

योजना आयोग
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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

- **Chosen ones: BJP's Guv list ready:** The UPA Government has zeroed in on the names of senior BJP leaders who will be appointed Governors to States where the occupants of the Raj Bhavans have resigned following a nudge from the Modi Government at the Centre. Former Petroleum Minister and veteran BJP leader from Maharashtra Ram Naik could be appointed as the new Governor of Uttar Pradesh (UP) and party veteran from Kerala, Rajagopal could go to Karnataka. Naik will go in place of BL Joshi who resigned on June 17 after the NDA Government urged seven Governors to put in their papers. A veteran parliamentarian and man of repute, Naik will have his hands full since a section of the BJP has been demanding imposition of President's Rule in the State in view of the deteriorating law and order situation. Former Speaker of UP Assembly Keshri Nath Tripathi's name has also been shortlisted for being appointed as Governor. He could go to Assam if the Centre succeeds in persuading incumbent JB Patnaik to put in his papers. Another senior BJP leader from UP, Lalji Tandon who gave up his Lucknow Lok Sabha seat for Rajnath Singh, may be appointed as Governor of Uttarakhand. Sources said senior BJP leader O Rajagopal, who came a close second to Congress's Shashi Tharoor from Thiruvananthapuram may go as new Governor of Karnataka in place of Hansraj Bhardwaj. (The Pioneer).

Economy

- **High inflation remains a threat for economy: RBI:** High inflation and the consequent low real rate of return on financial assets may force savers to take excessive risks in their search for better returns, cautioned the Reserve Bank of India. In its 9th Financial Stability Report, the RBI said low domestic growth and high inflation continue to have an adverse effect on the savings-investment dynamics. While households' financial savings (which includes bank deposits) as a percentage of the GDP have been falling, expenditure on valuables (which includes gold) has risen over the last few years though it declined in 2013-14. Households' financial savings as a percentage of the GDP declined from about 12 per cent in 2007-08 to about 7 per cent in 2013-14. Expenditure on valuables has risen from about 7 per cent to about 10 per cent. "This trend reflects financial disintermediation, with households switching away from financial savings to valuables, mainly gold," the report said. Further, gross capital formation (GCF) declined for the second consecutive year, in 2012-13. GCF consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. This decline in GCF (from about 36.2 per cent of GDP in 2011-12 to about 34.8 per cent in 2012-13) was led by the private corporate sector, thereby adversely impacting the growth prospects of the economy. The growth-inflation setting in India was adverse for seven of the last eight quarters with below 5 per cent GDP growth and high CPI inflation. (Business Line).

Planning

- **Govt plans low-cost funding for shipping firms:** The Union Government is planning a mechanism to make low-cost funds available to domestic shipping companies to buy ships. The idea is to raise foreign currency loans against long-term shipping contracts between Indian shipping lines and leading public sector companies, a Shipping Ministry official said. This would enable shipping lines to get dollar funds at 3-4 per cent as against rupee loans, which cost more than 10 per cent. The three-five-year contracts can be finalised on a competitive bidding basis, with adequate flexibility to ensure that both the shippers and the shipping lines are not affected by freight market fluctuations, the official said. Several public sector undertakings, including oil companies, are large exporters and importers. These companies often charter foreign ships as Indian shipping lines do not have the type of ships they require. The Shipping Ministry is now trying to find a solution to this problem by enabling shipping lines to sign long-term contracts, so that they can acquire the type of vessels required by the Indian shippers. The Ministry may appoint IDFC, a leading lender to the infrastructure sector, as the nodal agency for raising funds overseas. Nitin Gadkari, Minister for Roads, Highways and Shipping, said in Mumbai that the Shipping Ministry would discuss the proposal with IDFC. The Minister said the share of domestic shipping lines in the national cargo is currently less than 10 per cent. This only shows how the shipping sector was neglected over the past 10 years. The situation has to change and the country's shipping tonnage needs to be expanded, he said. He was speaking at the silver jubilee function of the Jawaharlal Nehru Port. (Business Line).

Editorial

- **Move forward on gas:** A new price for domestically produced natural gas was supposed to be notified by July 1. However, the Cabinet Committee on Economic Affairs (CCEA) on Wednesday chose to defer a decision on the gas price for three months. Petroleum and Natural Gas Minister Dharmendra Pradhan said that this was in order to hold comprehensive discussions and consult stakeholders. What is worrisome about the delay is that this decision has already been pending for months. The three-month extension the CCEA has decided upon must be the last such exercise. Overall, this has become such a controversial issue that it is necessary that an equitable and just way forward is found, one that neither penalises the taxpayer nor disincentivises future exploration for natural gas. In particular, the chosen formula for gas prices must be revisited. The suggestions of the Rangarajan panel simply make no economic sense. One point stands out: that a crucial bit of data that went into calculating a well-head natural gas price in India under the Rangarajan formula was the spot price of liquefied natural gas (LNG) in Japan, less the cost of liquefaction and transport. It is noteworthy that the gas price in energy-hungry Japan is among the highest in the world, and that it is a product of complicated oil-indexed contracts that are on their way out. Clearly, any acceptable formula should exclude or replace the Japan LNG price. (Business Standard)

CAUSE AND EFFECT

Four reasons why govt deferred gas price increase

SURAJEET DAS GUPTA
New Delhi, 26 June

What prevented the government on Wednesday from allowing an increase in the price of domestic natural gas?

On paper, the Narendra Modi government could have allowed the gas price increase, from \$4.2 a million British thermal unit (mBtu) to around \$8.4 an mBtu, and justified it as yet another act of implementing a decision taken by its predecessor, the United Progressive Alliance (UPA) government. After all, it was the UPA government that had decided to almost double the gas price — it could not implement the decision because the model code of conduct for the general elections was enforced on it by the Election Commission.

When the Modi government had last week announced a sharp increase in railway passenger fares and freight rates, it had said the decision was taken by the UPA government and only implemented by the new one. So, why didn't the Modi government use the opportunity again?

A close examination of the government's decision-making process shows there were four specific reasons that influenced the Union Cabinet's Wednesday move to defer a decision on gas prices by three months, to September 30.

First, the government was concerned over the inflationary impact of a hike in gas prices.

ON HOLD GOVT'S REASONS

1 INFLATION
A hike in natural gas price would have pushed the prices of key inputs like fertiliser, PNG, CNG and electricity generated from gas-based plants, leading to a surge in prices of essential items

2 SUBSIDY
If the govt decided to cushion consumers from price hike, it would have had to offer more subsidy in some sectors; that would have added to the pressure on the govt's finances

3 REVIEW
Since this govt took charge only a month ago and the groundwork for a gas price hike was done before that, it was felt the new establishment should comprehensively re-examine the whole issue

4 GUIDELINES
Para 1.8 of the guidelines require domestic gas price to be notified in advance on a quarterly basis

STOCKS UNDER PRESSURE

BSE OIL & GAS
THURSDAY CLOSE: 10,982.12
CHG*: -443.6 (-3.9%)

Stock	Chg*(%)
ONGC	-5.89
Petronet LNG	-4.68
HPCL	-4.34
IOC	-3.99
Reliance Ind	-3.70

*On Thursday from previous close
Source Bloomberg;
Compiled by BS Research Bureau

Labour ministry okays new scheme for inspection

SOMESH JHA
New Delhi, 26 June

The Union labour ministry has approved a more liberal inspection scheme aimed at simplifying business regulations and bringing "transparency and accountability" in the system.

For this purpose, a Central Analysis and Intelligence Unit (CAIU) will be set up to analyse and collect field data "for a transparent and accountable labour inspection system".

The scheme will be brought into effect from October 1 for the Employees Provident Fund Organisation (EPFO) and Employees State Insurance Corporation (ESIC), inspections under the ambit of the Chief Labour Commissioner (CLC) and the Directorate General of Mines Safety (DGMS).

Under the new scheme, inspection of factories will be carried out under 11 Acts, including the Minimum Wages Act, Contract Labour Act and Child Labour Act. There are different inspection guidelines for EPFO, ESIC, CLC and DGMS.

For instance, inspection under the ambit of CLC would be mandatory in areas where a fatal or serious accident has occurred, strikes or lockouts have taken place in the past two years, and in closed establishments where workers' dues are awaiting settlement.

Optional inspections on the direction of CLC would take place in the case of hazardous manufacture or in establishments where contract workers either constitute half of the workforce or more than 250 employees. The optional inspection would be automatically generated through a system, according to the priorities of the organisation, the ministry said.

Every organisation will also prioritise the areas requiring mandatory inspection, and the cases forwarded by the CAIU will be on data and evidence basis.

"Each organisation would indicate the criteria which it considers most important from its point of view where the inspections would be mandatory. The optional inspection also would be generated through computer, using pre-decided number tables, taking into account the priorities of the organisation for bringing in transparency and accountability in labour inspections," a ministry note said.

The employers will feed periodical returns in the system and the inspectors will file detailed inspection report. Certain guidelines for inspectors have also been issued, such as maintaining registers, carrying out inspections in normal working hours, uploading the report within three days of inspection, etc.

Inspection of factories will be carried out under 11 Acts, including the Minimum Wages Act, Contract Labour Act and Child Labour Act

Panel proposes new avenues for overseas firms to raise money in India

BS REPORTER
New Delhi, 26 June

A finance ministry-appointed panel has proposed a new class of instruments, Bharat Depository Receipts (BhDRs), which would subsume the Indian Depository Receipts (IDRs), which are depos-

itory receipts issued by Indian depository against underlying foreign equity, could not elicit much investors in its decade-long existence.

While IDRs are issued only for equity purposes by foreign firms to raise rupee-denominated funds, BhDRs will include a bouquet of securities — debt,

unsponsored issues and non-capital raising funds. As such IDRs will be a subset of BhDRs.

However, like IDRs, BhDRs should also be allowed to be issued against underlying instruments of listed companies abroad, said the panel, headed by M S Sahoo, a former whole-time director with the

Securities and Exchange Board of India (Sebi).

The report, put on the public domain by the finance ministry on Thursday, recommended that there should be different level of BhDRs. To start with, there could be two levels. The BhDRs, which are unsponsored (in which depos-

itories organise the issuance of DRs without any involvement of the issuer) could be called level-1 and be available to sophisticated investors. The level-2, which would have ₹10 lakh lot. Level-2 framework should be given the same treatment as is offered to Indian issuers of securities available to all investors.

The issuers accessing

DoPT Suggests Corporate-style Awards for 'Industrious' Government Staffers

Government asks all departments to start 'Employee of the Month' awards

**OUR POLITICAL BUREAU
NEW DELHI**

Within a fortnight of Prime Minister Narendra Modi asking government secretaries to be the leader of their teams and emphasising the need for team spirit, his government has asked all departments to take inspiration from an idea pioneered by fast-food giant McDonald's and employed by corporates to motivate their staff.

"Industrious employees" will now be considered for 'Employee of the Month' awards which have been suggested to be instituted in each government department much like corporates. Corridors of government buildings will also be soon adorned by "Idea Boxes" to receive innovative suggestions from employees.

The Department of Personnel and Training (DoPT) on June 18 wrote to all ministries to consider adopting such initiatives as a "human resource management

tool", saying the DoPT has itself implemented the same. Given that the Prime Minister himself holds charge of the department, the suggestion could well be taken as a virtual direction by all government departments, a senior official told ET on Thursday. "These measures could kick in at all departments in a month's time. DoPT already has a template for it," the official said. The circular issued by the department says the idea is to "boost morale and effective functioning" of employees.

DoPT on June 18 wrote to all ministries to consider adopting such initiatives as a 'human resource mgmt tool'

What it has suggested is a monthly non-monetary incentive, wherein one employee up to the level of undersecretary will be designated as 'Employee of the Month' and given a certificate. The winner's photo-

graph will be displayed on internal staff portals.

This will be in addition to an annual award of "Certificate of Excellence" to employees.

The DoPT has advised that 'Idea Boxes' be installed in all ministries for soliciting "out-of-the-box and innovative solutions" to various issues. It has also encouraged departments to organise offsite events for junior officers.

The circular has asked government departments to appoint mentors for new staff. A mentor should be an officer two levels above the new employee and the process should be for six months.

Non-gazetted employees of every department should be provided a platform at regular intervals to interact directly with the concerned ministers and other senior officers, the circular says. It also suggested all ministries to appoint two grievance redressal officers for each of their divisions to deal with employee issues.

'Certificate of Excellence'

In a non-monetary incentive, one employee up to the level of undersecretary will be designated as 'Employee of the Month' and given a certificate

DoPT circular has also encouraged depts to organise offsite events for junior officers

This will be in addition to an annual 'Certificate of Excellence'



Winner's photograph will be displayed on internal staff portals



Circular has asked departments to appoint mentors for new staff

Govt Allays Food Deficit Fears, Clamps Down on Hoarders

SHOWERING RELIEF IMD has appraised PMO that despite delay, rainfall set to improve in July

OUR BUREAU
NEW DELHI

The government sternly warned traders against hoarding, declared that agricultural markets were well supplied, and said monsoon rainfall would improve significantly next month, as it stepped up its efforts to combat food inflation.

Prime Minister Narendra Modi reviewed the tardy progress of the monsoon, which is about 40% below average this month. A statement from the prime minister's office said Modi also reviewed steps to contain inflation. "It was observed that the measures are having a positive effect, with adequate rice stocks reaching markets. There is now no shortage of onion stocks in Delhi. The Prime Minister said states should set up special courts for speedy trial of hoarders and black-marketeers." Modi had called weather officials, the cabinet secretary and ministers for home, finance, agriculture, food and water resources for the review meeting.

After the meeting, Food, Consumer Affairs and Public Distribution Minister Ram Vilas Paswan lashed out at traders who he said had needlessly created panic in the market. "There is betting happening on inflation. Black-marketers, hoarders and trading cartels are creating unnecessary panic about shortage of food grains and vegetables," said Pas-

Battle Against Inflation

MEASURES taken by government to control rising food prices



MINIMUM Export Price (MEP) on Potato imposed at \$450 per tonne



FRUITS and vegetables delisted from APMC Act



BAILOUT package for the sugar industry to pay cane farmers



EARLIER this month MEP on Onion was imposed at \$300 per month



"There is betting happening on inflation. Black-marketers, hoarders and trading cartels are creating unnecessary panic about shortage of food grains and vegetables."

RAM VILAS PASWAN,
Food Minister

wan. The government also announced a minimum export price of \$450 per tonne on export of potatoes. We are hopeful that there would be enough domestic supply of potato and less production happening due to weak monsoon are just speculations as of now," said Paswan.

The government is concerned about the tardy progress of monsoon rainfall this month, which is crucial for planting of crops. The monsoon has not progressed for the past 12 days but a PMO statement said the situation was likely to improve. "Officials from the India Meteorological Department (IMD) apprised the Prime Minister of the monsoon situation. They said that though the monsoon has been delayed, rainfall

is likely to improve substantially in the months of July and August. The Prime Minister also reviewed the position of water reservoirs and fodder stock. He directed that maximum possible use be made of the existing water resources, and best practices in rainwater harvesting," the statement said.

The agriculture ministry has prepared a contingency plan for more than 500 districts. The Prime Minister also emphasized on ensuring adequate power and seed availability for the agricultural sector, and directed that NREGA be used to generate rural employment, if necessary.

Paswan minister blamed the hoarders for the recent increase in the price of onion, potato and sugar.

"There is no shortage of onion, still the price shot up just because of market rumours. Same happened with sugar. We announced financial relief package for the mills to pay the cane farmers but that was translated into price hike," said Paswan.

Food ministry, announced this week, bailout package for the sugar industry which included ₹4,400 crore interest free loan, hike in import duty, exemption on export worth ₹3,330 per tonne and increase in ethanol blending to 10% from 5%.

"It is for the benefit of the farmers that we de-listed fruits and vegetables from the APMC regime. Inflation is our top priority and our measures are aimed at taming it," said Paswan.

Assuring that there would not be any scarcity of food grains in the country, irrespective of the state of monsoon, Paswan said, "When the government is saying there wouldn't be any shortage, there is no reason to believe the market rumours. We have enough stock of food grains and vegetables."

Against a buffer norm of about 100 lakh tonnes of rice and 170 lakh tonnes of wheat, total central pool stock as on June 1 was 206.45 lakh tonnes of rice and 415.86 lakh tonnes of wheat.

As per the second advance estimate, production of wheat is targeted to touch 95.6 million tonnes this year.

Japan Asks PM to Clear Policy Barriers for Cos

DILASHA SETH
NEW DELHI

Japan, the fourth largest foreign investor in India, has sought Prime Minister Narendra Modi's intervention to clear policy hurdles faced by some of its companies and fast-tracking of a few projects that it is backing in the country.

Japanese ambassador to India Takeshi Yagi recently raised the matter in a letter to the prime minister, mentioning companies including Eisai Pharma, Mitsubishi, Honda and Toyota that faced some issues in India.

The prime minister's office has asked the departments concerned to look into the matter, a government official said on the condition of anonymity, adding, "There are a number of policy related issues that have been raised. Mainly they are to do with tax-related concerns. Views from various departments are being compiled to sort these out to the best ability, which will help improve the bilateral ties and investment."

Japan has also raised these issues separately with the ministries of finance and commerce. For instance, drugmaker Eisai Pharma,

which has invested \$50 million in India for a manufacturing unit in Vizag special economic zone or SEZ, has put its expansion plans on hold due to the minimum alternate tax announced in the 2011 budget.

The original scheme provided for a complete tax holiday to SEZs. The government had in 2011-12 budget imposed minimum alternate tax at 18.5% on the book profits of these developers and units located inside. Such units were also levied a dividend distribution tax of 10%.

Japan also raised the tax issues affecting its automakers Mitsubishi and Honda which are faced with a demand of \$2 billion and \$600 million respectively.

Toyota, on the other hand, has been facing labour unrest that hit production at its plant in Bidadi, about 30 km from Bangalore. The company had to hire 1,000 contract workers to restart production after its employees refused to return to work.

The Japanese ambassador had last month met the department of industrial policy and promotion secretary Amitabh Kant to discuss future course of investment plans in India's industrial corridors to begin with.

Centre seeks views on proposed labour law amendments

State Labour Ministers told to kick-start tripartite consultations

OUR BUREAU

New Delhi, June 26

The Labour Ministry is on the fast lane to usher in labour reforms and has sought comments on the proposed amendments to key Acts within 30 days.

Among the Acts that are sought to be amended are the Factories Act, Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988, Minimum Wages Act, the Child Labour regulation Act and the Apprentices Act, 1961.

"The amendments have been arrived at after tripartite discussions," Labour Secretary Gauri Kumar said on the sidelines of the State Labour Ministers meet here on Thursday.

Earlier, Labour Minister Narender Singh Tomar told State Labour Ministers to kick-start tri-

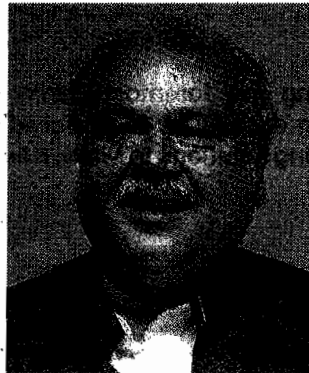
partite consultations at the State level, too. "Better implementation of labour laws and ensuring ease of compliance is one of the priorities of our Government," he said, adding that while doing this, the interests of the workers as well as industry should be kept in mind.

Inspection scheme

To rid the industry of 'inspector raj', the Ministry is in the process of developing a Web portal and a revised inspection scheme in the Central sphere is also being worked out.

Tomar said while the Centre and States complemented each other, the States were more accountable and responsible for improving the lot of the labour force, which is the country's "biggest capital".

He said all States must chalk out programmes to register



Narender Singh Tomar,
Labour Minister

each and every worker so that benefits reach them, adding that lack of data on the exact number of labour force — organised, unorganised, contract — was hindering implementation of welfare policies.

He sought cooperation from States for also implementing the Inter-State Migrant Workers Act.

Tomar said the Government believed in direct interaction

with all stakeholders to usher in labour reforms. "We have had meaningful discussions with trade unions and will be meeting employer organisations on Monday," he added.

EPFO funds

"We have had no discussions yet on investing EPFO funds in the equity market," the Minister said on the sidelines of the meet, when asked to comment on media reports on the Finance Ministry drafting a new investment pattern for parking up to 30 per cent of the ₹5-lakh crore retirement fund corpus in the equity market.

Trade unions, including the BJP-backed Bharatiya Mazdoor Sangh, had said they would oppose the proposal 'tooth and nail'.

The Labour Ministry also urged the States to extend the Employees Provident Fund scheme to contract and construction workers, especially in State public sector units.

States get 3 more months to implement the subsidised foodgrains scheme

Prime Minister Narendra Modi reviews monsoon, inflation situation

OUR BUREAU
New Delhi, June 26

The Government has given three more months to States to implement the National Food Security Programme. Prime Minister Narendra Modi also urged States to set up special courts for speedy trial of hoarders and black-marketers.

All these issues were discussed at a meeting called by Modi to review the progress of the monsoon and steps to contain inflation.

"The deadline for implementation of the National Food Security Act expires on July 4. The Government has decided to extend it by three months," Food Minister Ram Vilas Paswan told reporters after the meeting. The Act assures subsidised grains to about two-thirds of the country and came into effect on July 5, 2013. All States were given a year to implement its provisions.

Paswan said issues related to

implementing the Food Security Act, which is likely to cost the Centre ₹25,000 crore more in subsidies, will be discussed during the Conference of State Food and Consumer Affairs Ministers on July 4.

The conference will also discuss ways to curb food inflation. He said a lot of the inflation problem had been artificially created due to hoarding, owing to fears of deficit in the future. State Ministers would also discuss the ways to check hoarding of grains.

Inflation management

In the meeting, it was observed that recent measures were having a positive effect, with adequate rice stocks reaching markets. There is now no shortage of onion stocks in Delhi. Last week, the Government announced measures, such as asking States to act against hoarders and delisting fruits and vegetables from



Ram Vilas Paswan, Food Minister

the Agriculture Produce Marketing Committee (APMC) Act besides releasing five million tonnes of rice in open market and providing credit line to States for importing edible oil and pulses.

Rainfall deficit

Inflationary expectations are building up due to the tardy progress of the monsoon. There has been a deficit of 37 per cent in cumulative rainfall from June 1 across the country, with the monsoon yet to advance to Cen-

National Food Security Act

- Nearly two-thirds of the families across the country will get subsidised foodgrains under the Food Security Act
- Each family will get 35 kg of foodgrains a month, which include coarse grains such as jowar and bajra at ₹1/kg, wheat at ₹2/kg and rice at ₹3/kg
- 5 States — Haryana, Rajasthan, Punjab, Chhattisgarh and Maharashtra have implemented the scheme
- 20 States are still not prepared to implement the scheme
- Implementation of the scheme will require additional 60-80 lakh tonnes of grains

tral and Western India. However, officials from India Meteorological Department, present in the meeting said though the monsoon had been delayed, rainfall was likely to improve substantially in July and August.

The Prime Minister also reviewed the position of water reservoirs and fodder stock. He directed that maximum possible use be made of existing water resources, and best practices in rainwater harvesting.

Modi stressed on the need for both Centre and States to proac-

tively mount a coordinated effort in implementing the advance action plan for the monsoon, with districts, rather than States, being the unit of planning.

The Prime Minister stressed on ensuring adequate power and seed availability for the agricultural sector, and said MGNREGA (the rural job guarantee scheme) be used to generate employment, if necessary. It may be noted that the Agriculture Ministry is preparing a contingency plan for more than 500 districts.

PM REVIEWS FOOD STOCK SITUATION

STATES ASKED TO IMPLEMENT MONSOON ACTION PLAN

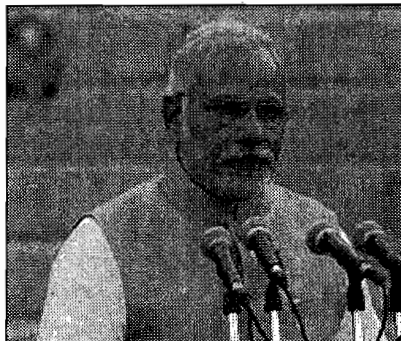
STATESMAN NEWS SERVICE
New Delhi, 26 June

In view of the possibility of a weak monsoon, the Prime Minister, Mr Narendra Modi, today asked states and various departments of the Central government to proactively mount a coordinated effort in implementing the advance action plan for the monsoon.

The Prime Minister also asked states to take strict action against black-marketers and hoarders and set up special courts for speedy trial against such people. He asked his ministers to ensure adequate power and seed availability for the agriculture sector and directed NREGA to use general rural employment if necessary.

Mr Modi today chaired a high-level meeting to review the progress of the monsoon and food stock situation in the country. The meeting was attended by the Union Home Minister, Finance Minister, Agriculture Minister, Food and Consumer Affairs and Water Resources Minister. The Cabinet Secretary, Principal Secretary to the Prime Minister and Additional Principal Secretary to the Prime Minister, were also present.

The Ministry of Agriculture presented a contingency plan for more than 500 districts where the monsoon would



have an adverse affect. "Mr Modi stressed on the need for both Centre and States to proactively mount a coordinated effort in implementing the advance action plan for the monsoon, with districts, rather than states, being the unit of planning," the PMO said.

The Prime Minister emphasised on ensuring adequate power and seed availability for the agriculture sector, and directed that NREGA be used to generate rural employment.

Meteorological Department officials, who were also present at the meeting, apprised Mr Modi of the monsoon situation. They told the PM that though the monsoon has been delayed, rainfall is likely to improve substantially in July and August, said a senior officer of the PMO.

The Prime Minister also reviewed the position of water reservoirs and fodder stock. He directed that maximum possible use be made of the existing water resources, and best practices in rainwater harvesting.

Mr Modi also reviewed the steps being taken to contain inflation. "It was observed that the measures are having a positive effect, with adequate rice stocks reaching markets. There is now no shortage of onion stocks in Delhi," a PMO official said.

Later, talking to the media, the Union Minister for Food and Consumer Affairs, Mr Ram Vilas Paswan, said the government would act against hoarders and black marketers. He said there was enough stock in the country and the rise in prices was due to hoarding and black marketing.

On the government's decision to offload 50 lakh tonnes of rice, the Minister said it would be implemented in the next two weeks. On sugar, he said the decision to hike import duty and give interest-free loans to mills was taken to help the industry clear Rs 13,000 crore of cane arrears and not to favour millers. He said these decisions would not be implemented until the industry gives an undertaking that the funds would be used to make payments to sugarcane farmers.