

योजना आयोग
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Planning Commission
GOVERNMENT OF INDIA

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NEWS AND VIEWS

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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

- **PMK softens stand against BJP:** In a surprise turn, the PMK has backtracked on its tough stand that put a question mark over its ties with the BJP, with the party's sole MP, Anbumani Ramadoss, affirming on Thursday that his party's support to the NDA government would continue for the full five years. Mr. Anbumani said he had not received any response from the BJP leadership to his suggestion that an arrangement be worked out for the 2016 Assembly polls. "Our support is unconditional. But in Tamil Nadu, in spite of my efforts, I am yet to hear from the BJP leadership for an arrangement for the Assembly polls," he said in a chat with *The Hindu*. Mr. Anbumani's stance seems in contrast with PMK founder S. Ramadoss' remark that his party would lead an alliance for the Assembly polls. However, Mr. Anbumani clarified that he had neither lobbied nor requested for a berth in Narendra Modi's Cabinet. "Allocating portfolios is the prerogative of the Prime Minister," he said. Asked about his earlier remark that it was for the BJP to clarify on the presence of the PMK in the alliance, he said he was quoted out of context. "We came together to contest the Lok Sabha polls as an alternative to the DMK and the AIADMK. The PMK is determined to project an alternative in the Assembly polls. Any party that shares our view can join hands with us," Mr. Anbumani said. The former Union Health Minister, however, added that everyone was entitled to his views, and BJP leaders Pon. (*The Hindu*).

Economy

- **RBI pegs growth at 5.5%, but still fears inflation:** The Reserve Bank of India (RBI) is unlikely to cut interest rates till it has exorcised the inflation monster. This is the message that comes through in its annual report for 2013-14, released on Thursday. High and persistent inflation has become a key risk to growth and to overall macroeconomic stability, the report said. This observation indicates that the central bank will not cut interest rates unless it sees clear signs of inflation coming down. This could disappoint industry, which has been clamouring for lower interest rates. Since Raghuram Rajan took charge as Governor in September 2013, the RBI has raised the repo rate — the rate at which it provides short-term liquidity to banks — three times to rein in inflation, by 25 basis points each, to 8 per cent. Retail inflation increased to 8 per cent in July (against 7.5 per cent in June) as the prices of vegetables increased substantially on the back of deficient rainfall. Despite the recent decline in global crude oil prices, the RBI cautioned that any threat to crude oil supply (due to geopolitical tensions) could have a sharp impact on prices and as such remains a risk. It also said the revisions in administered prices in 2014-15, which include railway passenger fares and freight fares apart from the staggered increases in diesel prices, could exert some pressure on general price levels. The inflation (retail) projection of 8 per cent by January 2015 remains within reach. However, the RBI observed that risks around the medium-term inflation path, and especially the target of 6 per cent by January 2016, are still on the higher side. (*Business Line*).

Planning

- **GST: FM readies compensation plan:** The government is set to start a major initiative to get states on board to launch the good & services tax (GST) with finance minister Arun Jaitley expected to initiate a dialogue to iron out issues blocking the country's most ambitious indirect tax reform. The move comes as the finance ministry is readying details of the compensation formula. Government officials said there are three key areas where states and the Centre have divergent views. The states are keen to retain entry taxes while the finance ministry opposes it. Similarly, the Centre wants alcohol and petroleum products within the ambit of GST. The third area of disagreement is the demand from states that the Constitutional amendment should clearly spell out the compensation mechanism. The officials said apart from discussions at the empowered committee level, revenue secretary Shaktikanta Das has also met officials from some of the states to look at ways to narrow the differences. Jaitley is expected to hold political-level consultations as the Centre is keen to launch GST since it doesn't want to postpone the decision to 2016 when the pay commission's recommendations are expected to be ready, making it difficult to find the resources. Discussions are on to find the resources from within the tax measures to fund compensation to states, without putting a burden on the Union government. "The compensation mechanism will be worked out soon. The finance ministry is working on the funding sources, method of compensation and the governance structure," said a state government official, familiar with the discussion. (The Times of India).

Editorial

- **Conflicts within:** Persisting boundary disputes among the northeastern States of Assam, Arunachal Pradesh, Meghalaya, Manipur and Nagaland, reflect multi-layered conflicts in the region that the formation over time of those States on ethno-linguistic lines failed to address or resolve. The most intractable among them, between Assam and Nagaland, is on the boil again. After a round of arson and violence on August 12 attributed to armed groups from Nagaland led to the loss of nine lives and thousands of people from villages in Assam's Golaghat district being driven to relief camps, demonstrations of protest in Assam, and some insensitive handling by the police of the volatile situation, led to further violence. On August 20, three persons were killed in police firing in Golaghat town during protests against police high-handedness. Transport blockades called by organisations in Assam against Nagaland, are also biting hard. While claiming cross-boundary ethnic contiguity, Nagaland says a 1925 notification that transferred stretches of forests from Nagaland to Assam was biased and that they ought to have been returned in 1947. The issue was raised during the signing of the 16-Point Agreement between the Centre and the Naga Peoples' Convention in 1960 that led to the formation of Nagaland in December 1963. Nagaland thus wants the boundary redrawn on historical lines. Indeed, the principal demand put forward by militant groups including the NSCN (I-M) relates to the creation of a 'Nagalim', or Greater Nagaland. (The Hindu)

National War Memorial at India Gate gets final nod

New Delhi: Defence Minister Arun Jaitley on Thursday gave the final nod to the much-delayed National War Memorial project which would be built in the India Gate complex at a proposed cost of around ₹400 crore.

The Defence Minister agreed to the proposal made by the Army for building a war memorial at the 'Chhatri complex' of India Gate after visiting the national war museum site at the Princes' Park locality near India Gate, Defence Ministry officials said here.

On Kargil Vijay Diwas on July 26, the Minister had said

that after discussions with the forces and visiting the proposed area, he would take a call on whether the memorial should be constructed at India Gate or the Princes' Park.

The Minister was given a detailed briefing by the Army on the proposed construction site of the war memorial, which was first planned to be constructed in 1960 in remembrance of Indian soldiers who have lost their lives in various wars and operations, they said.

Army Chief Gen Dalbir Singh Suhag and Defence Secretary R K Mathur briefed the Defence Minister on the

proposed project where the war museum and the war memorial would be connected through an underpass to be built at the India Gate complex circle.

The memorial will have names of more than 21,000 Indian troops who have lost lives in various operations since 1947.

The Army had given a presentation to Prime Minister Narendra Modi on the issue on August 6 where the force was asked to involve international designers and architects to build a grand memorial as promised by the BJP during the Lok Sabha poll campaign. *PTI*

Ganga cleaning takes off, toxin sensors to keep tabs, beep alerts

FIRST STEP In 6 months, sensors to be installed at all critical points of the river

Zia Haq

z.haq@hindustantimes.com

NEW DELHI: The Modi government will over the next six months install high-tech sensors at critical points along the Ganga to monitor industrial runoff from about 700 units — the first steps towards the long and daunting task of cleaning the 2,510-km river.

The sensors will self-monitor the levels and nature of effluents and pollutants. They will send real-time data on discharges from factories to a central server and will automatically send alerts when effluents breach permissible limits. Non-compliant industries will face action.

The Ganga, India's longest river and an icon of the Hindu faith, supports a third of the country's 1.2 billion people living on its floodplains. Despite its cultural importance, it is dying a slow death due to filth, untreated

sewage and industrial runoff. Only 45% of the 11 billion litres of sewage from 181 towns along the river is treated.

The city of Kanpur could face special scrutiny since it is the main source of waste in the northern Ganga. For example, of the 37 tanneries in the city, only 20 are legal.

The government will also enforce a strict ban on adverse human activities on a 130-km sensitive stretch beginning at Gomukh, the spurting water channel arising from the high Himalayan Gangotri glacier that feeds the Bhagirathi river, one of the principal sources of the Ganga.

"We will have to put a stop to all industrial pollution," environment minister Prakash Javadekar, who also holds charge of information and broadcasting, said.



SPADEWORK BEGINS

Only 45% of the 11 billion litres of sewage that flows into the Ganga is treated

- Govt to install high-tech sensors along the Ganga to monitor runoff from about 700 industries
- Sensors will be in place in six months. Will send real-time data about effluents back to a central server, enabling an online watch
- Sensors will send out alerts when

- effluents cross permissible limits
- To protect the source of Ganga, govt to ban adverse human activity along a 130-km stretch leading from Gangotri glacier
- Govt to call a meeting of representatives of all identified industrial units soon

WE WILL HAVE TO PUT A STOP TO ALL INDUSTRIAL POLLUTION.

PRAKASH JAVADEKAR, environment minister

▪ Kanpur's tanneries are among the main contributors to Ganga pollution.

MANOJ YADAV / HT FILE

The pioneer

Jaitley for lower tax to boost tourism

PNS NEW DELHI

Finance Minister Arun Jaitley has advocated for lowering of taxation regime to boost tourism industry. "If tourism industry, State Governments and the Centre are loaded with higher taxes then we will have less tourists and lesser collection," he said at a Tourism Ministers conference in the Capital on Thursday.

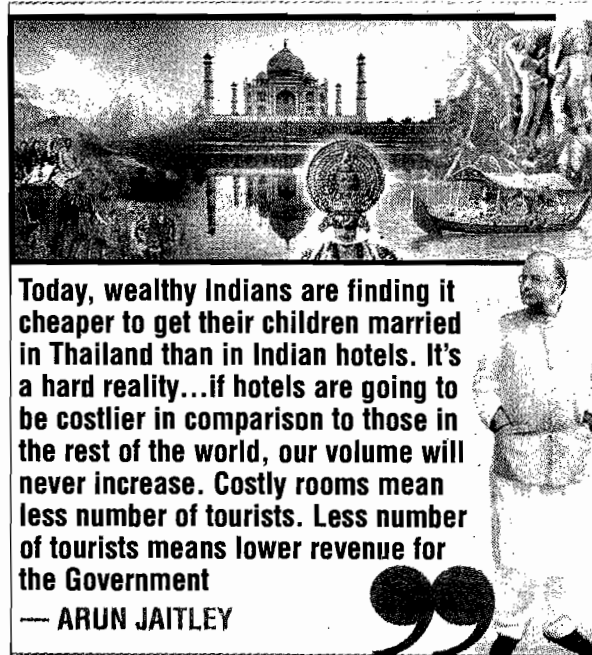
Hinting at the existing higher taxation on tourism sector, Jaitley said, "Today, wealthy Indians are finding it cheaper to get their children married in Thailand than in Indian hotels. It's a hard reality." Tour operators are demanding reduction in various taxes for long particularly exemption of service tax on packaged tours as the payment is made in forex.

Jaitley said the present

Government at the Centre believes that "we are low taxation Government not high taxation. If you leave more money at the hands of tax payers, he would spend more. The economy expands more. If you levy lower taxes then products will be cheaper, their saleability increases."

Seeking lower room rates and deduction in airfare, the Union Minister said, "This principle applies to airlines and hotels also. If our airline is going to be costlier, if hotels are going to be costlier in comparison to those in the rest of the world, our volume will never increase. Costly rooms mean less tourists. Less number of tourists means lower revenue for the Government. Higher taxation on tourism means less tourism, which means lower earning."

Highlighting the impor-



Today, wealthy Indians are finding it cheaper to get their children married in Thailand than in Indian hotels. It's a hard reality...if hotels are going to be costlier in comparison to those in the rest of the world, our volume will never increase. Costly rooms mean less number of tourists. Less number of tourists means lower revenue for the Government

— ARUN JAITLEY

tance of tourism industry, he said, "If India is to grow and Indian economy is to grow then tourism is certainly one of the low hanging fruits which is achievable."

Dubbing the tourism sector as one of the "under-achieved sectors" in India, Jaitley said we have everything going for tourism in the country like large coastline, huge mountain range in various parts of the country, seasonal variations in terms of weather, most beautiful rivers and forests in different parts of the country.

"We have archaeological monuments which are of great global interests. We have some of the best pilgrims centres in the country. We have large cultural heritage and we have great metropolitan cities. So world should have been extremely curious to see what

lies in India," he added.

Jaitley said the foreign tourist arrival figure of seven million is "inadequate" considering India's vast tourism resources. "Seven million tourists is an inadequate number," he said.

Asking State Tourism Ministers to introspect, he said, "We must introspect where we are. You need to lay down red carpet, otherwise tourists will not come. Like for selling a product, consumer is the king. Today tourist is the king. We are at his mercy therefore our ability to attract must be adequate."

Describing tourism as one of the largest employer, Finance Minister said, "It is one of the major economy resources. There are countries in the world, which thrive exclusively and predominantly on tourism."

'Kerala to be booze-free in 10 yrs'

VR JAYARAJ ■ KOCHI

Stating that the most practical path to Prohibition was its implementation through gradual phases, Kerala's Congress-led UDF on Thursday unveiled its liquor policy which envisaged freeing the State, known in the sobriquet of God's Own Country, from the devil's grip of booze in the next ten years.

Limiting permission to run bars to five-star hotels, shutting down ten percent of the total retail outlets every year and turning Sundays into no-booze days are some of the steps the UDF has proposed to the Government to make the State liquor-free, according to Chief Minister Oommen Chandy, who is also the chairman of the ruling coalition.

The 418 bars which were closed down on April 1 last for lack of required facilities would remain closed, the remaining 312 functioning bars would not be allowed to reopen, no new bar



licences would be issued and no new retail outlets would open in the State, Chandy said after UDF leadership meet in Thiruvananthapuram on Thursday.

"Only five-star bars will operate in Kerala from April 1, 2015. The 418 closed bars will not reopen and the other functioning bars will be closed. There will be 52 more dry days in a year. These are the steps the UDF wants to be implemented to eradicate the evil of booze which has been destroying the society, families and individuals so far," Chandy said.

Criticisms have already come up that the UDF move is intended to promote the inter-



ests of corporate hotel operators and to reserve life's enjoyments to the elite of the society. Former Chief Minister AK Antony had faced similar criticisms in 1996 when he banned arrack, the cheap, colourless alcohol which was a favorite of the poor and lower-income group boozers of Kerala.

It is interesting to note that it was reportedly a confrontation between Chandy and PCC chief VM Sudheeran, group realignments in the Congress and pressures from the Church and UDF partners like the Muslim League on the Chief Minister over the vexed issue of reopening of the 418

closed bars which had led to Thursday's UDF decision.

Chandy, who stood for the reopening of the closed bars – at least some of them – arguing about the impracticality of keeping them closed and the Government's difficulties in facing the cases related to them in the court, is said to be the loser in the bar war but Chandy somehow managed to create a feeling that the proposals came from none other than himself.

The Government is standing to lose almost 25 per cent of its annual revenue through the gradual stoppage of the liquor business. The Government had earned ₹7,241 crore in 2012-13 by way of taxes, duties, etc from liquor sector. But Finance Minister KM Mani said, "We will find some other way to earn that much money."

As per the UDF proposals, one percent of the total revenue of the Kerala State Beverages Corporation, the State-owned monopoly liquor distributor

which is running 337 retail outlets, will have to be used for promoting anti-liquor awareness programmes. On-campus campaigns against booze would be augmented, Chandy said.

The Chief Minister said that five percent of the total revenue of the Beverages Corporation would be used for the formation of a Kerala Alcohol Education, Research and Rehabilitation Fund. He asked Keralites working in the State and outside to contribute a day's income to the rehabilitation of alcohol addicts "who deserve our compassion".

The UDF meet, however, wanted the traditional sector of toddy – the liqueur extracted from coconut and palmyra trees – to be protected but it asked the Government to ensure steps to keep out spurious toddy from the market. The meeting also wanted the Government to adopt measures to protect and rehabilitate the people who would lose jobs in the State's migration to Prohibition.

Cong, BJP spar over booing of Oppn CMs

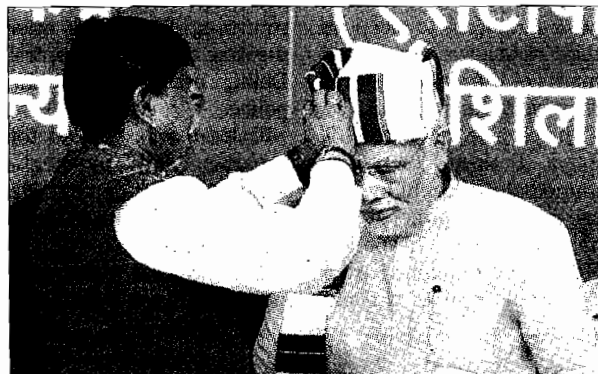
After Hooda, jeers for Jharkhand CM Soren at PM function | Prithviraj Chavan skips Modi event in Nagpur

VIBHA SHARMA/ADITI TANDON
TRIBUNE NEWS SERVICE

NEW DELHI, AUGUST 21

The BJP and Congress were at daggers drawn today as Maharashtra Chief Minister Prithviraj Chavan skipped Prime Minister Narendra Modi's function at Nagpur and Jharkhand CM Hemant Soren was booed at PM's event in Ranchi.

While the Congress slammed the BJP-RSS combine for 'orchestrating hooliganism' against CMs of Congress-ruled states, the BJP advised the opposition party to "introspect why its leaders were not being accepted by the people of the country".



PM Narendra Modi is presented a turban by BJP leader Arjun Munda at a function in Ranchi on Thursday. PTI

"This is the first time the CMs of non-NDA states are being humiliated. It's being done in a planned, and organ-

ised manner by the RSS-BJP combine," said Congress spokesperson Anand Sharma. "It's an orchestrated hooli-

ganism. Never before has any PM sought to publicly humiliate any Chief Minister. Modi is guilty of attacking federalism not by default but by design."

Anand Sharma, CONG SPOKESMAN

"If their CMs are unpopular, they should introspect. The Congress feels its political fortunes can only be revived if it indulges in mudslinging."

Nalin Kohli, BJP SPOKESMAN

ganism. Never before has any PM sought to publicly humiliate any Chief Minister. Narendra Modi is guilty

of attacking federalism not by default but by design. The BJP should desist from such acts and the people should judge BJP's conduct," said Sharma. He wondered why the PM has suddenly decided to visit poll-bound states to rededicate to the nation projects already commissioned during the UPA tenure.

On Chavan not attending Modi's function, the Congress described it as an act of self-respect given public booing of non-BJP CMs at PM's events. On Tuesday, Haryana CM Bhupinder Singh Hooda was jeered by a hostile crowd in PM's

presence in Kaithal. The Congress has asked non-NDA CMs to avoid attending PM's public functions.

The BJP trashed charges that the hooting of Congress CMs was orchestrated. "If their CMs are unpopular, they should introspect. The Congress feels its political fortunes can only be revived if it indulges in mudslinging," BJP spokesman Nalin Kohli said. Kohli recounted instances where non-NDA CMs were booed by an angry crowd. "Nitish Kumar had to face public anger when he was the Chief Minister.

Smriti puts varsity chiefs under scanner

Appointments in
Central institutions,
IITs improperly
made, rules violated
by UPA: HRD Min

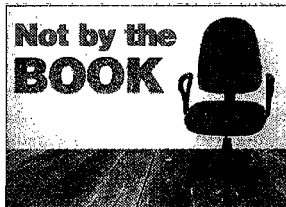
DEEPAK KUMAR JHA ■
NEW DELHI

The Modi Government will review all appointments made by the UPA dispensation during its ten-year rule to top posts in Central Government educational institutes like Central Universities, a couple of IITs and many centrally-funded technical institutes, etc.

HRD Minister Smriti Irani said that some of the appointments in institutes of repute were "shocking" and were done by the earlier regime by "over-ruling" recommendations of search committees. "The appointments of vice-chancellors of Central Universities by the UPA towards the fag end of its tenure had invited much controversy. Some appointments are terrific examples of violations of rules and regulations," Irani told reporters.

Sources in the Ministry said that most of the appointments made during the regime of Kapil Sibal and MM Pallam Raju were under the scanner following several complaints received by the new Government — both through the PMO as well as directly to the HRD Minister.

Appointments in IITs, including at the post of Director in one of them, are also under



Appointments in IITs, including at the post of Director in one of them, are also under the scanner. The person was appointed as the Director despite a vigilance enquiry pending against him

Official sources said that the appointment process for VCs of Central Universities of Bihar, Jharkhand, Srinagar, Gujarat, Tamil Nadu, Karnataka, Punjab, Odisha, Rajasthan, Harisingh Gour University, Guru Ghasidas University and Hemvati Nandan Bahuguna University will be verified

While the VC of Central University of Jammu was appointed without any search committee, some VCs were given extension without seeking permission of the President who is the Visitor of Central Universities

the scanner. The person was appointed as the Director by Raju despite a vigilance enquiry pending against him.

Irani said that in several cases the search-cum-selection committees were not properly constituted. "I'm faced with the daunting task of scrutinizing massive irregularities in such appointments and taking corrective measures to keep the institutions out of political interferences," she said.

RBI pegs growth at 5.5%, but still fears inflation

Expects industrial revival to propel growth; unlikely to lower rates till prices remain high

OUR BUREAU

Mumbai, August 21

The Reserve Bank of India (RBI) is unlikely to cut interest rates till it has exorcised the inflation monster. This is the message that comes through in its annual report for 2013-14, released on Thursday.

High and persistent inflation has become a key risk to growth and to overall macroeconomic stability, the report said.

This observation indicates that the central bank will not cut interest rates unless it sees clear signs of inflation coming down. This could disappoint industry, which has been clamouring for lower interest rates.

Since Raghuram Rajan took charge as Governor in Septem-

ber 2013, the RBI has raised the repo rate — the rate at which it provides short-term liquidity to banks — three times to rein in inflation, by 25 basis points each, to 8 per cent.

High food inflation

Retail inflation increased to 8 per cent in July (against 7.5 per cent in June) as the prices of vegetables increased substantially on the back of deficient rainfall.

Despite the recent decline in global crude oil prices, the RBI cautioned that any threat to crude oil supply (due to geopolitical tensions) could have a sharp impact on prices and as such remains a risk.

It also said the revisions in administered prices in 2014-15,

THE ROAD AHEAD



Growth

- GDP growth expected around 5.5% in 2014-15 from below 5% in the preceding two years
- Overall growth may be better with the likely revival in industrial and construction activities
- Impact of monsoon deficit may not be much

which include railway passenger fares and freight fares apart from the staggered increases in diesel prices, could exert some pressure on general price levels.

The inflation (retail) projection of 8 per cent by January 2015 remains within reach. However, the RBI observed that risks around the medium-term inflation path, and especially the target of 6 per cent by Janu-



Inflation

- Retail inflation projection of 8 per cent by January 2015 remains within reach
- Risks vis-a-vis the 6% inflation target by January 2016 still remain
- RBI remains committed to fighting inflation

ary 2016, are still on the higher side.

In other words, setting interest rates in a manner that steers clear of inflation and economic weakness will remain a challenge. "The Reserve Bank remains committed to supporting the disinflationary process," the report said.

Pointing out that the economy stands at a crossroads that



Vision for 2014-15

- Final guidelines for differentiated banks to be issued
- Loan exposure limits for single/group borrowers to be reviewed
- Regulatory framework for NBFCs being reviewed
- Priority sector guidelines to be reviewed

could take it from a slow bumpy lane to a faster highway, the RBI said some acceleration is likely in 2014-15, which could take growth to around 5.5 per cent (from 4.7 per cent in 2013-14).

Revival on the cards

Deficiency in rainfall during this monsoon season poses some downside risks, but the overall growth in 2014-15 is like-

ly to be better than the previous year, with the likely revival in industrial and construction activities.

"With greater political stability and a supportive policy framework, investment could turn around. The economy is poised to make a shift to a higher growth trajectory," it said.

The RBI observed that the economy requires policies that address growth through higher productivity, as well as greater investment and use of labour.

The RBI said fiscal consolidation, which is key for both internal and external stability, can be achieved by further expenditure reduction. This can be done through better targeting of subsidies, frequent price revisions of domestic LPG and fertilisers, and considerably limiting interest subventions, said the report.

Inflation moderating, expect rates to come down: Mayaram

Pegs GDP growth for this fiscal year at 5.8%

OUR BUREAU

New Delhi, August 21

The Finance Ministry expects interest rates to come down with softening of inflation. "We see inflation coming down further and we hope that the RBI Governor, as he indicated in his recent policy review, will not hold interest rates high longer than necessary," said Finance Secretary Arvind Mayaram.

He was optimistic that the economy would grow at 5.8 per cent this fiscal.

The RBI kept the repo rate (the rate at which banks borrow from the RBI) unchanged at 8 per cent, for the third time in a row in its August 5 monetary policy review. The argument then was that there are risks of higher inflation in view of uncertainty over the monsoon and its fallout on food production, as well as risks from volatile international oil prices.

The RBI is expected to mainly use retail inflation (Consumer Price Index or CPI) to revise interest rates. The central bank's target for retail inflation is 8 per cent by January 2015.

According to Government data, retail inflation for the month of July was 7.9 per cent, slightly higher than the 7.46 per cent in



Positive outlook Finance Secretary Arvind Mayaram and Assocham President Rana Kapoor at a meeting in New Delhi. KAMAL NARANG

June. At the same time, wholesale inflation moderated to 5.19 per cent in July from 5.43 per cent in June.

Gung-ho on growth

The Finance Secretary felt that GDP growth in the current fiscal year is likely to be 5.8 per cent or even 5.9 per cent as against 4.7 per cent in 2013-14.

The new estimate is higher than the RBI's projection of 5.5 per cent and also slightly different from the Economic Survey. The survey estimated growth to be in the 5.4-5.9 per cent range, with a bias towards the lower end.

"I have great optimism and hope that with the measures announced by the new Government, we will be able to set an ex-

ample in a world recovering from very sluggish growth. We can also contribute significantly to global growth," he said.

Talking about the softening of international oil prices, Mayaram said this, along with direct benefit transfers, would help lower the overall subsidy bill. "I think we will be able to exit the diesel subsidy soon and diesel is going to become market-linked," said Mayaram.

Diesel subsidy on way out

Currently, the under-recovery (the difference between selling and cost price) on diesel is ₹1.78/litre and it is likely to come down as the price of the Indian crude basket fell to around \$100 a barrel on August 20, from \$111.94 on June 19.

JAITLEY WARNS & CHARMS

FM calls for better risk management from PSBs...

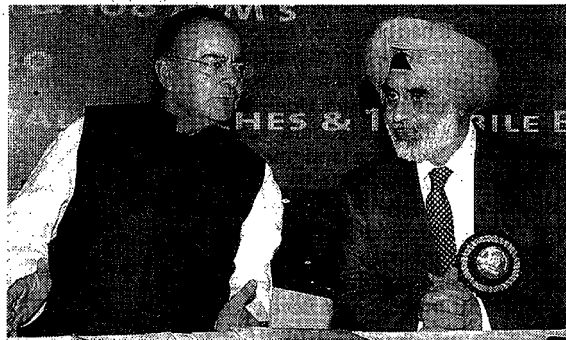
BS REPORTER

New Delhi, 21 August

Finance Minister Arun Jaitley on Thursday said the recent instances of unfair practices at public sector banks (PSBs) were disturbing, adding the government was working towards improving risk management and bringing more professionalism into the functioning of these banks.

"Hope these (the recent cases) are a drop in the ocean and we learn lessons from them," Jaitley said, at the foundation day celebrations of state-owned Indian Bank here. "Professionalising the management of the banks, we have taken some decisions in this regard. We expect banks to have better risk management. The Department of Financial Services has been actively working in this regard."

This was the finance minister's first formal statement on the issue since Syndicate Bank chairman S K Jain was arrested by the Central Bureau of Investigation (CBI) on allegations of receiving a bribe of ₹50 lakh to enhance credit limits of Bhushan Steel and



Finance Minister Arun Jaitley (left) with Financial Services Secretary G S Sandhu at the 108th Foundation Day of Indian Bank in New Delhi on Thursday

PHOTO: PTI

Prakash Industries.

The government has also initiated a forensic audit at Oriental Bank of Commerce and Dena Bank after some executives at these lenders came under the CBI's lens for alleged misappropriation of funds worth ₹436 crore from fixed deposits.

"Conventionally, Indian banking has been professional and conservative. That's why we survived the sub-prime crisis. Hope the level of professionalism will continue and enhance. Credibility is most important for the banking sector. We must continu-

ously endeavour to raise the standards," Jaitley said.

Questions were raised about the quality of bank boards and risk management after these cases came to the fore. Poor oversight, coupled with an economic slowdown, led to a huge rise in the bad loans of government banks. Non-performing assets of public sectors banks increased to 4.72 per cent of their total assets at the end of March 2014.

The finance minister also said the government accorded high importance to recapitalisation of PSBs.

Modi to review performance of infra sector next month

New Delhi, Aug 21

PRIME Minister Narendra Modi will review the performance of key infrastructure sectors, including coal and power, in achieving targets at a meeting early next month.

"The Prime Minister will review the performance of ministries vis-a-vis targets in the first week of September," an official close to the development said.

This follows Modi's meeting with the secretaries of nine infrastructure ministries last month to set targets for 2014-15 and identifying key projects in sectors like road, power and railways.

In the meeting, Planning Commission secretary Sindhushree Khullar had made a presentation on the performance of the various infrastructure sectors like airport, ports and inland waterways, railways, roads, telecom,



power, coal and renewable energy in the last fiscal and the possible targets for the year 2014-15, the official said.

Infrastructure sector is a focus area for the Modi-led government.

The Centre is keen to speed up infrastructure development and investment to boost economic growth which remained at sub 5% level during the previous two fiscals.

During the meeting it was decided that in addition to the quantitative targets, Planning Commission should also measure efficiency parameters, the official said adding that "there should be a 10% increase in these each year."

Moreover it was also decided during the meeting that there should be a joint mechanism at government level under the Cabinet secretary for meeting regularly to resolve issues of various ministries and states, the official said.

"In these meetings, all issues related to a state in various sectors could be taken up comprehensively. The same approach could be adopted for infrastructure sectors," the official said. *PTI*

Same rule for e-tail and multi-brand: Sitharaman

- Will spell trouble for e-tail firms with FDI
- No scrapping of FTAs after their review

fe Bureau
New Delhi, Aug 21

SEVERAL e-commerce firms that operate in the B2C (business-to-consumer) space but whose affiliates in the B2B space have foreign direct investment are likely to be in trouble going by a statement made by commerce and industry minister Nirmala Sitharaman.

"FDI is banned in multi-brand retail and the same applies to e-commerce also," she said at the Indian Express Group's Idea Exchange programme. The minister's clarification comes at a time when authorities suspect that many e-commerce firms have structured their business in such a way that foreign capital coming to their wholesale business indirectly supports the retail e-commerce business. Recent reports said some of the leading e-commerce companies are being probed by the

There is a definite link between food security and public stockholding of grain

NIRMALA SITHARAMAN,
commerce & industry
minister on WTO

Enforcement Directorate for alleged violations of foreign exchange regulations.

India permits 100% FDI in B2B e-commerce activities (as in wholesale trade) but foreign investment is not allowed in B2C e-commerce companies. But some foreign firms are present in the country through what is called the marketplace model. Under this model, they do not retail any products but offers a platform for consumers to place orders, which are then retailed by domestic retailers. This is perfectly legal.

However, there are some domestic B2C e-commerce compa-

nies that also operate through the marketplace model but allegedly use their other FDI-funded ventures in the B2B space for retail sales. The minister's reiteration of the policy would mean that such companies would now face the music.

On the ongoing review of free trade agreements (FTAs), Sitharaman said this was not being done with a view to scrap them but to ensure that Indian manufacturers optimally benefit from these pacts.

Stating that India's FTA partner countries may be benefiting more from these pacts than India, she said the government was therefore looking at some "remedial measures", which could lead to correcting inverted duties as in the recent Union Budget. The reviews could also allow more careful formulation of future FTAs.

The FTAs under review are those with Asean, Japan, South Korea and Malaysia.



Express photo by RAVI KANOLIA