

योजना आयोग
ब'म' आक'म'
Planning Commission
GOVERNMENT OF INDIA

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Communication, IT & Information Division
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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

- **BJP's generational shift apace:** Carrying on with a generational shift of its leadership, the Bharatiya Janata Party dropped veteran leaders Atal Bihari Vajpayee, L.K. Advani and Murli Manohar Joshi from its parliamentary Board, the party's highest decision-making body, on Tuesday. The three veterans, leading lights of the party for nearly four decades, were dropped from its central election committee too. As a token gesture, they find place in a new five-member Margadarshak Mandal (guidance panel), along with Prime Minister Narendra Modi and Union Home Minister Rajnath Singh. BJP media managers said the presence of the Prime Minister and the Home Minister on the panel proved it was a "high-powered" body, but conceded it was powerless. (The Hindu).

Economy

- **Govt notifies hike in FDI cap to 49% in defence sector:** The government on Tuesday notified the hike in foreign investment limit in defence production to 49% from 26% approved by the cabinet recently. It said even beyond the new limit of 49%, foreign investment would be considered on case to case basis by the Cabinet Committee on Security (CCS) provided it was prima facie felt that such investments would lead to technology assimilation by the Indian industry. The department of industrial policy and promotion has clarified that in case of proposal for FDI above 49%, the CCS would be the only screening agency even if the funds involved are in excess of R1,200 crore which in normal case needs to be vetted by the Cabinet Committee on Economic Affairs. As per Tuesday's notification, 49% foreign investment will be permitted in the defence sector through the FIPB route. The investments include FDI, FIIs, foreign portfolio investors, NRIs, foreign venture capital investors and qualified foreign investors (QFIs). However, portfolio investments by FPIs/FIIs/NRIs/QFIs and investments by FVCIs together will not exceed 24% of the total equity of the investee/joint venture company. Portfolio investments will be under automatic route. The other conditions include management of the applicant companies being in Indian hands with majority representation of the Board as well as CEOs of the company/partnership firm being resident Indians. The objective is to boost domestic defence industry. (The Financial Express).

Planning

- **ONGC, OIL subsidy bill to almost halve:** State-run ONGC and Oil India could see their oil subsidy burden reducing by a steep 40% to Rs 39,200 crore in the current financial year, going by a plan formulated by the petroleum ministry. If the plan is implemented, the upstream firms will get a much-needed respite, given their capex plans have been hit in recent years due to the heavily discounted sales of crude oil to PSU oil marketers Indian Oil, Bharat Petroleum and Hindustan Petroleum under government diktat. As per the petroleum ministry's proposal, the OMCs' losses – commonly known as under-recoveries – from sale of petroleum products would be shared equally between the government and the two public sector upstream companies, with the latter's share also including the oil industry development (OID) cess they pay to the government. In FY14, total OMC under-recoveries stood at close to R1.4 lakh crore, of which R65,121 crore or 47% was made good by ONGC and OIL, while a small portion of the burden – R1,900 crore – was borne by GAIL (India). Additionally, the duo paid OID cess proceeds of over `10,000 crore to the government. Minus a small amount (R 2,076 crore) of the losses that the three OMCs were made to suffer, the balance became a hit to the government exchequer. The new formula doesn't envisage GAIL shouldering the subsidy burden (in fact, even last year, the gas marketer did not foot the subsidy bill for one quarter and a decision was taken to relieve it of the burden in future). (The Financial Express)

Editorial

- **Blow for public integrity:** The Supreme Court verdict holding coal block allocations made since 1993 illegal confirms a long-known, but little-acknowledged malaise pervading the administration: cronyism often overshadowing merit, and systems and processes being undermined by power and influence. The sweeping nature of the finding that allocation of coal blocks through the government dispensation route as well as through a non-statutory 'screening committee' suffered from arbitrariness is a fierce indictment of successive governments, rendering it difficult to apportion blame on any particular party or regime. Rather, as the judgment points out, the approach was ad hoc and casual. There was no fair and transparent procedure, and this resulted in unfair distribution of national wealth. The judgment, in essence, sticks to the constitutional norms the Supreme Court has been applying since the time it cancelled 122 telecom licences in 2012 based on the finding that illegal allocation of 2G spectrum had been made. Of course, a Constitution Bench has now calibrated the law that once tended to make competitive auction the sole basis for the exploitation of natural resources, and given some policy leeway to the government to adopt alternative methods, subject to constitutional principles being adhered to. The court will deliberate on the consequences of its findings in further hearings, but it has already sent out a clear message that it will no more countenance arbitrary and illegal allocation of natural resources. (The Hindu)

Govt to spend ₹20,000 cr for mobile connectivity in villages

E-commerce will become big industry, says Ravi Shankar Prasad

OUR BUREAU

New Delhi, August 26

The Government on Tuesday said it will ensure mobile services in 55,000 unconnected villages over the next five years with an investment of ₹20,000 crore through the Universal Service Obligation Fund (USOF).

It is important for the Internet and also mobile banking as many of the users can seamlessly work on a real time basis.

The Telecom Ministry expects to connect half of these villages in the next three years in areas, including North-East, Uttar Pradesh and Bihar. Survey of villages is being done to build towers for this purpose.

"It (mobile/ smartphones) has become an important part of our lives. For example, I have seen people at the airport showing their tickets on their smartphones instead of a printed ticket," Ravi Shankar Prasad, Communications and Information Technology Minister, said here.

'Digital India' concept

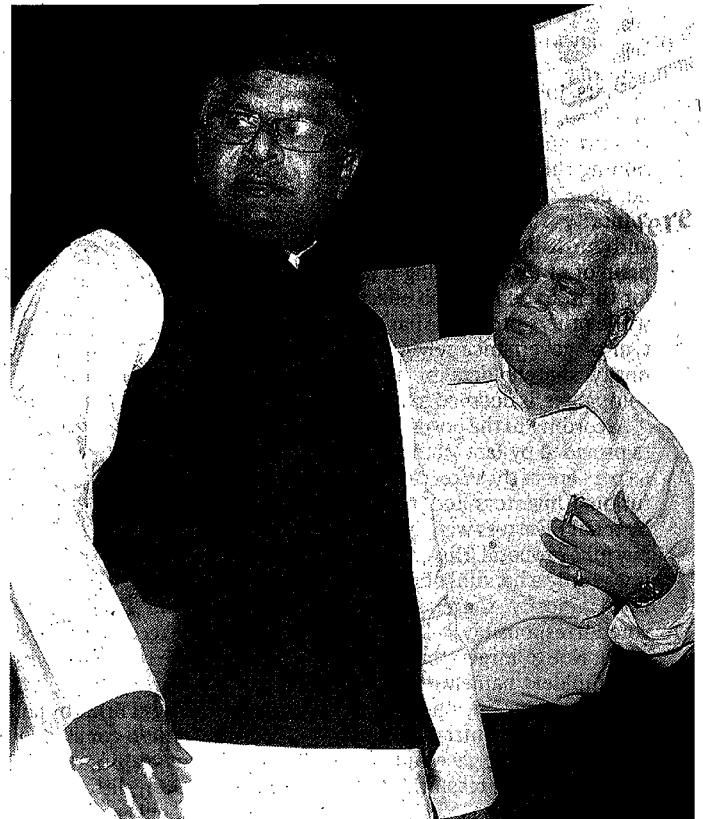
Speaking on the conference on 'Digital India' with State/UTs IT

Ministers and Secretaries, he said with the Digital India concept being given highest priority by the Prime Minister, in the days to come, the low key department of IT in the States would soon be a high profile department, acting as a most important driver of change in Digital India.

Apart from that, Prasad also said sectors such as e-commerce can become a big industry because of the broadband connectivity and high speed Internet in various parts of the country, which are not connected yet.

He said the National Optical Fibre Network (NOFN) plan will herald an e-commerce revolution in India as the ambitious project worth around ₹35,000 crore aims to provide high-speed broadband connectivity to 2.50 lakh gram panchayats by March 2017.

"I see e-commerce becoming a big thing because people living in villages also have big aspirations. If we spread the broadband connectivity, they would shop online and I see many warehouses coming up because of that, giving jobs to as many people in those areas," Prasad added.



Betting on broadband Ravi Shankar Prasad, Minister for Communication & IT, with R S Sharma, Secretary, Deity, during State/Union Territories' IT Ministers and Secretaries conference on 'Digital India' in New Delhi, on Tuesday. RAMESH SHARMA

Govt notifies new FDI rules for Defence sector

Proposals beyond 49% will be cleared by Cabinet Committee on Security

OUR BUREAU

New Delhi, August 26

The Cabinet Committee on Security will be the final decision making body for Foreign Direct Investment (FDI) proposals in Defence beyond 49 per cent. This is even when the proposed inflow is in excess of ₹1,200 crore.

According to the new rules on FDI in Defence notified by the Department of Industrial Policy & Promotion, based on the Cabinet decision early this month, FDI proposals beyond 49 per cent vetted by the CCS need not be cleared by the Cabinet Committee on Economic Affairs (CCEA). So far, all FDI proposals with foreign investments over ₹1,200 crore had to be cleared by the CCEA.

The FDI limit to be cleared through the Foreign Investment

Promotion Board (FIPB) route has been raised to 49 per cent from 26 per cent. The press note clarified that the cap is composite and includes different types of foreign investments such as FDI, Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Non-Resident Indians (NRIs), Foreign Venture Capital Investors (FVCI) and Qualified Foreign Investors (QFIs), it said.

Further, portfolio investment by FPIs, FIIs, NRIs, QFIs and investments by FVCIs together will not exceed 24 per cent of the total equity of the investee or joint venture company.

The final clearance for FDI proposals within the 49 per cent limit will be given by the CCEA in case foreign investments exceed ₹1,200 crore. All decisions on FDI applications will be normally

communicated within a time frame of 10 weeks from the date of acknowledgement, the note said.

Ownership

The licence applications will be considered and given by the DIPP in consultation with the Ministries of Defence and External Affairs.

The note specifically laid down that the applicant company seeking permission of the Government for FDI up to 49 per cent should be an Indian company owned and controlled by resident Indian citizens. The management of the applicant company should be in Indian hands.

However, for proposals seeking approval for foreign investment beyond 49 per cent, the applicant could be an Indian company or a foreign investor. The condition of Indian management control is also not applicable in this case.

Jan Dhan Yojana to target 1 cr accounts on first day

To be launched on August 28 in 76 centres

ABANTIKA GHOSH

NEW DELHI, AUGUST 26

THE Pradhan Mantri Jan Dhan Yojana — national mission for financial inclusion — will be launched in 76 centres across the country on August 28.

While Prime Minister Narendra Modi will launch the scheme in Delhi, the functions at the state capitals and district headquarters will be presided over by cabinet ministers, chief ministers in BJP-ruled states and senior officials of the government of India.

On the first day, a target of one crore bank accounts has been set for the nationalised banks which are a part of the scheme.

The spadework for opening accounts like collection of KYC information has already been finished.

Pradhan Mantri Jan Dhan Yojana was one of the big announcements in

Modi's Independence Day speech. The aim of the mission, the PM had said was to ensure that every household has at least one bank account.

An estimated 7.5 crore accounts will have to be opened to achieve that target. He has written an email to all bank officers urging them to rise to the occasion and fulfil this "national challenge".

Under the scheme, every account holder gets a RuPay debit card with a Rs 1 lakh accident cover.

A senior official of the finance ministry explained: "The main launch function will be in Delhi. However there will be 76 simultaneous functions across the country for which cabinet ministers and officers are being deputed. In addition, there will be over 60,000 enrolment camps in rural areas that will be managed by the local branches of the banks.

The idea is to generate so much buzz on the first day at the local level that people start demanding an account."

Among the cities that will host their own launch functions are Dehradun, Port Blair, Guwahati, Patna, Muzaffarpur, Vizag, Panjim, Mumbai, Gandhinagar, Surat, Bharuch, Bilaspur, Raipur etc.

Banks which are part of the scheme have been instructed to finish the formalities for the opening of the new accounts before the launch.

Modi's speech from Delhi will be directly transmitted to all 76 centres and shown on a big screen.

Once the speech is over, ministers and officials will take over at the local and regional functions.

There will be symbolic distribution of cheque books to a few of the new account holders in each place.

India Post may apply for payment bank licence

Awaits details of new guidelines issued by central bank last month

BS REPORTERS

Mumbai, 26 August

The department of posts (DoP) is actively considering whether to apply for a payment bank licence, following the draft norms issued by Reserve Bank of India (RBI) last month.

"We intend to get into the banking space," said Kalpana Tewari, member (planning & technology) at the department. "We are waiting for the final guidelines to see how we fit into it and the benefits to the organisation. At present, we only have savings bank accounts and do not have credit or overdraft facility, since it is beyond our mandate. We have to work on these areas."

Last year, India Post applied for a universal banking licence but was not granted one by RBI. The telecom ministry had backed India Post's ambition to become a full-fledged bank but the finance ministry was not keen, given the government's financial burden. It is not clear if the thinking has changed following the change in government at the Centre.

RBI has initiated a process to issue differentiated bank licences. Apart from payment banks, draft norms on small banks have been issued.

According to the proposals, payments banks would be allowed to accept deposits, facilitate remittances and payments but cannot lend. They are also expected to offer only demand deposits — current account and savings deposit products — and not fixed deposits.

Last week, RBI Deputy Governor R Gandhi had said



THE ROAD TO A LICENCE?

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- India Post may be keen to apply for payment bank licence
- According to the proposals, payments banks would be allowed to accept deposits, facilitate remittances and payments but cannot lend
- Last week, RBI Deputy Governor R Gandhi had said the Centre had to decide on an application for a banking licence by India Post
- DoP has started a project on Automated Teller Machines (ATMs) and installed core banking solutions (CBS) in post offices
- India Post has set up CBS in 675 post offices and opened two ATMs under the project

the Union government had to decide on an application for a banking licence by India Post.

DoP has started a project on Automated Teller Machines (ATMs) and installed core banking solutions (CBS) in post offices. CBS would enable customers to operate their accounts and avail account-related services from any post office in the country. 'Anywhere Anytime Banking', net-banking, RTGS and NEFT shall be available for post office customer. The objective is to provide faster and easier banking services through internet, mobile devices and ATMs.

India Post has set up CBS in 675 post offices and opened two ATMs under the project. The Post Office ATM will facilitate the customer to withdraw money anytime. Tewari said the plan was to add up to 3,000 ATMs in the next two to three years, and CBS would be rolled out in 25,000 post offices by March 2016.

She explained that if their network of 155,000 post offices, there was one every five km in rural areas. About 89 per cent of POs were in rural areas, whereas banks cover only 37 per cent of the latter.

DoP has undertaken an

information technology modernisation project. As part of that, a CBS is being implemented across all POs. Tewari said they'd spent about ₹5,000 crore on enhancing their technology platform since 2012. Infosys was selected by DoP for implementing core banking and insurance solutions in all POs across the country, as well as installing ATMs. In future, said Tewari, the ATMs could be used by account holders of banks as well.

She added that 20 million households have been covered by postal life insurance and rural postal life insurance so far.

ADVANI, JOSHI DROPPED

MODI STAMP ON BJP PARLIAMENTARY BOARD

STATESMAN NEWS SERVICE
New Delhi, 26 August

The supposed generational shift in the BJP and the taking over of party affairs by Team Modi was complete today with its founders L K Advani and Murli Manohar Joshi, being dropped from the party's Parliamentary Board.

In a clear sign of Prime Minister Narendra Modi's stamp over the party organisation, government and parliamentary wing, Vajpayee, Advani and Joshi were made members of a new cosmetic panel called Margadarshak Mandal (committee of mentors). The new BJP president, Mr Amit Shah, a known Modi loyalist, who applied the 75-years age bar to shunt out the party's founding leaders from the parliamentary board, accommodated Madhya Pradesh CM Shivraj Singh Chouhan in it.

Mr Advani was all praise for Mr Chouhan in the run-up to the 2014 parliamentary polls and even tried to pitch him against Mr Modi. Like the Prime Minister, Mr Chouhan, who has now attained the record of being a three-term chief minister, however, played down media reports along those lines and offered his loyalty to Mr Modi's leadership.

The BJP parliamentary board would also have the low profile general secretary J P Nadda as a new entrant. While the Margadarshak Mandal has Prime Minister



Modi and Home Minister Rajnath Singh also in it, the party announcement said the 12-member Parliamentary Board to be chaired by Shah would now have Modi, Rajnath Singh, Arun Jaitley, Sushma Swaraj, Venkaiah Naidu, Nitin Gadkari, Ananth Kumar, Thawarchand Gehlot, Ramlal besides Shivraj Singh Chouhan and J P Nadda as members.

Chouhan and Nadda have been also included in BJP's Central Election Committee, which decides on the party candidates to be fielded in elections. Joshi and Advani do not find place in the Election Committee either.

BJP founder Atal Bihari Vajpayee, who had faded away from public life owing to ill-health, used to be designated as NDA chairman till the last Lok Sabha elections and Mr Advani was the working chairman of the NDA before the Modi era.

The Central Election Committee has been reconstituted, with firebrand leader from Uttar Pradesh Vinay Katiyar being dropped. Former BJP Mahila Morcha president Saroj Pandey, who was an ex-officio member of this committee, has been replaced with Vijaya Rahatkar, the

new Mahila Morcha chief, who was earlier the former Aurangabad Mayor. Jual Oram, a tribal face and Union Tribal Affairs Minister, makes his entry into the 15-member body along with BJP's prominent Muslim face Shahnawaz Hussain. The other members of the CEC are Narendra Modi, Rajnath Singh, Arun Jaitley, Sushma Swaraj, Venkaiah Naidu, Nitin Gadkari, Ananth Kumar, Thawarchand Gehlot, Shivraj Singh Chouhan, J P Nadda and Ramlal.

In another announcement, Shah today appointed Madhya Pradesh Minister Kailash Vijayvargiya as the party's election-in-charge for poll-bound Haryana.

The BJP, which wants to form a government of its own in the state, is in the process of selecting candidates for the Assembly elections. Amid criticism from Opposition parties, especially Congress, that the exit of BJP's founding fathers from its parliamentary board marks further 'centralisation' of power in Prime Minister Narendra Modi's hands, the BJP today defended the move saying the veterans would now play a crucial role in 'guiding' the party.

Construct toilets in all govt schools by July: Irani to states

EXPRESS NEWS SERVICE
NEW DELHI, AUGUST 26

IN line with Prime Minister Narendra Modi's vision on sanitation, the Ministry of Human Resource Development has decided to focus on creating an action plan for constructing toilets in all government schools to create an enabling environment for girls, with HRD minister Smriti Irani asking states to do so by July next year.

At a day-long conference of state education secretaries, the ministry laid emphasis on the 'Swachh Vidyalaya' programme to ensure no government school remains without a toilet. For this, the ministry says it will arrange the necessary funds, particularly for areas with large backlogs. The meeting discussed strategies to tap Corporate Social Responsibility funds and encourage individual corporates and insti-

tutions to build toilets.

According to the ministry, 50 per cent of the schools without toilets are in the six states of Andhra Pradesh, Telangana, Bihar, Madhya Pradesh, Orissa and West Bengal.

The ministry will also focus on the "convergence" between schools and higher education departments with respect to teacher training programmes. To improve the quality of teachers, the min-

istry said it would ask universities to revise their curriculum to be in sync with the National Curriculum Framework for Teacher Education, 2009. According to the ministry, of the 247 such universities only 69 have revised their curriculum in the last five years.

The ministry also stressed on ensuring a better school environment for girls, enabling re-enrolment of girls who have dropped out and increasing the number of

female teachers.

School Education Secretary R Bhattacharya said the ministry's focus was also on providing upper primary and primary schools in neighbourhoods, given that there is a six per cent habitation in the country that does not have an upper primary school in the neighbourhood and two per cent habitation which does not have a primary school.

Inaugurating the conference, Irani sought the states'

cooperation in improving school education and the quality of schools. The minister also launched the "Padhe Bharat Badhe Bharat" programme which focuses on early reading, writing and comprehension and early grade mathematics. Irani said the 'Shala Darpan' programme that the ministry is planning to launch soon, would allow for a greater participation of parents and the community.

Nuclear cooperation, defence, trade on agenda for Modi's trip to Japan

EXPRESS NEWS SERVICE
NEW DELHI, AUGUST 26

AHEAD of his Japan visit, Prime Minister Narendra Modi on Tuesday said he was looking forward to the trip, beginning August 30, to take the "time-tested" bilateral ties to a new level and increase cooperation in various fields.

Modi said he was "excited" to meet his counterpart Shinzo Abe whose leadership he deeply respects.

"On 30th August, I will begin my visit to Japan. I am keenly looking forward to the visit which will boost relations between our two nations," he tweeted.

He also noted that he will

visit Tokyo and Kyoto and interact with all sections of the Japanese society.

"Am particularly excited to meet Prime Minister Shinzo Abe. I deeply respect his leadership and enjoy a warm relationship with him from previous meetings," said Modi who had earlier travelled to Japan as Gujarat chief minister.

Underlining that Japan's friendship with India is "time-tested", he said, "We are two vibrant democracies committed to advancing peace and prosperity in the world."

He noted that he was to visit Japan in July but could not do so due to Parliament session. Sources said issues related to nuclear cooperation, defence and trade will be high up on the agenda when Modi meets Shinzo Abe. Modi is also

expected to call on Japanese Emperor Akihito.

The two governments have been negotiating a civilian nuclear cooperation agreement for the last few years, and they are inching towards a closure, officials said.

The two sides are also working on a defence cooperation agreement, which is also expected to be signed. However, sources said last-minute negotiations are underway.

There is expected to be a major thrust on trade. Economic relations between India and Japan have vast potential for growth, given the obvious complementarities that exist between the two economies. Japan's interest in India is increasing due to India's growing market and its resources, especially human resources.

■ Trustees not in favour of investing in equities, ETFs

PF interest rate retained at 8.75%

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 26

WILL BENEFIT 5 CRORE MEMBERS

THE Employees' Provident Fund Organisation (EPFO) trustees have retained the 8.75 per cent rate of interest on provident fund deposits for 2014-15. The move will benefit over five crore subscribers across the country.

In a meeting of Central Board of Trustees (CBT), chaired by labour minister Narendra Singh Tomar, it was also decided to increase the benefit under the Employees' Deposit Linked Insurance (EDLI) scheme to a maximum sum assured of Rs 3.6 lakh from existing Rs 1.56 lakh. The sum assured under EDLI is provided in proportion to monthly wage ceiling, presently fixed at Rs 6,500. It would be enhanced to Rs 15,000 per month soon.

"EPFO will provide 8.75 per cent rate of interest on PF deposits for 2014-15," Tomar told reporters after CBT meeting. As per practice, the EPFO trustees' decision would be implemented after the concurrence of the finance ministry.

As regards the pattern of investment proposed by the finance ministry, the board said that it was not in favour of investing in equities and exchange traded funds (ETFs).

■ Decision taken at a meeting of EPFO's apex body—the Central Board of Trustees—chaired by labour minister Narendra Singh Tomar

■ The EPFO trustees' decision would be implemented after the concurrence of the finance ministry

■ The board also discussed the feasibility of deployment of funds in AAA-rated PSUs

■ The labour minister said that board decided to set up a PSU cell within its investment monitoring cell (IMC) to negotiate with primary issuers (of bonds) on behalf of all fund managers

However, it was decided to "recommend to make the pattern more flexible to further increase the percentage of investment in government securities," a government statement said.

The statement added that the feasibility of deployment of EPF funds in AAA-rated PSUs through mutual agreement was also discussed and it was decided to go in for short-term borrowing of funds for participation in primary auction of securities.

"This move is expected to result in EPFO getting to invest in securities at more profitable rates. The funds would be borrowed by means of Collateralised Borrowing and Lending Obligation (CBLO), corporate term repo and other such instruments for participation in primary auction of government securities and corporate bonds," the statement added.

Without giving details about specific proposals, the

labour minister said that the board decided to set up a PSU cell within its Investment Monitoring Cell (IMC) to negotiate with primary issuers (of bonds) on behalf of all fund managers. State-run NTPC has made a proposal seeking an EPFO investment of Rs 10,000 crore in its secured non-convertible bonds under a long-term agreement from 2014-15.

The board also decided to constitute a sub-committee for construction and contract workers. The committee shall examine the various issues regarding the coverage of employees engaged in this sector and shall recommend strategies to widen the coverage and enrollment in this area. The board was told that SBI has reduced its service charges for collecting PF contribution to Rs 1.80 per Rs 1,000 for net based transaction and Rs 2.40 per Rs 1,000 for physical transaction form the existing uniform rate of Rs 3. WITH PTI INPUTS

Diesel decontrol on hold for now

Government wary of upsetting vote banks

OUR BUREAU

New Delhi, August 26

The Ministry of Petroleum and Natural Gas has stopped short of proposing complete deregulation of diesel prices.

In an inter-ministerial note on the pricing mechanism for petroleum products, the Ministry has endorsed the existing system of raising diesel prices by up to 50 paise a litre every month.

Once retailers bring their rates in sync with market prices, a fresh proposal will be put up for the Cabinet Committee on Political Affairs to consider decontrol, the note said.

Petrol prices have already been deregulated.

This reluctance, according to industry observers, is a clear indication that the Government does not want to take any politically sensitive decision. A rise in retail

diesel prices has direct implications for customers — the common man, transporters, power, agriculture; all are key vote banks.

Although, bulk diesel rates are linked to market prices, under the dual pricing system most transporters ended up buying from retail outlets. In fact, the note also seeks post-facto approval for bulk supply of diesel to farmer cooperative societies at the price applicable for retail consumers.

Another industry insider said that given the BJP's lukewarm performance in the recent Bihar Assembly bypolls, the Government may become more cautious about complete decontrol.

The current under-recovery on diesel for the three oil marketing companies — Indian Oil Corporation, Bharat Petroleum Corporation, and Hindustan Petroleum Corporation — stands at ₹1.78 a litre. Under-recovery is the loss incurred by companies for sell-

Oil slick

Government wary of taking politically sensitive decisions

Current under-recovery of oil retailers stands at ₹1.78/litre

Ministry wants under-recovery for current fiscal shared by Govt and upstream firms

ing diesel, domestic LPG and kerosene under the public distribution system.

Subsidy sharing

The Government offsets the losses incurred by the PSU oil retailers for selling auto and cooking fuel at controlled prices through subsidies. While the major chunk of this burden is shouldered by public sector oil exploration and production companies ONGC and Oil India along with GAIL (India), a part is absorbed by the Government itself. A small portion is shouldered by consumers.

The Ministry has proposed that

under-recovery for the financial year 2014-15 onwards should be shared equally by the Government and upstream companies (ONGC, Oil India, GAIL).

Addressing the longstanding concerns of upstream companies, the Ministry has proposed that the Oil Industry Development Cess paid by ONGC and OIL on crude production from nomination fields — areas given to them prior to auction rounds — be considered as part of their subsidy contribution.

The note said that 50 per cent of the total subsidy burden of ONGC and OIL will be the cess paid. According to the note, the gross under-recovery for the current fiscal year is estimated at ₹98,622 crore. The total share of upstream companies will be ₹49,311 crore, but after deducting the Oil Industry Development Cess of ₹10,111 crore, it will come to ₹39,200 crore. The remaining ₹59,422 crore will be met by the Government.

REPLACING PLANNING COMMISSION

Cabinet Note Proposes New Identity, Role for Plan Panel

Govt is in the process of collating the views of all stakeholders on the new institution

Yogima.Sharma@timesgroup.com

New Delhi: As the government prepares to wind up the Planning Commission, Planning secretary Sindhushree Khullar has suggested five changes that could outline the identity, structure and function of the body that will succeed the 64-year-old commission.

Officials at Yojana Bhawan, the seat of the Planning Commission since 1950, said Khullar has in a Cabinet note proposed a new name and reduced strength for the new body. The note, drafted following a directive from the Prime Minister's Office, also suggests limiting the new panel's functions to key areas like infrastructure, mining and targeted implementation of the government's flagship schemes.

"Planning secretary has proposed five major changes that can be made to reinvent the institution whose structure and functionality has been questioned by many over the last few years," a senior official told ET on condition of anonymity.

The government is in the process of collating the views of all stakeholders on the new institution.

According to the official, it has been suggested that the name of the new institution should reflect the spirit of development and knowledge-based work that the body will undertake.

"Besides, it has been suggested to substantially cut down on the routine staff and replace them with a handful of domain experts in the areas of infrastructure including power and social sector, which are the focus areas of Narendra Modi government," the official added.

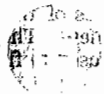
The Planning Commission employs nearly 1,000 people. A list of the staff along with their roles and responsibilities has been attached with the Cabinet note.

The new institution will also re-work on the model concession agreement of public-private partnership projects across sectors as the government is keen to rope in private players for infrastructure development.

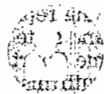
Besides, the new institution will house social sector experts, who will deliberate on the key changes in over a dozen flagship schemes and introduce these changes over a period of time to ensure the targeted outcomes are achieved. The commission has already collated nearly 1,000 changes, big and small, in flagship schemes as proposed by respective ministries and sent them to the PMO, which had asked for the suggestions last week.

The prime minister, who is the chairman of the Planning Commission, had announced in his Independence Day address the demise of the body that was set up through an executive order in 1950 by

Khullar's Proposals



A new name, which should reflect the spirit of development and knowledge-based work that the body will undertake



Reduced strength for the new body - cut down on the routine staff and replace them with a handful of domain experts



Limiting the new panel's functions to key areas like infrastructure, mining and targeted implementation of the gov't's flagship schemes



New institution will re-work on the model concession agreement of PPP projects across sectors as the gov't is keen to rope in private players for infrastructure development



India's first Prime Minister Jawaharlal Nehru and served as a link between the Centre and states.

Plan Panel's new avatar discussed, Prime Minister to take final call

Our Bureau

New Delhi: After three months of lull since the Narendra Modi-led government took oath on May 26, the Planning Commission sprang to life on Tuesday, with 18 eminent people from politics, economics and media background participating in a high-level meeting at Yojana Bhawan to deliberate on the new institution that will replace the commission.

The suggestions will be collated by the Planning Commission and sent to Prime Minister Narendra Modi, who will take the final decision.

The participants included former finance minister Yashwant Sinha of the BJP, former RBI governor Bimal Jalan, BJP spokesman MJ Akbar, former member of the Planning Commission Saumitra Chaudhury, YK Alagh, Pronab Sen, former finance secretary Sumit Bose, TN Ninan and TCA Srinivasa Raghavan, among others. The meeting was held in two groups of nine members each.

The group of economists, led by Pronab Sen, was of the view that the commission should be scrapped while the Yashwant Sinha-led group, which included a few former members of the commission, agreed that there was a need to reinvent the institution.

"There has been a unanimous view that the commission should be scrapped. We should use this opportunity to come up with a new institution with statutory powers to ensure decisions are being implemented," Rajiv Kumar, a member of the group of economists said after the meeting. He added, "There is also a consensus that the government should scrap the Five-Year Plan and instead create some growth scenarios besides delegating the work of financial allocation to states to finance commission."

"We have discussed what could be the new avatar. All the suggestions have been noted. These would be compiled and sent to the PM," Sinha said.

Experts brainstorm on new avatar of Plan panel, but leave decision to PM

There is unanimity over the need to reinvent the Commission: Yashwant Sinha

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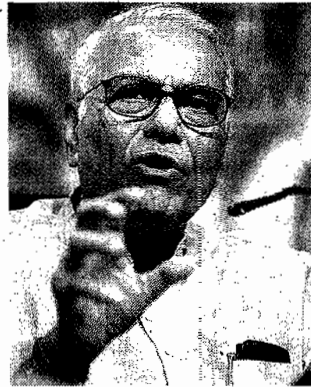
New Delhi, August 26

Two high-level groups have endorsed the Prime Minister's intent to replace the 64-year-old Planning Commission. However, they failed to reach an agreement on the structure and function of the new institution.

In separate meetings, the two groups met here on Tuesday as part of the consultation process to propose a new design and structure for the Planning Commission, following the Prime Minister's announcement on August 15. The meeting was called by the Prime Minister's Office.

Each group had eight members. The first group had former Finance Minister Yashwant Sinha, former RBI Governor Bimal Jalan, former Finance Secretary NK Singh, former Planning Commission member Saumitra Chaudhuri, among others. The second group comprised Chairman of the National Statistical Commission Pronab Sen, economists Shankar N Acharya, Shekar Shah, Rajat Kathuria and Rajiv Kumar, along with former Finance Secretary Sumit Bose.

Terming the PM's announcement as bold, Sinha, said, "There is unanimity over the



Yashwant Sinha, former Finance Minister

need to reinvent this Commission." Echoing similar sentiments, Rajiv Kumar told reporters after the meeting that "the new body will come up, and

whatever body comes up, will combine knowledge power along with some mandate for getting it executed."

Sinha said the decision on the new body will be taken by Prime Minister Narendra Modi. "This is a work in progress, it's not important to discuss the deliberations of today's meeting, the outcome is important. And that decision will be taken by the Prime Minister. We also discussed how the Plan fund should be allocated to States as well as on the autonomous status to be granted to the new body," he said.

The two meetings, held simultaneously, saw a free flow of suggestions. However, one of the participants termed the views as 'heterogeneous' while

another said that views on the structure and functions were varied.

"Everyone agreed that it (the proposed institution) should perform a knowledge function to serve the requirements of the Central and State Governments," said a participant. He also mentioned that there was a fair amount of agreement that the new body cannot function without a political context and statutory status.

The meeting also suggested that one of the important functions of the proposed institution should be to co-ordinate with various scientific and technological bodies, such as Council for Scientific and Industrial Research and Indian Council for Agricultural Research.

Italian firm barred from bidding; ongoing projects to continue

TRIBUNE NEWS SERVICE

NEW DELHI, AUGUST 26

The Defence Ministry today allowed Italian defence equipment producer Finmeccanica to work on ongoing projects in India and also as a sub-vendor in contracts of other companies. But for the time being, it has banned the company from bidding in any future projects.

The company's subsidiary, AgustaWestland, is accused of paying bribe to secure the Rs 3,650 crore contract to supply 12 helicopters to the Indian Air Force. The deal was cancelled and the CBI registered a case against 13 persons, including former IAF Chief SP Tyagi in 2013.

The ministry took the step as any blanket suspension of existing contracts would have impacted India. Stopping the company from being a sub-vendor to other equipment producers would have stalled upgrading of some equipment and



The consent to continue ongoing projects will not apply to the AgustaWestland's deal even future projects.

The company is worth 16 billion Euro (approx Rs 1,28,000 crore) and deals with ship-building design in India, avionics, aviation and guns besides being a supplier to major European firms already functioning in India. The Italian government holds a 30% stake in the company, which is involved in defence projects worth Rs 30,000 crore in India.

The ministry has come out with detailed orders on dealing with the Italian firm. It said: In case contracts are under execution, these will be proceeded with and the company can do its work as usual. In case the contract has already been executed, but spares,

upgrades are still required on a regular basis, the contracts will be honoured.

In case a tender had been opened and Finmeccanica has been declared as the lowest bidder, all such procurement/acquisition cases should be put on hold until further orders, the ministry's instructions said.

In cases where the tender processes are on, but no company had been declared the lowest eligible bidder, Finmeccanica Group may not be considered in the tender, says the ministry. Lastly it has clarified, in case a company owned by Finmeccanica Group is a sub-contractor or supplier to a bigger equipment maker, it will have no impact on the supplies.

The ministry's decision has stalled future work with the Italian major, but has no issues with the existing contracts, upgrades and spares. This partial lifting of ban will not apply to the AgustaWestland's contract to supply 12 VVIP choppers to the IAF.