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"Always have a plan, and believe in it. Nothing happens by accident."

Chuck Knox

Polity

- **BJP's plan for oppn: Divide in LS, rule in RS:** With the Congress tally in the Lok Sabha at an all-time low of 44, the ruling BJP hopes to further divide the Opposition ranks by offering plum posts in an effort to win their support in the Rajya Sabha where it lacks majority. A day ahead of elections for the post of Lok Sabha Speaker, the party's managers said they would try to placate non-NDA parties with positions that are conventionally held by the Opposition. While the Speaker will decide whether there should be an official Leader of Opposition in the Lok Sabha, posts like Deputy Speaker of Lok Sabha, chairman of Public Accounts Committee (PAC), and chairman of the Standing Committee on Finance are also generally left for the Opposition. Sources indicated that the BJP would distribute these posts among the prominent Opposition parties, including the Congress, AIADMK, TMC and BJD. "Obviously these positions will not go to a single party," said a BJP source, admitting that they would, however, be given to Opposition parties. Party sources said this would help the BJP keep the non-Congress parties in good humour, enabling them to seek their occasional cooperation in the Rajya Sabha, where the BJP finds itself lacking in numbers as compared to the Congress-led UPA. In fact, the Congress may have to strike a bargain with the BJP for the position of Leader of Opposition in the Lok Sabha, after the Speaker is elected on Friday. (The Indian Express).

Economy

- **More VGF for metros to encourage PPPs:** To encourage more private sector participation in metro and rapid rail projects, the government intends to make investments more remunerative by providing viability gap funding (VGF) of as much as 30-35%. The NDA government believes a VGF of close to a third of the total project cost would make it more attractive for concessionaires compared with the current quantum of 20%. "A Cabinet note on the enhanced VGF as also easier rules for acquiring land and allowing government-to-government pricing for land is in the works," a senior urban development ministry official told FE. While there are several ongoing public-private partnership (PPP) projects in the metro space, some have seen costs escalate. For instance, the Hyderabad metro being constructed by Larsen & Toubro under PPP/build-operate-transfer model, proposed to be completed in 2017, has seen a project escalation, at current interest rates, of R2,000 crore on an estimated project cost of R16,000 crore. VB Gadgil, CEO and MD, L&T Hyderabad Metro, confirmed to FE that costs have run up on the back of higher interest rates, the depreciation of the rupee and inflation. "We have already indicated to the government that some help might be required in the form of additional VGF," Gadgil said. He pointed out that it would not be possible to revise the fares too much since it was a public utility. (The Financial Express)

Planning

- **PlanCom, PMEAC wings might be clipped:** The Narendra Modi government is looking for an adviser in the Planning Commission, even as the deputy chairman is yet to be appointed, perhaps a sign of the current priorities. 'The Commission's role might be truncated to an advisory body alone. The Prime Minister's Economic Advisory Council (PMEAC) might also see its role severely diminished. The department of personnel & training has advertised a vacancy for an adviser's post in the Commission, a joint secretary rank, on its website. The post is to be filled by August. The deputy chairman has Cabinet minister rank; the other members are in the rank of minister of state (MoS). Rao Inderjit Singh's appointment as MoS (independent charge) for planning comes after quite a while. A minister was earlier appointed to have independent charge of the Commission in 1990, when there was someone of Cabinet rank. A senior official explained, "This means all Parliament questions and files hitherto sent to the Prime Minister in view of him being the chairman of the Commission will be handled by the minister himself, without concerning the PM." The official said he believed the Commission might not be abolished (it was formed by an executive order in 1950) but would remain in the current state of limbo for a few more months, without the deputy chairman and members, to be replaced later with only a few advisers and members. (Business Standard)

Editorial

- **No to unbundling FCI:** Unbundling the Food Corporation of India (FCI) by hiving it into three separate entities for procurement, storage and distribution of foodgrain seems prima facie an unsound proposition. It would lead to a multiplicity of food handling agencies; the proliferation of bureaucracy would cause procedural delays and poor coordination. Administrative expenses, which are already high and bloating the food subsidy bill, would tend to soar further after the FCI's reorganisation. Accountability, too, is likely to be difficult; each organisation will tend to pass the buck to the others if delivery is poor. Besides, there is no warranty that the new outfits would not carry their past baggage of deficiencies along, or that the new system as a whole would be more efficient than the existing one. The idea of revamping and restructuring the FCI was first suggested when the National Democratic Alliance was last in power, but was shelved for want of consensus. It was subsequently revived and repackaged as "unbundling" of the FCI in 2011, in the report of the committee of chief ministers on food inflation headed by Narendra Modi. It found no takers then, too. It went into Mr Modi's election manifesto and now is reportedly part of his programme as prime minister. Certainly, the need to revamp the malfunctioning public distribution system (PDS) and make it more efficient and leak-proof cannot be disregarded. Extension of its coverage to two-thirds of the population, as promised under the food security law, would entail the procurement of huge quantities of foodgrain - at least 62 million tonnes - as well as their safe upkeep and smooth delivery to beneficiaries across the country. (Business Standard).

Relief for 3G players as DoT plans to allow spectrum sharing

Mobile operators like Airtel, Vodafone and Idea Cellular set to gain

THOMAS K THOMAS

New Delhi, June 5

Changing its earlier stand, the Telecom Department plans to allow spectrum sharing, even among 3G players. The Department had earlier said it would exclude 3G airwaves in the proposed spectrum sharing policy.

The U-turn comes after a technical committee pointed out that since spectrum and licences have become technology agnostic, there is no point in banning a particular technology when it comes to sharing spectrum.

No restrictions

Under the new Unified Licence regime, an operator is allowed to deploy any technology in a given spectrum band as long as the

company pays market-based price for the airwaves. Thus, an operator with 900 MHz spectrum, for instance, need not restrict itself to only 2G services and can offer 3G or 4G services on the same spectrum.

Earlier, the DoT had banned sharing of 3G spectrum on the grounds that it would jeopardise future auctions as telecom players could enter into sharing arrangements instead of buying it from the Government. DoT had used a similar logic to ban roaming agreements between 3G players.

However, a recent ruling by the Telecom Disputes Settlement Appellate Tribunal changed it all. The Tribunal lifted the ban on 3G roaming arrangements, stating that it would increase the gross

Policy U-turn



- DoT had earlier taken a view against allowing 3G spectrum sharing
- Main concern was the impact on future auctions
- Change in stance based on new licensing regime that is technology agnostic
- Final policy to be approved by Telecom Commission
- If approved, Airtel, Vodafone and Idea to gain

revenue of the operators and that the Government, having a percentage share in the adjusted gross revenue of the licence holders, would be able to get a larger sum as licence fee.

The TDSAT ruling, coupled with the proposed 3G spectrum sharing law, will enable mobile operators, including Airtel, Vodafone and Idea Cellular, to offer 3G services across the country. The DoT is expected to announce the final spectrum sharing policy after the

Telecom Commission approves the proposed change. There are no other changes to the policy compared with the draft guidelines issued earlier.

If the revised policy is approved, operators such as Airtel, which now has 3G services in 13 circles, will be able to offer data services in the other nine circles as well, either through a roaming deal or spectrum sharing arrangement with players that have spectrum in these circles.

Oil Ministry looks to PMO for guidance on gas pricing

New price must be decided before July 1

OUR BUREAU

New Delhi, June 5

The Petroleum & Natural Gas Ministry has said clarity on 'new price for domestically produced gas' is expected early next week.

"A decision has to be taken before July 1...we have already informed the producers such as Reliance Industries in April that the earliest possible date for applying the new gas price is July," a senior Ministry official said.

The Ministry expects to get some guidance after its presentations to Prime Minister Narendra Modi. Since the entire pricing has been approved by the Cabinet, any further adjustments will require its nod.

Clarifications on two crucial issues - method of price calculation and the applicability of the new price to D-1 and D-3 gas fields of the Reliance Industries-operated KG-D6 block - are required.

The Ministry is required to notify the price for the July quarter



A file picture of Reliance's KG D6 platform. Clarification on the applicability of the new price is awaited.

within the first fortnight of June. The new price based on the earlier Cabinet decision was to come into effect from April 1, 2014. But, political issues and then the general elections had resulted in the Election Commission asking the Ministry to defer notification of the new rates.

The new price, which is expected to be almost double the cur-

rent rate of \$4.2 a unit (million British thermal units), was based on the recommendations of the Rangarajan panel. But differences had cropped up between the buyers (fertiliser companies) and seller (Reliance Industries-BP-Niko) on the price calculation.

Whether the calculation will be based on the gross calorific value (GCV) or net calorific value (NCV)

needs to be clarified. The high-level panel had wanted it to be on NCV, but the global practice is to use GCV. The heat produced from natural gas is measured in calorific value.

Auto, cooking gas price

Continued sale of domestic LPG and kerosene at subsidised rates is a cause of concern. "A final view has to be taken...the Ministry will approach the Cabinet Committee on Political Affairs," the official said. The issue of subsidy will also be a part of the presentation to be made to the Prime Minister, the dates for which are yet to be announced.

The Ministry also proposes to tweak the new production sharing contracts that will be inked with the winners of oil and gas blocks offered through auctions.

"The contracts need to be made more flexible, the DGH needs to be more empowered, and policy for marginal/mature fields needs to be put in place, to make exploration and production of oil and gas more attractive," the official added.

Pre-Budget talks: Jaitley assures to boost agriculture growth despite resource crunch

Promises to raise public investment in the sector

OUR BUREAU

New Delhi, June 5

Concern over contraction of growth in agriculture and allied sectors, which employ the largest number of people, was high on the Government's priority list, Finance Minister Arun Jaitley said here on Thursday.

At a pre-Budget consultation with agriculturists, Jaitley assured them that despite resource constraints, the Government would try its best to boost the sector.

Manifesto

In its manifesto, the BJP has promised to increase public investment in agriculture and rural development and ensure a minimum of 50 per cent profits over the cost of production, welfare measures for farmers above 60 years of age, expansion of ru-



Sowing growth Union Finance Minister Arun Jaitley with agriculture scientist MS Swaminathan during the pre-Budget meeting with representatives of the agriculture sector in New Delhi on Thursday. KAMAL NARANG

channel for farmers to spread awareness about latest technologies and other market information.

The other suggestions included use of information technology, new marketing technologies, setting up of soil health testing facilities in each panchayat, making animal husbandry a profitable occupation and strengthening agriculture research and extension facilities.

Apart from Government representatives, those who attended the meeting included MS Swaminathan, eminent agricultural scientist; S Ayyappan, Director-General, Indian Council for Agriculture Research; Ramesh Chand of National Centre for Agricultural Economics & Policy Research, Keshav Das of Gujarat Institute of Development Research; P Chengal Reddy, Secretary-General of Consortium of Indian Farmers Association; and Siraj Chaudhary, Chairman of Cargill India Pvt. Ltd.

ral credit facilities, among other things. Farm sector experts flagged issues which included timely decision on minimum support price, the need for an efficient procurement policy, and timely completion of irrigation projects. Some experts also sought a dedicated television

Govt plans 10 new AIIMS, more cancer centres

ABANTIKA GHOSH

NEW DELHI, JUNE 5

UNION Health Minister Dr Harsh Vardhan said the government plans to set up 10 more AIIMS-like institutes, 50 tertiary care centres for cancer and 20 state-level cancer institutes across the country.

“Setting up more AIIMS-like institutes has been my priority from the first day. We are starting off with a ballpark figure of 10, which could be revised based on the requirements,” Vardhan told *The Indian Express*. This does not include the six institutes that were set up by the UPA government but are yet to become fully functional.

“There may not be the need to set up one such institute per state — a small state may not need a full-fledged institute — but equitable availability of health facilities is the target. We will analyse the needs and then take a call. We are also in the process of setting up 50 tertiary care cancer institutes and 20 state-level institutes,” he said.

The six AIIMS-like institutes that were set up under the UPA regime are in Patna, Raipur, Bhopal, Bhubaneswar, Jodhpur and Rishikesh. There is also a proposal to set up such an institute in Raigunj, West Bengal, but the state government wants it shifted to Kalyani.

The states where the new centres will come up have not been decided yet.

An estimated one million new cancer cases are reported in India every year, with 50,000 people succumbing to the disease annually.

Modi chooses Bhutan for his first foreign trip

PRANAB DHAL SAMANTA

NEW DELHI, JUNE 5

KEEN to start his foreign tours from the neighbourhood, PM Narendra Modi will undertake his first visit to Bhutan, the friendliest among all neighbouring countries, this month.

It is reliably learnt that an official team will be leaving for Thimphu on Friday to set up the visit and work out the relevant logistics. The visit is likely to take place after the ongoing Parliament session, possibly in the third week of June.

The decision was taken over the past few days during which

Modi's tour calendar was worked out. The PM, sources said, made it known he would want to begin his visits from the neighbourhood, both to reach out and as a policy priority.

The choice was largely between Bhutan, Nepal and Bangladesh, although Afghanistan also came up for discussion. Nepal was also on the BJP's radar given the party's own equity in that country, the only Hindu nation in the world until 2006 when it was declared a secular state. Also, no PM has visited Nepal for nearly 13 years and the last proper bilateral visit was in the late 1990s.

However, Nepal will be host-

ing this year's SAARC Summit and has suggested dates in November, a proposal that is now under circulation. Modi, thus, will get an opportunity to visit Kathmandu soon and honour the invite of the Nepalese PM, who had made a strong pitch for an early visit when the two met after the swearing-in ceremony.

On Bangladesh, sources said, the government still has to make up its mind on crucial agreements like the land boundary settlement, to which the BJP has not extended support and has been under constant pressure from its Assam unit.

Bhutan, on the other hand, has been among India's friendliest

neighbours and enjoys a close inter-dependent relationship with India. The country's economy is closely linked with India and despite pressure from powerful countries, Thimphu has been conscious in not taking any decision inimical to Indian interest. China, for instance, has been trying hard to open a mission in Bhutan.

India and Bhutan have various layers of interaction to coordinate on several fronts, including foreign policy position. Modi's visit, sources said, will signal strong support to the Bhutanese monarchy's efforts at ushering in democracy in the Himalayan country.

Ministry argues that nine cylinders a year will target subsidy better **Eye trained on deficit, FinMin pushes for lowering LPG cap**

SURABHI

NEW DELHI, JUNE 5

KEEN to cut down its subsidy bill, the finance ministry has once again argued for lowering the cap on subsidised cooking gas cylinders to nine per year from the current limit of 12.

“It will not only result in significant savings in the fuel subsidy bill but will also mean more targeted disbursement of subsidy,” said a senior government official. Further, keeping the cap at 12 means that almost all consumers continue to get the LPG subsidy, the official pointed out.

According to sources, the departments of expenditure and economic affairs have raised the proposal with finance minister Arun Jaitley as one of the ways to lower its subsidy payout and keep the fiscal deficit under check.

The move comes even as an expert committee has recommended the reinstatement of the direct benefit transfer (DBT) scheme for LPG.



“While preliminary results indicated that the scheme met its primary objective of curbing leakages in the distribution system, the speed at which it was rolled out and inclusion of low Aadhaar districts gave rise to consumer grievances,” said the panel led by SG Dhande, former director, Indian Institute of Technology, Kanpur.

The DBT scheme for cooking gas cylinders, which was launched from June 1, 2013, was put on hold on March 7 following complaints that many consumers were left out because they either did not have the unique identification number or a bank account.

BACK TO NINE

- Of the 15 crore consumers, 97% fall under the 12-cylinder cap
- However, only 89.2% consumers were covered in the 9-cylinder cap
- The Centre’s food subsidy bill is estimated at Rs 1,15,000 crore, while the fuel subsidy has been capped at Rs 65,000 crore for FY15
- The finance ministry feels that food subsidy bill cannot be cut drastically, and there is greater scope to trim fuel and fertiliser subsidies

Similarly, bowing to public demand, the UPA government had in January raised the limit of subsidised cooking gas cylinders to 12 from the earlier limit of nine.

The finance ministry had, even at that time, opposed the move that had resulted in an estimated Rs 5,000 crore additional subsidy payout.

But the issue has now cropped up once again as the ministry reviews the fiscal deficit numbers as part of the Budget exercise.

“A final decision will obviously will have to be taken before the Budget next month,” said the official.

‘No increase in expenditure bill’

NEW DELHI: With limited resources at its disposal, the finance ministry has made it clear that the government will not increase its expenditure bill for the current fiscal.

“Allocations presented in the Interim Budget 2014-15, are generally not altered,” the department of economic affairs has said in a missive to all Central ministries.

The Interim Budget that was presented in February had pegged the Centre’s total expenditure at Rs 17,63,214 crore as against a revised estimate of Rs 15,90,434 crore last fiscal. The ministry’s communiqué is significant given that the Centre’s tax collections grew at a lower than estimated pace in FY14 while non-tax revenue from sectors like disinvestment also did not fully materialise.

Though the fiscal deficit was contained at 4.5 per cent of the GDP in FY 14, it was achieved largely on the back of a sharp reduction in expenditure and rollover of subsidies. **SURABHI**

Monsoon may hit Kerala anytime now

New Delhi, June 5: India's southern coast could witness the arrival of this year's monsoon in the next day or so after sporadic rains in recent days heralded the arrival of the wet season that is crucial to farmers in Asia's third-largest economy. "Conditions have turned favourable for the monsoon onset in about 24 hours," an official of the India Meteorological Department (IMD) told Reuters on Thursday.

In a typical year, the monsoon begins on or around June 1 but government forecasters had forecast a five-day delay and below-average rainfall in this year's wet season.

Rains are vital to rejuvenate an economy battling its longest economic slowdown since the 1980s and to cool inflation that has averaged nearly 10% for the past two years.

The farm sector accounts for 14% of India's nearly \$2 trillion economy, with two-thirds of its 1.2 billion population liv-

ing in rural areas. Half of India's farmland still lacks access to irrigation. The country plans to expand irrigation coverage by at least a tenth by 2017 to cut its dependence on the seasonal rains. Experts said the spread of rainfall near the southern coast does not qualify for a formal announcement of the monsoon onset.

Last month, IMD predicted a delayed onset for this year's monsoon over the Kerala coast around June 5, give or take four days. "IMD considers factors such as wind speed, cloud formation with rainfall quantum before announcing the onset of monsoon," said DR Sikka, former director of Indian Institute of Tropical Meteorology. Heavy rainfall has already reached Sri Lanka, with flooding reported earlier this week in Colombo. Usually, it takes 24-48 hours for the monsoon to arrive on the south of coastal Kerala after crossing the northern tip of Sri Lanka. *Reuters*

RBI allows FPIs & NRIs to invest up to 26% in insurance

New Delhi, June 5

THE RBI on Thursday said overseas investors, including FPIs and NRIs, can invest up to 26% in insurance and allied activities through the automatic route. "Effective from February 4, foreign investment by way of FDI, investment by FIIs/FPIs and NRIs up to 26% under the automatic route shall be permitted in insurance sector," RBI said in a circular.

Earlier in February, the government had allowed 26% foreign investment in activities related to insurance like broking, third party administrators and surveyors and allowed FIIs and NRIs to invest in insurers within the stipulated cap.

In case of insurance companies, the 26% cap will include FDI and investments

from FIIs and NRIs, said a DIPP press note.

Earlier, only FDI under the automatic route was allowed in insurance companies. Foreign Portfolio Investors (FPIs) encompass all FIIs, their sub-accounts and qualified foreign in-

IN CASE OF INSURANCE COMPANIES, THE 26% CAP WILL INCLUDE FDI AND INVESTMENTS FROM FIIs AND NRIs

vestors (QFI) under a new regime that came into force on June 1.

Under the new norms, 26% foreign investment including FDI, FII and NRI will be allowed under the automatic route in insurance

companies, insurance brokers, Third Party Administrators (TPAs), surveyors and loss assesseses.

The companies bringing in foreign investment will, however, have to obtain necessary licence from the Insurance Regulatory and Development Authority (IRDA) for undertaking prescribed activities.

Insurance brokers are entities which for remuneration arrange insurance contracts with insurers or reinsurers on behalf of their clients.

The TPAs help in facilitating health insurance on behalf of insurers. Surveyors and loss assessors provide technical services to the insurance companies.

All these entities are required to obtain a licence from the IRDA for undertaking specific activities. *PTI*

PlanCom, PMEAC wings might be clipped

SANJEEB MUKHERJEE &
ARCHIS MOHAN
New Delhi, 5 June

The Narendra Modi government is looking for an adviser in the Planning Commission, even as the deputy chairman is yet to be appointed, perhaps a sign of the current priorities.

The Commission's role might be truncated to an advisory body alone. The Prime Minister's Economic Advisory Council (PMEAC) might also see its role severely diminished.

The department of personnel & training has advertised a vacancy for an adviser's post in the Commission, a joint secretary rank, on its website. The post is to be filled by August. The deputy chairman has Cabinet minister rank; the other members are in the rank of minister of state (MoS).

Rao Inderjit Singh's appointment as MoS (independent charge) for planning comes after quite a while. A minister was earlier appointed to have independent charge of the Commission in 1990, when there was someone of Cabinet rank.

A senior official explained, "This means all Parliament questions and files hitherto sent to the Prime Minister in view of him being the chairman of the Commission will be handled by the minister himself, without concerning the PM."

PLAN PANEL CHIEFS

Name	Designation	From	To
Madhu Dandavate	(Also, Fin Minister)	Jul 07, '90	Dec 10, '90
Mohan Dharia	(Dy Chairman)	Dec 11, '90	Jun 24, '91
Pranab Mukherjee	(Dy Chairman)	Jun 24, '91	May 15, '96
Madhu Dandavate	(Dy Chairman)	Aug 1, '96	Mar 21, '98
Jaswant Singh	(Dy Chairman)	Mar 25, '98	Feb 4, '99
K C Pant	(Dy Chairman)	Feb 5, '99	Jun 17, '04
Montek Singh Ahluwalia	(Dy Chairman)	Jul 7, '04	Jun 5, '09
		Jun 6, '09	May 26, '14

Source: Planning Commission

The official said he believed the Commission might not be abolished (it was formed by an executive order in 1950) but would remain in the current state of limbo for a few more months, without the deputy chairman and members, to be replaced later with only a few advisers and members.

Officials said some talk had already started on appointing only senior sectoral advisers instead of full-time members or otherwise appointing only two or three full-time members, not as powerful as earlier.

Earlier, ministers of planning have been deputy chairmen of the Commission as well.

Prime Minister Narendra Modi in his earlier role as chief minister of Gujarat had been

critical of the functioning of the Commission.

Officials also said for allocation of plan funds, a basic function of Commission, the new government might turn to



Officials said some talk had already started on appointing only senior sectoral advisers instead of full-time members

a report of a committee headed by C Rangarajan, former chairman of PMEAC. The committee had proposed abolition of the distinction between Plan and non-Plan expenditure for both Centre and states.

It had said the budgetary plan allocation currently decided by the Commission for both Centre and state governments should be given to the finance ministry. On the other hand, the Planning Commission should widen its ambit to include non-Plan expenditure as well but only as an advisory body. Non-Plan

spending includes subsidies, salaries and pensions, and devolution of taxes to states as decided by the Finance Commission, beside defence expenditure.

PMEAC might also see its role diminished, even as it was an advisory body earlier as well. Rangarajan has already resigned from its chairmanship. The new government has to take a call on its reconstitution, officials said.

The Commission in its long history had some illustrious names donning the post of deputy chairman, including former PMs Manmohan Singh and P V Narasimha Rao, incumbent President Pranab Mukherjee and others.

In the previous government, the Commission was headed by noted economist Montek Singh Ahluwalia, aided by eight full-time members who represented diverse fields. He was one of the longest serving deputy chairmen, for almost 10 years.

Manmohan Singh had in fact said a few months earlier that the Commission should reorient itself and critically analyse whether it was relying on tools developed for another era.

"With an increasingly open and liberalised economy, with a greater reliance on market mechanisms, we need to reflect on what needs to be the role of the Planning Commission in this new world," he'd said.

RESCUE OPERATIONS AGAIN

New govt mulling bailout package for sugar mills

BS REPORTER
New Delhi, 5 June

To help the sugar sector clear its cane dues, the food ministry is examining a proposal to raise the import duty from 15 to 40 per cent. It might also consider fixing the export incentive on raw sugar for two years against the current practice of revising it every two months.

Food Minister Ram Vilas Paswan said after an inter-ministerial meeting it could provide interest-free loans to millers of ₹4,400 crore, over the granted ₹6,600 crore.

The meeting was attended by Transport Minister Nitin Gadkari, Women and Child Development Minister Maneka Gandhi, Agriculture Minister Radha Mohan Singh and others.

Officials said the government had agreed to work on a mechanism to enable state governments to bear the burden of fixing a higher state advised price (SAP) over the price determined by the Centre.

An official said for May and June, the



Food Minister Ram Vilas Paswan said the ministry could provide additional interest-free loans to millers of ₹4,400 cr

export subsidy on raw sugar could be fixed at ₹3,300 a tonne.

The previous United Progressive Alliance (UPA) government had decided to give an export incentive of ₹3,300 per tonne on raw sugar to bail out millers suffering losses due to the falling retail

price and rising cane purchase cost. The incentive was part of a package determined by the previous government. It totalled ₹6,600 crore.

According to sector estimates, sugar mills owe ₹12,000 crore to farmers. The crushing season, which started in October, has almost ended.

Of 4 million tonnes of raw sugar to be exported, only 400,000 tonnes have been shipped. So, to withdraw the subsidy at this stage will be wrong, a sector official said.

Officials said the ex-factory sugar sale price in Maharashtra was ₹28-29 per kg, while the cost of production was ₹31-32 per kg. In Uttar Pradesh, the ex-factory sale price was ₹31-32 per kg, while the cost of production was ₹35-36 per kg.

Sugar production of India, the world's second-largest producer and biggest consumer, is estimated to decline by four per cent to 24.2 million tonnes in the 2013-14 marketing year ending September. Still, the production is higher than the annual domestic demand estimated at 23-23.5 million tonnes.

New Foreign Trade Policy to Give More Thrust to Services Exports

Commerce department is looking at making SFIS duty credit scrips tradable in the market

DILASHA SETH
NEW DELHI

The new five-year foreign trade policy will offer greater incentives for services exports while refocusing schemes for merchandise exports to make them more effective, according to top commerce department officials.

The commerce ministry is expected to announce the foreign trade policy 2014-19 after the budget, which is likely in July.

Officials said the department of commerce is expected to expand the scope of the 'Serve for India Scheme' (SFIS) in the new policy by making duty credit scrips tradable.

Exporters are given credits for exports that can be used for payment of inputs used in imports. These credits go waste if an exporter does not use imported inputs. But if the credits are made tradable, the exporter can monetise these incentives by selling them in the open market.

"We want to make SFIS scrips tradable. Hotels are using it since they can import liquor and other things, tour operators import cars and vehicles, but what about others? The scheme is not of any use to

them. If you are not able to use it, one must be allowed to sell it," a commerce department official said on condition of anonymity.

SFIS is the only incentive available to services exporters. Under the scheme, duty credit scrips equivalent to 10% of free foreign exchange earned are issued.

But since it is on an actual user basis, not many services exporters other than hotels and tour operators are able to utilise the benefit. Making it tradable will help exporters from other sectors like education, healthcare, consultancy and real estate that do not import much.

If the commerce department has its way, SFIS scrips may even be made adjustable against 12% service tax. The department may also increase the overall amount of the scheme. "The scrips should be used to pay service tax and the amount should be increased. The SFIS scrips should be allowed to adjust 12% service tax," said the official quoted earlier.

However, much will depend on the amount the finance ministry will be willing to allocate for such incentives.

India's services exports hover around \$145 billion, against mer-

On the Cards

In FTP 2014-19, thrust will be on services exports

Expanding non-fiscal incentives for exports

Incentivising exports to fewer markets and products

Likely Sops

Expanding scope of 'Serve For India Scheme'

Duty credit scrips equal to 10% of free forex earned are issued under SFIS as of now

product and focus market schemes, which are extended duty credit scrips, will be pruned.

"About 150 markets of the total 190 countries are put in the focus market list. There needs to be fewer markets on which we should actually 'focus'. We are working on a shorter list where incentives will help increase exporters' competitiveness. Same goes for focus products," the official said.

The objective of the focus products scheme is to promote exports of products that have high export intensity and employment potential, so as to offset infrastructural inefficiencies and other associated costs involved in the marketing of these products.

Focus products scheme covers over 1,000 products and the focus markets scheme covers Africa, Latin America and large parts of Oceania. Last year, the government had included 158 hi-tech products from sectors like engineering and electronics in the list, entitled to a 2% duty credit scrip.

Focus market scheme helps offset high freight costs and other externalities to select international markets to enhance India's export competitiveness.

chandise exports of over \$300 billion.

The department of commerce is working on the five-year trade policy looking for ways to give a thrust to services exports, besides going big on branding initiatives.

To give a push to merchandise exports, the department may retain the duty drawback scheme as it is, but the number of markets and products listed under focus

Govt to Fast-Track Supply of Electricity to Every Village

Wants to set up new transmission lines & solar powered micro-grids to connect villages

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NEW DELHI

The government will fast-track its plan to supply electricity to every village in the country and use solar power generation to light up remote hamlets — an early sign of how the energy sector may gain by putting one minister in charge of related portfolios, officials said.

The minister for power, coal and renewable energy Piyush Goyal recently reviewed the status of rural electrifications and directed officers of his ministry, Rural Electrification Corporation (REC) and Power Grid Corporation to identify and eliminate bottlenecks to speed up the ongoing projects. He also sought views on possibility of commissioning small and rooftop solar projects to connect the remotest households, which were not covered in past. During the meetings, REC shared the details of the challenges and pending clearances in achieving the targets.

“The government does not ensure only electricity to all but also wants to provide adequate electricity for villages to boost local economic activities. During the meeting, REC and PGCIL were asked to work closely with the state governments and resolve pending issues. The idea is also to improve reliability of power supply beyond just lighting in rural areas to generate employment locally,” said a government officer close to the development.

The government wants to set up new transmission lines and set up solar powered micro-grids to connect villages where regional power grids are unable to reach. India's

installed power generation capacity increased to 2.45 lakh mw from 1.75 lakh mw in March 2011. However, penetration of power has not grown at the same pace. So far, out of 5.94 lakh villages, 5.72 lakh have been electrified while 3.6% or 21,318 villages are without power.

Centre has been implementing rural electrification projects in partnership with state governments under the under its Rajiv Gandhi Grameen Vidyutikaran Yojana, which may be tweaked to achieve the balance target.

Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Odisha, Assam, Arunachal Pradesh and Meghalaya account for close to 90% of the villages that still do not have electricity. They have not been able to complete some of the projects that started over five years back due to delays in clearances for setting up transmission network and local law and order situations besides cost overruns. The ministry is also considering releasing new funds to the states only after they complete their ongoing projects.

As soon as he resumed his office, Goyal had praised ‘Gujarat model’ and expressed his interests to learn from the same to improve power sector. Promptly, Gujarat's energy minister Saurabh Patel has offered his cooperation. Under the Jyotigram Yojna, Gujarat achieved 100% of rural electrification in 2006 by separating electric feeder for domestic use and agricultural supply. BJP, in its manifesto for general elections, had promised power, water and sanitation for all.

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Irani to Decide FYUP's Fate on UGC Committee Suggestions

URMIA GOSWAMI
NEW DELHI

Human Resource Development minister Smriti Irani may be keen on scrapping the controversial four-year undergraduate programme (FYUP) of the Delhi University to fulfil BJP's poll promise for Delhi but doing so will not be an easy matter.

Instead, the ministry is expected to pass on the representations made to Irani to be considered by a standing committee of the University Grants Commission.

The ministry will take a final call on whether the programme is to be scrapped, continued or altered on the basis of the observations and suggestion to be made by the UGC panel.

"The HRD ministry has not taken any decision on the issue. The Delhi University is a central university, as such an autonomous institution. The ministry cannot decide matters related to curriculum and academics. However, the UGC can decide whether a certain programme or course of study can be offered by a university. It will refer the matter to the UGC standing committee for its view and suggestion. Whatever policy decision the ministry takes will be on the basis of the UGC's recom-

mendations," sources in Delhi University said.

The four-year undergraduate programme was introduced by the DU last year, amidst stiff opposition from a section of teachers and students.

Several teachers organisations have met with Irani since she took over office conveying their misgivings and objections to the programme and the manner in which the decision to introduce it were made.

HRD ministry is tight-lipped about the future course of action and the demands for scrapping the FYUP

The UGC had set up the standing committee last year after the FYUP came under severe criticism from the Delhi University Teachers Association and a section of students. The UGC panel is tasked with monitoring the implementation of the programme and advising the university on its curriculum and other issues. The ministry continues to be tight-lipped about the future course of action and the demands for scrapping the controversial programme.

A delegation of DU teachers and students met Irani soon after she took charge as HRD minister demanding that the programme be scrapped.

■ Consumer confidence index went up from 40.6 to 42 in May: Survey

Modi restores confidence

Mumbai, June 5: The decisive and pro-reform new government has helped in improving confidence of consumers who are now willing to spend in the coming months, says a survey.

According to ZyFin Research, a financial research and analytics company, its consumer outlook index improved to 42 in May, from 40.6 in the previous month. A score above 50 reflects optimism while below 50 indicates pessimism.

"This increase is based on a sizable recovery in consumers' willingness to spend in the coming months. This can be an early indication of improving sentiments, linked to a strong government infused with all the parliamentary muscle required to initiate and push through reforms,"



Union finance minister Arun Jaitley shakes hands with agriculture scientist M.S. Swaminathan during pre-Budget consultations with representatives of the agriculture sector in New Delhi on Thursday in connection with the forthcoming Union Budget. — PTI

ZyFin Research said.

The index is based on a monthly survey of 4,000 consumers across 18 cities categorised into metros, Tier I and Tier II.

The top five cities with the highest scores this month were Mumbai, Hyderabad, Mangalore, Chennai and Bhubaneswar.

The survey said consumers continue to observe a stagnant macro-economy, reporting negligible improvements in employment and inflation sentiment.

Until concrete policy reforms show results, consumers are likely to remain unmoved on these fundamental macro issues, it added.

"With the RBI signalling a softer interest rate regime, we expect consumers' willingness to spend to improve over the next three to four months. This would ensure the much-needed revival in the auto and real estate sectors, which are key to providing a boost to the sagging economy where 55 per cent of GDP is composed of private spending," ZyFin Research chief economist Debopam Chaudhuri said. — PTI

FM to meet India Inc

● Finance minister Arun Jaitley will meet captains of Indian industry to elicit their views on the budget, which is likely to be presented in the first week of July

GDP to grow by 6.2%

● The economic growth rate will improve to 6.2 per cent in current fiscal and can go up to 8 per cent in the next three years on back of favourable domestic and global environment, Ernst & Young said

Modi to meet Obama in Sept

TRIBUNE NEWS SERVICE

NEW DELHI, JUNE 5

Shunned by Washington for years over the Gujarat riots, Prime Minister Narendra Modi is now set to become a personal guest of American President Barack Obama when he travels to the US in September.

US Assistant Secretary and Obama's point person for South and Central Asia, is arriving here tomorrow to hold talks with Indian officials on a range of issues. The dates for a meeting between Obama and Modi could also be finalised. The Indian Ambassador to the US, S Jaishankar, is also coming to Delhi for consultations.

Although no official announcement has been made by either side so far, it is learnt that Modi has accepted Obama's invitation. The US President had telephoned Modi on May 19 to congratulate him on his party's victory in the Lok Sabha elections and invited him to Washington.

PM first official trip to Bhutan

Prime Minister Narendra Modi has decided to visit Bhutan on his maiden overseas official tour, reflecting his commitment to accord top priority to the neighbourhood in his foreign policy approach. Modi would undertake the trip to the Himalayan nation in mid-June after the Parliament session is over. An official team will be leaving for Thimphu soon to oversee logistic arrangements for the visit, said sources. — TNS

Washington has proposed September 30 as the date for the meeting, but New Delhi is looking at clubbing the summit between the two leaders with the Indian PM's visit for the UN General Assembly around September 26.

Before the PM's visit, the two countries are scheduled to hold their annual strategic dialogue in Washington, to be co-chaired by External Affairs Minister Sushma Swaraj and Secretary of State John Kerry. However, a top American senator has called for holding the dialogue in Delhi as against the scheduled venue of Washington as a goodwill gesture towards the Modi government.

It is becoming clear that

the Obama administration is keen to reach out to Modi, who has had an uneasy relationship with Washington since the 2002 riots. America had consistently denied him visa since 2005.

Modi's decision to accept Obama's invite is being seen as yet another pragmatic step in building his foreign policy after his invitation to SAARC leaders to attend his swearing-in ceremony. He also appears to be keen to mend fences with Washington.

When he hosts Modi, Obama also would be breaking the US protocol by escorting an Indian PM to the White House for a second year in a row. Former Prime Minister Manmohan Singh was Obama's guest in September last year.