

योजना आयोग
भारत सरकार
Planning Commission
GOVERNMENT OF INDIA

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Communication, IT & Information Division
Phone # 2525

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

- **Stormy start to govt's first Budget session:** The BJP-led NDA government today encountered turbulence on the opening day of its first full session of Parliament, coming under intense attack on price rise, a situation it explained as an inheritance from the previous UPA government. As the six-week Budget session of Parliament began today, the Congress, despite its limited presence in the Lok Sabha, exerted pressure by vociferously raising the issue of price rise in the House. The House, for the first time, saw Congress vice-president Rahul Gandhi standing in the aisle as his colleagues moved further towards the Well of the House raising slogans. Adding to the discomfort of the government, Congress president Sonia Gandhi today said the party was entitled to get the Leader of the Opposition position amid reports that members of the Congress and allies would make a representation on the issue be decided even as the government declared it was for Speaker Sumitra Mahajan to do so. Matching the party's aggressive posture in the Lok Sabha through notices for an adjournment motion, the Delhi unit of the Congress led by Arvinder Singh Lovely staged a noisy demonstration on price rise outside. The decision of the Speaker rejecting the notice notwithstanding, Congress Deputy Leader in the Lok Sabha Amarinder Singh insistence for a debate under rules that entail voting led to stalling of proceedings and eventual adjournment for the day. (The Tribune).

Economy

- **Sensex crosses 26,000 on pre-Budget hopes:** Indian shares advanced for the fourth session in the last five, tracking global markets and sending the Sensex past the psychological market of 26,000 points. Pre-Budget euphoria sparked by finance minister Arun Jaitley's hawkish statement, which raised hopes of a growth-oriented Budget, further strengthened investor sentiment. The Sensex rose 0.5% or 138 points to end at 26,100.08 on Monday while the Nifty advanced 0.46% or 35.55 points to 7,787.15, after posting a 3.5% gain last week. India is the world's best performing market in 2014, having left the Dow Jones (2.29%) behind by a significant margin. The Sensex is up 26.9% in dollar terms, beating not just China's Shanghai Composite (-5.10%) but also the Taiwan Taiex (9.96%) and South Korea's Kospi (4.64%). Indonesia's Jakarta Composite (17.30%) is the only Asian market to have recorded a performance anywhere close to that of India. Last week, the benchmark indices marked the highest first-half-yearly gain of 20% since 2009, and further strengthened market performance vis-a-vis global peers. Foreign institutional investors (FIIs) continued to buy into stocks on Monday – overseas funds have pumped about \$10.5 billion into Indian equities so far in 2014. India has attracted the second highest flows among Asian and emerging markets tracked by Bloomberg. Except for January, FIIs have been net buyers every month this year, with the biggest purchases in March of \$3.7 billion. (The Financial Express).

Planning

- **Centre to set income cut-off for subsidized LPG:** The Modi government is working on eligibility criteria for subsidised LPG cylinders and it is likely that households with incomes above a certain threshold will not be provided the subsidy. The government is also exploring if the kerosene subsidy can be delivered through Direct Benefit Transfer (DBT). DBTs for the subsidy on LPG cylinders that had been suspended by the previous government are likely to be resumed. The Modi government's strategy for rationalising the ballooning fuel subsidy is to go for better and transparent targeting, Minister of Petroleum and Natural Gas Dharmendra Pradhan told *The Hindu*. "We won't cut the subsidy to the poor; instead we will reduce the government's subsidy bill by plugging the leakages and through better targeting," Mr. Pradhan said. "We will have a public debate on who should get subsidised cylinders before finalising the criteria." The Centre could seek the States' help to compile the database of consumers of fuel subsidies for plugging leakages and improving targeting. "Two or three States have already implemented pilots and we would like to talk to the States in the implementation of our innovative model," said Mr. Pradhan. In the current fiscal, subsidy on diesel, LPG and kerosene is estimated at Rs. 115,548 crore. Of this, LPG accounts for Rs. 50,324 crore and kerosene Rs. 29,488 crore. The subsidy cost on diesel is estimated is Rs. 35,736 crore but if the monthly retail price increases continue as planned, it could come down. In 2013-14, the government had paid Rs. 70,772 crore in cash subsidy while upstream firms had borne as their share Rs. 67,021 crore of the subsidy bill. (The Hindu).

Editorial

- **A very special Wimbledon:** Truly memorable tennis tournaments produce more than quality matches; they also throw up hints about the future of the game. Wimbledon 2014 did both. The extraordinary men's final between Novak Djokovic and Roger Federer was indeed a classic, a contest in which power was matched by refinement. It was also a match where effort demanded not just perspiration, but a range of attributes from clever innovation to sheer audacity. But history will also remember this year's event as the crucible in which an exciting new breed of players grew to display their potential and true promise. These are young men and women who are readying to occupy the top echelons of the game as the power structure shifts, as it must, to a new generation. Among them are Grigor Dimitrov, Eugenie Bouchard, Milos Raonic and Nick Kyrgios – names that are likely to become more familiar to tennis-lovers in the days to come. But the men's final first, because the ethereal must be placed above the worldly. Yes, it had its moments of psychodrama – the twists and turns that can transform a tennis match into suspenseful theatre. But its real worth lay in the near flawless quality of play – reflected most of all in a sparkling array of groundstrokes in which each player constantly challenged the other to surpass himself. Djokovic, who served better and came good at some critical moments, who was the deserved winner – but only just. (The Hindu)

Allow Pakistani SIMs in India: Commerce Ministry

Says move will help foster better trade ties, bridge trust deficit between countries

AMITI SEN

New Delhi, July 7

Pakistanis visiting India will be able to freely use their mobile telephones to stay connected with their country, and the rest of the world, if a Commerce Ministry proposal to the Home Ministry is accepted.

Commerce Secretary Rajiv Kher has written to Anil Goswami, his counterpart in the Home Ministry, making a case for permitting the use of Pakistani SIM cards in India.

According to a Commerce Ministry official, such a move would help foster better trade ties and bridge the trust deficit between the two countries without posing an additional security threat.

"Connectivity through the Internet and applications such as WhatsApp already allow people between the two countries to communicate seamlessly. Restricting tele-

com connectivity does not make any sense," the official said. The Ministry has already discussed the matter with the Telecom Ministry. "The Telecom Ministry is willing to go ahead with the proposal provided the Home Ministry is on board," the official said.

Visitors from across the border, especially the business community, have often complained about the inconvenience of not being able to use their mobile connections in India.

This is the second communication sent by the Commerce Ministry on the matter. The first was sent when the UPA was in power.

Goodwill gesture

Following their meeting in May, both Prime Minister Narendra Modi and Pakistan Prime Minister Nawaz Sharif had agreed to work towards greater cooperation in an at-



Growing bonhomie In May, Prime Ministers Narendra Modi and Nawaz Sharif vowed to work closely to improve ties. RV MOORTHY

mosphere "free of confrontation". The trade liberalisation process, which has resulted in both sides removing a number of barriers over the past two years, is also set to be restarted when the two Trade Ministers meet in Bhutan later this month on the sidelines of the SAFTA ministerial.

The Commerce Ministry feels that not allowing telecom connectivity is an unnecessary bother for bonafide visitors who visit the country for furthering business ties, meeting friends and relatives or any other legitimate purpose.

"When you can allow Pakistani nationals to enter the country by giving them valid visas after vetting their credentials, there is no logic behind not allowing them to use their international SIMs," the official said.

Pakistan also does not allow Indian SIMs to be used in the country, but it could change once India gives permission.

"We are not going to lose anything even if we allow it unilaterally. We are sure Pakistan is going to respond positively once we take the initiative," the official said.

Oil Ministry asks gas producers to continue with current prices

New pricing norms put off till September

OUR BUREAU

New Delhi, July 7

The Ministry for Petroleum & Natural Gas has informed companies such as Reliance Industries Ltd, ONGC, and Oil India, that till September 30, the domestically produced gas would continue to be priced at rates prevailing as on March 31, 2014, a senior Government official said.

Meanwhile, Minister of State (Independent Charge) for Petroleum & Natural Gas Ministry Dharmendra Pradhan informed the Lok Sabha in a written reply on Monday that the Government had decided to put off the implementation of the Domestic Natural Gas Pricing Guidelines 2014, till September 30. Till such time the local gas price will continue to remain at the rates prevailing as on March 31, 2014.

Demand vs supply

To another question on demand and supply of natural gas, the Minister said, according to the report of the working group on Petroleum & Natural Gas Sector (12th Plan), there was a total demand of



Union Petroleum Minister Dharmendra Pradhan

about 371 million standard cubic metre a day (mmscmd) during 2013-14, out of which the requirement of power and fertiliser sector was 153 mmscmd and 110 mmscmd, respectively.

During the same period, supply of natural gas to power and fertiliser sectors was 29.43 mmscmd (27.26 mmscmd from domestic sources and 2.17 mmscmd imported) and 42.95 mmscmd (30.30 mmscmd was domestic gas and

12.65 mmscmd was imported).

Pradhan said the Government had taken several steps to improve the availability of gas, such as intensification of domestic exploration and production activities, development of shale gas framework, research and development of gas hydrate resources and import of liquefied natural gas.

On the cost of production of natural gas vis-à-vis the rate at which it is being sold in these sectors, the Minister said the production cost of ONGC (excluding joint ventures) during 2012-13 was \$3.62 a unit (gas is measured in million British thermal units).

During the same period, under the production sharing contract regime, the average cost of production in major producing fields varied from \$2.19/unit to \$4.80/unit.

The current price, at which gas from various sources including coal bed methane, is being sold to the power and fertiliser sectors are \$4.2/unit to \$6.87/unit.

Impact on Inflation

On the impact of rise in prices of petroleum products on the common man, the Minister said, petrol being largely an item of final

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consumption, has very limited impact on inflation, while the impact of price hike in diesel is higher.

To protect the common man from the impact of fluctuations in international oil prices, the Government continues to subsidise the retail selling price of diesel, PDS kerosene, and domestic LPG.

There has been no increase in the basic price of PDS kerosene and subsidised domestic LPG since June 2011, he said adding that, "However, the State-specific surcharge, distributor commission, siding/shunting charges etc vary from time to time and are passed on to the consumers."

Sensex crosses 26,000 on pre-Budget hopes

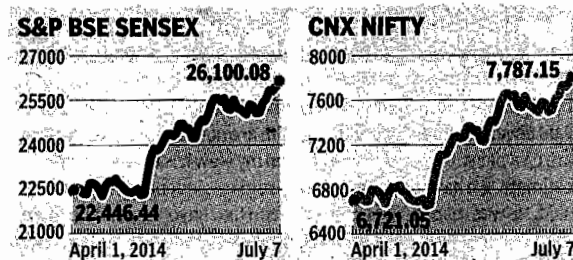
■ India best performing market ■ Rail stocks post double-digit gains

fe Bureau
Mumbai, July 7

INDIAN shares advanced for the fourth session in the last five, tracking global markets and sending the Sensex past the psychological market of 26,000 points. Pre-Budget euphoria sparked by finance minister Arun Jaitley's hawkish statement, which raised hopes of a growth-oriented Budget, further strengthened investor sentiment.

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On top of the world

Index	Current Value	P/E	YTD \$ returns	YTD FII flow (\$ bn)
BSE SENSEX	26100.08	18.5	27.3	10.69
Jakarta Comp	4989.03	22.0	21.3	3.83
Ibovespa	54055.9	16.7	11.9	4.73
Taiwan TaieX	9520.20	18.2	10.3	10.61
Jalsh	51954.53	19.7	9.1	1.56
KOSPI	2005.12	NA	3.8	3.68
Hang Seng	23540.92	11.0	1.1	NA
Micex	1507.98	6.8	-4.6	NA
Shanghai Comp	2059.93	10.0	-5.0	NA

Source: Bloomberg

sia's Jakarta Composite (17.30%) is the only Asian market to have recorded a performance anywhere close to that of India. Last week, the benchmark in-

dices marked the highest first-half-yearly gain of 20% since 2009, and further strengthened market performance vis-a-vis global peers.

Foreign institutional in-

vestors (FIIs) continued to buy into stocks on Monday — overseas funds have pumped about \$10.5 billion into Indian equities so far in 2014.

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US equities surged to a record high last week after economic data showed an improvement in the job market, once again raising demand for Indian software companies. Analysts said foreign investors are bullish on India and if the Union Budget hints at better growth as well as controlled inflation, more money could pour into Indian markets.

Japanese diversified financial services firm Nomura expects a "good Budget" from the new government.

Govt starts consultation process to sell 10 mt of wheat in open market

Sandip Das

New Delhi, July 7: In a bid to check price rise, the food ministry has started consultations with the finance ministry to sell around 10 million tonne (mt) of wheat from Food Corporation of India's (FCI) stocks in the open market.

Sources told *FE* the wheat would be sold under the Open Market Sale Scheme (OMSS) to bulk buyers and traders from September.

At the start of the month, FCI had wheat stocks close to 40 mt against the strategic reserve and buffer stock norms of 19.1 mt. "At present, wheat prices are stable and traders have enough stocks from this year's crop," a senior official said.

According to Agricultural Marketing Information Network (Agmark) data, wholesale wheat prices were quoted on Monday at ₹1,402 per quintal at the Khanna market (Punjab) and ₹2,100 per quintal in the Visakhapatnam market.

However, after consultation with the finance ministry, the food ministry will move a cabinet note to seek approval for selling excess wheat stock in the open market.

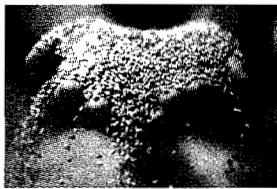
The OMSS would be in operation from September 2014 to March 2015. FCI com-

FOODMIN PLAN

■ The OMSS would be in operation from September 2014 to March 2015

■ Wheat prices under OMSS would be kept at ₹1,500 per quintal along with freight to the consuming locations from Punjab, sources say

■ The govt has been selling wheat through OMSS in the last few years in a bid to reduce FCI's excess stocks



mences the wheat procurement drive for the season from April 1.

Experts said FCI must sell at least 10 mt of rice and wheat in the open market to keep prices in check, particularly when there are reports about a deficient monsoon likely impacting foodgrain production.

Sources said wheat prices under OMSS would be kept at ₹1,500 per quintal along with freight to the consuming locations from Punjab, the key producer of the grain.

The government has been selling wheat through

OMSS in the last few years in a bid to reduce FCI's excess grain stocks.

In the last fiscal, FCI had sold 5.8 mt of wheat to bulk buyers such as flour millers under OMSS. The corporation had realised an average price of more than ₹1,604 per quintal for the wheat sold to private traders.

Earlier, the government had targeted selling 8.5 mt of excess wheat stocks to bulk buyers by the end of March 2014.

In 2013-14, about 20 key consuming states such as Uttar Pradesh, Madhya Pradesh, Kerala, Tamil Nadu, Karnataka, Odisha, Bihar, West Bengal and Maharashtra were allocated 2 lakh tonne of wheat for sale to bulk buyers. Himachal Pradesh and the north-eastern states have been allotted 50,000 tonne of wheat each under OMSS.

Meanwhile, the government's foodgrains stock at the start of the month has fallen to 66 mt from 70 mt reported in the previous month. The government has rice stock of 21.2 mt, and around 6.4 mt of rice is still with the millers. The FCI has wheat stock of around 40 mt.

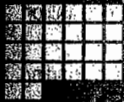
The total grain stocks is more than double under the strategic reserve and buffer stock norms.

FIGHTING BIGGEST NATIONAL SECURITY CHALLENGE

Home Ministry Wants Action in Naxal Zone

Worried not a single cadre neutralised since Modi govt came to power

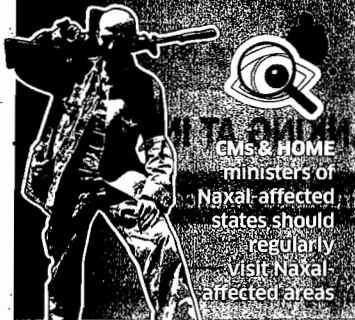
Rajnath's 29-point Action Plan



26 districts report 80% of Naxal violence, post best district collectors and police chiefs there

Target top leaders of CPI (Maoist) through dedicated teams comprising police and IB men

CRPF TO take lead role in immediately improving coordination between central and state forces, increase joint operations on inter-state borders



GMs & HOME ministers of Naxal-affected states should regularly visit Naxal-affected areas

AMAN SHARMA
NEW DELHI

The Union home ministry has asked state governments to “target” top leaders of CPI (Maoist), seeking to step up its intended offensive against Left-wing extremism amid concern that not a single extremist has been neutralised since Narendra Modi-led NDA came to power in May.

“The state police has been told to target the top leaders of CPI (Maoist) by constituting dedicated teams comprising personnel drawn from state police, Central Armed Police Forces and central as well as state intelligence agencies,” a senior officer of Central Reserve Police Force told ET on condition of anonymity.

These teams will work only on apprehending the top leadership of CPI (Maoist), the officer said, adding that the state governments had also been told to substantially increase the reward on the heads of the leaders. ET has also learnt that on June 27 Home Minister Rajnath Singh, at a high-level review meeting with heads of police forces of the states and CAPFs, made a pitch for “political commitment” from the state governments for “eliminating Naxalism” from the country, describing it as the “biggest national security challenge”.

At least two senior CAPF officials aware of the deliberations at the meeting told ET that the home ministry expressed concern on the “overwhelmingly skewed casualty ratio”

in favour of the Maoists vis-à-vis security forces and questioned why no Naxal cadre had been neutralised since the new government took charge on May 26 despite 100 battalions (1.2 lakh men) of CAPFs being involved in anti-Maoist operations.

Till May 26, Maoists killed 57 security personnel and 101 civilians while suffering only 33 casualties in return, the ministry pointed out at the meeting.

The ministry has laid out a 29-point action plan against Naxals, an official said. The action plan includes making “full use of media — social, electronic and print — to demystify” the local populace from the adverse propaganda undertaken by CPI (Maoist) and “create a public perception” in favour of the government, another senior CAPF official said.

“The home ministry has asked for a legal crackdown against NGOs which act as front organisations of Maoists and floated a concept of ‘smart counter-insurgent’ by introspection and improvement in the tactical skills of security forces,” the officer said.

Home Secretary Anil Goswami said Naxals had rejected the call of the government to abjure violence and come for talks, even as they retained their “core strength” in Chhattisgarh, Jharkhand, Bihar and Odisha and were capable of resorting to “spectacular strikes”, as per the CAPF official.

MHA has asked for legal crackdown against NGOs that act as front organisations of Maoists

Budget may Provide Balm for Businesses Hurt by 'Tax Terror'

BUDGET

LOOKING AHEAD

DEEPSHIKHA SIKARWAR
NEW DELHI

The Narendra Modi government's first budget is expected to lend a healing touch to businesses bruised by 'tax terrorism' unleashed by authorities in a bid to bolster revenue during the economic downturn.

Provisions in direct and indirect tax laws that place unbridled powers in the hands of tax authorities could see some checks coming in. Under examination are provisions in the service tax law that led to arrests across the country, some restrictions on powers of Customs authorities and postponing implementation of the General Anti-Avoidance Rules.

"All steps required to improve business climate are on the table... There have been concerns about certain deterrent provisions," a government official said, adding that they were looking into it.

Last week, finance minister Arun Jaitley said phrases such as 'tax terrorism' and 'policy paralysis' had become part of the vocabulary to describe the business envi-

Arresting Tax Terrorism

Industry says many of the recent changes in law are extremely harsh

ARREST PROVISIONS IN SERVICE TAX LAW
SXTOs face risk of prosecution if they fail to raise invoice after delivery of service

They can be arrested if they fail to deposit service tax collected

NON-BAILABLE CUSTOMS OFFENCES
Customs duty evasion of over ₹50 lakh and non-declaration of imports of over ₹1 crore made cognizable offence

Cognizable offence allows arrest without a warrant

BUDGET COULD SOFTEN THE LAW A BIT

Industry hopeful of some dilution in these harsh provisions

Budget could also defer implementation of General Anti-Avoidance Rules

ronment, indicating his government could do something to change that perception.

The previous UPA government had offered an amnesty scheme for service providers even as it handed out more powers to officials to recover taxes.

Chief executive officers of service providers could face prosecution if their company fails to raise an invoice on a consumer after delivery of service.

Much harsher, they risk arrest if they do not deposit service tax after raising the invoice, even if the customer hasn't paid up.

"The powers to arrest in service

tax are stringent, have a wide reach and are prone to misuse. These need to be tempered down and limited to outright frauds," said Bipin Sapra, partner, EY.

The toughened enforcement regime to deal with evasion cuts across all indirect taxes. It made Customs offences of over ₹50 lakh non-bailable.

The Supreme Court had in a decision in 2011 held that non-cognizable Customs and central excise duty offences are bailable.

A cognizable offence implies that an officer can arrest an offender sans a warrant. In the case of a non-cognizable offence, an arrest cannot

be made without a warrant.

Fraudulently availing exemption of Customs duty or a drawback benefit of over ₹50 lakh or not declaring imported goods over ₹1 crore has now become cognizable.

Where service tax is collected but not deposited with the central government within six months, the offence is recognised as cognizable.

The provision can be invoked against even perceived incorrect utilisation of credit, depending on how the eligibility clauses are interpreted.

Industry bodies have demanded that extreme powers should be given only to deal with extreme cases.

"While the safeguard of provisions relating to prosecution as well as arrest of offenders may be necessary, the circumstances warranting the same should be clearly specified under the statute. In the absence thereof, industry apprehends misuse and abuse of these provisions," Ficci said in its pre-budget representation to the finance minister. "These provisions need to be amended to ensure that prosecution is resorted to as an extreme measure in case of grave offences committed to defraud the revenue authorities," said Pratik Jain, partner, KPMG India. However, a Customs official justified these powers, saying evasion had gone up substantially over the past few years.

Greenfield airports within 150 km of existing ones soon

These may either replace existing airports or run simultaneously

SHARMISTHA MUKHERJEE
New Delhi, 7 July

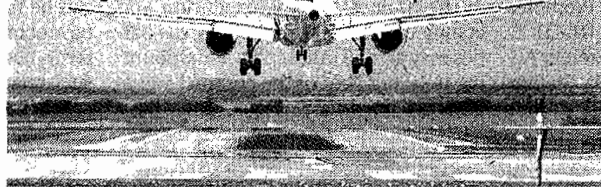
Operators developing greenfield airports (built from scratch on undeveloped land) are likely to face increased competition, with the Ministry of Civil Aviation considering tweaking the norms to allow such airports to be developed within 150-km radii of existing ones.

According to norms in the 'policy on airport infrastructure of India', the government will approve the establishment of greenfield airports in places where an existing one is unable to meet the projected requirements of traffic or in case a "new focal point of traffic emerges with sufficient viability". This could either be as a replacement for an existing airport, or for simultaneous operations.

The current policy states, "No greenfield airport will normally be allowed within an aerial distance of 150 km of an existing airport. Where it is allowed as a second airport in the same city or close

NEW HORIZONS

- New greenfield airports will be allowed when an existing airport is unable to meet projected traffic requirements
- These could also be approved in case a "new focal point of traffic emerges with sufficient viability"
- A steering committee will decide on granting in-principle approval to greenfield airport project
- Shareholders in existing airports will be granted the first right of refusal for developing a new airport



vicinity, the parameters for distribution of traffic between the two airports will be clearly spelt out."

A senior ministry official said, "In the case of existing airports that are operated by private players, we will honour the concession agreement. If there is a need to develop a second airport within a 150-km radius, we

will take the stakeholders into confidence and look at ways to resolve the issue; for instance, by granting them the first right of refusal for developing the new airport. But in all other cases, the steering committee will take the final decision regarding granting an in-principle approval to greenfield airport projects, even if they are with-

in 150-km radii of each other."

While all concession agreements with private operators at brownfield airports (rebuilt or expanded on an existing facilities) such as those in Delhi, Bangalore and Hyderabad will be "honoured", a steering committee headed by the civil aviation secretary will evaluate the various effects of such new airports on existing ones (if it is within a 150-km radius), including the impact on traffic, before giving an in-principle approval.

Ramesh Vaidyanathan, managing partner, Advaya Legal, said, "The effect of doing away with this requirement is it will increase competitiveness, as well as connectivity. Further, this might be a disincentive to investment in this sector, as the private operator will no longer have exclusivity."

The policy on airport infrastructure also states the government might, while permitting a greenfield airport, decide whether is in the public or private sector, or be taken up as a joint venture.

Announcements on bullet trains, FDI projects expected

ANUSHA SOMI
New Delhi, 7 July

The first rail budget of the new government is likely to have announcements related to high-speed trains, including potential sources of funding for the much-speculated 'bullet train' project.

The budget is likely to have clear schedules and steps for increasing the speed of passenger trains, one of the promises made by both railways minister Sadananda Gowda and Prime Minister Narendra Modi.

There is also a proposal to integrate the already identified six prospective high speed corridors with the ambitious 'dia-

mond quadrilateral' project which aims to connect the four leading metropolitan cities through high speed trains, say officials. The railways have identified six corridors for pre-feasibility tests.

The budget is also expected to focus on new avenues of funding such as foreign sovereign funds and agencies such as Japan International Cooperation Agency (JICA) and the World Bank. Mumbai-Ahmedabad is likely to be the first high speed rail corridor, currently the subject of feasibility studies by JICA.

The railways recently successfully completed an experiment on the Delhi-Agra route for semi-high speed (up to 160 km/hr).



Railway Minister D V Sadananda Gowda (right, sitting) along with Railway Board Members giving final touches to the Railway Budget 2014-15 in New Delhi on Monday
PHOTO: DALIP KUMAR

Budgetary allocation for semi-high speed trials on Delhi-Kanpur and Delhi-Chandigarh would be required, as these routes require greater technical preparations compared to Delhi-Agra. According to senior officials

working on the project, once the land acquisition is completed, the construction will take five to seven years. It might take up to 10 years for the first high speed corridor to be operational.

The railways could also make its public-private partnership rules more investor-friendly. And, announce projects that could use foreign funds, anticipating the cabinet nod for foreign direct investment. Station modernisation will be one of the key projects; private entities have shown interest.

More reliance on modern technology for auditing and bidding will be an area of focus. Passenger ticketing with automatic check-ins at stations is a possible announcement. Innovations in freight procure-

HIGH-SPEED ROUTES IDENTIFIED

- Delhi-Agra-Lucknow-Varanasi-Patna (991 km)
- Delhi-Chandigarh-Amritsar (450 km)
- Pune-Mumbai-Ahmedabad (650 km)
- Hyderabad-Dornakal-Vijayawada-Chennai (644 km)
- Chennai-Bangalore-Coimbatore-Ernakulam (649 km)
- Howrah-Haldia (135 km)

ment of high capacity wagons and increasing of efficiency are the other major anticipated announcements.

Gas allocation to be rejigged, city distribution to get priority

At present, urea-manufacturing fertiliser plants have the first right over gas produced domestically, followed by LPG plants and power stations

PRESS TRUST OF INDIA
New Delhi, 7 July

In a major revamp of natural gas allocation policy, the government will give city gas projects selling CNG to automobiles and piped cooking gas to households top-most priority for receipt of domestically-produced gas.

Presently, urea-manufacturing fertiliser plants have the first right over the domestically-produced gas, followed by liquefied petroleum gas (LPG) plants and power stations. City gas distribution (CGD) projects are ranked fourth.

This priority listing is now being changed to give CGD firms like Indraprastha Gas Ltd (IGL), which sells CNG to automobiles and piped gas to households in national capital, top priority, official sources said.

CGD firms like IGL currently get 8.32 million standard cubic meters per day (mscmd) of gas out of total domestic supplies of about 77 mscmd.

As city gas projects get rolled out in newer cities, the requirement of the sector will grow and so the government is now giving it top priority.

Sources said compressed



CGD firms like IGL currently get 8.32 mscmd gas out of the total domestic supplies of about 77 mscmd

natural gas (CNG) and piped natural gas (PNG) are clean fuels and will help replace subsidised diesel in automobiles and LPG in households respectively.

According to the new allocation policy being finalised, additional requirement for CGD will be first met by imposing proportionate cuts in the domestic gas presently being supplied to sectors other than priority sectors as decided by the Petroleum Ministry.

Plants providing inputs to strategic sectors of atomic energy and space research will get the second priority, followed by plants that can extract higher fractions from natural gas.

Gas-based urea plants will rank fourth in the priority list

and power stations fifth.

Since domestic gas production is now stagnant, it is being proposed to freeze allocation to all sectors except CND and LPG sector, at supply levels of 2013-14. In 2013-14, fertilizer plants received 29.79 mscmd of gas. Power plants got 25.59 mscmd while LPG extraction plants received 1.83 mscmd. Petrochemical plants received 3.32 mscmd while refineries got 1.89 mscmd and steel plants 1.32 mscmd.

Sources said incremental production from New Exploration and Licensing

Policy (NELP) blocks like KG-D6 and Gujarat State Petroleum Corp's Deendayal gas will be allocated as per the decision taken in the meeting of an Empowered Group of Ministers on August 23, 2013.

The EGOM had decided that incremental gas would go to power plants.

Since the BJP government has wound-up the EGOM on gas pricing and allocation, the new priority list is being vetted by a committee of Secretaries and a final order is likely to be issued shortly, the sources added.

Rangarajan used nutrition, spending and consumption behaviour

Chhattisgarh has highest percentage of poor; Assam, Jharkhand, Odisha follow closely

INDIVIAL DHASMANA & SANJEEB MUKHERJEE
New Delhi, 7 July

The latest official estimate of India's poor, from a committee chaired by C Rangarajan, head of the former Prime Minister's Economic Advisory Council, is based on certain normative standards of food and non-food consumption, as well as behavioural aspects of classes concerned for consumption of some other items.

It not only takes normative levels for adequate nourishment, clothing, house rent, conveyance and education, but also considers behaviourally determined levels of other non-food expenses.

The committee has estimated that almost 30 per cent of us were poor in 2011-12. It uses separate data sets for rural and urban parts.

The panel computed the average requirements of calories, proteins and fats on the norms set by the Indian Council for Medical Research in 2010. These are differentiated by age, gender and activity for all-India rural and urban regions. The report was recently given to the government.

Accordingly, the energy requirement as calculated by Rangarajan is 2,155 kcal per person per day in rural areas and 2,090 kcal per person per day in urban areas. This is significantly lower than the 2,400 kcal in rural areas and slightly less than 2,100 kcal in urban areas used by the earlier Lakdawala panel. The reason given is that the age profile and working conditions have changed with time.

The protein and fat requirements have been estimated on the same lines. These are 48g and 28g per capita per day, respectively, in rural India and 50g and 26g per

THE HAVE-NOTS (2011-12)

States with maximum % of people below Rangarajan poverty line...

Chhattisgarh	47.7
Manipur	46.7
Odisha	45.9
Madhya Pradesh	44.3
Jharkhand	42.4
Assam	40.9

... And least % of population

Andaman & Nicobar	6.0
Lakshadweep	6.5
Puducherry	7.7
Punjab	11.3
Kerala	11.3
Andhra Pradesh	13.7

The population of states as on March 1, 2010, as used for calculation of percentage of poor
Source: Rangarajan Formula On Poverty



capita per day in urban areas.

A food basket which simultaneously meets all the normative requirements of the three nutrients defines the food component of the poverty line basket proposed by the panel. These nutrient norms are met for persons located in the sixth fractile (25-30 per cent) in rural areas and for those in the fourth fractile (15-20 per cent) in urban areas, given in the National Sample Survey Office (NSSO) report on consumption expenditure for 2011-12.

Levels

The average monthly per capita consumption expenditure on food in these fractile classes is ₹554 in rural areas and ₹656 in urban areas, according to the NSSO report.

The non-food component of the poverty line basket has both a nor-

mative component and one given by the observed consumption pattern of households in the fractile group in which the food component is located.

The normative component relates to private consumption expenditure on education, clothing, shelter (rent) and mobility (conveyance). Since it is difficult to set minimum norms for these essential non-food items, the panel recommended that observed expenditures on these items by households located in the median fractile (45-50 percentile) be treated as the normative minimum private consumption expenditure on these items.

This works out to be ₹141 per capita per month in rural areas and ₹407 in urban areas, according to the NSSO report referred to.

For all other non-food goods and services, the observed expenditure of that fractile class which meets the nutrient norms (the 25-30 percentile in rural India and 15-20 percentile in urban India) is taken to define the poverty line in respect of these items. This works out to ₹277 per capita per month in rural areas and ₹344 in urban areas, on the basis of the NSSO survey of 2011-12.

The new poverty line, thus, translates to a monthly per capita consumption expenditure of ₹972 in rural areas and ₹1,407 in urban areas in 2011-12. Or, ₹32 in rural areas and ₹47 in urban areas on a per capita daily basis. However, Rangarajan says the best way is to take it on a monthly household consumption basis. Taking a household as five members, this would mean ₹4,860 in rural India and ₹7,035 in urban parts.

States

Similarly, the panel calculated states' poverty lines. Based on these, Chhattisgarh had the highest incidence of poverty, with almost 47.9 per cent of the population below the poverty line in 2011-12. Andaman and Nicobar had the least incidence, with only six per cent poor.

The states having the highest incidence of poverty, according to the Rangarajan formula, are Assam, Jharkhand, Manipur and Odisha, apart from Chhattisgarh. Those with the least number of poor as percentage of their population are Andhra Pradesh, Goa, Kerala, Punjab, Puducherry, and Lakshadweep. The percentage of people under the Rangarajan poverty line has been based on the national population of March 1, 2010.

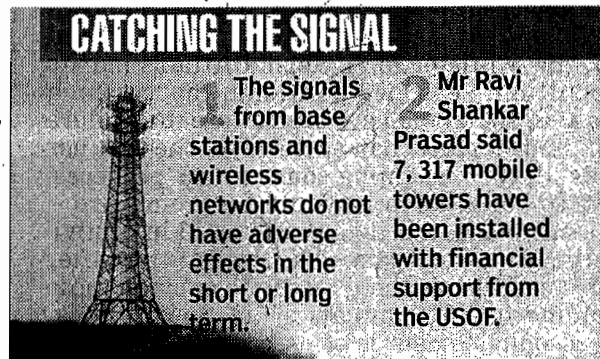
No adverse effects caused by mobile towers: Govt

STATESMAN NEWS SERVICE
New Delhi, 7 July

The signals from base stations (mobile phone towers) and wireless networks do not have adverse effects in the short or long term as there have been very low exposure levels, the Lok Sabha was told today.

In a written answer, Minister of Communications and Information Technology, Ravi Shankar Prasad quoted a World Health Organisation (WHO) fact sheet which said, "Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak radio frequency (RF) signals from base stations and wireless networks cause adverse health effects."

The report found that "from all evidence accumulated so far, no adverse short or long term health



effects have been shown to occur from the RF signals produced by base stations", Mr Prasad said.

In reply to another question, he said various schemes are being implemented with financial support from Universal Service Obligation Fund (USOF) for expansion of telecom in rural and remote areas of the country.

He said 7,317 mobile towers have been installed with the financial support of USOF under the shared

mobile infrastructure scheme in villages or clusters of villages having population of 2000 or more and not having mobile coverage. The infrastructure so created is capable of being shared by three service providers for provision of mobile services, Mr Prasad said.

He said 16,254 BTS (base tower transceiver stations) have been commissioned by service providers at these towers for provisioning of mobile services.