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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

- **Tempers flare at Congress convention:** The usual scenes of hostility at Congress meetings were again visible at the brainstorming session of the party at Sheriguda on Sunday. Rajya Sabha member Renuka Chowdary was among those who attracted attention by raising her voice against not having been offered a seat in the front row on the dais. As she had reached the venue late and the front row was already occupied by other leaders, the organisers asked her to take a rear seat on the dais. But she refused in protest and sat among the audience while her supporters kept protesting. AICC general secretary Digvijay Singh lost his cool towards the end of the inauguration when he warned that workers who created scenes would be suspended from the party immediately. Some of them shouted at frequent intervals that they be allowed to explain their point of view on the poll debacle. The request of leaders that the workers would indeed be heard went in vain. At this point, Mr. Singh rose up to say the party had video footage of those who created problem and they would be suspended immediately. Ms. Chowdary climbed up the dais later and entered into an argument with Congress legislature party leader K. Jana Reddy. (The Hindu).

Economy

- **Sensex earnings growth on fast track:** India Inc's earnings seem to have gathered momentum with a surge in the BSE Sensex over the past two quarters. In view of improved profitability during these quarters, Bloomberg's consensus earnings per share (EPS) estimates for the Sensex for 2015-16 have been raised 4.2 per cent to Rs 1,873 from Rs 1,791 at the end of the June quarter. There had been an upgrade in EPS estimates in the June quarter as well – of a little less than one per cent over mid-May (the end of the January-March earnings season). Between 2013-14 and 2015-16, the EPS is expected to increase at a compound annual growth rate (CAGR) of 17.2 per cent – nearly double the 8.7 per cent between 2011-12 and 2013-14. This implies strong earning growth will continue and should reflect on the market as well. "Though the year of windfall gains (for the market) is behind us, the Sensex will see decent growth over the next two years. Our March 2015 Sensex target stands at 30,000, about 13 per cent higher from the current level. We like cyclicals, such as automobile, construction and real estate stocks, and remain cautious on banks, which will face challenges in 2015-16," says Saurabh Mukherjea, chief executive (institutional equities), Ambit Capital. A large part of the earnings growth is expected to be driven by domestic cyclical sectors, still trading at a discount to their historical average price-to-book value, believe analysts. Rajat Rajgarhia, MD (institutional equities), Motilal Oswal Securities, says: "We have raised our 2015-16 EPS estimates for the Sensex by one per cent to Rs 1,854 – this 21 per cent higher than 2014-15. Earnings growth in 2015-16 will be driven by cyclicals like the financial, capital goods and energy sectors." (Business Standard).

Planning

- **Online approvals likely for infra, industrial projects by fiscal-end:** To fast-track project approvals and cut down corruption and red-tape, the Government is working on making all clearances required for infrastructure and industrial projects available online by the end of the fiscal. The online drive, led by the Department of Industrial Policy & Promotion and the Prime Minister's Project Monitoring Group, has identified a total of 59 clearances so far that are required across sectors for various projects. "For each of the identified clearances, we will first work out the process flow, then digitise it and finally integrate it with the e-Biz platform launched by the DIPP," Anil Swarup from the Prime Minister's Project Monitoring Group (PMG), told *BusinessLine*. Infosys is the Government's partner in providing the relevant software for the initiative, he added. The idea is to make the e-Biz platform the front-end for all approvals required, both at the Central and State levels. An investor would only need to log into the e-Biz site which will in turn connect it to the relevant departments for the required clearances. "The e-Biz platform will become a one-stop shop for all clearances. It will also be easy for the Centre to monitor exactly where clearances are stuck so that action can be taken to expedite them," an official from the DIPP said. The Government has set a deadline of March 31, 2015, for completion of the entire digitisation and integration process. At present, different Ministries and departments are at various levels of preparedness for integrating into the online platform. The Forest Ministry, for instance, has already started giving clearances online to projects. (*Business Line*).

Editorial

- **The tasks that remain:** Change, as they say, is the only constant. What is relevant in a certain context at a given period of time and environment may cease to be so in a different context, a different time or a changed environment. This applies as much to institutions and organisations as to people, ideas and concepts. And so, when confronted with change the choices are limited to just two – change with the times, or risk being consigned to the dustbin of history. The Planning Commission, established 64 years ago, brings up the issues of time, context and environment. Between 1950, when it was established, and now, the times have changed. The then newly independent India was struggling with a damaged and rudimentary economy and needed an orderly assessment of its resources and planning for development. It is much better organised today in economic terms, and even at current rates of growth is among the fastest-growing in the world. The Planning Commission was then the vehicle that enabled the public sector to rise to the "commanding heights of the economy"; today, the private sector is the chosen vehicle for industrial growth after the tectonic shift of 1991 when licensing and controls were abolished or eased. The global environment has also changed, as has India's place in it. In today's globalised world, state controls over much of the economy are passé and seen as hindering enterprise. Prime Minister Narendra Modi has merely articulated what was accepted and known for the last decade and more: the Planning Commission in its original form needed to be changed. (*The Hindu*)

Jaitley calls for stronger corporate governance, tough law for errants

■ Says will consider India Inc's request to tweak Companies Act

fe Bureau

Kolkata, Aug 24: Calling for greater corporate governance, finance minister Arun Jaitley on Sunday said companies needed transparency in financial records, and the law will be tough on wrongdoers.

"To have sustained success, highest level of excellence has to be there—be it innovation, administration, maintenance of records. It is necessary to have transparency and accuracy for maintenance of records. Companies deal with investors' money. Investors have a right to know each affair of the company," Jaitley said at the 13th ICSI National Award for Excellence in Corporate Governance in Kolkata.

"If there are any black sheep and they are identified, let the law be tough on them," said Jaitley, who is also in charge of the corporate affairs ministry.

"Quality of governance adds to a company's credibility. Only those companies who maintain the highest standard of corporate gover-



President Pranab Mukherjee with defence and finance minister Arun Jaitley at the inauguration of Management Development Institute's Jangipur Campus in Murshidabad on Sunday

PTI

nance would succeed and eventually become the best in the system," he emphasised.

The minister said governance was one area where the country had to learn from international best practices.

Earlier on Thursday, Jaitley had said the Centre was working to tighten risk management in the banking sector to professionalise the management.

Jaitley said the government will consider the corpo-

rate sector's request to make the necessary changes in the Companies Act, 2013.

"We have come up with a new Companies Act. It is only when it is unfolding, that you are realising where the shoe pinches. I have been receiving requests to have a look into the provisions," the finance minister said. Jaitley further said that slowly, the Indian economy was coming of age and opportunities for the corporate sector were huge. "There are

opportunities for joint venture and investment. I think when we are in the take-off stage, it would be time for corporates to take advantage of these opportunities by way of credibility and adopting best practices," he added.

Interestingly, finance secretary Arvind Mayaram had on Thursday said the first signs of recovery were "surely visible" in the economy and growth may touch 5.8% in this financial year.

Govt commences work on four new UMPPs to generate 16,000 MW

New Delhi, Aug 24: Government has started the process for setting up four new ultra mega power projects in Bihar, Jharkhand and Odisha, which will together add 16,000 MW capacity to the country's power generation.

UMPP is a thermal power project of at least 4,000 MW capacity with an approximate investment of R25,000 crore.

Power Finance Corporation, the nodal agency for ultra mega power projects (UMPPs), in consultation with the state government has commenced work on these projects. According to an official, two UMPPs have been proposed in Odisha, one in Bihar and Jharkhand each. "Land for the proposed



project in Jharkhand has been acquired. In the case of two UMPPs in Odisha and one in Bihar, the respective state government has identified sites," the official said.

These UMPPs are being planned even as the bidding process for two such projects

-- Bedabahal (Odisha) and Cheyyur (Tamil Nadu) is yet to conclude. The price bids for these proposed plants is yet to be submitted after which the UMPPs will be awarded.

NTPC, Tata Power, NHPC, Adani Power, JSW Ener-

gy, Jindal Power (an arm of Jindal Steel and Power), Sterlite Infraventures, CLP India and Larsen & Toubro had submitted applications for the Odisha project.

NTPC, Adani Power, CLP India, GMR Energy, Jindal Power, JSW Energy, L&T and Sterlite Infraventures had submitted bids for the Cheyyur UMPP in Tamil Nadu.

The final price bids for these two UMPPs may open next month.

So far, four UMPPs have been awarded. Of this, Sasan (Madhya Pradesh), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand) have been bagged by Reliance Power. Tata Power is operating the Mundra UMPP in Gujarat. PTI

Maha governor quits after transfer order to Mizoram

Mumbai, Aug 24: Maharashtra governor K Sankaranarayanan on Sunday resigned from the post hours after he was transferred to Mizoram by the government.

"I sent my resignation today to the President of India.... It is not possible for me to go to Mizoram," the governor said in a press conference.

"I will return to active politics," said the 82-year-old veteran Congress leader from Kerala. He was among the UPA-appointed Governors who were asked to resign by the new BJP government. But, he had refused to do so. His tenure ends in 2017.

He said as governors in various states, he never played any politics.

"I was friendly with all political parties, friendly with the BJP also... Shiv Sena... all the political parties. Because I have no politics, because I am the governor," he said.

The governors are appointed by the President and the President has powers to transfer the governors, he said. "My feeling is that I have to honour the Constitution — the Magna Carta for governors. I have to abide that, I did that," he said.

Sankaranarayanan thanked the people of Maharashtra



'I sent my resignation today to the President of India.... It is not possible for me to go to Mizoram,' the Maharashtra governor said in a press conference

for the support they extended to him during his tenure.

Asked whether the move is part of political vendetta, he said, "That is up to you people to comment about it. Our

press people are so shrewd, so capable, so intelligent."

"I actually supported the Constitution," he said, adding, "We want the prestige and status of the governors in future also."

"In a democratic set up, no government is permanent... no post is permanent, that will change. Democracy is bigger than anything, we are one of the biggest democratic countries in the world," he added. Sankaranarayanan was among the first batch of governors telephoned by home secretary Anil Goswami to put in their papers after change of government at the Centre.

In an apparent bid to ease him out, the government shunted him to Mizoram after he had refused to quit.

A Rashtrapati Bhawan communique issued late last night had said that Sankaranarayanan has been shifted to Mizoram and Gujarat Governor OP Kohli has been asked to discharge his duties.

He has been serving as Governor of Maharashtra since 22 January, 2010. He took oath as Governor of Maharashtra for a second time on May 7, 2012 after the President granted him a fresh term of five.

PTI

'Time for 'Act East Policy' and not just 'Look East': Swaraj

Hanoi, Aug 24: External affairs minister Sushma Swaraj on Sunday said the time has come for India to adopt an "Act East Policy" as she began her three-day visit to Vietnam during which she will hold talks with the top leadership of



the Communist nation.

Swaraj said that India had adopted a "Look East Policy" under the Atal Behari Vajpayee government.

"Now it is time to not just look but act. Under the (Narendra) Modi government, we will have an Act East Policy," the minister said addressing a gathering of the Indian community here soon after her ar-

rival. Swaraj, who will hold bilateral meetings with her Vietnamese counterpart Pham Binh Minh on Monday besides calling on President Truong Tan Sang and Prime Minister Nguyen Tan Dung, said she will discuss a number of issues during her interaction.

She said that Vietnam is an important partner and expressed her satisfaction with the bilateral cooperation in security and defence. Talking about the Lok Sabha elections, the minister emphasised that the BJP has been given a clear majority after 30 years.

"When we first talked about target 270 plus, people made fun of us. But people gave us 282 seats and with alliance we are more than 300," she said adding that the 2014 election was one of "hope".

"And hence people have lot of expectations from this government and we will not discourage them. We will live up to their dreams," she said. *PTI*

Hope Centre will reconsider decision to cancel talks with Pakistan, says Omar

Srinagar, Aug 24: Terming frequent violations of the ceasefire as a "matter of serious concern", Jammu and Kashmir chief minister Omar Abdullah today expressed hope that the Centre would reconsider its decision of cancelling talks with Pakistan in order to end the border hostilities.

"I hope that there is some rethink on this (calling off of talks with Pakistan)," Omar told reporters after addressing a public meeting in the outskirts of the city.



India had called off Foreign Secretary level talks with Pakistan after Islamabad's envoy to New Delhi Abdul Basit went ahead with meetings with separatist leaders from Kashmir even after he was asked by the Centre to desist from it. Omar said the ceasefire violations along the Line of Control (LoC) and the international border were a "matter of very serious concern".

"The ceasefire violations are increasing in intensity. They are no longer confined only to BSF posts. By design now, civilian areas are being targeted, civilians are being killed and injured. People are being forced to migrate from border areas," he added. *PTI*

Online approvals likely for infra, industrial projects by fiscal-end

e-Biz platform to fast-track projects, cut red tape

AMITISEN

New Delhi, August 24

To fast-track project approvals and cut down corruption and red-tape, the Government is working on making all clearances required for infrastructure and industrial projects available online by the end of the fiscal.

The online drive, led by the Department of Industrial Policy & Promotion and the Prime Minister's Project Monitoring Group, has identified a total of 59 clearances so far that are required across sectors for various projects.

"For each of the identified clearances, we will first work out the process flow, then digitise it and finally integrate it with the e-Biz platform launched by the DIPP," Anil Swarup from the Prime Minister's Project Monitoring Group (PMG), told *BusinessLine*. Infosys is the Government's partner in providing the relevant software for the initiative, he added.

The idea is to make the e-Biz platform the front-end for all approvals required, both at the Central and State levels. An investor would only need to log in-



Project push The e-Biz platform will become a one-stop shop for all clearances and make it easy for the Centre to monitor exactly where clearances are stuck so that action can be taken to expedite them. REUTERS

to the e-Biz site which will in turn connect it to the relevant departments for the required clearances.

"The e-Biz platform will become a one-stop shop for all clearances. It will also be easy for the Centre to monitor exactly where clearances are stuck so that action can be taken to expedite them," an official from the DIPP said.

The Government has set a deadline of March 31, 2015, for completion of the entire digitisation and integration process. At present, different Ministries and departments are at various levels of preparedness for inte-

grating into the online platform. The Forest Ministry, for instance, has already started giving clearances online to projects. The Environment Ministry is scheduled to do it from September 1. The Ministries of Coal, Shipping and Petroleum are also at an advanced level of preparedness.

"We are helping other Ministries and Departments to identify the number of clearances that are given by them, so that the process flow can be designed and digitised," the official said.

The DIPP's e-Biz platform would also act as the Central platform for state-level clearances. "As many as 35 required clear-

ances of the total of 59 identified so far are at the State level. The Centre is working together with States to help streamline the clearances," Swarup said.

A lot of digitisation work has already happened in States like Gujarat, Punjab and Karnataka and it would not be difficult to get them integrated with the Central platform, he added.

The PMG was set up last year to facilitate implementation of stuck infrastructure projects worth an estimated ₹1,000 crore that have not been moving because of unresolved issues with different Ministries and Departments both at the Central and State levels.

What could follow the PlanCom?

Economists divided, with no clear answer to what could take over its multiple functions more effectively

AMAN SETHI
New Delhi, 24 August

On the cusp of the general elections this summer, Prime Minister Manmohan Singh posed a set of questions to the Planning Commission he had headed for 10 years.

"Are we still using tools and approaches designed for a different era?" Singh asked, wondering if the body needed to take on additional roles, like improving governance, to remain relevant to the growth process.

The answers came too late. On May 29, three days after Narendra Modi was sworn in as Singh's successor, the Independent Evaluation Office (IEO) — an ombudsman attached to the Commission — gave a 12-page report recommending "the Planning Commission be abolished and its staff returned to their parent cadres."

Last week, Prime Minister Narendra Modi announced the Commission would be replaced by a "new institution", with a "new body and soul and with new direction".

The PM's Office (PMO) has since invited public comments on the possible form of the successor. Yet, opinion is divided if a new entity could avoid the pitfalls of its predecessor.

The questions are twofold. What will succeed the 63-year-old organisation? And, is the abolition of the Commission the end of the five-year plan,

the most visible manifestation of the Indian government's intervention in the national economy?

Montek's point

In an interview with this newspaper in May, the Commission's former deputy chairman, Montek Singh Ahluwalia, said its many roles could not be wished away. The Commission, he noted, allocated plan resources, appraised programmes and evaluated policy, all the while balancing the financial needs of the states with the abilities of the Centre.

"If you abolish this body, you would have to assign these tasks to some other body," he said, "This would make it very like the Planning Commission." The current plan — the 12th since the Commission was set up in 1951 — runs till 2017 but is due for mid-appraisal later this year.

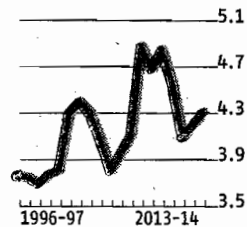
"The 12th plan is premised on eight per cent annual GDP (gross domestic product) growth, while the Jaitley Budget is premised on unusually high tax collections," said an official, "Neither of these targets are likely to be met, so the current plan would have to be substantially revised."

IEO

So, who would carry out this revision or abandonment of the 12th Plan, and who will guide Centre-state relations in the post-Commission future? The IEO report offers the only publicly available template for the

FUND ROUTE

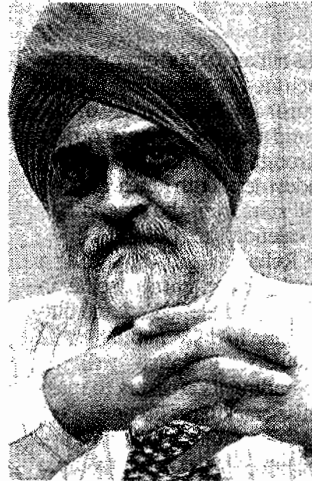
Gross Budgetary Support (GBS) from Centre to states as a percentage of gross domestic product



Up till its abolition this month, the Planning Commission played a key role in directing GBS, which includes money spent on centrally sponsored schemes and non-scheme assistance from the Centre to the states
Source: Budgetary documents

Commission's successor: The Commission's roles are split into three, with the Finance Commission (FC) taking on the responsibility of allocating centrally collected funds between states and the Centre, funds between various central ministries will be distributed by a specially created department of planning within the finance ministry, and a think-tank will provide the government with policy guidance.

"The great heyday of centralised planning ended with the third plan [1961-66]," said economist Bibek Debroy, who has been linked to the new entity in media reports, a speculation he denies, "Today, most



Former deputy chairman of Planning Commission Montek Singh Ahluwalia (pictured) says the body's many roles cannot be wished away PHOTO: BLOOMBERG

resource allocation is done by the private sector." Debroy said he was broadly in favour of the abolition of the Commission but was keen to see what replaced it.

Budget data suggest that, over the past two decades, total central funds routed through the Commission to the states varied between 3.5 and five per cent of GDP (see box). The FC could handle this money, as it already allocates central tax revenues. Further, the FC is a constitutionally mandated body, answerable to Parliament, unlike its Planning counterpart — which was created by, and is answerable to, the PMO.

"But the FC has a very narrow technical focus, unlike the Planning Commission which has a broader developmental approach," said economist Abhijit Sen, who was a member of the earlier Planning Commission and is a sitting member of the FC. "The FC is a small organisation, with limited capabilities."

Meanwhile, the IEO model suggests, the finance ministry could allocate money between central government departments. Debroy said the finance ministry in any administration is under pressure to reduce budgetary deficits. "They tend to slash social sector expenditure and capital expenditure," he said, "You need a counterweight like the Planning Commission to make a case for social sector expenditure."

The think-tank could do that, but the problem is, Sen said, "No one listens to a think-tank unless it has some powers." In the Planning Commission's case, it had the power to delay disbursement of funds for central schemes by insisting on states follow programme guidelines, which probably proved to be its undoing.

How to balance?

In June 2013, Modi arrived at Room 122 of the Planning Commission in his capacity as Gujarat chief minister. In his presentation, he expressed his disapproval of central legislation like the Right to Education Act that imposed financial lia-

bilities on the states by demanding state funds to match central grants.

"As a result," the presentation noted, "the states are required to alter their own development priorities and set aside funds to meet the liabilities created by the central legislation."

Modi's comments have been echoed by many CMs over the years. Economists like Arvind Panagariya have called for the end of central schemes in favour of block grants, to allow states to choose their development priorities. Central plans, the argument goes, ignore the differing development stages and capacities of India's diverse states. Without central schemes, there shall be no need for a commission to plan, design or evaluate them.

"The CSS (centrally sponsored schemes) were evolved precisely to incentivise the states to spend more in critical areas," former deputy chairman Ahluwalia said in his May interview with *Business Standard*, even as he said the Commission was moving to make the process more flexible and less cumbersome. "But a key issue is that we were not doing old-fashioned central planning anyway," he said in an email this week.

Ultimately, Sen said, the new dispensation shall have to decide how to direct development in the states; the shape and form of the successor shall follow.

Govt to upgrade six UP hospitals to AIIMS level

TRIBUNE NEWS SERVICE

NEW DELHI, AUGUST 24

The Central government will upgrade six medical colleges in Uttar Pradesh to the level of AIIMS to boost the health sector of the state.

The move comes when the BJP is focussing on UP with a target to upstage the incumbent SP government in the next Assembly polls.

"Six government medical college hospitals in UP are to be modernised and converted into super-specialty institutions along the lines of the All India Institute of Medical Sciences (AIIMS)," a Health Ministry note said today.

During his trip to Kanpur today, Health Minister Harsh Vardhan said the government had added two more

Makeover for Harsh Vardhan's alma mater

Kanpur's Ganesh Shankar Vidyarthi Memorial Medical College — Vardhan's alma mater — is to be modernised along with Sarojini Naidu Medical College, Agra

colleges to the already cleared list of government medical colleges, which would be upgraded under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), due to the high disease burden on UP. "I was a medical student in Kanpur and I know that there is a need to expand the infrastructure at an unprecedented rate because we have to make up for many years of neglect," Vardhan said.

Kanpur's Ganesh Shankar Vidyarthi Memorial (GSVM) Medical College, Vardhan's alma mater (he was an MBBS and MS student here between 1974 and 1983), is also set for a makeover along with Sarojini Naidu Medical College, Agra.

Four government medical colleges of UP are already being upgraded under the PMGSY. These are at Gorakhpur, Allahabad, Meerut and Jhansi. Earlier, the Institute of Medical Sciences at Varanasi, Sanjay Gandhi PGI Lucknow and Jawaharlal Nehru Medical College at Aligarh were upgraded under the scheme.

The cost-sharing ratio for upgrading hospitals will be 80-20 between the Centre and states.

Fastest in two years; data to be released on August 29
GDP growth in Q1 likely at 5.5% on factory, farm output

SURABHI

NEW DELHI, AUGUST 24

BRINGING some much needed cheer, the economy is estimated to have grown at about 5.5 per cent or more in the first quarter of the fiscal, marking the fastest growth in nearly two years.

"The calculations are yet to be completed but the uptick in industrial output as well as reasonable growth in the farm sector would have given a boost to growth," said an official familiar with the development, adding that the low base effect would also give an impetus to GDP growth.

The economy grew at 4.6 per cent in the fourth quarter of last fiscal while it registered a growth rate of 4.4 per cent in the first quarter of last fiscal. The Central Statistics Office will release data on GDP growth rate for the first quarter of the fiscal on August 29.

Economic growth has been largely subdued



marked by sub-5 per cent growth for the last two fiscals with the highest GDP growth registered in the July to September quarter of 2013-14 at 5.2 per cent.

Stuttering manufacturing growth that declined by 0.7 per cent in 2013-14 was largely responsible for the low GDP growth. But it has turned more upbeat and the index of industrial production expanded by 3.4 per cent in June and 5 per cent in May this year, remaining in the positive territory for three consecutive months.

"Agriculture growth in the first quarter is also ex-

pected to be good as it will be based on the last season. The impact of the poor monsoon this year will be felt later this year when it starts affecting crop planting and output," said the official.

The optimism in the economy has also been reflected in recent government statements. Finance secretary Arvind Mayaram pegged GDP growth at 5.8 per cent in the current fiscal, a tad higher than the estimate of 5.5 per cent by the Reserve Bank of India.

Experts and analysts too are betting on a rebound in economic activities. British

TURNING POINT

■ The economy grew at 4.6% in Q4 of last fiscal while it registered a growth rate of 4.4% in Q1 of last fiscal

■ Stuttering manufacturing growth that declined by 0.7% in 2013-14 was largely responsible for the low GDP growth.

■ It has turned more upbeat and the IIP expanded by 3.4% in June and 5% in May, remaining in the positive territory for three consecutive months

brokerage Barclays and Standard Chartered have both estimated that the economy registered a growth of 6 per cent in the April to June quarter of this fiscal.

"We expect GDP growth to have picked up to 6.0 per cent y-o-y in Q1-FY15 (quarter ended June 2014). This would be the fastest growth recorded since March 2012 and much higher than 4.6 per cent y-o-y in Q4-FY14," Standard Chartered said in a research note earlier this month, attributing the recovery to improvements in industrial activity and services sector.

Govt says no to PPP model for reviving sick PSUs

PRIYADARSHI SIDDHANTA
NEW DELHI, AUGUST 24

THE government has ruled out taking the support of private companies in reviving sick Central public sector enterprises, effectively burying a proposal of its predecessor that had floated the idea. The government, instead expects stronger PSUs to come to the aid of weaker ones.

In September 2013, the UPA government explored options for revival of these PSUs through a tie-up with private companies in the public-private partnership model.

That proposal never took off due to the lack of synergy between the PSUs and the private companies.

"There is no proposal on the table to rope in private companies to revive the sick central PSUs through public private partnership," a senior official of the department of public enterprises (DPE) said.

One reason for ruling out equity participation from private companies relates to the surplus lands with the PSUs. The government felt that there could be a conflict on ownership and utilisation if joint ventures were to take place.

The government has an alternate solution within the

NO SYNERGY

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■ That proposal never took off due to the lack of synergy between the PSUs and the private companies

■ There are expectations that potentially profitable CPSEs can register a turnaround within the next five years.

■ The government is looking at the possibility of these companies bailing out weaker ones

PSU sphere. There are expectations that potentially profitable CPSEs can register a turnaround within the next five years. These could then bail out the weaker units by exploring greater synergy.

As of 2014, there are 50 CPSEs, which are making losses over the past three consecutive years.

While the Board for Reconstruction of Public Sector Enterprises has recommended closure of six CPSEs, it has recommended revival of 58 state-run companies envisaging total assistance of Rs 40,396 crore (cash assistance of Rs 10,768 crore in the form of infusion of funds, and non-cash assistance of Rs 29,628 crore in

the form of waivers and write-offs of loans etc).

The official added that no budgetary support is being provided to CPSEs. Instead their managements have been tasked with improving performance of the units so as to mobilise collectively Rs 16,22,898 crore as internal and external budgetary resources for investment over the remaining period of the 12th Five Year Plan. The cash and balances of all CPSEs was Rs 2,66,600 crore as on March 31, 2013.

"This is actually a misplaced perception that all CPSEs are struggling due to paucity of funds," the official said, adding that reserves and surplus of all CPSEs rose to Rs 6,81,409 crore in 2012-13 from Rs 6,23,671 crore in 2011-12, an increase by almost 10 per cent.

The net worth of all CPSEs too, have grown by around 10 per cent to Rs 8,66,691 crore in 2012-13.

However, as per official data, the financial losses of loss incurring CPSEs stood at Rs 28,260 crore in 2012-13 compared to Rs 27,683 crore in 2011-12. The market capitalisation of 46 listed CPSEs fell by 11.21 per cent to Rs.1,40,975.00 crore as on March 31, 2013.