

# Vajpayee snubs Sonia, says his govt is stable

Times News Network and Agencies

NEW DELHI: Prime Minister Atal Behari Vajpayee on Saturday launched a frontal attack on Congress president Sonia Gandhi for speculating that the country's political leanings had shifted and warned her that it did not "make business sense to count one's chickens before they are hatched".

Ms Gandhi had said in her inaugural speech at the Confederation of Indian Industry's annual meet on Friday that "when the leader of the opposition is invited by the country's leading industrialists to start their annual get-together, it is natural to speculate. What could be the motive? What sort of political winds are blowing and in what direction?"

Mr Vajpayee, who delivered the concluding address at the meet, said, "I am unable to see the deep symbolic meaning attached to the inaugural and the concluding ses-

sions of a CII conference. If invitations to inaugurate or conclude conferences could make (people) speculate about an impending change in the direction of political winds, I must say that such people seem to think that chambers of commerce and industry have more powers to make and unmake governments than the people of India."

He told the Congress president that attempts to "destabilise governments" neither helped business nor democracy. In a mild rap, Mr Vajpayee told the captains of industry that "our government cannot be derailed..It is here to stay for its full term. You will continue to do business with us and we will continue to do business with you."

The government is reported to be upset that the CII set aside an

entire session, 'Act of faith or breach of faith', on Saturday to post-Godhra Gujarat.

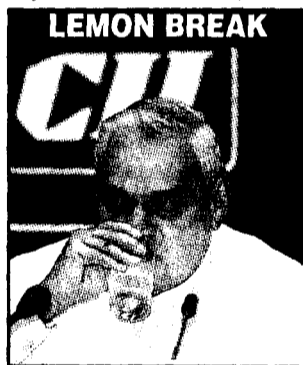
In a virtual point-by-point response to Ms Gandhi's speech, the Prime Minister dismissed her emphasis on "the continuing trauma in Gujarat" as "a temporary aberration, and not a fundamental fissure in our society". Admitting that the "communal violence in Gujarat had..traumatised all of us" and recalling that he had described it "as a blot on India", Mr Vajpayee cryptically said it did not help the country, business or the cause of

secularism "if the complexity of the situation is ignored".

Taking umbrage at the Congress president's reference to a "fundamental difference of opinion (with the BJP) on the very nature of the Indian nation state", the Prime Minister said, taking a swipe at Ms Gandhi's foreign origins, "Those who proclaim that India's secular

moorings and foundations are being systematically destroyed do not know how deep and strong the roots of our secularism are. They only display their ignorance of India's history and of the cultural wellsprings of our nation by painting such an alarmist picture. They forget that Indian secularism has withstood even..Partition, which was effected on communal lines."

Mr Vajpayee's major concern appeared to be that a wrong picture of India was being projected abroad. "It is one thing for all of us..to wake up to the wrongs that have happened and to correct them..it is quite another to engage in such a shrill and divisive campaign that it presents a picture of national disunity and encourages outsiders to start giving us sermons," he said.



Prime Minister A.B. Vajpayee at the CII conference New Delhi on Saturday

# India Inc. does not buy Govt Gujarat defence

HTA 28/4

HT Correspondent  
New Delhi, April 27

INDIAN INDUSTRY clearly rejected the BJP's position on the Gujarat carnage at a discussion on 'Gujarat: Act of Faith or Breach of Faith' organised by the Confederation of Indian Industry (CII) here today.

The discussion showed no one was buying the ruling party's arguments on the violence in Gujarat — a State that has been the industrial and commercial powerhouse of the country in the past few years.

Two clear signals emerged from the session, which was much more political than any event organised by CII so far. The first was that India's image as a stable, democratic and liberal country that can rival China as an economic power has taken a solid beating.

The second is that sections of the Indian industry that had gravitated towards the BJP over the past few years are preparing for a new regime.

Events in Gujarat and Friday's rollback of budgetary proposals have been seen as evidence that the current regime has not been able to deliver good governance and impartial administration.

In pointing out her experience after visiting two rehabilitation camps in Gujarat — Shah-e-Alam and Bapu Nagar — Thermax Ltd chairperson Anu Aga, who is also the chairperson of the CII Western Region, spoke about the human tragedy in the State. "There was great brutality and inhumanity. If there was governance, would violence have continued for two months?" she said.

NDTV anchor Rajdeep Sardesai spoke of the need for Gujarat's industrialists to take a stand to help restore the confidence of the people in a hard-hitting speech.

But it appeared today that the CII had made some effort to pacify the BJP. Sardesai, who was originally supposed to be the

## Maharashtra violence

VIOLENCE ERUPTED on Saturday afternoon in the sensitive Mukundnagar area of Ahmednagar in Maharashtra after a group of rioters attacked a place of worship around 11 last night injuring three women. The shrine was attacked when devotees were gathered there in preparation for today's Hanuman Jayanti celebrations, said DSP Natha Ghule.

Meanwhile, one person was stabbed to death and 13 injured, eight of them in police firing, in fresh violence in Vadodara on Saturday, prompting authorities to clamp indefinite curfew in some areas. Eight persons received bullet injuries when police opened fire in Yakutpura, Fatehpura, Bhoiwada, Ajabdi Mill and other areas to disperse rioting mobs.

PTI, Ahmednagar

moderator of the panel discussion, was replaced by former Gujarat Governor Naresh Chandra.

More important, two BJP representatives — Rajya Sabha member Balbir Punj and Gujarat Industry Minister Suresh Mehta — were included in the panel of speakers to dispel the impression that it was 'one-sided'.

Mehta defended the Gujarat Government, saying that conditions in camps were not inhuman and attacked the media for "misrepresenting" the situation. He said that Aga had abused the Gujarat Government.

Mehta and Punj's defence did not go down too well with the participants. A Gujarati industrialist said there was evidence that the State administration had failed to prevent horrific atrocities on the minorities.

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THE HINDUSTAN TIMES

# Sonia reads out the riot act

FROM OUR  
CORRESPONDENT

New Delhi, April 26: When Anu Aga, the Confederation of Indian Industry (CII) western region chairperson, toured Gujarat last month and made scathing comments against the Narendra Modi government, Atal Bihari Vajpayee did not react. When former US ambassador to India Frank Wisner said US investors were spooked by the riots in Gujarat, Vajpayee refused to comment. When a string of European embassies, including the UK and Germany, sent out their people to the riot-ravaged state to assess the situation, an incensed Prime Minister said they should mind their own business.

Today, Congress president Sonia Gandhi took up that growing refrain: the riots in Gujarat, she said, had riven its society and badly damaged the prospects for local industry.

Worse, Sonia added, "it had created a negative effect on the international community. Foreign direct investment inflows into the country would suffer because of such incidents." The blistering attack came while she was addressing the plenary session of the CII's national conference today.

Speaking at the inaugural session of the annual meeting of the CII, Sonia said: "An economy



Sonia Gandhi with Sanjiv Goenka at the CII annual session in Delhi. (PTI)

cannot be divorced from its larger societal reality. Equally, economics cannot be independent of its political context."

The Congress leader urged the government to bring about radical changes in the Indian economy after keeping in mind the social framework

of the country.

Sonia advocated "equitable and broad-based" economic growth which needs to be correlated with the larger social reality and reminded industrialists that it was their responsibility to fulfil this enormous task to make globalisation

locally meaningful.

Sonia said the Opposition had supported the ruling government on issues like insurance liberalisation, WTO-related legislation and company law changes. "But we feel that the effort on the part of the government to create a consensus has

been lacking," she added.

Sonia charted out the immediate economic priorities of the Congress — strengthening the foundations of Indian agriculture, creating new employment opportunities, reviving investment momentum in the economy through the manufacturing

industry and infrastructure development and ensuring a strong public sector even in the era of privatisation.

"We will launch a massive food-for-work programme, a national employment guarantee scheme and make sure that the public distribution system provides adequate security to the most vulnerable sections of our society," the Congress president said.

Sonia condemned irresponsible fiscal management and spoke in favour of hard measures and campaigns to mobilise revenue.

"During a grave fiscal crisis, it is our collective responsibility to nurse the fiscal system back to health. We need to step up public expenditure in social infrastructure and for this, radical steps have to be taken to mount a vigorous campaign to mobilise revenues," she said.

Sonia also spoke about mixed economy as a platform that integrates effective public investment with vibrant private initiative, where faster economic development combines with social development.

"This will give us greater globalisation with deeper social self-reliance. In this set-up, enterprise will be free of control but by no means should the government lose control. The Congress seeks to achieve this balance," she said.

# CII moots steps to fine-tune Finance Bill

By Our Special Correspondent

**NEW DELHI, APRIL 21.** The Confederation of Indian Industry (CII) has suggested several measures to fine-tune a set of provisions in the Finance Bill 2002 before its enactment. These suggestions range from taxation of dividend, section 10A and 10B benefits, minimum alternate tax, rates of depreciation and non-compete fees, among others.

In a post-budget memorandum, the body representing the Indian industry recalled that the Government had announced certain fiscal incentives to promote the development of units sourcing energy from non-conventional sources.

These incentives in the form of 100 per cent depreciation allowance did work and contributed to the development of non-conventional energy sources and encouraged private sector investments.

The CII pointed out that a reduction in the rates of depreciation to 60 per cent would impact investments in these areas. Actually, in view of the huge gap in demand and supply in the power sector, alternative sources of generating renewable power should be encouraged. Depreciation allowance should continue at the existing

level of 100 per cent to promote alternative energy sources. This concession should continue for a few more years to encourage the use of pollution control equipment and environment friendly production processes.

Benefits available under section 10A and 10B of the Income Tax Act suffered yet another setback in the Finance Bill 2002. Restricting the fiscal incentive available under these sections to 90 per cent would have an adverse impact on not only the competitiveness of our exports but also on long-term tax planning, the CII said while suggesting that reduction in the fiscal incentives available to the exporters under section 10A and 10B should be restricted to this year only.

Proposing an alternative to the taxation on dividends, the CII said companies can continue with the 10 per cent tax on dividend and in addition companies would withhold tax at 20 per cent of the dividend and remit the balance to the shareholders.

The tax so paid by the company and the withholding tax would be the final tax on the dividend.

The recipient would not be liable to pay any more tax on the dividend. Companies receiving dividend would be eligi-

ble for deduction under section 80M which would allow them to claim set off. Mutual funds should not be subject to withholding tax to avoid a cascading effect. FIIs would be taxed at a flat rate of 10 per cent by way of withholding tax.

This would provide the Government revenue at 30 per cent of the dividend payment so that dividend could be treated on a par with interest.

Large investors would pay a minimum of 20 per cent of the dividend received by them as tax without any exemption so that horizontal equity is ensured.

Small shareholders should be provided some exemption limit, say Rs. 2500.

## 'Prune sensitive import items list'

**NEW DELHI, APRIL 21.** The Associated Chamber of Commerce and Industry of India (ASSOCHAM) has sought drastic pruning of the list of 300 sensitive import items besides slashing of the bound rates by 10 per cent to bring down the average industrial tariff rate from 25 to 15 per cent.

According to the chamber, all that was needed to achieve the suggested average tariff rate was to correct the inverted duty

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structure by reducing the duties on the inputs and raw material to make the industry more cost efficient.

Other steps that would help include the retention of a higher bound rate on finished products to provide incentives and protection to domestic industry besides introduction of VAT at the earliest.

It has also favoured maintenance of the tariff peaks in relation to some items of concern to the country, especially from the viewpoint of the country's sovereign security.

This suggestion has been made on the basis of an analysis of India's trade with Australia, Canada, the European Union, Japan, and the United States which revealed that Indian exports face tariff peaks in some sectors, including textile and textile products, plastic and rubber goods, chemical and chemical products, plant and machinery and transport equipment.

Even as it asked for pruning of the list of sensitive items, ASSOCHAM said that India should keep the items under spices, leather and textiles in the list of sensitive items.

In all other cases, the bound rates of industrial tariff could be fixed at a level close to the applied rates.

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