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## AUDIT

HINDU, MAY 22, 2014

### **CAG should not be used for political bickering: Modi**

In keeping with his new-found political approach of reaching out to all parties to build consensus as he prepares to take charge of the government, Prime Minister-designate Narendra Modi on Wednesday stressed the importance of democratic institutions in nation-building.

Referring to the embattled office of the Comptroller and Auditor-General (CAG) of India under the United Progressive Alliance government, Mr. Modi told a special session of the Gujarat Assembly that democratic traditions and constitutional provisions had a lot of importance. "The CAG should not be used as a tool for political bickering. Its reports have remedial measures and the government should take measures to implement them," he said.

After handing in his resignation to Governor Kamla Beniwal, he attended a meeting of the party legislature where Revenue Minister Anandiben Patel was elected leader. She will replace Mr. Modi and take oath on Thursday at Mahatma Mandir in Gandhinagar.

Adopting a magnanimous approach towards rivals, Mr. Modi scored a political point by thanking the Opposition for its constructive criticism. He delivered his address after his staunch critic and senior Congress leader Shankersinh Vaghela made a speech laced with sarcasm and humour.

Citing Gujarat as an example of self-functioning systems of governance, Mr. Modi underscored the need to build strong institutions in the country. Ms. Patel was the unanimous choice for the State's top post. Teary eyed, she thanked Mr. Modi and the party for entrusting the responsibility to her.

## CIVIL SERVICE

TIMES OF INDIA, MAY 23, 2014

### **Senior bureaucrat in Karnataka transferred over lapses**

[\*Anil Kumar M\*](#)

BANGALORE: Senior IAS officer Sanjiv Kumar on Thursday was shunted out of department of personal and administrative reforms (DPAR) following "serious blunder", over constitution of Civil Services Board (CSB).

EV Ramana Reddy is the new DPAR principal secretary. Kumar has been posted as principal secretary housing.

Kumar had allegedly taken "unilateral decision" on submission to court on the constitution of CSB. Though sources in the DPAR said the principal secretary had no role, but it was done in haste by the lower level staff and an advocate dealing in the matter, the transfer was effected as cabinet ministers demanded that officer should be punished as he was heading it. The government had issued show-cause notice seeking explanation from Kumar.

Hearing a PIL, the apex court had in October 2013 ordered the setting up of the CSB and asked the Centre to ensure fixed tenure for bureaucrats. The court was seeking to prevent repeated transfers of officers and ensure efficient service delivery.

According to official sources, the Karnataka chief secretary formed the board, but without properly explaining the context and consequences to chief minister Siddaramaiah. The decision was taken when CM was busy in Lok Sabha poll canvassing. Recently, when the CM wanted to transfer a few officials, he was reminded that he had lost the power to affect transfers of all-India service officers as it is vested with the board.

Another IAS officer FR Jamadar has been posted as deputy commissioner Ramanagaram district.

BUSINESS LINE, MAY 16, 2014

### **Govt launches initiative to bring retired employees back to work**

Retired Government employees can soon find employment opportunities back in government departments and other social organisations on a voluntary basis.

The Ministry of Personnel and Pensions has launched an initiative to route the skill and experience of retired government employees back into socially useful and constructive work.

“There are 50 lakh government employees today. But there are also 53 lakh retired employees, most of whom can still contribute to nation building exercise. We want to tap their skills and experience through the initiative Sankalp,” Sanjay Kothari, Secretary to the Ministry of Personnel and Pensions, said.

#### Portal set up

The Ministry has set up a portal where retired Government employees willing to work in different departments or social organisations can register. “We will ask interested employees which city they would like to work, how many days in a week or how many hours a day they would like to work. It is beneficial to them as after retirement, they can still share their skills and experience and get some economic benefits in the process,” he said at a meeting at the Administrative Staff College of India here.

#### Pilot project

The Ministry is launching this initiative as a pilot project, as its pan-India launch has been delayed due to polls. The pilot will initially cover 500 Central government pensioners on a first-come-first-served basis.

“To sensitise government employees on this initiatives, a workshop is being conducted for those employees due to retire in four months and the scope of the scheme is being explained,” Kothari said.

The UK had shown interest in implementing a similar scheme for its retired employees.

(This article was published in the Business Line print edition dated May 16, 2014)

#### **HINDU, MAY 23, 2014**

#### **Provisional allocation: State to send data on posts, staff to Centre today**

The State government would submit all the details about various cadres of posts in all the departments of the Secretariat and heads of departments in Hyderabad to the Central government on Friday to facilitate provisional allocation of posts and employees to the Telangana State.

The Central committee would make provisional allotment as per the guidelines and issue orders to serve to the employees in Telangana State from the appointed day, said an official.

In the government offices in districts and zones, employees would continue to serve on ‘as is where is’ basis as stipulated in the AP Reorganisation Act, 2014.

Meanwhile, some T-employees raised objections over the possibility of Telangana employees being allotted to the successor State of Andhra Pradesh under the provisional allocation of posts.

C. Vithal, president of Telangana Employees' Association, demanded that only Telangana employees serve in T-State and others should be assigned to Andhra Pradesh.

However, officials said that the posts are allocated to the successor States on the basis of population and then the employees serving in those posts would be allotted on the basis of local status.

If there are more employees than the posts in one State, the junior most employees in a particular post would be allotted to the next State as per the laid down norms in the Reorganisation Act.

But as these posts are in the Secretariat and HoDs located in the common capital, it would not result in dislocation of employees, they said.

**HINDU, MAY 23, 2014**

**Andhra-domicile' staff can't work in Telangana: KCR**

N. RAHUL

Details of "Andhra employees" to be scrutinised by unions



Escalating tensions in Andhra Pradesh, Telangana Rashtra Samithi president K. Chandrasekhar Rao on Thursday said that "Andhra-domicile" employees would not be allowed to work in the offices of Telangana after he assumed office as Chief Minister of the new State that comes into being on June 2.

Mr. Rao's comments come against a backdrop of a raging controversy over what Telangana employees allege to be deliberate inclusion of "Andhra-domicile" employees on the list of staff for the new Telangana Secretariat.

The new Telangana government will study the list of employees as on the date of passage of the Andhra Pradesh Reorganisation Bill and send back staff from Seemandhra — both in district and State-level posts — to that region, Mr. Rao told a meeting of employees from Telangana.

Mr. Rao said he had informed Governor E.S.L. Narasimhan that the redeployment of employees would be reviewed after he assumed office because this process was not

permitted in the absence of an elected government as per the recommendations of the States Reorganisation Commission.

In this context, Mr. Rao asked the participants of the meeting to send details of “Andhra employees” included on the Telangana list or to name them at the “war room” being run by various unions before June 2. The details should include place of birth and domicile. “There is no place for a mix of employees on the high-security premises. They cannot be allowed even at the gates,” Mr. Rao said.

STATESMAN, MAY 20, 2014

### **Transferred IAS officers reinstated**

Kolkata, 19 May: The four IAS officers, who were posted in the districts during the polls to fill up posts after the Election Commission had removed some officers for alleged partisan attitude, have been asked to join back to their previous positions.

An order issued by the state Personnel & Administrative Reforms (PAR) department has stated that Mr Onkar Sadhan Meena, who had been made the district magistrate of North 24-Parganas replacing Mr Sanjay Bansal will return to his post of Health Secretary while Mr Bansal will return to North 24-Parganas.

Mr Vaivav Srivastav, who had replaced additional district magistrate of East Midnapore will resume chare of under secretary in the Home department while Mr Mr Kaushik Bhattacharya, will return as additional district magistrate in Darjeeling. SNS

BUSINESS LINE, MAY 20, 2014

### **Cabinet Secretariat asks all Ministries for a report card**

AMITI SEN

Secretaries asked to list achievements, failures and goals as a ready-reckoner

#### **New Delhi, May 19:**

Springing into action just three days after being elected to power, the yet-to-be formed Narendra Modi Government is doing its homework to ensure that it has an idea of what is happening in each Ministry and Department when it assumes office.

The Cabinet Secretariat, on Monday, asked the Secretaries of all Ministries and Departments to list achievements and failures and what their goals for the next two-three years would be.

“All Secretaries were asked to answer a set of questions and submit them on Monday itself by the Cabinet Secretariat. Some got less than two hours to do the exercise,” a Government official told *Business Line* .

The questionnaire asked for details in four areas – the “undisputable” achievements of the past, the achievements that could have been attained in a different manner, the targets that were not fulfilled and the goals for the next two-three years.

Another senior official said the sudden questionnaire handed over by the Cabinet Secretariat came as a surprise as all Ministries and Departments had earlier given power point presentations on their specific areas a few days ago.

“The questions seemed a bit confusing. For instance, it’s difficult to say what could have been achieved in a different way. But we tried our best to answer these,” the official said.

The Modi Government, once it assumes office, will have to deal with an economy which has seen better days. The growth forecast in the current fiscal is bleak with many agencies projecting a below 6 per cent figure.

The manufacturing sector continues to be down, while inflation is still high.

“By asking Secretaries to list out failures and possibilities, the new Government probably wants to have a sense of the direction it needs to take,” the first official said.

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(This article was published in the Business Line print edition dated May 20, 2014)

## DISASTERS

ECONOMIC TIMES, MAY 22, 2014

### **New Japan satellite to survey disasters, rain forests**

TOKYO: Japan is scheduled to launch a new mapping satellite on Saturday that will be used to survey damage from natural disasters and changes affecting rain forests.

The Advanced Land Observing Satellite-2 (ALOS-2) will be released by the nation's H-IIA rocket, which will lift off shortly after noon (0300 GMT) Saturday, according to the Japan Aerospace Exploration Agency (JAXA).

ALOS-2 will be able to monitor scars left by natural disasters as well as progress made in reconstruction, JAXA said.

The service is important for Japan, which sits on the Pacific Ring of Fire and experiences 20 percent of all major earthquakes felt by humans every year.

Memories are still fresh of the deadly 9.0-magnitude earthquake in March 2011, which released a killer tsunami that destroyed the northern Pacific coast and triggered the Fukushima nuclear crisis.

The volcanic island nation is routinely hit by earthquakes and typhoons, with scientists expecting Mount Fuji to erupt sometime soon.

The satellite is different from spy satellites that Japan already has to monitor risk states such as North Korea.

The new satellite, nicknamed "Daichi-2", will "conduct a health check mainly of the Earth's land areas in detail," JAXA project manager Shinichi Suzuki said in a statement.

Daichi-2 will collect data related to deformation of the Earth's crust, but also the impact of floods and landslides, he said.

The satellite's predecessor was used to monitor damage caused by the 2011 earthquake and tsunami, Suzuki said.

The device uses a special radar to observe the planet's surface even at night, during bad weather and even through vegetation, JAXA said.

JAXA plans to use the new satellite to regularly study tropical rain forests, which are difficult to observe because of the thick clouds that frequently cover them. It will also be used to observe snow and ice conditions in the polar areas.

## ECONOMIC AND SOCIAL DEVELOPMENT

HINDU, MAY 23, 2014

### Seven steps to an economic rebalancing

SURESH PRABHU

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“Administrative procedures and ‘ease of doing business’ parameters must be high on the agenda of the incoming government.”

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The analogy of what might happen to an aircraft when it suddenly drops from 40,000 feet to 20,000 feet in a matter of seconds is one that lends itself to describing the state of the Indian economy. After smooth sailing at close to nine per cent growth rate it suddenly dropped to less than five per cent in a very short time, leaving behind unemployment, social unrest, banking woes and stuck projects in its wake.

The huge task before the Narendra Modi government now will be to quickly revive the economy. In doing so, a huge array of issues need to be addressed.

In its current stage of evolution, the Indian economy requires a fundamental rebalancing across multiple macroeconomic parameters. To begin with, it needs to rebalance savings and investments which have deflated over the recent past and are inadequate to sustain a high rate of growth. Second, the share of manufacturing in GDP must be stepped up in accordance with the employment imperative and the need to build an advanced knowledge-intensive, technology-based product profile. Third, the economic mindset has to incorporate a much faster pace of planned urbanisation, along with a humane approach, which would foster higher economic productivity given all factors of production.

Four, India’s financial sector requires modernisation and integration with the larger global system, a task which was interrupted by the global financial crisis. Five, India’s major resource — its people — must be critically upgraded in order to effectively participate in a knowledge-driven global economy. Six, our global integration in terms of the flow of goods, services, technology and funds must be greatly expanded. Finally, we must strategise to redress the massive infrastructure gap that we currently face.

The new government is keen to address these multiple dimensions to the Indian economy in order to revive growth and boost employment. I believe it would need to focus on immediate measures that would moderate inflation and bring in new growth drivers as a first step. Equally, it would need to lay strong foundations in all these rebalancing imperatives in order to ensure sustained high growth over the next two to three decades, remove poverty and improve the quality of life by improving human development indices. The central idea would be for the government to create the right conditions of governance, macroeconomic stability, and policy framework for private sector entrepreneurship to flourish.

## **Focussing on agriculture**

The challenge of inflation requires huge efforts in the farm sector for productivity increase. The immediate action would be better food-grain management. In the longer term, water management can play a critical role in unleashing a new era of agriculture growth, including new irrigation facilities, water user charges, mapping of micro-districts for best usage, and interlinking of rivers. The Supreme Court has mandated the river-linking project, and the administration now has to plan to execute the detailed strategies that would help share water resources across the country.

We need to plan water resource management for every village using geospatial technologies.

The Prime Minister-designate, Narendra Modi, has already announced his intention to institute a Pradhan Mantri Krishi Seechayee Yojana. This would need to be accompanied by strengthening of supply chains, both for agri inputs such as fertilizers, farm mechanisation and seeds as also for upstream investments in storage and cold chains. Corporate sector participation through novel ideas like land leasing, and farmer-producer cooperatives can play a big role in building agricultural productivity.

## **Taxation and savings**

Once inflation is on the downtrend, there would be an incentive to lower interest rates that could kick-start new household consumption and corporate investments. Apart from interest rates, steps need to be taken on the taxation front to revive savings and investments. The Goods and Services Tax is one overarching reform measure that can immediately meet many economic targets such as lowering inflation, raising economic efficiency and productivity, and incentivising investments. The government must act quickly to resolve last mile issues to forge an agreement with States and introduce GST without delay. Stability on tax policies is essential to revive investor sentiment and bring in more capital, particularly from overseas. Foreign investors are key participants in the Indian economy and their role can be enlarged by reassuring them about India's policy attractiveness as an investment destination.

Investments need to be greatly escalated in all infrastructure sectors, including power, transport and urban development, among others, as the country can absorb \$10 trillion worth of new infrastructure over the next three decades. Both public and private investments would be critical to the task.

The government would need to look into restarting the infrastructure and manufacturing projects already on the ground by creating a strong institutional mechanism for project oversight. Such an organisation would likely include Central and State governments along with industry. Two, unlocking stranded projects would be the fastest way to create demand for upstream and downstream sectors. Public-private partnership contracts can be renegotiated, rebid or restructured, while fresh norms and models should be worked out

for future projects. Three, there is need to identify top projects with multiplier impact and roll them out on the fast track.

Further, current financial conditions in terms of credit cost, tenor, and financial instruments mitigate against long-term project viability. Strengthening the corporate bond market to make it more efficient and vibrant through new financial instruments, calibrated tax measures, rationalisation of stamp duties and so on are essential for infrastructure build-up.

### **Energy management**

One of the key constraints for sectors such as manufacturing and infrastructure is the lack of adequate power capacity. India is highly import-dependent in terms of fuel supplies (crude oil, gas, and coal) and we should be able to convert our own natural resources to bolster our energy security. A holistic energy policy to bring together thermal, hydro and renewable sources as also to resolve challenges in electricity pricing, transmission and regulation may be speedily instituted. The Electricity Act, 2003 sets a sound foundation and can be updated to encourage minimisation of transmission and distribution (T&D) losses and strengthen the finances of distribution companies, including by reducing subsidies. The mining sector is a key corollary to the energy effort as a lack of fuel supply linkages has stymied large power capacities from going on-stream. All angles including exploration, bidding and mining practices have to be explored. The private sector should be incentivised to play a stronger role in these areas.

Administrative reforms and creating a new structure of governance are the key to success in any sectoral reforms.

Administrative procedures and “ease of doing business” parameters must be high on the agenda of the incoming government. Business has highlighted the role of lengthy and complicated procedures in environment clearances, land acquisition and other processes in delaying projects and raising transaction costs. These would have to be streamlined and fast-tracked, with as much as possible passing through transparent and time-bound technology platforms to slot into the credo of “minimum government, maximum governance.”

### **Employment generation**

The critical issue of employment generation can only be tackled through committed efforts towards education and skill development on the one hand, and employment regulatory architecture on the other. Leveraging Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) funds for skill development, deploying private sector expertise under the Apprenticeship Act, expansion of the number of Industrial Training Institutes (ITI) and more vocational trades are some of the areas to be addressed for building capacity of our human talent resources.

Employment is governed by as many as 44 Central laws and over 150 State laws, and retrenchment and exit are greatly discouraged. By re-examining the labour law framework, we can easily consolidate laws as well as shift some social security obligations from the government to the private sector. For example, mass manufacturing enterprises may enjoy a more flexible labour-force size depending on market conditions, but may also be tasked with ensuring better worker conditions and higher wages. Fixed term employment can be reintroduced.

Building export competitiveness would enable India to have a larger presence in global value chains. A comprehensive suite of steps to identify the right products and strategies in conjunction with India's product profile and comparative advantages are central to this endeavour. Effective marketing in key global destinations and making India a favoured investment destination can be conducted in tandem.

India's economy is at the core of its global profile. The incoming government can transform global equations by rebalancing the Indian economy, making it a platform for a foreign policy outreach.

(Suresh Prabhu is a former cabinet minister and now active in several global and multilateral organisations.)

India's economy is at the core of its global profile. The incoming government can transform global equations by rebalancing the Indian economy, making it a platform for a foreign policy outreach

FINANCIAL EXPRESS, MAY 17, 2014

**Column: A rush of reforms needed**

The new government at the Centre will be facing many economic challenges in reviving economy and generating employment as economic indicators are not very encouraging. The general index of industrial production for the month of March 2014 is lower by 0.5% as compared to March 2013. The industries suffering significant decline are manufacturing followed by mining. In manufacturing sector, 12 out of 22 industry groups have shown negative growth in March 2014 as compared to March 2013. As per use-based classification, capital goods have recorded negative growth of 3.7% during FY14. The index of consumer goods, especially consumer durables is also lower than March 2013.

The other important indicator is the price level. Consumer price index (CPI), at 8.59% for April 2014 released recently has also shown rising trend as compared to 8.31% for March 2014. The inflation rate for rural and urban areas has also been high over the corresponding period. The rise in CPI is mainly because of milk and milk product, fruits and vegetables, cereal and cereal products, and clothing and bedding. The combined

weightage of these items is more than 33% of the total, in CPI. There is also significant state-wise variation in inflation as measured by the CPI. Illustratively, Tripura records 20.1% inflation while Manipur of 5.3%. The Wholesale Price Index shows a moderate rate of inflation at 5.20% for April 2014 but the stress points continue to be cereals, fruits, milk, egg, meat and fish, and potatoes.

On the fiscal front, in general, India has been recording a gross fiscal deficit of 4.5% and above for the last few years. Though in FY14, according to revised estimates, the ballooning deficit has been contained at 4.6%, the quality of fiscal adjustment needs improvement. Gross tax revenue has recorded a short-fall, mainly on the account of lower collections under indirect taxes consequent to industrial slow-down, lower imports and lower growth in services. Also a sharp cut down in Plan expenditure, particularly on revenue account, has been recorded. There has been sharp increase in subsidies especially on account of Food security bill but other non-Plan expenditure has been curtailed under the fiscal austerity drive.

In view of the global situation as well as research at RBI, real GDP growth is projected to be around 5.5% in 2013-14. In view of the economic trend globally, sustained revival in industries, exports and services does not look likely. In view of the El-Nino effect, prospects of a bumper agriculture are also not very bright. The government has been announcing series of measures since the Interim Union Budget in February 2014, some of which like setting-up of 7th pay commission impact expectations and therefore have inflationary implications. The general elections have also involved significantly large expenditure on part of the government as well as the potential candidates which imply pumping money, some of it probably even black money, in the economy. All these economic factors will have implications on inflationary pressures in the economy. As inflation continues to be high, the interest rates would also follow a tight trajectory. In its Annual Monetary Statement on April 1, the RBI had observed that CPI inflation would be 8% by Jan 2015 and if inflation continued along the intended path, further policy tightening may not be anticipated. However, given the inflationary situation as it is evolving, it is not anticipated that interest rates would be lowered in near future with consequences on investment and growth unless the government announces special measures.

Another significant challenge that the Indian economy will face is the current account deficit (CAD). In India, CAD continues to be within the limit because of excessive control over imports, especially gold. The new government could relax restrictions on gold which could again place stress on CAD. The unwinding of the unconventional monetary policy by the US, could also have an impact on CAD. Finally the urge to have a

stronger rupee against the US dollar, as evidenced in the last few days, could lower exports and encourage imports.

If the new government is seeking to raise the growth level to 8% and above, besides economic measures, it would be necessary to establish credibility by announcing appropriate fiscal measures. The Fiscal Responsibility Bill has been placed in the cold storage for some time, which will have to be revived to establish credibility of India in the minds of global analysts. The need to improve tax administration and hopefully the Goods and Service Tax and the Direct Tax Code will help improve tax collection. There is also a need to undertake reforms in subsidies, especially food, fuel and fertilizers. There is also an urgent need to address structural challenges in the energy sector as well as in the agricultural sector. To directly address the challenge of creating employment, especially in the short run, it will be useful to focus on micro, small and medium enterprises. These measures are important for increasing growth in the economy in immediate future.

Arvind Virmani & Charan Singh

Singh is RBI Chair Professor of Economics, IIM Bangalore and Virmani is head, ChintanLive.org, and former CEA, GOI and ED, IMF. Views are personal

## EDUCATION

HINDU, MAY 23, 2014

### **UGC letter causes panic among teachers**

VIJETHA S.N

The letter conveys withdrawal of many allowances for ad-hoc teachers

A letter sent by the UGC to many colleges and departments of Delhi University setting the maximum fixed payments and withdrawal of allowances for ad-hoc teachers has caused some concern among teachers in the university which employs around 5,000 ad-hoc teachers on an average.

“Two sections of this letter are particularly disturbing: firstly, it stated that the contract or substitute teachers who are hired in place of permanent teachers, who are on long leaves, will be paid salaries minus allowances. Secondly, it ambiguously states that against substantive posts falling vacant due to retirement, resignation or death; the guest or part-time teachers may be employed with a maximum fixed salary of Rs 1,000 per lecture, not exceeding Rs. 25,000 per month,” said Delhi University Teachers’ Association (DUTA) president Nandita Narain.

Teachers across the university were worried despite the UGC regulations which state that “the fixed emoluments paid to contract teachers should not be less than the monthly gross salary of a regularly appointed Assistant Professor.”

A delegation of the DUTA met senior UGC officials to raise their concerns.

“The UGC officials have agreed to investigate the circumstances under which such a misleading letter may have been issued to the colleges in Delhi University. The DUTA urged the UGC to withdraw the letter immediately and issue a clarification at the earliest. It also submitted a detailed representation against the letter to the UGC Deputy Secretary,” added Ms. Narain.

The DUTA is also convening an emergency meeting on Friday to take stock of the situation that has resulted from the circulation of this letter.

DUTA is convening an emergency meeting on Friday to take stock of the situation

INDIAN EXPRESS, MAY 20, 2014

### **Aptitude certificates will replace character certificates soon: Modi**

The age-old tradition of schools issuing character certificates will soon be replaced by aptitude certificates in Gujarat, said Chief Minister Narendra Modi during his inaugural address of the National Education Summit held at Gandhinagar on Friday.

“We are trying to bring in a little change to the age-old tradition, perhaps introduced during the British rule. When we leave a school, we are given a character certificate and wherever we go we show the same character certificate. Ironically, none of those accepting it understands its requirement or utility,” he said. “I have made this suggestion known to my colleagues and work is in progress regarding this. There should be a facility, where children will undergo regular observation and monitoring while in school. With the help of technology, their daily routine and family members will also be put under observation.”

Debunking the existing system of field visits, he said students should be taken to visits to army camps, industries, manufacturing companies. “Do we need to pass a resolution in the Parliament and make a law for this,” Modi said, while addressing representatives from 33 states and Union Territories, including more than 100 vice-chancellors and directors, 84 scholars and more than 1,500 professors and teachers. Over 3,000 students, who attended the event were from outside Gujarat and 200 of them were from 40 countries.

Those who shared the stage with Modi included Delhi University Vice-Chancellor Dinesh Singh, Mumbai Vice-Chancellor Dr Rajan Welukar, Charles Zukoksi provost and executive vice-president for Academic Affairs University of Buffalo, State University of New York, Dr Kishore Singh, who was responsible for the right to education at UNESCO and appointed as special rapporteur on the Right to Education by the UN Human Rights Council, Italian Ambassador Daniele Mancini and Gujarat Education Minister Bhupendrasinh Chudasama.

HINDU, MAY 16, 2014

**No work, no pay’ principle cannot be applied universally: HC**

‘Victims of illegal termination orders entitled to back wages’

The widely used ‘no work, no pay’ principle cannot be applied to cases where an employee has been prevented from performing his official duties due to an illegal termination order passed by an employer, the Madras High Court Bench here has held.

Allowing a writ petition filed by a woman lab assistant of a government-aided private school in Tiruchi, Justice R. Mahadevan said: “When an employee is deprived of his work by an illegal order, he/she cannot be denied the benefits on the principle of no work, no pay.”

The judge approved the appointment of the petitioner, S.P. Vimala, as a lab assistant from May 29, 2000, the date of her appointment, and held that she was entitled to arrears of salary and allowances.

The Director of School Education was ordered to disburse the money within twelve weeks.

Services terminated

“The services of the petitioner were terminated illegally and she has been made to run from pillar to post for all these years. When the termination itself is found to be illegal, the intervening period from 2000 to 2005 cannot be treated as a period of leave without pay,” he added.

Recalling the history of the case, the judge pointed out that the writ petitioner had joined as a record clerk in the school in 1997.

Thereafter, when the post of lab assistant fell vacant in the same school, she applied for the post and got appointed on May 29, 2000.

Two months later, the secretary of the school management terminated her services on the ground that her appointment was not approved by the District Educational Officer (DEO). After a few years, the termination order was cancelled, but she was denied salary for the interregnum period.

Holding that the termination order was “wholly illegal” as the DEO’s approval was not required for filling non-teaching posts, Mr. Justice Mahadevan said: “But for the termination, the petitioner would have attended work continuously. She cannot be made to suffer as a consequence of an illegal order.”

HINDU, MAY 23, 2014

### **UGC regulation on deemed varsities unconstitutional: HC**

The High Court of Karnataka on Thursday declared as “unconstitutional and invalid” the University Grants Commission (Institutions Deemed to be Universities) Regulation 2010 pertaining to governance system, admission and fee structure and opening of campuses of deemed-to-be universities in the country.

The High Court also quashed the circular issued by the UGC in 2010-11 asking all existing deemed-to-be universities to comply with the new regulation.

Justice Anand Byrareddy delivered the verdict while allowing petitions filed by Manipal, Siddartha, KLE, BLDE, Devaraj Urs, Yenepoya and Symbiosis universities challenging the constitutionality and legality of the regulation.

The universities had contended that the regulation besides illegally intruding into the rights of the trusts and persons associated with them and who have set up these institutions, interfered with the administration and admission processes of these private unaided institutions in gross violation of a series of dicta of the Supreme Court.

However, the Union government and the UGC argued that the regulation was aimed at ushering in transparency, accountability and quality in these universities.

Accepting the contentions of the universities, the High Court said that the regulation was in violation of the Supreme Court's verdicts in T.M.A. Pai Foundation, P.A. Inamdar and other cases as it would take away the control from the managements of private institutes over the admission process and also fixation of fee structure.

Interference either by the UGC or the Centre in these processes of private unaided and minority educational institutions through the regulation is impermissible, the High Court said.

Pointing out that it was not the UGC that authored the regulation but the Ministry concerned, it said that the regulation was also in violation of Section 26 of the UGC Act.

'Circular issued by UGC in 2010-11 asking all such varsities to comply with the regulation quashed

'Interference in such educational institutions through the regulation is impermissible'

Circular issued by UGC in 2010-11 asking all such varsities to comply with the regulation quashed

TIMES OF INDIA, MAY 16, 2014

### **Madras Christian College, Bharathidasan University introduce third gender option in application forms**

Adarsh Jain

CHENNAI: It's that time of the year when board exam marks restrict students' choices of higher studies, but when it comes to something more personal like gender, two Tamil Nadu campuses have shown their liberal side. Madras Christian College in Chennai and Bharathidasan University in Trichy now offer 'transgender' as a third option for applicants.

The Supreme Court on April 15 recognized transgender people as the third gender, who could be admitted to campuses and work places under the category. Tamil Nadu has been a pioneer in recognizing the rights of the transgendered, establishing an exclusive welfare board for the community and giving the 'T' option in ration cards.

MCC and Bharathidasan University, however, are yet to receive applications from the community, considered to be 30,000-strong in the state. Colleges in the state have been accepting applications for more than a week. "It's too early," said an admission officer at MCC. "We will have to wait for the response."

Bharathidasan University registrar E Ramaganesh said the institution was also considering scholarships for transgender students.

The registrar of Bharatidasan University, one of the two universities in the state that now

offer 'transgender' as an option for applicants, said the university is eager to see how many students register. "We are happy to have taken the lead. Admissions will continue till June 2 and we are eager to see how many register under the category," he said.

Some transgenders who came up the hard way through higher education are happy about the development, but sceptical. "It's a welcome move, but I don't expect the third gender rushing to colleges all of a sudden. May be in a year or two, the numbers will improve," said Rose Venkatesan, the first transgender television host who studied in Loyola College, Chennai.

Jaya, a transgender who works with NGO Sahodaran, felt the inclusion of the third category would help reduce dropout rates. "Others often make fun of transgender students, forcing them us to drop out. This move should help the community get good education," she said.

## ELECTIONS

HINDU, MAY 19, 2014

**Over 150 Congress candidates lose deposit**

RAVI REDDY



Congress created a history of sorts in the general elections in Seemandhra with over 150 candidates forfeiting their deposits.

It is probably the first time that a national political party fared miserably in the Assembly and Parliamentary elections in one region. Staring at certain defeat in the elections, Congress leaders had never bargained for voters heaping such humiliation on them.

Modi factor, strong anti-incumbency mood, anger against bifurcation of the State coupled with crucial caste polarisation in the politically surcharged Seemandhra region dealt a body blow to the Congress. The crushing defeat handed out to the former Ministers, party seniors and several second and third rung leaders, who were given tickets is certain to haunt the leadership for months together, according to APCC leaders.

While a majority of the former Ministers and legislators chose to defect to the YSR Congress and the TDP on the eve of elections, those who reluctantly entered the fray never bargained for such drubbing. Statistics in the 175 assembly constituencies gathered by *The Hindu* shows that as many as many as 150 candidates secured less than 5,000 votes. A majority of them did not even cross the 2,000 mark against the rivals and only over a dozen got more than 10,000 votes.

Worse still was the performance of Congress in eight assembly constituencies where the candidates got less than 1,000 votes and were relegated to fourth, fifth and six position

much below the Bahujan Samaj Party, Pyramid Party of India, Jai Samaikandhra Party and Independents.

A look at the performance of APCC president N. Raghuvveera Reddy, former Ministers like Anam Ramnarayana Reddy, S. Sailajanath, Kondru Murali Mohan, Paspuleti Balaraju and Kanna Lakshminarayana and former PCC chief Botcha Satyanarayana reveals voters' anger against the Congress.

Mr. Raghuvveera Reddy came third in Penukonda constituency securing 16,494 votes against TDP's winning candidate's tally of 79,793 votes.

Mr. Anam Ramanarayana Reddy faced his worst political defeat securing only 8,927 votes only to forfeit deposit in Atmakur constituency. Mr. Kondru Murali Mohan and Dr. Sailajanath too followed suit.

APCC chief spokesperson R. Padmaraju told *The Hindu* that it was the most unfortunate development in the annals of Andhra Pradesh.

"Had we done some fire fighting after the July 30 announcement to divide the State, things would have been different," he said.

He admitted that the party leaders just could not counter the campaign launched by the other opposition parties blaming Congress for the division.

Staring at certain defeat, Congress leaders had never bargained for Seemandhra voters heaping such humiliation on them.

## EMINENT PERSONALITIES

HINDUSTAN TIMES, MAY 16, 2014

**'Extremely proud' of Manmohan Singh: University of Cambridge**

**Prasun Sonwalkar**

As Prime Minister Manmohan Singh prepares to step down on Saturday after a decade in office, the master of St. John's College at the University of Cambridge — where he graduated in 1957 with a First in Economics — said it was "extremely proud" of him.

Even as his detractors continued to hit at Singh in India, Professor Christopher Dobson told HT on Wednesday: "St. John's College is extremely proud to number Dr Singh among its honorary fellows and alumni".

Two scholarships at St. John's College — named Dr Manmohan Singh Scholarships — were set up during his prime ministership.

Since 2007, high-achieving Indian students have been coming to the college for PhD and MPhil degrees in Science, Technology and the Social Sciences.

Dobson added: "His support for the two scholarship programmes has been pivotal in enabling Indian students from a wide range of backgrounds to come to Cambridge and enjoy world-class education."

Singh, who received the honorary degree of Doctor of Law in 2006 at the university, said "Cambridge made me", when the scholarships were instituted. The scholarships worth 35,000 pounds each are supported by Tata Sons, Rolls-Royce India and BP Foundation.

The University of Oxford, where Singh achieved a doctorate in the early 1960s, however, said it would not comment on the occasion of his leaving the prime ministerial office. In 2005, Oxford also conferred an honorary degree upon Singh.

## EMPLOYMENT

HINDU, 23, 2014

### **AICTE launches job portal**

R. SUJATHA

To ensure that students in non-metros are not left out

: In a bid to ensure that students in non-metros are not left out of the race to lucrative jobs, the All India Council for Technical Education (AICTE) has launched a job portal linking students and companies.

The portal designed for educational institutions in Tier-II and Tier-III cities allows students/companies to access and upload the profiles of each other.

### **Online tests**

Depending on the vacancy and suitability of the candidates, the companies would invite them to online tests followed by personal interview. Some college placement officers say the AICTE had announced this initiative in 2012. The portal will cover over seven million candidates across the country.

S. Mohamed Tajudeen, Director of Placement in B.S. Abdur Rahman University, says the initiative by the AICTE has come when there are already several independent job portals functioning in the country.

According to him, colleges in cities, which have access to a good number of companies, recruit students through campus recruitments or off-campus programmes.

“We are trying to check if companies such as TCS and Cognizant will also join the portal. Such companies conduct online tests for more than one lakh students at one go and recruit candidates as per their requirements,” Mr. Tajudeen said.

The job portal will be a boon to students in Tier-II and Tier-III cities, where recruiters hardly visit, said an industry source. The portal, being the first-of-its-kind initiative, would encounter stiff competition once it got popularised.

For instance Anna University, which has a dedicated placement cell, involves all colleges affiliated to it to participate in placement programmes.

### **Collaborate**

In the year-long process, the university officials collaborate with the affiliated colleges and the industry on a regular basis.

P. Ananthakrishnan, placement officer at Sri Krishna Engineering College, which is one of the institutions that has access to the portal, says: “Usually we organise campus placements by coordinating with companies.

Now, the AICTE will offer details of students online and the companies will directly call them...we are not sure how successful this exercise will be. We have just started.”

The portal designed for educational institutions in Tier-II and Tier-III cities

It allows students/companies to access and upload profiles of each other

## FINANCIAL INSTITUTIONS

FINANCIAL EXPRESS, MAY 19, 2014

### **RBI's early warning signal suggests Rs 66,000 cr NPAs**

Bank loans that aren't non-performing assets (NPAs) yet but could turn problematic at some point vary anywhere between 4% and 8% of total advances, a sample study of a few public sector banks shows. Following a fiat from the Reserve Bank of India (RBI), banks have put in place a mechanism to spot troubled loan accounts early in the day, classifying these potentially troublesome exposures as "Special Mention Accounts" (SMAs).

On a rough reckoning, loans that are not being serviced on time at four public sector banks are estimated at around Rs 66,000 crore. While Bank of Baroda's (BoB) SMA-2 accounts are estimated at close to Rs 18,000 crore, or 4.53% of its total advances, at Bank of India (BoI), the exposure to SMA-2 accounts is approximately 5% of its total loan book or Rs 18,000 crore.

A loan is classified as an NPA if the interest or principal repayment is overdue for more than 90 days. According to guidelines issued by the RBI, banks have to strictly monitor loan accounts that run the risk of turning into NPAs. These guidelines also call for the early detection of stressed assets. This led to the creation of SMA (where repayment is overdue for up to 30 days), SMA-1 (where repayment is overdue between 31 and 60 days), and SMA-2 (where repayment is overdue between 61 and 90 days).

SK Jain, executive director, Union Bank, confirmed to FE that large companies, facing mismatches in their cash flows, were delaying payments. "However, we hope once the elections are over, they will receive their dues from government departments," Jain said. At Union Bank, the quantum classified under SMA-2 accounts is around Rs 17,288.43 crore, or as much as 7.97% of the bank's gross advances at the end of March 2014.

A senior executive at Dena Bank confirmed that companies start paying up only after 60 days. "We have estimated roughly Rs 12,000-13,000 crore in the SMA-2 bucket," the executive said. M Narendra, chairman and managing director of Indian Overseas Bank, observed that by and large customers delayed interest payments by 61 to 90 days which put them into the SMA-2 category. "Many of these are from the small and medium enterprises (SME) sector" Narendra said.

Public sector banks have seen their NPAs rise sharply over the last couple of years as the economy slowed and companies' cash flows became strained. Gross NPAs at Central Bank of India at the end of March 2014 were 6.27%, at Punjab National Bank 5.3% and at Union Bank 4.1%. At the end of March 2014, gross NPAs were Rs 11,869 crore or 3.15% of total advances. BoB's NPAs last year stood at R11,876 crore or 2.94% of

advances. In the January-March quarter, the bank saw fresh slippages worth Rs 1,295 crore.

Banks have also resorted to restructuring loans by easing the terms of repayment. In FY14 alone, banks restructured loans worth R1 lakh crore through the corporate debt restructuring(CDR) cell, on the back of recasts to the tune of Rs 78,500 crore in FY13.

Ananda Bhowmick, senior director at credit rating agency India Ratings, says that though the NPA level in the system has increased, the rate of growth of incremental bad loans is declining and will see a further dip in the coming two quarters. The central bank has also directed banks to provide credit information regarding their exposures above Rs 5 crore to the Central Repository of Information on Large Credits. As soon as an account is classified under SMA-2, banks have to form a lenders' committee called Joint Lenders' Forum to evaluate the asset and work towards early resolution of stress in the account.

FINANCIAL EXPRESS, MAY 20, 2014

#### **RBI allows LLPs to carry out financial commitment abroad**

The RBI has allowed Limited Liability Partnership (LLP) firms to carry out financial commitment to/on behalf of joint ventures or wholly-owned subsidiaries of the Indian companies abroad.

“On a review, it has been decided to notify a Limited Liability Partnership as an ‘Indian Party’. Accordingly, an LLP, may henceforth undertake financial commitment to/on behalf of a JV/WOS abroad,” the reserve Bank said in a notification on Monday.

An ‘Indian party’ means a company incorporated in India making investment in a joint venture (JV) or wholly-owned subsidiary (WOS) abroad and includes any other entity in India as may be notified by the RBI.

RBI in certain cases has allowed an Indian party to make direct investment in a JV/WOS outside India.

LLP is a form of partnership where all partners have limited liabilities. It provides that one partner would not be responsible or liable for another partner's misconduct or negligence.

BUSINESS STANDARD, MAY 21, 2014

#### **RBI for 20% credit enhancement by banks to corporate bonds**

**Move to help funding infra projects; Limit on giving partial credit enhancement will be set at whichever is lower between two**

The Reserve Bank of India (RBI) plans to allow [banks](#) to provide partial [credit](#) enhancement of up to 20 per cent of the entire bond issue to help companies

raise funds for infrastructure projects. [Credit enhancement](#) could also be provided by improving the rating of bonds by two notches.

The limit on partial credit enhancement will be set at whichever is lower---20 per cent credit enhancement or the funds needed to raise the rating by two notches.

Banks should adopt a board-approved policy on partial credit enhancements, covering issues such as assessment of risk and setting limits, RBI said in its draft norms released on Tuesday. For the infrastructure sector, they should set an overall exposure limit. This would cover direct exposure (fund-based limit) and non-fund-based exposure to companies, including non-banking financial companies, the central bank said.

The exposure limits will also take into account indirect exposures---sponsoring infrastructure debt funds and partial credit enhancements. The arrangement of banks providing partial credit enhancement to [corporate bonds](#) would be reviewed after two years, RBI said.

Currently, India's corporate bond market lacks sufficient depth and liquidity. Therefore, companies have to depend on bank financing for infrastructure projects.

Banks are being allowed to provide partial credit enhancements to bonds issued to fund infrastructure projects by companies and special purpose vehicles.

A deep and liquid corporate bond market could provide an alternate source of financing companies, RBI added.

### **Customer protection code to be mandatory for banks: RBI**

To protect consumer interest, the Reserve Bank of India ([RBI](#)) is formulating guidelines to discourage lenders from mis-selling and hold them responsible for the products they offer.

While presenting the annual monetary policy for 2014-15 in April, RBI Governor Raghuram Rajan had indicated the need for a statutory framework for [customer protection](#) in the banking and financial sector.

For regulations governing the sale of financial products and services, the central bank plans to shift from the current 'caveat emptor' ([buyer](#) beware) principle to 'caveat venditor' ([seller](#) beware). "We are going to have the principle of caveat venditor and will formulate the codes for it," RBI Executive Director Deepali Pant Joshi said, while addressing a conference of the [Banking Codes](#) and Standards Board of India (BCSBI) on Tuesday.

The principle of caveat venditor forces sellers to take responsibility for the product and discourages them from providing products of inferior quality. The responsibility of proving deficiency in service vests with the seller.

The bank customer protection regulations would be [mandatory](#), Joshi said, adding a draft code on this was expected to be ready in six weeks. The framework would state the customers' rights and spell out [banks'](#) implicit duties, she added.

Banks that internalised BCSBI's code of commitment to customers and small & medium enterprises wouldn't find it difficult to adapt to the new statutory framework, she said.

Complaints received by the Banking ombudsman across the country, as well as interaction with customers, show banks have to raise the benchmark for customer services. There is widespread violation of the code of commitment and shortcomings in its implementation. Joshi said this was crucial, as 10 per cent of member banks rated by BCSBI in 2012-13 had good ratings; 52 per cent were rated 'above average' and 38 per cent were rated 'below average'.

Most complaints pertained to credit and debit card services, followed by flouting of the fair practices code, Joshi said.

HINDU, MAY 21, 2014

### **RBI may ease norms for infrastructure funding**

The Reserve Bank of India is examining whether it should relieve banks of CRR (Cash Reserve Ratio) and SLR (Statutory Liquidity Ratio) obligations with regard to infrastructure funding. If the proposal goes through, it could come as a fillip to the soon-to-be-sworn-in Narendra Modi government's big bang infrastructure plans.

The BJP manifesto promised 100 new cities and high-speed bullet trains. Heavy-duty infrastructure construction is widely expected to be crucial in the Modi government's agenda for revival of the economy.

"Today, the investment needs of the economy, especially long-term investment in areas like infrastructure, have increased ... To create space for financing, the government has to pre-empt less of the banking system's assets," Governor Raghuram Rajan said on Tuesday. Dr. Rajan was delivering a lecture on the Annual Day of the Competition Commission of India in Delhi.

The CRR and SLR obligations disadvantage banks vis-a-vis other financial institutions in the raising and lending of long-term money, which becomes especially important for infrastructure, Dr. Rajan said. Since construction lasts for 5-7 years, banks should be able to raise long-tenor money for these purposes, said Dr. Rajan. However, at present, the raising of such money by banks is burdened with CRR and SLR requirements. Thereafter, any lending that banks do attracts further priority-sector obligations. "To the

extent that banks raise long-term bonds and use them for infrastructure financing, could we relieve them of such obligations?” said Dr. Rajan.

CRR is the minimum percentage of deposits a bank must hold as currency chests or deposit with the RBI. SLR is the minimum percentage of deposits a bank must maintain in the form of gold, cash or other approved securities. The RBI is empowered to increase SLR up to 40 percent. The CRR and SLR limit the amounts that banks can lend.

## FOREIGN INVESTMENT

THE STATESMAN, MAY 21, 2014

### **Govt approves 10 FDI proposals**

The government has cleared 10 foreign direct investment proposal totalling Rs 139.95 crore, including that of Equitas Holding and Ambit Pragma Fund II.

The foreign investment proposals were cleared following recommendations for the same by Foreign Investment Promotion Board (FIPB) in its meeting held in March, the finance ministry said.

It further said decision on seven proposals was deferred while decision on five have been kept in abeyance.

FINANCIAL EXPRESS, MAY 14, 2014

### **Narendra Modi exploring breakup of CIL, opening sector to foreign investment**

Newly elected prime minister Narendra Modi is exploring breaking up state behemoth Coal India (CIL) and opening up the sector to foreign investment to boost output and cut imports, said two sources with knowledge of the matter.

Red tape, strikes, protests against land acquisition and delays in obtaining environmental approvals have kept coal output far below demand, making India the world's No.3 importer even though it sits on the fifth-largest reserves.

Modi wants to fix the coal sector quickly to ensure unbroken electricity supply across the country, as in his home state of Gujarat where manufacturing has flourished. Coal generates more than half of India's power and is the cheapest form of energy.

Any reform will begin with CIL, as it accounts for 80% of India's total coal output, said a source at Modi's Bharatiya Janata Party (BJP). The world's largest coal mining company has failed to meet its output targets for years.

"The story is about Coal India, whose productivity as we all know has been poor," said the source, a member of the BJP's economic policy team.

"What we have in mind is bringing changes inside-out in the company within a stipulated time period."

There is a possibility of converting various units of CIL into independent companies, and making respective state governments equity holders to help speed up land acquisition and other such processes, a top CIL official said.

Credit Suisse analysts Neelkanth Mishra and Ravi Shankar wrote in a May 19 note that disappointing domestic coal output is one of the main reasons for the slowdown in

investment cycle. Raising coal volumes is likely to be a top priority for the new government, they added.

“The only meaningful solution, though much harder to implement, is to either break Coal India up, and divide ownership of its subsidiaries among the states where they operate, or in some way introduce an incentive structure so that the respective state governments participate in the growth of coal mining in their states,” they wrote.

Sources say no big-bang steps should be expected immediately as lot of consultation is still going on. But the thumping victory will make decision making easier.

Apart from using modern mining technologies to boost efficiencies and convert “challenging mines into modern mines”, the government will also explore international private-sector partnership in a significant way, said the BJP source.

Another idea under consideration would be to auction coal blocks through open tenders, as India already does for oil and gas deposits.

The officials from BJP and Coal India said that many global miners are keen to invest in India's coal sector. "India is a coal superpower, both in terms of production and consumption - foreign interest is natural," the BJP official said. India's coal production in the 11 months through February was 497.2 million tonnes, according to data from the Ministry of Mines. Output was 557.8 million in the whole of 2012/13.

Research firm OreTeam says that according to its data, India imported 158.8 million tonnes of coal in 2013/14. The Ministry of Coal said in February that imports hit 145.8 million in 2012/13, with more than half of that coming from Indonesia. Australia, South Africa and the United States are India's other main suppliers.

## IMMIGRATION AND EMIGRATION

TIMES OF INDIA, MAY 22, 2014

### **Treat pre-1971 Bangladeshi settlers as Indians: Meghalaya HC**

SHILLONG: In a landmark judgement, the Meghalaya high court has said Bangladeshi nationals who had settled in the state before March 24, 1971, should be treated as Indians and enrolled in the voters' list.

The order came on a petition filed by more than 40 Bangladeshi refugees who were denied enrolment in the electoral roll on the grounds that their citizenship was "doubtful". The refugees from Amjong village in Ri-Bhoi district near the Assam-Meghalaya border had moved the high court after their citizenship certificates were seized by the deputy commissioner.

In his May 15 order, justice S R Sen directed Ri-Bhoi deputy commissioner to return the certificates and enroll the petitioners in the voters' list. Justice Sen said there was an "understanding between" the two countries as to who should be allowed to stay and who should be deported to Bangladesh. "It is clearly understood that the forefathers of the petitioners entered India much before March 24, 1971," he said. "As such, there is no question of deporting them at this stage when they have acquired the right of permanent rehabilitation."

The court also said: "The petitioners are no more Bangladeshi citizens and there is no scope to order their deportation. In such circumstances, it is the duty of the government of Meghalaya as well as the Government of India to give them proper rehabilitation and not disturb their citizenship."

## INTERNATIONAL RELATIONS

STATESMAN, MAY 16, 2014

### **Border with China~II**

It is ironical that the year of the Panchsheel and the India-China Agreement over Tibet had witnessed the publication of maps by the two governments. The seeds of discord were inherent. Within five years of the signing of the agreement, starting from the middle sector, then the north-western sector and finally the eastern sector, the entire Sino-Indian border became the subject of dispute ~ ARUN KUMAR BANERJI

It is against this background that one has to examine Nehru's decision in 1954 to introduce a new set of maps, replacing the old maps, in effect, staking a claim to India's boundary in the western sector along the crest of the Kuenlun range, rather than the more moderate claim line proposed by the British (the Macartney-Macdonald Line). It is important to note that the official India maps published in 1948 and 1950 showed the entire northern boundary from the India-China-Afghanistan tri-junction in the west to the China-India-Nepal tri-junction to the east as 'undefined' ( AG Noorani, 2012). Nehru's decision might have been influenced by the publication in Beijing in 1954 of a book entitled A Brief History of Modern China which allegedly showed large swathes of territory wrongfully wrested from the Chinese since 1840 and that included Ladakh, Nepal, Sikkim, Bhutan, NEFA, Assam and the Andaman Islands, besides several other territories in South-east Asia. This, in a sense, was a reflection of the 'Middle Kingdom' mentality of the Chinese who were aware that such sweeping claims would be difficult to realise, and entered into border agreements with Nepal and Burma. It is ironical that the year of the Panchsheel and the India-China Agreement over Tibet had witnessed the publication of maps by the two governments. The seeds of discord were inherent. Within five years of the signing of the agreement, starting from the middle sector, then the north-western sector and finally the eastern sector, the entire Sino-Indian border became the subject of dispute. Unknown to the public, both sides had been engaged in the exchange of letters stating their respective positions on the border and trying to assert control over the areas which they claimed to be their own by setting up posts.

The news about the border skirmishes near the Kongka Pass in the Western sector and Longju in the east in 1959, and the concurrent leakage of the news about the construction of the Xinziang-Tibet highway by the Chinese through Aksaichin brought the matter in the public domain. Nehru's position on the Aksaichin area was still tentative. He made a distinction between the McMahon Line, calling it a fixed line with minor variations, and the boundary in Ladakh. Replying to a debate in the Rajya Sabha on 12 September 1959, he observed: 'The Aksaichin is in our maps, undoubtedly. But it is a matter for arguments as to what part of it belongs to us and what part of it belongs to somebody else ... the matter has been challenged for a hundred years.' Two days earlier, on 10 September,

referring to the Aksaichin highway he told the House that the government had 'discovered' it in 1958. 'We did not know where it was... we just are not within 100 miles of the area. It is an uninhabitable area, 17000 feet high and it had not been under any kind of administration. Nobody has been present there. It is a territory where not even a blade of grass grows'.

Nehru's statements in the Rajya Sabha were based on the information available to the Ministry of External Affairs and the discussions held within the ministry after the 'discovery' of the Aksaichin Road. If one takes note of the tenor of these discussions, it seems that the idea of putting up forward posts in disputed areas was the brainchild of BN Mullick, then the chief of the Intelligence Bureau, without any concurring support from either the officials of the MEA or the Chief of the General Staff of the Indian Army. According to Mullick, the issue of Chinese intrusion into Indian territory became evident from the reports of Indian patrols who were sent to the frontiers 'in all directions', for which an advanced post in Hot Springs was set up and he recommended to the Government to send a protest note to the Chinese. Between March 1958 and January 1959, three meetings were held in the MEA to discuss what should be India's response to the alleged intrusion by the Chinese forces, as reported by the IB. The CGS, General Thimayya, attended all these meetings. In the first meeting the MEA took the position that such a move would be counter-productive as the exact boundary of the area had not been demarcated and, therefore, would be rejected by the Chinese. In the meantime the IB found that the Chinese had completed the construction of the road linking Xinxiang with Tibet through Aksaichin, which was also confirmed by the report from the Indian Embassy in Beijing. The matter was taken up for discussion in the MEA in June 1958. The Foreign Secretary questioned the need for sending a protest note as neither the report from the Indian Embassy nor the intelligence report conclusively proved that the Xinxiang-Tibet road built by the Chinese did actually pass through Indian territory. A decision was taken to send two patrol parties, one by the IB and the other by the Indo-Tibetan Border Police (ITBP) to ascertain whether the road ran through Indian territory. Mullick seemed to be too keen to pursue his plan of setting up forward posts. The IB reported that the Aksaichin road passed through Indian territory and recommended that the Army should establish forward posts in Palong Karpo in the north and Sarigh Jilganang Kol in the east, near the two ends of the Aksaichin Road. The issue was taken up again for discussion in the MEA in January 1959, in the presence of the CGS; the latter emphatically stated that the Aksaichin Road was of no strategic importance to India and setting up of small posts in such areas as Salong Karpo and Sarigh Jilganang Kol was of little value, especially because it would be difficult to maintain such isolated posts from the Army base in Leh. The Foreign Secretary was broadly supportive of this idea (B N Mullik; *My Years with Nehru: The Chinese Betrayal* (1971, pp 202-04).

Nehru's position seemed to be somewhat ambivalent. While agreeing with the view that the advanced posts should not be set up in the places mentioned as they were too close to the Aksaichin Road and might provoke the Chinese, he approved the idea of setting up

advanced posts in such places as Hot Spring, Tsogatsalu, Shamul Lunga etc. as suggested by the IB, thus laying the ground for what later came to be known as forward police. The Chinese were not sitting idle; they did the same as the Indians were doing, thus making border skirmishes inevitable unless checked by firm diplomatic initiatives.

This is precisely what was lacking in 1959 in the context of the border clashes and the Chinese crackdown on Tibet, followed by the flight of the Dalai Lama to India for which China criticised India. To make matters worse, Nehru's earlier tentativeness on the status of Aksaichin was replaced by inflexibility which made it difficult to conclude a negotiated settlement. Perhaps the most important factor that influenced Nehru's decision in favour of a tough posture on the Aksaichin issue was the view of the then Director of the Historical Research Division of the MEA, DS Gopal, that India's claim to Aksaichin was stronger than that of China's. Moreover, the publication of the "Historical Background of the Himalayan Frontier of India" (1959) by the Historical Division of the MEA and the government's decision to publish the diplomatic exchanges with Beijing, under parliamentary pressure, limited the scope for manoeuvre in negotiations with the Chinese, as any compromise settlement would be branded by the critics as a sell-out.

China's perception about India's intentions were also influenced by a number of factors: (i) the severe criticism in India of the Chinese crackdown on Tibet in 1959; (ii) the growing Indo-Soviet friendship at a time when the Sino-Soviet rift was widening as exemplified by the Indo-Soviet MIG deal in 1961; and (iii) by Nehru's curious stance which led to the scuttling of the last-minute attempt to avoid a border war.  
(Concluded)

## INTERNET

STATESMAN, MAY 22, 2014

### **China orders security vetting of IT products**

Beijing, 22 May: Amid its bitter spat with the US over cyber espionage, China has ordered cyber security vetting of major IT products and services for use by national security and public interest.

The vetting is aimed at preventing suppliers from taking advantage of their products to illegally control, disrupt or shut down their clients' systems, or to gather, store, process or use their clients' information, the state internet information office announced here today, two days after US indicted five Chinese military officials for cyber theft.

China denied the allegations and called off its annual dialogue on cyber security with US, while reminding Washington about NSA contractor Edward Snowden's revelations of America's cyber espionage of several Chinese entities.

In retaliation, China has already banned Microsoft's Window 8 from being used in all government computers.

The Chinese government was upset about Microsoft move to stop providing security updates for Windows XP, which was widely used in China. This prompted Chinese firms to make alternative arrangements.

Today's order said companies that fail the vetting will be stopped from supplying their products and services in China.

Ensuring that IT technologies and cyberspace are "safe and under control" is vital to China's national security, economic and social development as well as people's legitimate rights and interests, Jiang Jun, the office's spokesman, was quoted as saying by state-run Xinhua news agency.

"For a long time, governments and enterprises of a few countries have gathered sensitive information on a large scale, taking the advantage of their monopoly in the market and technological edge," he said.

"They not only seriously undermine interests of their clients but also threaten cyber security of other countries."

China's government departments, public institutions, enterprises, universities and backbone networks of its telecom firms have suffered extensive invasion and wiretapping, Mr Jiang said.

Documents leaked by Snowden last June rang alarm bells over the cyber security of many countries, Mr Jiang said, adding that the affair reminded people how crucial cyber security is to national security.

“It shows that without cyber security, there's no national security,” he said.

Having the world's biggest number of internet users, China is duty bound to tighten cyber security measures and make sure security vetting of major IT products is effective, Mr Jiang said. China is not the first country to adopt such security vetting. In 2012, the US House permanent select committee on intelligence conducted security investigation on Chinese IT firms. The US administration also asks federal agencies to choose cloud computing services from service providers that have passed its security vetting, Xinhua said.

## LIBRARIES

HINDU, MAY 23, 2014

### **Librarian posting in a tangle**

S.R. PRAVEEN

One of the two contenders allege discrimination

The succession plans to the post of State Librarian at the State Central Library here is in a muddle with one of the two contenders to the post alleging that the administration is trying to sideline her on the basis of her caste.

P.K. Shobhana, Deputy State Librarian, had alleged that she was purposefully given lower grades in the confidential reports for three years from 2011, to deny her the promotion.

“Only when I filed a Right to Information (RTI) application did I come to know that I was given very low grades citing reasons such as lack of proper official communication, failings in administrative tasks, and even lack of discipline in official matters and lack of personal relations with colleagues and the public. But during the said time, I had performed my official duties exceedingly well, including being the head of the summer school in 2011, when it was commended upon by the public and the media alike,” Ms. Shobhana told *The Hindu* .

She had previously complained to the department Secretary in 2007 against the discrimination directed at her by the State Librarian.

In 2001, when she joined the library, she was allegedly not even given a seat.

### **Norms violation alleged**

In 2011, she was downgraded as a duty librarian in violation of all norms, she said.

“In the meetings of the Departmental Promotion Committee (DPC), the State Librarian did not even highlight my qualifications. There has been a subtle rewriting of the promotion rules to deny the benefits of my caste status,” she said.

State Librarian P. Suprabha, who is to retire by the end of this month, said a final decision on the promotion had to be taken by the government.

### **Ratings**

“The ratings were given according to her performance at the library. She has refused to cooperate with me in the past years and does not even attend meetings. But I still argued for her at the committee meeting,” Ms. Suprabha said.

Additional Chief Secretary K.M. Abraham, convener of the DPC, said though a report had been sent to the government on the succession plan, a decision was yet to be taken.

“Ms. Shobhana had a chance to appeal against the ratings in the confidential report at an earlier stage. But she signed on the report agreeing to have read it, which has jeopardised the chances of her promotion. Now, she has given an appeal and a decision is yet to be taken,” Mr. Abraham said.

One of the two contenders allege discrimination

Appeal chance not used: Additional Chief Secretary

One of the two contenders alleges discrimination.

TIMES OF INDIA, MAY 22, 2014

**Library goes digital: Pick your read at just a click**

[Jamal Ayub](#),

BHOPAL: Over a century old books and manuscripts in the historic Maulana Azad Central Library can now be read on your favourite desktop or mobile. Library is soon to kick-start the process of digitization using a part of the Rs 15 lakh grant given to it by the state government.

Formerly known as King Edward Museum, the red stone library was named a protected structure by the state government in May, 2012. It was built in 1908 by the then Nawab of Bhopal Begum Sultan Jahan, the museum earlier exhibited gifts and offerings presented to rulers of the state by other dignitaries.

In 1955, it was rechristened Maulana Azad Central Library. Most precious jewels and artifacts were relocated to the state museum although some were lost in transition.

Current library in charge Vandana Sharma has impressed upon authorities to preserve the library's other heritage. "We estimate that the library still has about 60,000 books and manuscripts in Hindi, English, Urdu, Persian, Arabic and Sanskrit. It needs preservation and restoration," she said. Given the limited funding, only a fraction of these books would be digitized in the current phase, she added. For the task Sharma approached Regional Office of the National Archives of India (NAI) in the city. "A team from NAI would soon visit the library. We have offered to facilitate the process of restoration and preservation," said Pranjana Sinha, assistant director of archives, Bhopal.

Digitization and preservation of these books is not the only task at hand. The central library is having a difficult time to find a scholar with proficiency in Arabic and Persian. "Books are on varied subjects from science to literature and medical science," said

Sharma. The library has many books on women's education, reflecting the Begum Nawabs initiatives to promote women's rights and education.

## PARLIAMENT

ECONOMIC TIMES, MAY 19, 2014

### **President Pranab Mukherjee dissolves 15th Lok Sabha**

NEW DELHI: [President Pranab Mukherjee](#) today dissolved the [15th Lok Sabha](#) with immediate effect, completing a formality before the constitution of the new House.

"The President accepted the advice of the Cabinet and today signed the Order dissolving the 15th Lok Sabha in exercise of the powers conferred upon him by sub-clause (b) of Clause (2) Article 85 of the Constitution," Rashtrapati Bhavan Press Secretary Venu Rajamony said.

The outgoing Union Cabinet, in its last meeting yesterday under Prime Minister [Manmohan Singh](#), had advised the President to dissolve the 15th Lok Sabha with immediate effect.

After this, Parliamentary Affairs Minister Kamal Nath had called upon the President and handed over a decision of Cabinet with the recommendation.

The BJP secured majority on its own in the elections for the 16th Lok Sabha by winning 282 seats where as [Congress](#) could bag only 44.

The [Election Commission](#) will now be submitting the list of newly elected members of the 16th Lok Sabha to the President.

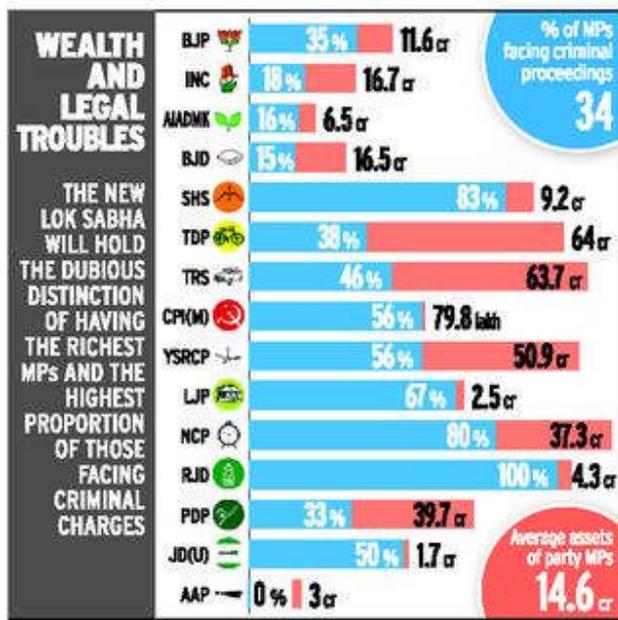
The list containing the names of all 543 Members of Parliament will be handed over to the President by a three-member EC team headed by Chief Election Commissioner V S Sampath.

HINDU, MAY 19, 2014

**One-third of new MPs face criminal charges**

RUKMINI S

Candidates with criminal charges were more than twice as likely to win compared to those with a clean record



Source: Association for Democratic Reforms

The 16th Lok Sabha will have the highest number of MPs with criminal cases against them. Over a third or 34 per cent of the new MPs face criminal charges, says data from the Association for Democratic Reforms (ADR), which analysed the election affidavits filed before the Election Commission. The percentage in 2009 and 2004 stood at 30 and 24 respectively.

**RJD tops the list**

Among the major parties, the Rashtriya Janata Dal leads the table with all its four MPs facing criminal charges, followed by the Shiv Sena (15 of 18 MPs) and the Nationalist Congress Party (4 of 5 MPs). Over a third of the BJP's new MPs are facing criminal charges and over a fifth face serious criminal charges. For the Congress, the proportion is lower at 18 per cent and 7 per cent respectively.

Across parties, candidates facing criminal charges were more than twice as likely to win as compared to those with a clean record, the ADR data shows.

Maharashtra, Uttar Pradesh and Bihar have the highest number of candidates with criminal cases against them.

**Richest House**

As many as 82 per cent of the new MPs have assets worth over Rs. 1 crore each, making it the richest Lok Sabha as compared to 2009 (58 per cent) and 2004 (30 per cent).

Three parties from Andhra Pradesh — TDP, TRS and YSRCP — have the richest MPs with average assets worth over Rs. 50 crore. India's richest MP — TDP's Jayadev Galla of Guntur — is worth Rs. 683 crore.

The average Congress MP is worth over Rs. 16 crore while the BJP MPs, on an average, have assets over Rs. 11 crore. The CPI(M) has the poorest candidates, with average assets of Rs. 79 lakh. Trinamool Congress' Uma Saren is the poorest MP with assets under Rs. 5 lakh.

## POLITICAL PARTIES

HINDU, MAY 19, 2014

### **1,687 parties registered for LS polls**

The number of political parties has increased over 30 times since the first general election in 1952

The number of registered political parties in this year's Lok Sabha polls has surged to a record 1,687, an increase of over 30 times since the first elections were held in 1952.

According to figures released by the Election Commission, only 53 parties contested then, while the figure stood at 363 during the 2009 election.

In the first Lok Sabha polls, out of 53 parties, 14 were national and 39 regional.

In 1962, only six national parties and 11 regional parties, of the 27 parties registered, participated in the election. Ten 'registered but not recognised' parties also took part in that election.

In the sixth Lok Sabha election in 1977, held after the Emergency, 34 parties contested, of which five national and 15 regional parties put up candidates. The country witnessed another elections just after three years, in which six national, 19 regional, and 11 'registered but not recognised' parties contested.

Consistent rise

The number kept increasing significantly and reached 209 in the 1996 election. The figure included 8 national parties and 30 regional parties. The rest were 'registered but not recognised.'

Elections were held in 1998 after the government elected in 1996 collapsed and the 12th Lok Sabha was convened. A total of 69 political parties contested the 1999 polls, while 76 had contested in 1998. The number again increased to 215 in the 2004 Lok Sabha elections.

The number increased significantly in 2009 where 363 parties participated. Out of 363, seven were national parties, 34 were regional, and 322 fell in the category of 'registered but not recognised.' — PTI

## POLITICS AND GOVERNMENT

STATESMAN, MAY 14, 2014

**Now to build Opposition!**

Rajinder Puri

The massive BJP poll victory should ensure a stable and strong central government. That is to be greatly welcomed. The Congress appears incapable of revival in its present form. There is therefore no effective opposition in the country. That is to be deplored. This is not because Mr. Modi's government needs to be criticised. It may perform wonderfully well. But there is scope for constructive criticism which in effect helps the government to fine tune and improves its policies. Indeed Prime Minister Mr. Modi has indicated that he welcomes criticism and suggestions. That is what makes democracy the best system. Today such an opposition does not exist. It needs to be created. How might that be done? The first requirement for a genuine opposition to emerge would be to create an ideological and policy agenda that presents an alternative view to the existing ruling party. None will deny that Mr. Modi represents a strong central authority which the public was yearning for after ten years of a wishy-washy leadership. That makes good a discrepancy in India's federal democracy that was never recognised. States invoked federalism only to demand more rights for themselves. They never appreciated that for genuine federalism it is equally necessary for the central government to have a clearly demarcated sphere of jurisdiction to allow it unfettered governance. That is why Indian democracy has failed to deliver effective governance. It is worth noting that in India the term federal is used only in the context of decentralising power. But in America the same term is used only in the context of centralised power.

The second great distortion in our democracy arose from the fact that while state chief ministers waxed eloquent about the need for more powers for themselves, they ignored for the most part the equal need to grant due powers to district and local administrations. This rendered federalism farcical. This lack of participation in the system was what gave a quick boost to the Aam Admi Party which failed to exploit its opportunity. It is necessary for the government to restore governance through greater participation as Mr. Modi has repeatedly stated, not merely through executive decisions but through institutional restructuring and reform. In other words the system needs reform through reappraisal of our Constitution.

The natural ideological polarisation in Indian politics is not between the Left and the Right as understood in the West, related to the degree of state intervention in the economy. It is between centralisation and decentralisation of power to be exercised between the centripetal and centrifugal forces. Egalitarian reform will not come from focusing only on the economy as the West has come to accept after the advent of Karl Marx. The real key to egalitarian reform lies as much if not more with democracy. And it is federalism that ensures that self-rule and democracy allow equal participation to all

citizens. The formulation of an alternative agenda therefore to confront Mr. Modi's government with healthy opposition should offer little problem. What remains is the task of building a political organisational structure that can represent the whole nation.

Tamil Nadu, West Bengal, Orissa, Telangana and some smaller northeast states have all withstood the Modi onslaught successfully. Parties like the BSP, SP, RJD, JDU, NCP, RLD and others may have lost presence in parliament. They still have workers on the ground. The Aam Admi Party retains potential in Delhi and Punjab. There are still 48 Congress MPs in parliament and many Congress workers on the ground across India. They need to rethink. Many supporters of the Congress and BJP scoff at regional leaders and say they are incapable of uniting because of inflated egos and divisive vote banks. These critics betray their appalling ignorance about the egos and divisive tendencies that exist among leaders of the national parties. They betray their ignorance about the architecture of governance and the weakness of so called national parties. Now is the time for regional parties to confer, consolidate and challenge the Modi government by agreeing on a policy agenda, on a federal party constitution, on common purpose and on a common campaign to bid for power in the future. They will have to demonstrate through alternative policies that not only will they offer more power to villages, districts and states, but also to the centre by creating a stronger government more capable of promoting national interest than the present incumbent.

Need one recall that Mr. Lalu Prasad Yadav and Mr. Nitish Kumar were united before they split? Also, SP and BSP were united before they split? Indeed, this writer initiated moves for the alliance between late Kanshi Ram and Mr. Mulayam Singh Yadav which first gave the BSP its legislative presence. These leaders split because they got influenced by caste instead of by class. They focused on secularism instead of on federalism. It is time they got on the right course.

So, what will it be? Will regional leaders sulk or kowtow before the central government? Or galvanise their workers to take a new, creative policy agenda to the people and start mobilising support? Democracy needs a healthy opposition. India needs a two party system. Events have provided the opportunity to create one. It is up to regional leaders and those marginalised by the recent poll to discuss, unite and fight.

The writer is a veteran journalist and cartoonist. He blogs at

TIMES OF INDIA, MAY 23, 2014

**New CM takes oath at stellar show**



GANDHINAGAR: Gujarat's new chief minister Anandiben Patel took charge at the Chief Minister's Office (CMO) in the Swarnim Sankul here late on Thursday evening. Patel, Gujarat's first woman chief minister, held a meeting with chief secretary Varesh Sinha, director-general of police PC Thakur and senior bureaucrats.

Earlier, there was chaos at the swearing-in held at Mahatma Mandir in Gandhinagar with senior bureaucrats and BJP leaders struggling to get inside the venue.

CMs of five states -Shivraj Singh Chauhan (MP), Vasundhara Raje (Rajasthan), Manohar Parrikar (Goa), Raman Singh (Chhatisgarh) and Parkash Singh Badal (Punjab) — as well as national leaders of the BJP and NDA were present at the oath-taking ceremony . BJP's national president Rajanath Singh, party stalwart L K Advani, senior BJP leaders such as Sushma Swaraj, Murli Manohar Joshi, Venkaiah Naidu and Nitin Gadkari were among the prominent leaders at the function.

HINDU, MAY 22, 2014

### **Naveen sworn in CM for fourth time**

Following an emphatic victory in the Assembly polls, Biju Janata Dal president Naveen Patnaik was sworn in as Chief Minister of Odisha here on Wednesday. He is the first leader in the State to become Chief Minister four times in a row.

As many as 21 other Members of the new Council of Ministers, were also sworn in at a well-attended, glittering function on the Raj Bhavan premises.

Mr. Patnaik and his ministerial colleagues were administered the oath of office and secrecy by Governor S.C. Jamir. A large number of dignitaries, officials, and party workers attended the function.

Those sworn in as Cabinet Ministers were Pradip Kumar Amat, Damodar Rout, Debi Prasad Mishra, Badrinarayan Patra, Usha Devi, Bijayshree Routray, Bikram Keshari Arukha, Pradeep Maharathy, Lalbihari Himirika, Puspendra Singh Deo, and Yogendra Behera.

### **Others take oath**

Those who took oath as Ministers of State were Atanu Sabyasachi Nayak, Ramesh Chandra Majhi, Arun Kumar Sahu, Sanjay Kumar Das Burma, Ashok Chandra Panda, Prafulla Kumar Mallick, Snehangini Chhuria, Pranab Prakash Das, Sudam Marandi and Pradeep Kumar Panigrahi.

Later in the day, the portfolios were allocated by Mr. Patnaik, who kept four Departments with himself.

FINANCIAL EXPRESS, MAY 22, 2014

### **In a first, Saarc leaders invited to PM's swearing-in**

For the first time, Saarc heads of state and government including Pakistan prime minister Nawaz Sharif, Sri Lanka president Mahinda Rajapaksa and Bangladesh premier Sheikh Hasina have been invited to Narendra Modi's swearing-in as prime minister on May 26.

“Foreign secretary Sujatha Singh has written to Saarc counterparts inviting their leaders to attend the swearing-in ceremony on 26th May,” the spokesperson in the external affairs ministry said here on Wednesday.

Apart from Sharif, Rajapaksa and Hasina, other Saarc leaders are —Afghanistan president Hamid Karzai, Bhutan prime minister Tshering Tobgay, Nepal prime minister Sushil Koirala and Maldivian president Abdulla Yameen Abdul Gayoom.

This is for the first time that these foreign leaders have been invited to a prime minister’s swearing-in ceremony.

While some of the leaders including Karzai, Rajapaksa and Tobgay have indicated that they may attend the ceremony, others are yet to respond.

Immediately after BJP’s landslide victory, world leaders including US president Barack Obama and Russian president Vladimir Putin called Modi to congratulate him.

TELEGRAPH, MAY 20, 2014

### **HEYDAY OF THE HANDOUT**

#### **A tale of two UPAs**

Ashok Sanjay Guha

The high-decibel cacophony of the election campaign has all but drowned out the still small voice of reason about the prime determinant of electoral success. We have almost forgotten President Clinton’s maxim, “It’s the economy, stupid.” Instead, we have been subjected to dire predictions of the blood-thirsty “butcher of Gujarat” in hot pursuit of terror-stricken minorities and promises to chop Mr Modi up into Saharanpuri kababs, presumably in the belief that such predictions and promises will bring home the electoral bacon.

But while the media — and large segments of the intelligentsia — are seduced by such apocalyptic visions, common folk have the unpleasant habit of being more concerned about the mundane details of prices, jobs, the state of the roads, the scarcity of water, power shortages and the like. Unfortunately, these minutiae decide elections and in fact they have decided India 2014. But the question remains — how did UPA II with all its expert economists paint itself into a corner that even the stupidest of economists would have described as a disaster area?

Many answers have been offered to this question. The Left believes that, after the ‘brilliant success’ of UPA I (thanks of course to the pressure exerted by the Left itself), the Congress deserted the leftist road to Utopia and sold its soul to the US, to the multinationals and to monopoly capital everywhere. One wonders if the Left believes that it did precisely the same thing on the way to its own electoral doomsday in 2011.

The Congress loyalist echoes the Left on the ‘brilliant success’ of UPA I, crediting it, of course, to pressure not from the Left but from the ‘party’ (meaning Sonia and Rahul Gandhi, and the National Advisory Council). The failure of UPA II, he tells you (*sotto voce*, of course), was due to the technocrats in government (notably the prime minister) getting above themselves and delaying the Rahul-Sonia ‘rights-based’ schemes (like the right to food) until it was too late to make a difference.

How do we evaluate these claims? Was UPA I indeed the golden age that the collective nostalgia of the Left and the Gandhi-family loyalists portrays it as? The hard facts of chronology suggest otherwise. . The allocations in the Coalgate scam were perpetrated between 2005 and 2009. The 2G scam occurred between August 2007 and February 2008. Most of the crucial events of the Adarsh scam (while they may have begun earlier in Congress-ruled Maharashtra) reached their culmination during UPA I. Suresh Kalmadi was appointed and authorized to run the Commonwealth Games before the 2009 elections. UPA I was, in fact, a scammers’ paradise.

It represented also the heyday of the handout. Not since the 1991 reforms have subsidies been so popular and defended so vigorously as the major instrument of poverty alleviation as in UPA I. The diesel subsidy, the cooking gas subsidy, the fertilizer subsidy, irrigation and power subsidies, minimum support prices for agricultural produce, farm-loan waivers, various educational subsidies, above all the massive food subsidy were not only persisted with but also reinforced despite the basic premise of economic reform — that market prices represent the best guides to optimal resource allocation. Subsidized irrigation and fertilizer encouraged fertilizer- and water-intensive techniques and crops, depleting soil fertility and water-tables. So did the tubewells encouraged by subsidized electricity and diesel — which also fostered the lavish use of gas-guzzling luxury vehicles. Selective support for some crops distorted cropping patterns, while repeated farm-loan waivers encouraged farmers to gamble with high-risk crops. Quite apart from their disastrous allocative effects, subsidies imposed a crushing burden on the exchequer.

The classic example of this was the National Rural Employment Guarantee Act. NREGA committed the government for eternity to providing every rural family with 100 days of employment at wages at or above the minimum legal wage every year. The work done was supposedly geared to the creation of rural infrastructure — but since the explicit purpose of the scheme was the generation of employment, not output, only the most labour- intensive techniques were permitted. Machinery by and large was banned, so that the roads, irrigation channels, dams and embankments built were all washed away during the monsoon, creating yet another set of job opportunities the year after, but with no end product. Income and demand were injected into the rural economy with no commensurate increase in productive capacity. Indeed, the impact on output was negative: labour no longer needed to move to productive employment when it could stay at home, dig ditches and fill them up at reasonable wages. Excess demand for food was the inescapable long-run consequence, although the immediate result was an expansion of rural job opportunities that won UPA I the elections of 2009.

UPA I began in 2004 with a substantial legacy of assets. It inherited from the Vajpayee government a momentum of rapid growth and from the early years of the Narasimha Rao government Manmohan Singh's international reputation as a committed reformer. These assets sustained it for years: rapid growth continued, foreign investors retained their faith in the rupee, the buoyancy of tax revenues made the hand-out extravaganza not totally insupportable. However, the legacy was not inexhaustible. There were limits and these were finally reached in UPA II.

The most dramatic component of the ensuing *dénouement* was, of course, the exposure of UPA I's scams, the attempts at cover-up, the anti-corruption movements of Anna Hazare and Arvind Kejriwal, the daily hullabaloo in Parliament, on television and on the streets. The immediate upshot was the total paralysis of decision-making as the spectres of the CAG, the media, the courts, even perhaps the CBI began haunting the corridors of power.

Less dramatic, but no less far-reaching in its impact, was another exposure — of the prime minister, Manmohan Singh. The discovery that here was no crusader for reform but only a devout acolyte at the shrine of the presiding deity of the Congress was long delayed. But by mid-UPA II, the realization was inescapable that all that mattered in the government of India was a mother-son duo who believed firmly that hand-outs are the only route to poverty alleviation and, more importantly, the panacea for all electoral woes.

The declining international credibility of the UPA and its prime minister was reflected in an exodus of capital, a flight from the rupee to harder currencies and gold, a consequent depreciation raising import prices and intensifying inflationary pressures. This coincided with a build-up of domestic inflation arising from fiscal prodigality. Food prices soared as the rural incomes created by NREGA impinged on the declining or inelastic outputs of all foods that were not sustained by minimum support prices (vegetables, fruits, oils, pulses, meat, eggs and the like). The government's response to this crisis was typical — more hand-outs. The Right to Food Act legislated the dole-out for all eternity of essentially free cereals to the bulk of the population regardless of the possible cost to the treasury. Even the feeble effort to rein in the galloping cooking gas subsidy was scuttled by the royal family. No voter unfortunately seems to have been too impressed.

The seeds of UPA II's economic disasters were in fact sown during UPA I. Far from being a brilliant success, 2004-2009 was a chronicle of wasted opportunity when, instead of laying the foundations of sustainable long-term growth, the government dissipated its surpluses in rigid commitments to long-term populism that not only severely constrained its freedom of action over the ensuing quinquennium but will also tie the hands of all future regimes.

The author is Professor Emeritus, JNU

STATESMAN, MAY 21, 2014

**Naveen Patnaik sworn in as Odisha CM**

Bhubaneswar, 21 May: Biju Janata Dal (BJD) president Naveen Patnaik sworn-in as Odisha chief minister for the fourth straight term today.

Governor S.C.Jamir administered the oath of office and secrecy to the 67-year-old leader at a ceremony attended by hundreds of party leaders, workers, officials and journalists at the Raj Bhavan in state capital Bhubaneswar.

HINDU, MAY 20, 2014

### **Jitan Ram Manjhi is Bihar's new CM**

Bihar SC and ST Welfare Minister Jitan Ram Manjhi is set to be the new Chief Minister after Nitish Kumar on Monday picked him to be his successor.

Mr. Kumar, however, made it clear that he will lead the party's campaign in the 2015 Assembly elections in the State. The resolution adopted at the JD (United) Legislature Party meeting said: "Mr. Kumar will lead the party in the Assembly elections and after the victory he would assume the office of CM again."

Mr. Manjhi, who was once a bonded labourer, belongs to the Mahadalit community of Mushahars (rat eaters). He was a Minister in the Lalu Prasad dispensation and later switched to the JD(U).

HINDU, MAY 19, 2014

### **Modi will lean on core group to fill top berths**

Amid consultations in the BJP over the composition of the new Cabinet, Prime Minister-elect Narendra Modi took time out on Sunday to meet BJP patriarch L.K. Advani and senior leader Murli Manohar Joshi.

Through the day, "courtesy calls" by some senior BJP leaders on RSS brass fuelled speculation that the organisation could have a role in government formation. While RSS leader Ram Madhav denied this, the new Cabinet is likely to include leaders close to the organisation.

The BJP's Parliamentary Party will meet on May 20 to formally elect Mr. Modi as leader. The swearing-in of the new Prime Minister and the council of ministers date will also be decided in the meeting. The Cabinet formation will be a balancing act to accommodate the old guard and Mr. Modi's inner circle. Sources said he would also have to include contenders from various States who added to the BJP's haul of seats. For the top positions,

Mr. Modi is expected to lean heavily on his core group comprising lieutenant Amit Shah, party president Rajnath Singh, Arun Jaitley, and former party chief Nitin Gadkari, who is believed to be close to the RSS.

Sources said Sushma Swaraj too could be considered for a top Ministry. Mr. Advani may be appointed Speaker.

Sources said Mr. Modi, who relied on a small, core team of officials for his Lok Sabha polls success, may also appoint former bureaucrats and technocrats to key positions.

Former Mumbai police chief Satya Pal Singh could also find a berth. Other names being mentioned include M. Venkaiah Naidu, Kalraj Mishra, Ananth Kumar, Sumitra Mahajan, Rajiv Pratap Rudy and former Army chief General V.K. Singh. Mr. Rajnath Singh is under pressure to quit as party president and take charge of Home or Defence.

## PUBLIC ADMINISTRATION

TIMES OF INDIA, MAY 22, 2014

### **Governance reform should begin by reorganising ministries to enhance performance**

Narendra Modi may start off with fewer ministries than we have seen in the recent past. It is the way to go as rightsizing of ministries is an important element of governance reform. For too long, ministries have been viewed as spoils of electoral triumphs, a trend that became pronounced in the era of coalition politics. It has come at the expense of efficient functioning of government and has been among factors that have led to policy logjams. With BJP having secured the first absolute majority for a single party in Lok Sabha in three decades, Modi is in an ideal position to streamline the manner in which the central government is structured, with the aim of enhancing its efficacy.

As many as 51 ministries spanning every conceivable area of government intervention exist today. To give a sense of how bloated the Indian government has become, take a look at how a bigger and more sophisticated country such as US is administered. Typically, the US cabinet includes a vice-president and heads of 15 executive departments. Different strands of activities in an area such as energy are clubbed together to get the benefits of integration. India, in contrast, had split activities related to energy and asked five different people in Manmohan Singh's council of ministers to make policy on the subject. The outcome was an incoherent approach to a critical aspect of economic and social improvement.

Modi should retool the council of ministers with the aim of creating ministries, which span all aspects of a specific activity. The number of junior ministers who people a ministry can depend on its complexity and importance, but the key is to avoid taxing society through senseless splitting of activities. For instance, it makes sense to house the arm of government dealing with drugs and vaccines in the health ministry, instead of being placed alongside fertilisers as is the case today. The nature of activity and the need for an integrated policy should guide creation of ministries and not the need to appease powerful satraps.

Governance reform that begins with the Union council of ministers will send the right message down the line. This is where Modi should begin to actualise his election promise of minimum government and maximum governance. The quality of governance will improve the moment silos in government are breached.

## RAILWAYS

TIMES OF INDIA, MAY 17, 2014

**Railways passenger fares to increase from May 20**

[Manthan K Mehta](#)

**inShare**

MUMBAI: Monthly season ticket fares for the suburban trains are all set to go up by 100 per cent from May 20 as the railway board has decided to revise the tariff from May 20. It has also decided to increase the passenger fare across all classes, including suburban single ticket journey by a 10 per cent.

On the day the election results were declared, the railway board issued notification to announce the revision in fares.

The circular states, "There shall be 10 per cent increase in passengers across all categories including passenger trains. There shall be no increase upto minimum distance for charge. "

Over and above this, there shall also be fuel adjustment component (FAC) linked revision in fares as announced in Railway budget, the circular states.

The board has also revised the formula as per which the season ticket fares was charged. The circular states, "Monthly season tickets for suburban and non-suburban will be charged as per 30 single journey instead of 15 single journeys. Fares for first class will be charged four times the second class monthly season tickets as is done presently."

The revised fares will be applicable to tickets issued in advance for journey to commence on or after May 20.

## TAXATION

FINANCIAL EXPRESS, MAY 19, 2014

### **Sebi seeks tax sops for MF investors**

In a bid to boost the mutual fund (MF) industry, the Securities and Exchange Board of India (Sebi) has requested the finance ministry to consider tax sops and other measures for investors. A final decision in this regard will be taken by the new government.

These are part of Sebi's efforts to incentivise and channelise household savings into long-term investment products.

Sebi had approved these measures and it has now written to the finance ministry.

One of the proposals include creation of a long-term investment product, Mutual Fund Linked Retirement Plan, with an additional tax incentive of R50,000.

Alternatively, Sebi wants the government to enhance the tax exemption limit under Section 80C of the Income Tax Act from R1 lakh to R2 lakh to help make various MF schemes eligible for such tax benefits.

The regulator also wants the Rajiv Gandhi Equity Savings Scheme to be brought under the enhanced limit.

At present, Section 80C provides tax exemptions on investments totalling R1 lakh in various products, including certain mutual funds, insurance plans and provident fund. However, there are no restrictions on pension products launched by MFs, but lack of tax benefits makes them unattractive.