



## **PART A: News pertaining to Planning Commission**



**27-29.09.2014**

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**[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. Jayanta Roy & Pritam Banerjee: A bottom-up model for planning**

**Business Standard: 27.09.2014**

The **Planning Commission** played a major role in policymaking till the 1991 reforms. In the 1970s it attracted top economists and policymaking was in the most capable hands. But after the reforms, many felt that such top-down centralised planning had outlived its usefulness.

Hence the prime minister's decision to seek radical institutional change is timely. The critical question is how to replace the Planning Commission with a new institution to manage the still considerable government spending on development. There has been some talk of creating a 'think-tank' of eminent economists and other domain experts. But lack of expertise has never really been a problem in India. The essential challenge has been one of implementation and monitoring, and being able to understand grassroots problems related to implementing plans at the local levels.

What is required is a grassroots stakeholder-based policy development process that makes a comprehensive effort to incorporate ideas from the field from state governments, businesses, civil society groups and sector experts. Even more importantly, to develop a mechanism for constant bottom-up vigilance on the actual implementation of policies or development programmes in a manner that allows for flexibility to adjust to local requirements. The key concept here is decentralisation of policy-making through stakeholder consultation, through monitoring of implementation at the grassroots level involving non-governmental stakeholders, and through institutionalised inter-departmental coordination.

This article suggests three objectives for the new institution, and for a related institutional mechanism that will evolve a 21st century paradigm for development strategy.

## Replacing the top-down model

A major challenge in policy formulation today is that multiple stakeholder perspectives, based on grassroots experience, are often missing. The world over, it is the ability to understand the needs of all users and stakeholders in government services that leads to successful projects, not planning by a few 'experts'. This has been the missing link in the chain for India.

The current mechanisms for stakeholder consultations are mostly adhoc. They depend on the level of efforts that bureaucrats in individual ministries make in collecting and incorporating such feedback. The new institution can play the lead role in bringing together central, state and local government and departments, as well as private sector and civil society stakeholders. This would ensure that policies and projects for development have the best chance of success due to a bottom-up policy design that incorporates micro-level operational realities.

## Micro-level monitoring

The ability and quality of implementation of development initiatives remains India's Achilles' heel. A part of the problem lies in the capacity of the government to constantly monitor policy or development initiatives at the ground level. However, relevant stakeholders and sectoral experts at the ground level can provide practical and effective feedback that would allow government to quickly identify problem areas and rectify them, thus ensuring that ambitious plans are actually making significant changes to lives.

The new institution can be this monitoring agency by setting up inter-departmental groups, which include non-governmental stakeholders, for specific projects related to governance reforms or development schemes. These groups could also make periodic reports to the Prime Minister's Office (PMO) on policy implementation and problems, identifying the central or state

departments which need to improve their performance or be better managed. These groups should not have the right to interfere on the work of any ministry or department, but to make independent assessments of quality of project implementation and report these findings to the PMO, and if needed, to Parliament.

### Flexible policy design

There is a critical need for decentralisation of development initiatives by replacing "one-size fits all" centrally planned initiatives with initiatives that incorporate local solutions. In most cases just more resources are not enough to solve development related problems and challenges. Ground-level challenges tend to be locality and community specific, and their context can only be understood when actual programmes and policies are implemented and their impact properly monitored.

This is where programme pilots can be of great use. Some have shown surprising results, challenging the assumptions that were made when such policies were first designed. Such pilots and impact analyses allow governments to constantly improve programme design and delivery, saving large sums of money and greatly improving performance and service quality. They can help explain the real causes of the developmental or other challenges being faced in a particular state or region and offer alternative solutions. The problems of malnutrition, illiteracy etc. arise in different parts of our country due to a complex inter-play of local problems, and "one size fits all" solutions lead to poor performance. Turning the new institution into a solution finder that undertakes comprehensive pilot programmes can be a great way to improve India's developmental schemes and make them much more decentralised and democratic.



An institution with such a mandate would need a small, highly efficient secretariat at its core. However, it should draw domain expertise from the private sector, academia, civil society and the public sector, through a range of short to medium term secretariat positions giving it the kind of flexibility that its wide range of functions would require. Reducing the size of the permanent bureaucracy would free the budget to hire global best-in-class expertise on a project-by-project basis.

The development of such a new institution should become the first step in overhauling the entire framework of governance in India, making it much more attuned to market oriented needs, and becoming more democratic and sensitive to the needs of the people it serves. Such an institution would then also become much more responsible and accountable for its performance on each major government project, in terms of their implementation and impact. Let the new institution become the global standard bearer for a unique kind of state intervention for development in a market-oriented, participative, inclusive and globally inter-connected society.

**2. Like the planning commission, UGC should also be dismantled, say experts**  
**India Today: 27.09.2014**



Arvind Panagariya, Pramath Raj Sinha, Jayant Sinha, Shashi Tharoor at India Today Global Roundtable

There are many anomalies in the Indian education system and the government should first dismantle the University Grants Commission (UGC) and other similar bodies to improve the system, said experts at the India Today Global Roundtable in New York on Friday.

"We have tried that before. We forwarded the proposal to dismantle the UGC but a parliamentary committee had rejected it," Member of Parliament Shashi Tharoor said.

"One interesting idea was to create innovation and research universities but we didn't get enough support," he added.

Indian parents are spending some \$3 billion annually for their children's education abroad because of the dearth of quality higher institutions in the country. India needs both elite and regular institutions, he said.

There is a need to increase the quality of higher education in India. It is only the public institutions that are mostly spending on research and development. Private institutions are lagging far behind, Tharoor said.

Arvind Panagariya, professor at Columbia University, said India's education has to improve both qualitatively and quantitatively. "Six months ago India Today had organised its annual conclave in Delhi where I had suggested that the Planning Commission should be dismantled. And to my surprise, Prime Minister **Narendra Modi** announced that from the Red Fort on 15th August."

He said that even China has better gross enrolment ratio than India. The country has to do a lot better in this regard, he said.

"Our universities don't even figure in the world's top 200 universities. We are missing big time here. We still have a long way to go to have universities of Ivy League stature," he said.

"We must get rid of the UGC and other such councils to do better," he added.

Pramath Raj Sinha, founder and trustee of Ashoka University, said, "We need good institutions to compete with the foreign institutions. We need a new education policy, not to create elite institutions but to improve the education system as a whole."

He said that India needs radical steps to improve its education system. He suggested three points to achieve that. First, he said is to create education SEZs, second, joint academic degrees with foreign universities and third, simplifying the licensing process for institutions.

### 3. Modi says make in India, but even thalis are from China

**Business Standard: 29.09.2014**

Even as India's business elite gathered here on Thursday to pledge their support for Prime Minister **Narendra Modi's** ambitious 'Make in India' manufacturing campaign, Hari Ballabh lost his job to the Chinese.

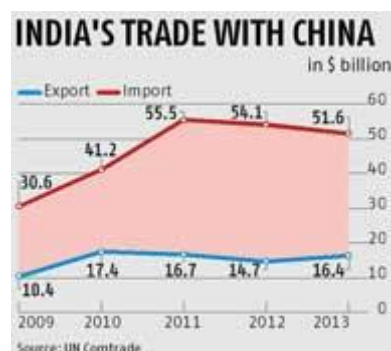
For years, the small factory Ballabh worked at flattened steel into sheets that were cut into circles and passed to adjacent factories, which pressed these into household utensils. "A year ago, the market was flooded by Chinese steel, which was pre-cut in standard sizes for katoris (bowls) and thalis (plates)," says Anil Singhal, a steel trader. He added the Chinese products were cheaper and of better quality. "Wazirpur's pressing units now prefer to import from China, rather than buy from an adjacent plant."

"Our plant is closing tomorrow. The owner has told us to collect our dues," said Ballabh, who arrived in Delhi 15 years ago to cold-roll steel in Wazirpur's cluster of metal factories. "A month before Diwali, 70 of us will lose our jobs."

The PM's 'Make in India' initiative urges Indian and international companies to invest in 25 priority sectors ranging from automobiles to thermal power. Yet, the unravelling of industrial sites such as Wazirpur illustrates the enormity of the challenge faced by the country's manufacturing sector.

While big-ticket investments are much needed, micro-enterprises, too, are vital. In 2010, micro-enterprises accounted for 79 per cent of non-farm employment in India, suggesting small-scale enterprises would continue to provide the majority of employment in the near future.

Today, many of Wazirpur's manufacturers have become traders, a story repeated across sectors as diverse as thalis, toys and telecommunication equipment. "The [Make in India](#) initiative makes sense, but it will need trained workers," said Ballabh, adding he didn't have the skills to work in a highly automated plant. "The Chinese stuff is automated; the sheet is of uniform thickness. A lot of our work is still done by hand."



Producing a trained workforce, however, is hard work. Of India's overall workforce, 70 per cent is literate; of this 70 per cent, 25 per cent drops out at the primary level, according to the 12th Plan document published by the Planning Commission. Only 20 per cent of Indian firms provide on-job training, according to World Bank research.

To train India's burgeoning youth, the government has announced a skills policy. But many, like the steelworkers of Wazirpur, say poverty makes it difficult for them to support their children through programmes offered by Indian technical institutes. "If I don't have a job," Ballabh said, "How will I send my child to school?"

If Chinese products are swamping Indian markets, Indian businessmen appear to be looking for greener pastures. On Thursday, Modi said he was pained that Indian businessmen were increasingly looking to invest abroad. No businessman should feel the compulsion to leave the country, he said.

Entrepreneurs, however, say they are unsure when the many obstacles in India will be cleared.

In 2003, Umesh Menon, a 43-year-old professor at the Entrepreneurship Development Institute of India in Ahmedabad and a consultant with the United Nations Industrial Development Organization, decided to try his luck at starting a business of his own. "I had always told my students India was the best place to invest. But when I started, I had a quick reality check," he said. "I wanted to start a scalable business, but in India, scaling up attracted higher taxes, more inspections and more problems."

Instead, Menon and his partners invested \$50,000 in a cold-storage business in Uganda. "In 24 hours, they had registered my business and given me a welcome kit, with my clearances, licences, tax number and a driving licence, too," he said. "In India, \$50,000 won't even get you through the door."

In two years, Menon had acquired 10,000 acres to start an agriculture business. Along with his partners, he also set up a bakery. In 2010, he moved to Mozambique, where he set up the country's first private hospital, along with an Indian partner.

"In India, the government only helps the big guys," he said. "We court foreign investors, but we forget our own people, who have nowhere to go."

He said the new government's emphasis on manufacturing was welcome, but fell short of concrete policy changes. "I'm encouraged by all the speeches," he said. "But we need more action on the ground."

#### 4. American Trade demands ahead of Modi-Obama meet

Niti Central: 28.09.2014



*Within just four months since it assumed office, Prime Minister Narendra Modi-led Government has taken several important initiatives to revive the economy.*

Prime Minister Narendra Modi on his maiden visit to the US after assuming office in May. In the recent months, his visit to Japan, Nepal and Bhutan were watched and analysed with keen interests by media and his meeting with Chinese President Xi Jinping was also termed as successful in terms of attracting massive investment for infrastructure development. The initiatives taken by his Government both at domestic and international level, have marked the beginning of a new era.

The new Government has embarked on a new journey for building a modern and a dynamic nation by bidding good bye to non-performing institutions like Planning Commission of India, a legacy of Nehruvian era, with a view to get India's economy back on track.

Realising the fact that economic revival is not possible without boosting its manufacturing sector, Prime **Minister Narendra Modi** launched 'Make in India' programme recently which is aimed at making India – a manufacturing hub. For success of this programme, it is required to reform the country's archaic labour laws on which it has already started working. The Labour Ministry has invited suggestions from industries, trade unions and experts, regarding changes in the 1948 Factories Act.

In other key initiatives to revive the economy, the Government recently eased some restrictions and limitations on Foreign Direct Investment (FDI) in the defence and railway sectors. With a view to attract foreign cash and revive India's ailing economy, Modi Cabinet in August, increased the FDI cap in the defence industry to 49 per cent from 26 per cent with a provision that management of the companies receiving the investment will remain in Indian hands. It also allowed 100 per cent investment in some of the projects and operations of railways.

Earlier, the Government had approved a proposal to set the composite foreign investment cap for private insurance firms at 49 per cent, with rider that control remained with Indians. These decisions have no doubt boosted the sentiments after seeing a decade-long period of policy paralysis under former Prime Minister Manmohan Singh.

The new Government has shown its commitment for increasing power generation. A [report](#) quoted Union Power and Coal Minister Piyush Goyal saying that coal-based electricity generation had grown by a record 21 per cent during June-August this year, as compared to the corresponding period of last year, and reiterated the Government's commitment to ensuring affordable and consistent 24×7 power for all households within five years.

On the achievements of his Ministry's first 100 days under the leadership of Narendra Modi, he said the public sector Coal India Limited (CIL) had taken an in-principle decision to purchase additional rakes for Rs 5,000 crores to evacuate more coal.

The Centre is expecting \$ 100 billion investment in the renewable energy sector in the next four years, as it firms up a new policy framework for the same.

According to an [Economic Times](#) report, Power, Coal and Renewable Energy Minister Piyush Goyal at Economist India summit said, "We expect \$ 100 billion in the renewable energy sector in the next four years." He also said that the Government expects \$ 50-60 billion investment in power transmission and distribution in the next four years.



Prime Minister Modi-led Cabinet, a [report](#) suggests, has set an ambitious target—30 kilometres of roads to be built every day. Union Transport Minister Nitin Gadkari has reviewed nearly 250 projects stalled for various reasons during previous the UPA regime. The report has quoted him as saying, “Right now, the total road construction has gone down, it is 3 km per day. Road projects worth about Rs 60,000 crore are stuck mainly due to reasons such as land acquisition and environment and forest clearances.” He added, “We have approved projects worth Rs 20,000 crore for Jammu and Kashmir. They include 2-laning and 4-laning of National Highways in the State.” The Ministry is likely to set up a \$4-5 billion fund to boost the road infrastructure sector. Uttarakhand, that was hit by massive floods last year, needs an entire new road network. The Northeastern States will also soon witness infra projects worth Rs 15000 crore (USD2.5 billion).

However, the US Chamber of Commerce along with 15 other business and corporate associations have written to President Obama urging him to seek more clarity on policy reforms from Prime Minister Modi. The letter said –

*The previous Indian government pursued a variety of policies that prevented U.S. companies from contributing fully to India’s economic growth and development – including raising tariffs; imposing discriminatory local content requirements; pursuing unworkable domestic regulations at odds with international standards; denying patents, revoking patents, and issuing and threatening compulsory licenses for patents; and failing to combat piracy of music, films, and software. These issues are systemic, going far beyond any one industry sector.*

Special mention of stringent intellectual property laws which is crucial for Defence production and other areas, along with India’s signing of TFA agreement would be key for US participation in India’s growth story.

While it is true that India’s commitment towards creating better investor conditions and infrastructure growth has been reflected as could be seen in the initiatives taken by the Government in the past 4 months, but a lot more is expected.

While the Central Government has also fixed a target of one year for implementation of a comprehensive goods and services tax, which has been pending for so many years. The Government has also announced an investment allowance of up to 15 per cent for small businesses that invest more than Rs 25 crore in any year in new plant machinery and equipment, helping to spur much needed plant modernisation and productivity gains, says a [report](#).



With a view to promote financial inclusion, Prime Minister Narendra Modi had launched Pradhan Mantri Jan Dhan Yojana on August 28. Under this scheme, a target has been set to provide 'universal access to banking facilities' starting with Basic Banking Accounts. With this, the account holders have been provided RuPay debit cards with an inbuilt insurance cover of Rs 1 lakh. The mission is seen as a great relief to 42 per cent population of the country, which is not a part of formal banking system and they largely depend on money lenders for getting debts.

Modi Government has been seriously working on developing smart cities in the country for ensuring better growth and development and generating ample job opportunities.

The Government's formula of 5Ts – Talent, Technology, Trade, Tourism, and Tradition, is the launch pad for building a vibrant and dynamic India that will be able to give an effective leadership to world community in coming years.

Moreover, even the US Congress has sought a report from its International Trade Commission on the findings of the industrial policies of India under the new Government so that American corporate groups' interests are addressed while doing business in India. They expect the commission to submit the report by September 2015.

## 5. Andhra govt's new focus in on tourism

**Times of India: 29.09.2014**

The AP government is giving a big push to tourism projects to improve its revenue and put the state on the global map. The fund-starved state government, which at present gets 14 per cent of its revenue through the tourism sector, plans to increase the share to 18 per cent.

Chief minister Chandrababu Naidu has directed the tourism department to ready plans for several major projects. Naidu is keen to convert the 1,000-km long coastline into a **money**-spinning machine by developing beach resorts, parks and picnic spots.

"While the tourism sector is capable of providing as many as 78 **jobs** on an investment of Rs 10 lakh, the agriculture sector provides 45 jobs for the same investment. The manufacturing sector, ironically, provides only 13 jobs," said economics professor LSN Prasad of Acharya Nagarjuna University.

According to the **planning commission**, tourism sector, which witnessed 9% growth in 2012, is expected to grow at 12.9% by 2030. A Planning Commission report said Indian tourism sector earned Rs 3.8 lakh crore with 9% growth rate in 2012.

Incidentally, AP is among the top five grossers of tourism revenue. Kerala tops the list with 18.2%, followed by Himachal Pradesh with 16.8%. United Andhra Pradesh and Rajasthan shared the third spot with 14% revenue. Official statistics point out that Goa earns only 11.8% of its total revenues through tourism.

"The chief minister wants us to increase the revenue through tourism to at least 18% in the next 10 years. We have readied the plans to achieve the target," said special chief secretary (tourism) Chandana Khan.

Planning of exclusive tours to religious places, beach resorts, historical sites and green zones are on the top of the tourism department's agenda. Making Bhavani Island in Vijayawada a major tourist attraction is also a high priority, she added.

## **6. E-ducating India - Technology is just one piece of the puzzle**

**Rohan Sandhu & Subir Gokarn**

**Business Standard: 29.09.2014**

The data-generation ability of technology can not only provide real-time feedback on its return on investment but also evaluate education programmes

In two prominent speeches over the past month, Prime Minister Narendra Modi has emphasised his ambition to digitalise education, viewing technology as a means to improve access to quality learning. This is consistent with his government's previous pronouncements about making schools e-enabled, rolling out broadband highways, and preparing children for a knowledge society, as well as budget allocations towards virtual classrooms and online courses. While digitalising education is clearly a goal, the challenge for the government now is determining how this will be realised, while fully understanding the scope of technology in transforming the education sector.

In terms of access-related issues, the World Economic Forum's Networked Readiness Index (NRI) highlights some of the obstacles pertaining to the expansion of technology and communication infrastructure, broadband development, and growth of information technology-enabled industries. Unable to exploit the opportunities provided by its low broadband and phone tariffs, competitive local markets, and access to venture capital, India is currently ranked 83rd among 148 countries - falling 15 places from 2013. The lack of digital infrastructure, electricity shortfalls, low production and individual use of technology, are some of the most significant impediments. Additionally, India ranks near the bottom for its business and innovation environment, owing to a political and regulatory apparatus characterised by red tape and high corporate taxes.

In the education space, the ability to exploit the advantages of information and communications technology (ICT) is also hindered by various information gaps in the market for technological innovations. So far, the identification and scaling of best practices has largely been left to venture philanthropists and incubators, resulting in scattered initiatives that often reinvent the wheel. For technology to have larger system-wide implications, a regulatory framework that

links consumers and suppliers of education technologies, provides information about what technologies exist, establishes standards, and scales best practices, is required. In this context, the United Progressive Alliance government's 2012 National Mission on Education sought to create a clearing house-cum-rating agency for web-based learning material and a rating institution for knowledge content on the internet - ideas the new government must build on. The need for such agencies has also been a prominent part of discourse in other parts of the world. Chatterji and Jones (2012), for instance, make the case for a third-party rating agency in the US, to test various instructional technologies and disseminate information on effectiveness.<sup>1</sup>

Access to technology, however, is only one piece of the puzzle. We need to demystify the concept of "e-enabled" schools, and determine clear goals and objectives for the introduction of ICT in education. Conversations around technology in India have so far paralleled those on education more generally - prioritising investments and access over experience and outcomes. Most policy documents have viewed technology either as a substitute for teachers where the traditional education system is unavailable, or through the narrow lens of "technical skills for a knowledge society". But if technology is mainstreamed, its objectives must evolve beyond this, and be directed at effecting a more profound change in the system.

In this context, the data-generation ability of technology offers a unique opportunity to not just provide real-time feedback on its return on investment, but also to evaluate the effectiveness of education programmes. At the micro level, technology-aided tools provide information about academic performance to students, teachers, and parents, allowing teachers to assess the response to different pedagogic approaches. The Social Networks Adapting Pedagogical Practice or SNAPP tool, for instance, analyses discussion forum activity within various open learning management systems, providing teachers information on disconnected students, low and high performers, and "before and after" metrics to assess the impact of teacher-interventions.

Darrell West (2012) of the Brookings Institution provides examples of data mining techniques similarly employed to identify at-risk students, in schools in 16 states across the US<sup>2</sup>. Analysts have been able to identify students who drop out, using prediction models based on truancy, disciplinary problems, changes in course performance, and overall grades. In India, social enterprises such as Zaya and Mindspark fill this space, providing platforms for online-testing, following which reports on individual student performance are made available to teachers.

Eventually, if this feedback is constructively looped back into the education process, it allows pedagogy to be individualised, facilitating a democratisation of the education process. On the macro level, the measurement of outcomes serves as a guide for policymakers, facilitating increased accountability and performance. Mayer-Schönberger and Cukier (2014) summarise these benefits of technology, writing that data generated by technology should be used in education, just as it has in fields such as retail and advertising - to provide feedback about what approaches work best, and allow customisation based on individual needs.<sup>3</sup>

There are then at least three frontiers to consider while mainstreaming technology in education - access and infrastructure, the technological innovations market, and the measurement of impact. Particularly in the third area, technology may be leveraged to resolve a much larger and significant challenge, nudging the education system from a focus on inputs and investments, to quality and outcomes.

## **7. Not a level playing field**

**Deepak Patel, Business Standard: 29.09.2014**

The Competition Commission of India's investigation wing is faced with a manpower crunch

Earlier this month, officials in the Competition Commission of India (CCI)'s office of the Director General (DG), the commission's investigative arm, raided the offices of a multinational construction equipment maker in Delhi and Faridabad, alleging it wasn't cooperating in an ongoing investigation related to unfair business practices. This was the first time in its 11-year history that the fair trade watchdog had invoked its search-and-seizure powers.

The reasons behind not exercising such powers more often and the growing backlog of pending cases under investigation in the DG's office aren't hard to figure.

When he heard about the raid, a senior competition lawyer who deals with the DG's office regularly sounded incredulous. "The DG's office never had the resources to conduct a raid. I don't know how it has conducted this raid," he said. With Delhi High Court ordering a stay in this investigation, the spotlight is on DG's office.

Overloaded, under-staffed

Of the 91-odd cases the DG's office investigated in 2013-14, it could dispose of barely a third, with 61 still pending. Experts say as the fair trade watch dog becomes more proactive in investigating cases of unfair business practice and presiding over regulatory issues around mergers and acquisitions, the investigation wing's workload is bound to swell. Through the past two years, the number of new cases to the DG's office has grown threefold - from 21 in 2012 to 62 in 2014.

In sharp contrast, the number of dedicated staff attached to the office has been around 20, against the sanctioned strength of 40.

A 2007 study by Indian Institute of Management-Bangalore, instituted by the CCI, recommended a 240-strong cadre of investigators, with the bulk (about 80 per cent) from

economics and legal domains, and the rest financial analysts, chartered accountants and technology experts.

Housed in the ground floor of the tony South Delhi commercial complex of Bikaji Cama Place, about 10 km from the CCI's main office in central Delhi, the DG's office is a key cog in the functioning of country's fair trade watchdog. "The office is critical to the CCI's effectiveness," says Vinod Dhall, former acting chairman, CCI.

The CCI's probe arm works independently and operates at arm's length from the commission; the Ministry of Corporate Affairs is its administrative ministry. Cases in which the commission finds prima facie evidence of violation of competition norms are referred to the DG's office for detailed investigation. Through the past few months, the commission has hogged the headlines, owing to rulings against business practices in sectors such as cement, automobiles, pharmaceuticals and real estate. However, many former officials associated with the commission, as well as some lawyers who worked closely with the watchdog, say the regulator's effectiveness will be put to test as its decisions are challenged in various courts. "The thoroughness of investigation in a case will be critical to withstand any legal pressures and scrutiny," said a lawyer.

#### Deputation pangs

"The DG's office is working with a 50 per cent deficit of the sanctioned strength," says Ajay Kumar Chauhan, ex-DG of the CCI, who retired in June last year. CCI Chairman Ashok Chawla, too, admits investigation in a case takes more time than it should, as the DG's office is short-staffed. Usually, it takes a year and six months from the time a case is taken up for prima facie hearing till a final ruling. Officials say one of the key reasons for the delay is the practice of appointing officers on deputation alone. "The office has to be filled according to rules - only by deputation. The government is not able to get an adequate number of people to depute there," says Chawla.

All the 20-odd investigating officers are on deputation for three years, extendable up to five years. "This process of deputation keeps creating vacuum time and again," says Chauhan.

A former senior official in the DG's office says half the tenure of an officer is spent understanding the contours of competition law. Amitabh Kumar, partner, J Sagar Associates and the first DG in the CCI (2004-2009), says: "The cases handled by the DG's office are quite complex and require certain expertise. A three-year term means loss of expertise gained."

Most officials and experts feel the DG's office won't be effective until there is a degree of permanency in the tenure of investigators. Dhall says to tide over the issue, the CCI had suggested inter-changeability of officers of the CCI and the DG's office. However, the government turned down the proposal.

Chauhan feels there is a need for a separate permanent cadre at the DG's office. "At least 50 per cent of the professional staff should be from this permanent cadre," he says.

#### Limited powers

Another hurdle faced by many former DGs is the limited powers given to the office. For instance, if the DG's office wants a support staff of financial analysts or legal advisors to assist it in a case, it can't hire on its own; it has to approach the CCI. "There was a time when I was not able to purchase a pen without the CCI's permission," says Chauhan. Though the situation has changed through the years, the financial powers of the DG's office are still limited.

When it comes to conducting raids and searches, the DG's office has to first take the approval of the Chief Metropolitan Magistrate, Delhi.

"This compromises the secrecy of the operation. A search is conducted when there is concrete information or reason to do so. When we go to the court, this information goes public," says Chauhan.

#### Thwarting the process

Another reason why investigations take time, officials say, is the uncooperative attitude of those being investigated. "Apart from manpower problem, enterprises and their lawyers do their best to thwart the process (of investigation)," says Chawla. "It is a standard procedure that their



(companies') side ensures the investigation isn't completed fast. Once it goes for investigation, there is reasonably high probability of an adverse outcome. They try to protect themselves from that."

A former DG of the CCI says most cases are investigated in fits and starts. When a case is brought before the DG's office, officers are given 60 days to complete their investigation. However, in most cases, the DG's office seeks more time. "The DG is never able to do long-term planning, which affects the quality of investigation," says Kumar.

A former senior official in the DG's office says while the CCI usually approves extensions for investigations, "every time, we have to explain to the CCI the status of the investigation".

Once an investigation report is submitted by the DG to the CCI, in most cases, the investigator isn't allowed to represent her/his case or to file a counter report during the final hearing before the CCI.

Though the commission has decided to involve the DG's office in post-investigation, on a selective basis, many officials in the DG's office feel this isn't enough. "I believe the DG should have the right to defend his report in front of the commission," says Chauhan.

### Rising pending cases

One of the reasons for the rising pending cases before the DG's office and the low disposal rate is the exodus of investigators to their parent cadre every three years, say officials. "This results in an institutional memory loss," says Manas Kumar Chaudhary, partner, Khaitan and Co, and a former additional registrar in the CCI.

With the disposal rate of cases dropping to 33 per cent, the Ministry of Corporate Affairs has, in the past two years, stopped stating the 'percentage case disposal rate' in its annual report.

As the process to revive the country's economic growth gathers pace and the workload of the DG's office goes up, the list of pending cases is bound to increase. "The DG's office will be

buried under the cases. It will be disastrous," says Kumar. Clearly, the ball to set the record straight is in the court of the government.

## **8. GOVT STAFF TO FACE ‘SERIOUS’ ACTION IF FOUND MISUSING LTC, SAYS DOPT**

**Deepak Kumar Jha , The Pioneer:29.09.2014**

**In a massive drive against Leave Travel Concession (LTC) claims by fraudulent means by Government staff, the Centre has asked all the departments to carry out random checks of air tickets submitted by their employees to stop any misuse of LTC claims.**

The Government officials and other staff members have been warned of ‘serious’ punitive actions in case of misuse of LTC claims. In a series of reports, The Pioneer first exposed the misuse of LTC claims and nexus of officials and travel agents within the National Highways Authority of India (NHAI). Later, inquiry revealed that the racket flourished in several departments of the Government and involved MPs also.

The Pioneer had reported how in complete violation of the service rules, top officials of the road making agency visited neighbouring countries like Singapore, Malaysia, Thailand etc, along with their family members by claiming LTC to travel within home land. In most cases, they would submit fake boarding passes and related documents to claim the LTC.

“In order to check any misuse of LTC, Ministries or departments are advised to randomly get some of the air tickets submitted by the officials verified from the airlines concerned with regard to the actual cost of air travel vis-a- vis the cost indicated on the air tickets,” said a Department of Personnel and Training (DoPT) order last week.

The DoPT also advised the Ministries, departments and Public Sector Enterprises (PSEs) to issue warnings to their employees that any misuse of LTC would not be pardoned. According to service rules, any Government employee found guilty of preferring a fraudulent LTC claim may be penalised and barred from getting travel allowance for the next two or three years.

Recently, BJP MP Kirti Azad too wrote to Prime Minister Narendra Modi and Road Transport Ministry about the misuse of LTC by Government staff.

**PART B**

**NEWS AND VIEWS**

Monday, 29<sup>th</sup> September 2014

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**Editorial**

: Long arm of the law

Communication, IT & Information Division  
Phone # 2525

# Jaya aide Panneerselvam to be Tamil Nadu CM

Had served as interim CM in 2001 for 6 months

CHENNAI, SEPTEMBER 28

Tamil Nadu Finance Minister O Panneerselvam was today chosen the next Chief Minister after AIADMK supremo J Jayalalithaa was convicted and sent to jail for four years in a disproportionate assets case.

Panneerselvam, a former Chief Minister, was unanimously elected as Jayalalithaa's successor at a meeting of AIADMK members in Chennai a day after Jayalalithaa's conviction and sentencing in the Rs 66.65 crore disproportionate assets case.

Panneerselvam, 63, is a trusted loyalist of Jayalalithaa. He was elevated to the position of Chief Minister for six months in 2001 when she had to step down following her conviction in the Tamil Nadu Small Industries Corporation (TANSI) land deal case in which she was subsequently acquitted. The "soft spoken and suave leader" literally functioned as "interim Chief Minister" and duly vacated the post after Jayalalithaa was acquitted in the case.

Described as "Mr Faithful", Panneerselvam belongs to the dominant Mudukulathor community. The ruling party MLAs will meet Governor K



J JAYALALITHAA WITH O PANNEERSELVAM (R). A FILE PHOTO

## AIADMK chief to move K'taka HC for bail today

- Jayalalithaa's lawyers will move the Karnataka HC for bail on Monday. The criminal revision petition is one of the options before lawyers who are trying to secure an immediate stay on her conviction and the sentencing
- A stay on the conviction will nullify the AIADMK leader's disqualification as MLA
- Unless the conviction is overturned by a superior court, Jayalalithaa runs the risk of being barred from contesting elections for 10 years — four years when she is in jail and six years after release

Rosaiah to communicate the decision to him, party sources said. The name of Panneerselvam is understood to have been communicated by Jayalalithaa in the court itself after the verdict was pronounced yesterday. She also had a long conversa-

tion with him in the court before she was lodged in the Bangalore jail. Panneerselvam, who had been camping in Bangalore since yesterday when Jayalalithaa travelled there for the verdict, returned

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JAYA IS PRISONER NO. 7402 P10

## Panneerselvam is new Tamil Nadu CM

FROM PAGE 1

to the city today to take up the new responsibility as per her direction.

Meanwhile, a battery of lawyers gave final touches to their legal strategy in seeking immediate relief for Jayalalithaa, who has been convicted by special judge John Michael D'Cunha and sentenced to four-year imprisonment besides being slapped a fine of Rs 100 crore in the 18-year-old disproportionate assets case. Since the sentencing is for a period more than three years, only the High Court can grant her bail.

The court also found three others — Jayalalithaa's close associate Sasikala her relatives VN Sudhakaran and Ilavarasi — guilty and sentenced them to four-year jail and a fine of Rs 10 crore each.

Under a Supreme Court judgment of last year, any MLA or MP would stand automatically disqualified if he or she is convicted and sentenced to an imprisonment of a period not less than two years. — PTI



# FMCG market: India picks up but Bharat lags

Household consumption recovered in urban India in May-July but remains weak in rural

VIVEAT SUSAN PINTO  
Mumbai, 28 September

**H**ousehold consumption of fast-moving consumer goods (FMCG) appears to have recovered from a deep slump seen last year — at least in urban areas. Data from market research firm IMRB show that FMCG consumption in urban India, in volume terms, rose seven per cent in the May-July period this year, compared with a decline of 12 per cent in the same period last year. In value terms, consumption was up eight per cent during the period, against a decline of four per cent seen in the year-ago period.

The situation in rural parts of the country, though, was not as good. While urban areas were in the green in May-July, rural India continued to be in the red, notably on the volume front. Rural FMCG consumption volume declined seven per cent from May to July, against a fall of one per cent in the year-ago period. In value terms, consumption rose just one per cent, compared with two per cent last year.

Varun Sinha, group business director, IMRB Kantar Worldwide, said: "The uptick in urban sentiment led to better stocking of products across staples, as well as impulse categories. This resulted in household consumption recovering. By comparison, the positive sentiment appeared to be missing in rural areas."

Among FMCG segments, in urban areas, volumes for personal care inched up three per cent, compared with a two per cent increase last year. Value growth was sharper, at six per cent, against three per cent a year ago. Household care products saw steady volume growth of two per cent, while consumption increase in value terms was nine per cent (against seven per cent last year). Food & beverage consumption, on the other hand, grew eight per cent in May-July this year — the sharpest annual rate of rise for a segment. Last year, it had fallen 14 per cent, according to IMRB. In value terms, food & beverage consumption grew eight per cent in the period this year, against a decline of seven per cent seen in 2013.

Rural areas presented a mixed picture in FMCG categories. While personal care and household care saw marginal growth in the period when

## CHANGING TACK Household FMCG consumption (YoY change in %)

All-India urban May-Jul '13 May-Jul '14

	Volume	Value
Personal care	2	3
Household care	2	7
Food & beverage	-14	-7
FMCG total	-12	-4
	7	8

All-India rural May-Jul '13 May-Jul '14

	Volume	Value
Personal care	2	6
Household care	4	9
Food & beverage	-2	0
FMCG total	-1	2
	-7	1

Source: IMRB

compared with last year, food & beverage slipped even further. Personal care volumes rose three per cent, compared with last year's two per cent, while value growth was steady at six per cent. For the household care segment, growth in volume terms was five per cent (against four per cent last year), while value growth was 13 per cent, versus nine per cent last year. The food & beverage volumes, in contrast, declined nine per cent in May-July this year, against a decline of two per cent last year. Consumption in value terms, on the other hand, slid three per cent in this FMCG category.

Dabur India Chief Executive Sunil Duggal said: "While pain exists in both urban and rural areas, the challenges of late have been greater in the hinterland. The rainfall has been patchy in the north and central parts of the country, coupled with a stagnancy in minimum support price of crops and a drawing down of rural welfare schemes. This has resulted in a shrinkage of income in the hands of rural consumers, affecting overall household consumption."

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► FROM PAGE 1

## FMCG market: India picks up, but Bharat lags

"As far as growth in personal care and household care in rural areas is concerned, that is more of an exception than norm, because the broad trend clearly points to a slow-down. Our talks with trade channels show consumers in rural areas have not been substantial spenders in recent months. This has been exacerbated by inflationary pressures on everyday items affecting both urban and rural areas. The moot point is that urban consumers seem optimistic, so the consumption is

increasing," Duggal said.

Marico Chairman Harsh Mariwala said: "A new government in power pushes sentiment notably in urban areas. The increase in household consumption in May-July in these parts is a result of this improvement in sentiment. This will get better as we go forward. Rural areas are a lag-gard in this respect and will follow urban areas in terms of a pick-up in sentiment. For that, there also has to be an improvement in economic growth, because people begin

to spend only when they feel secure about the environment around them, about their jobs and incomes. While an element of optimism helps consumption to an extent, people feel more confident to spend if they begin to see real growth and development on the ground. Rural areas will respond with a lag, while the urban areas will see a quicker recovery."

The consensus is that the tide should notably turn for FMCG in urban areas by the fourth quarter of this finan-

cial year. The government has been working in this direction. Earlier this month, it raised the dearness allowance of its employees by seven per cent — a move that will benefit nearly three million workers.

Two months before that, in Union Budget, it announced a slew of measures to boost domestic consumption, besides increasing tax exemption for the salaried class. Both of these steps, analysts said, favoured people residing in cities more.





# For Jan Dhan, banks to lend Rs 1.65 lakh cr via overdraft

GEORGE MATHEW

MUMBAI, SEPTEMBER 28

THE government is aiming to lend Rs 165,000 crore to the poor and unbanked population through the overdraft facility at an interest rate of 11 per cent under its ongoing Jan Dhan financial inclusion programme.

"It is estimated that there are 18.2 crore basic banking accounts and, by the end of the campaign another 15 crore accounts would get added. An overdraft of Rs 5,000 in each of these translates to a total of Rs 1,65,000 crore," says a letter issued by the Department of Financial Services, Finance Ministry, to banks.

The release of the overdraft facility would be in a phased manner, starting with Rs 1,000 and after observing satisfactory performance of these accounts, the remaining amount would be released by the banks within the next six months. "The rate of interest on these accounts is proposed at 11 per cent (including the fees to be paid to credit guarantee fund). All government benefits will flow to this account — facilitating servicing of interest and reducing the chances of account becoming dormant," the letter says.

The letter says the fourth pillar of the Jan Dhan scheme is the creation of a credit guarantee fund with a corpus of Rs 1,000 crore to provide guarantee against defaults in overdrafts in basic banking accounts. It is proposed to be housed in the National Credit Guarantee Corporation (NCGC).

"Using a 1:20 leverage ratio we would need Rs 8,250 crore over a period of time. Hence to begin with, it is proposed to start with a corpus of Rs 1,000 crore. This corpus would be budget neutral for the Government of India and would be funded by the Financial Inclusion Fund (FIF) being maintained by NABARD," it says. This means the government expects one default for every 20 accounts.

CONTINUED ON PAGE 2

Date: 29/9/2014  
Page No. 01, 02

## Banks to lend Rs 1.65 lakh cr via overdraft

As per RBI estimates, up to March 2013, 3.95 million basic banking accounts availed overdraft facility of Rs 155 crore as against 0.18 million accounts and Rs 10 crore in March 2010. However, considering that 182 million such accounts were opened by March 2013, the overdraft facility has been availed in a very small fraction of these accounts. This could be due to the cap of Rs 2,500 for each account, that too on a selective basis. Be-

### FOR WOMEN ONLY

THE government seems to trust women members of the household more than the men when it comes to money matters. In the Jan Dhan scheme, the overdraft facility of Rs 5,000 would be provided only to the women members in case of joint accounts, says a government communication to banks.

sides, perceived defaults in such accounts by banks made them shy of lending.

According to the DFS letter, this exigency fund should be a great support in meeting basic needs like health, farming etc.

The idea is "to bring out people from the clutches of the moneylender" in both rural and urban areas. "Learning to manage this account shall be the first step to larger dosage of credit by creating their credit history. It will help the banks also in credit appraisal for his future needs," it says.



# Fund houses have a problem of plenty

N SUNDARESHA SUBRAMANIAN  
New Delhi, 28 September

**I**n a counter-intuitive move that could also mean a lack of confidence in the dizzying post-election rally, fund houses are trying to regulate or even stop inflows into some of their funds, especially those investing in smaller stocks.

While some fund houses have been doing it informally through instructions to advisors, DSP BlackRock recently issued an addendum saying it will not accept new systematic investment plans (SIPs) or lump-sum investments in excess of ₹2,00,000 into its micro-cap fund from October 1. The fund house says it is doing this to protect the interests of existing investors.

The move comes at a time when several fund houses are trying to raise funds from the market through new fund offers (NFOs).

"DSP BlackRock Trustee Company Private Limited ('Trustees'), the Trustee to DSP BlackRock Mutual Fund, has vide resolution dated September 22, 2014, decided to temporarily suspend the below-mentioned transactions in DSP BlackRock Micro Cap Fund — an open-ended diversified equity growth scheme — with effect from October 1, 2014," the fund house said in the addendum dated September 25.

It said it was taking the step because there was a possibility that further large inflows into the scheme might prove detrimental to the interest of the existing unit holders. "The

## TREND REVERSAL

- Net asset values of small- and mid-cap funds have shot up considerably
- Investors tend to choose funds based on past returns
- But fund managers are not sure of future performance of these small stocks
- Because of thin volumes, possibility of a crash is high
- So funds are restricting inflows
- More funds may follow suit

transactions suspended are subscription/switch-in application(s) in the scheme amounting to more than ₹2 lakh, registration of new SIP in the scheme of single instalment amounting to more than ₹2 lakh and registration of new systematic transfer plan into the scheme of single instalment amounting to more than ₹2 lakh," it added.

The fund house also warned investors from circumventing the rule by using multiple applications. "DSP BlackRock Investment Managers Private Limited reserves the right to reject or compulsorily redeem units without any prior notice to the investor at applicable NAV (net asset value), in case of multiple

applications/transactions by the investor(s) amounting to more than ₹2 lakh."

The suspension will continue till further notice, the fund house said.

Surjit Mishra, national head (mutual funds) at Bajaj Capital, a New Delhi-based distributor, said most fund houses were trying to control flows into the small-cap funds. "In the micro- and small-cap space, the ideas are not too many. Quality ideas are not too many. There is a possibility of returns not matching up to the past and could be even negative."

He added while the popular way for funds to restrict investments is by cutting down ticket size, some funds are also restricting the frequency of investments.

Small- and mid-cap funds have been among the top performers for fund houses during this rally and, hence, have caught investor imagination. Fund houses are caught in a tricky situation because rules do not allow them to hold on to cash for long.

In a market that has run-up heavily they are also not very sure that the market would not reverse its gains. In case of a reversal, the pain will be most acute in the sparsely traded small stocks.

Ramesh Bhat, a Chennai-based advisor and president of IFA Galaxy, said: "The small-cap shares have already run up heavily. People have a tendency to look at one-year returns. In the past year, small-cap funds have given between 90 and 120 per cent. People are getting greedy."



# Army to review preparedness along LAC

PIONEER NEWS SERVICE ■  
NEW DELHI

## END OF STAND-OFF IN CHUMAR

With the 15-day stand-off ending in Chumar in Ladakh, the Army and the Indo-Tibetan Border Police (ITBP) will take stock of their response to the transgression of the Chinese troops and review the operational preparedness all along the 4,000 km long Line of Actual Control (LAC).

The Indian and Chinese local commanders are likely to hold a flag meeting in Spanggur, Ladakh on September 30 after the two countries decided to disengage from Chumar in a phased manner in four days on September 26.

This meeting is part of a confidence-building measure to ensure peace and tranquility on the LAC, officials said here on Sunday, adding the Army and the ITBP are monitoring the situation closely. While the Indian troops are stepping back from the stand-off point, the Chinese are withdrawing into their territory across the LAC after intruding into Tibley, known as 30R in Army parlance in Chumar. Officials also clarified that Indians are in their own terri-



tory so there is no question of withdrawal.

More than 1,000 Chinese and 1,500 Indian troops were engaged in an eyeball to eyeball confrontation for more than 15 days after the Indian forces stopped a Chinese patrol and construction team from building a road in Chumar. China, however, claimed they were in their zone and blamed Indians for transgressing more than six km into Chinese territory.

India is in an advantageous position in Chumar with all weather road connectivity right up to the LAC to ensure logistical support to troops. China, on the other hand, lacks road infrastructure there and has to rely on helicopter support to maintain its patrols as was the case during the stand-off. Food packets and other essential items were airdropped by the Chinese during the face-off whereas

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■ Food packets and other essential items were airdropped by the Chinese during the face-off whereas light vehicles provided support to the Indians

light vehicles provided support to the Indians.

As regards drawing lessons from the latest face-off, the security forces will carry out a detailed review in the next few weeks as the weather conditions will give a reprieve to them.

Elaborating upon this aspect, they said India and China curtail patrolling on the LAC during the winter months due to extreme cold and snow.

While Ladakh region does not get snow but temperatures dip to minus 30 degrees, heavy snow blocks patrol routes in middle and eastern sector of the LAC. While Ladakh comprises western sector, Himachal Pradesh and Uttarakhand fall in middle sector while Arunachal Pradesh and Sikkim are in the eastern sector.

The latest stand-off took place at a height of more than 14,500 feet and mercury has already dipped to minus two degrees and this factor was one of the reasons which forced the Chinese to agree to pull back, sources said.

Besides reviewing operational preparedness, the security establishment will also take stock of pace of creating infrastructure including roads and airfields in these remote regions, they said.

At least 75 roads in all the States facing China are termed as strategic and the construction of most of them is behind schedule. Giving an example, they said out of the 20 strategic roads in Arunachal, more than 70 per cent roads are yet to be completed thereby hampering quick movement of troops in case of any threat.

## Govt staff to face 'serious' action if found misusing LTC, says DoPT

DEEPAK KUMAR JHA ■  
NEW DELHI

In a massive drive against Leave Travel Concession (LTC) claims by fraudulent means by Government staff, the Centre has asked all the departments to carry out random checks of air tickets submitted by their employees to stop any misuse of LTC claims.

The Government officials and other staff members have been warned of 'serious' punitive actions in case of misuse of LTC claims. In a series of reports, *The Pioneer* first exposed the misuse of LTC claims and nexus of officials and travel agents within the National Highways Authority of India (NHAI). Later, inquiry revealed that the racket flour-

ished in several departments of the Government and involved MPs also.

*The Pioneer* had reported how in complete violation of the service rules, top officials of the road making agency visited neighbouring countries like Singapore, Malaysia, Thailand etc, along with their family members by claiming LTC to travel within home land. In most cases, they would submit fake boarding passes and related documents to claim the LTC.

"In order to check any misuse of LTC, Ministries or departments are advised to randomly get some of the air tickets submitted by the officials verified from the airlines concerned with regard to the actual cost of air travel vis-a-vis

the cost indicated on the air tickets," said a Department of Personnel and Training (DoPT) order last week.

The DoPT also advised the Ministries, departments and Public Sector Enterprises (PSEs) to issue warnings to their employees that any misuse of LTC would not be pardoned. According to service rules, any Government employee found guilty of preferring a fraudulent LTC claim may be penalised and barred from getting travel allowance for the next two or three years.

Recently, BJP MP Kirti Azad too wrote to Prime Minister Narendra Modi and Road Transport Ministry about the misuse of LTC by Government staff.



## EC to use games, comic strips to educate, entertain voters

RAGHIVENDRA RAO  
NEW DELHI, SEPTEMBER 28

WITH "catch them young" as its mantra, the Election Commission is now embarking on 'Edutainment' — education-cum-entertainment — to spread electoral awareness.

In collaboration with United Nations Development Programme (UNDP), the EC — under its SVEEP (Systematic Voters' Education & Electoral Participation) project — is now in the process of rolling out 'edutainment' material to drive home the message about voter enrollment and other electoral processes.

The 'edutainment' kit includes a video game called "Get Set Vote". Available in English and Hindi, the game offers 10-levels and deals with basic information about electoral processes. The EC plans to send this game to schools across the country. There are also plans to use the existing e-kiosks to enable people to ac-

**'EDUTAINMENT' kits being dispatched to schools, colleges, youth clubs, self-help groups, aanganwadis**

cess it, EC officials said.

Board-games called "Vote ki Baazi", modelled on snakes and ladders, and "Ready Steady Vote", a version of ludo, have also been developed. In addition, the EC has come up with a comic strip called "Wah Election Wah" which it plans to get published as a series in various newspapers, magazines and journals. The strip will also be compiled as a booklet, officials said. Picture books called "Proud to be a Voter" in English and "Garv se bane Matdata" in Hindi, have also been prepared as part of the 'edutainment' material.

A radio drama called *Loktantra Express* has been pro-

duced. The radio drama is about a variety of people boarding a train and talking about electoral issues. An animation film called "Masti, Dosti, Matdaan," using comic characters also forms a part of the 'edutainment' kit.

EC officials said the material is being dispatched to schools, colleges, youth clubs, aanganwadis and Self Help Groups. "The idea is to catch them young and put them on track of electoral registration and voting," an EC official said.

"Election related information is usually seen as dry, routine and legal. With this 'Edutainment' kit, we want to make it intelligible and interesting for people," EC Director General Akshay Rout told *The Indian Express*. "Over a period of time, we would like this material to be converted into regional languages. It will result in continuous electoral education even when the polls are not happening," Rout added.



# Panel seeks more rights for women in family laws

Suggests ban on triple talaq, polygamy, redefining adultery

ABANTIKA GHOSH

NEW DELHI, SEPTEMBER 28

**T**HE Ministry of Women and Child Development is considering recommendations of a panel that has suggested for redefining adultery that treats wife as a man's "property", a fresh look at term "cruelty" under the Hindu Marriage Act as it is currently based on patriarchal notions of a woman's behaviour, and doing away with the concept of an "illegitimate" child.

The committee has also pitched for mandatory payment of maintenance to wife and children in the event of separation or divorce, doing away with the clause that it can be stopped if the woman was "unchaste" or had refused to stay with her husband. The panel has also pushed for giving woman more rights under the Hindu Succession Act.

The committee, headed by former Panjab University professor Pam Rajput, was set up by the previous UPA government, but it submitted the report to WCD Minister Maneka Gandhi only a few days ago. The panel has also called for separate law to fight "honour" killings, beside suggesting changes in the Muslim and the Christian family laws as they are loaded against women.

It recommended a complete ban on the practice of "oral, unilateral and triple talaq (divorce)" and polygamy.

In its assessment of family and succession laws, the committee has said that not only married women, but also those in "live-in relationships which are in the nature of marriage" should be eligible to it. In case of separation, the panel suggested, "Provision which allows maintenance to be stopped if a woman has been unchaste or

has refused to live with her husband should be deleted." All relevant laws should be amended to declare the mother as a "natural guardian" of the child along with the father when a child's custody has to be decided, the report said.

On the matter of devolution of a property owned by a woman, the committee said that appropriate changes should be made in Sections 15 and 16 of the Hindu Succession Act so that in absence of her husband and children, the property goes to her parents or her parents' heirs/siblings instead of relatives of her husband.

The committee, in its recommendation, said, "Section 16 (of the Hindu Marriage Act) should be amended to include all children born outside wedlock and not only children of void and voidable marriages. Further the term 'illegitimate' should not be used in any statute of document." The section deals with the legitimacy of children and the recommen-

dation if accepted would mean that the marital status of parents would not have any bearing on the legal status of an offspring in terms of succession and other rights.

In its analysis of the Muslim and the Christian family laws too, the committee has identified instances where the laws are loaded against women. It has called for a complete ban on oral, unilateral and triple talaq as provided in the Muslim personal laws, and also an amendment to do away with polygamy. Under the Christian law, the period of two years of separation for mutual consent divorce should be changed to one year in line with the Hindu Marriage Act and the Special Marriage Act.

A senior official in the ministry said: "It is a very good report, we are studying it. It has recommended changing the tone and tenor of family laws cutting across the religious divide. These recommendations are now under consideration".



# India-US defence, education pacts in limbo

There has been little headway in defence trade, technology initiative proposed in 2012

**TOMOJIT BASU**

New Delhi, September 28

Bilateral pacts are a significant outcome of meetings between heads of states, and Prime Minister Narendra Modi's ongoing visit to the US is likely to add to the list of Indo-US agreements.

Tangible results of ground-level execution, however, are more difficult to gauge than the excitement that accompanies signatures.

Upon analysis, a few key bilateral pacts signed between the two countries in the last decade in defence and education look to be in varying stages of stagnation and planning.

For instance, the defence trade and technology initiative proposed in 2012 has not translated to much in substance. Intended to help build indigenous defence manufacturing capabili-

ties through technology transfers and guidance by the US, red tape seems to have stymied the evolution of a coherent partnership from a patron-client arrangement.

## Proposals

Secretary Chuck Hagel presented a dozen proposals approved by Washington during his India visit last month. It remains to be seen how many will be put into action even after India has relaxed its foreign direct investments norms in Defence manufacturing.

Further, the Indo-US Defence Policy Group, supposed to meet annually, will meet next month in Washington for the first time since February 2012.

"US companies face critical issues such as unfeasible delays and extensions on letters of offer

and acceptance, delays in approvals for subsequent acquisitions for follow-on orders, lack of post-delivery risk allocation and limitations of liability," said Nidhi Goyal, Director, Deloitte.

Importantly, the New Framework Agreement, signed in 2005, is set to expire next June and reports point out that Washington, while unsatisfied with New Delhi's approach is willing to renew it.

## Education

Modi is likely to push for unique bilateral initiatives such as SWAYAM and GIAN. But, existing Indo-US pacts in education have had mixed results.

The Barack Obama-Manmohan Singh 21st-Century Knowledge Initiative, forged in 2009, was established to foster partnerships between the US and Indian institutions of higher education.

The 16 identified institutions - eight each from the US and India

- were picked in 2012 and 2013 to receive funding for collaborative research. However, according to reports, the declaration of selected institutions for 2014, supposed to be done in July, has been held back due to new Indian administration nursing a grouse over the nomenclature of the pact.

Further, the MoU between the AICTE and the American Association of Community Colleges inked in June 2013 has not taken off with the status of the 200 colleges that were to be established still in the planning phase.

## Challenges

"Lack of a dedicated help desk to guide collaborations between the two countries compounded with no clear road map for effective implementation of activities defined under the MoUs are some of the challenges which need to be addressed," said Rohin Kapoor, Senior Manager, Deloitte.

# When will you repay farmers' dues in full? Govt asks sugar companies

**OUR BUREAU**

Mumbai, September 28

The Government has asked the sugar companies to give a timeline by when it would clear the ₹7,000 crore sugarcane arrears to farmers.

Speaking to media on the sidelines of an edible oil event here, Ram Vilas Paswan, Minister of Consumer Affairs, said the Government had given various incentives to sugar companies so that they can repay farmers for the cane they have sold.

Though the cane arrears have come down from ₹15,000 crore to about ₹7,000 crore, the Government wants a clear timeline before it could consider the fresh demand placed by the industry.

Earlier, the Government had increased the import duty on sugar to 25 per cent from 15 per cent after prices in the international markets



Ram Vilas Paswan

fell to historic low, making it unviable for companies to tap the overseas market.

Besides, it provided an export incentive of ₹3,300 a tonne, which was further increased to ₹3,371 last month.

A soft loan was also given through banks for two years to

help companies clear farmers' arrears.

Now, Paswan said, the industry wants the soft loan tenure increased to three years.

"We cannot keep on giving incentives hoping that the companies would pay back the arrears; so, we have asked them to give an assurance by when they would pay the farmers," he said.

## National market place

On the huge price difference between retail and wholesale mandi prices of farm produce, Paswan said the need of the hour is a national market place as envisioned by Prime Minister Narendra Modi.

"As far as vegetable prices are considered, it is seasonal in nature. For instance, onion prices had jumped to a historic high two months back. It would drop sharp-

ly from November once fresh crop arrives in the market, he said.

The Government has done its bit by amending the Essential Commodities Act to make hoarding a non-bailable offence, he added.

He also assured the edible oil industry that the Government would favourably consider their demand to increase import duty on crude edible oil to 10 per cent from 2.5 per cent and refined oil to 25 per cent from 10 per cent.

The duty difference of 15 per cent will stabilise domestic prices and ensure oilseed crushing margin. This, in turn, ensures better prices for farmers.

The industry felt that the plunge in overseas edible oil prices would cripple operations in India, leaving farmers in lurch when the new bumper soyabean crop arrives in the market in four to five weeks.



# Coalmin urges power min to review fuel import target

■ Says plan not commensurate with envisaged capacity addition

By Bureau  
New Delhi, Sept 28

**T**HE COAL ministry has asked the power ministry to review its plan for import of the fossil fuel, citing a mismatch between the import target for FY15 and capacity addition envisaged over the same period.

This fiscal's import target for the power sector is 94 million tonne (mt). As per Central Electricity Authority (CEA) data, 47 thermal stations had coal stocks of less than seven days as on September 23.

"It is our assessment that the target set for import for the current fiscal is not commensurate with the capacity addition envisaged for 2014-15. The shortfall in the import plan of CEA has a bearing on the present crisis of coal stock at power stations," coal secretary SK

## FUELING CRISIS

■ This fiscal's import target for the power sector is 94 mt

■ 47 thermal plants had stocks of less than seven days as on Sept 23

■ CEA plans to import 94 mt, of which 40 mt is earmarked for imported coal-based plants, leaving 54 mt for indigenous coal-based plants



Srivastava wrote in a recent letter to power secretary Pradeep Kumar Sinha.

CEA's coal import target for the current fiscal (for the power sector) is nearly 14% more than last fiscal's 82 mt. India imported nearly 155 mt coal last fiscal, half of which was for the power sector.

"It would, therefore, be desirable for MoP (ministry of

power) to review the entire import plan of CEA to take a contingency decision, if any, to avert shortfalls in coal stocks with the power plants," the letter added.

Srivastava further suggested that either the coal ministry or Coal India (CIL) may also be associated in the exercise. The letter further said that CEA has made an import

plan of 94 mt for the current fiscal, of which 40 mt is earmarked exclusively for imported coal-based plants, leaving only 54 mt for indigenous coal-based plants against the minimum requirement of 77 mt for bridging merely the gap of CIL sources.

In the last three months, the difference between domestic and imported Indonesian coal rates has narrowed drastically to \$10 per tonne. Domestic coal is priced at around \$50 a tonne, after accounting for transport costs. Coal imported from Indonesia is about \$60 per tonne.

To meet its balance of payments obligations, the coal ministry said CIL may import the fuel and supply it to willing power plants on a cost-plus basis. Power plants may also directly import coal themselves, if they so opt.

## Modi salutes youth, wishes them 'The Force'

Ritu Sarin

**New York, Sept 28:** Taking centre stage at the Global Citizen Festival in New York's Central Park on Saturday, Prime Minister Narendra Modi addressed a crowd of 60,000, mostly American students. At the end of the event, which could be described as a music concert with a strong social message, he told the cheering crowd in fading light against the backdrop of New York's famous skyline: "I salute you... May The Force be with you."

Among the thousands who heard Modi and saw his image on a giant circular screen was 22-year-old American student Jennifer Robinson. "Yes, I liked the Indian Prime Minister. He spoke about peace and blessed us all. There is also something I heard about India making toilets for all in



People queue up at the 'Modi in America' event in Madison Square Garden on Sunday

PTI

the next few years. That's very impressive," she said.

Organisers of the Global Citizen Festival, which is held at Central Park every year on September 27, said that while they had already invited Modi to attend their show since he would be in New York that day, it was his August 15 Red Fort speech

that clinched the issue.

"After he reiterated that he was taking up sanitation and building clean toilets as a national campaign, we knew that we needed to have him here. We exchanged tweets with him, then met members of his team, including Bharat Lal, in Delhi, and finally, met him in person. And today, just look at the way the crowds reacted to him," said a key organiser who had visited India to firm up arrangements, but did not want to be named.

UN secretary-general Ban Ki-moon and World Bank President Jim Yong Kim also attended the event. Among popular musicians who participated were rapper Jay-Z, veteran British rocker Sting and American hip-hop band The Roots. Modi thanked Hollywood actor Hugh Jackman, the host for the evening.



## SWACHH BHARAT MISSION

# Govt in Talks With FB, Gates For Clean Ops

Ravi Teja Sharma &  
Varun Khosla

**New Delhi:** The Bill & Melinda Gates Foundation and social media giant Facebook are likely to partner with the government on Prime Minister Narendra Modi's Swachh Bharat sanitation drive that will be launched on October 2.

While the charity foundation of Microsoft founder Bill Gates and his wife will likely share its R&D experience and also offer technology to build cost-effective toilets, Facebook is likely to be a part of a huge social media campaign that the government will launch, said a senior government official.

"We are trying to rope in the Gates Foundation. Several plans are under consideration at the moment," he said, not wanting to be named.

Gates met Urban Development Minister Venkiah Naidu last week and had in principle agreed on a partnership to promote user-friendly toilets to ensure universal sanitation in India with the objective of addressing sanitation-related health concerns.

There is also speculation that Facebook founder and Chief Executive Mark Zuckerberg will be part of the launch of the Swachh Bharat Mission on Gandhi Jayanti.

The government is also trying to involve the likes of Aamir Khan and Baba Ramdev for the programme but discussions are still at an early stage and are likely to be finalised next week, the official said.

"We will also use Facebook, Twitter, WhatsApp and other mediums to promote sanitation."

Modi's Swachh Bharat call from the ramparts of the Red Fort in Delhi during his Independence Day speech has pushed both the government and the private sector into action. Under this mission, the plan is to equip every household with toilet facility by 2019, Mahatma Gandhi's 150th birth anniversary year.

Modi has also urged all Indians to devote at least 100 hours every year to cleanliness.

A spokesman for Facebook said the company does not have any announcement to make on the matter.

A spokeswoman for the Gates Foundation said it is in early discussions with the ministry of urban development to pro-

vide techno-managerial assistance at different levels of government to support the implementation of the Swachh Bharat Mission, with an emphasis on non-sewered approaches to sanitation in urban and peri-urban areas that will safely capture and manage fecal waste.

"The nature of the partnership is still under discussion," she said.

The foundation already has an existing partnership with the department of biotechnology on the 'Reinvent the Toilet Challenge: India' project, which seeks to catalyse Indian innovation to develop solutions for safe, sustainable sanitation. Its R&D work in sanitation seeks to develop sanitation systems that are not dependent on grid-connections for water, power or sewage.

On October 2, the PM is likely to launch the programme from the Valmiki Sadan on Delhi's Mandir Marg where Mahatma Gandhi had stayed between March 1946 and June 1947. Cleaning up of this colony of about 300 Dalit families has already begun. A new toilet block is also being built.

Urban Development Minister Naidu said at an ET conference that the prime minister will himself start the campaign.

"He will go to a Valmiki basti, he will himself clean that area, also clean the toilets. Then he will address the people," the minister said.

"He wants all the people — industry, business, sadhus, saints, religious groups — to join this mission because Mahatma Gandhi said sanitation is more important than political freedom."

The Union Cabinet last week cleared the Swachh Bharat Mission for urban areas covering 4,401 towns over the next five years. The programme seeks to eliminate open defecation, building and maintaining quality toilets, eradication of manual scavenging, municipal solid waste management and, most importantly, bringing about a behavioural change in people. Almost ₹1,800 crore will be spent by the Centre on public awareness.

**Govt trying to involve Aamir Khan & Baba Ramdev for the drive. Modi has also urged Indians to devote at least 100 hrs every year to cleanliness**



# NDA May Rethink FDI Retail Policy

The current govt hasn't changed 51% FDI in multi-brand retail, despite its stated opposition

## Will He, Won't He?

Under the UPA govt, India permitted 100% FDI in single-brand retail, scrapping the earlier ceiling of **51%**

NDA govt may review its opposition to overseas companies entering multi-brand retail

**\$1.3 trillion**

The worth of India's retail industry by 2020, according to PricewaterhouseCoopers



I would predict that in about a year's time, he would be doing it (opening up retail FDI), but not immediately. Already, FDI caps in defence and insurance have been raised

**JAGDISH BHAGWATI**  
Economist

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**New York:** Bharatiya Janata Party vice president and general secretary Ram Madhav said in New York that more discussion is needed on foreign direct investment (FDI) in retail with a view to introducing safeguards to protect small neighbourhood stores, suggesting that the Narendra Modi government may be prepared to consider a review of its opposition to overseas companies entering multi-brand retail.

Economist Jagdish Bhagwati said he had discussed the issue of allowing FDI in retail with Modi in early 2013, when he was the Gujarat chief minister, and added that he expects the government to allow it in about a year's time. The US government is keen that India opens up the sector to companies such as Wal-Mart Stores Inc.

Under the previous Manmohan Singh government, India permitted 100% FDI in single-brand retail — stores that sell only their own brand of products — in 2012, scrapping the earlier ceiling of 51%. At the same time, 51% FDI was allowed in multi-brand retail, a policy that the BJP-led Modi government hasn't reversed after coming to power though its election manifesto had promised such FDI wouldn't be allowed.

"Our opposition to FDI in retail should not be seen as a blanket opposition to FDI. We are open to inviting foreign capital into

India. But no country allows foreign investment without regulation," Madhav said at an event organised by the Confederation of Indian Industry.

"FDI in retail is one area where further discussion is needed, further safeguard is needed. The BJP manifesto says that. It is to



safeguard the interests of India's small businessmen and neighbourhood shopkeepers," the BJP official said.

Speaking later at the same forum, Columbia University professor Bhagwati said that Modi had made a lot of moves to fix governance in his first four months in power, but he can't be expected to open up retail to foreigners in a hurry.

"When I gave a lecture a year and a half ago in Ahmedabad, everybody told me don't tell the CM (Modi) to open up the retail sector. I did actually. We had a thoroughly good exchange of views and he's quite capable of understanding the issue," he said.

"So I would predict that in about a year's time, he would be doing it (opening up retail FDI), but not immediately. Already, FDI caps in defence and insurance have been raised," Bhagwati said, stressing that the BJP has been committed to opening up retail for a long time.

Bhagwati said such changes would take time to implement.

"Somethings... like retail FDI, you can't expect him to do right away," Bhagwati said. "Only a foolish person would go ahead and do something that will land him or her in political trouble. In politics, what I look for in a PM is someone who is making the changes and moving ahead. But in democratic politics, you have to watch yourself. You can't expect rapid speed that can be chaotic and you can be bundled out of power."

A signal on this front could significantly boost global investor sentiment on India after global retailers such as Carrefour and Walmart recently dropped plans to open supermarkets in the country. Walmart, however, is present in India's cash-and-carry or wholesale segment, where 100% FDI is allowed. The US company ended its joint venture partnership with Bharti Enterprises in multi-brand retail last year. India's retail industry is worth about \$500 billion and is expected to reach \$1.3 trillion by 2020, according to consultancy firm PricewaterhouseCoopers.



# The Financial Express

## Editorial

### **Long arm of the law**

Will Indian politics now be a cleaner place?

**G**iven Tamil Nadu chief minister J Jayalalithaa, like Lalu Prasad before her, is preparing to install a proxy now that she is in jail for having assets disproportionate to her income and disqualified from her job, it's easy to be sceptical about the law catching up with the political class. It doesn't help that the case itself took 18 years to reach a conclusion and that people in the state have voted her back to power despite knowing about the case. Indeed, though the BJP is confident Jayalalithaa's conviction will improve its position in the state since the DMK is also reeling under corruption charges, there is the possibility the electorate may vote her party again in another two years.

There is little doubt that convicting politicians has been difficult, but when you look at the plethora of politicians and chief ministers—Jayalalithaa is the first serving chief minister to be convicted—who have done jail time, it is difficult to believe things aren't changing though the pace of change could have been faster. Apart from AR Antulay in Maharashtra, other chief ministers who've had to spend time in jail include Lalu Prasad, OP Chautala, Parkash Singh Badal, BS Yeddyurappa and Jagannath Mishra; and among prominent politicians who have been arrested are A Raja and Suresh Kalmadi.

While the arrests will themselves have a salutary effect, what is reinforcing the messages is the accompanying changes in the law. Apart from the RTI which makes collecting information on politicians easier and the mandatory affidavits at the time of fighting elections, the Supreme Court had last year ruled that those found guilty of corruption and sentenced for more than two years in prison will automatically lose membership of assembly/Parliament and cannot contest elections for 10 years. And whatever be the impact of the cancellation of the 2G telecom licences and the coal mine allotments on business sentiment, there is little doubt this has forever changed the manner in which natural resources will be allocated—which is why the first reaction of the government to the coal block cancellations was one of relief that it could now go ahead with a transparent auction for allocating resources. Unless the cleaning up process is kept up, things can once again slip back to where they were. The RTI is a powerful tool to collect information, for instance, but the Madras High Court delivered a verdict that damaged it badly last week—criticism by a vigilant civil society followed and the court was quick to admit a slip up on its part and withdraw the objectionable part of its order. With public sector banks in trouble with bad loans piling up, the political cover to various defaulters has begun to wear; but it is the job of vigilant officials—in the finance ministry, in banks and RBI—as well as the media to shine a spotlight on them. Above all, as economic reforms deepen, and the role of government discretion and largesse reduce, the vital oxygen supply to corruption itself gets cut off.