

योजना आयोग
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GOVERNMENT OF INDIA

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“No matter how carefully you plan your goals, they will never be more than pipe dreams unless you pursue them with gusto”

W. Clement stone

Polity

- **Attacking Hooda, Bhadana quits Congress, joins INLD:** Joining the exodus from the ruling Congress in poll-bound Haryana, former MP Avtar Singh Bhadana on Wednesday quit the party for the Indian National Lok Dal (INLD) and attacked Chief Minister Bhupinder Singh Hooda and the central leadership. The four-time MP, who wields influence in the Gujjar community, said congress President Sonai Ganchi failed to take action against the Haryana Chief Minister despite being given "all kinds of proofs". "We had given everything in writing to Sonia Gandhi, and she agreed to what we said. But I really don't understand as to why Soniaji has not take action against him," Bhadana told reporters here. He alleged that Hooda is "blackmailing" Sonia and raised the issue of controversial land dealings of her son-in-law Robert Vadra. He alleged that Hooda was behind the clashes in the Sikh community over the HSPGC issue and riots in Mewat. (Business Line).

Economy

- **Fortnightly bank credit growth at 4-year low:** For the fortnight ended August 8, year-on year credit growth in the banking sector fell to its lowest in above four years. Reserve Bank of India (RBI) data showed on a year-on-year basis for that fortnight, credit grew 11.64 per cent. In the previous fortnight (ended July 25), growth was 13.29 per cent, RBI data showed. Bank credit had earlier grown 11.3 per cent in the fortnight ended December 18, 2009, in the wake of the global financial crisis. A mid-level official with a public sector bank said besides tepid demand from the corporate sector, the arrest of Syndicate Bank's chief executive on a charge of taking bribes for credit had hit decisions. "Though an isolated event, its impact is wide across the system. Its psychological impact is substantial," he said. During the fortnight in question, the growth in credit was a meagre 0.27 per cent, or around Rs 16,000 crore, over the previous one, show the data. Deposits showed yearly growth of 13.87 per cent in the fortnight; over the previous two weeks, the rise was 0.9 per cent. A senior Punjab National Bank executive said credit demand was not much, though there was expectation of a pick-up due to many decisions by the government. "Many projects which were stalled have been cleared but it will take a while for that to translate into loan disbursal for large projects. Retail credit growth is steady but no signs of it gathering pace in the near future," he said. The first half of the financial year typically witnesses lower credit growth and it picks up from the festive season, which begins in September. Banks depend on retail credit during this season to drive growth. Due to this, they also announce schemes to attract borrowers to car loans and home loans, offering discounts on lending rates and waiving processing charges for loans. (Business Standard).

Planning

- **Cabinet plan to make India digitally empowered:** The government on Wednesday announced a special programme to transform India into a digitally empowered society. The programme "Digital India" was approved at a meeting of the Cabinet chaired by Prime Minister Narendra Modi. "The programme aims to transform India into a digitally empowered society and knowledge economy," Union Law Minister Ravi Shankar Prasad said at a briefing. The programme has been envisaged by the Department of Electronics and Information Technology. The programme will be implemented in phases from the current year till 2018. It would ensure that government services are available to citizens electronically. The source of funding for most e-governance projects at present is through budgetary provisions of respective ministries or departments in the central or state governments. The programme envisions high-speed internet as a core utility which would be made available in all gram panchayats. Mobile phone and bank accounts would enable participation in digital and financial space at individual levels. (The Hindu).

Editorial

- **Controlling the party:** The influence of the Rashtriya Swayamsevak Sangh on the Bharatiya Janata Party is always greater during periods when the party is in power. While the Sangh is sometimes ready to appear twice removed from the government, it is keen to exercise control over the party's organisational affairs. Little surprise then, the newly elected president of the BJP, Amit Shah, chose to pack the top rung of the party with those from the Sangh. Former RSS spokesman Ram Madhav is now general secretary and ideologue Vinay Sahasrabudde is vice-president; four of the joint secretaries (organisation) are RSS members without much of a background of work in the party. Despite the nominal distance it maintains from the organisations of the Sangh Parivar, the RSS ensures that its writ runs where it matters: in the BJP, and in the BJP governments at the Centre and in the States. With its organisational strength, and the large number of committed cadre, the RSS is the backbone of the BJP, and not just an ideological mentor. In the 2014 general election, workers of the RSS and its affiliates threw their weight behind the BJP and contributed in no small measure to the party's revival in States such as Uttar Pradesh and Bihar. It was only natural for the BJP, especially Mr. Shah who was in charge of the party's electoral management in Uttar Pradesh, to recognise this fact and accommodate RSS leaders in the decision-making structure of the party. What is problematic, however, is how the RSS will wield its influence in the BJP to remote-control the government. Mr. Shah enjoys a close rapport with Prime Minister Narendra Modi and it is feared he might indeed function as an extra-constitutional authority. Now, with the BJP being led by RSS hands, the party's influence on the government can only get bigger. (The Hindu)

Govt set to interlink 31 rivers in next 10 years: Uma

OUR BUREAU

New Delhi, August 20

The Government is all set to interlink 31 rivers, said Water Resources Minister Uma Bharti. She was speaking at a seminar on Water Risk and Stewardship here on Wednesday.

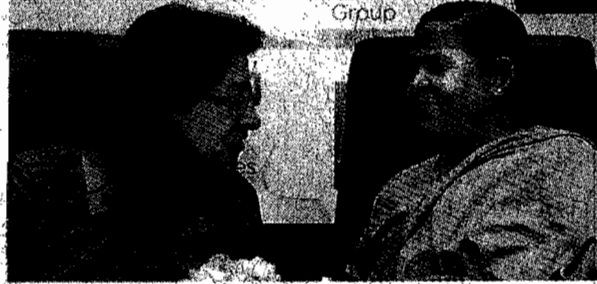
The two-day seminar is organised by FICCI in association with the Organisation for Economic Co-operation and Development (OECD), Asian Development Bank (ADB), and 2030 Water Resources Group (WRG).

She said the works of river interlinking will be completed in the next 10 years. "We will interlink these 31 rivers keeping in mind the ecological concerns raised by experts. The aim is to save water and control floods," she said.

The Minister said 2014-15 will

WATER POLICIES FOR BETTER LIVES

Resources Group



Eco concerns Uma Bharti, Minister for Water Resources, River Development and Ganga Rejuvenation, with Naina Lal Kidwai, Past President of FICCI, during the at the International Seminar on Water Risk and Stewardship in India in New Delhi on Wednesday. KAMAL NARANG

be observed as water conservation year. She said the Government will make water conservation a mass movement.

The Minister said several departments are working together

to rejuvenate Ganga. She said her aim is to make Ganga a pollution-free, clean river in the next three years so that it can be portrayed as a model for the world.

Cabinet clears Nagpur Metro, mobile towers in Naxal belts

PNS ■ NEW DELHI

The Union Cabinet on Wednesday approved the over ₹8,600-crore Nagpur Metro Rail Project and the long-pending proposal to install mobile towers at 2199 locations in Naxal-affected districts by BSNL at a cost ₹3,216 crore that will be borne by the Government.

The Nagpur Metro Rail Project will cover a length of about 38.21 km along two corridors — the North-South Corridor covering approximately 19.65 km from Automotive Square to MIHAN and the East-West Corridor covering approximately 18.55 km from Prajapati Nagar to Lokmanya Nagar.

The proposed two alignments are expected to provide better connectivity to com-

muters. The Metro would traverse through some of the densest and traffic congested areas of Nagpur. The total project cost is ₹8,680 crore, with Government of India contributing ₹1,555 crore in the form of equity and subordinate debt.

The project will be implemented by the Nagpur Metro Rail Corporation Limited which will be set up as a 50:50 jointly owned company of the Government of India and the Government of Maharashtra.

As for mobile services in Naxal-affected areas, Telecom Minister Ravi Shankar Prasad said after the Cabinet meeting, "The Cabinet has approved setting up of 1,836 new base transmission towers (BTS) in Left Wing Extremist affected districts. People in these areas and security forces have asked to improve the mobile connectiv-

ity in these districts."

These mobile services will be provided in Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal.

The establishment of mobile services would augment public communication facilities in backward regions besides providing a platform for mobile based information dissemination and easy access to governance and policing. He said 363 towers under the project have already been set up for which subsidy will be given from the Universal Services Obligation Fund.

The project implementation cost through the open tendering process is approximately ₹3568 crore against the revised cost estimate of approximately ₹3216 crore.

Blueprint for Digital India gets nod

BS REPORTER
New Delhi, 20 August

The Cabinet on Wednesday approved a blueprint for the Digital India programme, which envisages all government services be delivered electronically by 2018. It also seeks to provide unique identities to all citizens.

The programme aims to "bring public accountability through mandated delivery of government services electronically" and provide a "unique ID and e-Pramaan, based on authentic and standards-based interoperable and integrated government applications and data bases".

Digital India would provide "high-speed internet as a core utility" down to the Gram Panchayat level and a "cradle-to-grave digital identity — unique, lifelong, online and authenticable", said an official statement, adding the unique IDs would facilitate identification, authentication and delivery of benefits.

The statement steered clear of mentioning Aadhaar. It is felt if the government plans to use the services of the Unique

GOVT DECIDES

Minimum export price of onion cut to \$350 a tonne from \$500

Nagpur Metro Rail project gets go ahead, to cover 38.2 km

Naxalite-hit areas to get mobile services

Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, UP and West Bengal

Identification Authority of India, which has already registered about 660 million Indian residents, it will provide a major boost to the project.

It is envisioned through Digital India, mobile phones and bank accounts will aid digital and financial participation. The government has said the project, to be implemented in a phased manner during 2014-2018, will seamlessly integrate government services across departments to provide single-window access to all and ensure these are available real-time, across the online and mobile platforms. To make it easier for companies to do business in the country, government services will be digitally transformed.

The initiative will make financial transactions above a threshold electronic and cashless.

Posts of chief information officers will be created in at least 10 key ministries so that e-governance projects can be designed, developed and implemented faster.

The government release added the Digital India would prepare India for a knowledge future and "to realise IT (Indian talent) + IT (information technology) = IT (India tomorrow)".

Onion MEP cut

With the retail price of onions at about ₹30 a kg in most cities, against about ₹50 a kg in June, the Cabinet has cleared a cut in the minimum export price

(MEP) of the commodity from \$500 (₹30,310) to \$350 (₹21,217) a tonne.

On July 2, the government had raised the MEP to \$500 a tonne to check prices of the commodity, which had touched ₹50 a kg in some retail markets.

Officials said export floor prices had also been lowered as the late-kharif crop was expected to hit the market early next month.

Nagpur Metro plan cleared

A day ahead of its inauguration by Prime Minister Narendra Modi, the Cabinet on Wednesday approved the Nagpur Metro Rail Project. The project will cover a distance of 38.21 km, along two corridors — the North-South corridor (19.65 km) from Automotive Square to MIHAN, and the East-West corridor (18.55 km) from Prajapati Nagar to Lokmanya Nagar. The total cost of the project is estimated at ₹8,680 crore, with the Union government contributing ₹1,555 crore through equity and subordinate debt.

The project will be implemented by the Nagpur Metro

Rail Corporation, to be set up as a 50:50 joint venture company of the Union government and its Maharashtra counterpart; the two governments will have five nominee directors each on the company's board. While the secretary in the Union urban development ministry will be the chairman, the managing director will be nominated by the Maharashtra government.

Mobile services in red zones

The Cabinet also approved a proposal to provide mobile services in 2,199 locations affected by Left-wing extremism. These regions are spread across Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal.

Mobile services in these areas will augment communication facilities and provide a platform for services such as m-commerce, mobile-based information dissemination and easy access to governance.

The project will be executed by Bharat Sanchar Nigam Ltd, which has already installed towers at 363 locations.

FinMin proposes to empower FMC to regulate brokers

Experts see it as a step towards making FMC independent

BS REPORTER

Mumbai, 20 August

The Union finance ministry has proposed giving additional powers to the Forward Markets Commission (FMC) to regulate intermediaries, including members (brokers and clearing members) and warehouse service providers recognised by commodity derivatives exchanges.

So far, intermediaries were regulated through exchanges, as the Forward Contracts (Regulation) Act didn't empower the FMC for this.

On Wednesday, the finance ministry introduced the Forward Contracts (Regulation) (Intermediaries) Draft Rules, 2014, to empower the FMC to regulate intermediaries. It also sought comment from the public in this regard within 21 days.

"The finance ministry is in the process of strengthening the regulatory framework of the commodity derivatives market for some time. As part of this, FMC is being empowered further. Accordingly, a need was felt to strengthen the regulatory framework by empowering the FMC to effectively regulate intermediaries in the commodity derivatives market. Therefore, it has been decided to notify appropriate rules by the central government," the ministry said.

Experts say the proposal to provide greater powers to the FMC is a step towards making it an independent regulator.

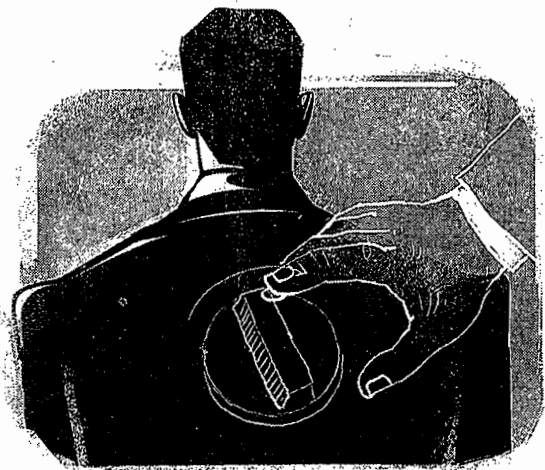
Under the new guidelines, FMC will register a person interested in acting as an intermediary. Those not registered yet will have to be registered within three months. The regulator will

also be able to levy registration fees on intermediaries.

FMC has also been empowered to specify norms and procedures. The directives, clarifications and guidelines it issues will be binding on intermediaries and those associated with the commodity derivatives market.

"So far, there were no guidelines for intermediaries in the commodity derivatives markets. All existing members and recognised warehouses and warehouse service providers will come under the purview of the new guidelines," said Naveen Mathur, associate director (commodities & currencies), Angel Broking.

Under the new guidelines, every intermediary will have to comply with obligations and responsibilities, including the code of conduct, as specified



by FMC. They will also have to maintain and present to the regulator books of accounts, documents and records, as specified.

Also, every intermediary will have to appoint a compliance

So far, intermediaries were regulated through exchanges

officer and another officer, as specified by FMC, to ensure compliance with statutory requirements. The Securities and

Exchange Board of India, the securities market regulator, has had these powers for long.

Centre plans major banking reforms

SARFAESI Act amendment in Winter Session; two models on holding company structure being considered

BS REPORTER

Mumbai, 20 August

Two moves by the government will significantly impact India's banking segment—a decision to amend the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, during the Winter Session of Parliament to allow banks to take charge of companies that wilfully default on loan repayment and second, a plan to put in place a holding company structure for public sector banks.

The SARFAESI Act empowers banks and financial institutions to recover non-performing assets without the

intervention of courts. "Whenever the borrower is deliberately not repaying, a change of management can be done by banks. This is a provision we are going to add to the SARFAESI Act," G S Sandhu, secretary in the Department of Financial Services, said here on Wednesday.

The Act, in its current form, provides three alternatives to recover non-performing assets—securitisation, asset reconstruction and enforcement of security without the intervention of court. The plan to

amend the Act comes at a time when non-performing assets (NPAs) in the banking sector have seen a steep rise. According to RBI data, as of

March 31 this year, gross NPAs in the banking system accounted for four per cent of gross advances, while net NPAs accounted for 2.2 per cent.

According to Reserve Bank of India (RBI) norms, a wilful defaulter is one that defaults in payment obligations to lenders even if it has the capacity to pay and doesn't use the funds for which

the loan was availed of, or diverts those. Recently, Kolkata-based United Bank of India had issued a wilful defaulter notice to Vijay Mallya, chief of UB Group and the grounded Kingfisher Airlines.

The airline has, however, challenged the decision in court.

On the holding company structure, Sandhu said while different modes had been proposed, no final decision had been taken. The proposed structure is aimed at meeting banks' capital requirements.

Sandhu said there were two views on the holding company structure. "One is we should

have one holding company for all banks. The second view is we should have a holding company at the bank level, particularly for those that have a large number of subsidiaries such as State Bank of India and Punjab National Bank. So, each bank should have one holding company and above that company, there will be an apex holding company," he said. "There is also a view about capital requirement—whether you have to provide capital for each level."

The finance ministry estimates public sector banks will need ₹2.4 lakh crore of equity capital through the next four years.

Better innovation for the military: Modi to DRDO

AJAI SHUKLA

New Delhi, 20 August

In an extempore address on his first visit to the Defence Research & Development Organisation (DRDO) on Wednesday, Prime Minister Narendra Modi threw up four out-of-the-box suggestions to rejuvenate the functioning of India's best-funded technology research organisation.

Lauding DRDO's successes, Modi linked its technologists to the sages of ancient India, who isolated themselves from the world to produce intellectual masterpieces.

Urging close contact between those who develop weapons and those who use these, the PM suggested DRDO consult closely with soldiers, sailors and airmen, who would provide innovative and practical ideas to pursue.

"Are our scientists getting the opportunity to interface with Army personnel? Has the jawan ever seen who has laboured in a laboratory for 15 years? When this happens, it will be very good," said Modi.

Accepting the need for high-tech equipment, the PM asked DRDO to focus on a soldier's personal kit. For example, a water bottle that weighed, say, 300 gm, could be brought down to 150 gm; the soldier could be given lighter boots to reduce fatigue.

The PM next suggested the DRDO empower its younger scientists by manning five of its 52 laboratories with scientists who were all under 35



Prime Minister Narendra Modi presents the Titanium trophy to the Defence Institute of Physiology and Allied Sciences at the DRDO Awards 2013 in New Delhi

PHOTO: PTI

years of age. "We need labs in India which utilise raw talent, which employ people only below the age of 35. Let us allow these young scientists full decision-making power," he said.

Talking later to *Business Standard*, DRDO chief, Avinash Chander confirmed he would implement this idea. Already some DRDO laboratories, especially those dealing with 21st century subjects like cyber security, electronic warfare and underwater systems, are manned almost entirely by scientists under 35, he said.

Speaking before the PM, Chander had identified the rising age profile of DRDO as an urgent problem, which could

be addressed by recruiting 300 young scientists every year.

Modi's third idea addressed a key DRDO bugbear: Endemic time overruns in developing equipment. The PM suggested that, rather than developing weaponry already in service with advanced militaries, DRDO should focus on equipment still on global drawing boards, and beat other countries in developing these.

"Our biggest challenge is to complete our work before time. If the world will finish something in 2020, can we do it by 2018?" Modi asked.

Interestingly, the PM noted project delays stemmed from an easy-going national atti-

MODI'S OUT-OF-THE-BOX SUGGESTIONS

- Go basic, not only high-tech; consult with soldiers
- Five DRDO labs manned by scientists under 35
- Have a system to interact directly with soldiers
- DRDO scientists to work with universities and scientific labs

tude, rather than any shortage of ability or resources. "I think there is this *chalta hai* (lackadaisical) attitude."

Finally, Modi suggested DRDO scientists be seconded to select universities and academic institutions, where they could direct and mentor student research. He noted that award winning DRDO scientists would be an inspiration to research scholars.

The PM was attending the DRDO's annual awards ceremony. Speaking earlier, Defence Minister Arun Jaitley said, "India's peculiar geographical location cannot be altered. We are located in a disturbed neighbourhood. National security is our topmost priority and, for that, technology is important."

India lags behind its BRICS peers in notifying subsidies before WTO

Arun S

New Delhi, Aug 20: India lags far behind its BRICS peers and even other comparable economies such as Indonesia, Korea and Malaysia when it comes to notifying annually before the WTO all its domestic support to agriculture producers in terms of subsidies in a year with their monetary values.

A recent WTO document on the compliance of its members with notification obligations as of May 23 this year showed that India has submitted domestic support notifications only for the years from 1995 to 2003.

Commerce ministry sources here said India will soon submit notifications for the years from 2003 till 2011, adding that some technical difficulties in calculating the domestic support were holding up the compliance.

Submission of notification assumes significance as the developed countries have demanded that India must first be up-to-date regarding compliance with its notification obligations before pushing for fast-tracking negotiations on finding a permanent solution to the issue of public stockholding for food security pur-

COUNTRIES' COMPLIANCE WITH WTO NOTIFICATION OBLIGATIONS ON DOMESTIC SUPPORT

Country	Last year*
India	2003
Brazil	2011
Russia	2012
China	2008
South Africa	2010
US	2011
European Union	2010
Indonesia	2011
Korea	2008
Pakistan	2006
Bangladesh	2006

*Last year when notification was made

poses. The ministry officials, however, said it is not proper to make compliance with notification obligation a pre-condition for taking forward the talks on food security.

Also, according to the WTO's Bali Ministerial Declaration, for a member to avail the peace clause, it must not only fulfil its domestic support notification requirements but also must have notified the Committee on Agriculture that it is exceeding or is at risk of exceeding its product-specific and total Aggregate Measurement of Support limits as a result of the public stockholding programmes for food security purposes.

Peace clause (which is available till a permanent solution is found on the issue of public stockholding for food security) gives immunity for a member from being taken to the WTO's dispute settlement body for exceeding the prescribed norms of domestic support for agricultural producers in pursuance of public stockholding for food security purposes. Brazil has complied with the obligation till 2011, Russia (which became a WTO member only in August 2012) has submitted its notification for 2012, while China and South Africa is in compliance for the years till 2008 and 2010 respectively. The developed world was also much ahead with the European Union submitting domestic support notifications till 2010, Japan (2012) and US (2011).

As per WTO norms, domestic support notification must include exempt and non-exempt support. Exempt support includes those with nil or minimal trade distortive effect such as government provided agricultural research or training and food security stock. The non-exempt category is the trade-distorting support including "government buying-in at a guaranteed price (market price support)."

Developers wary of govt's plan to end perpetual toll collection



Timsy Jaipuria

New Delhi, Aug 20: Developers of road projects are wary of the government's plan to end perpetual toll collection and stipulation that tolling can start only after a project is completed. They are awaiting more clarity on statements made by road transport and highways minister Nitin Gadkari in this connection.

"As far as I understand Gadkari's statement, he meant that perpetual tolling by the National Highways Authority of India should end after it takes over the tolling right from the private developer," said Virendra D Mhaiskar, chairman and MD, IRB Infrastructure.

Vishwas Udgirkar, senior director, Deloitte India, said: "The government should reckon that recovery of project revenue (as provided for in the concession agreement) is not the only purpose of tolling but also raising resources for maintenance of highways. While it is the duty of the concessionaire to maintain the stretch in the concession period, thereafter, NHAI does this."

The proposal may sound good for public-funded projects where NHAI can find money for maintenance from the budgetary allocations to it, but extending this norm to PPP projects may not be a good idea, Udgirkar said.

Given the lack of clarity on what exactly the government is planning, the industry also fears that it may be considering restricting toll collection by the developer once they recover revenue as envisaged in the concession agreement, re-

gardless of whether the concession period ended or not.

No private player will bid for a project where his concession period might get altered depending on revenue flows, analysts said.

However, some argue that the proposal to be flexible on the concession period would work if the bidding criterion is shifted from viability gap funding (VGF) to the net present value (NPV) model. "The point made is practical provided MCAs are shifted from VGF to NPV mode of the toll collection model. In the latter model, the concession period is flexible and the concession will be terminated as soon as toll collection reaches the desired NPV level. Which means that for roads where traffic collections are higher, the concession period will be shorter and in those where toll collection is lower, the concession period will be longer," said Vinayak Chatterjee, chairman, Feedback Infra.

"Over 90% of projects are not complete till date. In most cases, either the entire land has not been handed over to the developer or there are local agitations or absence of green nod that hampers implementation of the project. So, the proposal that tolling can start only after a project is completed doesn't make sense," said M Murali, director general of National Highway Builders Federation.

At present, the collection of toll starts once a project is 75% complete. A developer requesting anonymity pointed out that land acquisition delays can often be attributed to the government and so it was unfair to penalise the developer for this.