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CIVIL SERVICE

PIONEER, FEB 28, 2015

CM KEJRI SAYS GOODBYE TO CHIEF SECY SPOLIA

This was no ordinary farewell party outside the Delhi Secretariat on Friday. This was the first occasion when hundreds of city administration employees along with Chief Minister Arvind Kejriwal, his deputy Manish Sisodia and his Cabinet colleague Sandeep Kumar said “good bye” to Chief Secretary Deepak Mohan Spolia, who attended his last day in office after serving different departments of the city administration for 36 years. Soon after Spolia went back to his office, he complained of breathlessness and chest pain following which he was immediately wheeled out to the GB Pant hospital.

A 1979-batch officer, Spolia who had also served as the Chief Secretary in former Chief Minister Sheila Dikshit’s Cabinet, broke into tears when he was requested to address his employees. “Thank You,” were the words he said in his choked voice to the large gathering outside the Delhi Secretariat. “Whatever I had to say, I have said in my nothings and conveyed verbally to you all through my career.”

Terming Spolia as a “karmayogi”, Kejriwal said the term of such people never expires. “We are not going to leave you. We will be seeking your advise as and when need be.” The CM said he had got a huge mandate and it was his bounden duty to serve the people of Delhi. “My job is to keep you happy. Your job is to deliver.” A special shamiana was erected on the lawn of the Players Building on the occasion of farewell party. This was probably the first such kind of function of the Kejriwal Government.

Kejriwal said the employees knew nuts and bolts of the Government functioning. He requested them to personally drop in their suggestions to his office without fearing any bureaucratic action. “Send your suggestions to me in sealed cover. Only those who work commit errors. There will be no punishment for errors which have been committed with right intention.”

Speaking on the occasion, Sisodia said retirement for any employee was like his re-birth. But he said the employees feel the pain after they have to beg for their pension before their own colleagues with whom they had worked all through their lives. He said efforts should be made to ensure that pension of each employee gets delivered at his door-step without facing any problem.

The employees also assured the CM that they would help the new Government to make the city corruption-free in the next five years. “We promise you that we will give our best to make Delhi a world class city,” a leader of the employees union told the gathering. During his previous regime of 49 days, Kejriwal has shunted out Spolia from Chief Secretary post and brought to SK Srivastava, a 1979 batch officer. Spolia had played a major role in regularisation of unauthorised colonies by then Sheila Government and distribution of provisional regularisation certificate to people of unauthorised colonies.

PIONEER, FEB 26, 2015

BABUS, SENSITIVE MINISTRIES' STAFF UNDER IB LENS NOW

Rakesh K Singh

Alarmed over the corporate espionage threatening national economic security, the Centre on Wednesday directed the Intelligence Bureau to keep surveillance on babus and junior staffers of sensitive Ministries round-the-clock.

Earlier, the covert agency used to monitor the activities of certain Ministries on a random basis. The Government also issued a set of guidelines seeking to do away with the practice of Group D employees carrying sensitive files of senior bureaucrats from one desk to the other. Now the officials have been asked to handle such files themselves so that leakage can be plugged as they will themselves be accountable for any pilferage of sensitive information.

The guidelines also stipulate installation of computerised locks for classified documents to prevent any leakage in the future. According to the guidelines, all the sensitive Ministries are supposed to install CCTV cameras in the corridors and strictly regulate entry of visitors and keep a vigil on any suspicious movement.

“The PMO has taken a serious note of the espionage case involving several key Ministries. The Government has issued the fresh guidelines to all the secretaries to curb theft sensitive documents,” a senior IB official said.

The move comes after Cabinet Secretary Ajit Seth chaired an emergency meeting on Tuesday with secretaries of all Ministries to devise measures to ensure secrecy of Government’s classified documents.

Sources said that the Government has resolved to put a total clampdown on leakage of sensitive information from various departments. Following the meeting, the Government also ordered security audit of official computers and security vetting of staff of major Ministries and departments.

The present access control mechanism in the Ministries and departments will undergo a major overhaul and electronic surveillance will be upgraded to ensure a “leak-proof” system, the sources said. Each Ministry and department will appoint a Joint Secretary-level officer as departmental security officer to ensure foolproof security of official documents and computers.

The meeting decided that manual of departmental security instructions prepared by the Home Ministry will be issued to each of the Ministry and department, sources said.

Till now, the IB used to keep the Ministries under surveillance on a random basis or after any specific input of any irregularity by certain babus in major decision making process was received. The agency also issues advisories to the Ministries in case of major deviations by any officials. “Regular surveillance on the activities of all the Ministries is not possible due to staff crunch and therefore input-based or random monitoring exercises are held. But now we will rationalise our human resources to keep a tab on the activities of the babus in various departments,” a senior IB official said.

However, the case of Defence Ministry was different where the agency kept a watch on the activities of the babus as well as those from the services posted in the South Block. The IB's desk for the Defence Ministry keeps a watch on the activities of babus and all mega deals for acquisition are followed in order to check any pilferage of information that could compromise national security.

The Defence Ministry on its part already maintains a strong protocol for its officials and those from the Services for interaction with foreign missions here and deviations, if any, are also reported by the IB. The Services' officials are supposed to seek prior permission from the Ministry before any meetings with officials of foreign embassies. The activities of the foreign vendors are also kept under watch to nip any possible trap they might be seeking to lay on senior babus or those from the armed forces.

The movement of files, including classified ones, is normally handled by the Group D staff as per the instructions they receive from the senior officials.

Last week the Delhi Police's Crime Branch arrested 12 people including five executives of the top corporate houses in connection with the alleged data theft from the Petroleum Ministry. Two employees of the Ministry along with three middlemen were also arrested.

The ambit of the racket dealing in secret information has widened as the police on Monday busted a parallel module and arrested Lokesh Sharma, an employee of a consultancy firm for allegedly procuring classified documents from Coal, Power and Defence Ministries. Seven employees of these Ministries were detained and are still being questioned.

Police has been on record saying the accused Ministry staffers used to provide stolen documents to some corporate houses in exchange of money. The Government has also directed members of the board of directors, CMDs and other senior officials of PSUs not to loiter unnecessarily in the corridors of their respective Ministries.

INDIAN EXPRESS, FEB 28, 2015

Choice of chief secretary must be sent through L-G office, MHA tells Kejriwal
Vijaita Singh

Delhi Chief Minister [Arvind Kejriwal](#) will have to wait a little longer to appoint his choice of official as the chief secretary of the state.

Reminding him of existing procedural rules, the Ministry of Home Affairs (MHA) has asked Kejriwal to route the recommendation of his choice of official through Delhi Lt-Governor Najeeb Jung's office. The Centre has also asked him to send a panel

comprising names of at least “three officials” who the Delhi government deemed fit to assume the post of chief secretary.

Sources said the Delhi government reportedly sent only one name to the Home Ministry, that of Ramesh Negi who is presently posted as Arunachal Pradesh chief secretary.

Sources said the government was in a hurry to appoint Negi before February 28 when incumbent chief secretary D S Spolia retires.

“The Delhi government has been asked to send a panel, comprising names of at least three officials. Appointments are not done in haste. We have clearly told them that there are certain rules and procedures to be followed. They were in a hurry but procedure will have to be followed,” a senior home ministry official said.

“First they will send it to the L-G’s office, which will forward the file to us. Only then, can a decision be taken,” the official said.

Officials said Union Home Minister Rajnath Singh will ultimately clear the file.

On Thursday, Kejriwal, accompanied by deputy CM Manish Sisodia met Singh at North Block and reiterated his demand. Singh informed him that the appointment will be done according to the rules.

“Though the Home ministry has not declined his choice of officer, the Home Minister was clear that procedure be followed,” the official said.

Negi will supersede at least 10 officers who are senior to him, if he is appointed to the post. Earlier when the UPA government appointed Syed Asif Ibrahim as chief of the

Intelligence Bureau (IB) in 2012, he superseded seven senior IPS officers to the post. Present IB chief Dineshwar Sharma also superseded two senior officers.

HINDU, FEB 25, 2015

Government staff stage demo

The members of Tamil Nadu Government Employees' Association staged a demonstration in front of the Collectorate here on Tuesday pressing for their demands.

L. Ramamoorthy, State secretary of the association, who led the agitation, said the government should implement the Seventh Pay Commission with effect from January 1, 2011. Besides, 50 per cent dearness allowance should also be merged with the salary structure.

He appealed to the government to scrap the new pension scheme immediately and replace it with the old pension scheme in the interest of the employees. Those working on consolidated pay should be assured of standard time-scale payment, he stressed.

EDUCATION

BUSINESS LINE, FEB 24, 2015

Marginal hike in salaries at IIM Rohtak

The average salary at IIM Rohtak has marginally increased by 8.3 per cent to Rs. 10.48 lakh this year, for the batch of PGP 2015. A total of 61 companies participated in the process to recruit about 148 students during the process.

The total number of Pre-placement offers at the campus stood at 8.

Major recruiters at IIM Rohtak included Amazon, JP Morgan, Tata Motors, Cognizant, Mphasis, Wipro, Infosys, SBI, Mindtree, YES Bank, HSBC, KPMG, Ernst & Young, CRISIL, and NABARD. Some of the profiles offered by these recruiters were project management, business development, analytics, product development, operations and supply chain management, investment banking, retail banking, corporate finance, portfolio management and business consulting.

Four students have opted out of the placement process this year.

STATESMAN, FEB 28, 2015

Student power

A K Ghosh

As for the Jadavpur University incident, we need to reflect on how West Bengal, that had once so vehemently denounced Tiananmen, could treat its own students as common hooligans or industrial workers. What happened was surely a blatant expression of the ugly face of state repression. Suppressing the agitating students may be the starting-point for the negation of fundamental rights

Students the world over have influenced change through action, fuelled by political and social awareness. The West Bengal government had never anticipated a crisis in the aftermath of the police lathicharge in Jadavpur University. The expression of solidarity that the protesting students in Kolkata received from their counterparts in Delhi and elsewhere certainly reinforced the embarrassment. The Vice-Chancellor, against whom the students were up in arms, had to yield to their demand for his resignation. Any struggle with the authorities, however controversial, is a fundamental democratic right. Campus protest is gradually becoming an integral part of education in the larger context.

What began as a simple protest against the indifference of the authorities towards complaints of molestation inside the campus was blown out of proportion by the

Jadavpur University administration. The police were called in to tackle the situation as if they were common criminals. By denying the charge of police high handedness, the Vice-Chancellor denuded his position from that of an academic to a cop, thereby losing his moral right to occupy the chair.

Police brutality during demonstrations and dharnas is well-documented. In June 2011, students of Delhi University and JNU protested against the violence unleashed by the Delhi police on supporters who were asleep in Ramdev's yoga camp at the Ramlila grounds. During the agitation over the creation of Telangana and the demonstrations at Osmania University, the police fired teargas shells at hundreds of students to quell the protests.

There have been robust student movements in South and South-east Asia, Africa and Latin America. The governments of Bolivia, Ecuador, Venezuela, Indonesia and South Vietnam were overthrown by student power. In Thailand, South Korea, Turkey and Iran, students had spearheaded national movements against authoritarian regimes. Youth power played a significant role in organising agitations in 19th century Tsarist Russia. Students formed the backbone of revolutionary movements in China in the 1920s and 30s, and in Cuba in the 50s. In 1956, anti-Stalinist revolts in Budapest and Warsaw were sparked by student protests. The pro-democracy agitation that led to the massacre in China's Tiananmen Square and students' participation in protest against the king of Nepal reaffirm the power of students.

In India, the first student protest was organised in the 1880s for holding the ICS examination in the country. The proposed partition of Bengal at the beginning of the 20th century sparked violent student agitations. Students across the country were involved in Gandhi's first civil disobedience movement in 1920. Subsequently, student militancy became an important component of the freedom struggle. Even in 1920, a large number of students left their colleges and took up organisational work on behalf of the Indian National Congress. The first all-India college students' conference was held in Nagpur in 1920, and demonstrations were organised against the Simon Commission (1928). Many student leaders took up the task of organising industrial workers and became involved in trade union activities. With the intensification of the political struggle in the 1930s, the student movement acquired greater momentum.

These struggles were in full swing with the Quit India movement in 1942. However, after independence, student power lost much of the enthusiasm, and protests were confined to the redressal of local grievances.

The massive student turbulence in West Germany, France and the USA in the mid-1960s witnessed a spate of demonstrations in India as well. In the late 1950s, students expressed solidarity with political parties to demand better pay-scales for teachers. In 1959, several students died during the food movement. In 1965, students joined the agitation against increased tram fares. In 1966, many students were killed in police firing while protesting against the government's efforts to allow big landowners to hoard foodgrains. The Students' Health Home was set up largely due to the efforts of the beneficiaries Rs the students themselves.

Following a series of student agitations against corruption, the Orissa government was forced to resign in 1964. Violent students in South India forced the Central Government in 1965 to reconsider its policy on Hindi. Student power was manifest again in the 1967 elections when Kamaraj, the Congress president, was defeated. The corrupt government of Chimanbhai Patel in Gujarat was ousted in 1974 in the wake of the Nav Nirman movement. Students had backed Jayaprakash Narayan's crusade, leading to the collapse of the Bihar administration. In Assam and Punjab, extremists relied heavily on students for their cadres. More recently, the UPSC had to succumb to the pressure of students in regard to its Civil Services Preliminary Examination question paper. In West Bengal in the '80s, though students supported the democratic mass movement pioneered by the SFI, the unemployment problem and the withdrawal of English from the primary level, led to bitter resentment. As for the Jadavpur University incident, we need to reflect on how West Bengal, that had once so vehemently denounced Tiananmen, could treat its own students as common hooligans or industrial workers. What happened was surely a blatant expression of the ugly face of state repression. How can a society, that boasts the legacy of Buddha, Mahatma Gandhi and Tagore, put up with such ruthless fascist expression of state power? Suppressing the agitating students may be the starting-point for the negation of fundamental rights.

ELECTIONS

HINDUSTAN TIMES, FEB 28, 2015

85 million fake or duplicate names on electoral rolls: EC

About 85 million names on India's electoral rolls were either fake or duplicate, chief election commissioner HS Brahma said on Friday, announcing an initiative to make the voter list error-free by linking it to Aadhaar numbers before August 15.

Aadhaar numbers will help the poll panel weed out duplicate or fakes from rolls as the election commission will use it to authenticate voter identity.

About 500 million of India's 850 million voters have Aadhaar numbers and the rest are expected to get them before June this year. "Two months would be sufficient for electoral registration officers across India to do Aadhaar seeding into the newly-created digital database of all voters," Brahma said.

Duplicates and fakes are a national issue — around 10-12% of the total number of voters — but the problem is more acute in some parts with over 40% names in the electoral rolls of a city in southern India found either fake or duplicate, the CEC said.

The poll watchdog didn't conduct similar exercises in other major cities.

Those who have an Aadhaar number can visit the National Voters' Service Portal to feed in their unique number.

In addition, booth-level polling officers will visit homes in the next few months to seek one's Aadhaar number.

The EC will also be providing an SMS service to provide Aadhaar numbers. After authenticating the number, EC officials will seed them in one's voter identity card.

Furnishing an Aadhaar number is not mandatory to vote but Brahma said the EC prefers it as that helped the poll panel to enrol people in case of a change of residence. "We will know your identity and verification of your residence would be enough to enrol," he added.

The CEC also said the poll watchdog will prepare new voter identity cards and deliver corrected demographic details on electoral rolls within a fortnight, instead of the usual several months.

ELECTRICITY

HINDU, FEB 25, 2015

AAP slashes power tariff by 50 p.c., to provide free water

JATIN ANAND

JAYANT SRIRAM

Keeping its key promise to voters, the Aam Admi Party government on Wednesday that it would slash power tariff by 50 per cent for those households which consume up to 400 units per month. The government also decided to provide 20,000 litres of free water to every household.

While the move is a redux of its most popular policy decisions taken during its last stint in power, the AAP sought to allay concerns that it was following a populist agenda by laying out an action plan of sorts. Both subsidies, the government said, would become effective from March 1 and the cost per month would set the exchequer back Rs. 70 crore for power and Rs. 21 crore for water.

The government said it has planned to set aside an amount of Rs. 1,477 crore annually for the power subsidy while the projection for water is Rs. 250 crore annually. AAP sources said the projected amount for power is likely to include a possible hike in electricity rates by the Delhi Electricity Regulatory Commission this year.

Power distribution companies have demanded a hike of 10-15 per cent as their operating costs have gone up. The estimate for water will also include the cost of setting up more meters to allow more people to get the benefit of piped water.

“We had successfully provided similar concessions in power and water during our 49-day government as per our promise and believe it played a major role in allowing Delhi's Aam Aadmi to repose their trust in us again,” Deputy Chief Minister Manish Sisodia said at a press conference prior to making the announcement.

“It is very unfortunate that first the Congress government and then the Bharatiya Janata Party-led (BJP) Government which ruled the Capital indirectly through the Lt/ Governor took no steps to keep the subsidy in force after March last year,” Mr. Sisodia added.

According to the government, 36.06 lakh families, that is 90% of domestic power consumers would be provided 50% reduction in electricity bills up to 400 units per month beyond which no subsidy would apply. Similarly, no subsidy would apply for metered consumers using over 20,000 litres of water per month.

The AAP government's budget for Delhi is expected to be announced by the end of March, meaning that they now have over a month to work out how to split expenditure between various departments and allocate funds for these subsidies. The proposed amount for subsidy will be many times higher than in previous Delhi budgets. The government's announcement on Wednesday came in the wake of a Cabinet meeting after Chief Minister Arvind Kejriwal called on the Comptroller and Auditor General (CAG) to assess the status of the audit of power companies ordered by the first AAP government more than a year ago.

FINANCE

DECCAN HERALD, FEB 26, 2015

More devolution to states is welcome

The Central government's decision to accept the recommendations of the 14th Finance Commission for greater devolution of funds to the states will take Centre-state fiscal relations to a much better and more federal grounding.

The Commission had recommended transfer of 42 per cent of the divisible pool of taxes to the states as against the existing 32 per cent. The 10 per cent increase is unprecedented because in the past, such increases have rarely exceeded 2 per cent. States have also been given the freedom to design programmes which suit their needs and conditions.

The Centre will no longer have control and discretion over the flow of funds to the states. It has always been the grouse of states that the Centre was denying them their rightful share of revenues and imposing on them projects and spending schemes which are decided without their knowledge and participation. The complaint will lose its edge now.

This imposes greater responsibility on the states to use the resources more efficiently and productively. They should also ensure that devolution goes further down and local self-government bodies get a bigger share of resources than now. The panel has specifically called for this.

The states should now set up the right institutions and mechanisms to formulate and implement their programmes. Till now, a large part of the funds flowing from the Centre to the states were conditional. The greater autonomy given to the states is underlined by the Commission's recommendation to scrap the distinction between conditional and unconditional funds.

The Centre will now have a smaller fiscal area to operate in and the work of several ministries dealing with states may be reduced. With the government also deciding to reduce the number of Centrally sponsored schemes, states will have a real opportunity to be masters of their own development plans.

The decision to give some weightage in the transfer of funds to states which achieve success in retaining forest cover is welcome both on environmental and economic considerations. The finance body's recommendation on the goods and services tax (GST) also might led to narrowing of the positions of the Centre and the states on the long contentious plan for a seamless national market.

It wants the states to be compensated better for their likely loss of revenue after the implementation of the GST system. Overall, the new tax sharing system will mean an

annual transfer of Rs 1.78 lakh crore of additional funds from the Centre to the states. The Centre will have to ensure that the deficit will be bridged by higher growth and tax reforms.

TELEGRAPH, FEB 27, 2015

Exciting voyage

This budget is being projected as a landmark one

Swapn Dasgupta

Like most politicians of the time, Atal Bihari Vajpayee wasn't entirely comfortable with economic issues. A leader whose judgments were forged by instinct and observation, Vajpayee was always a little ill at ease during the seasonal discussions on the Union budget. Indulgent Bharatiya Janata Party workers - themselves equally impatient with the intricacies of economic decision-making - used to smirk over their leader's predictable responses to the budget during the time he was in opposition. Vajpayee's standard responses were that the budget was either "inflationary" or "anti-people". In the times he preferred a more lyrical response, Vajpayee's response was equally predictable: *sarkar garib ke pet me lath mara* (the government has kicked poor people in the belly).

Over the years, and particularly after Manmohan Singh's landmark budget of 1991, the terms of the debate on the budget have shifted. The earlier bouts of hoarding of cigarettes and other "essential" items have given way to a measure of predictability. Arbitrary fluctuations in excise duties - dependent sometimes on the whims of the finance minister - have yielded to expectations of larger policy announcements. Yes, the middle class still looks to a few sops such as more relief for home mortgages and enhanced tax-free premiums for medical insurance, but the scale of expectations has lessened considerably over the years.

What, however, hasn't kept pace with the changes is the rhetoric of the political class. While an increasing number of active and semi-retired politicians are these days called upon to write instant but informed op-eds assessing the budget, the great majority of the members of parliament react to the finance bill in exactly the same way as they did in the 1970s and 1980s. Along with the "anti-poor" and even "pro-corporate" labels attached to the exercise by seemingly indignant MPs, the *garib ke pet me lath* expression can even be heard.

Among informed corporate organizations and the commentariat, the packaging of expectations has changed somewhat. With the election of a BJP-led government and a prime minister unequivocally committed to rapid economic development, the terms 'tectonic shift' and 'bid idea Budget' have also made an appearance. A perfunctory perusal of the pre-budget churning in the popular media suggests a spectacular level of hype. On Saturday, the finance minister, Arun Jaitley, is expected by both friends and foes to leave the distinctive mark of the Narendra Modi government on the way India thinks on economic issues. If Jaitley's dreary presentation of the July 2014 budget was treated as a rushed job by a government barely two months in office, this year's exercise is being

projected as a landmark budget. One report by a major player in the financial markets has even gone to the extent of proclaiming it as the most important budget speech since 1991.

At one level, Jaitley should be tickled by the flattery and the hopes reposed in his wise judgment. However, he should have reasons to be concerned about the plethora of unreal expectations. Whereas the middle class, somewhat satisfied by the falling rate of inflation and the dip in petroleum prices, now looks for greater incentives to spend more money on themselves and their families, the corporate bodies and investors want the government to kick-start the process of enhanced capital expenditure.

None of these expectations are *per se* unreal or unduly ideological. However, the mental approach to Jaitley's second budget was crystallized before last Tuesday's government announcement of its acceptance of the 14th Finance Commission report on Centre-state revenue sharing.

The significance of the new terms of revenue sharing can hardly be underestimated. As opposed to the 13th Finance Commission that earmarked 32 per cent of the proceeds from the divisible tax pool for the states, the Y.V. Reddy-chaired 14th Commission has suggested a staggering 10 per cent hike. According to a report in *Business Standard*: "This means in 2015-16 states will receive Rs 5.79 lakh crore of the Centre's expected gross tax receipts of Rs 15.67 lakh crore. The share of states will rise 51.55 per cent compared to the 2014-15 estimate of Rs 3.82 lakh crore."

At a time when the overlordship of the Planning Commission has been consigned to history, the implications of the new federal arrangement are awesome. For a start, this marks the formal end of the Nehruvian vision of a federal arrangement with a decisive tilt in favour of the Centre. From 2015, it would be more accurate to see in India a near-equal partnership between the Centre and the states. In the economic context, the Centre is now the first among equals.

By implication, this means that the overriding importance hitherto attached to the Union budget will have to be significantly modified. At a time when capital expenditure in the private sector has been sluggish, the pressure on the Union budget to trigger the much-needed investments in infrastructure upgradation will, of course, remain. But the expectations have to be tempered with the realization that nearly half the revenues of the Centre will now belong to the states. In real terms, the scope for initiatives from Delhi has shrunk. Whether this will now lead to a corresponding shrinkage in the size of the Central government remains to be seen. There is a compelling case for despatching a large number of bureaucrats on deputation from their states to Delhi back to their parent cadre.

According to the projections by the Finance Commission, the total grants to the states will nearly double from the next fiscal year. The most spectacular gainers will be Andhra Pradesh, Assam, Jammu and Kashmir, Himachal Pradesh, Maharashtra, Mizoram, Nagaland and West Bengal; the states of Gujarat, Rajasthan and Uttar Pradesh won't do too badly either. Coupled with enhanced royalty payments for mining that will mainly

accrue to Odisha, Chhattisgarh and Jharkhand, we are likely to witness a significant shift in the economic centre of gravity.

First, state budgets will acquire an unprecedented degree of importance. Second, the term 'competitive federalism' is certain to acquire a real meaning as states compete with each other to be more competitive. Third, flushed with funds, the quality of governance will become a new urgency for the states. How the bonanza in resources is utilized will become the stuff of politics. This is more so because the determination of local priorities, the architecture of local programmes and their implementation has been left almost entirely to the states, without any diktat from Yojana Bhavan. Whether a state government spends resources on building infrastructure or doles and the upkeep of local clubs will be a matter for the state entirely. Along with additional resources, the state governments have been additionally empowered politically. Hopefully this will, in the long term, shift the focus from victimhood and identity to delivery. Finally, it is more than likely that the onus of creating and financing India's creaking welfare net will also devolve on the states. Apart from ending the one-size-fits-all culture that the Sonia Gandhi-led national advisory council imposed on India, it could contribute to greater transparency - although the chances of greater profligacy in the short term cannot be ruled out.

It is unlikely that the full impact of the shifts created by the new federal arrangement will be felt in this week's budget. It may be Jaitley's misfortune that his finance bill will be judged within old parameters at a time when many of the earlier assumptions have become totally invalid. However, that may be a small price to pay for the initiation of a new and exciting voyage that the country is about to embark on.

HINDU, FEB 24, 2015

Moving away from rigid centralised planning: PM

PUJA MEHRA

In a letter to Chief Ministers, Prime Minister Narendra Modi said: "We have wholeheartedly accepted the recommendations of the 14th Finance Commission, although it puts a tremendous strain on the Centre's finances... following the acceptance of the recommendations, we are moving away from rigid centralised planning, forcing a 'one size fits all' approach on States... The additional 10 per cent of resources being devolved will give you this freedom."

The Centre rejected the dissent note to the FFC report from its member Abhijeet Sen recommending a lower States' share of 38 per cent in 2015-16.

"The consequence of this much greater devolution to States is that the space for the Centre will reduce in the same proportion," an official release said.

Union Finance Minister Arun Jaitley told reporters after tabling the FFC report in both Houses of Parliament on Tuesday: “Such a substantial hike in the States’ share was never given before... this is the largest ever change in the percentage of devolution... hikes recommended in the past were in the range of 1-2 per cent.” .

FINANCIAL INSTITUTIONS

BUSINESS LINE, FEB 23, 2015

Bank employees to get 15% increase in salary

The wage hike will be applicable to nearly 10 lakh employees in public sector banks, old generation private sector banks and some foreign banks.

Proposed strike called off

Bank employees, mostly from the public sector, will get a 15 per cent wage hike and two additional holidays a month as part of an industry-wide wage settlement.

This is part of the deal cobbled up by employees' unions and bank managements, under the aegis of the Indian Banks' Association (IBA), at a meeting on Monday. Following the agreement, the employees' unions have called off the four-day strike, which was supposed to start on February 25.

The proposed hike in salaries will amount to a collective outgo of ₹4,725 crore per year for the 45 banks that are part of the 10th industry-wide bipartite five-year wage (2012-2017) settlement exercise.

Almost 8.50 lakh employees in the banking sector – all public sector banks, some old generation private sector banks and a few foreign banks – are expected to benefit from the wage settlement. The revised salary will be implemented with retrospective effect from November 1, 2012.

Under the terms agreed on Monday, banks will remain closed on the second and fourth Saturday. Other Saturdays will be full working days. It is expected that even private banks may follow suit.

The proliferation of ATMs, internet banking and mobile banking in the last few years seems to have convinced bank managements, under the aegis of the Indian Banks' Association (IBA), that giving second and fourth Saturdays off every month is feasible.

“Given the technology that is at play in banking, two Saturdays off in a month is unlikely to cause inconvenience to bank customers,” said a top public sector bank official.

According to CH Venkatachalam, General Secretary, All-India Bank Employees Association, the 15 per cent hike, which is excluding superannuation benefits, hospitalisation expenses, leave travel concession, is on the payslip component.

In the previous (9th) bipartite wage settlement, covering the 2007-2012 period, an average wage hike of around 17.5 per cent was given.

Announcing the conclusion of the 10th bipartite wage negotiations with bank unions and associations, TM Bhasin, IBA Chairman, said both sides (bank managements and unions) have agreed to work out detailed bipartite settlement note within a period of 90 days.

Wage settlement

What they wanted: 25% salary hike and a 5-day week

What they got: 15% salary increase and 2 days additional holidays a month

GOVERNMENT, CENTRAL

DECCAN HERALD, FEB 25, 2015

Make ministry transparent

S N Chary

The recent case of alleged corporate espionage in the Ministry of Petroleum and Natural Gas is a wake up call regarding the underhand dealings and mess that exists in the ministries connected with vital resources and essential infrastructure. During the UPA-II era, we saw the Ministry of Coal coming under the cloud of a huge corruption scandal. The scandal connected to the Department of Telecommunications was instrumental in the fall of the earlier government. The rot continues to exist despite the good intentioned rhetoric of the new NDA government. Perhaps, it is time that the new government does an intensive search of the dirt in all such vital ministries that deal with important national resources or huge budgets and gets rid of the muck urgently.

The Petroleum Ministry has always been an enigma, particularly to the public. Whether it was the UPA or the NDA, the Centre has always kept the financial aspects of that ministry a secret to the public. People have only heard the usual sob stories from the ministry about how the international oil prices are way too high and how the oil companies are making a huge loss.

How is it costing the exchequer a huge amount to pay the rising petroleum procurement costs? How India's trade balance is getting affected adversely due to the burden of the unavoidable import of oil? Most of the time, therefore, the government ended up hiking the prices of petrol and diesel.

The Indian consumer was given a benefit of only about 20-25 per cent and that too for a short period of time. The reaction of the government and that of our oil companies in reducing the retail price is generally quite delayed. The raise in retail prices is usually very quick though. How does the government justify this kind of retail pricing policy? One wonders as to what may be the government's game plan, if any, behind this. Generally, the argument of the government for the upward revision of retail petrol/diesel prices has been that the petroleum companies are making huge losses. Are they really? The balance sheets of these companies over the years show to the contrary. The government sources would then be quick to point out that it is not the loss, but the 'under-realisation' or 'under-recovery' on the sale of petrol, diesel and domestic LPG as

the retail prices are not in line with the international prices. So, it is the ‘under-recovery’ or notional loss of revenue had the prices been equal to the import prices of these products.

The government’s talk of losses is just about the ‘notional’ figures – in comparison to ‘import parity prices’ of these products. It is about the larger gains lost had they sold the products globally. Somehow, our government and the oil companies (a large majority of them being PSUs) seem to forget the special nature of our economy and its people; moreover, the very rationale of having PSUs in this sector has been to address our nation’s special problems.

The petroleum and natural gas sector is suffering from a lack of transparency. The public is mostly in the dark. People treat the prices of petrol or diesel or cooking gas in fatalistic manner – as something over which they have no control; something with which the ‘mai-baap government’ punishes most of the time and once in way doles out a small reward. The whole thing is an enigma.

As regards the high crude import bill, the government should inform the public about the exports of petroleum products from this country. In fact, the export of petroleum (refined) products is the largest component of exports from India. It constitutes almost 20 per cent of the total exports.

Import bill

The import bill is large; but the oil companies – public and private – are raking in large profits on the export front; which is never made public as much as the ‘notional’ losses are made out. Should you not always cry and weep about difficult things but also smile and laugh about good tidings? Does the government feel the need to always project the petroleum sector as a ‘loss-making’ sector? Isn’t it some kind of pretence on its part? Why is it, in collaboration with the oil companies, doing so?

Unfortunately, when there is a woeful lack of transparency in any government department, it becomes a fertile ground for shady and nefarious activities. Therefore, the recent reported filth of so-called ‘corporate espionage’ is not unexpected. The Ministry of Coal had been one such about which citizens knew very little; for a long

time it was always mired in mystery. The result is for all to see; the previous Manmohan Singh government has yet to explain the misgivings. The present petroleum ministry should not slip in the same way.

This lack of transparency also makes us wonder as to what additional or advance information the petroleum companies are interested in gaining from the ministry that they reportedly had to resort to stealing of documents? The darkness about the ministry and its public pricing policies made many think that the government and the oil companies – public and private – were taking decisions collectively, in any case. What could be so special now?

The current NDA government is new and a lot of hopes are pinned on them. People think of it as a total departure from the earlier governments – UPA or NDA. The huge mandate that they gave in the general elections ten months ago was with that faith. Therefore, it is hoped that the Narendra Modi government does everything that does justice to the faith reposed by the masses.

PARLIAMENT

ASIAN AGE, FEB 28, 2015

Karnataka legislators may soon be highest-paid

B. Aravinda Shetty |

From April 2015 onwards, Karnataka legislators are likely to get salaries and allowances on par with what IT professionals earn. Their salaries and allowances are likely to be hiked to nearly Rs 1,23,000 per month from Rs 65,000. This is considered the highest in the country.

Sources said a bill seeking the hike will be introduced in the forthcoming Budget Session of the legislature with the state government giving the nod for a nearly-100-per cent hike in pay. The Karnataka Legislature Salaries, Pensions and Allowances Act 1996 will be amended to make the hike possible.

At present, legislators draw a monthly salary and allowances of Rs 65,000. They also get a daily allowance of Rs 1,000 per day of meetings within the state and Rs 1,500 for a day outside the state.

The fact is that legislators attend nearly 10 meetings in Bengaluru of various committees of both Houses of the legislature.

In the proposed amendment, the daily allowance will be hiked from Rs 1,000 to Rs 1,500. Besides, legislators will get a travel allowance of Rs 1,500 irrespective of the mode of journey, sources in the Assembly secretariat told this newspaper.

“After getting the approval from the special board comprising the chief minister, presiding officers of both houses, law and parliamentary affairs minister, the proposed bill was prepared by the legislature department. They have to obtain the approval of the governor before the bill is presented in the House. It has now been sent to the Assembly secretariat,” a senior officer in the legislature department said.

Interestingly the salaries and perks of legislators were revised in 2011. Sources said most legislators would prefer not to have a hundred per cent hike in salary because they don't want Tax Deduction at Source(TDS) and instead want a hundred per cent hike in allowances and other perks. Legislators are entitled to medical facilities too. There is no bar on medical care expenses, even family members are entitled to medical care.

Retired legislators get pension of Rs 35,000 per month which is the highest in the country. A parliamentary committee had wondered why so high pension was being paid to retired legislators because retired MPs get only Rs. 30,000 as pension.

POLITICS AND GOVERNMENT

INDIAN EXPRESS, FEB 28, 2015

AAP forms panel to deliver 70 promises in manifesto

AAP set to form a Delhi Dialogue Commission to oversee the implementation of manifesto promises.

To implement its 70-point poll agenda and the suggestions that came out of the party's [Delhi Dialogues](#), the [AAP](#) has formed a Delhi Dialogue Commission (DDC). Party sources said it will be the most powerful committee that will oversee the workings of the government. Though the AAP has called it an 'advisory committee' many in the government believe that it will be an 'implementing agency'.

Apart from Chief Minister Arvind Kejriwal who is its chairman, the commission will have nine members — the vice-chairman, deputy chief minister, chief secretary, finance secretary, secretary to the CM, and two members and a member secretary who will be nominated by the CM.

Sources said Ashish Khetan will be the vice-chairman of the commission. Khetan had played a key role in organising the Dialogues to establish a connect with the people.

Sources said that Khetan, along with Kejriwal, will supervise every department through task forces that will be constituted for every department. Those in the task forces will comprise experts from various fields such as academics and bureaucracy.

Deputy Chief Minister Manish Sisodia said, "This will be a high-powered committee. This is the reason why Kejriwal did not assign any department to himself. He will now have time to ensure that a new vision of governance can be implemented. There will be five-six task forces in the DDC. Those in the task force will mingle among people and inform the government about the best ideas for education, health, electricity and water."

The DDC's first meeting is likely to happen on Monday or Tuesday, sources said.

Ashish Khetan said, "We had initiated the Delhi Dialogues before elections. We held Dialogues with Delhi's youth and senior citizens and prepared our 70-point agenda. The government has promised to formalise the process of dialogue with the public. We are in the process of identifying the best national or international model to facilitate such dialogue. Meanwhile, if people have any ideas on issues such as cleaning the Yamuna, air pollution, water, administrative reforms etc., they can send us an e-mail."

TELEGRAPH, FEB 24, 2015

Secret histories

Ministers get away with what peons can't, when it comes to oil

Diplomacy - K.P. Nayar

My first encounter with an Indian "official secret" from the petroleum ministry - which is making front-page headlines this week - was in the 1980s. It took me only minutes to realize that almost the entire "secret" document had been plagiarized from an oil and gas industry newsletter published every week from Cyprus.

I was visiting New Delhi and called on a senior official with whom I had developed an association during his frequent work-related visits to oil-producing countries in the Gulf. He always made transit halts in Dubai, where I lived then, because it was his "approved route". This meant that he was required to fly on Air India from New Delhi to Dubai, and could only take another airline to his final destination if the State-run Indian national carrier did not fly on that sector. His overnight hotel stay in Dubai and other transit expenses meant that the government spent more on his trips than it would have cost the exchequer if the official had taken, say, an Iran Air direct flight from Mumbai to Tehran or an Iraqi Airways flight from Delhi to Baghdad. But then, those are still the ways of the government of India.

On this particular trip of mine to New Delhi, the official in question thought that he was doing me a professional favour by passing on a petroleum ministry document on crude-oil fundamentals, including international market-price assumptions. Now, this was a time when the Iran-Iraq war was raging. The price of "sweet" crude, for instance, had gone up from \$14 a barrel before the start of the war to \$35 a barrel at the worst phase of the conflict in terms of falling production by the two warring oil-producing states.

The document I received was prominently classified as "SECRET" on the right-hand side of its opening page. India's foreign-exchange reserves were a far cry from today's comfortable levels and an increase in oil import prices by two and a half times imposed an unbearable burden on the treasury. But when I went through this so-called secret document which supposedly had a bearing on critical oil imports by India in my hotel room, I instantly knew that I had read it a few weeks before in the *Middle East Economic Survey*, better known by its industry acronym of MEES.

For 57 long years, *MEES* has been an invaluable reference material for anyone who had any serious interest in the West Asian oil and gas industry - a highly priced, controlled-circulation weekly newsletter published originally from Beirut and later from Nicosia after the Lebanese civil war of 1970s forced most businesses with international ramifications to relocate. It was widely believed, but never confirmed by its publishers, that MEES was part-owned by the Saudi Sheikh Ahmed Zaki Yamani, the mere lift of whose eyebrow could send global oil prices up or down, depending on what Riyadh desired. For 24 years from 1962, including the first "oil price shock" of 1973 when oil prices went up by a whopping 400 per cent, Sheikh Yamani was Saudi Arabia's oil minister, the virtual czar of the Organization of Petroleum Exporting Countries or OPEC.

It was also rumoured during my years in the Gulf that a top source for *MEES* editors like the highly respected Ian Seymour was Mana Saeed al Otaiba, Yamani's counterpart in the United Arab Emirates, who holds a record of having served as an elected president of the oil cartel. An accomplished poet with a doctoral degree who doodled during OPEC

meetings, Otaiba stood out among his peers, most of whom in those years, were rough bedouins not only at heart but also in manners and behaviour. For most of us who had to write about oil because it was the lifeline where we then lived in the Gulf, Otaiba was accessible and professionally a delight to deal with. It would not at all have been surprising if he routinely got a kick out of leaking stories to the most influential oil and gas publication worldwide.

Several years later, when the shock had worn off from a disturbing realization that decision-makers in the petroleum ministry were plagiarizing from specialized media and presenting it as expert analysis to ministers and even the cabinet committee on economic affairs, I mentioned this episode to an Indian diplomat. I shared this information with the diplomat because he had a passionate and devoted interest in Arab affairs. Of course, it was typical of the ways of our government that this diplomat had much earlier been posted far away from Arabia, where he would have been best suited to serve.

This diplomat had his own story to tell about the petroleum ministry. Saddam Hussein had invaded and set ablaze oil fields in Kuwait sending oil prices soaring. India would pawn its gold reserves in a few months to tide over a foreign exchange crisis. One day, the diplomat ambled into the offices of the petroleum ministry to see his batchmate from the IAS. The latter, knowing the diplomat's interest in Arab issues, shared his wisdom that oil prices would further go up sharply. The conventional wisdom was that once Saddam was beaten back, oil prices would gradually ebb.

Annoyed by a quizzical look on the diplomat's face, which was meant to question the "expertise" of his IAS colleague, the latter flung a booklet towards his visitor from the ministry of external affairs. What else but a copy of *MEES*, where the IAS official had highlighted paragraphs predicting a market surge. The man from the MEA noted that the copy of *MEES* was from the previous autumn. Oil prices always go up in winter from the European demand for heating oil. The petroleum ministry was nine months behind the market. The MEA official nearly cried for his beloved country, which was making energy policy with grossly outdated data.

There is no reason to believe that anything has changed in the petroleum ministry in terms of creating a strategic vision or far-sighted policy. The difference between the 1980s or '90s and now is that the energy pie has become larger with the entry of domestic conglomerates and foreign oil majors. A sector that was once routinely plundered by ministers, politicians, family members of diplomats posted in oil- and gas-producing states, and energy bureaucrats is now open for pillage by multinationals and Indian energy firms as well. That explains the latest scandal in the petroleum ministry that is being referred to as "Shastrigate" after Shastri Bhavan, where oil bureaucrats have their offices in New Delhi.

I know of a petroleum minister who went to Venezuela not long ago and sought a meeting with the late Hugo Chavez. President Chavez, otherwise a charmer with great affection for India, was notorious for his lack of punctuality. Our minister patiently waited for four and a half hours in the outer office of the president and did not leave until

Chavez gave him an audience. A close aide of Chavez told me that presidential aides were impressed that the minister was a devoted *Chavista*, the term for followers of the Bolivarian revolution that Chavez brought about in Venezuela. I disabused my friend of any such notion. This minister had a reputation of being at the beck and call of a business house that is now embroiled in the leak scandal. At the time the minister was visiting Caracas, the same business house was bidding for oil exploration blocks in Venezuela. That explained his willingness to wait for four and a half hours in Chavez's outer office.

Ministers get away with such egregious behaviour and other serious acts of commission. But peons who purloined documents for a few hundred rupees without even knowing their worth will now go to jail. Since K.D. Malviya was hounded out of Jawaharlal Nehru's cabinet because he was determined to build India's domestic oil industry instead of giving in to multinationals, the only time India was serious about energy security was when Mani Shankar Aiyar tried his hand at oil diplomacy. But we know what fate befell Aiyar as petroleum minister.

RAILWAYS

INDIAN EXPRESS, FEB 28, 2015

Track changes

G Raghuram

The railway budget presented by Suresh Prabhu was unlike most recent budgets. The financial performance of the Indian Railways was left to an annexure, while the goals, drivers and thrust areas got centre stage. The idea was to drive a five-year agenda, rather than make an annual budget prescription. The underlying principle was that balancing the annual budget should not be the focus, investments that would make the Indian Railways financially sustainable should.

There was a lot of focus on a number of operational details — this might raise the question of why a minister has to worry about these matters, but more of that later. However, Prabhu managed to slip in key strategic directions under thrust areas like transparency and governance initiatives as well as partnerships for development. The much-needed first step towards unbundling policy and regulation came in the resolution to constitute “a mechanism for making regulations, setting performance standards, determining tariffs and adjudicating disputes among licensees/ private partners and the ministry, subject to review in appeal”.

In terms of the vision, in contrast to the earlier proposals of the rail tariff authority, it moves in the right direction, giving more teeth to the regulatory body by making it independent and subject only to a review through an appellate body. Obviously, the lessons from the other infrastructure sectors have been put to good use.

The emphasis on public-private partnerships was also delineated in the railway budget, which announced that the PPP cell was “to be revamped to make it result oriented”, with

joint ventures to be set up between states, public-sector undertakings and the private sector. These would be involved in several activities, including the laying of new lines, exploring end-to-end logistics solutions, addressing the scarcity of stations and rolling stock.

While all of the above are welcome thrust areas, the emphasis on unbundling policy and operations is not yet palpable. If one is to give the railway minister the benefit of doubt, it could be said that he is taking it slow, at least in terms of announcements. Perhaps he intends to reach out to the public as well as Indian Railways employees at an emotional level first and then gain trust with the success of phased implementation of PPPs in the new domains of activity. This would make it easier to introduce PPPs in traditional railway operations.

The basic question for the Indian Railways — a question that is faced by any commercial organisation with a social responsibility imposed by the government — is, who decides on the managerial and strategic issues? Should the railway minister be worried about providing water, clean food and a hygienic environment on platforms, or should it be a customer-driven decision, taken at the appropriate levels, preferably in a competitive environment? Should the need to have high-quality loading and unloading facilities to support a multimodal transport environment be driven from the top or by executives at the appropriate levels?

The questions above make it clear that the Indian Railways is an organisation where decision-making has become complicated because of a centralised and hierarchical structure, it is dependent on a strong charismatic leadership which drives, through hierarchy, a customer-oriented response. The problem with this management oxymoron (hierarchy and customer orientation) is that it is not sustainable in the long run.

If we view the budget as a way of engaging Parliament on the Indian Railways then the focus needs to be far more strategic. Debates should centre on more fundamental issues, such as the nature of regulation, including that in safety and security, foreign direct investment, subsidies and “financially” unviable projects undertaken in the national interest.

My most important prescription for the Indian Railways is that it should decentralise by bringing in PPPs in a big way. It is this model that has transformed the telecom sector, and to some extent, the road, airport and power sectors. It is this model that can unleash the tremendous human resource potential that the Indian Railways has, by bringing in value for money.

The writer is professor at IIM, Ahmedabad, and was a member of the expert group for modernisation of Indian Railways

BUSINESS STANDARD, FEB 26, 2015

No hike in railway passenger fares

New Delhi, Feb 26 (PTI): Railway Minister Suresh Prabhu on Thursday spared passengers from any hike in fares but made changes in freight rates to increase revenues.

Presenting the first full Rail Budget of the Modi government for 2015-16, he made adjustments in freight rates that exempted salt but would hike rates on carriage of cement, coal and coke, iron and steel, and petroleum products.

The Budget also revised the commodity classification and distance slabs for carriage of commodities that can raise freight rates could go up by up to 10 per cent in some of the items.

The minister did not project any figures that will accrue from of the adjustment in freight rates, which will be effective from April 1 this year. “I have not increased passenger fares. We are directing our efforts to make travel on Indian railways a happy experience with a

mix of various initiatives,” he said as he laid out 11 major thrust areas of railways in the coming financial year.

He did not announce any new trains. Instead, he said, the railway is reviewing the capacity to add more trains.

On privatisation of the railways, the minister said Railways will continue to be a precious national asset and people of India will own railways always.

In the hour-long speech, Prabhu unveiled the thrust areas as the national carrier to become the prime mover of economy again, resource mobilisation for higher investments, decongestion of heavy routes and speeding up of trains, passenger amenities and safety.

Outlining the budget estimates for the coming year, he proposed a plan outlay of Rs 1,00,011 crore, an increase of 52 per cent over revised estimate of 2014-15. Passenger earnings growth has been pegged at 16.7 per cent and earnings target set at Rs 50,175 crore.

Goods earnings is accordingly proposed at Rs 1,21,423 crore, which includes rationalisation of rates, commodity classification and distance slabs.

Other coaching and sundries are projected at Rs 4,612 crore and Rs 7,318 crore. Gross traffic receipts are estimated at Rs 1,83,578 crore, a growth of 15.3 per cent.

Prabhu said that, over the next five years, Railways envisage an investment of Rs 8.5 lakh crore for which a broad indicative investment plan has been prepared.

“But the scale of investment needs is such that it will require us to seek multiple sources of funding. We will tap other sources of finance. Multilateral development banks and pension funds have expressed keen interest in financing new investments.

“They seek sources of predictable and recurring revenue, which we can provide through the issuance of long debt instruments to fund revenue-generating railway projects,” the minister said.

The 11 thrust areas include cleanliness, new toilets covering 650 new stations, bio-toilets, national fashion technology to design bed linen, online disposal of bed rolls, and 24x7 helpline number for security related complaints.

An 'Operation five minutes' will be introduced for issuing unreserved tickets besides other initiatives like hot buttons, coin vending machines and concessional e-tickets for differently-abled passengers.

E-catering will be launched for select meals from an array of choices, ordering food through websites of the Indian Railway Catering and Tourism Corporation (IRCTC) at the time of booking tickets and integrating best food chains into the project.

DECCAN HERALD, FEB 27, 2015

Fresh air in Railway Budget

Railway Minister Suresh Prabhu's maiden Budget is different from most past budgets. It is for the first time that there is no announcement of new trains and new lines in a Budget. Since most such decisions have been based on political considerations and not on genuine public need or commercial viability, a Budget without them would not be a wrong one. In fact, the railways will not be able to complete in the coming many years the projects announced in the last few years. The focus of Prabhu's Budget is on the safety, convenience and amenities of passengers, and the thrust is on what can be achieved in the long term rather than in one year. There is no hike in fares, perhaps because they were increased last year. Safety measures like cameras in women's compartments and improvements in cleanliness, catering and reservation facilities are welcome, and required. The need for speedier travel has also been envisaged. These have been promised in the past too, without much to show for performance.

The changes in freight rates may not be of much consequence in terms of revenue. The Budget does not mention their impact but they will make some basic commodities like steel and cement costlier. The minister himself said that the Budget is more a policy statement about the direction of the railways in the next five years than a projection of income and expenditure in the coming year. The plan outlay is pegged at Rs 1,00,011 crore, which marks an increase of 52 per cent. But the Budget is again different, as it does not seek additional support from the finance ministry. The railways need Rs 8.5 lakh crore for infrastructure development, modernisation and upgrade of its facilities in the next five years. It is not specified where the money will come from but the minister has indicated that it could come from insurance and pension funds, foreign sources and from PPP arrangements.

An annual Budget cannot lay down a clear road map to salvage a huge network like the Indian railways, stuck in deep financial straits. The minister has assured that it will remain a national asset and ruled out privatisation, though some aspects of its functioning may be made more efficient with private participation. He has set four goals: better customer experience, safer travel, modern infrastructure and financial sustainability. He has spelt out some steps for the first two and cast his eyes long on the last two. It will be a difficult haul even with all the drivers he has mentioned to support the long-term plan.

BUSINESS LINE, FEB 24, 2015

Getting the Railways back on track

ROSHNI RAJIV

Faster, stronger That's the mantra for future

Eight suggestions to reform the current rail structure in tune with the needs of the 21st century

Indian Railways is more than 150 years old and has played a vital role in the socio-economic development of the country. Today, the Railways is one of the largest rail networks in the world, transporting around 23 million passengers every day and employing 1.4 million people.

The Railway Board single-handedly manages the railway network consisting of 17 zones and 68 divisions. Since Independence, the growth of the railway system has been hindered by the Board's muddled performance.

This has contributed to a continuous decline in the Railways' market share in the transport sector. The National Transport Development Policy Committee Report 2014 shows that over the past five decades, 61 per cent of passenger transport and 59 per cent of freight transport has shifted from rail to road. The annual Railway Budget focuses on improving services. However, out of the 674 projects worth ₹1.6 lakh crore sanctioned in the past 30 years, only 317 were completed. The deficit required to complete the remaining projects is estimated to be over ₹1.8 lakh crore.

The rail ministry is ignoring the fundamental change required to transform Indian railways to suit 21st century demands. The way forward is to dismantle the archaic organisational structure set up during the 19th century and establish a more efficient mechanism to operate these 17 zones. Now, with another Railway Budget round the corner, the key question is, will the doer in Suresh Prabhu deliver to expectations? Here are eight suggestions focusing on reforming the current structure to suit the needs of the 21st century:

Decentralisation of power

The Railway Board will function only as the policy and regulatory body. The chairman will be an expert with a team focusing on each core-business activities.

The Board could hand over the management of non-core business activities such as catering and ticketing or managing of railway research institutes and so on to private players on PPP mode.

Empowering zonal railways

Each zonal railway will be the final decision maker on operation, management and development of its own zone, without consultation with the Board. For instance, each zonal head can decide about constructing stations and platforms, adding or removing trains, upgrading rolling stock, regulations for safety, cleanliness and hygiene. Each zone should work within the framework of policies set by the Board.

A company could be set up to run each zone. The Konkan Railway Corporation, which operates and manages the Konkan railway zone, is a model company.

Development under PPP

Each zonal company gets into PPP for renovating its stations similar to the development of airports in metros. The presence of a private entity would attract FDI easily.

Monetisation of property

Indian Railways is the owner of a large amount of land across India whose valuation is very high owing to the prime location of the station in a city or town.

At present, railway properties are underutilised. Each zonal company brings in expertise for optimisation of land and air space for commercial purposes such as shopping malls and business centres. This will not only generate more employment opportunities but also generate additional revenue to compensate railway employees adequately and provide subsidised travel fares as required.

Independent zonal budget

Each zonal company would prepare an annual budget to govern its zone and divisions.

This would enable individualistic growth of each zone based on its requirement. The annual financial budget directly provides the budget outlay for each zonal railway.

Fixing of travel fare

In consultation with the zones, the Board will set the upper limit of fares and charges for passenger and freight travel based on distance travelled which will be subject to periodic revisions. The existing framework of the fare revision committee will be strengthened.

Co-ordination between two zones and profitability

To lay new railway routes, the zonal companies concerned will work together. For instance, to run a bullet train between two zones, the zonal companies could enter into a JV to construct the infrastructure and invest in modern locomotives. The expenses would be shared proportionately by each zone.

Similarly, each zonal company would be accountable for their own transport output and profitability. The income generated for a rail journey gets divided among the zones proportionately.

For instance, if the journey covers three zones, then each zone earns income for tickets booked from its zone.

Performance review

The Board reviews zonal companies' performances annually and provides feedback for improvements. Periodic review and modification of policies required to facilitate further development of railway.

For instance, faster connectivity with high speed trains would reduce the travel time between two locations. This would call for re-evaluation of current demarcation of 17 zones to reduce it to fewer numbers for easier operation.

The Expert Group Report 2012 brought to light the downtrend of the Railways due to its diminishing efficiency and eroding share in national transport and predicted it may possibly end up as a burden on the national economy instead of being its bulwark and vital support.

These suggestions are indicative of the railway reforms to revamp and modernise Indian Railways into a world class mode of transportation to cater to the needs of the 21st century and to support the inclusive growth of the nation.

One would wish for a reform-oriented Railway Budget instead of announcements of new lines and introduction of new trains based on political compulsions.

The writer works with the Centre for Public Policy Research. The views are personal