

योजना आयोग
भारत सरकार
Planning Commission
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

- **TMC happy yet wary of NaMo's praise of Didi:** The Trinamool Congress is "pleased" that Prime Minister Narendra Modi has appreciated Bengal Chief Minister Mamata Banerjee's efforts to develop Bengal, party leaders have said hoping "the Centre would consider favourably Bengal's demand for a moratorium on interests on loans payable by the State." Though "it is too early to pass a comment on this subject, we appreciate the way the Prime Minister acknowledged the good works done by our Chief Minister," Trinamool MP Kalyan Banerjee said. "It should not be seen as a mere praise for the sake of it because Mamata Banerjee has indeed been working hard towards the development of Bengal," he added. While he would not comment on the economic package the State had been demanding for the past few years, a senior Trinamool leader and a State Minister requesting anonymity said "real test of Mr Modi's appreciation of our Government's good work would be in his favourable consideration of the financial package that we have been demanding but deprived of during the past Government." The Minister said "true appreciation of the Chief Minister's good work would come only if the Centre considers our demand for the moratorium on interests on the debts that had been left on us by the previous Left Front Government." (The Pioneer).

Economy

- **Exports post double-digit growth in May:** Exports posted double-digit growth in May, the highest in six months, as shipments of key commodities, such as engineering goods, petroleum products, readymade garments and pharmaceuticals registered strong increases. Imports continued to fall during the month, mostly due to declining gold imports, which narrowed the trade deficit sharply compared to the previous year. Recording growth for two consecutive months of the new fiscal year after a lacklustre performance last year, exports increased 12.4 per cent in May to \$28 billion over the same month a year ago. India had missed its export target of \$325 billion last fiscal year, as outbound shipments grew just 3.98 per cent to \$312.35 billion because of tepid international demand. Exuding optimism, exporters' body FIEO said this may be the beginning of a high-growth period for the sector. "Going by the current trend, exports could reach \$360 billion in 2014-15. Most economies, barring a few countries in Latin America, are posting better results, which augurs well for India's exports in the coming month," an official release said. But, the Commerce Ministry is not ready to celebrate yet. "Double-digit growth is encouraging after a period of low growth. If this trend continues I will definitely be saying there is a revival (in global demand). I would like to see what happens next month," said Commerce Secretary Rajeev Kher, at a press conference. Imports fell 11.41 per cent in May to \$39.23 billion. Gold imports declined to \$2.19 billion, plummeting 72 per cent from May 2013. (Business Line).

Planning

- **Modi's 5-year plan: Turn 'scam India into skill India':** Prime Minister Narendra Modi today expressed his firm resolve to 'decriminalise' politics and make India "scam and corruption-free" while appealing to the Opposition parties to put behind them the bitterness of the election campaign and support his government in taking the country on the path of development. "Our identity in the world must change from 'Scam India' to 'Skill India'," he said while replying to the marathon debate in Parliament on the Motion of Thanks to the President for his address to a joint sitting of the two Houses on Monday. Looking at the Opposition benches, the PM said, "We may have come to power with a clear mandate but I won't be able to move ahead without your support...you have to guide me in achieving our common objective of taking the country forward." After Modi's maiden speech in Hindi lasting about 50 minutes in each House, the two Houses adopted the motion by a voice vote, rejecting amendments moved by some Opposition members. Observing that the country's image had been tarnished due to corruption and scams, Modi said the people generally have an impression that only people with criminal background go to Parliament. "We have to remove this impression", he said. He said his government would consider requesting the Supreme Court to expedite the case of any MP against whom an FIR has been lodged. The verdict should be delivered on a priority basis so that the guilty could be punished and there was no stigma attached to someone who was innocent. If this process was initiated, political parties, too, would think twice before giving ticket to any candidate with criminal background. (The Tribune).

Editorial

- **Focus on diamond quadrilateral:** In keeping with the BJP's election manifesto, and the campaign pronouncements of Prime Minister Narendra Modi, the first address by President Pranab Mukherjee to the joint session of Parliament has kept the focus clearly on growth and development of infrastructure. While a major programme for the development of the national highways was launched during the Vajpayee government's tenure, Mr. Modi has outlined a significant plan for the expansion of the railway system in the country. Of course, there is an equal emphasis on reviving the pace of development of the stalled highway projects, as also on embarking on port-led development along India's long coastline. The government recently emphasised the need to strengthen safety and security on the Railways, and taking the Kakodkar committee report on safety and funding seriously. With the slowdown in the economy, and the unwillingness of successive Railway Ministers to raise fares, not much could be achieved on this front over the last few years. One major initiative during the past decade of the UPA involved the conceptualisation of western and eastern railway corridors. Preparatory work has been launched on the western corridor linking Delhi and Mumbai, with Japanese technology and funding. Now the President's address has outlined a 'diamond quadrilateral project of high speed trains.' (The Hindu)

Exports post double-digit growth in May

OUR BUREAU

New Delhi, June 11

Exports posted double-digit growth in May, the highest in six months, as shipments of key commodities, such as engineering goods, petroleum products, readymade garments and pharmaceuticals registered strong increases.

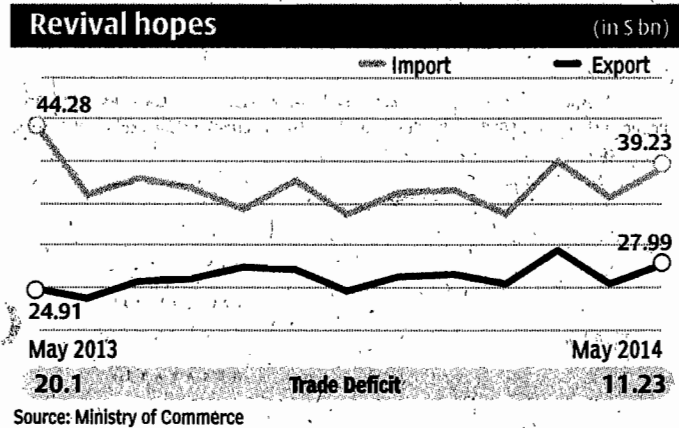
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Trade body hopeful

Exuding optimism, exporters' body FIEO said this may be the beginning



Source: Ministry of Commerce

of a high-growth period for the sector. "Going by the current trend, exports could reach \$360 billion in 2014-15. Most economies, barring a few countries in Latin America, are posting better results, which augurs well for India's exports in the coming month," an official release said.

But, the Commerce Ministry is not ready to celebrate yet. "Double-digit growth is encouraging after a peri-

od of low growth. If this trend continues I will definitely be saying there is a revival (in global demand). I would like to see what happens next month," said Commerce Secretary Rajeev Kher, at a press conference.

Imports fell 11.41 per cent in May to \$39.23 billion. Gold imports declined to \$2.19 billion, plummeting 72 per cent from May 2013.

The Commerce Secretary indicated that the Government may rationalise gold import duties and relax import procedures in the forthcoming Budget. The trade deficit stood at \$11.23 billion in May, which was 42 per cent lower than the \$19.3 billion posted in the same month last year.

The recent appreciation in the value of the rupee against the dollar is unlikely to have a big impact on exports, said Kher.

According to Crisil, historical evidence suggested that global demand was more important than exchange rates in driving export growth. "With advanced economies' growth expected to pick up to 2.2 per cent in 2014 from 1.3 per cent in 2013, we expect faster growth in India's exports this year," a Crisil release said.

Exports in the April-May period grew 8.87 per cent to \$53.63 billion compared with the same period in the previous fiscal year. Imports fell 13.16 per cent in the first two months of the financial year to \$74.95 billion, pulling the trade deficit down to \$21.32 billion.

Ease mining curbs, Govt urged

Govt must invest in infrastructure projects to revive demand

SURESH P IYENGAR

Mumbai, June 11

The steel industry is passing through one of the most challenging times. The industry has been impacted by lower demand from the automobile and infrastructure sectors. This apart, sourcing raw material such as iron ore and coal has become very difficult for most of the steel companies.

The Government needs to invest more on infrastructure projects to revive steel demand. It should also announce policy measures to make such investments attractive for investors. At present, infrastructure pro-

This is part of a pre-Budget industry-wise series

Real steel

	Debt	Net Sales	Net Profit
Tata Steel	68,392	147,347	3,595
Bhilai Steel	31,839	9,277	59
SAIL	24,266	46,327	2,632
Jindal Steel	22,666	19,840	1,910
JSW Steel	31,590	50,409	452

FY 2014

jects largely depend on banks for funding.

The iron ore mining issues in Karnataka, Goa and Odisha have hit steel companies hard. The shortage of iron ore is so acute that some steel makers are importing iron ore, the basic raw material for steel making, when the country has estimated iron ore reserves of 28 billion tonne.

In fact, it has been a role reversal for India. Not long ago, China, one of the world's largest steel producers, was dependent on iron ore from Goa for running its plants. Today, India has to import iron ore from South Africa and Canada.

India used to produce 200

preme Court is working with the State Government to formulate a sustainable plan to stop illegal mining and streamline the entire process.

While the Odisha Government has renewed the licence of eight captive mines of steel companies, the Supreme Court-appointed Central Empowered Committee is expected to submit its report after making an assessment of other mines.

The hike in iron ore prices in India has been arbitrary; it contradicts the trend in the overseas markets. This has forced some of the companies with captive iron ore mines to consider imports. While iron ore prices in the international markets have fallen 20 per cent in

last two months, NMDC, the country's largest iron ore miner, has hiked prices by 7-9 per cent this month.

Apart from iron ore, coal is another burning issue — pushing up cost of steel production. India has to depend on imports despite having thermal coal deposits of 100 million tonnes and coking coal reserves of 35 million tonnes. The steel industry expects the Government to rectify the inverted import duty structure on iron ore and steel.

While import of iron ore attracts customs duty of 2.5 per cent, steel can be shipped into the country from Japan and South Korea by paying a duty of 1.9 per cent under the free trade agreement.

Budget expectation

- Spell out mining policy to attract foreign investment
- Rectify inverted import duty structure on iron ore and steel
- Roll out GST (Goods and Services Tax) to ease movement of goods

Modi's 5-year plan: Turn 'scam India into skill India'

ASHOK TUTEJA
TRIBUNE NEWS SERVICE

NEW DELHI, JUNE 11

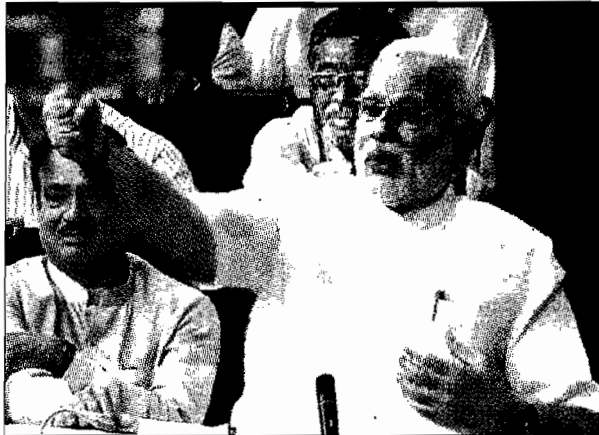
Prime Minister Narendra Modi today expressed his firm resolve to 'decriminalise' politics and make India "scam and corruption-free" while appealing to the Opposition parties to put behind them the bitterness of the election campaign and support his government in taking the country on the path of development.

"Our identity in the world must change from 'Scam India' to 'Skill India'," he said while replying to the marathon debate in Parliament on the Motion of Thanks to the President for his address to a joint sitting of the two Houses on Monday.

Looking at the Opposition benches, the PM said, "We may have come to power with a clear mandate but I won't be able to move ahead without your support...you have to guide me in achieving our common objective of taking the country forward."

After Modi's maiden speech in Hindi lasting about 50 minutes in each House, the two Houses adopted the motion by a voice vote, rejecting amendments moved by some Opposition members.

Observing that the country's image had been tarnished due to corruption and scams, Modi said the people generally have an impression



Prime Minister Narendra Modi during the debate on President's address in the Lok Sabha in New Delhi on Wednesday. PTI

“We may have come to power with a clear mandate but I won't be able to move ahead without your support...you have to guide me in achieving our common objective of taking the country forward.”

— Narendra Modi to Oppn leaders

that only people with criminal background go to Parliament. "We have to remove this impression", he said.

He said his government would consider requesting the Supreme Court to expedite the case of any MP against whom an FIR has been lodged. The verdict should be delivered on a priority basis so that the guilty could be punished and there was no stigma attached to someone who was innocent. If this process was initiated, political parties, too, would think twice before giving ticket to any candidate with

criminal background.

Talking about the safety of women, the PM regretted that the country's image had suffered immensely due to rape incidents. Tourism in India had also been affected due to these incidents. Women need to become partners in decision-making and be made to feel secure.

As former Prime Minister Manmohan Singh and other Opposition stalwarts heard him with rapt attention in the Upper House, Modi lambasted the previous UPA regime for meting out 'step-motherly' treatment to

Message to Oppn: Put behind bitterness

- The PM appealed to the Opposition to put behind bitterness of the election campaign and support his government
- Said country's image had been tarnished due to corruption and scams
- Women need to become partners in decision-making and be made to feel secure
- It would be the endeavour of his government to adopt the model of "cooperative federalism" under which the Centre and the states would work shoulder-to-shoulder
- Lambasted the previous UPA regime for meting out "step-motherly" treatment to Opposition-ruled states

Opposition-ruled states.

"I have had the first hand experience of how the Centre can torpedo the development schemes of the states," he added. Therefore, it would be the endeavour of his government to adopt the model of "cooperative federalism" under which the Centre and the states would work shoulder-to-shoulder for the betterment of the lives of the people.

In a democracy, the government, he said, was answerable to the common man. It was time to strengthen good governance, said Modi.

TMC happy yet wary of NaMo's praise of Didi

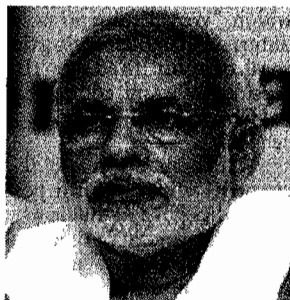


SAUGAR SENGUPTA ■ KOLKATA

The Trinamool Congress is "pleased" that Prime Minister Narendra Modi has appreciated Bengal Chief Minister Mamata Banerjee's efforts to develop Bengal, party leaders have said hoping "the Centre would consider favourably Bengal's demand for a moratorium on interests on loans payable by the State."

Though "it is too early to pass a comment on this subject, we appreciate the way the Prime Minister acknowledged the good works done by our Chief Minister," Trinamool MP Kalyan Banerjee said. "It should not be seen as a mere praise for the sake of it because Mamata Banerjee has indeed been working hard towards the development of Bengal," he added.

While he would not comment on the economic package the State had been demanding for the past few years, a senior Trinamool leader and a State Minister requesting anonymity said "real test of Mr Modi's appreciation of our Government's good work would be in his favourable consideration of the financial package that we have been demanding but deprived of



during the past Government."

The Minister said "true appreciation of the Chief Minister's good work would come only if the Centre considers our demand for the moratorium on interests on the debts that had been left on us by the previous Left Front Government." State Finance Minister Amit Mitra had a few days ago met Union Finance Minister Arun Jaitley with the State's list of demands.

The State Government had been asking for a three-year moratorium on interest payment that amounts to more than ₹30,000 crore per year on the Central loans.

The Trinamool leadership is hopeful of "getting some of our demands looked into by the Centre as the BJP needs cooperation from the Opposition outfits in the Rajya Sabha", the leader said adding Banerjee was closely watching the developments at the Centre.

In Bengal, the Trinamool and the BJP have been at loggerheads for the past several months as the saffron outfit is trying to displace both the Opposition Left Front and the Trinamool Congress to come to power.

Rising popularity and aspi-

rations of the BJP has of late brought Trinamool and BJP face to face leading to frequent confrontation and bloodshed. The BJP workers have come under frequent attacks by the Trinamool at Hooghly, North and South 24 Parganas, Asansol, Nadia and elsewhere leading even a Central team of senior leaders to visit the Sandeshkhali last month to inspect how 22 people were injured in a gun-and-bomb attack by the ruling party goons.

The State BJP has vehemently criticised Banerjee on several issues including mal-governance, chit fund and teachers' appointment scams, rising incidents of violence against women, attacks on the Opposition workers with the party's central observer Siddharthnath Singh saying a few days ago that real Parivartan would come to Bengal after the 2016 Assembly elections when the BJP would replace the Trinamool Congress from power.

Giving reactions to the Prime Minister's praise of Banerjee at a time when the BJP workers were being attacked in Bengal and the State unit of the party was taking a combative stance, State party president Rahul Sinha said that Modi was right in his perspective as a Prime Minister.

"Modiji's statement only displays the Centre's eagerness to take along all and sundry irrespective of one's colours towards an inclusive development of the country," he said adding "the statement shows that the Centre will not discriminate among the States insofar as developmental works are concerned."

Govt raises export subsidy on raw sugar

SANJEEB MUKHERJEE
New Delhi, 11 June

The union government has approved an export subsidy of ₹3,300 a tonne for raw sugar for the months of June and July, around 45 per cent more than what was approved for the months of April and May.

Officials said the food ministry had scrapped its earlier

proposal to suspend the export subsidy from September, that is, the end of the 2013-14 sugar season, to enable mills to clear their cane dues to farmers.

The food minister has approved the decision and a final notification is expected in a couple of days, a senior official said.

To help millers export excess stock and clear dues, the

United Progressive Alliance (UPA) government had announced export subsidy of ₹3,300 a tonne on raw sugar.

The subsidy was for February and March. But, for April and May, the government had reduced the subsidy to ₹2,277 a tonne, owing to the change in

Millers and industry representatives had strongly

opposed the cut in export subsidy, saying the conditions for which the subsidy was granted had not changed.

Food Minister Ram Vilas Paswan had said after an inter-ministerial meeting the government is contemplating another bailout package for sugar mills, which could include providing additional

interest-free loans.

CII & Ficci disagree on raising FDI in defence

One industry lobby sees higher FDI as a booster for defence production and job creation, the other claims this will not translate into greater indigenisation

AJAI SHUKLA
New Delhi, 11 June

Any decision to raise the foreign direct investment (FDI) cap of 26 per cent in defence production would be contentious. Sharp disagreement on the issue has surfaced between India's biggest two industry bodies — the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (Ficci).

CII, which includes manufacturing powerhouses such as Bharat Forge, sees higher FDI as a catalyst for defence manufacturing and job creation. On the other hand, Ficci, which includes innovation majors Larsen & Toubro and Tata Power (strategic electronics division), say higher FDI will not translate into greater indigenisation. Since defence technology developed by foreign original equipment manufacturers (OEM) is controlled by their governments, Ficci says its transfer will be based on strategic considerations, not company ownership patterns.

Global manufacturing hub

On Tuesday, CII President Ajay Shriram welcomed the government's proposal to raise the FDI limit. Lamenting that just \$4.8 billion of FDI had flowed into India since private firms were allowed into defence in 2001, Shriram said permitting foreign firms to own majority stakes in Indian defence companies would leverage India's purchasing power, information technology infrastructure and manufacturing potential to make the country a "key global manufacturing hub for defence systems and equipment."

Earlier, in a 2012 report, "Creating a Vibrant Domestic Defence Manufacturing Sector," CII had projected that the defence and aerospace sector could create 1 million new jobs

in the country. On Tuesday, CII said this would be accelerated by liberalising FDI.

The CII statement endorses "majority equity" for foreign original equipment manufacturers (OEMs) without specifying an upper limit. The Department of Industrial Policy and Promotion (DIPP) has recently circulated for comments a proposal that mentions three possible levels of FDI — 49, 74 and 100 per cent.

Ficci, in contrast, wants FDI capped at 49 per cent, subject to tight conditions. Writing to DIPP in 2012, Ficci said control must remain in Indian hands; the foreign OEM must bring in "key technologies as required in the priority list of the Ministry of Defence"; the foreign company's home government must provide "in-principle permission to share technology with Indian partner"; intellectual property rights (IPR) generated by the joint venture must reside in India, and other conditions.

Ficci officials reject the notion that raising FDI stimulates domestic manufacturing. They point out that although 74 per cent FDI was allowed in telecom, which was raised to 100 per cent last year, India's electronics import bill is on course to surpass the oil import bill by 2020.

In contrast, defence self-reliance is highest in the nuclear, space and ballistic missile fields, where international technology was comprehensively denied to India. In these three fields, government agencies partnered the private sector to develop indigenous technologies and systems.

Rahul Chaudhry, who was a member of the Vijay Kelkar

Committee on defence indigenisation, and who heads a leading private sector defence company, says, "The notion that higher FDI will increase indigenisation and create jobs ignores the fact that value lies not in build-to-print know-how, but in design, i.e. in 'know-why'. The defence public sector in India has created many assembly lines for 'Made in India' equipment. Yet we have never had control over the technology that goes into what these assembly lines build. What we need are 'India Made' products, designed in India, with the IPR residing here.

"If permitting 100 per cent FDI for building products for the world's largest cellular phone market has not spawned a single world-class Indian company that manufactures cellular handsets or infrastructure, how will it happen in defence?"

Even so, the BJP seems poised to liberalise FDI in defence. Addressing Parliament on June 9, President Pranab Mukherjee said, "We will introduce policies to strengthen technology transfer, including through liberalised FDI in defence production."

In its election manifesto, released in May, the BJP promised it would "encourage private sector participation and investment, including FDI in selected defence industries."

The current FDI cap was promulgated in 2001, when defence was opened up for the first time to the private sector. The DIPP's Press Note No 4 of 2001 (paragraph III) said, "The defence industry sector is opened up to 100 per cent for Indian private sector participation with FDI permissible up to 26 per cent, both subject to licensing."

Defence self-reliance is highest in the nuclear, space and ballistic missile fields, where international technology was comprehensively denied to India

Slow pace of talks on food security at WTO worries India

fe Bureau

New Delhi, June 11: India has expressed concern over the "slow progress" in post Bali talks of the WTO on arriving at a permanent solution on safeguards to run food security programmes of developing nations and a 'package' for least developed countries (LDC), even as it indicated that work is gaining ground on trade facilitation at the behest of some developed countries.

The Bali talks for a global trade deal had arrived at an agreement to ease trade by reducing red tape and improving infrastructure. The WTO member countries have to submit commitments in July with regard to the trade facilitation agreement.

In return for the agreement on trade facilitation, developing countries, including India, had got a relief from action on the subsidies given to farmers for purchasing crops for their food security programme.

Though it was agreed that a long-term solution to the food security issue would be given priority post Bali, commerce secretary Rajeev Kher told reporters that work on LDC issues and a permanent solution on food security is going slow compared to the trade facilitation issue.



The WTO had reached an agreement that can help boost global trade by \$1 trillion, taking on board concerns of countries like India to protect its food security scheme to provide subsidised grains to the poor. The Trade Facilitation Agreement is being pushed by the US and other developed countries

"The pace of work on these issues should be the same. We have informed the WTO that this way of progressing only on trade facilitation issues will make it difficult for developing countries to agree on many issues," he added.

"Though the developing countries have protection till a permanent solution is found on food security, they are keen to ensure a permanent solution at the earliest," he said, adding that, "We do not want to take the supposedly interim measures (on food security) as a permanent solution as only a permanent solution will give predictability and certainty."

Meanwhile, he said the

commerce ministry favours the imposition of anti-dumping duty on solar cells as recommended by the Directorate General of Anti-Dumping and Allied Duties on imported solar panels from the US, Malaysia, China and Chinese Taipei to protect domestic manufacturers.

The DGAD recommendations came even as the US had taken India to the WTO on domestic sourcing

norms for the national solar mission. Transport minister Nitin Gadkari, the ministry of new and renewable energy and solar power producers have opposed imposition of the duty.

Energy, trade and infra top Modi's agenda for Bhutan

Huma Siddiqui

New Delhi, June 11: Energy, infrastructure, rail connectivity, trade and investments will be high on Prime minister Narendra Modi's agenda when he visits Bhutan on Sunday.

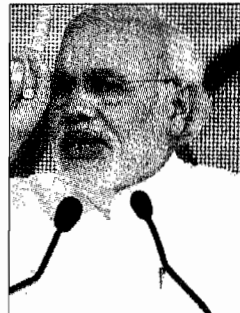
The June 15 visit will provide an opportunity to discuss bilateral issues, including strengthening relations between the two sides. The 11th five-year Plan, hydropower projects and an economic stimulus plan will also be discussed in the meeting. Though no big agreements are expected due to the short visit, Modi is likely to address a joint session of the Bhutanese Parliament and probably unveil an Indian aid-sponsored project.

The extremely close political ties between India and Bhutan are also reflected in their bilateral trade as India is Bhutan's largest trading partner and accounts for 98 % of its exports and 90 % of its imports. Bhutan is set to be a major source of hydel power for India in a few years as India is set to reap dividends of its \$1.2 billion worth investment on the construction of three hydropower projects in Bhutan with a combined installed capacity of 1,400 megawatts.

India has agreed to build four new joint venture hydropower projects in Bhutan as the two governments agreed to closely coordinate on issues relating to their national security and interests.

The decision was taken when Modi met his Bhutanese counterpart Tshering Tobgay in New Delhi during his swearing-in ceremony and agreed that India would build four new hydropower projects with a capacity to generate 2120 mw in Bhutan.

Modi will also call on the King Jigme Khesar Namgyel



Modi's June 15 visit will provide an opportunity to discuss bilateral issues, including strengthening relations between the two sides, especially at a time when Beijing is very keen on establishing good ties with Bhutan. Modi will also address a joint session of the Bhutanese Parliament

Wangchuck.

The last prime ministerial visit from India to Bhutan was six years ago when former Prime minister Manmohan Singh visited the country in May 2008.

Bhutan shares a 605-km border with India and a 470-km border with China. Beijing is very keen on establishing full-fledged diplomatic relations with Bhutan and open an embassy in Thimphu.

Lt Gen Suhag's choice as Army chief final, we stand by it: Jaitley

New Delhi, June 11

THE CENTRE on Wednesday asserted that the appointment of Lt Gen Dalbir Singh Suhag as next Army chief is final as opposition Congress raked up a controversy involving minister and former Army chief Gen V K Singh and demanded his resignation.

"As far as government is concerned, appointment (of Lt Gen Suhag as Army Chief) is final and government stands by it," defence minister Arun Jaitley said in the Rajya Sabha. His statement came when senior Congress leader Anand Sharma raised the issue of certain tweets against the Army chief-designate by Gen Singh, minister for development of northeast region and MoS for external affairs.

Jaitley said the previous UPA government had made the appointment few weeks ago and it is a practice that "we keep" some issues outside the "realm of inter-party poli-

tics". He said the matter should not be raised directly or indirectly.

Earlier, Sharma raised the issues of tweets and demanded Gen Singh's removal from the Council of Ministers saying the matter was "very serious" and the comments by a minister do not "augur well".

The issue was raked up against the backdrop of defence ministry telling the Supreme Court in a recent affidavit that the decision of Gen Singh, then Army chief, to impose a promotion ban on Suhag, then 3 Corps Commander, was "illegal and premeditated".

Soon after the matter came to light, Gen Singh alleged that the "defence ministry affidavit is the same as it gave to Armed Forces Tribunal under protective and conniving UPA". He also justified his decision to impose a Discipline and Vigilance (DV) ban on Lt Gen Suhag saying, "If unit kills innocents, does dacoity and then head of organisation tries to protect them, should



he not be blamed? Criminals should go free!!" If unit kills innocents, does dacoity and then head of organization tries to protect them, should he not be blamed? Criminals should go free!!

Cong steps up attack

The Congress stepped up attack on VK Singh, saying his remarks against the Army chief-designate were unbecoming of a minister and a former Gener-

al and demanded that Prime Minister "censure" him.

"This is totally unbecoming of a minister and of course unbecoming of an ex-General because after all our army has been built with such a sincerity, levels of highest standards of discipline and restraint," senior party leader M Veerappa Moily told reporters here.

Moily was asked about the comments made by Singh justifying the decision during his

tenure as Army chief for imposition of a disciplinary ban on Lt-Gen Dalbir Singh Suhag, who has been named as the next Army Chief.

His remark came after the Defence ministry told the Supreme Court in a recent affidavit in a promotion case related to Lt Gen Ravi Dastane that the alleged lapses which were made as grounds to impose disciplinary ban on Suhag by the then army chief V K Singh were "premeditated", "vague" and "illegal".

Moily said that Singh, after becoming a minister, should not indulge in such talk and that the Prime Minister should "censure" him.

Latching on to the issue, Congress had on Tuesday sought the resignation of Singh, saying that the NDA government's affidavit was an expression of "no confidence" in him.

Singh had a running battle with the UPA II government over a controversy on his date of birth when he was in the Army.

PTI

After Singh Embarrasses Govt, Jaitley Backs Suhag

Defence minister says appointment of next Army chief is final

OUR POLITICAL BUREAU
NEW DELHI

Defence Minister Arun Jaitley on Wednesday said the appointment of Lt Gen Dalbir Singh Suhag as next Army chief was final.

The statement in the Rajya Sabha came even as Jaitley sought an explanation from the defence secretary on his ministry's affidavit in the Supreme Court, calling the decision of former Army chief Gen VK Singh to impose a promotion ban on Suhag as "illegal and premeditated". Singh is a Union minister now.

The Congress has been demanding Singh's resignation from the ministry over the government affidavit. Dalbir Singh Suhag's appointment was one of the last decisions made by the previous Congress-led government.

In the Lower House, Congress leader M Veerappa Moily said the Prime Minister should "censure" Singh over some recent tweets.

In a tweet apparently justifying his decision to impose a discipline and vigilance ban on Suhag when he was the Army chief, VK Singh asked: "If a unit kills innocents, does dacoity and then its head tries to protect them, should he not

be blamed?"

The ban was imposed on Dalbir Singh Suhag for alleged "failure of command and control" in an operation carried out by an intelligence unit working directly under him in the North East region. The ban was lifted by Gen Bikram Singh, who succeeded VK Singh as Indian Army chief.

Singh, after becoming a minister, should not indulge in such talk, Moily said, after his party colleague Anant Sharma took up the issue.

Arun Jaitley said the previous UPA government had made the appointment a few weeks

ago and it is a practice that "we keep" some issues outside the "realm of inter-party politics".

He said the matter should not be raised directly or indirectly.

Meanwhile, Arun Jaitley demanded an explanation from Defence Secretary RK Mathur on the affidavit. Ministry officials may meet the minister to give their side of the story, defence ministry sources said.

Cong Maintains Heat

ANAND SHARMA
CONG DY LEADER IN RAJYA SABHA

"Tweets and statements by VK Singh are unacceptable & objectionable... He's demoralising the forces, he should be dismissed"



AMARINDER SINGH
CONG DY LEADER IN LOK SABHA



"The language used by him in the tweet is highly derogatory... I hope the govt is taking note of it and he will be dismissed from the council of ministers"

Govt Okays Salary Cap Hike for EPF

Threshold for PF savings raised to ₹15,000, approved by outgoing UPA govt

VIKAS DHOOOT
NEW DELHI

Employees earning upto ₹15,000 a month will soon come under the Employees' Provident Fund (EPF) net, with the Narendra Modi government approving a hike in the threshold for mandatory PF savings from ₹6,500 a month to ₹15,000.

Though the Manmohan Singh government had approved the hike in the EPF threshold this February after years of deliberations, the change couldn't be notified before the election code of conduct kicked in. Another UPA decision to assure a minimum monthly pension of ₹1,000 for members of the employees' pension scheme run by EPFO, in its final weeks in office, was also not notified before the polls.

Ministry officials had sought a fresh approval on the salary ceiling hike from the new minister for labour and employment Narendra Singh Tomar.

"The minister has approved the higher salary ceiling for mandatory EPF savings, and we

will issue a notification soon for it to become effective," said a senior government official aware of the development.

The ministry is also learnt to be examining if the minimum ₹1,000 pension promise is sustainable. The finance ministry, which had approved the pension promise with great reluctance and several conditionalities, had only provided funds to finance the bonanza for 2014-15.

At a board meeting in February, officials had warned that the pension assurance may have to be rolled back next year as there was no funding support beyond the first year. But their concerns were over-ruled by the previous labour minister Oscar Fernandes, who was the board's chairman.

The Employees' Provident Fund Organisation or EPFO oversees the retirement savings of over 8 crore members at present and the number could go up sharply as those earning between ₹6,500 and ₹15,000 will come under its fold once the new rules are notified and implemented. The EPFO's present ceiling for statutory contributions is a mere ₹6,500 per month—lower than the minimum wage prescribed across the country. Twenty-four percent of an employee's salary (up to the ceiling) is mandatorily deducted and parked with the PF office.

India could be offered a civil nuclear deal during PM's visit to Tokyo Japan wants slice of nuclear pie, warms up to liability law

SUBHOMOY
BHATTACHARJEE &
ANIL SASI

NEW DELHI, JUNE 11

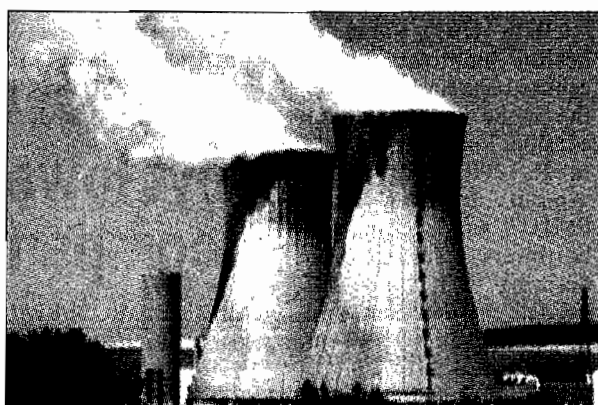
THE deadlock on the liability issue, which had stonewalled progress on the operationalisation of nuclear pacts that India had signed with global reactor vendors, is on the verge of being broken.

Japan could offer Prime Minister Narendra Modi a nuclear deal in the civil sector when he travels to Tokyo next month, Hiroshi Hirabayashi, former Japanese ambassador to India and now adviser to Prime Minister Shinzo Abe, indicated.

Russia too is reported to have communicated an "in principle" nod to the Indian nuclear liability law, paving the way for signing a contract for the setting up the third and fourth units of the Kudankulam Nuclear Power Project.

"The (Indian nuclear liability) law enacted is certainly challenging. We are working with our colleagues (counterparts) in India and the issue has been resolved," Kirill Komarov, Deputy Director General on Development and International business, Rosatom State Corporation, was quoted as saying at a press conference on June 10 in Moscow by PTI.

State-owned Nuclear Power Corporation of India (NPCIL) did not offer a com-



ment on a specific query sent Wednesday evening on the Russian offer.

Hirabayashi, who was here in India earlier this week to discuss the issues Modi and Abe may sign on during the upcoming July visit, indicated that Japan has taken note of the specific reference in the President's Address to the joint session of the two Houses of Parliament, wherein Pranab Mukherjee had said: "international civil nuclear agreements will be operationalised and nuclear power projects for civilian purposes will be developed".

"We are very happy to note it", he told *The Indian Express*.

Japan is a key player in the operationalisation of the commercial nuclear pacts signed by India. Japanese companies are major players in two of the four reactor vendors that have signed preliminary agreements with India for supply of equipment for imported Light Water reactor-based projects

planned on coastal sites.

While Toshiba owns US-based reactor manufacturer Westinghouse, Hitachi is a partner of GE's reactor business. The government has short-listed Toshiba-Westinghouse's 'AP1000' reactors, GE-Hitachi's 'ESBWR' reactors, along with French firm Areva's EPRs and the Russian firm Atomstroyexport's 'VVER' series reactors, which are already being deployed at Kudankulam.

Cooperation with Japan on setting up nuclear fuel based plants in India had been held up because of India's refusal so far to accept limited liability for commercial operators who supply equipment.

The Civil Liability for Nuclear Damage Act, cleared in 2010, said not only the reactor operator but also equipment suppliers would face unlimited legal liability in case of a nuclear incident.

In November 2011, India announced new rules that

POWER DEALS

■ Japanese companies are major players in two of the four reactor vendors that have signed preliminary agreements for imported LWR projects

■ Cooperation with Japan has been held up due to India's refusal to accept limited liability for commercial operators who supply reactor equipment

■ Four rounds of talks have taken place between New Delhi and Tokyo

cap the liability on suppliers, both foreign and domestic, to Rs 1,500 crore. Global nuclear vendors were, however, not satisfied by the cap and sought further changes, especially Sections 17(b) and 46 of the Act.

Formal negotiations for a civil nuclear deal with Japan started in Tokyo in June 2010 that were followed by two consecutive rounds in October and November 2010.

Negotiations were subsequently put on the backburner in the wake of the Fukushima nuclear accident in March 2011. The last round of talks was held in November 2013.

While Japanese companies such as specialist reactor vessel manufacturer JSW are keen on a nuclear deal, the government has been insistent on India agreeing to more stringent inspections than those required under nuclear cooperation pacts with other countries, based on the US-India nuclear deal.