



योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

Thursday, 28th August 2014
Communication, IT & Information Division
Phone # 2525

NEWS AND VIEWS

Polity

❖ PMO, BJP defend Rajnath, son ...

Economy

❖ RBI simplifies ECB norms ...

Planning

❖ New entity likely to develop last-mile port connectivity ...

Editorial

❖ Kerala's challenge ...

"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

- **PMO, BJP defend Rajnath, son:** The Prime Minister's Office and BJP president Amit Shah on Wednesday denied reports about alleged misdemeanour by Home Minister Rajnath Singh's son and said charges against him and some Union Ministers were "baseless, misleading and aimed at tarnishing the party's image." As Opposition parties sharpened their attack on the BJP, Mr. Singh said, "I want to assure the nation that the day allegations, prima facie or even small, are proven against me or my family, I will quit politics and public life and sit at home. The rumours floating around for the last 15-20 days have no basis." Mr. Singh said he had spoken to Prime Minister Narendra Modi and Mr. Shah and both had expressed surprise and termed the rumours as completely baseless. A media report had suggested that Mr. Modi had ticked off Mr. Singh's son, Pankaj, a party office-bearer in Uttar Pradesh, for alleged misconduct. The report speculated that the rumours were meant to weaken Mr. Rajnath Singh's position in a turf war for the number two position in the Union Cabinet. As the government prepares to showcase its 100 days in office next week, the PMO got into damage control mode and swiftly issued a statement that the media report was "plain lies, motivated and constituted a malicious attempt at character assassination and tarnishing the image of the government." Expressing "hurt" at the speculative stories, Mr. Shah said he condemned reports against Mr. Rajnath Singh and his son. "Such propaganda will not eclipse Mr. Modi's agenda of development." (The Hindu).

Economy

- **RBI simplifies ECB norms:** The Reserve Bank of India (RBI) on Wednesday simplified external commercial borrowing (ECB) norms. The central bank also allowed companies to raise fresh funds through ECBs where the average maturity period (AMP) exceeds the residual maturity of the existing ECB under automatic route, with certain riders. RBI said the company should meet the conditions like all-in-cost of fresh ECB must be less than that of the all-in-cost of existing ECB. Consent of the existing lender must also be available. Other conditions include the refinancing shall be undertaken before the maturity of the existing ECB and the borrower must neither be in the RBI's defaulter list and nor under the investigation of the Directorate of Enforcement (DoE). Companies are allowed to refinance existing ECB by raising fresh ECB at lower all-in-cost on condition that the outstanding maturity of the original loan is maintained. "Cases, where the average maturity period (AMP) of the fresh ECB is more than the residual maturity of existing ECB, are examined by RBI under the approval route," RBI said. ECB for investment, especially infrastructure sector, is under automatic route and does not require RBI or government approval. (The Financial Express).

Planning

- **New entity likely to develop last-mile port connectivity:** The shipping ministry is looking at setting up a special purpose vehicle (SPV) for all major ports to provide last-mile rail connectivity. Public sector undertakings (PSUs) under the administrative control of the Indian Railways are being considered to develop the SPV, which will involve subscription-based equity from all the major ports. The proposal, in preliminary stages, is likely to be finalised within a couple of months. "We are currently exploring setting up an SPV to enhance last-mile port connectivity using railways," said a senior ministry official. "It will involve an equity base of Rs 50-100 crore which will be funded by port trusts. The work will either be done by the SPV or it can be outsourced." Last-mile connectivity, in this case, is linking the port to the railway network. Using railway to move cargo increases efficiency and reduces cost, when compared with road transport. But last-mile connectivity has been an issue ports have been grappling with for a while. Cities and population have become impediments to port connectivity. Ministry officials and analysts pointed out that ports would benefit from this move, as it would improve the turnaround time and efficiency. Hemant Bhattbhatt, chief executive of HMSA Consultancy Services, said: "While the emergence of cities is facilitated by ports, last-mile connectivity to these very ports is subject to city regulations. Additionally, last-mile port connectivity faces another level of challenge, owing to the dependence on intra-government cooperation for clearances." (Business Standard)

Editorial

- **Kerala's challenge:** Kerala has moved expeditiously to curb the availability of Indian Made Foreign Liquor and get on to the road to total prohibition. Whether the decision is the outcome of intra-party manoeuvres in the Congress, or of a genuine quest for the public good, it bodes well for the State from the social standpoint. Indeed, the State could serve as a testing ground on this front for the rest of the country. Kerala has one of the highest per capita consumption rates for hard liquor among Indian States, and there is a predominant sentiment against it given its deleterious effects. Yet, there really was no known proclivity, or demand, in favour of prohibition among the two dominant political formations in the State. There has been no organised temperance movement of note in recent times – but for occasional pleas by certain cultural leaders and the Church. The likes of the Gandhian, M.P. Manmadhan, who led an anti-liquor movement, albeit a feeble and largely symbolic one, in the 1970s and 1980s, have been all but forgotten. This background does give a certain unreal quality to the sudden decision. However, the fact that shutting out liquor could bring significant electoral dividends, given the large constituency of voters, including women, who are affected by and feel strongly against it, would not have been lost on Chief Minister Oommen Chandy. This will also staunch the flow of money from liquor contractors into the kitty of political parties, come election-time. (The Hindu)

Bullet train boost ahead of PM's Japan trip

Srinand Jha

■ srinandjha@hindustantimes.com

NEW DELHI: With days to go for Prime Minister Narendra Modi's scheduled visit to Japan, the tracks are being swiftly cleared for India's bullet train project.

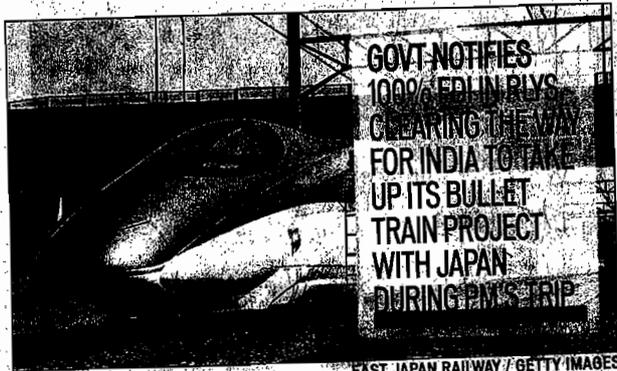
The government Wednesday notified liberalised FDI norms for the railways, permitting 100% foreign investment in areas including high-speed projects, dedicated freight lines and suburban corridor projects.

Funding and technology issues related to the construction of a high-speed corridor connecting the 524km stretch from Mumbai to Ahmedabad are likely to be firmed up during Modi's visit, which starts August 30. The railways have drawn up an action plan of "pre-construction activities" that need to be immediately taken up.

The Indian delegation is likely to insist on a transfer of technology clause to provide for indigenous manufacture of rolling stock

(coaches, wagons, etc) and high-speed technology, officials said.

The Japan International Cooperation Agency (JICA) — conducting a joint study with the railways on the ₹62,410-crore proposed corridor — is understood to have offered an 'untied loan' (without preconditions on technology purchase) to build the infrastructure. But the offer comes with a 'tied loan' component on mandatory purchase of rolling stock from Japanese firms.



GOVT NOTIFIES
100% FDI IN RLYS
CLEARING THE WAY
FOR INDIA TO TAKE
UP ITS BULLET
TRAIN PROJECT
WITH JAPAN
DURING PM'S TRIP

EAST JAPAN RAILWAY / GETTY IMAGES

This issue is also likely to get ironed out during the PM's trip.

"I cannot speculate on the outcome of the PM's visit and technology or funding issues have not been formalized with Japan or any other country. As of now, the railways are preparing to launch preliminary works to implement the high-speed plans," Railway Board chairman Anand Kumar said.

PM sets up panel to review obsolete laws

STATESMAN NEWS SERVICE
New Delhi, 27 August

The Prime Minister, Mr Narendra Modi, today approved the constitution of a committee that would review, identify and recommend amendment in obsolete laws to further smoothen and simplify the governance.

While the secretary in the Prime Minister's Office, Mr R Ramanujam, would chair the committee, Mr V K Bhasin, former secretary of the legislative department, would be another member of the committee, said a senior PMO official. The committee has been asked to submit its report within three months, so that a comprehensive Bill can be introduced in the winter session of Parliament, based on its recommendations.

The Prime Minister has also expressed concern that

The newly-constituted committee will examine all Acts recommended to be repealed by the Committee on Review of Administrative Laws, which had been appointed by the Union Government of Shri Atal Bihari Vajpayee in 1998

PMO STATEMENT

out of the 1382 Acts recommended for repeal by that Committee, only 415 have been repealed so far.

Mr Modi called for a focused and result-oriented exercise to systematically weed out archaic laws and rules. "The Committee will also examine Acts and Rules which may have become obsolete within the last ten to fifteen years," the PMO official said.

SC's advice to PM, CMs: don't induct 'tainted' as ministers

UTKARSH ANAND

NEW DELHI, AUGUST 27

THE Supreme Court on Wednesday advised the Prime Minister and Chief Ministers not to induct in their ministries people against whom charges have been framed in criminal or corruption cases. Stating that this was the "constitutional expectation", the court said such "tainted" people "thwart the principle of good governance" and destroy the trust reposed by the Constitution in the highest executive.

A five-judge Constitution Bench, headed by Chief Justice of India R M Lodha, held that while it cannot issue directives to the PM or CMs, a cabinet with clean leaders was "legitimately expected" in view of the sanctity of their "oath to bear true faith and allegiance to

the Constitution of India and to discharge their duties faithfully and conscientiously".

"The Prime Minister, while living up to the trust reposed in him, would consider not choosing a person with criminal antecedents against whom charges have been framed for heinous or serious criminal offences or charges of corruption to become a minister of the council of ministers... This is what the Constitution suggests and that is the constitutional expectation from the Prime Minister. Rest has to be left to the wisdom of the Prime Minister. We say nothing more, nothing less," said the 123-page judgement, authored by Justice Dipak Misra.

The court, however, said it cannot pass any direction on disqualification since "it

CONTINUED ON PAGE 2

would tantamount to crossing the boundaries of judicial review" and adding something that the Constitution did not provide for.

According to the Association of Democratic Reforms, at least a dozen ministers in Prime Minister Narendra Modi's team have been named in criminal cases. About 34 per cent of the current Lok Sabha members have criminal cases pending against them, including 21 per cent who face serious charges like murder, kidnapping and sexual assault.

Deciding a PIL filed by advocate Manoj Narula eight years ago, the court said, "It is expected that the persons who are chosen as ministers do not have criminal antecedents, especially facing trial in respect of serious or heinous criminal offences or offences pertaining to corruption. He has to bear in mind that unwarranted elements or persons facing charges may thwart or hinder the canons of constitutional morality or principles of good governance and eventually diminish the constitutional trust."

In a concurrent but separate judgement, Justice Kurian Joseph referred to the Constituent Assembly debate wherein Dr B R Ambedkar had said the issue was to be left to the good senses of the PM and the CMs, since it was expected that they would not induct an otherwise unfit person. He regretted that over a period of time, this had become "only a story of great expectations".

"Hence, it has become the bounden duty of the court to remind the PM and CMs of their duty to act in accordance with the constitutional aspirations... they will be well advised to consider avoiding any person in the council of ministers against whom charges have been framed by a criminal court," he said.

Justice Madan B Lokur, in his concurrent but separate judgement, said that although the burden of appointing a suitable person as minister lies on the shoulders of the PM or CMs, they must remember that they are "answerable to Parliament and under the gaze of the watchful eye of the

people of the country." He added that it was, however, for the legislature to pass a law on restricting people with criminal antecedents from becoming ministers.

The petition was filed by Narula after Lalu Prasad, Mohd Taslimuddin and some others were included in the union council of ministers in 2004. He contended that those discharging public duties should be of unquestionable integrity.

The Centre had argued that removing ministers was against the constitutional prerogative of Parliament and will of the people, and that "once a person is an MP, he is entitled to be in the council of ministers, if the Prime Minister so decides."

While amicus curiae Rakesh Dwivedi had favoured removal of ministers facing serious charges, senior advocates K Parasaran and T R Andhyarujina, contended that any kind of additional prohibition by a judicial interpretation was impermissible since the PM was the sole repository of power under the Constitution on the issue.

Cong says onus on Modi as 14 Cabinet ministers face charges

EXPRESS NEWS SERVICE
NEW DELHI, AUGUST 27

AS THE Supreme Court advised Prime Minister and chief ministers not to induct people against whom charges have been framed in criminal and corruption cases, the Congress Wednesday said the onus was now on Prime Minister Narendra Modi to explain the continuation of 14 ministers with "serious charges" against them.

The Congress, however, could not promise action against ministers facing charges in party-ruled states. "The Congress concurs with the observations of the Constitutional Bench of the

Supreme Court. These observations put the onus on PM Modi to explain to the nation why he continues to include in his Cabinet 14 ministers who are facing serious charges against them," Congress spokesperson Rajeev Gowda said.

He, however, claimed that the track record of Modi as chief minister of Gujarat does not inspire confidence and referred to the continuation of Babulal Bokharia, who was convicted and sentenced to three years' imprisonment in the Rs 54-crore illegal mine stone case in 2013. Gowda said 14 ministers in the Modi Cabinet face charges, but

could name only five.

While the Congress asked the Prime Minister to "demonstrate due respect to the observations" of the SC and "exercise his moral authority", the party could not promise that its chief ministers would remove ministers facing charges from their ministries.

Asked if the Congress would, in view of the observations, direct all its CMs to drop ministers who are facing charges without waiting for the final orders, he said "The party will make sure that every CM of ours pays attention to the observations of the Supreme Court."

Now, get Internet domain names in regional languages

OUR BUREAU

New Delhi, August 27

The Government on Wednesday launched 'bharat' domain name in different languages, including Hindi, Bodo, Dogri, Mailthali, Marathi, Konkani, Nepali and Sindhi.

Such domain names will help boost local content. It would help easy identification of a person or organisation, especially the small time businessmen in various parts of the country. Until now Indian users had only '.in' domain name to give a local fla-

avour to their websites. "Most of the future expansion of the Internet is going to come from Asia, Africa and the developing world. Local languages, content and culture will increasingly become important themes for the future expansion of the Internet. Mobile devices and applications as well as social media will be important determinants of this growth," Ravi Shankar Prasad, Minister of Communications and Information Technology, said here at the launch.

He said one of the important

requirements for Internet growth is the proliferation of content in the local languages and growth of the websites in local languages has direct bearing with the development of content in local languages.

"Depiction of the URL of the website in local language will further go a long way in ensuring inclusive growth of Internet. I am sure with the launch of 'bharat' in Devanagri script would go a long way in spurring the Internet growth and digitising India in an inclusive manner," Prasad said.

PMO, Shah rush to back Rajnath

Home Minister says will quit public life if 'misconduct' allegations against son are proved

LIZ MATHEW

NEW DELHI, AUGUST 27

SCOTCHING rumours of an internal rift in the BJP-led government, the Prime Minister's Office (PMO) as well as party chief Amit Shah Wednesday denied allegations against Home Minister Rajnath Singh's son and rubbished reports of differences between ministers.

"This has reference to reports appearing in a section of the media over the past several weeks, mentioning the Prime Minister, and referring to the conduct of some Union ministers, and alleged misconduct of the home minister's son. The reports are plain lies, motivated and constitute a malicious attempt at character assassination and tarnishing the image of the government," the PMO said. "Those indulging in such rumour-mongering are damaging the interest of the nation."

Media reports had claimed that Rajnath was upset with stories claiming his son, Pankaj, was pulled up by Modi for alleged "misconduct", and that the home minister held a "ministerial colleague" and "party rival" responsible for spreading rumors against his son.

In a statement to the me-

dia, Rajnath said, "In the past 15-20 days, there have been rumours in the air about me and my family. I thought rumours have no basis and these will end in some days."

"But I am seeing that these rumours are gaining momentum. I want to assure the nation that the day allegations, even prima facie or even small, are proven against me or my family, I will quit politics and public life and sit at home," he said.

The home minister said he had talked to Modi and Shah about the rumors about him and his family. "I have told this to the PM and Amit Shah. They have expressed surprise over this and termed it as completely baseless," Singh said.

A detailed statement from Shah followed a few hours later. "As party president, I believe that the conduct of all our ministers is of highest standard, and such propaganda is baseless," it said. "His political life has been a symbol of simplicity, grace and probity. The allegations against him are baseless, untrue and have been spread with an intention to tarnish the image of the party."

The BJP chief said that Rajnath's son is currently a general secretary of the party's Uttar Pradesh unit and has served the party in different

roles in the past 10 years.

Despite the denials and the support by the PMO and Shah, some BJP leaders said that the developments have "exposed" the differences between senior party leaders. "The denials, it seems, have given credibility to the rumours and highlighted them when it did not need to happen," said a BJP leader.

The BJP spokespersons remained silent on the reported allegations against Rajnath's son. "The Congress-led government was mute even when charges with evidence were raised. In this case, there were no charges, but rumours only," BJP spokesperson Sambit Patra said.

The Congress, meanwhile, asked Rajnath and Modi to explain who has levelled the allegations, and what prompted the PMO to respond with so much "alacrity". "The Congress...has not levelled allegations against his son. We have not levelled any allegation against him also. So, the country and the Congress would like to know from Rajnath Singh and PM as to what is the allegation against his son which you are denying," Congress general secretary Ajay Maken said.

(Inputs from Manoj CG and Vijaita Singh)

Censor board reforms on cards after graft blot

Zia Haq

■ zia.haq@hindustantimes.com

NEW DELHI: The NDA government is set to move the process of film certification online and put a stop to manual applications as part of a move to overhaul India's censor board after one of its top officials was arrested on charges of bribery.

Information and broadcasting minister Prakash Javadekar has asked his ministry to adopt a zero-tolerance approach towards corruption in film certification and restore credibility of the Central Board of Film Certification.

"A complete modernisation of the censor board is on the cards. We will do everything to restore the credibility of the censor board," I&B secretary Bimal Julka told HT. A presentation, which was recently made to Javadekar, is now being finalized.

The ministry is planning a meet of prominent film-makers and producers' association to take their views.

To bring transparency, the new plan proposes to install an I-T enabled platform for filing

A COMPLETE MODERNISATION OF THE CENSOR BOARD IS ON THE CARDS. WE WILL DO EVERYTHING TO RESTORE ITS CREDIBILITY

BIMAL JULKA, secretary, information and broadcasting ministry

of applications by film-makers, which will be publicly accessible. This is expected to remove layers of opacity in the business. The ministry hopes to get rid of manual applications to eliminate middle-men in the business who often pay bribes to jump queues.

Another possible change is that designated venues could be earmarked for pre-release viewing of films, instead of viewing in private studios and auditoriums by censor board officials.

The Cinematograph Act, 1952 provides for certifying films with respect to suitability for public viewing. The ministry will speed up legislative changes and push a bill to amend the Act.

Bengal to draft Tibetan Rehabilitation Policy

SULAGNA SENGUPTA
sulagna@thestatesman.net
Kolkata 27 August

With Tibetans debarred from getting Central government facilities in West Bengal, the state government has decided to draft a Tibetan Rehabilitation Policy where they are entitled to all the development schemes of government of India as any Indian citizen—Mahatma Gandhi National Rural Employment Gurantee Act(MNREGA), Rajiv Awas Yojna(RAY), National Rural Health Mission(NRHM), Public Distribution System(including issuance of ration cards), extension of loan facilities by nationalised banks.

The decision came in the wake of Chief Minister's

visit to North Bengal on 1 September where she is scheduled to conduct meetings with the Gorkhas and the Lepchas and overall development of the hill community in Bengal.

Few months back a meeting was held with the Ministry of Home Affairs(MHA) where it was decided that a policy should be framed for the Tibetan Refugees staying in Bengal and consequently a draft policy has been framed.

The draft guideline, that Tibetans should be included in the list of beneficiaries of MNREGA, RAY, NRHM, PDS, and extension of loan facilities by the nationalised banks.

In India there are around 1 lakh 10,095 Tibetans settled in 10 states in India,

while in West Bengal there are around 30,000 Tibetans staying mostly in North Bengal.

The guideline mentioned that the state government will provide educational subsidies for education of Tibetan children in schools and universities. Special subsidy will be extended to Tibetan students who are pursuing professional courses like engineering, medical science etc.

The state government will provide special permission and provide separate land to the Tibetan refugees to run Tibetan Bazzars where they can trade Tibetan artifacts, handlooms and handicrafts.

It was also mentioned that state government would extend financial grant in aid

to the Tibetan Co-operative societies and make them self-sustainable.

The state government will also sign land lease agreement with the Central Tibetan Relief Committee(CTRC) so that Tibetans can get the rights of the land. The CTRC will decide which portions of land are to be used for agriculture, and commercial use.

The rent tenancy certificate will be issued by the state government and the government will collect the revenue fee from the local settlement officer of the Tibetan settlement.

Mr Bausdeb Banerjee, state home secretary said that they are in the process of implementing the policy soon.

NDA dumps Gadgil's report on Western Ghats

Tells NGT it will take action based on Kasturirangan panel's findings

MOUSHUMI BASU ■ NEW DELHI

The NDA Government has decided to dump the controversial Madhav Gadgil report on Western Ghats. The Environment and Forests Ministry took this step after the National Green Tribunal directed it to take a clear stand on the report.

The Ministry informed the NGT on Wednesday that it was "not processing" the Western Ghats Ecology Expert Panel report (WGEEP) for any further action.

The affidavit filed by the Ministry in response to a petition by the Goa Foundation, stated: "The Ministry does not wish to process the WGEEP Report, that is the Gadgil Report and would take subsequent actions only in relation to High-Level Working Group (HLWG) Report, that is the Dr Kasturirangan Report."

The affidavit was in response to the order of the NGT passed on August 25. The tribunal was headed by Justice Swatanter Kumar.

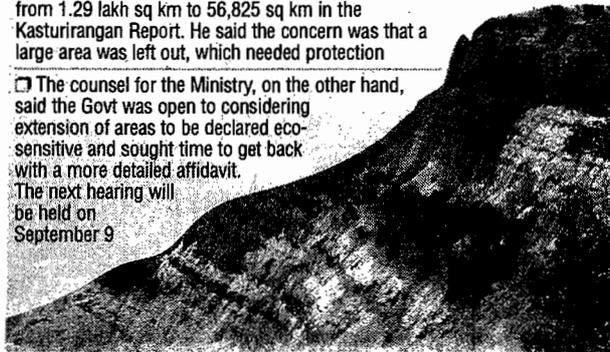
The HLWG Report was a subsequent report to the WGEEP report and the Ministry was examining and

THE GREEN DEBATE

□ The Environment Ministry took this step after the National Green Tribunal directed it to take a clear stand on the Western Ghats Ecology Expert Panel report

□ The counsel for the Goa Foundation, Raj Panjwani contended that the area which was declared ecologically-sensitive has come down from 1.29 lakh sq km to 56,825 sq km in the Kasturirangan Report. He said the concern was that a large area was left out, which needed protection

□ The counsel for the Ministry, on the other hand, said the Govt was open to considering extension of areas to be declared eco-sensitive and sought time to get back with a more detailed affidavit. The next hearing will be held on September 9



further processing the HLWG report, the affidavit said.

The affidavit further stated that the Ministry had constituted the HLWG on August 17, 2012 to examine the WGEEP Report in a holistic and multi-disciplinary fashion keeping in view the comments received from State Governments concerned, Central Ministries and stakeholders.

The HLWG submitted its report on April 15, 2013. The Ministry issued a direction under Section 5 of the Environment Protection Act on November 13, 2013 ordering immediate protection to the Western Ghats and maintaining its environmental integrity.

A draft notification was published on March 10, 2014,

declaring ecologically sensitive areas in the Western Ghats, to which objections had been invited.

The counsel for the Goa Foundation, Raj Panjwani contended that the area which was declared ecologically-sensitive has come down from 1.29 lakh sq km to 56,825 sq km in the Kasturirangan Report. He said the concern was that a large area was left out, which needed protection.

The counsel for the Ministry, on the other hand, said the Government was open to considering extension of areas to be declared eco-sensitive and sought time to get back with a more detailed affidavit. The next hearing will be held on September 9.

Vardhan promises universal health cover within this year

TRIBUNE NEWS SERVICE

NEW DELHI, AUGUST 27

Health Minister Harsh Vardhan today said the government's Universal Health Assurance (UHA) programme was in its final stage and would be rolled out within the current financial year.

Speaking at the Eighth Health Summit organised by the CII, Vardhan said: "I have set up committees comprising the best possible academic, administrative and technical experts on public health, institutional strengths and weaknesses, and health insurance. Their interim reports are with me. The UHA will be presented to the nation in this financial year."

The UHA would comprise 50 free essential drugs, government-paid health insurance cover for the poor and health insurance for all at competitive premiums. The concept of the UHA was initiated by the Congress-led UPA and the Planning Commission had set up an expert group to design the format of the programme.

The report submitted to the government had recommended scaling up public expenditure on health to 2.5



Union Health Minister Harsh Vardhan with CII National Committee on Healthcare Chairman Naresh Trehan at the 8th Health Insurance Summit in New Delhi on Wednesday. PTI

per cent of the GDP to make the UHA a reality. Currently, the expenditure is around 1.6 per cent of the GDP. Vardhan today asked the industry to gear for the boom that would follow the UHA roll out.

"Indian healthcare sector is growing at an annual rate of about 15 per cent since 2011 and is today worth about \$80-85 billion. Independent projections have put the turn-of-decade size in the region of \$150 billion. But this could have been an under-estimation as the UHA was not factored in," he said referring to

50 free essential drugs for all.

Vardhan said he foresaw in Indian health sector the kind of revolution mobile telephony witnessed in early 2000s.

He said information technology component in the UHA would be so strong and tamper-proof that corruption would be impossible.

"Consumer will be the king. Anti-competitive practices and consumer rights violation will be dealt with through a regulatory body," he said describing the existing doctor-population ratio of 1:1,700 as a huge challenge.

Bank a/cs under PM scheme to be exempt from Aadhaar

Arun S

New Delhi, Aug 27: To ensure a headstart for the Pradhan Mantri Jan Dhan Yojana (PMJDY), the government will not make it mandatory for the new bank accounts opened under the ambitious the 'National Mission on Financial Inclusion' to be linked to the Aadhaar numbers, according to the finance ministry sources.

Prime Minister Narendra Modi wants at least one crore new bank accounts to be opened on Thursday, the opening day for the PMJDY. The scheme would cover households in hilly, tribal and troubled regions such as those that are Naxal-affected only after August 2015.

"Accounts will be opened with any one document including electricity/telephone bill, marriage/birth certificate for address proof and NREGA job card/identity card of accredited institutions for identity proof. Having an Aadhaar card/number is not mandatory. These accounts can be linked to Aadhaar numbers later. However, Thursday's camps will facilitate issuance of Aadhaar card," an official told *FE*.

Modi launched the PMJDY in his independence day address to the nation. Currently, only 58.7% of the households have access to banking services.

SBI chairperson Arundhati Bhattacharya had told

All aboard

- Phase I (till August 14, 2015) to provide accounts with overdraft facility of ₹5,000 after six months
- Phase II (from August 15, 2015-August 15, 2018) to ensure setting up of CGF for coverage of defaults in overdraft accounts
- Target for setting up additional 50,000 BCs challenging given the constraints of telecom connectivity
- DoT to resolve problems of poor and no telecom connectivity in 5.5 lakh of the 6 lakh villages
- Gram dak sewaks in rural areas proposed as business correspondents of banks
- Web portal to be created for reporting/monitoring

FE that an overdraft facility of up to ₹5,000 per customer "will be covered by a government guarantee, which is essentially a default guarantee." Ministry officials, however, said a proposal for a Credit Guarantee Fund is being considered for coverage of defaults in overdraft accounts, adding that the corpus of the fund is yet to be decided. The creation of the fund will be post August 2015. Sources added the overdraft facility will be permitted only to Aadhaar-enabled accounts after ensuring that the account holders have "satisfactorily" operated their account for six months.

Also, though RuPay Debit card and RuPay Kisan Card are being offered on Thursday to all new account holders, these will be functional only after their bank accounts are linked to Aadhaar numbers, the sources said.

Besides, these accounts also will not immediately be

connected to the Core Banking Solution (CBS) platform. Though, as Bhattacharya said, banks are "putting in other checks and balances" to prevent any misuse, officials are unsure if the system is fool-proofed against frauds and scams.

The PMJDY is being implemented in two phases. The first phase (till August 14, 2015) would cover all households with at least one basic banking account with RuPay Debit card with an inbuilt accident insurance cover of ₹1 lakh and an overdraft facility as stated earlier. There will also be a financial literacy programme, expansion of Direct Benefit Transfer under various government schemes through the beneficiaries' bank accounts and issuance of RuPay Kisan Card. In the second phase, (from August 2015 to August 14, 2018), micro-insurance and unorganised sector pension schemes will be provided.

Govt for keeping retro tax panel's remit under wraps

■ Seeks to avoid controversy on trying to infringe upon field officers' authority

Gireesh Chandra Prasad
New Delhi, Aug 27

THE finance ministry has decided to not to announce the terms of reference of the proposed high-level committee on retrospective taxation to avoid any controversy on trying to infringe upon field officers' authority and discretion in selecting cases for investigation.

Sources said the ministry is considering if a minimum amount should be specified as tax sought to be avoided in an offshore transaction for the department to invoke the provisions relating to indirect transfers of Indian assets and raise a tax claim.

The move to keep the remit of the committee under wraps comes in the context of past challenges of a Central Board of Direct Taxes (CBDT) circular to field officers that curtailed their statutory authority to probe into suspicious claims of tax benefit under India's tax treaty with Mauritius.

The proposed 'internal advisory group' that would scrutinise all fresh cases of indirect sale of Indian assets reported by assessing officers before tax



demands are raised, will have as members the Director General of Income Tax (International Taxation), Member (Income Tax), CBDT and a senior official from the Foreign Tax Division.

The idea of the panel is to make sure that the controversial amendments to the income tax law in 2012 to tax transactions of even previous years is used diligently. It involves setting broad parameters to select taxable cases with significant revenue implications and not giving directions to assessment officers (AOs) to act in a certain way in the case of specific companies.

Setting such broad parameters to prevent officers from chasing all possible cases of taxable indirect transfers too goes against the statutory powers given to them in Section 143(3) to make an assessment of income after seeking a return, hearing evidence in support of claims of relief, and then determining the total income on which tax is to be paid.

However, the tax department is relying on the Supreme Court ruling in the Azadi Bachao Andolan case which held that the CBDT can issue instructions to assessing officers meant for 'appropriate use of resources' in revenue collection.

The SC had also reversed a Delhi HC order that struck down a circular issued in April 2000 by the CBDT (circular 789) saying a circular cannot usurp the quasi-judicial powers of officers to lift the corporate veil of an entity.

Experts said it would be a balancing act for a panel set up by the executive to give directions to quasi-judicial authorities implementing an Act of Parliament and provide significant relief to the industry without interfering with the officer's statutory discretion.

PM makes exception to allow Japanese bank expansion

Arun S

New Delhi, Aug 27: Ahead of Prime Minister Narendra Modi's proposed visit to Japan this month end, New Delhi, in a goodwill gesture to the island nation that is emerging as a major economic partner for India, allowed Japan's Mizuho Bank to open its fifth branch in Ahmedabad.

Sources said the Centre's move is despite the policy pursued by the commerce ministry as per which expansion of foreign banks in India is contingent on reciprocal benefits accorded to Indian banks in the respective countries.

An inter-departmental committee, consisting of officials from the ministries of finance, home, commerce and external affairs, recently cleared the long-pending Mizuho proposal, sources said.

The RBI usually forwards to the committee the applications of foreign banks for branch expansion for opin-

Nasscom to lead delegation to Tokyo

New Delhi, Aug 27: Close on the heels of PM's maiden Japan visit, Nasscom will also lead a delegation of IT firms next month to engage in discussions on enhancing ties between the countries. The delegation, which would be in Japan between September 2-5, would consist of 20-25 companies, including TCS and Wipro. "We are going to Japan to build on the momentum that the PM visit will create. We will meet companies in Japan, industry associations and some of the companies that are seeking to invest in India, consumers of IT and media," president R Chandrashekar said.

PTI

ion, and then it takes a final decision on the basis of the panel's recommendations.

The panel had earlier deferred Mizuho's proposal to start two more branches in India in addition to its existing four branches in the country (in Delhi, Mumbai, Bangalore and Chennai). Bank of Tokyo-Mitsubishi UFJ has four, while Sumitomo Mitsui Banking has one branch in India, taking the total to nine. However, as on September end 2013, Indian banks only have four branches in Japan with SBI and Bank of India

having two branches each.

Modi is understood to have suggested that the move must be seen in the larger context of strengthening economic ties with Tokyo and attracting Japanese investments in the country, especially in mega projects such as the Delhi Mumbai Industrial Corridor. Sources said even when he was the Gujarat Chief Minister, Modi had supported Mizuho's expansion plans in India along with similar plans of many Japanese companies as he has a special rapport with that country.

Govt plans to re-launch benefits transfer in cooking gas distribution

BS REPORTER

New Delhi, 27 August



The government proposes to re-launch the direct benefits transfer (DBT) scheme in liquefied petroleum gas (LPG) distribution. However, it did not clarify whether the benefit transfer would be linked to Aadhaar or unique identity number. The petroleum ministry also lifted the existing one-cylinder-per-month cap on subsidised LPG sales.

The proposal to restart DBT in LPG was part of an official statement released to announce the launch of the Prime Minister's Jan Dhan Yojana, a financial inclusion scheme, in Delhi on Thursday.

"The plan proposes to channel all government benefits to beneficiaries to such accounts and pushing the DBT scheme of the government, including restarting the DBT in LPG scheme," the release issued by the finance ministry read.

Prime Minister Narendra Modi would dedicate mobile banking facility on basic mobile phones to the nation. The first

OTHER DECISIONS



Disinvestment: Decision on stake sale in ONGC, Coal India and NHPC put off as Finance Minister Arun Jaitley was not in town



Health pact with Japan: Agreement to be signed to cover health financing for universal health coverage, sharing of experiences in public health insurance system and human resource development



Guwahati airport: Construction of three hangars approved, after clearing swapping of land between the airports authority and a children's village of non-government organisation Save Our Souls



Fertiliser: Urea to be manufactured using naphtha in three plants for three months; units are Madras Fertilizers Limited, Mangali, Mangalore Chemicals & Fertilizers Ltd and Southern Petrochemical Industries Corporation, Tuticorin

phase of the scheme, to be implemented over the next year, would include universal access to banking facilities, providing bank accounts and debit cards with an inbuilt insurance cover.

Under a previous avatar of the DBT-LPG scheme, the government had transacted over ₹5,000 crore to beneficiaries using the Aadhaar or unique

identity number issued by the Unique Identity Authority of India (UIDAI) under the aegis of the Planning Commission. However, the scheme was put in abeyance by the Cabinet due to several ground-level implementation challenges. Concurrently, the Supreme Court had also asked the government not to make Aadhaar mandatory to avail government

welfare payments.

There are nearly 160 million LPG connections across India at present. The subsidy extends to 12 cylinders a year. A subsidised cylinder currently costs ₹414. The oil marketing companies (OMCs) lose ₹448 on sale of each subsidised cylinder. Overall, under-recoveries on LPG sales stood at ₹46,458 crore last financial year, roughly 33 per cent of total under-recoveries of ₹1,39,000 crore reported by the three OMCs on sales of diesel, LPG and kerosene put together.

"The government has decided that while 12 subsidised LPG cylinders per annum will continue to be supplied to all domestic consumers, there will be no separate monthly restriction of one cylinder per month," the petroleum ministry said in a separate official statement on Wednesday.

This modifies the government's February 28 decision and removes the restriction. According to the statement, the decision will eliminate difficulties faced by LPG consumers, as the consumption of LPG cylinders is never one a month.

Monsoon break might continue for next 10 days in many parts of India

SANJEEB MUKHERJEE

New Delhi, 27 August

The current dry spell over parts of North-West, Central and western India might continue for the next 10-15 days, threatening yields of major crops like pulses, oilseeds and coarse cereals.

Even paddy production could take a beating in these areas, as prolonged break in rains could increase the reliance on groundwater.

According to the latest forecast by Indian Institute of Tropical Meteorology (IITM), reduced monsoon activity might continue over parts of the country over the next 10-15 days

barring south and north-eastern parts of the country.

The southwest monsoon, which showed strong signs of revival from mid-July has taken a break after the first week of August.

Skymet Weather Services said states of Uttarakhand, Haryana, Punjab, Delhi, Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Jharkhand, Chhattisgarh, Odisha and Tamil Nadu, that amount to half of the total area of the country have become nearly dry.

It however said a weather system in the Bay of Bengal might provide some relief to North-West India from August 28.

Gold edges higher as \$ retreats

Aluminium scales 20-month peak; Brent oil inches up on supply concerns

AGENCIES

London, August 27

Gold prices rose towards \$1,285 an ounce on Wednesday as stocks took a breather after a 2-1/2-week rally and the dollar index retreated from 13-month highs.

Spot gold was up 0.2 per cent at \$1,284.20 an ounce, while US gold futures for December delivery were down 90 cents at \$1,284.30.

Traders reported some gold buying overnight in Asia, the leading market for physical gold, but volumes remained light.

Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund and a gauge of investor demand, fell 0.4 per cent to 797.09 tonnes on Monday from 800.08 tonnes on Friday.

Among other precious metals,

silver was up 0.2 per cent at \$19.38 an ounce, while spot platinum was up 0.3 per cent at \$1,415.25 and spot palladium was up 0.3 per cent at \$883.80.

Revival in demand

LME aluminium hit its highest in 20 months on Tuesday at \$2,100 a tonne, before easing. It was untraded in rings, but bid at \$2,086 from \$2,083 at the close on Tuesday.

Quarterly premiums paid on top of the LME cash price for aluminium may be set at record levels as a revival in global demand bumps up against supply constraints caused partly by bottlenecks at warehouses.

Three-month copper on the London Metal Exchange was \$7,030 a tonne in official rings

from \$7,054 at the close on Tuesday.

The most active October copper contract on the Shanghai Futures Exchange slipped 0.6 per cent to 50,300 yuan (\$8,185).

LME zinc was \$2,353. Lead was bid at \$2,257; tin at \$21,975 and nickel was bid at \$18,720 a tonne.

West Texas Intermediate increased for a second day before a Government report that's forecast to show US crude stockpiles dropped.

Supplies drop

Brent advanced in London. Crude supplies probably fell by 2.5 million barrels last week, according to a Bloomberg survey before Energy Information Administration data today.

The American Petroleum Institute was said to have reported that inventories slipped by 1.3 million barrels.

WTI for October delivery rose 14 cents to \$94 a barrel on the New York Mercantile Exchange. Brent for October settlement rose 31 cents, to \$102.81 a barrel on the ICE Futures Europe exchange. The European benchmark crude traded at an \$8.81 premium to WTI, up from \$8.64 yesterday.

Bullion price (in ₹)

Mumbai: Silver spot 42,955/kg; standard gold 27,735/10 gm; pure gold 27,895/10 gm.

Chennai: Bar silver 42,380/kg; standard gold 28,150/10 gm; retail silver 45.30/gm; 22 carat retail ornament gold 2,632/gm.

