister Modi is known for pro-growth policies that have pulled millions of Indians out of poverty. As the Chief Minister of Gujarat, he oversaw a State whose economy experienced 10 per cent annual growth during the 2000s. This phenomenal economic record was achieved through his pro-**business** philosophy, earning him the title, 'Ronald Reagan of India.' With new leadership in New Delhi, now is the time for the U.S. to renew its relationship with India.

In March last year, the National Indian American Public Policy Institute (NIAPPI) organised a historic visit by a very high-level congressional and business delegation to visit Prime Minister Modi, then the Chief Minister of Gujarat. NIAPPI recently announced the formation of the NIAPPI Business Council (NBC) led by New Jersey businessman Anil Monga to increase U.S. investment in India, as well as increase trade between the U.S. and India by tenfold in the next 10 years. This Council will also facilitate exports of manufactured goods from India, reducing the U.S.'s overwhelming dependence on Chinese imports. The U.S. should encourage full support of this important council from the U.S. Congress and the government of India.

Reviewing policies

Mr. Modi is scheduled to visit the U.S. later this week. As the country greets the new Prime Minister, it is imperative that it reviews its policies and legislative proposals to ensure that it treats its partner fairly. One such proposal — the Senate's immigration reform bill — contains a number of provisions that would hurt India's IT industry. This is yet another flaw with the Senate's gigantic immigration bill. Pressed by India's External Affairs Minister during his trip to India in May, U.S. Secretary of State John Kerry expressed the Obama administration's support for "some changes" that would deal with those provisions. That is encouraging for U.S. businesses that rely on Indian companies to deliver high-quality IT services. After all, the U.S.'s treatment of Indian companies in the U.S. will directly affect how its companies are treated in India. Likewise, India needs to understand the value and necessity of contractual law so that the two countries can continue to form and strengthen relations. A re-evaluation of policies from both sides will help build the foundation for a mutually beneficial relationship that will bolster the partnership between the two great nations.

(Congressman Pete Sessions is Chairman of the Rules Committee of U.S. House of Representatives and Shalabh "Shalli" Kumar is Chairman of the Indian American Advisory Council of House Republican Conference of U.S. Congress.)

The U.S.'s treatment of Indian companies in the U.S. will directly affect how its companies are treated in India

9. Government readies national email service: 'Unhackable' server modelled on Gmail will bring secure network to all Indians

By Sanjay Singh, Mail Today:24.09.2014

Though the service was envisaged for government use, experts said there is nothing to stop it later being used by the public as well.

An e-mail service of India’s own is what the government is working on now. The Department of Electronics and Information Technology (DeitY) is working hard to put in place an e-mail service that will ensure government communications and data are effective and unhackable.

The new email service will have smart features, and has been modelled on the lines of Gmail and Yahoo to make it user-friendly.

The new Made-in-India e-mail service will be first rolled out for the use of the Central government after which it will be extended to state governments. In the final phase it will also be made available to all Indian citizens for their interaction with the government.

“The new set-up will be backed by enhanced bandwidth and improved servers positioned in India,” a top official in the Department of Electronics and Information Technology (DeitY) told Mail Today.

He said the work has been fast-tracked and the standardization of e-mail design and templates for the government would be in place by November this year.

DeitY officials said they are still working out on the specifics of rolling out the new e-mail service, but assert it will have everything to make things easier for government babus.

“It will be like a Gmail or a Yahoo platform. Templates are being finalised. Any official communications through our new e-mail will look real and official. The new templates will give an official look to the document and will be taken seriously,” a senior DeitY official said.

The new e-mail service will have features like group sms and chat, and will also have closed user groups.

“You will also have calendars, task managers, bulk sms facility like what Google offers. Users can also send bulk sms through email,” said an official.

Enhancing security

Former telecom secretary and president of National Association of Software and Service Companies (NASSCOM) R. Chandrashekhar said the new government e-mail service will enhance the security of government communications and official data.

“It was initially envisaged primarily for government use but there is nothing inherent in it that prevents it from being used by the public as well,’’ he added.

Although the government has invested more than Rs 800 crore in modernising its existing National Informatics Centre (NIC) to ensure effective communication between departments and to have a system that cannot be hacked, the exercise has not been very successful.

The nic.in network being used now by the government lacks sufficient bandwidth, as a result of which it does not support larger files and makes downloading very slow. This has forced officials to switch to private e-mail accounts such as Gmail or Yahoo even for official work, making the nation’s decision-making system vulnerable to hacking.

As the servers for these e-mail services are in other countries, usually the United States, communications passing through them are vulnerable and open to misuse and data theft, a senior official said.

'It will be like Gmail or Yahoo': Government creating its own 'hack-proof' email serviceThe problem has assumed such proportions that security agencies have been regularly issuing guidelines on Internet usage to all ministries and government departments for fear that the use of Gmail, Hotmail or other such accounts for internal communication can expose them to interception by networks with servers outside India.

“The Wikileaks revelations concerning India's diplomatic, political and other developments was another eye-opener,” another government official pointed out.

Top officials said the purpose behind having an effective and secure e-mail service is to ensure that the information and data is not leaked.

Project in phases

The new upcoming India-owned Gmail-like platform is part of the ambitious Digital India programme of the Narendra Modi government.

The programme, which would be implemented in a phased manner by 2019, is estimated to cost about Rs 1.13 lakh crore and will largely include ongoing schemes being run by DeitY and the Department of Telecommunications.

“The move is to provide digital empowerment of citizens where all documents, certificates are available on cloud. You will also have a digital wallet scheme, where every citizen from cradle to grave will get a single identity and a space in a public cloud,” said another official.

Another official said: "Very often you hear our colleagues say that they cannot take emails with larger attachments, or that their email inboxes are too full or that it is down completely. This in itself puts all of us to shame. Our government officials rely on American providers for their official and published email IDs rather than on the government's in-house IT department at NIC,” a government official said.

Better communication system on horizon

The Centre is working on widening the ambit of its Restricted Exchange (RAX) system to accommodate more senior government officials.

Telecom Secretary Rakesh Garg told Mail Today on Tuesday that a “new refined and fully encrypted communication system” for the council of ministers and senior officials will be put in place very soon.

“The work on this has been going on for quite some time. Once this specially dedicated secure system is upgraded, we would have all such communications in an encrypted format. The system is being upgraded to a level so that the communication at the top level of governance is made secure with no possibility of it being tampered with. We would also be able to accommodate more officers at the rank of joint secretaries at the Centre,” Garg said.

PART B

NEWS AND VIEWS

Wednesday, 24th September 2014

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Economy	: Markets Crash on Global Cues
Planning	: Pressures of MP Jan Dhan nixes Rupay Credit card launch by a year
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Phone # 2525

The Statesman

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Sena leaves 130 seats to BJP for Maharashtra polls

PARTIES PARRY QUESTIONS ON CM CANDIDATE

NANDU KULKARNI
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Mumbai, 23 September

The Bharatiya Janata Party and Shiv Sena today managed to retrieve their 25-year old alliance back from the brink of collapse after Shiv Sena relented and agreed to its Hindutva ally's demand for more seats in Maharashtra for the Assembly election due on 15 October. Leaders of both the BJP and Shiv Sena jointly announced that they have agreed upon a poll pact that would be formally announced after the approval of their new partners Swabhimani Shetkari Sanghatana led by Mr Raju Shetti and Mr Mahadev Jankar's Rashtriya Samaj Party.

According to the seat sharing agreement, it is learnt, the Shiv Sena is likely to contest 150 seats, the BJP gets 130 leaving eight to junior partners. The BJP has been asking the Shiv Sena to renegotiate 59 seats which had never been won by it in 25 years. The Shiv Sena has refused to give up its claim on these seats since the party wanted to fight in as many constituencies as possible to enhance its president Mr Udhav Thackeray's prospect of becoming chief minister. The Shiv Sena does not want to take chances since in the previous 2009 election, the ally BJP fought less seats and won more which helped its MLA Mr Eknath Khadse to be nominated as the leader of the opposition.

At a party meeting last Sunday, Mr Thackeray had declared that he would accept any responsibility --like becoming CM-- since he wants to "give something to the people of Maharashtra." The BJP-SS said their alliance has firmed up but after today's crucial meeting they parried any question related to the saffron alliance's probable CM nominee provided it wins a majority. The Shiv Sena has decided to project Mr Udhav Thackeray as CM immediately after the National Democratic Alliance's triumph in the Lok Sabha election. On the other hand, the Prime Minister Mr Narendra Modi and Mr Amit Shah exhorted the party's workers to strive to install a BJP CM in Maharashtra.

Announcing that the parting of way has been averted, the BJP general secretary Mr Vinod Tawde and Shiv Sena spokesman and Saamna executive Editor Mr Sanjay Raut together told reporters that both parties were of a view that the grand alliance ought to continue in the interest of Maharashtra which they say would be served by ousting the Congress-Nationalist Congress Party coalition that has been in power for 15 years.

Sources close to today's unscheduled parleys claimed the Shiv Sena blinked first agreeing, albeit out of electoral compulsions, to give more than 119 seats to the BJP. The Shiv Sena apparently mellowed following late Monday evening reports from Delhi that the BJP Parliamentary Board was all set to put up its nominees in all 288 state Assembly seats of Maharashtra. BJP state unit leaders wanted to take Mr Shetti and Mr Jankar's party on board with an offer of "reasonable number" of seats to them. The minor partners, sources claimed, too were inclined to prefer the BJP ignoring Shiv Sena overtures.

The Statesman

Date: 24/09/2014

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MARKETS CRASH ON GLOBAL CUES

WORST FALL IN TWO-AND-A-HALF MONTHS FOLLOWING OVERSEAS SELL-OFF ON GLOBAL GROWTH CONCERN

PRESS TRUST OF INDIA
Mumbai, 23 September

Indian markets today suffered a big jolt with Sensex crashing 431 points and Nifty plunging 129 points in their worst drop in two-and-a-half months following a sell-off in overseas markets on concerns over global growth.

Slower foreign fund inflow and profit-booking after recent bull run ahead of the expiry of September derivative contracts on Thursday also weighed on domestic sentiments.

More than 2,100 stocks listed on the BSE fell today, wiping out more than Rs 1.63 lakh crore in investor wealth.

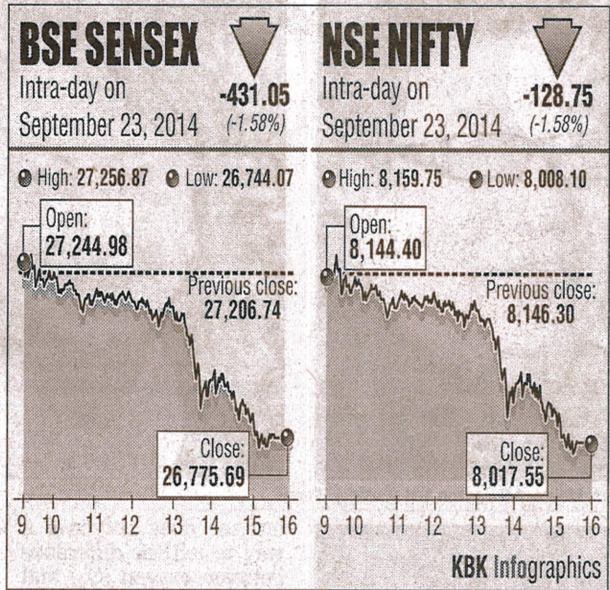
Selling was seen across-the-board as all 12 sectoral indices closed in the red logging losses between 0.38 per cent and 4.91 per cent. Realty, oil & gas, capital goods, metal and pharma segments led the downslide.

On the global front, data showed Eurozone's private sector activity slowed again this month. This sent major European markets on a downward spiral.

In Asia, indices closed mixed with a downward bias after a survey in China showed factory employment slumped to a 5-1/2-year low even as manufacturing grew more than expected in September.

Back home, the BSE 30-share barometer, after few minutes intro trading, touched a high of 27,256.87 but fell soon on emergence of profit-booking. Heavy selling forced the index to conclude at 26,775.69, a steep fall of 431.05 points or 1.58 per cent. Previously, it had stumbled by 517.97 points or 1.98 per cent on 8 July 2014.

Similarly, the wide-based 50-issue CNX Nifty of the NSE tanked by 128.75 points or 1.58 per cent to end at 8,017.55. This is its worst drop since 8 July when it fell 164 points.



"Markets fell sharply on the back of profit-booking and negative global cues. The selling pressure gained momentum after data released on Eurozone economic activity indicated continuing weakness in the region," said Mr Sanjeev Zarbade, vice-president ~ Private Client Group Research, Kotak Securities.

Stocks such as Cipla, Tata Motors, Hindalco, Tata Steel and Tata Power were major laggards today. TCS, Sun Pharma, SBI, RIL, ONGC, Mahindra & Mahindra, L&T, Infosys, ICICI Bank and Coal India fell sharply. Bucking the trend, stocks of Hindustan Unilever, ITC, Maruti Suzuki and NTPC gained.

Second-line stocks also suffered heavy losses on profit-selling by retail investors.

A steep fall in heavyweights such as Tata Motors, ICICI Bank, RIL, L&T, ONGC, TCS, Infosys, SBI, HDFC Bank and HDFC together contributed over 300 points to the Sensex decline.

Indicating the plunge in second-line stocks, BSE-Smallcap and BSE-Midcap indices finished lower by 2.48 per cent and 1.91 per cent respectively.

Mr Jignesh Chaudhary, head of research, Veracity Broking Services said: "Local indices traded weak and gave up over 1.5 per cent at close. China's manufacturing sector unexpectedly picked up but factory employment dropped to a 5-1/2-year low. Market continues to be in profit-booking mode."

Asia, China and Singapore finished with gains while Hong Kong, South Korea and Taiwan settled with losses. The Japan market was closed today. European stocks were trading sharply lower in their late morning deals. The CAC (France) was down by 1.53 per cent, the FTSE (UK) by 1.17 per cent and the DAX (Germany) by 1.03 per cent.

The Pioneer

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Page No. 10

Pressures of PM Jan Dhan nixes RUPAY credit card launch by a year

SANJAY THAPA ■ NEW DELHI

Bogged by pressures from the advancement of date for completion of Jan Dhan Yojana by Prime Minister Narendra Modi to January 26, 2015, RBI's implementing agency NPCI (National Payments Corporation of India) has postponed its plans to launch a full-fledged RUPAY credit card till 2016.

RuPay is India's answer to the global giants like VISA and MASTERCARD.

"We have postponed the launch of our RuPay credit by another year due to the advancement of the date for the completion of the PM's Jan Dhan programme," AP Hota, CMD, NPCI told *The Pioneer*. NPCI plans to launch RuPay cards globally in line with VISA and Mastercard that that will be accepted overseas through a partnership with Discover Financial Services. It is also in talks with Japanese card network JCB for a partnership.

The agency had earlier declared the launch India's first gateway card like the international VISA and MASTERCARD by 2015. The PM Jan Dhan Yojana announced on August 15, by the Prime Minister had earlier fixed the date of floating atleast one bank account for each of the 7.5 core households in India by August, 2015. It was however, later preponed to an earlier date of January 26, 2015 by the Prime Minister himself.

RuPay had aimed to issue credit cards by March 2015, but those plans have now been delayed by the PMJDY scheme. However, Hota has said that the plans to float the Rupay credit card is intact and will be carried out however, acceptance of the Jan Dhan cards will be our priority. "NPCI is also trying to lure more customers by charging banks lower fees of about 1-2 per cent lesser than Visa and MasterCard at various merchant bank locations and at retailers," said Hota.

NPCI's RuPay presently has debit cards which however has a very low user base and is offered by few banks. As per industry sources the RuPay users account for just 1.5 percent of daily card transactions which accounts for almost over one million at retailers.

RuPay's share of daily card transactions, however, remains small compared to the global firms like VISA and MASTERCARD, which are more established and offer both debit and credit cards and are accepted by more retailers as well as merchant establishment.

NPCI's payments network is set to grow rapidly from the PM Modi's mega financial inclusion scheme Jan Dhan which aims to ensure the majority of households to have atleast one bank account which would also be used for the Direct Benefit Transfers for food security, MNREGA, fuel and fertiliser subsidies.

Under the scheme launched in August by the Prime Minister, Indians who open a bank account for the first time automatically get a RuPay card with a Rs 1 lakh accident cover and Rs 30,000 life cover. NPCI's shareholders include India's biggest bank the State Bank of India, foreign lenders like Citibank, HSBC as well as several private sector banks. The Reserve Bank of India bank has a nominee on its board.

The Financial Express

Date: 24/09/2014
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Government to clear 'jungle of laws', says PM

Bangalore, Sept 24

DECLARING that his government has decided to clear "the jungle of laws", Prime Minister Narendra Modi on Tuesday said antiquated laws would be done away with to impart direction and speed to administration.

"In our country....there are many laws which have been made, which don't have any relevance today. They are of no use. If government has to work fast, if government has to work on the straight path the jungle of laws that has been created has to be cleaned up. I want to end all these laws," he said.

Addressing BJP workers at the HAL airport on his first visit to Karnataka after becoming Prime Minister, Modi said his government was now engaged in a clean-up act.

"...We have been in government for a very short time. As we move into a new house the first thing we do is cleaning. First the public did the cleaning; now we are doing it," he said.

Modi was apparently referring to the popular mandate his party received unseating the UPA government and things it has to undo now. Modi said, "People feel surprised whether the new government has to be doing this (cleaning) work, but you will be surprised that that I'm forced to do it."

Observing that earlier governments used to take pride in making laws, he said they used to feel happy in saying that "we made laws, but I have decided to end all those laws which are of no use."

"I have constituted a special committee; ....these are the things which create obstacles in governance and decision making," he said.

"We have five to 10 laws on one single issue, laws which are over hundred years, over one hundred fifty years, over fifty years, and one interprets it the way he wants and stops work."

"There should be direction to the work, quickness to it," the Prime Minister said.

Noting that September 25 is the birth anniversary of Pandit Deen Dayal Upadyaya, stalwart of erstwhile Jan Sangh, he said he had been "a source of inspiration for all of us."

It has been decided to launch a campaign from September 25 to October 2, Gandhi Jayanti, to clean up all the ministries of the Government of India. *PTI*

The Financial Express

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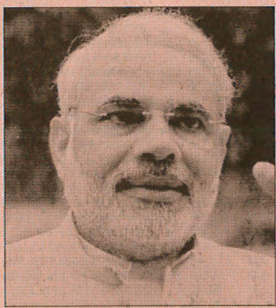
Modi to undertake 50 engagements during first US visit



Washington/New York, Sept 23: From meeting President Barack Obama to delivering his maiden speech at the UN General Assembly, Prime Minister Narendra Modi will have his hands full during his visit to the US, where he is expected to undertake more than 50 engagements in over 100 hours of stay.

A hectic agenda awaits Modi in the US as he would utilise his stay to meet top global leaders, address thousands of cheering crowds, make a speech at the UN General Assembly (UNGA) and interact with CEOs of the Fortune 500, in addition to his Oval Office meeting with President Obama.

The series of engagements -- estimated to be over 50 – in a little over 100 hours from the time Air India One touches down at the John F Kennedy international airport in New York on September 26 till the wheels are up at the Andrews Air Force Base in Washington on September 30 evening – are all aimed at achieving Modi's goal of a resurgent India.

In his interactions with top American CEOs, a majority of whom are said to be from Fortune 500, the Prime Minister would be rolling out his policy of "red carpet and not red tape" to invite them to come, invest and make in India.

In his interaction with leaders like American business magnate and former New York Mayor Michael Bloomberg, Modi would be listening to his experience of smart cities.

In his address to nearly 20,000 Indian-Americans and in his subsequent meetings with the Indian diaspora, Modi is expected to seek their "partnership" in a resurgent India,which occupies its due place in the international community.

Modi would also be meeting top American political leadership ranging from former US President Bill Clinton and former Secretary of State Hillary Clinton to Indian-American South Carolina Governor Nikki Haley.

Modi will be hosted for tea by Speaker of the US House of Representatives Joe Boehner and more than 50 lawmakers during his stay either in New York or Washington.

In Washington, there is a very high level of expectations from Modi's meeting with President Obama.

Obama has gone out of his way to host a rare private dinner for Modi at the White House on September 29, so as to establish a personal relationship with the Indian leader. *PTI*

Business Line

Date 24/09/2014

Page No. 01

Govt clips NPPA's sweeping powers to control drug prices

Fate of 108 drugs brought under price control in July still unclear

OUR BUREAU

New Delhi, September 23

In a booster for pharmaceutical companies, the Government has ensured that the National Pharmaceutical Pricing Authority (NPPA) no longer enjoys sweeping powers to control drug prices.

The NPPA on Tuesday withdrew the guidelines it issued on May 29 that allowed the Authority to control drug prices in public interest. Based on this, it had subsequently capped prices of 108 formulations, including cardiac and diabetes drugs.

But, now, the NPPA has been asked to withdraw the guidelines. The latest notification is silent on the fate of these 108 formulations. And to add to the uncertainty on the price cuts are the two ongoing cases the pharma industry had filed against the NPPA's move. According to an internal guideline issued by the Authority on September 22, the NPPA moves comes at the direction of the Department of Pharmaceuticals under the Ministry of Chemicals and Fertilisers.

The NPPA, in its May 29 notification, had decided to fix the prices of non-scheduled drugs as well, if there was a huge variation in inter-brand prices.

This notification soon resulted in the prices of 108 non-scheduled drugs, which did not feature in the National List of Essential Medicines, getting capped by NPPA on July 10. This was contested by pharmaceutical companies, many of which took the matter to court on the ground that these drugs did not form part of the national list of essential medicines.

The NPPA had invoked Paragraph 19 of the Drug Price Control Order. Under this, it has the authority to extend price control over medicines outside of the essential medicines list in "extraordinary circumstances" and in "public interest". The companies also argued that bringing these drugs under a controlled price regime made manufacturing them economically unviable because volumes were low.

On September 18, the Delhi High Court directed the Government and the pharmaceutical companies to resolve the pricing issue expeditiously. Some of the drugs which came under price control following the May order were: Gliclazide, Glimepiride, Sitagliptin, Voglibose, Amlodipine, Telmisartan and Rosuvastatin, Heparin and Ramipril. These have an estimated market of around ₹5,500 crore.

The latest move will benefit MNCs more than the domestic players as the former usually price their products much higher than the competition and then derive 100 per cent of their sales from the domestic market, said Sarabjit Kour Nangra, Vice-President Research (Pharma), Angel Broking.

Domestic companies that do not have a huge exposure to the local market will be insulated to a large extent as pricing is not the key growth driver for them. "Their products are, therefore, competitively priced," she added.

Business Line

Date 24/09/2014
Page No. 04

Centre to discuss new textile policy with States today

State textiles ministers meet to focus on labour laws, employment

OUR BUREAU
New Delhi, September 23

Minister of State (Independent Charge) for Textiles Santosh Gangwar will discuss the provisions of the proposed New Textile Policy such as introducing flexible labour laws and setting up integrated textile parks with States in an annual conference of State textiles ministers on Wednesday.

States will give their views on the proposals of a draft report on the New Textile Policy prepared by an expert committee which has already been circulated to them.

"Getting State Governments' views on labour reforms is important as a number of important changes have been proposed in the textiles sector," a Government official told *BusinessLine*.

The proposals

- Removing restrictions on women working in night shifts
- Allowing fixed term employment
- Revising overtime work hours
- Keeping units employing up to 500 people out of Industrial Disputes Act

The proposed reforms include removing restrictions on women working in night shifts, allowing fixed term employment and revising overtime work hours. The Centre has also proposed keeping units employing up to 500 people outside the ambit of the Industrial Disputes Act so that they don't have the responsibility of providing employment to workers in case a unit winds up.

The proposed policy also suggests giving a blanket exemption to export oriented units to allow contractual labour without any restriction.

Gangwar is also expected to discuss the proposal of partnering with States for reengineering of existing schemes and policies such as the integrated textile parks, Technology Upgradation Fund Schemes and Integrated Processing Development Scheme.

"The State Ministers will also be asked to emphasise on ways to generate productive employment opportunity for the youth through the textile sector. Stress would be laid on inclusive and participative growth, developing skill, scale and speed, targeting zero defect and promoting 'Make in India' brand," an official release said.

Textiles exports contribute more than 13 per cent to the country's total exports.

The Economic Times

Date: 24/09/2014
Page No. 08

Modi Likely to Announce Merger of OCI & PIO Cards

Merger would facilitate visa-free travel to India, rights of residency & participation in activities here

DipanjanRoy.Chaudhury
@timesgroup.com

New Delhi: The government has decided to make a decision taken by the UPA government into reality by merging OCI (overseas citizen of India) and PIO (persons of Indian origin) cards and the announcement is expected to be made by the prime Prime Minister Narendra Modi when he visits the USA and addresses the Indian community.

The UPA government had decided couple of years back to merge the cards but could not make it a reality. ET has learnt that principal secretary to the PM Nripendra Misra had convened a meeting of the Ministry of Overseas Indian Affairs officials on Tuesday to brainstorm the matter ahead of Modi's US trip. It was decided that there will be a speedy implementation of the merger of the two cards to facilitate travel of Indians staying abroad and their participation in various activities here.

It has been learnt that Modi could make a concrete announcement regarding merger of the cards during his public meetings and engagements with members of the Indian American community in the US later this week and early next week. Besides meeting a select group of top Indian Americans, he addresses the Indian community in Madison Square Park and will meet representatives of the Sikh community in North America. He will also attend a dinner reception at The Pierre, a luxurious heritage hotel owned by India's Taj hotels, hosted by the Indian Ambassador to the US, S Jaishankar, where members of the Indian American community will be present.

America houses largest number of Indians anywhere in the world and many of whom have grown in influence and stature over the years. Indian Americans comprise about 2.81 million people, about 1% of the US population, the country's third-largest self-reported Asian ancestry group after Chinese Americans and Filipino Americans, according to American Community Survey of 2010 data. "The Indian Americans have contributed heavily to Modi's electoral success and presenting his case in the USA. They figure high on Modi's agenda and the PM would like to involve them more in India's growth story," a government source said.

The merger of these two cards could make PIO card holders also eligible for benefits enjoyed by OCI card holders

PIO cards are issued to Indians who have been staying abroad for couple of generations while OCI cards are given to those who are more recent migrants and have taken citizenships in other countries. The OCI cards are practically visas that enable its holders to enter India for an indefinite period, while PIO card holders have to apply for separate visas. The merger of these two cards could make PIO card holders also eligible for the benefits that are enjoyed by OCI card holders.

It was envisaged that merger of the card would facilitate visa-free travel to India, rights of residency and participation in business and educational activities in the country.

Business Standard

Date 24/09/2014
Page No. 07

Govt's no to demand for bigger states' share in central taxes

VRISHTI BENIWAL
New Delhi, 23 September

DEMAND FOR DEVOLUTION

- States are asking for higher devolution as it will give them more flexibility and a free hand in spending
- Demand came from Gujarat, Rajasthan, MP, Chhattisgarh, Bihar, Mizoram, Kerala, TN, Odisha, Assam
- Centre is opposing, saying it has to meet long-term payment obligations and reduce its fiscal deficit
- Devolution was increased from 29.5% to 30.5% for 2005-10, and from 30.5% to 32% for 2010-2015
- The demand is to increase it to 50% this time; some states have also suggested a phased increase

With an eye on its fiscal deficit target of three per cent of gross domestic product by 2016-17, the finance ministry has recommended against higher devolution to states, in a communication to the 14th Finance Commission (FC).

The FC recommends the percentage of central taxes to be shared with states and the criteria. The present panel, headed by former Reserve Bank of India governor Y V Reddy, has met all the states.

In their consultation with it, the states have asked for raising the devolution to 50 per cent from 32 per cent at present. However, the Centre has said it can't spare more money, as it has to take care of its own liabilities.

"Considering our long-term payment obligations such as higher salary burden after recommendations of the seventh pay commission and compensation to the states if they make any losses after switching to a Goods & Services Tax (GST), we have recommended keeping it at last year's level," a finance ministry official, who did not wish to be identified, told *Business Standard*.

The demand for an increase in devolution has been strongly raised by Bharatiya Janata Party-ruled Gujarat, Rajasthan, Madhya Pradesh and Chhattisgarh, as well as Bihar, Mizoram, Kerala, Tamil Nadu, Odisha and Assam.

"We told the FC that higher devolution is not possible because states' financial position is better than the Centre's. Too much financial autonomy is also not good, as if they borrow from abroad tomorrow and are not able to repay, it will be a problem," said another ministry official, requesting anonymity. This was not the time for raising the share, he said.

The fixed devolution to the states is 30.5 per cent currently. A variable component takes it to 32 per cent. The 12th FC had raised it from 29.5 per cent to 30.5 per cent for 2005-10. Then, the 13th FC raised it to 32 per cent.

Some states have also argued in favour of a phased increase in devolution every year.

"The Union government doesn't want it to go up and the states want more. This happens every year," said a person from the FC. Their report, to be given to the Centre next month for the five years from April 2015, would also suggest a mechanism for compensation in the event of revenue loss to states in the GST regime.

Earlier during a Budget meeting with the states, Finance Minister Arun Jaitley had emphasised the need to address regional disparities through evenness of growth across states. Union Territories' administrations had suggested they be made a part of the FC award. States expressed concern on the impact of the central pay commission award on their finances. They suggested a consultative process for implementation of the award must include them.

Business Standard

Date 24/04/2014
Page No. 07

International settlement of Indian G-Secs faces delay

Differences arise between Euroclear and RBI on cross-border settlement of govt bonds

VRISHTI BENIWAL
New Delhi, 23 September

India's plans to join Euroclear, the world's largest securities settlement platform, might be delayed. There are differences between Euroclear and the Reserve Bank of India (RBI) on a few aspects of cross-border settlement of government bonds issued here.

India's membership of the Brussels-based financial services company will make it easier for foreign investors to invest in the debt market here, by doing away with the need to register in India.

However, the issue of who should be allowed to invest and settle debt through this route is being debated. "What RBI is proposing is not acceptable to Euroclear and what the company is suggesting is not agreeable to the central bank. We are trying to arrive at a solution," a finance ministry official told *Business Standard*.

The finance ministry, too, differs with the central bank. In his Budget 2014-15 speech, Finance Minister Arun Jaitley had announced plans to allow international settlement of Indian debt. It is learnt RBI is against allowing short-term investors such as foreign institutional investors (FIIs) to invest in government securities through Euroclear, as it could put India at risk in case of a sudden outflow.

But the finance ministry doesn't favour making such a distinction. "Euroclear is a step towards fuller capital account convertibility. Currently, there are restrictions on who can invest in India. If we become a member of Euroclear, anybody registered can come. You don't have to register in India. There will be no issues on KYC (Know Your Customer) because Euroclear has more stringent norms compared to India," said another official, requesting anonymity.

Recently, RBI Deputy Governor H R Khan denied plans to raise the debt limit for foreign investors. Following these limits being tweaked in July, foreign investors are allowed to invest up to $30 billion in government securities. While the ceiling for FIIs, qualified foreign investors and foreign portfolio investors is $25 billion, that for long-term investors such as sovereign wealth funds and multilateral agencies is $5 billion.

"While institutions can invest directly in the Indian market, it is also true while investing, financial institutions have a home country bias. For instance, they prefer being able to buy the same security in a Euroclear format. There is much comfort when the payment and settlement happens in foreign a currency, in their market," said Samir Gupta, partner, EY.

He, however, didn't agree Euroclear was a step towards full capital account convertibility, saying this was a whole different ball game, as it gave greater flexibility to Indian companies, too, to raise money abroad. "Our markets are not that deep yet; if a lot of money leaves India, it puts pressure on the currency."

If the finance ministry and RBI stick to their guns, the central bank might have the last laugh, thanks to the Foreign Exchange Management Act, according to which the final decision in matters of capital account rests with RBI. The Act mandates the central bank to specify, in consultation with the central government, regulations relating to capital account transactions — capital investment flowing in and out of the country.

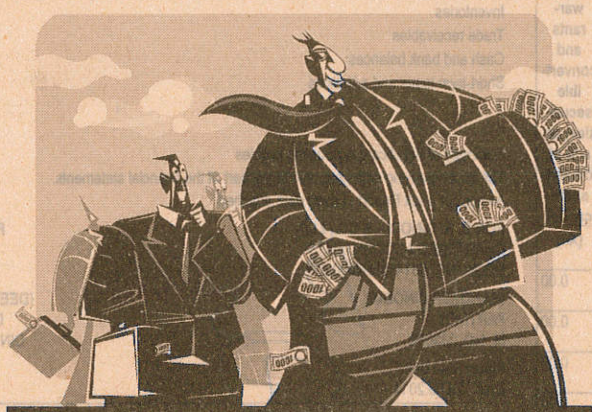
In case of the current account — the difference between the country's savings and investment —, the government takes decisions, in consultation with RBI.

Officials said to begin with, shares wouldn't be settled on the Euroclear platform, as the government wouldn't know the identities of investors.

"In debt, we don't need to know who is investing," said an official.

Euroclear verifies information supplied by brokers in transactions. While its assets are valued at €25.2 trillion, the overall value of securities transactions settled is about €570 trillion a year.

India's Euroclear membership will make it easier for foreign investors to invest in the debt market here without having to register themselves in India



INTERNATIONAL TRADING PLATFORM

- Euroclear is the world's largest securities settlement system based in Brussels
- It will make it easier for foreign investors to invest in the debt market in India
- Investors registered with Euroclear don't have to register separately with Sebi
- RBI not in favour of allowing short-term investors, but finmin and Euroclear differ
- It is also against raising the current debt limits for foreign investors

The Pioneer

Date: 24/09/2014
Page No. 02

God-awful pollution of Yamuna a worry

STAFF REPORTER ■ NEW DELHI

Government, worried about the public health consequences of immersing idols in rivers, has been looking anew at water pollution. It hopes, and perhaps in some cases prays, to harmonise medical concerns with people's religious priorities. With just few days left for the Durga Puja celebrations to begin, Delhi Government is readying to put in place all arrangements for idol immersion in Yamuna in order to check pollution of the river water.

Govt, worried about the public health consequences of immersing idols in rivers, has been looking anew at water pollution. It hopes, and perhaps in some cases prays, to harmonise medical concerns with people's religious priorities

Every year, special arrangements are made so as to ensure the safety and security of the faithful as well as protect the water quality of the River Yamuna during and after the immersions.

Environment Secretary Sanjiv Kumar recently held a meeting with all the departments concerned and agencies, including Revenue Department, Delhi Police, Delhi Development Authority (DDA), civic bodies, Delhi Pollution Control Committee (DPCC), Delhi Jal Board (DJB), Health Department, Fire Department and Traffic Police etc, to ensure proper arrangements are put in place during *visarjan*.

He asked the representatives of Divisional Commissioner to identify and finalise the locations and number of *ghats*. These *ghats* will be finalised by respective Deputy Commissioners and police after site inspections. As part of the arrangements, designated enclosures will be made at *ghats* with the help of bamboo fencing and roads heading to the *ghats* will be constructed.

Civic amenities will provide ambulance and first aid services and tight security will be put in place for the devotees. "Necessary instructions in this regard will be given by Revenue Department to Irrigation and Flood Control Department," said a Delhi Government official.

Government will soon issue a public appeal to this effect highlighting the dos and don'ts for the devotees, which will be published in national dailies by the Revenue Department before

Durga Puja. Kumar also emphasised on creating awareness among puja groups and *samitis* towards use of natural colours and materials (like clay) used in manufacturing of idols.

The Indian Express
Date: 24/09/2014
Page No. 18

Common Banking Aptitude Test for recruitment proposed

RBI panel gives roadmap for bank directors' qualification

ENS ECONOMIC BUREAU
MUMBAI, SEPTEMBER 23

A PANEL set up by the Reserve Bank of India has proposed that the Government and the RBI should consider laying a road map for prescribing certain specific qualification or certification while considering appointment of directors on the board of commercial banks.

It also proposed that a Banking Aptitude Test as national, online test can be conducted for entry-level recruitment in banks.

The panel said some form of training intervention and a new forum could be considered for members on the boards of banks. "These training inputs could be administered by various organisations including RBI, the banks concerned themselves, specialised training on areas like treasury management, foreign exchange etc by such institutions as NIBM, IIBF, CAFRAL etc. Banks could also consider deputing them to institutions in India and abroad for embellishing their banking skills," the 'Committee on Capacity Building in Banks and Non-banks', headed by G Gopalakrishna, former executive director, Reserve Bank of India.

The panel's proposals come against the backdrop of allegations that the directors appointed by the government on banks are from political or cultural background without any banking experience.

"To provide a forum for further exchange of information and best practices among the Board member fraternity, a formal Forum for Board Members could be instituted under the aegis of CAFRAL which could meet periodically to discuss matters of contemporary relevance," it said.

The committee also said that a good induction process will go a long way in welcoming a newly appointed director and impressing upon him or her expectations of the bank as also the regulator. It also recommended a formal and systematic induction process and the details of specific areas in which the new inductees to the board can be sensitised.

On the Banking Aptitude Test, it said the BAT score can be designed to provide an insight into the candidate's aptitude for banking.

NEW RECOMMENDATIONS

- The proposals come against the backdrop of allegations that the directors appointed by the government on banks are from political or cultural background without any banking experience
- The panel said some form of training intervention by various organisations, including RBI, and a new forum could be considered for members on the boards

The Pioneer

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PM Modi all set to be part of history at ISRO

KESTUR VASUKI ■ BANGALORE

If ISRO succeeds in its Mars venture today it becomes the first nation to send a spacecraft to Mars in its first attempt

Prime Minister Narendra Modi is keen to be a part of history at ISRO where India's tryst with Mars destiny has entered the last leg of its odyssey. Modi, who has arrived on a two-day State visit to Karnataka on Tuesday, would be visiting ISRO's mission control centre in the telemetry, tracking and command network (Istrac) on the outskirts of Bangalore to witness Mangalyaan entering the Mars orbit.

According to a space scientist at ISRO, the Prime Minister was very keen to be a part of this historic moment and wants to sit with the space scientists to witness the last keg of its odyssey.

It is also interesting that Modi is witnessing India's maiden space act ahead of his crucial US tour.

"The PM is very keen to be a part of this occasion where we are going to prove our rare achievement in space. He is directly in-charge of space department. The PM was also there at Sriharikota and witnessed the launch of PSLV which carried French weather satellite and other four satellites as piggyback load," said a senior space scientist.

"Though the orbit insertion exercise begins at 4.17 am, the Prime Minister will be at the mission control centre from 6.45 am to watch the crucial operation when the spacecraft main engine will be fired at 7.17 am to carry it through the region to enter the Martian orbit by 7.53 am," the official said.

As command signals to the spacecraft and signals from it to the mission control centre take 12.5 minutes each way, confirmation about its insertion into the orbit will be known by 8.15 am.

ISRO chairman K Radhakrishanan and senior scientists in-charge of the Mars Orbiter Mission (MOM) will brief the Prime Minister about the operations.

According to ISRO sources, only 21 of the 51 missions to Mars have succeeded in reaching the Mars. If ISRO succeeds in its Mars venture on Wednesday it becomes the first nation to send a spacecraft to Mars in its first attempt. This achievement for ISRO is very significant as even China's Mars mission Yinghuo-1 failed in 2011. In fact, Russian Phobos-Grunt mission also failed in its first attempt. Fobos-Grunt or Phobos-Grunt was an attempted Russian sample return mission to Phobos, one of the moons of Mars. Fobos-Grunt also carried the Chinese Mars orbiter Yinghuo-1 and the tiny Living Interplanetary Flight Experiment funded by the Planetary Society.

It was launched on November 9, 2011 from the Baikonur Cosmodrome, but subsequent rocket burns intended to set the craft on a course for Mars failed, leaving it stranded in low Earth orbit. Efforts to reactivate the craft were unsuccessful, and it fell back to Earth in an uncontrolled re-entry on 15 January 2012, reportedly over the Pacific Ocean west of Chile.

The Tribune

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J-K flood fury Infra, livelihood core concerns: CM

Omar meets PM, seeks special rehab package

J-K CM Omar Abdullah with PM Narendra Modi. TRIBUNE PHOTO

TRIBUNE NEWS SERVICE

JAMMU/NEW DELHI, SEPTEMBER 23

Jammu and Kashmir Chief Minister Omar Abdullah today met Prime Minister Narendra Modi in New Delhi and demanded a special rehabilitation package from the Centre for the flood-ravaged state.

The Prime Minister promised full assistance to the state in rehabilitating affected families and reconstructing damaged infrastructure.

Omar's meeting comes a day after he met Minister for Road Transport, Highways and Shipping Nitin Gadkari and Minister of State in PMO Dr Jitendra Singh during their visit to Srinagar to assess damage to roads in the state.

He raised concerns over the poor condition of BSNL mobile services in the state and urged the Centre to take steps to ensure restoration of mobile connectivity, say sources. He apparently pointed out that while the mobile connectivity of all service providers, including private players, had taken a hit during the floods, private telephone services were back to normal 10 days after the floods, but those of the state-run BSNL had deteriorated.

During his meeting today, Omar expressed gratitude to the Centre for providing timely assistance.

"Our hearts go out to the families who have lost their dear ones," said Omar adding that the loss to property had been colossal. He sought liberal assistance from the Central Government to ensure early relief and rehabilitation of those affected.

"We look to you in this hour of grave crisis for all the required support in the second phase of calamity management in terms of rehabilitation of the affected families by providing housing and livelihood, besides permanent restoration of public assets," he told the Prime Minister.

Omar also sought Centre's approval for the Rs 2,200-crore flood threat management project for the Jhelum.

'BSNL services poor'

- Omar Abdullah on Monday raised concerns over poor services of the BSNL in the state with Union ministers Nitin Gadkari and Dr Jitendra Singh
- While services of private operators were back to normal 10 days after the floods, those of the state-run BSNL had deteriorated, he apparently told the ministers

The Economic Times

Editorial

Don't Nationalise the Food Economy

Allow private trade to play a bigger role

Food minister Ram Vilas Paswan says the government will raise the subsidised food grain entitlement per person to 7 kg from 5 kg a month. That would be a mistake. Relying on the public distribution system to achieve food security is tantamount to nationalisation of the food economy. It will only increase the government's distorting dominance in the grain market, push up the subsidy bill and feed food inflation. Instead of being the largest and most inefficient hoarder of grain, the government should let private trade procure, store and distribute grain. The Food Corporation of India (FCI) should maintain only a minimum security buffer. This will entail keeping the minimum support price (MSP) separate from and below the procurement price. Paswan admits that it is a challenge to store grain and check leakages in transportation and distribution. Grains stored in the open rot, and excess stocks raise carrying costs of the FCI.

The government should revamp the FCI, shot through with corruption and inefficiency, to usher in a competitive market for grain. It will bring down leakages and lower grain prices. Also, the consumption subsidy should be transferred as cash to consumers. They can use the money to buy grain from competing outlets, including fair price shops, and competition will keep costs down. It will also help cut out inefficiencies of the FCI such as loader salaries of ₹1 lakh a month. However, there are fears cash transferred to the male in a household can be diverted for liquor. Such fears are not entirely misplaced and, therefore, the government can transfer cash to women's bank accounts. Their bank accounts should be linked to Aadhaar, or the unique identity number.

States such as Tamil Nadu offer cooked food to the poor as part of food security. It's not a bad idea, given the economies of scale to be realised in storage and processing of food. However, food security is not only about distribution of food. The focus should be to raise farm output and enhance efficiency across the board. That means moving away from subsidy to investment in the farm sector.