

Further liberalisation soon: FM

Press Trust of India

NEW DELHI, Dec. 29. — The Union finance minister, Mr P Chidambaram has said that further opening up of the telecom sector and Indian private banks to FDI was "pretty close" and will be done in the next few days.

He said that all the promises made for opening up the three sectors — civil aviation, telecom and insurance — would be fulfilled in the current fiscal.

"Civil aviation has already been liberalised and the second one, telecom, is pretty close as the communication minister, Mr Dayanidhi Maran said a couple of days ago. We are resolving the problems and, to use the telecom language, it is the last mile (to be cleared)."

Mr Chidambaram had announced a proposal to increase FDI cap from 49 per cent to 74 per cent in the telecom sector.

As regards opening up of the



Mr P Chidambaram

Insurance sector, Mr Chidambaram said he hoped to introduce a legislation (to raise FDI cap from 26 per cent to 49 per cent) in the Budget session.

On Banking sector reforms, he said the roadmap for allowing foreign banks to acquire up to 74 per cent equity in Indian private banks will be unveiled in the next few days.

"When the roadmap is ready in the next three or four days, it will be unveiled," he said, adding the regulatory conditions would be made clear in the

roadmap.

The roadmap was being contemplated as many of the Indian private sector banks were "too weak to survive", he said.

The finance minister also said that the proposal in the mid-year review of the economy to open up the retail sector to foreign direct investment could not be construed as a government decision.

"You shouldn't take that as the government's decision," Mr Chidambaram said adding, "economic division of the finance ministry enjoys a large degree of autonomy... It is like Economic Survey. I cannot fetter the independent thinking by the ministry and propose freely policy option," he said, adding it was for the ministry to take one option and reject another.

But traditionally the ministry of finance has enjoyed a large degree of autonomy in writing Economic Survey and so also the mid-year review, he said.

Comrades cavil at PC move

Press Trust of India

KOLKATA, Dec. 29. — The CPI(M) today reiterated its opposition to the FDI in telecom, civil aviation and insurance sectors and said any such move would not be in conformity with the interests of the Common Minimum Programme and the common people.

"We don't support this view. This is not going to serve the interests of common people and will go against the Common Minimum Programme", CPI(M) politburo member, Mr Birman Bose said.

Bose was reacting to the Union finance minister, Mr P Chidambaram's statement that further opening up of the telecom sector and Indian private banks to FDI was 'pretty close' and would be done in the next few days.

THURSDAY, DECEMBER 30, 2004

SUBSIDIES AND THE POOR

12/30/04
25/12

THE FINANCE MINISTRY has once again agonised over the mounting level of subsidies paid out by the Central Government — over what is to be done to target them more sharply at the poor, and what goods or services deserve to be subsidised. Its recent report to Parliament provides an excellent recitation of the problem. Subsidies have no doubt lowered the prices on many essential goods and brought them within the reach of poorer sections of the population. But the report notes that there has been an “undue expansion” of government activity into providing goods and services, many of them not purely public in nature, without it being able to recover the full costs of doing so. So subsidies on goods such as the post card, urea, and kerosene and on services such as education, meteorology, and broadcasting have proliferated to Rs.115,000 crore a year, or an average of more than Rs.1,000 for every person in this country. Containment and targeting of these payouts are obviously the objectives of the Finance Ministry, which is also aware of the inefficiency in the delivery system: the benefits do not reach all the needy population, not all the beneficiaries are deserving, and there are substantial leakages.

Take the case of food subsidy, a two-pronged measure that provides a minimum price to farmers for their grain and a cheap source of rice and wheat to consumers. In reality, farm support has gone to those who grow rice and wheat, typically rich farmers who till well-irrigated lands in just six States. The poorer farmers, who typically grow rain-fed crops such as coarse cereal, virtually get no price support. As consumers, the poor can get to buy only rice or wheat at the subsidised price, not ragi or jowar even if these have been their staple. Over the years, the price distortion introduced by the subsidy has changed

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food preferences across the country in favour of rice and wheat that only the well-endowed farmers grow. Similarly, the subsidy granted to urea has pushed up its use to a level that is disproportionate to other nutrients, threatening the fertility balance of the soil. Kerosene is reckoned to be the poor man's fuel for lighting and cooking, and provided a large subsidy while LPG, the cleaner-burning of the two, is indulged less by the Centre and taxed heavily in many States.

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Behind such distortions is the presumption of the policy makers that they know best what is good for the country's poor — what they ought to consume and at what price. The bitter truth is that the poor would be better off deciding that themselves. If only they were given the cash rather than subsidised goods. With the people below the poverty line already identified, the Government can quite easily deliver the funds directly to them given that over the years the financial system has considerably enhanced its reach and capability — an efficient system of delivering old-age pensions already exists. What if the head of the family spends the money on liquor rather than food, critics might ask. That could happen today too when even the poorest have to come up with a few rupees to buy a couple of kilograms of grain. If the central food subsidy were to be handed out directly as cash to the 260 million people below the poverty line, that would be more than Rs.400 a month for each family, a sum that can command a reasonable amount of cereal and more even at market prices. Why, an income supplement on this scale could lift many of the recipients above the poverty line. The question is not one of whether there should be public intervention to ensure food security, but really one of finding the best way of reaching the targeted population.

30 DEC 2004

THE HINDU

ভাইয়ের নিরঙ্কুশ ক্ষমতার বিরুদ্ধে সরব অনিল অস্বানী

অনিশ্চিত রিলায়েন্স শেয়ারের বাজার

স্টাফ রিপোর্টার: রিলায়েন্স শেয়ারের দামে যে জোয়ার এসেছিল, অনিল অস্বানীর মন্তব্য তাতে এই দিন অনেকটাই ঠান্ডা জল ঢেলে দিল। নিজেদের শেয়ার কিনে নেবে বলে ('বাই ব্যাক') সোমবার রিলায়েন্স পরিচালন পর্ষদ সিদ্ধান্ত নেওয়ার আগেই তিনি ওই মন্তব্য করেন। ফলে সারা দিনই রিলায়েন্স ইন্ডাস্ট্রিজের শেয়ার দর ঘড়ির পেড়লামের মতো ছিল দৌলুলামান। পরিচালন পর্ষদের সিদ্ধান্ত ঘোষিত হওয়ার পরেই বহু স্টক এক্সচেঞ্জে আগের দিনের থেকে প্রায় ২১ টাকা বেড়ে সংস্থার শেয়ার দর ৫৪৪ টাকায় গিয়ে ঠেকে। কিন্তু দিনের শেষে তা নেমে আসে ৫১৬.৮৫ টাকায়, আগের দিনের থেকে যা ৬.৭৫ টাকা কম। এই দিন লেনদেনের দ্বিতীয়ার্ধে রিলায়েন্সের শেয়ার দর দ্রুত পড়েছে। আজ মঙ্গলবারও ওই প্রবণতা দেখা যায় কি না, সে দিকেই ডাকিয়ে রয়েছেন লগ্নিকারীরা।

এই দিন রিলায়েন্সের পরিচালন পর্ষদের বৈঠক বসার প্রাক্কালে অনিল অস্বানী 'বাই ব্যাকের ওই প্রস্তাব একটি মস্ত বড় ভুল পদক্ষেপ' বলে মন্তব্য করেন। গত এক সপ্তাহে রিলায়েন্সের শেয়ার দর যে ভাবে বেড়েছে, তার সঠিক কারণ নিয়েও বিরূপ মন্তব্য করেন সংস্থার ভাইস-চেয়ারম্যান ও ম্যানেজিং ডিরেক্টর অনিল।

রিলায়েন্সের শেয়ার দরের সঙ্গে তাল মিলিয়ে মুম্বই শেয়ার বাজারের সূচক সেনসেক্সও এই দিন দ্রুত ওঠানামা করেছে। সারা দিনে সূচক ওঠানামা করেছে প্রায় ৯৭ পয়েন্ট।

বর্তমান পরিস্থিতিতে আগামী কিছু দিন রিলায়েন্সের শেয়ার দর অনেকটাই অনিশ্চিত থাকবে বলে মনে করছেন বাজার বিশেষজ্ঞরা। প্রথমত, শেয়ার প্রতি সর্বোচ্চ ৫৭০ টাকা দাম

ধারণের সিদ্ধান্ত হওয়ার ফলে ঠিক কত দামে শেষ পর্যন্ত বাই ব্যাক করা হবে, তা নিয়ে রয়েছে অনিশ্চয়তা। অর্থাৎ বাজারে সংস্থার শেয়ারের দাম কী রকম থাকে, তা দেখেই বোর্ড দামের ব্যাপারে পরে চূড়ান্ত সিদ্ধান্ত নেবে।

দ্বিতীয়ত, ঠিক কত শেয়ার কেনা হবে সে ব্যাপারটিও অনিশ্চিত। বলা হয়েছে, মোট শেয়ারের ১০ শতাংশ পর্যন্ত কেনা হতে পারে। অর্থাৎ এ ব্যাপারেও বোর্ড পরে চূড়ান্ত সিদ্ধান্ত নেবে। আরও যে প্রশ্নটি লগ্নিকারীদের মনে ঘুরে ফিরে উকি মারছে তা হল, শেষ পর্যন্ত বাই ব্যাক আদৌ করা হবে তো? উল্লেখ্য, ২০০০ সালের জুলাই মাসে রিলায়েন্স বোর্ড বাই ব্যাকের প্রস্তাব পাশ করেও শেষ পর্যন্ত তা আদৌ কার্যকর করেনি। বাজার দরের পতন রোধ হওয়ার জন্যই তা করা হয়নি বলে কর্তৃপক্ষ জানিয়েছিলেন।

অস্বানী ভাইদের শরিকি দ্বন্দ্বের পাশাপাশি বাই ব্যাককে ঘিরে এতগুলি অনিশ্চয়তা থাকার ফলেই রিলায়েন্সের শেয়ার দর আগামী কিছু দিন অনিশ্চিত থাকবে বলে মনে করছেন বিশেষজ্ঞরা। আইসিআইসিআই সিকিউরিটিজের মার্কেট অ্যানালিস্ট সিকে নারায়ণন বলেন, "বাই ব্যাকের সিদ্ধান্ত ঘোষিত হওয়ার সঙ্গে সঙ্গে শেয়ার দর বাড়তে থাকলেও পরে লগ্নিকারীদের মধ্যে ওই শেয়ার আরও বেশি দামে কেনার জন্য কতটা আগ্রহ থাকবে তা নিয়ে সংশয় রয়েছে।"

দর অবশ্য আরও উঠবে বলে মনে করছেন বিশেষজ্ঞদের অনেকে। এস কে পি সিকিউরিটিজের অন্যতম কর্তা অমিতাভ সেনগুপ্ত বলেন, "ওই শেয়ার ৫৭০ টাকাতাই কেনা হতে পারে বলে অনেক লগ্নিকারীর মনে আশা থাকবে। সে ক্ষেত্রে দাম দুই থেকে পাঁচ শতাংশ বৃদ্ধি পাওয়া অসম্ভব নয়।"

বোর্ডের সমর্থন মুকেশকেই

স্টাফ রিপোর্টার: মুকেশ-অনিল দ্বৈরথের প্রথম রাউন্ডে সোমবার হাত শক্ত হল মুকেশেরই। রিলায়েন্স ইন্ডাস্ট্রিজের শেয়ার কিনে নেওয়া-সহ একাধিক প্রস্তাব পরিচালন পর্ষদের সভায় পাশ করিয়ে নিয়ে মুকেশ প্রমাণ করলেন গোষ্ঠীর রাশ তাঁর হাতেই। সভা চলাকালীন ও তার আগে নানা অভিযোগ এনে অনিল ভোটভুক্তিতে অংশগ্রহণ না করলেও বৈঠকে পরিষ্কার হয়ে গেল গোষ্ঠীর কর্তারা ধীরুভাইয়ের জ্যেষ্ঠ পুত্রের পাশেই আছেন।

বৈঠকের পরে এক প্রেস বিজ্ঞপ্তিতে রিলায়েন্স কর্তৃপক্ষ জানিয়েছেন, পরিচালন পর্ষদের পূর্ণ আস্থা রয়েছে মুকেশ অস্বানীর নেতৃত্বে। সংস্থার বর্তমান কাঠামো দ্রুত বৃদ্ধির পক্ষে অনুকূল বলেও মত দিয়েছে পর্ষদ। প্রসঙ্গত, এই কাঠামো অনুযায়ী চেয়ারম্যান ও ম্যানেজিং ডিরেক্টরের পদে মুকেশ অস্বানীই গোষ্ঠীর সর্বসর্বা। আর মুকেশের এই নিরঙ্কুশ ক্ষমতার বিরুদ্ধেই সরব হয়েছেন অনিল। তবে সন্ধ্যায় অনিল শিবিরের পক্ষ থেকে জানানো হয়, বৈঠকে তিনি রিলায়েন্সের শেয়ার ফিরিয়ে নেওয়ার তীব্র বিরোধিতা করেছেন। পাশাপাশি, ওই বিজ্ঞপ্তির সঙ্গে তিনি যে একমত নন, তাও পরিষ্কার করে দেওয়া হয়েছে।

অনিল যে শুধু ভোটদানে বিরত থেকেছেন তাই নয়, নিজের বিরোধিতা নথিভুক্তও করিয়েছেন তিনি। বৈঠকে যোগ দেওয়ার আগে এ দিন অস্বানী ভাইদের দ্বন্দ্ব যে-নাটকীয় পর্দায় ওঠে, তা নজিরবিহীন। মুম্বইয়ের মেকার্স চেম্বারের বাইরে সাংবাদিকদের কাছে অনিল গত কয়েক সপ্তাহের ক্ষোভ যেন উগরে দেন। অনিল সাংবাদিকদের বলেন, "আমার মতে এখন শেয়ার ফিরিয়ে নেওয়া নিয়ে আলোচনার উপযুক্ত ভিত্তি নেই, কারণ গোষ্ঠীর সামনে আরও অনেক প্রশ্ন রয়েছে যা নিয়ে আলোচনা প্রয়োজন।"

পাশাপাশি তাঁর অভিযোগ, রিলায়েন্স ইন্ডাস্ট্রিজের শেয়ার সংস্থা ফিরিয়ে নেবে (পরিভাষায় বাই ব্যাক), এই সিদ্ধান্ত নেওয়া হয়েছে তাঁকে না জানিয়েই। তাঁর মত নেওয়া তো দূরের কথা।

এই অভিযোগের জবাবে রিলায়েন্সের পরিচালন পর্ষদের এক সদস্য অবশ্য জানিয়েছেন, সব সদস্যকেই এক সঙ্গে বৈঠকের নোটিস পাঠানো হয়েছিল। প্রসঙ্গত, গত কয়েক সপ্তাহ ধরেই অনিল ক্রমাগত অভিযোগ করেছেন, তাঁকে অন্ধকারে রেখেই গোষ্ঠীর সব সিদ্ধান্ত নেওয়া হচ্ছে।

অনিলের দ্বিতীয় অভিযোগ আরও



সংঘাতের ক্রমপঞ্জী

তারিখ	ঘটনা	রিলায়েন্সের শেয়ার মূল্য
১৮ নভেম্বর	বিরোধ নিয়ে মুখ খুললেন মুকেশ	৫৪৫.৫৫
২২ নভেম্বর	কোকিলাবেন বসলেন ছেলেদের নিয়ে	৫৩২.৮০
২৩ নভেম্বর	বক্তব্য বিকৃত করা হয়েছে, দাবি মুকেশের	৫২৮.৩০
২৪ নভেম্বর	কর্মীদের কাছে মুকেশের দাবি, তিনিই সব	৫১৫
২৫ নভেম্বর	রিলায়েন্স এনার্জি পরিচালন পর্ষদের ছ'জন সদস্যের ইস্তফা	৫০৩.৫৫
৩০ নভেম্বর	ক্ষুব্ধ অনিল জানালেন কর্মীদের	৫০৯.৮০
২১ ডিসেম্বর	বাজার থেকে শেয়ার ফিরিয়ে নেওয়ার প্রস্তাব রিলায়েন্সের	৪৮০.৬৫
২৩ ডিসেম্বর	ইনফোকমের শেয়ার ফেরালেন মুকেশ	৫২৩.৬০

মারাত্মক। অনিল বলেন, "রিলায়েন্স তার নিজের শেয়ার কিনে নেবে, এই ঘোষণার পর রিলায়েন্স ইন্ডাস্ট্রিজের শেয়ার মূল্য যে-ভাবে নড়াচড়া করেছে, তাতে লুকোনো কোনও ঘটনা থাকতে পারে।" সংবাদসংস্থা পি টি আইয়ের খবর, অনিল অস্বানী সাংবাদিকদের কাছে এ কথা বলার অব্যবহিত পরেই সেবি চেয়ারম্যান জি এন বাজপেয়ী ও অন্য এক ডিরেক্টর এ বিষয়ে আলোচনা শুরু করেছেন। সেবি অফিসারদের মতে গোটা ঘটনা খতিয়ে দেখার সুযোগ রয়েছে।

এ দিন পরিচালন পর্ষদের কর্তারা সিদ্ধান্ত নিয়েছেন, রিলায়েন্স ইন্ডাস্ট্রিজ সর্বোচ্চ ৫৭০ টাকা মূল্যে নিজের শেয়ার কিনে নেবে। এর জন্য ২,৯৯৯ কোটি টাকার সংস্থান করে রাখা হয়েছে।

অনিল শিবির থেকে দাবি করা হয়েছে, তিনি চেয়েছিলেন রিলায়েন্স ইনফোকমে রিলায়েন্স ইন্ডাস্ট্রিজের অংশীদারিত্ব ৪ শতাংশ থেকে ৭৫ শতাংশে বাড়ানো হোক। এর জন্য ৮,১০০ কোটি টাকার প্রেফারেন্স শেয়ারকে ইকুইটি শেয়ারে পরিবর্তনের দাবি করেছিলেন। সে ক্ষেত্রে ইনফোকমে মুকেশ অস্বানী

নিয়ন্ত্রিত রিলায়েন্স কমিউনিকেশন ইনফ্রাস্ট্রাকচারের অংশীদারিত্ব ২৫ শতাংশের নীচে নেমে আসত।

কিন্তু পর্ষদ সে দাবি মানেনি। বরং রিলায়েন্স ইন্ডাস্ট্রিজের পক্ষ থেকে জানানো হয়েছে, পরিচালন পর্ষদ মনে করে সংস্থার অংশীদারদের স্বার্থেই রিলায়েন্স ইনফোকম ও রিলায়েন্স কমিউনিকেশন ইনফ্রাস্ট্রাকচার, এই দুটি সংস্থায় বিনিয়োগ করেছে রিলায়েন্স ইন্ডাস্ট্রিজ। অর্থাৎ, রিলায়েন্স ইন্ডাস্ট্রিজের কর্তারা এ দিন ওই বিনিয়োগ পুরোপুরি সমর্থন করেছেন।

এমনকী ইনফোকমের ৫০ কোটি টাকা মূল্যের শেয়ার মুকেশ অস্বানীর হাতে তুলে দিয়েও যে কোনও আইন ভাঙা হয়নি পরিচালন পর্ষদে তা-ও বলা হয়েছে। তবে মুকেশ নিজেই তা ফিরিয়ে দিয়েছেন।

অবশ্য কোনও কোনও মহলের ধারণা, এ দিনের বৈঠকে যা আলোচনা হয়েছে, তা থেকে ইঙ্গিত, অনিলের মর্ফাদা কিছুটা পুনঃপ্রতিষ্ঠা করতে চেয়েছেন মুকেশ। যেমন, অনিল অস্বানী পরিচালিত উত্তরপ্রদেশ বিদ্যুৎ প্রকল্পে প্রাকৃতিক গ্যাস সরবরাহ করার বিষয়টি অনুমোদন করা হয়েছে। এই প্রকল্পের বিরোধী ছিলেন মুকেশ।

পাশাপাশি রিলায়েন্স ইন্ডাস্ট্রিজের পরিচালন পর্ষদের সদ্যসভা বৈঠকে বলেছেন, রিলায়েন্স এনার্জির পরিচালন ব্যবস্থা বা কোনও সদস্যের প্রতি কখনওই অনাস্থা প্রকাশ করেননি তারা।

সংস্থার পক্ষ থেকে জানানো হয়েছে, রিলায়েন্স ইন্ডাস্ট্রিজের তিন সদস্যের একটি 'কোর্পোরেট গভর্নেন্স কমিটি' গঠন করা হয়েছে। এঁরা তিনজনেই নিরপেক্ষ সদস্য। অর্থাৎ, এঁরা রিলায়েন্সের কর্মী নন। সংস্থার কাঠামো খুঁটিয়ে দেখে এঁরা পরিচালন ব্যবস্থায় ক্রটি দেখলে সংশোধনের পরামর্শ দেবেন। এমনকী গোষ্ঠীর ভাবমূর্তি উজ্জ্বল রাখতে গণমাধ্যমে তথ্য পরিবেশন নিয়েও পরামর্শ দেবে এই কমিটি।

পাশাপাশি রিলায়েন্স ইনফোকমে রিলায়েন্স ইন্ডাস্ট্রিজের দু'জন বাড়তি প্রতিনিধি যোগ দিয়েছেন। এঁরা হলেন ওয়াই পি ত্রিবেদী ও মুকেশ অস্বানীর ঘনিষ্ঠ বলে পরিচিত মনোজ মোদী। এ দিনের বৈঠকে এম এল ভক্তকেও পরিচালন পর্ষদে ফিরিয়ে নেওয়া হয়েছে। গত মাসে দুই ভাইয়ের দ্বৈরথ প্রকাশ্যে আসার কয়েক দিনের মধ্যেই পর্ষদ থেকে ইস্তফা দিয়েছিলেন ধীরুভাইয়ের এই দীর্ঘদিনের সহকর্মী।

Majority overrides younger Ambani's opposition

Anil fights a solitary battle

OUR SPECIAL
CORRESPONDENT

Mumbai, Dec. 27: Anil Ambani breathed fire in the morning but found himself outgunned as the Reliance Industries board today gave its endorsement to brother Mukesh and crafted a set of decisions that pushed the younger sibling into a corner.

The board, which was meeting for the first time since the battle came out in the open in mid-November, approved the country's largest-ever share buyback plan for which the company is ready to splash out Rs 2,999 crore. (Special page on board meeting in Business Telegraph)

The board also formed a corporate governance committee to look into probity issues that the Anil camp has been raising in the past few weeks. The directors agreed to shortly create a suitable mechanism that would ensure RIL approval for all large projects within the Reliance group — a move that is seen as an attempt to further curtail Anil's powers.

After a generous donation of Rs 1 crore for tsunami relief, Anil found himself fighting a lonely battle. He was the only one on the board who abstained or opposed the resolutions that came up for vote and left the venue soon after the meeting ended around 1.30 pm without displaying the same zest for combat he had shown earlier. Late tonight, his camp issued a statement saying that Anil dissociated himself from virtually all the board decisions.

Speculation had raged that there would be fireworks at the board meeting. But no one had expected it to begin even before the meeting started at 10 am at Maker Chambers IV.

Anil drove to the venue in his chauffeur-driven steel-grey Range Rover in a clearly combative mood and triggered a small tsunami for the Reliance group by telling the media that he hadn't been consulted or informed about the share buyback plan before it had been notified



9:30 am: Anil drives into Maker Chambers IV in his steel-coloured Range Rover; brother Mukesh takes the rear entrance

Anil tells reporters he wasn't consulted on Reliance's share buyback. He also raises questions about stock price rise since buyback was made public



10: Board meet begins; Anil sits at the head of the table. Mukesh sits on one side next to Ramniklal, Dhirubhai's only surviving brother

Stock market opens weak, Reliance plunges to Rs 509.70 (Rs 523.40 at Friday's close)



10:30: Company flooded by phone calls from shareholders concerned over Anil's statement. Company says Anil's opposition to buyback is not in shareholders' interest



12:30 pm: News filters out of boardroom about buyback at Rs 570 a share from a war chest of Rs 2,999 crore — biggest such exercise in India

Anil abstains from voting



1:27: Meeting ends. Anil first to leave, in no mood to talk



1:50: Senior-most director M.L. Bhakta, who formally withdrew his resignation, comes out. Smiling, not talking

BOTTOMLINE

● The board has discussed all 20 items on the agenda and backs Mukesh. Anil is alone. Senior directors advise patch-up



**BOARD
ALONE**

Anil Ambani arrives for the meeting

to the stock exchanges. "A discussion on the buyback is completely inappropriate as there are several other issues that the group faces that need to be addressed," he said.

The recent surge in the RIL stock price after the exchanges were informed about the buyback proposal indicated that "there is more than meets the eye in terms of what is happening in the marketplace".

Anil's comment stunned the market and precipitated a sharp fall in the stock when trading opened — and it didn't recover until the board announced a better-than-anticipated buyback price of Rs 570 per share. Soon after news of the share buyback reached the market at 12.30, the sensex surged to an all-time high of 6566.64 points before profit booking cooled it down at the close to 6513.03, a net gain of 14.97 points and still a record.

The RIL scrip surged to a high of Rs 544.80 after the buyback price was announced but toppled at the close to Rs 516.85, down a little over Rs 7 from Friday's close of Rs 523.60.

CONTINUED ON PAGE 7 ►

28 DEC 2002 THE TELEGRAPH

Boardroom blizzard alert

Anil emerges unlikely crusader

OUR SPECIAL CORRESPONDENT

Mumbai, Dec. 26: Anil Ambani has emerged as the unlikely hero of the riveting story that engulfs the Reliance group with his crusade for probity and corporate governance.

Even a few months ago, it would have been hard to imagine that an insider from the Ambani clan would don the warpaint and take on the board of the very dynamic but opaque business group with a turnover in excess of Rs 100,000 crore.

But as Monday looms with the promise of an explosive war of words at the Reliance Industries board meeting to be held at Maker IV — the headquarters out of which brother Mukesh operates — many within the group see in it a defining moment that will not only change the way the monolith operates but also set corporate governance standards for other family-run companies in the country.

The tussle between the two Ambani brothers over ownership issues is being played out “in the context of good governance”, says a close associate of the group who claims it can only do good in the long term for the company and its over 3 million shareholders.

“It will set benchmarks and standards not only for Reliance Industries but for other family-run Indian conglomerates as well,” he added.

The battle between the two brothers had raged behind closed doors even though it reached a flashpoint after the July 27 board meeting that redefined the roles of the two and made Mukesh the “final authority” on all decisions within the group. But all hell broke loose after November 17 when Mukesh admitted to a television channel that there were “ownership

issues” in the family domain.

Since then, Anil's camp has used every opportunity to embarrass the Reliance chairman with a disclosure-a-day strategy to keep public interest alive in the biggest corporate battle in India Inc. The string of revelations — most of them surrounding Reliance Infocomm, the group's telecom venture — has acted as a slow fuse that threatens to ignite a huge explosion unless resolved to the satisfaction of both sides at tomorrow's meeting.

Anil's camp reckons that the dribblets of information will work to his advantage as he seeks to unravel more and more secrets about the group.

Anil's strategy has already aroused concerns among large investors, especially foreign stock brokerages like CLSA, and global credit rating agencies like Standard and Poor's, which have expressed dismay about the goings-on within the group. Both groups are slowly mounting pressure for greater public disclosures and transparency.

The key issue that a minority shareholder needs to be aware about, says CLSA, is “who in the family (whether jointly or separately) controls the 29 per cent shares of Reliance Industries”.

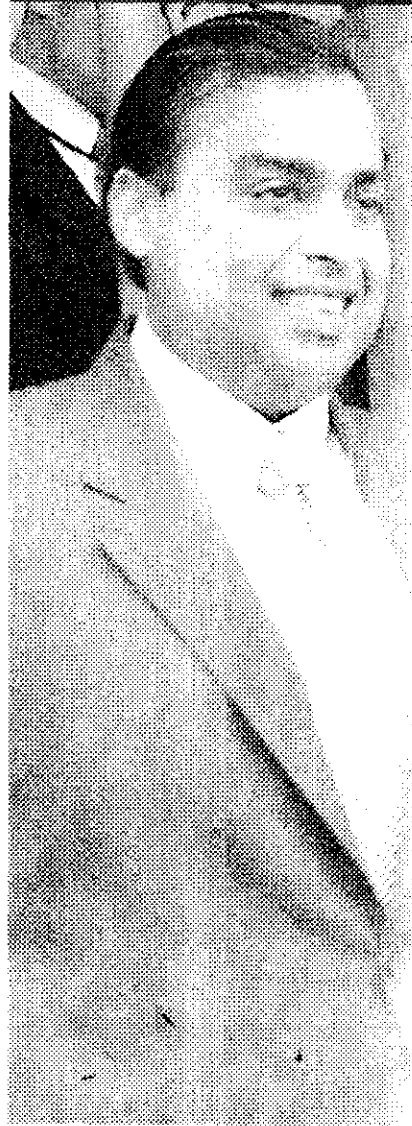
“Lack of transparency, board independence and relatively low corporate governance rankings are issues which we have highlighted in past reports,” says CLSA.

CLSA is also concerned about “how independent the board is and whether the interests of the minority shareholders have been compromised”.

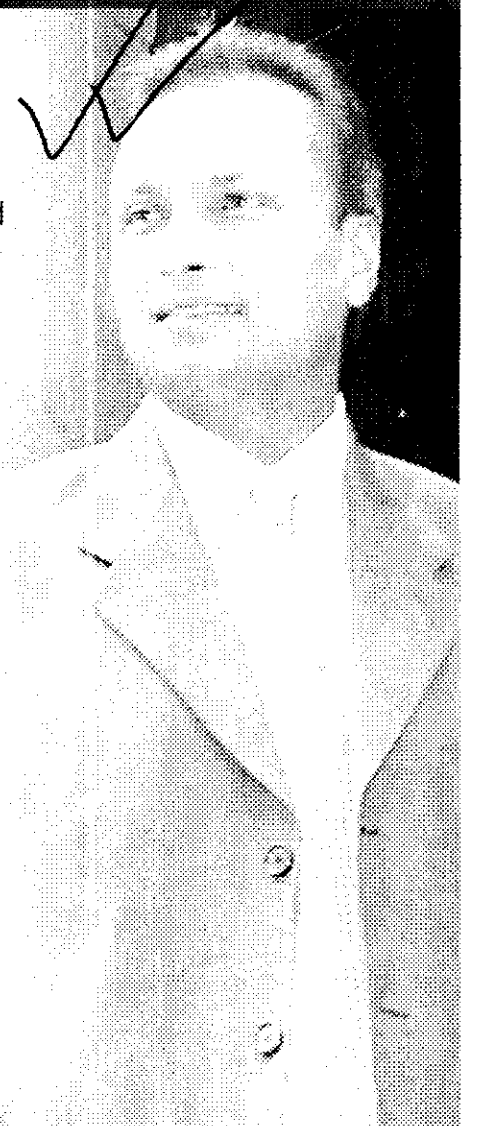
“Reliance's corporate governance rankings have always been in the lower quartile, and lack of transparency and doubts about board independence have always been known,” CLSA has said in its report after the spat between the brothers came out in the open. CLSA has also admitted that “wide publicity of these issues is something new”.

Anil will be going to the crucial meeting at Maker IV — an alien territory ever since he started operating out of Reliance Centre, the group's office at Ballard Estate — knowing that he will be heavily outnumbered on the RIL board.

SHOWDOWN SCHEDULE



- The 10-member board assembles at 10.30 am
- Maker Chambers at Nariman Point will turn into a media barrack with reporters and OB vans milling around
- Agenda to be circulated an hour before. No smiles expected, except shareholders happy at a generous buyback
- Mukesh to set talks rolling; Nikhil and Hital Meswani will be at hand
- Minutes of the October 27 meeting will be put on record. Anil, whose powers were clipped that day, could ignite the sparks
- Buyback will be taken up, as will warhorse M. L. Bhakta's resignation
- Infocomm and Mukesh's Rs 50-crore sweat equity will come up too; Reliance and Dadri project won't be skipped either
- The Deloitte report giving RIL a clean bill on Infocomm will be placed
- A vegetarian lunch is cooking, if members are left with an appetite



Reliance Energy sets terms for buyback

OUR SPECIAL CORRESPONDENT

Mumbai, Dec. 26: A day before Reliance Industries' board meets on an equity buyback plan, Reliance Energy (REL) outlined the terms of a similar share-purchase scheme.

“This is one of the largest buybacks announced in recent times,” said a statement from the Rs 7700-crore power major headed by Anil Ambani. The shares will be bought back at a maximum price of Rs 525 apiece from a Rs 350-crore war chest that has been set up for the purpose.

The scheme, drawn up under the Companies Act, 1956 and regulations framed by the Securities and Exchange Board of India, aims to moderate the volatility seen in the stock recently and snuff out speculative trading. In the past, the firm has passed resolutions allowing a buyback

but never gone ahead and actually done so.

This time, there is a chance that the plan will get off the ground since the company needs to reassure investors who have seen the value of the stock plunge over the past month. It will also give those who are not confident about the management's ability to deliver an exit route.

Shares of REL have closed below the buyback price on only eight of the 140 trading days since the plan was first unveiled.

The slide below the threshold was limited to the last five weeks, when a simmering ownership spat between the Ambani siblings spilled into the media. The share last closed at Rs 529 on Dalal Street.

During this time, the board reviewed the buyback programme, which, it deemed, would not be affected by a stock plunge arising from “ex-

traordinary events” in the group. It was also decided that the terms, though unchanged now, would be reviewed from time to time. The company reiterated it would not do anything that will allow speculators a free run in these turbulent times.

Despite worries about Reliance Energy's prospects at a time when owners of the group are drifting apart, the company is clear that it “has robust growth prospects”, an objective that will be fulfilled by using its resources judiciously and maximising shareholder value.

Since the Reliance group acquired management control of BSES, later renamed as REL, the share price has outperformed key market indices, the spokesman said.

The company generates 941 MW of power at its plants in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.

দ্বন্দ্বের পরে এই প্রথম মুখোমুখি অনিল-মুকেশ

রিলায়েন্স বোর্ডের বৈঠক আজ

মুম্বই, ২৬ ডিসেম্বর: আগামী কাল সকাল ১০টায় বোর্ড রুমে মুখোমুখি হচ্ছেন মুকেশ ও অনিল অস্থানী। মুকেশের পৌরোহিত্যে রিলায়েন্স সদর দফতর মেকার্স চেম্বারে রিলায়েন্স ইন্ডাস্ট্রিজ পরিচালন পর্ষদের বহু প্রতীক্ষিত এই বৈঠকের দিকেই এখন তাকিয়ে আছে শিল্পমহল ও শেয়ার বাজার। ৯০ হাজার কোটি টাকার রিলায়েন্স সাম্রাজ্যের মালিকানা নিয়ে অনিল-মুকেশ দ্বন্দ্ব শুরু হওয়ার পরে এই প্রথম বোর্ড রুমে মুখোমুখি হচ্ছেন দুই ভাই।

ধীরুভাই অস্থানী প্রায় ২৫ বছর আগে যে-সংস্থার পত্তন করেছিলেন, আজ মহীরুহে পরিণত হওয়া সেই রিলায়েন্স সাম্রাজ্য ভাগাভাগি হবে কি না, সেই পূর্বাভাসও এই বৈঠকে মিলতে পারে বলে সংস্থা ও শেয়ার বাজার সূত্রে ইঙ্গিত মিলেছে।

নিজস্ব শেয়ার কিনে নেওয়াই রিলায়েন্স ইন্ডাস্ট্রিজ (আর আই এল) তার একমাত্র আলোচ্য বিষয় বলে এর আগে উল্লেখ করলেও গোষ্ঠীর অন্য দু'টি সংস্থা রিলায়েন্স এনার্জি এবং রিলায়েন্স ইনফোকমের লগ্নি ইত্যাদি বিষয়ও বৈঠকে উঠবে। শনিবার বেশি রাতে ১২ জন বোর্ড সদস্যের হাতে বৈঠকের এই আলোচ্যসূচি তুলে দেওয়া হয়েছে বলে সংস্থা সূত্রে জানানো হয়েছে। উল্লেখ্য, ছোট ভাই অনিল অস্থানীই

এই সমস্ত বিষয় নিয়ে আলোচনার দাবি তুলেছিলেন।

রিলায়েন্স গোষ্ঠীর মালিকানা নিয়ে দুই ভাইয়ের মধ্যে চাপানউতোরের জেরে বাজারে তাদের শেয়ার মূল্য ৯ হাজার কোটি টাকা কমে যাওয়ার কারণেই শেয়ার কিনে নেওয়ার সিদ্ধান্ত নিয়েছে মুকেশ অস্থানীর পরিচালনাধীন রিলায়েন্স ইন্ডাস্ট্রিজ। আইন মেনে সম্ভবত ১০ শতাংশ শেয়ার সংস্থা কিনে নেবে তার ৩০ হাজার কোটি টাকার সংরক্ষিত তহবিল থেকে অর্থ নিয়ে। বাজার বিশেষজ্ঞরা ইঙ্গিত দিয়েছেন, সংস্থা তার নিজের শেয়ার কিনবে সম্ভবত ৫৫০ থেকে ৫৫৫ টাকার মধ্যে, যা বর্তমান বাজার দরের তুলনায় বেশি। উল্লেখ্য, শুক্রবার মুম্বই বাজারে রিলায়েন্স শেয়ারের দাম ছিল ৫২৩.৬০ টাকা।

অন্য দিকে অনিল অস্থানীর পরিচালনাধীন রিলায়েন্স এনার্জি (আর ই এল) আজ জানিয়ে দিয়েছে, তাদের শেয়ার পুনঃক্রয় আগামী ১৭ মার্চের আগে হচ্ছে না। এর আগে তারা এই শেয়ার কেনা পিছিয়ে দেওয়ার বিষয়টি বৃহৎ স্টক এক্সচেঞ্জকে জানিয়েছিল। আজ তার তারিখ ঘোষণা করে আর ই এল জানিয়েছে, ওই পুনঃক্রয়ের দর হবে শেয়ার প্রতি ৫২৫ টাকা। এর জন্য সংস্থার পরিচালন পর্ষদ ৩৫০

কোটি টাকা আলাদা করে রেখেছে।

এ দিকে, নয়াদিল্লিতে সমাজবাদী পার্টির সাধ সম্পাদক অমর সিংহ আজ জানিয়েছেন, রিলায়েন্সে এই গোষ্ঠীদ্বন্দ্ব ব্যাহত হবে না উত্তরপ্রদেশের দাদা বিদ্যুৎ প্রকল্প। অনিল অস্থানীর নেতৃত্বে রিলায়েন্স এনার্জি এই প্রকল্প রূপায়ণ করছে। উত্তরপ্রদেশ সরকার এবং রাজ্য শিল্পায়ন নিগমের রিলায়েন্সে কর্মসংস্কৃতির উপর যথেষ্ট আস্থা রয়েছে বলে সিং মন্তব্য করেছেন। উল্লেখ্য, অমর সিংহ ওই নিগমে চেয়ারম্যান।

আগামী কালের বৈঠকে বোর্ড রুম যে যথেষ্ট অশান্ত হয়ে উঠতে পারে, অনিল শিবিরের তরফ থেকেই আজ সেই রকম ইঙ্গিতই দেওয়া হয়েছে। ৩৫ লক্ষ শেয়ারহোল্ডার নিয়ে দেশের বৃহত্তম এই বেসরকারি সংস্থায় অনিল-মুকেশের চিড় খাওয়া সম্পর্কে মা কোকিলাবেন কতটা শাস্তির প্রদেপ লাগতে পারবেন, তাও এখনও স্পষ্ট নয়। দুই ভাইই মধ্যস্থ হিসাবে মায়ের উপর আস্থা রাখলেও সম্পর্কের জট খোলার চাবিকাঠি এই মুহূর্তে অনিলের হাতে বলে পারিবারিক সূত্রে ইঙ্গিত। অনিল কোন কোন বিষয় আগামী কালের বৈঠকে তুলবেন, তার উপরেই নির্ভর করছে, জল কতদূর গড়াবে। — পি টি আই

Reliance Energy seeks amendments in AOA

Says RIL Must Nominate REL Chairman

New Delhi: Reliance Energy (REL), headed by Anil Ambani, on Tuesday sought amendments in its Articles of Association through postal ballot to empower its parent company Reliance Industries (RIL), chaired by Mukesh Ambani, to nominate the chairman



Anil Ambani Mukesh Ambani

Who signed sweat equity deal?

and vice-chairman of the power firm.

In a communication to the Bombay Stock Exchange (BSE), REL sought to make a provision that as long as the Reliance group of companies and its associates held over 26% paid up voting equity shares and were the single largest shareholding group, they shall have the right to appoint the majority of directors on the REL board.

In its notice, REL wanted the existing provision to be substituted with a provision that says, "RIL shall designate one of the directors to be the chairman of the board and may also designate one of the directors to be the vice-chairman of the board; and RIL shall determine the peri-

od for which each of them is to hold such office and the chairman and the vice-chairman so designated shall not be liable to retire by rotation." It is, however, not clear as to which existing provisions in the Articles of Association the company has sought to amend.

In its notice to the BSE under section 192 A of the Companies Act, REL stated that it wanted to transact the "special business" by the members of the company through postal ballot and pass the same with or without modification in the "Articles of Association of the company". For this purpose, the REL board, at its meeting on November 30, 2004, appointed chartered accountant Bhupendra Bangari as scrutiniser of the postal ballot papers, which should reach by January 17 next year. The scrutiniser will submit his report to the chairman and the result will be announced on January 18, 2005, the communication said. PTI

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THE TIMES OF INDIA

পিএফে সুদ, বিবেচনার আশ্বাস প্রধানমন্ত্রীর

স্টাফ রিপোর্টার: প্রভিডেন্ট ফান্ডের ২০০৪-০৫ আর্থিক বছরের সুদের হার ঠিক করার বিষয়টি সহানুভূতির সঙ্গে বিবেচনা করার আশ্বাস দিয়েছেন প্রধানমন্ত্রী মনমোহন সিংহ। বৃহস্পতিবার এ আই টি ইউ সির এক প্রতিনিধিদল প্রধানমন্ত্রীর সঙ্গে দেখা করতে গেলে তিনি ওই আশ্বাস দেন বলে ওই সংগঠনের পক্ষ থেকে জানানো হয়। এ আই টি ইউ সির সাধারণ সম্পাদক এবং সাংসদ গুরুদাস দাশগুপ্তের দাবি, প্রধানমন্ত্রীর কাছ থেকে তাঁরা যে ইঙ্গিত পেয়েছেন তাতে পরিষ্কার যে, গত বছরের মতো চলতি আর্থিক বছরেও সুদের হার সাড়ে ৯ শতাংশে রাখা হবে। তবে প্রধানমন্ত্রীর দফতরের সঙ্গে যোগাযোগ করা হলে জানা যায়, পি এফের সুদের হার নিয়ে কোনও প্রতিশ্রুতি তিনি দেননি। দাবিটি জোরালো তা স্বীকার করে নিয়ে এটি সহানুভূতির সঙ্গে বিবেচনার আশ্বাস দিয়েছেন প্রধানমন্ত্রী।

চলতি আর্থিক বছরের সুদের হার নিয়ে প্রভিডেন্ট ফান্ডের কেন্দ্রীয় অছি পরিষদ এখনও পর্যন্ত কোনও সিদ্ধান্ত নিতে পারেনি। এই নিয়ে একাধিক বৈঠক হয়। ৮ শতাংশের বেশি সুদ দেওয়া হলে পি এফ তহবিলে ঘাটতি দেখা দেবে, এই কারণ দেখিয়ে কেন্দ্রীয় অর্থমন্ত্রী পি চিদম্বরম একতরফা ভাবে জানিয়েছিলেন চলতি আর্থিক বছরে পি এফ সদস্যদের কোনও মতেই সাড়ে ৮ শতাংশের বেশি সুদ দেওয়া হবে না। তবে এই মর্মে এখনও কোনও সরকারি নির্দেশ অবশ্য আঞ্চলিক প্রভিডেন্ট ফান্ড দফতরগুলিতে পাঠানো হয়নি।

অর্থমন্ত্রী ওই কথা বললেও কেন্দ্রীয় ট্রেড ইউনিয়নগুলি ১২ শতাংশ হারে সুদের দাবি করে আসছিল। তবে ন্যূনতম সাড়ে ৯ শতাংশ সুদ মেনে নেওয়া যেতে পারে বলে এ আই টি ইউ সি-সহ কিছু ইউনিয়ন জানিয়েছে। এই পরিস্থিতিতে

প্রধানমন্ত্রীর ওই ইঙ্গিত অবশ্যই বিশেষ গুরুত্বপূর্ণ বলে সংশ্লিষ্ট মহল মনে করছে। এই দিন গুরুদাসবাবু বলেন, “প্রধানমন্ত্রী আমাদের পরিষ্কার জানিয়েছেন যে, পি এফের সুদের হার সাড়ে ৮ শতাংশের থেকে বাড়ানো হবে। তাঁর সঙ্গে কথা বলে আমরা যে ইঙ্গিত পেয়েছি তাতে মনে হচ্ছে, গত বছরের থেকে বাড়ানো না-হলেও তা কমানো হবে না।” পি এর দফতর সূত্রে জানা গিয়েছে, ৯.৫০ শতাংশ হারে সুদ দিতে হলে তহবিলে ঘাটতি হবে ৯২৭ কোটি ১৫ লক্ষ টাকা।

এই দিন পি এফ ছাড়াও স্কুল শিক্ষক এবং অসংগঠিত ক্ষেত্রের শ্রমিকদের সমস্যা নিয়েও প্রধানমন্ত্রী এবং কেন্দ্রীয় শ্রমন্ত্রীর সঙ্গে তাঁদের আলোচনা হয়েছে বলে গুরুদাসবাবু জানান। তিনি বলেন, “স্কুল শিক্ষকদের গ্যাচুইটি দেওয়ার জন্য সংশ্লিষ্ট আইন সংশোধন করা হবে বলে শ্রমন্ত্রী তাঁদের চিঠি দিয়েছেন।” উল্লেখ্য, স্কুল শিক্ষকদের গ্যাচুইটি দেওয়া বাধ্যতামূলক নয়। অসংগঠিত ক্ষেত্রের শ্রমিকদের সামাজিক সুরক্ষা-সহ চাকরির বিভিন্ন শর্ত সংক্রান্ত আইন চালু করার জন্য এ আই টি ইউ সি কেন্দ্রীয় সরকারের কাছে দাবি করেছে। এ ব্যাপারেও প্রধানমন্ত্রীর দৃষ্টিভঙ্গি ইতিবাচক বলে গুরুদাসবাবু জানান। ঠিক শ্রমিকদের সকলকে পি এফের সুবিধা দেওয়ার বিষয়টি নিশ্চিত করার উদ্দেশ্যে আরও ব্যবস্থা গ্রহণের জন্যও এ আই টি ইউ সি দাবি জানিয়েছে।

তবে সংবাদসংস্থা পি টি আই প্রাথমিক ভাবে প্রধানমন্ত্রীর দফতরের উদ্ধৃতি দিয়ে জানায় যে, পি এফের সুদের হার নিয়ে সিদ্ধান্ত চূড়ান্ত হয়ে গিয়েছে। পরে অবশ্য সংবাদসংস্থাটি প্রধানমন্ত্রী মনমোহন সিংহের উদ্ধৃতি দিয়ে জানায়, “বিষয়টি সহানুভূতির সঙ্গে বিবেচনা করা হবে। লোকসভা চালু থাকাকালীন কোনও সিদ্ধান্ত আমি ঘোষণা করতে পারি না।”

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ANADABAZAR PATEIKA

'Government will get a grip on inflation in due course'

By Our Special Correspondent

NEW DELHI, DEC. 14. The Union Finance Minister, P. Chidambaram, said that two of the three factors contributing to high inflation could not be controlled by levers of economic management, but was nevertheless hopeful that the Government would get a grip on the problem in due course. "We will do whatever means are possible to control prices," he said, during a brief discussion on the price rise in the Rajya Sabha today.

Listing the three factors impacting the rate of inflation — deficient monsoon, the surge in crude prices and excess liquidity due to foreign exchange inflow — Mr. Chidambaram said the Government had done its best to offset the impact of the first two and was engaged in sucking out the excess liquidity from the monetary system.

The "real problem" was the high crude price and the Government and the oil companies had taken a hit of Rs. 25,000 crores to partly shield the common man. "I can take a bigger hit but then there will not be enough for the food-for-work programme, Sarva Shiksha Abhiyan and the mid-day meal scheme. I'm sorry the remain-

der was passed on to the common man." The Government was committed to passing on the "beneficial cascading effect" if crude prices reverted to the 2003-04 levels, he added.

The deficient south-west monsoon gravely affected the kharif crop, giving rise to inflationary expectations. He hoped that the rabi crop would make up for most of the kharif crop deficiency with a good north-east monsoon. "When seasonal factors play themselves out, inflation will be moderated."

The Government was attending to liquidity management due to the increase in foreign reserves. Giving credit to the previous Government for beginning the process of sucking excess liquidity estimated at Rs. 80,000 crores last fiscal, Mr. Chidambaram said Rs. 50,000 crores had been mopped up by the market stabilisation scheme and about Rs. 9,000 crores by increasing the cash reserve ratio.

"There is still some liquidity in the market but it has to be managed very carefully," he said, adding that the week ended, had brought in Rs. 18,000 crores due to the inflow of \$ 3.75 billions to the foreign exchange reserves.

The prices of some commodities were a cause for concern, but imports would dampen the rates because many of them like jowar were not internationally traded.

In the case of other commodities such as tea, prices had dipped and come back to previous levels. Though there was some impact on inflation, this was good news for the producers.

Initiating the discussion, the Bharatiya Janata Party leader, Murli Manohar Joshi, said the Government was trying to balance itself between two stools — the CMP (Common Minimum Programme) and the CPM (CPI-M) — and accused it of mismanaging the economy.

He also charged the Left parties with taking one position in the House and another outside it. The Government's taxation policies had fuelled inflation and hit the common man. Dr. Joshi suggested that the rupee be revalued to control price rise. "Unless inflation is managed well, the UPA Government would pay the price for it."

"There is price rise in almost every sector. I don't think the Government will be able to achieve even the six per cent growth rate," he said.

CPI(M) differs with Government on inflation

By Our Special Correspondent

NEW DELHI, DEC. 14. The Communist Party of India (Marxist) today expressed concern over the projections made by the Government in its mid-term review of the economy, especially the justification of the hike in the prices of petroleum products and the effect of inflation on people.

The party also expressed apprehension that the fall in revenue collection and the resultant deficit would have an adverse impact on developmental projects. "There can be no fiscal fundamentalism to check public spending on account of loss of revenue," the CPI (M) Rajya Sabha leader, Nilotpal Basu, said at a press conference.

'Fix 9.5 p.c. interest'

Mr. Basu said his party differed with the Government's assessment on inflation. Explaining the rationale behind the demand by the Left parties that the rate of interest on em-

ployees provident fund be restored to 9.5 per cent, he said that even in developed economies the rate of interest was between 3 to 4 per cent.

Considering that the average rate of inflation was hovering around 6 per cent, he said the demand that the interest be in the range of 9.5 per cent was justified.

On inflation, the CPI (M) leader said the party disagreed with the Government's stand that it had done enough to control the prices of petroleum products. He said the Left parties were of the view that the treatment of subsidy, which the Government claimed it was giving, was not proper.

He said there was a 40 per cent loading on retail price at which crude oil was imported and to calculate subsidy on that basis was faulty.

Further, he said, even on the "so-called subsidised product" the Government levied excise. The exercise was largely camouflaged by windfall profits for re-

fineries, including one in the private sector, he said.

Complacency

"We disagree with the Government that the retail price is 95 per cent of the international crude oil price and the remaining five per cent was for refining," Mr. Basu said adding that there appeared to be complacency in the Government's handling of inflation.

Suggesting that the Government should be even-handed in applying fiscal responsibility measures, Mr. Basu said that while small savers were losing out, the big borrowers were not returning money.

He also reminded the Government that unless State Governments were given a package, as was suggested by Manmohan Singh when he was in the Opposition, the States would not be able come out of financial distress. The problem of the States arose on account of debt-service and paying salaries, he added.

15 DEC 2004

THE HINDU

Economy buoyant despite fiscal stress: review

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Bw ATZ

By Alok Mukherjee

NEW DELHI, DEC. 13. The Government today informed Parliament that even as most half-yearly indicators pointed to a buoyant economy, there was fiscal stress and that revenue and fiscal deficits did not fully measure up to the stated targets. Still, the official assessment is that there is no necessity at this stage to take recourse to any reduction in the budgeted outlays and further remedial measures will be considered after the receipt of the report of the 12th Finance Commission.

The Government's assessment is contained in the mid-year review of the economy prepared by the Finance Ministry, as mandated in the Fiscal Responsibility and Budget Management (FRBM) Act. It said the Government was committed to attaining the targets set under the FRBM Rules and that corrective measures taken include toning up the tax administration, containing the growth of low priority expenditures, prescribing norms for dividend receipts from Central public sector undertakings and improving fiscal discipline.

Significantly, the review said there were two large demands for more commitments that appeared difficult to accommodate within the overall budgeted levels of expenditure. These related to

more government-funded supply of foodgrains for employment programmes and calamity relief and more fertilizer subsidy due to increase input cost. So the Government was exploring ways to target and rationalise subsidy disbursements and share calamity relief related expenditure with the States even as efforts were made to find more savings in the expenditure budget, the review said.

Among the policy issues highlighted is the need to rationalise the minimum support price (MSP) for paddy and wheat. The substantial increase in the MSP in the last three years had resulted in excess build-up of foodgrain stocks with the Food Corporation of India which, in turn, necessitated special measures for disposal of excess food stocks. "Although the Government has not succeeded in freezing the MSP of paddy and wheat, the increase in the MSP of such crops has been kept at a modest level ... for the last three seasons. There is a need to continue with it," the review said.

Higher FDI

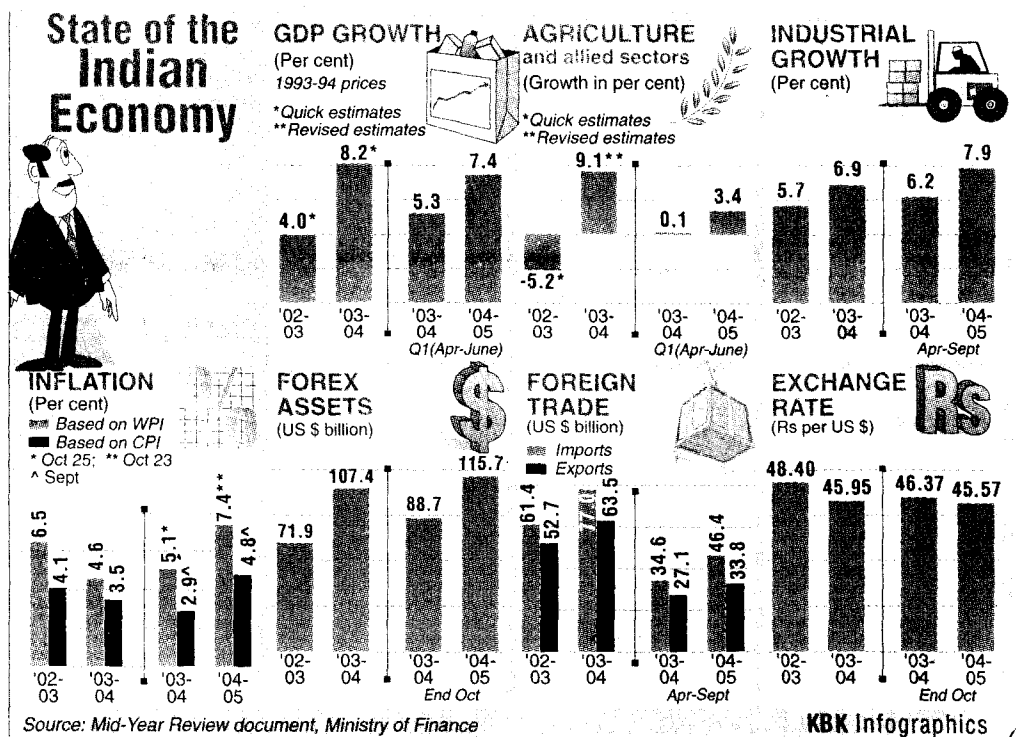
The review stressed the need for higher foreign direct investment, especially in insurance and telecom. With the acceleration in growth, domestic investment was likely to surpass domestic savings and result in a reversal of the cur-

rent account surplus. Foreign investment would help manage the balance of payments position without incurring foreign debt. "A beginning had been made by enhancing the FDI ceiling in civil aviation. But the task of achieving larger foreign investment in most sectors, particularly key sectors such as telecommunications, insurance and pension, remain. Rapid development of insurance and pension funds will not only add directly to a system of privately-paid social security, but also create a market for long-term funds, an essential ingredient for financing infrastructure with long repayment periods," the review said.

Economic indicators

As for the economic indicators, the review listed out gross domestic product growth of 7.4 per cent in the first quarter of the current fiscal against 5.3 per cent in the same period of last year, agriculture growth in the first quarter at 3.4 per cent against 0.1 per cent, the index of industrial production (April-September 2004) at 7.9 per cent against 6.2 per cent in the comparable period of last year, export growth at 24.4 per cent in dollar terms against 8.8 per cent and import growth at 34.3 per cent against 21.4 per cent.

Chidambaram optimistic:
Page 11



74 per cent FDI soon in private banks

By Sushma Ramchandran

NEW DELHI, DEC. 5. Moving ahead with economic reforms, the Government today announced that the industrialist, Ratan Tata, would head the long-awaited Investment Commission. Also, 74 per cent foreign direct investment would soon be allowed in private sector banks.

Expressing the hope that the three-member commission would attract the \$150 billion needed for infrastructure development over the next 15 years, the Finance Minister, P. Chidambaram named reputed banker, Deepak Parekh and the former Unilever chief executive, Asoke Ganguly as the other two members of the commission.

Addressing the India Economic Summit organised by the World Economic Forum and the Confederation of Indian Industry (CII), the Minister said that as part of the road map to opening the banking sector, 74 per cent FDI would be allowed in

private banks by the end of the year. He listed the insurance and pension sectors as two other priority areas. In the case of insurance, a discussion was going on in the Government and a Bill to amend existing legislation would be introduced early next year. In the budget, he had proposed raising the FDI ceiling in the insurance sector from 26 to 49 per cent.

In addition, he said the pension fund regulator would be in place by the end of the year and the new pension system would be open for subscribers.

Referring to the NDA Government's decision in March this year to raise the ceiling for FDI in banking to 74 per cent, he said the UPA Government would stand by this commitment.

At the same time, he warned that Indian private banks would give them (foreign banks) "a run for their money".

**Chidambaram's appeal:
Page 11**

06 DEC 2004

THE HINDU

Mukesh drops in at Sonia's

OUR SPECIAL CORRESPONDENT

New Delhi, Dec. 4: Mukesh Ambani called on 10 Janpath today.

The elder scion of the Reliance empire, locked in a well-publicised tussle with brother Anil over control of the group, visited Sonia Gandhi in the afternoon after participating in a meeting of the Prime Minister's advisory council on trade and industry.

10 Janpath sources described the meeting with Sonia, which lasted less than 30 minutes, as a "courtesy call".

Mukesh, who met the Congress president for the first time since the rift between the brothers came out in the open, also called on finance minister P. Chidambaram today. He had last meet Sonia in early November.

Officials said no significance should be attached to the meetings as they were routine.

Congress spokesperson Ambika Soni pointed out that many captains of industry met Sonia from time to time.

However, many see today's meetings as significant as these could signal to the Congress that Mukesh, who controls most of the Reliance empire, does not go along with Anil in his support of the party's arch rival in Uttar Pradesh, the Samajwadi Party.

Anil was elected to the Rajya Sabha with Samajwadis' support in June. His entry into Parliament and the subsequent decision to invest Rs 11,000 crore in a power project in Samajwadi Party-ruled Uttar Pradesh are being cited among the reasons for the rift.

The Congress and the Samajwadis are locked in a political battle over the control of

the vital heartland state that sends the most MPs to the Lok Sabha. Both parties have their eyes set on the same vote banks — backward castes and minorities — and the rivalry between them has escalated in recent months.

Sonia accuses the Samajwadis of discriminating against her constituency Rae Bareilly and son Rahul's seat, Amethi.

Since the Congress came to power in May, Reliance Infocom has faced stiff penalties. Two key demands made by Reliance and other telecom firms that the broadband policy allow last mile linkage through any network, including state-owned ones, and for lowering of the access deficit charge, have not been accepted.

The free trade pact with Thailand, which came into effect in August, opened up Indian markets to many products that compete with RIL's yarn products.

At the same time, an expected Jute Control Order, which would have diluted the compulsory use of jute in favour of synthetic material for food packaging, has been held in abeyance. Instead, moves are on to make it stiffer. While Reliance does not make synthetic packaging material, it is the single largest source of raw material for such packaging.



Mukesh

Opposition stages walkout over price rise

● Speaker cracks the whip

By Anita Joshua

NEW DELHI, DEC.1. The first day of the winter session of Parliament today saw the Left parties and the Bharatiya Janata Party-led Opposition on the same side in the Lok Sabha on the price hike issue. The entire Opposition staged a walkout over the "galloping inflation." While the Left raised the issue separately during zero hour, the BJP organised a protest rally outside the House.

The opening day also saw the Speaker, Somnath Chatterjee, keep a tight rein on the proceedings — complete with a threat to suspend a dozen Bahujan Samaj Party (BSP) members for picketing the well of the House. Yet, besides the walk-out, the House was adjourned 15 minutes ahead of schedule in the pre-lunch session with Rashtriya Janata Dal and BJP members locking horns over a newspaper report relating to the Leader of the Opposition, L.K. Advani.

'Congress betrays poor'

The issue of price rise was raised by V.K. Malhotra (BJP) during zero hour ahead of a calling attention notice by the Left parties on the collapse of the Global Trust Bank. Saying that inflation would touch double digits in the near future, he said the Congress had "betrayed" its election slogan of "Congress ka haath, aam aadmi ke saath" (Congress is with the common man).

Stating that the ruling coalition was divided on the price hike, Mr. Malhotra said the matter ought to be put to vote under Rule 184 and the nation would then be able to see that the country was being ruled by a minority government. Other members also echoed concern over the price hike with Mohan Singh of the Samajwadi Party demanding a clear Government statement on what he called "runaway inflation."

Left's criticism

While the entire Opposition walked out in protest, the issue was raised after a while by Gu-

munist Party of India. He said the Government had failed to consult its supporting parties prior to increasing the prices of petroleum products at a time when international prices were falling. "We suspect the Government is using the high international price of oil as a pretext for mobilising additional revenue." But mindful of the glee in the Opposition ranks over an ally of the ruling coalition criticising the Government for the growing inflation, Mr. Dasgupta was categorical that the Left would not allow the BJP to exploit such differences.

After frequent warning by the Speaker of using the suspension clause and reminding the members of their parties' promise to allow smooth functioning of the House this time round, the Opposition relented and cooperated with the Chair. Even the introduction of the Coal Minister, Shibu Soren, by the Prime Minister, Manmohan Singh, as a recent induction to his Cabinet drew only a mute round of "shame-shame" from the Opposition benches.

BSP members warned

It was the BSP which held up the proceedings with a dozen of its members trooping into the well of the House protesting against the arrest of the party MP, Tahir Mohammad, and demanding the dismissal of the Mulayam Singh Yadav Government in Uttar Pradesh. It was only after the Speaker named each member and threatened to invoke the suspension rule that they lifted their siege; that, too, after considerable persuasion by Congress leaders.

Time and again, Mr. Chatterjee pulled up the members from both sides; maintaining that cooperation with the Chair meant abiding by the rules of the House and not re-writing them at will. When the CPI(M) member, N. N. Krishna Das, sought to interrupt the Speaker during question hour, Mr. Chatterjee shot back: "You have to give up this habit of interrupting the Speaker."

Anil Ambani tells REL employees to keep faith

November 28, 2004

Dear Members of the Reliance Energy family,

Last Thursday, six directors of Reliance Energy tendered their resignations to the Board. This development, widely commented upon in the media, has left all of you with a sense of anguish and uncertainty. I fully understand and appreciate these concerns.

The Board of Directors of Reliance Energy is meeting, in the next few days, to consider these resignations. In the mean time, I have requested each of the six Directors to continue to serve the company and to carry out their assigned roles and responsibilities, as before.

In January, 2003, when BSES became a part of the Reliance group, it inherited the legacy of our great and visionary founder — my father, Dhirubhai Ambani — a legacy of aspirations, values and beliefs that helped him to create, in his lifetime, India's largest private sector enterprise.

It was Dhirubhai Ambani's foresight that visualised the potential of the power sector in India as early as the 1980s. It was in furtherance of that vision that Reliance acquired a stake in BSES in the late 80s, and gradually increased its shareholding over the next decade.

BSES became a part of the Reliance group on 18th January 2003, about 6 months after Dhirubhai Ambani left for his heavenly abode. It will be a lasting regret for all of us that he did not live to see that day.

With Reliance Industries Ltd

(RIL) acquiring the controlling stake in BSES, it was my honour to be nominated by the RIL Board as a Director on the Board of BSES.

Following this, the BSES Board elected me Chairman and Managing Director. This decision was unanimously approved by the shareholders of the company at their general body meeting on 15th February 2003. In February 2004, BSES was renamed Reliance Energy and achieved the proud distinction of being "A Dhirubhai Ambani Enterprise."

In the brief period of about 22 months that I have had the privilege of working with all of you, we have strived ceaselessly to embrace Dhirubhai Ambani's dream of transforming BSES, now Reliance Energy, into a beacon of excellence.

I have always had the highest respect for you, the more than 25,000 professionals in the Reliance Energy team across various companies; and I consider it a privilege to count each one of you amongst my colleagues.

Like most of you, I too have no personal shareholding in Reliance Energy. I am here as a professional to serve the interests of all our stakeholders. For me, professionalism is a value system, a state of mind, and above all, a culture of respect for all.

Reliance, Dhirubhai Ambani would often say, has been built on the foundation of relationship and trust. We have always endeavoured, as an organisation, to exemplify that principle in all our actions.

In our short journey of under

2 years, we have achieved growth, with profitability.

The market capitalisation of Reliance Energy has multiplied 3 times from Rs 3,000 crore to over Rs 10,000 crore; the profits have more than doubled from Rs 162 crore to Rs 367 crore; and the net worth has gone up nearly 3 times from less than Rs 2,500 crore to Rs 6,200 crore.

Today, Reliance Energy is India's most valuable power sector company. For the last 2 years, it has ranked among the top 3 best performing Sensex scrips.

Reliance Energy is owned approximately 50% by Reliance Industries (directly and indirectly), 21% by domestic institutional investors, 21% by foreign institutional investors, and the balance 8% by nearly 1,00,000 retail investors. We have created tremendous value for each of them.

Our greatest strength is our ability to work together as a team. In all our endeavours, we must always keep uppermost in our minds the best interests of our millions of customers, and deliver the highest standards of quality, reliability, competitiveness, and customer care to them.

The opportunities, and the challenges, in the power sector are enormous. I am confident that, together, we — each one of us — will work with commitment, dedication and devotion, to realise the vision and dreams of our beloved founder, Dhirubhai Ambani.

It will be of great support to me to receive your valued inputs and comments, at ada@rel.co.in.

Anil Ambani

29 NOV 2004 The Economic Times

Group shares shed weight, RIL M-cap drops by Rs 2,515 crore

Ashwin J Punnen
MUMBAI 28 NOVEMBER

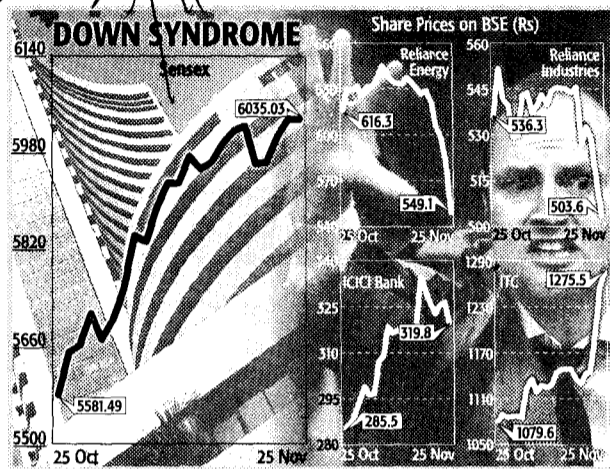
RELIANCE Industries Ltd (RIL) and Reliance Energy have been the worst performers among the sensex scrips during the one-month period between October 25 and November 25. During this time the index had risen 400 points to cross the magical 6000-mark.

RIL and REL were a drag on the market by 38 points and 9.47 points, respectively, while Infosys, ITC and HDFC Bank kept the momentum going. While sensex rose 8.12% or 401.24 to 6034 points, the RIL stock, which has the second largest weightage on the index, was down 6.1% over the last month.

The free float market capitalisation of RIL was down Rs 2,515 crore — from Rs 41,188 crore on October 25 to Rs 38,673 crore on November 25.

The free float market cap of Reliance Energy has come down by Rs 623 crore to Rs 5,095 crore, from Rs 5,718 crore.

Reliance shares have been hit by the recent controversy over ownership issues. The total market cap of RIL was down Rs 4,084 crore in the last one week. The controversy seems to have had less impact on the broad market sentiments as other companies,



especially those in IT, banking and FMCG have performed well. The sensex's market capitalisation has gone up by Rs 26,431 crore to Rs 3.49 lakh crore.

While Reliance stocks were a drag on the index, IT major Infosys led the charge. Infosys contributed 68.91 points to the sensex during the month and has replaced Reliance as the stock with the highest weightage on the index. Infosys now has a weightage of 12.46%, while Reliance's weightage is at 11.07%.

Cigarette major ITC was the next biggest gainer during the past month. ITC has contributed 51.73 points to the 401.24-point

rally, followed by ICICI Bank and HDFC Bank, adding 38.31 and 36.45 points, to the index.

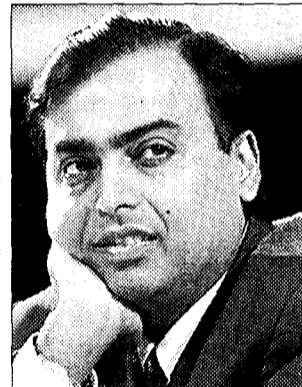
The other top gainers were Satyam Computers and HDFC Bank, contributing 31.06 and 29.42 points, respectively. State Bank of India (SBI) and Tata Motors added 26.37 and 24.43 points. In the 30-share index, 26 companies were gainers, while four were losers.

The losers included Ranbaxy and Bhel, which were marginally down. The recent rally in the market was largely led by foreign investors who have poured in a record \$6.85 billion so far during the current year.

Ownership issue fails to scare off FIIs

Our Mumbai Bureau
28 NOVEMBER

FOREIGN investors are looking out for signs of tension between the Ambani brothers, though their faith in Reliance Industries remains intact. ET spoke to a number of FII bosses to understand how foreign investors react to differences between promoters across the globe. These execu-



MUKESH: PETRO POLE

tives, while refusing to go on record on the subject to prevent influencing the local markets, said FIIs by nature invest more on the basis of fundamentals rather than sentiments in the markets.

"The underlying fundamentals for the petrochemicals business remain intact. From the point of view of business, the petro-cycle is going strong. Also, there's no doubt that Reliance remains a highly valuable company," said a top FII source.

"We are waiting for further clarity on the subject," said another FII executive. Most of the fund managers of the related research arms said FIIs do not get carried away, as small investors do, by news of such events.

"It has taken us a long time to build our holding in a company. That can not be thrown away. If we sell right now, rebuilding at a later stage may be at a higher price. There are a lot of other costs associated with this. Brokerage charges would be enormous if we were to constantly churn our holdings in such large companies," said a fund manager.

Reliance has a 11.07% weight in the sensex and figures on portfolios of most FIIs. These investors said their approach does not vary from company to company or country to country. Globally, they invest in companies that show earnings potential. A source at an India dedicated overseas fund said there is no clarity on the subject so far and it would not be appropriate for large investors to react to media reports as that could exacerbate the volatility in the scrips of Reliance group's stocks.

Resignation of directors may not affect REL Board meeting notices must be sent to all

Our Mumbai Bureau
28 NOVEMBER

Annav Pandya
MUMBAI 28 NOVEMBER

THE role of the board of directors has been in focus in the last few days because of the developments in Reliance Industries. One also has to consider the implication of these steps with reference to the various rules and regulations in force for they will determine the outcome of quite a few steps to be undertaken. According to the Companies Act, a public limited company should have a minimum of three directors. Thus even after the resignation of six directors the board of Reliance Energy consists of six directors. Hence the resignations

do not create any problem for meeting the requirements as far as the number of directors are concerned.

A private limited company would need to have a minimum of two directors. All the directors together are collectively referred to as the board or the board of directors. Another point that one has to understand is about the presence of directors. A director can only be an individual and not a body corporate, association or firm. Thus even when say an entity holds a large percentage of shares in a particular company and has a seat on the board, the director still remains an individual. When describing the position of the particular director it can be said that the person is the nominee of a certain entity.

The resignation of a director from a board gives rise to a term called a casual vacancy. The resignation leads to a situation where the office of the director has fallen vacant before the term of the director has expired. The articles of association, which lay out the details regarding the internal functioning of the company, might have specific details on regarding the filling up of such a casual vacancy. However subject to this, the vacancy can be filled by the board of directors at a meeting of the board. The important point is that any person who has been appointed would hold office only up to the date till which the original director would have held the office.



ONE of the crucial issues surrounding the now-famous July 27, 2004 board meeting of Reliance Industries Ltd is the supplementary agenda and the way in which Item No. 17 was handled. In this context ET considers the various requirements that need to be fulfilled as per the Companies Act, as well as the secretarial standards laid down by the Institute of Company Secretaries of India (ICSI), regarding how board meetings should be conducted. In a public limited company the board of directors should hold a meeting once every three months and at least four such meetings should be held during the entire year.

One of the major conditions that needs to be fulfilled in a meeting is that of a notice. A notice of every meeting of the board of directors of the company shall be given in writing to every director. This can be delivered by hand, post, fax, e-mail or any other electronic mode. In case a director has specified a certain mode then the notice has to be given in that particular mode.

The notice for a board meeting should mention the day, date, time and venue of the meeting to be held. Most notices mention that a copy of the agenda for the meeting is enclosed for the perusal of the members of the board. The notice has to be given at least fifteen days before the date of the meeting.

The agenda for the board meet refers to the details of the business that has to be carried out at that particular board meet. Where there are any additional items, not present in the agenda, and that has to be added, then this is done through a "supplementary agenda." There is a process that has to be followed in respect of the agenda. The agenda for the meeting, along with the notes on the agenda, has to be given to the directors at least seven days before the meeting. The requirement is that each item of business should be supported by a note setting out the details of the proposal.

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Ambani v Ambani

Mukesh says he is in the driver's seat, but brother Anil may prove to be a tough customer for him. Instead of a battle, can't the Ambanis get on with what they do best — create more wealth for Reliance, asks NANTOO BANERJEE

SO what if "ownership issues" crop up in the Rs 90,000-plus crore Reliance group even if Mukesh, the elder of the two Ambani brothers, seeks to say there is none?

In the narrow sense of the term, corporate ownership means ownership of voting shares.

Mukesh must have used the term "ownership issues" in his press statement and media advertisement in the narrow sense to avoid the real issue — the ownership or management control over the country's biggest industrial empire. In normal circumstances, younger brother Anil Ambani should get an equal control of it.

That there exist several issues with regard to ownership control over the "empire" is clear from the senior Ambani's statements — one to the public through media ads and the other through e-mail to 80,000-odd employees of Reliance Industries, of which he is the chairman-cum-managing director.

Mukesh said his father, the late Dhirubhai, had made it clear that "the chairman and managing director is the final authority on all matters concerning Reliance".

That's a preposterous understanding. What then about the Reliance board? Does it mean that the RIL board is just a dummy entity? Did this statement provoke ML Bhakta, a well-known expert in corporate law and long-time friend of Dhirubhai, into tendering his resignation from the Reliance board?

And only two days later, six more directors quit. Many feel Mukesh's statement lacked a minimum corporate decency expected of a chairman and was also against the principle of corporate democracy.

RIL is a stock exchange listed public company, in which the entire Reliance family (not Mukesh alone) holds not more than even 51 per cent of the shares. Theoretically speaking, to exercise supreme authority "on all matters concerning Reliance", Mukesh must own or control 76 per cent of the voting shares.

Of course, he can exercise supreme authority as the RIL CMD even with a small shareholding, provided he has the support of the company's board members and enjoys goodwill and confidence of the company's investors.

If you consider its current corporate status, RIL is a strategic business undertaking from the national point of view and the government has the power to appoint any number of directors on its board either to support or to dislodge the executive management, in the national interest. The ownership control of a large corporation hinges more on its investors' confidence in the management than on the strength of a promoter's shareholding.

For many years in Tisco, the Tata flagship, the Birlas had more shares than what the promoters of this great institution had. The Life Insurance Corporation of India had 10 times more shares than the Tatas in Tisco. But, the Tatas exercised full management control due to the overwhelming support of these investors and small shareholders.

But, British multinational, BAT Industries, promoter and the single largest shareholder of ITC Limited, had to take a beating, when it tried to destabilise the India-based company's highly efficient and investor-friendly professional management. The company has been thriving for years, not by virtue of its executive chairman's holding in the diversified tobacco major, but due to an overwhelming support of the public and institutional shareholders.

Mukesh Ambani's statements are strong



and abrupt. Oddly, they seek to trash any claim of management control of the Reliance flagship and other key companies in the group by his younger brother. They create a scope for a mischievous interpretation that Anil has nothing to do with RIL and that he has to accept the will of the CMD.

Merely on the strength of individual shareholding, Mukesh cannot be called the owner of Reliance Industries and such other heavyweight Reliance-controlled or promoted group companies as IPCL, Reliance Infocom, Reliance Energy and Reliance Capital.

In the flagship RIL, the combined holding of the Ambani family, Mukesh's included, is said to be 46.7 per cent. The rest belongs to the public and institutional investors, domestic and foreign.

The Ambanis over the years have always enjoyed total support of its public shareholders to exercise supreme management control over RIL and the other group companies. They will probably continue to do so as long as they remain united and serve the company and its investors.

The senior brother's hasty statement to the RIL employees appears to have been ill advised, particularly from the legal point of view. It tends to undermine the powers of the Reliance board and the goodwill of its investors.

True, since Dhirubhai Ambani's death, Mukesh has hogged the limelight for all the successes and new initiatives of the group's companies, except the relatively small Reliance Energy (formerly Bombay Suburban Electric Supply Company), of which Anil Ambani is the chief executive.

The younger brother can hardly be happy at such a grossly unequal ownership control of the group.

There is no disagreement on the fact that the corporate status the Reliance group enjoys now is the result of a unified focus and relentless effort by both Mukesh and Anil, under the guidance of their father.

Anil, like his father, is a great strategist and external environment manager. Few will disagree that Reliance is what it is today due largely to its success in external environment management and

"manipulation of the system" to convert obstacles into opportunities, no matter which political party or alliance is in power in Delhi, Gujarat or Maharashtra.

For a tiny textile company in the early 1970s to become such a corporate behemoth, the journey could hardly be smooth, especially during the country's control-permit regime. No corporate entity in the world can match Reliance's growth and success.

The group's gross annual income is equivalent to nearly 50 per cent of the Government of

India's gross annual tax revenue. One may say the business group has become frighteningly big. But its income is real, not padded with the value of canalised crude import from other petroleum refineries.

Reliance, the country's largest producer of petro-chemicals and the fastest growing infocom company, owns the largest Greenfield refinery. It will be recalled that a similar effort by the late Aditya Birla, a great business visionary himself, proved to be a failure.

Business watchers will agree that the Ambanis' fairytale journey to business superstardom was made possible due largely to the support they managed to receive from some of the country's top political leaders, often representing disparate political groups and ideologies, bureaucrats, public financial institutions, regulatory authorities and local bodies.

Even in the era of the government's licence and control regimen, Dhirubhai converted challenges into opportunities and made sure the Reliance juggernaut rolled on. And the rest was a cakewalk, when the economy opened up, finally.

Reliance undertook massive diversification, notably in petroleum, power and infocom. Talks about Reliance's ways like alleged insider trading, inflicting huge losses on UTI to stealing of Cabinet papers and allegations of espionage against its business rivals were shortlived and ineffective. The giant's journey has never been affected.

Till the mid-1980s, Dhirubhai himself operated the most important machine — external environment management — while grooming his younger son Anil for this critical and highly sensitive operation. Obviously, he set his eyes on absolute market dominance. The friendly and flamboyant Anil more than lived up to his father's expectation and was able to keep the empire free from external roadblocks. But in the long run, that hasn't helped his cause for a claim for the Reliance fortune in terms of management control, for in an open era, external environment management has been reduced to public affairs and communications, a job that can be better handled by a hired professional.

Mukesh, who was assigned by Dhirubhai the routine job — managing RIL and implementing new projects, has established himself as a business leader and corporate thinker. He is in the driver's seat and prepared to crush any rebellion within the family, challenging his authority and ownership control of the group.

However, it seems unlikely that Anil, a gutsy fighter and strategist, who married a film actress much to the discomfort of many of his family members, will take things lying down. And, that increases the prospect of a prolonged power struggle in the family in the coming months and years.

In such an event, the stakes may be too high for both the brothers and the empire. A judicial probe may lay bare a can of worms so far hidden in the company's iron chests.

Reliance is well known for mastering the art of silencing its external critics. It is to be seen if the two brothers are able to apply the art to themselves and escape more public hearings and controversies.

But instead of getting into such a mess, can't the brothers get on with what they do best — create more wealth?

(The author is an economic commentator and former Jefferson Fellow.)

28 NOV 2004

THE STATESMAN

Moves & Checks: Email battle for Reliance

A day after a July board meeting supposedly stripped Anil of his powers, emails started bouncing around the networks of the petrochemicals giant, sending officials scurrying for cover.

TOI brings you a ringside seat

TIMES NEWS NETWORK

New Delhi: On July 27, three weeks after Anil Ambani took oath as an independent Rajya Sabha MP on July 5, a Reliance board meeting is supposed to have stripped him of all powers. This precipitated a crisis within the group, with streams of emails and communications bouncing around in all directions, except from Mukesh Ambani, making senior employees duck for cover. Here is a blow-by-blow account of the struggle for control in RIL, based on emails available with TOI.

At 11:51 AM on July 28, the day after the board meeting where Anil's powers are supposed to have been taken away, Anil Ambani wrote to K Sethuraman (KS), vice president RIL and Surendra Pipara (SP) with a copy to RIL treasurer Amitabh Jhunjhunwala (AJW): "I have mentioned to you several times that I am not supportive of having additional agenda items on the board, unless and until they have my prior clearance." Remember, the provision stripping Anil of his powers is buried as an annexure in the supplementary agenda for the board meeting.

Anil continues: "You have not followed this for yesterday's board meeting. Henceforth, as a policy, please ensure that no additional agenda items are tabled unless they are of emergency nature (none of the items tabled yesterday were urgent enough and could have been duly thought over and put as items in the main agenda)."

The next day at 4:16 PM, Anil again wrote to KS and SP: "KS, I must put on record that I am surprised and concerned that substantive matters have been surreptitiously sought to be taken by you through the RIL board meeting without prior briefing or discussion with me, so much so that after the board meeting you abstracted the additional agenda item papers, and I had to again call you personally for the papers."

Gathering steam, he added, "I also find it strange that when I called you this morning and enquired about the origin of (the provision stripping his powers) and who had drafted the same, you were first not willing to give me any information, and when I persisted, you said that the papers were given to you by MDA/sent by MDA. I am surprised that you deemed fit not to bring all this to my notice, as you would obviously have received papers well in advance." MDA refers to elder brother and RIL chairman Mukesh Ambani.

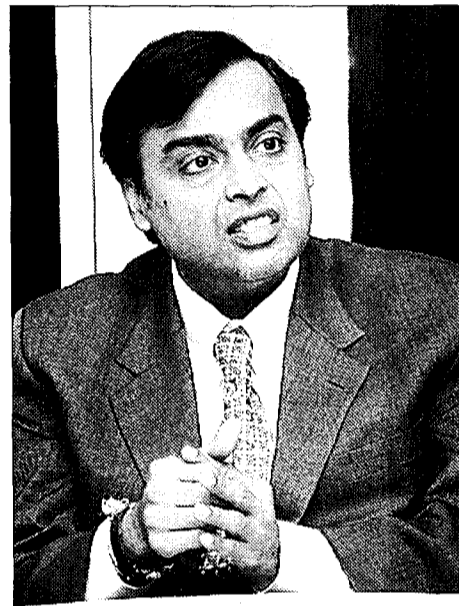
"It further surprises me that you have not conducted your own due diligence and/or had the courtesy, of discussing these agenda items with me, or even informing me of the same, as to what were the previous resolutions, the proposed modifications, and the impact thereof. So much for professionalism and ethics!"

Barely 15 minutes later, at 4:32 PM, he emailed brother Mukesh (MDA), with copies to Jhunjhunwala and Anand Jain (AJ): I wish to bring to your attention the following

issues, which I consciously did not raise at the RIL board meeting so as to avoid embarrassment of any kind to any one, in the presence of our other board members and our senior management team. This email would have been totally unnecessary if the relevant papers had been sent in advance, as we could have then pre-discussed and agreed the nec-



copies to KS and SP: "I was surprised to receive draft minutes from you, as in the last many years all RIL board matters have been handled by KS and SP. Secondly, in less than 48 hours from the board meeting, minutes have been drafted and have been personally handed over to me by a special messenger from your office on your instructions. This is



their minds. Since I was to go out of town the draft minutes were prepared promptly and circulated. The draft minutes were prepared on the basis of the agenda and it was my intention to correctly record the proceedings of the board meeting."

Meanwhile KS, getting steadily discomfited at being caught in the crossfire, pleads for the brothers to settle things among themselves. At 5:58 PM, 30 July, he writes to Anil: "Sir, in my capacity as one of the members of the secretarial team, I have always endeavored to follow the instructions given to me. I have noted your instructions at paras 4 and 5 of your email (29 July). I beg to submit that your views on this may please be communicated to the chairman. Sir, the draft minutes are being handled by VMA. In regard to matters stated in paras 1 to 3 of the email, with due respect, I may point out that in these matters the role of the secretarial department is limited and I refrain from making any comments."

Finally, on 30 July at 9:58 PM, Anil writes to Mukesh again. He begins with his misgivings and suspicions: "From other matters which I am learning about, and looking to the undue haste with which this item is being attempted to be pushed through, I am concerned that there appears to be more than meets the eye. The approach being adopted is not only contrary to all norms of corporate governance, but is also neither in good faith, nor in the spirit in which such matters have been dealt with in our company, or the traditions from the time of our late DHA." It is indeed a sorry state of affairs, he adds.

Striking a more personal note, he goes on: "I have always treated you with respect, and I am unable to understand why you are attempting to proceed in this manner without taking me into confidence. A matter of this magnitude, which affects not only our company, but also each of us, and all our domestic and international stakeholders, cannot be introduced in this manner. This is a matter requiring careful thought, deep consideration, appropriate discussions, and above all, mutual agreement before it can proceed further." Anil restates many of his earlier concerns about the way his powers were cut down on July 27 and says, "All this is causing me concern that there may be an ulterior motive and design but this is something only you can clarify." However, he adds that if things have indeed gone beyond repair, "You will appreciate that much against my desires and wishes, I will be left with no other choice but to record my dissent appropriately. I sincerely hope it will not come to that and we will revert to our earlier system of consultations / discussions / mutual consent." His mail ends on a deeply personal note, talking about Dhirubhai's legacy: "It pains me that two AGMs and over 8 board meetings have taken place in the absence of Papa and unfortunately things have now come to such a pass that for no apparent reason such an important and detrimental action is being proposed."

'From other matters which I am learning about, and looking to the undue haste with which this item is being attempted to be pushed through, I am concerned that there appears to be more than meets the eye', Anil tells Mukesh on July 30

essary resolution for the board."

He reiterated the earlier points and added that, "KS informed me that (stripping of powers) was tabled on instructions from your office and hence I am sending this email to you to ensure that there is no misunderstanding or miscommunication and we discuss and mutually agree upon the forward path on this and other future issues, so that all our energies are used productively and constructively." He finished on a conciliatory note: "I request you to treat the above mail in the spirit of dialogue in which it is sent."

Mukesh did not reply. Instead, KS wrote back to Anil at 6:51 PM that same day: "I must clarify here that neither have I acted surreptitiously nor have I abstracted any papers from anybody. All papers which had been left on the table by directors were as per normal practice collected by my team after conclusion of the board meeting." An hour later, at 7:58 PM, Anil wrote to Vinod Ambani (VMA), president and company secretary RIL, with

also unprecedented and I fail to understand what is the hurry about!" About the contentious provision, he said: "The draft minutes mention that the board discussed this matter, voted and unanimously approved it, with MDA abstaining from this resolution. I am clear that there was no discussion and the question of vote and passing the appropriate resolution thus does not even arise. Please appropriately correct your minutes and send them to me for my perusal."

A few minutes later, at 8:19 PM, Anil wrote to KS, rebutting his defence: "I am surprised that you have chosen to comment on just one of the issues mentioned in my email! You have not touched upon any of the substantive points, as detailed in paras 1 to 5 of my email. Please do so immediately." The following evening, Vinod Ambani, who had been out of town, replied to Anil's email at 5:40 PM: "I have introduced a system of circulating the minutes to all directors when the deliberations at the board meeting are still fresh in

অস্বানীদের দ্বন্দ্ব মেটাতে উদ্যোগী রাহুল বাজাজ

মুম্বই, ২৬ নভেম্বর: ভাই অনিলের সঙ্গে ক্ষমতার দ্বন্দ্ব মেটাতে আদালতে যাবেন না বলে জানিয়ে দিলেন রিলায়েন্স গোষ্ঠীর চেয়ারম্যান মুকেশ অস্বানী। মুকেশের তরফে এ কথা বলা হলেও, সংস্থার অধিকার নিয়ে দু'ভাইয়ের শিবির যে নিজের অবস্থানে ক্রমশই অনড় হচ্ছে, শুক্রবারও তার ইঙ্গিত স্পষ্ট। ইতিমধ্যে অস্বানী ভাইদের সংঘাত মেটাতে আসরে নামলেন বিশিষ্ট শিল্পপতি রাহুল বাজাজ।

বৃহস্পতিবারই মুম্বইয়ে মুকেশের সঙ্গে কথা বলেন বাজাজ। তাঁর কথায়, “কেউই তাঁদের ব্যক্তিগত দ্বন্দ্ব প্রকাশ্যে অনতে চান না। তাঁর (মুকেশের) সঙ্গে আমার কী কথা হয়েছে, তা নিয়ে মন্তব্য করব না।” সংস্থা সূত্রে আরও জানা গিয়েছে, এই দ্বন্দ্ব প্রকাশ্যে আসায় কয়েক জন রাজনৈতিক ও ধর্মীয় নেতা প্রয়াত ধীরুভাইয়ের পত্নী কোকিলাবনকে তাঁর দুই ছেলের বিবাদ মেটাতে অনুরোধ করেছেন।

মুকেশকে লেখা অনিলের চিঠি থেকে পরিষ্কার, সমস্যার সূত্রপাত হয়েছিল ২৭ জুলাই রিলায়েন্স ইন্ডাস্ট্রিজের পরিচালন পর্যদের বৈঠকে। সে দিন এক প্রস্তাবে সংস্থার চেয়ারম্যান ও এম ডি-র ক্ষমতা নিরঙ্কুশ করা হয়। মুকেশের এই ক্ষমতা-বৃদ্ধিতেই ক্ষুব্ধ অনিল এই প্রস্তাবের ভিত্তি ও বৈধতা চ্যালেঞ্জ করেন।

কিন্তু রিলায়েন্সের এক মুখপাত্র জানিয়েছেন, শুক্রবারও রিলায়েন্স ইন্ডাস্ট্রিজের পরিচালন পর্যদের সদস্যরা ওই অভিযোগ ‘গ্রহণ’ করেননি। তবে দুই শিবিরই দাবি ও যুক্তির আইনি দিকটি যাচাই করার জন্য আইন-বিশেষজ্ঞদের মতামত নিচ্ছে। অনিলের চিঠির পরিপ্রেক্ষিতে গোটা বিষয়টি নিয়ে আবার আলোচনার জন্য যে পরিচালন পর্যদের বৈঠক ডাকা হবে না, সে কথাও পরিষ্কার করে দিয়েছেন রিলায়েন্সের মুখপাত্র।

গোটা বিষয়টি নিয়ে এখন তিক্ততা এমন জায়গায় পৌঁছেছে, যে রবিবার মায়ের সঙ্গে দুই ছেলের আলোচনায় বসার যে সম্ভাবনা নিয়ে আগে জল্পনা

চলছিল, তাও হবে না বলেই এখন সকলে ধরে নিয়েছে। পাশাপাশি জানা গিয়েছে, গোষ্ঠীর নানা বিষয় নিয়ে আগামী সপ্তাহে কোম্পানি বিষয়ক দফতর এবং সেবির দ্বারস্থ হতে পারে কর্তৃপক্ষ। ফলে শেষ পর্যন্ত এই বিতর্ক যে আদালত পর্যন্ত গড়াবে না, সংশ্লিষ্ট মহলের কেউই তা হালফ করে বলতে পারছেন না।

অস্বানী পরিবারে এই অন্তর্দ্বন্দ্ব গোদের উপরে বিষফোঁড়ার মতো টেলিকম মন্ত্রকের জরিমানার মুখে পড়েছে রিলায়েন্স ইনফোকম। বিদেশ থেকে আগত কল’গুলিকে ‘স্থানীয়’ বলে চালানোর অভিযোগে রিলায়েন্স ইনফোকমের উপরে শুক্রবার ১৫০ কোটি টাকা জরিমানা ধার্য করেছে টেলিকম মন্ত্রক। কেন ইনফোকমকে এই জরিমানা দিতে হবে না, তা জানানোর জন্য সংস্থার কর্তৃপক্ষকে সাত দিন সময় দেওয়া হয়েছে। তাঁরা যে এই জরিমানার নোটিশ পেয়েছেন, রিলায়েন্সের পক্ষ থেকে তা স্বীকার করা হলেও, সংস্থার তরফে এও বলা হয়েছে যে কর্তৃপক্ষ এই সময়সীমা বাড়ানোর জন্য আবেদন করবে।

প্রসঙ্গত, বিদেশ থেকে আগত কলের উপরে একটি নির্দিষ্ট হারে (মিনিটে ৪.২৫ টাকা) মাসুল ফাঁকি দেওয়ার অভিযোগে রিলায়েন্সের বিরুদ্ধে বি এস এন এল ২৫৫ কোটি টাকা ক্ষতিপূরণ চেয়েছে, এই জরিমানা তার অন্তর্গত নয়।

বিদেশ থেকে ভারতে আগত কলের জন্য বি এস এন এল-কে ‘অ্যাক্সেস ডেফিসিট চার্জ’ নামে এই মাসুল দিতে বাধ্য থাকে যে কোনও বেসরকারি টেলিকম সংস্থা। এই ধারা অনুযায়ী মহানগর টেলিফোন নিগমও রিলায়েন্সের কাছে ৩০৯ কোটি টাকা বকেয়া দাবি করেছে।

শুক্রবার যে ১৫০ কোটি টাকার জরিমানা ধার্য হল, তা অবশ্য এর মধ্যে ধরা নেই। আইন মন্ত্রকের কাছ থেকে ছাড়পত্র পাওয়ার পরেই আজ রিলায়েন্সকে নোটিশ পাঠাল টেলিকম মন্ত্রক। — পি টি আই, রয়টার্স

27 NOV 2004

AVADABAZAR PATRIKA

July jab in Reliance rift

OUR SPECIAL
CORRESPONDENT

Mumbai, Nov. 25: A sheaf of letters, emails and documents made available to the media today showed the rift between the Ambani brothers dates back to a board meeting of Reliance Industries on July 27.

The papers suggest that a move was initiated behind the back of Anil to foist Mukesh Ambani as the patriarch and "final authority".

But the authenticity of the documents could not be confirmed with either side.

Sources close to Reliance said they were "spurious", but they declined to be quoted.

The documents reveal that a supplementary agenda was tagged on at the last minute — without the concurrence of Anil as was the usual practice — to push through a proposal at the meeting to form a 'health, safety and environment committee'.

According to the papers, the innocuous proposal had an agenda: it sought to redefine the roles of Mukesh, Anil and the other executive directors. It said the chairman and managing director — Mukesh — would be the final authority and that Anil and all other executive directors would have to work under his command.

In a statement issued after the differences between the brothers came out in the open, Mukesh had given a similar hint: that there was no ambiguity about who was in charge. It was he.

Anil has not spoken on the subject at all. Today, a group

company under his charge, Reliance Energy, was shaken by news of resignation of half-a-dozen directors.

He said the resignations would be considered at an "appropriate time" and refused comment on the reported rift with his elder brother.

"I am not going to comment at this stage on any other issue. I have not spoken on other issues and I will continue in that mode. When the appropriate time comes, when it is necessary and, if necessary, I will make comments on other issues," Anil said.

The documents include an anguished email purportedly written by Anil to Mukesh in which he pleaded with him not to disturb the arrangement created by Dhirubhai, suggesting their father meant them to be equal.

They show that the battle between the brothers had begun four months before Mukesh's November 18 statement to a TV channel where he spoke about certain "ownership issues that were in the private domain".

Until now, it was believed that it was a board meeting on October 27 that had brought matters to a head.

The documents show that Anil protested at the way in which the proposal to redefine powers was brought up at the July 27 meeting. He also challenged the minutes of the meeting which had claimed consensus.

"I could hardly be expected to vote in favour of a proposal that was prejudicial to my interests," Anil says in one of several letters he purportedly



Anil Ambani in Mumbai on Thursday (Reuters)

wrote at that time. The letter contends that the issue was discussed for only two minutes and that no voting had taken place.

"The fact is that there was no vote and the question of resolution being passed un-

animously thus does not arise," the letter says.

Contrary to past practice, the minutes of that meeting were sent to other directors on the very same day for their ratification while Anil allegedly received them 48 hours later.

In communications attributed to him, the younger sibling claims that the minutes of previous board meetings were usually sent close to a month after they were held.

Contrary to practice, the minutes were circulated by

company secretary Vinod Ambani instead of Sethuraman, the head of the secretarial department.

Anil is believed to have written nine letters within three days of the meeting, questioning the minutes.

In public, Anil kept his mouth shut. "I appreciate that the media have been waiting for long. There are long hours and there are going to be long days," he said today.

■ See Page 6 and Business Telegraph

THE FLASHPOINT

Reliance board meeting on July 27 redefines the powers and authority of Mukesh Ambani and Anil Ambani, giving the upper hand to the elder sibling

ANIL'S RESPONSE

Within three days, Anil sends nine communications to Mukesh questioning the minutes of the meeting

ANIL'S COMPLAINT

There was neither a discussion nor voting. So no question of resolution being passed unanimously.

Redefinition of powers not in accordance with law

ANIL'S SOLUTION

Keep the proposal in abeyance till a full discussion.

If Mukesh does not agree, place Anil's views on record for consideration by the board

MUKESH'S REACTION

The Anil camp says he received neither an acknowledgement nor a response from Mukesh. But the younger brother was told on behalf of the CMD (Mukesh) that the matter is "final and cannot be altered"

ANIL'S LAST WORD

Anil reminds his brother that all matters had been "pre-agreed" at all board meetings and AGMs after the death of their father

Based on documents said to be related to the Reliance battle

Left stops monthly LPG hike

Statesman News Service

NEW DELHI, Nov. 24. — The Left parties today managed to extract a major concession from the Congress-led UPA government in the form of a rollback in the proposed monthly increase of Rs 5 in the LPG consumer price till the elimination of the entire subsidy per cylinder.

The government's announcement to this effect followed this morning's Congress-Left coordination panel meeting at the Prime Minister's residence, during which the Left asked the government to slash the recent hike in prices of LPG and diesel and



restore 9.5 per cent interest rate on Employees Provident Fund.

The price of LPG was last hiked on 4 November. The Cabinet Committee on Economic Affairs had then decided that the government would keep on increasing LPG cylinder prices by Rs 5 per month till it reaches the import parity price.

Currently, oil marketing companies are selling LPG cylinders at Rs 158 less than the import parity price. To reach that level, the government had to increase LPG prices for 31 months continuously.

Left parties asked for a review of certain provisions of the Electricity Act, 2003, especially relating to privatisation of power generation and distribution. They also pitched for amendments to the Patents Act.

Asked about the meeting's outcome vis-a-vis the issues raised by the Left, finance minister Mr P Chidambaram said: "The ministries concerned or Union Cabinet committees will take decisions on them."

Family trashes Mukesh claim

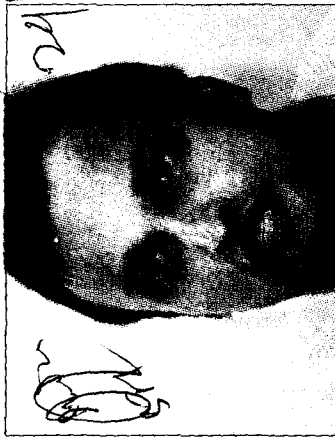
MUMBAI, Nov. 23. — Notwithstanding Mr Mukesh Ambani's clarification on the Reliance "ownership" issue, the family was in "disagreement" with his stand, sources close to the Ambanis were quoted as saying by CNBC TV18 today.

"The family's response is that the issues of ownership and succession were not settled in Dhirubhai Ambani's lifetime," one of the sources said. The sources claimed that the Ambanis had planned a joint statement, but Mukesh wasn't inclined to endorse it.

The statements by the sources came even as the market is awaiting Mr Anil Ambani's response to his elder brother's clarification. He may speak to the media tomorrow, sources said.

Today's "briefing" came, like yesterday, just 30 minutes before the closing of business at the Mumbai Stock

'DHIRUBHAI DID NOT SETTLE OWNERSHIP'



Mr Mukesh Ambani and Mr Anil Ambani

aged to remain above the 6,000 mark and ended today at 6009.86 (46.06 points up).

Market analysts said the dramatic announcements on two consecutive days helped speculators, who had been allegedly anticipating such reports from the house of Reliance.

The analysts added that whether the bourses witnessed insiders' trading could be probed by the Securities and Exchange Board of India. All speculative deals, it's presumed, are settled during the closing moments of the market.

RIL director quits

Mr ML Bhakta, a member of the RIL board since 1977, has resigned. The Group declined to comment on Mr Bhakta's resignation, but speculations were rife that Mr Mukesh Ambani may recast the board. — SNS & PTI

be Rs 522.05 and even saw a high of Rs 536.40. Reliance Energy too went down by Rs 7.40 to close at Rs 598.15.

Reliance Capital as well as IPCL also shed prices.

However, the Sensitive Index man-

Exchange. But even as the market survived the jitters, it had an adverse effect on Reliance Group shares.

The RIL share dropped by Rs 4.50 to close at Rs 528.30 (0.84 per cent down). At one stage it was quoted to

In Open: Ambani vs Ambani

OUR SPECIAL
CORRESPONDENT

Mumbai, Nov. 18: Mukesh Ambani today confirmed months of rumour in the corporate grapevine: that there are differences with brother Anil.

"So while there are other issues, which are ownership issues, those are in the private domain, but as far as Reliance is concerned it is a very very strong professional company," the chairman and managing director of Reliance Industries told a TV channel on being asked about a rumoured rift between the brothers.

The two brothers control India's biggest private empire, worth some Rs 99,000 crore, founded by father Dhirubhai, who died in July 2002.

Mukesh, Anil and mother Kokilaben are the heirs to the fortune. Some sources say Dhirubhai did not make a will. It is speculated that as the elder brother Mukesh has the right to buy out the stakes of others if there is a dispute.

Although Mukesh did not name anyone, the expression "ownership issues" is being seen by corporate watchers as a reference to family differences.

This is the first time an Ambani has spoken on this sensitive subject and is all the more significant coming from the low-profile and reticent Mukesh, though he would only have been responding to a question in the context of steady rumours.

In the same breath, he reassured shareholders that "ownership issues" would not affect the running of the companies. He said Reliance had become

ANIL AMBANI
RELIANCE INDUSTRIES
Chairman & MD
MUKESH AMBANI
Vice-chairman & MD
ANIL AMBANI
Reliance stake
46.67%
Market cap (Rs crore)
76,179.38

ANIL AMBANI
RELIANCE ENERGY
Chairman & MD
ANIL AMBANI
Reliance stake
50.15%
Market cap (Rs crore)
11,663.38

MUKESH AMBANI
RELIANCE CAPITAL
Reliance stake
48.16%
Market cap (Rs crore)
1,769.93

MUKESH AMBANI
RELIANCE INDUSTRIAL INFRASTRUCTURE
Reliance stake
Direct holding is negligible but through private corporate bodies, Reliance controls a considerable stake
Market cap (Rs crore)
114.99

Market capitalisation is the total value of shares traded on the market

nology. In the sunrise telecom industry, Reliance is a leader.

Speculation about differences between the brothers fed on incidents and remarks that may not have had any significance at all. When Mukesh inaugurated the Dhirubhai Ambani Knowledge City two years ago — a big event in the Reliance calendar — Anil was not present, ostensibly because he was ill.

More recently, when Mukesh met Buddhadeb Bhattacharjee at a public ceremony he said he never felt the need to visit the Bengal chief minister because he was sure his company's work would be done. When Bhattacharjee reminded him that the younger brother had met him lately, Mukesh said that was for Anil's power projects.

Rumour mongers sniffing for a clue would have grabbed at it.

Anil took over last year as chairman of Reliance Energy Ltd that controls the group's power projects.

The two brothers have completely different personalities but both swear by the vision of their father. Mukesh is a technocrat who is credited with setting up the over-30-million-tonne Jamnagar refinery and Reliance Infocomm, the giant telecom company.

Anil is a finance and marketing person and the flashier of the two. Married to a former actor, he recently became a Rajya Sabha MP from Uttar Pradesh on the support of Mulayam Singh Yadav's Samajwadi Party. He is often seen in the company of Mulayam's right-hand man Amar Singh, making up the AAA team along with Amitabh Bachchan.

from Wednesday's close of Rs 543.85 to end at Rs 545.55.

"The barometer is the stock market. Not the media," a source said.

After Dhirubhai's death, Mukesh and Anil took control and unleashed a blinding expansion spree in power, oil exploration, finance and biotech-

own GE. Shareholders may also ask if "ownership issues" are really in the "private domain". One in four share-owning Indians has a stake in Reliance Industries.

Mukesh's comments, however, caused hardly a ripple on the market. The Reliance Industries share price gained

In this context, Mukesh cited the example of General Electric, which, he said, had outgrown its legendary former chief executive Jack Welch.

The market may see the comparison as somewhat inappropriate as the Ambanis own Reliance — Welch did not

professional enough to not depend upon any one or two individuals.

"Reliance is one of the strongest professionally managed companies, that attracts huge talent and has moved beyond any one, two or three individuals, including myself," he said.

Petrol price cut, but Left fire still burns

OUR SPECIAL
CORRESPONDENT

New Delhi, Nov. 15: Petrol will now cost over Re 1 less per litre — a benefit oil companies have been able to pass on with world crude prices tumbling to an eight-week low of under \$47 a barrel.

Diesel and cooking gas prices, raised along with that of petrol 11 days ago, will be unchanged.

From midnight tonight, petrol will cost Rs 40.89 per litre in Calcutta, a decrease of Rs 1.21 from the earlier price of Rs 42.10.

The last revision of petroleum prices, carried out after a long lull though world prices had been going up, had triggered strong protests from the Left allies of Manmohan Singh's government, apart from the Opposition.

Today's petrol price cut was greeted by CPM politburo member Sitaram Yechury as "inadequate". He asked the



ONE DROP

City	New price	Old price
Calcutta	Rs 40.89	Rs 42.10
Delhi	Rs 37.84	Rs 39.00
Mumbai	Rs 43.23	Rs 44.49
Chennai	Rs 41.25	Rs 42.51

government to reconsider the increase in prices of diesel and cooking gas.

"The reduction only in the price of petrol is inadequate. We have been asking the government to review its petroleum pricing policy, especially after the dismantling of the administered price mechanism," Yechury said.

As part of the abolition of government-controlled pricing, oil companies are allowed to adjust prices in line with international trends. But, before the last Lok Sabha elections, the BJP-led government kept prices frozen for over five months.

Singh's administration,

too, followed in its predecessor's footsteps before last month's Maharashtra polls.

The cut today is, however, being described as a consequence of fortnightly revision.

An official said diesel had not been touched as the domestic price was still 50 paise a litre lower than the import price. As diesel is a politically sensitive fuel used in agriculture and public transport, the price has been kept below international rates.

It is not something that has kept the United Progressive Alliance government's Left allies happy. "The issue will come up for discussion at the next UPA-Left coordination committee meeting," said

CPI general secretary A.B. Bardhan.

"We want the government to moderate the increase in diesel price," he added.

The Left parties insist that the government can avoid price increases by restructuring customs duties.

The cut comes after three bouts of increases in petrol and diesel prices since the UPA government took over in May, the latest being on November 4.

In world markets, crude oil prices fell today to \$46.73 a barrel, the lowest price since September 22 and about 17 per cent below a record high of \$55.67 on October 25.

Growing fuel stocks in the US have eased fears of a winter supply crunch. Swelling stockpiles and signs that high energy costs are dulling economic growth, chipping away at fuel demand, have also triggered an exodus of speculative funds from the oil markets.

■ See Business Telegraph

16 NOV 2004

THE TELEGRAPH

পেট্রোলের দাম কমল ডিজেল গ্যাস একই

পেট্রোলের দাম কমল। লিটারে
১ টাকা ২৬ পয়সা পর্যন্ত দাম কমানো
হয়েছে। বিশ্ব বাজারে অশোখিত
তেলের দাম কমার ফলেই পেট্রোলের
দাম কমানো হল। সোমবার মধ্যরাত্রি
থেকেই নতুন দাম চালু হচ্ছে বলে
তেল সংস্থাগুলি জানিয়েছে। কিন্তু
ডিজেল ও গ্যাসের মূল্য অপরিবর্তিত
রাখায় অসন্তুষ্ট সিপিএম। তাদের মতে
পেট্রোলের দামও আরও কমানো
যেত। এখন কলকাতায় পেট্রোলের
দাম ৪২ টাকা ১০ পয়সা থেকে ১
টাকা ২১ পয়সা কমে হল ৪০ টাকা
৮৯ পয়সা। (সবিস্তার ভিতরে)

16 NOV 2004

ANADABAZAR PATRIKA

খুশি নন বামপন্থীরা কিছুটা কমল পেট্রলের দাম

আজকালের প্রতিবেদন: দিল্লি, ১৫ নভেম্বর— চাপে পড়ে, বিশেষত বামপন্থীদের দাবিতে পেট্রলের বর্ধিত দাম কিছুটা কমাচ্ছে সরকার। সম্ভাবনা রয়েছে রাষ্ট্রায়ত্ত্ব তেল সংস্থাগুলি আজ মাঝরাতে থেকে পেট্রলের দাম প্রতি লিটারে ১ টাকা ১৬ পয়সা থেকে ২৬ পয়সা পর্যন্ত কমাতে। তবে ডিজেলের বর্ধিত দাম কমানো হবে না। সরকারি সূত্রে এ খবর জানানো হয়েছে। বাম দলগুলি এই সিদ্ধান্তে সন্তুষ্ট নয়। সি পি এম পলিটব্যুরো নেতা সীতারাম ইয়েচুরি বলেছেন, পেট্রলের বর্ধিত দাম কিছুটা হ্রাস করা হলেও, তা যথেষ্ট নয়। আরও কমানো উচিত। এ জন্য পুনর্বিবেচনা দাবি করেছেন ইয়েচুরি। সেই সঙ্গে চেয়েছেন ডিজেলসহ অন্যান্য পেট্রোলপণ্যের মূল্যহ্রাস। ইয়েচুরি বলেছেন, আন্তর্জাতিক বাজারে এখন অশোধিত তেলের দাম আবার ধীরে ধীরে কমছে। তাই সরকারের উচিত পেট্রল ও পেট্রলজাত পণ্যের দামের বিষয়টি আবার ভেবে দেখা। সি পি আই-ও অখুশি মনোভাব প্রকাশ করে বলেছে পেট্রলের এই মৃদু মূল্যহ্রাস একেবারেই আশংকাজনক। দলের জাতীয় পরিষদ সদস্য ডি রাজা প্রশ্ন তুলেছেন, ডিজেল, রান্নার গ্যাসের বাড়তি দামে মানুষ যখন নাকাল তখন পেট্রলের দাম সামান্য কমানোর কী যুক্তি? সি পি আই নেতা এ বি বর্ধন বলেছেন, ডিজেল, গ্যাসের দাম কমানো হবে না কেন? ডিজেল থেকেই মুদ্রাস্ফীতি ঘটে। পেট্রল-ডিজেল নিয়ে পেট্রলমন্ত্রী মণিশঙ্কর আয়ার যে যুক্তি দিয়েছেন, বর্ধনের মতে তা ঠিক নয়। বর্ধন বলেছেন, ডিজেল, গ্যাসের দাম কমানো না হলে সাধারণ মানুষের উপকার করা যাবে না। ফরওয়ার্ড ব্লক নেতা দেবব্রত বিশ্বাসও একইভাবে বলেছেন, ডিজেল, রান্নার গ্যাসের দাম কমানো না হলে জনসাধারণের বোঝা কমবে না। তেলের ওপর থেকে আমদানি শুল্ক তুলে নেওয়ার কথা সরকার মেনে নিলেও তা কার্যকর করছে না। বামপন্থীরা প্রধানমন্ত্রীকে ২৩ নভেম্বর সমন্বয় কমিটির বৈঠক ডাকতে বলেছেন। ওই বৈঠকেই পেট্রল নিয়ে নিষ্পত্তিতে পৌঁছতে চাইছেন তারা। গত ৪ নভেম্বর পেট্রলের দাম লিটার প্রতি ২ টাকা ২০ পয়সা বাড়ানো হয়েছিল। আজ পেট্রলের বর্ধিত দাম কিছুটা হ্রাসের কথা ঘোষণা করে সরকারি সূত্রে বলা হয়েছে আন্তর্জাতিক বাজারে মূল্যহ্রাসেই এই সিদ্ধান্ত। এতে পেট্রল আমদানির ক্ষেত্রে আর কোনও ঘটতি থাকছে না। কিন্তু ডিজেলের ক্ষেত্রে এখনও ঘটতি প্রতি লিটারে ১ টাকা ২৪ পয়সা। তাই ডিজেলের দাম কমানো যাচ্ছে না। আজ ঘোষিত মূল্যহ্রাসে কলকাতায় লিটার প্রতি দাম দাঁড়াচ্ছে ৪২ টাকা ১০ পয়সা থেকে কমে ৩০ টাকা ৮৯ পয়সায় (কমছে ১ টাকা ২১ পয়সা)। দিল্লিতে ৩৯ টাকা থেকে ৩৭ টাকা ৮৪ পয়সায় (কমছে ১ টাকা ১৬ পয়সা)। মুম্বইয়ে ৪৪ টাকা ৪৯ পয়সা থেকে ৪৩ টাকা ২৩ পয়সা (কমছে ১ টাকা ২৬ পয়সা)। চেন্নাইয়ে ৪২ টাকা ৫১ পয়সা থেকে ৪১ টাকা ২৫ পয়সা (কমছে ১ টাকা ২৬ পয়সা)।

পেট্রলের দাম কমলেও বন্ধ হবে: এস ইউ সি

আজকালের প্রতিবেদন: পেট্রলের দাম কমলেও ১৭ নভেম্বর বাংলা বন্ধের ডাক প্রত্যাহার করছে না দুটি দল। কারণ ডিজেল, রান্নার গ্যাসের দাম কমানো হয়নি। সব ধরনের জ্বালানির দাম কমানো হলে ভাবনাচিন্তা করা যেতে পারে বলে সোমবার সন্ধ্যায় জানিয়েছে এস ইউ সি, তৃণমূল এবং সি পি আই (এম এল)। সোমবার বিকেলে সাংবাদিক বৈঠক ডেকে এস ইউ সি-র রাজ্য সম্পাদক প্রভাস ঘোষ বলেন, 'বন্ধের দিন রাত্তায় এস ইউ সি-র কর্মীরাও থাকবে না। চ্যাঙ্গেল জানিয়ে বলছি, তা সত্ত্বেও সাধারণ মানুষ স্বতঃস্ফূর্ত বন্ধ পালন করবে।' এ ব্যাপারে সি পি এম রাজ্য সম্পাদক অনিল বিশ্বাস কোনও মন্তব্য করতে চাননি। তিনি শুধু বলেছেন, এস ইউ সি-র অবাস্তব কথাবার্তার জবাব দেব না। রাজীব চক্রবর্তী তমলুক থেকে জানাচ্ছেন, বুধবারের ডাকা বন্ধে পুলিশকে চাপে রাখতে গত বছরের পুলিশি জুলুম নিয়ে আজ রাজ্য মানবাধিকার কমিশনে এস ইউ সি আই অভিযোগ জানাল। সোমবার ওই নালিশের প্রতিলিপি জমা দেওয়া হল পূর্ব মেদিনীপুরের জেলাশাসক ও পুলিশ সুপারের কাছে। দলের জেলা সম্পাদক মানব বেরা জানান, গত বছর ২৭ জানুয়ারি ডাকা বন্ধের সমর্থনে পাঁচি অফিস থেকে বেরিয়ে যাওয়ার পথে বেশ কিছু সমর্থককে মেদিনীপুর শহর থেকে গ্রেপ্তার করে পুলিশ। একইভাবে গত বছর ২১ আগস্ট তমলুকে মিছিল করার সময় এস ইউ সি কর্মী-সমর্থকদের গ্রেপ্তার করেছিল পুলিশ। ঘটনার নিন্দা করে রাজ্য মানবাধিকার কমিশনের কাছে আজ চিঠি পাঠিয়েছে দুই মেদিনীপুরের দলের সম্পাদকরা। মানব বেরা বলেন, ১৭ তারিখের ডাকা বন্ধে যাতে পুলিশ একই ভূমিকা নিতে না পারে সেই জন্যই মানবাধিকার কমিশনে বিষয়টি জানানো হল। এদিন রাজ্য মানবাধিকার কমিশনের চেয়ারম্যান বিচারপতি শ্যামল সেন মেদিনীপুরে বলেন, ওঁদের অভিযোগ পেয়েছি। খতিয়ে দেখা হবে। তবে এতদিন পর কেন অভিযোগ করছেন সেটাও খোঁজ নিয়ে দেখব। এদিকে সি পি এমের পক্ষ

এরপর ২ পাতায়

১ পাড়ার পর থেকে জানানো হয়েছে, গোটা রাজ্যে এদিন বন্ধের বিপক্ষে প্রচার হয়েছে। মঙ্গলবার সি পি এম কলকাতায় বন্ধের বিরুদ্ধে প্রচার করবে। এদিন তৃণমূল যুব কংগ্রেস ও ডিসেম্বর তাদের ডাকা বাংলা বন্ধের প্রচার-পদ্ধতি নিয়ে এক জরুরি বৈঠক করে। বৈঠকে ছিলেন মদন মিত্র, ফিরোজ হাকিম-সহ অনেকে। মদন বলেন, সাগর থেকে পাহাড়ে বন্ধের পক্ষে দশ হাজার দেওয়াল লিখন, দু'হাজার পথসভা হবে। ইতিমধ্যে কলকাতায় নেতারা প্রচার শুরু করেছেন। পাড়ায় পাড়ায় এস ইউ সি অটো নিয়ে তাদের বন্ধের প্রচার করছে। মেয়র সুব্রত মুখার্জি বলেন, ৩ ডিসেম্বর বাংলা বন্ধ সর্বাঙ্গিক করার সবরকম প্রস্তুতি নেওয়া হচ্ছে। বুধবার জিনিসপত্রের দামবৃদ্ধির প্রতিবাদে তৃণমূল মহিলা কংগ্রেসের ডাকে ধর্মতলায় অবস্থান করবে। সভানেত্রী কাকলি ঘোষদস্তিদার বলেন, অবস্থানে বক্তব্য পেশ করবেন মমতা-সহ অন্য নেতৃবৃন্দ।

16 NOV 2004

AAJKAL

Regulatory framework for pension gets govt nod

Statesman News Service

NEW DELHI, Nov. 11. — The Cabinet today approved a proposal of the finance ministry to introduce a legislation to provide a regulatory framework for the new pension system.

“The establishment of a statutory Pension Fund Regulatory and Development Authority (PFRDA) will come into force through an executive order,” the finance minister, Mr P Chidambaram, said, announcing the Cabinet decision. The new legislation would empower the PFRDA to appoint pension fund managers, he added.

The proposed legislation would promote old age income security by establishing, regulating and developing pension funds under the new pension system to protect the interests of subscribers to pension schemes and for related matters. The independent PFRDA will regulate and develop the pension market while developing its own funding stream based on user charges.

The new pension system is based on defined contributions, which will use the existing net-

SMP for sugarcane raised

NEW DELHI, Nov. 11. — The Cabinet Committee on Economic Affairs today approved statutory minimum price (SMP) for sugarcane at Rs 74.50 per quintal for 2004-05 season on the recommendation of the Commission for Agricultural Costs and Prices.

The price has been linked to a basic recovery of 8.5 per cent, finance minister, Mr P Chidambaram said after the meeting. The SMP last year was Rs 73 per quintal, he added.

The basic recovery is subject to a premium of Rs 0.88 for every 0.1 percentage point increase in the recovery above 8.5 per cent, Mr Chidambaram said. — SNS

work of bank branches and post offices to collect contributions. It will allow participants to transfer the benefits in case of change of employment and offer a basket of pension choices.

The system is mandatory for new recruits to the Central Government service except for the armed forces. There will be different investment choices offered to an employee. The first

would imply predominant investment in fixed income instruments and 10 per cent investment in equity. The second will imply up to 20 per cent investment in equity and the third entails equal investment in fixed income and equity.

The Cabinet, however, did not consider the proposal to allow foreign direct investment (FDI) in the sector, Mr Chidambaram said.

SECURITISATION ACT

The Cabinet today gave its nod for the introduction of a Bill in the winter session of Parliament to replace the Ordinance on Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest, Act 2002. Announcing the Cabinet decision, Mr P Chidambaram said the amendments had been necessitated after the Supreme Court directed that banks must hear borrowers out and allow them an opportunity to make a representation before attaching their properties.

The proposed amendments are aimed at dissuading borrowers from adopting “dilatory” tactics and enabling creditors to effect speedy recovery, he said.

Kalam outlines 6-point mission for banks

New Delhi: President APJ Abdul Kalam on Wednesday outlined his six-point mission for banks, urging them to help push up economic growth to 7-8% by more than doubling farm credit in next three years and finding ways to utilise the foreign exchange reserves in high yielding enterprises.

Inaugurating 'Bancon', the first ever bankers' conference, Kalam said banks should raise agricultural and agro-processing credit to Rs 2,00,000 crore from the existing Rs 90,000 crore over the next three years. Apart from asking banks to promote infrastructure development, Kalam suggested that banks should take it upon themselves to add to the \$120 billion foreign exchange reserves by investing a portion of them in relatively higher yield enterprises.

Kalam's mission comes after planning commission deputy chairman Montek Singh Ahluwalia mooted the idea of utilising foreign exchange reserves in bridging the "infrastructure deficit" in the country. The idea is currently being considered by the finance ministry.

The president said banks should be more liberal in offering educational loans, which should be extended to non-technical education as well.

Kalam's mission also wants banks to make provisions for 100 million quality dwelling units.

Banks must innovatively fund three lakh small scale units to enable them to adopt the latest technology



Governor of the Reserve Bank of India, Y.V. Reddy (right) talks with President APJ Abdul Kalam during the inaugural session of "Bancon 2004" in New Delhi, on Wednesday

and overcome the problems to becoming profitable, he added. Kalam, who was one of the directors on the RBI board before becoming the country's President, asked banks to create and nurture five rural development projects similar to bio-fuel project so as to create additional employment for at least 10 million youth. Agencies

11 NOV 2004

THE TIMES OF INDIA

No differences with Left: Montek

Statesman News Service

KOLKATA, Nov. 9. — Planning Commission deputy chairman Mr Montek Singh Ahluwalia today said he never had any problems in dealing with the Left parties.

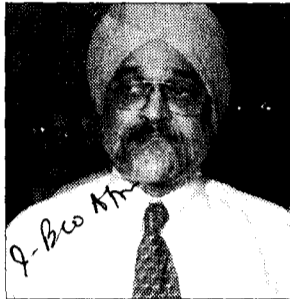
Regarding CPI-M going hammer and tongs against him for the move to include “foreign consultants” in the plan panel, Mr Ahluwalia said media had blown the issue out of proportion.

“I interact with all the Left leaders and there was never an issue between us. When the foreign consultants issue was raging, I was not in the country and the media did not wait for my comment before writing about the so-called differences,” he said.

Mr Ahluwalia was speaking to reporters on the sidelines of regional consultations on the mid-term appraisal of the 10th five-year plan in the city with West Bengal, Orissa, Bihar and Jharkhand.

He praised the state for the “more than 7 per cent GDP growth triggered by buoyancy in the agriculture sector.”

Mr Ahluwalia has also reacted favourably to



finance minister Mr Asim Dasgupta's long-standing demand on lowering interest rates on Central loans. Mr Dasgupta reiterated in his speech at the meet that 11.5 per cent interest on loans from Centre was much above the 6 per cent interest being levied on market borrowing and it should be brought down to 6 to 6.5 per cent.”

“Lowering of interest rate on Central borrowing is a persistent demand from many states and there is a great deal of merit in the demand.” he said adding that the 12th Finance Commission is taking up this issue.

Agreeing that spiralling non-plan expenditure and burden of implementing 5th Pay Commission recommendation had forced many states to court huge debts, Mr Ahluwalia said the states should devise

Buddha's agenda

KOLKATA, Nov. 9. — Mr Buddhadeb Bhattacharjee today drew the attention of the Planning Commission to a host of programmes his government is keen on, but did not ask for specific funds.

“Let them decide first on what we have raised, then comes the question of funds,” he said after a meeting with Mr Montek Singh Ahluwalia.

The chief minister said the commission has formed a committee for the government's Sunderbans package. The state demanded Central assistance for furthering the urban employment generation, increasing the number of BPL beneficiaries, slashing PDS prices. Another issue that dominated the discussion was fighting arsenal contamination and the revival of the technology submission on the issue, for which Rs 20 crore has been promised by the Union water resources ministry. — SNS

ways to increase the tax revenue or rake in money that are not part borrowings.

He said that though the state's GDP growth rate is above the national figure, the revenue received here is not up to the mark.

পেট্রোল, গ্যাসের মূল্যবৃদ্ধি বিশ্ময়কর: সি পি এম

পুনর্বিবেচনার অনুরোধ

আজকালের প্রতিবেদন: দিল্লি, ৫ নভেম্বর— পেট্রোল, ডিজেল, রান্নার গ্যাসের দাম বাড়ানোর তীব্র প্রতিবাদ জানিয়েছে বাম দলগুলি। সি পি এম, সি পি আই, আর এস পি, ফরওয়ার্ড ব্লক এবং যুব সংগঠন ডি ওয়াই এফ, শ্রমিক সংগঠন এ আই টি ইউ সি ও সিটু যেভাবেই হোক সরকারের এই ‘অন্যায়’ সিদ্ধান্ত পুনর্বিবেচনার দাবি জানিয়েছে। সি পি এমের প্রবীণতম নেতা জ্যোতি বসু কলকাতায় সর্বাত্মক খারিজ করেছেন দাম বাড়ানোর এই সিদ্ধান্ত। দিল্লিতে সি পি এম পলিটব্যুরো সদস্য সীতারাম ইয়েচুরি দাম বাড়ানোর জন্য সরকার ও কংগ্রেসের যুক্তি নস্যাত করে দিয়েছেন। সি পি আই নেতা ডি রাজা আজ সকালে প্রধানমন্ত্রী মনমোহন সিংকে ফোন করে এই সিদ্ধান্ত পুনর্বিবেচনার অনুরোধ করেছেন। পরে এক জন সমাবেশে রাজা বলেছেন, সরকারের এই সিদ্ধান্তের সঙ্গে বামপন্থী দলগুলি একমত নয়। কংগ্রেসের মুখপাত্র আনন্দ শর্মা তবু বলেছেন, অনিচ্ছা সত্ত্বেও এই অপ্রীতিকর সিদ্ধান্ত না নিয়ে উপায় ছিল না সরকারের। অন্য দিকে বি জে পি-র বিজয়কুমার মালহোত্রা সরকারের বিরুদ্ধে আক্রমণ চালানোর পাশাপাশি একটি বাঁকা তীর ছুঁড়েছেন বামদেবের দিকেও। মালহোত্রার মতে, বামদেবের ‘প্রতিবাদ’ নেহাৎই লোক দেখানো নাটক। ওরা ভেতরে গিয়ে সরকারের সব সিদ্ধান্ত মেনে নেয়, বাইরে এসে গালমন্দ করে। কংগ্রেসের বক্তব্য, বামদেবের সঙ্গে আলোচনা করেই সিদ্ধান্ত নিয়েছে সরকার। সি পি এম পলিটব্যুরো বলেছে, যখন আন্তর্জাতিক বাজারে তেলের দাম ব্যারেল পিছু ৫৬ ডলার থেকে ৪৯

ডলারে নেমে গেছে, সে সময় এ সিদ্ধান্ত বিশ্ময়কর। সি পি এম লাগাতার প্রস্তাব দিয়ে এসেছে, আন্তর্জাতিক বাজারে তেলের বর্ধিত দামের প্রভাব রুখতে সরকার অন্তঃশুদ্ধ ও আবগারির হার কমিয়ে দিক। সরকার আশ্বাস দিয়েছিল, ভরতুকি দেওয়া পেট্রো-পণ্যে সব শুল্ক তুলে দেবে। অন্যান্য ক্ষেত্রে থাকবে ৫ শতাংশ। কিন্তু তা করা হল না। অন্য দিকে দেখা যাচ্ছে, দাম বাড়ানোর ফলে তেল কোম্পানিগুলোর মুনাফা ফুলে-ফেঁপে উঠছে। আই ও সি-র মুনাফা ২০০১-০২-এর ২৮৮৪ কোটি টাকা থেকে বেড়ে ২০০৩-০৪-এ দাঁড়িয়েছে ৭০০৪ কোটি টাকায়। এইচ পি সি এলের ক্ষেত্রে ৭৮৭ কোটি থেকে ১৯০৩ কোটিতে এবং বি পি সি এলের ৮৪৯ কোটি থেকে বেড়ে ১৬৯৪ কোটি টাকায়। একটি বেসরকারি শোধনাগারও এর দরুন প্রচণ্ড মুনাফার সুযোগ পাচ্ছে। এল পি জি-র ২০ টাকা বৃদ্ধি এবং মাসে মাসে ৫ টাকা করে বাড়ানোর সিদ্ধান্ত লাখ লাখ ভোক্তার জীবনযাপনের মানকে প্রচণ্ড আঘাত করবে। এ ছাড়া লিটারে ২.১২ টাকা ডিজেলের দাম বাড়ানোর প্রভাব বহুগুণ বেড়ে বিভিন্ন জিনিসের বাড়তি দামের মাধ্যমে সাধারণ মধ্যবিত্তের ওপর খরচের বোঝা বাড়িয়ে তুলবে। সরকারকে পুনর্বিবেচনার দাবি জানিয়ে পলিটব্যুরোর ঘোষণা, দলের সমস্ত শাখা সারা দেশে এর বিরুদ্ধে আন্দোলন করবে। আর এস পি কেন্দ্রীয় কমিটি বলেছে, এবারের দাম বৃদ্ধি সাম্প্রতিক কালে সবচেয়ে তীব্র। এই ধরনের জনবিরোধী সিদ্ধান্ত থেকে যেভাবেই হোক বিরত হতে হবে সরকারকে। দেশজুড়ে ক্ষোভ, প্রতিবাদ। তারই মাঝে বিশ্বব্যাঙ্কের এক

কর্তার পরামর্শ, সড়ক নির্মাণ এবং রক্ষণাবেক্ষণের স্বার্থে পেট্রোল ও ডিজেলের ওপর লিটার প্রতি সেস ১.৫০ টাকা থেকে বাড়িয়ে ৩ টাকা করা উচিত। বিশ্বব্যাঙ্কের পরিবহণ বিশেষজ্ঞ পি ভিকার্স এদিন ভাষণ দিচ্ছিলেন দিল্লিতে বাণিজ্য সংগঠন ফিকি-র সভায়। এদিকে মূল্যবৃদ্ধি নিয়ে তীব্র ক্ষোভ প্রকাশ করেছে সমাজবাদী পার্টিও। দিল্লিতে দলের সাধারণ সম্পাদক অমর সিং বললেন, এই অবস্থায় আমাদের দিয়ে যেন জোর করেই ইউ পি এ সরকারকে সমর্থন করানো হচ্ছে। তিনি বললেন, দেশের গরিব মানুষদের ওপর এত বড় বোঝা চাপানোর মতো গুরুত্বপূর্ণ বিষয়ে আমাদের যদি পরামর্শ নেওয়া না হয়, আমাদের সমর্থন জোর করে আদায় করা হচ্ছে। মনমোহন সরকারের কড়া সমালোচনা করলেন তামিলনাড়ুর মুখ্যমন্ত্রী জয়ললিতা। চেম্বাইয়ে এ আই এ ডি এম কে নেত্রী বললেন, তন্ন সময়ের মধ্যে ইউ পি এ জোট সরকার প্রমাণ করেছে, তারাই সবচেয়ে জনবিরোধী সরকার।

ভুবনেশ্বরের খবর, ওড়িশা বিধানসভায় আজ পেট্রোল-ডিজেল-গ্যাসের মূল্যবৃদ্ধি নিয়ে ব্যাপক হইচই হয়। শাসক বি জে ডি-বি জে পি বিধায়করা কেন্দ্রের ইউ পি এ সরকারের এই সিদ্ধান্তের নিন্দা করে একটি প্রস্তাব তুলতে চান। বাধা দেন কংগ্রেস বিধায়করা। বেধে যায় হইচই। এদিকে তেল ও গ্যাসের মূল্যবৃদ্ধির প্রতিবাদে শনিবার ঝাড়খণ্ড বন্দেধর ডাক দিয়েছে বি জে পি। আজ বন্দেধর সমর্থনে বি জে পি, জে ডি (ইউ), আজসু-র মিছিল বেরোয় রাঁচিতে। অন্য দিকে সি পি আই (এম এল) ও আজ পেট্রোল-ডিজেলের মূল্যবৃদ্ধির প্রতিবাদে মশাল মিছিল বাব করে।

Growth on top of govt's agenda

CHIDAMBARAM RULES OUT HIKE IN INTEREST RATES

India and the world



HT Correspondent
New Delhi, November 5

GOOD POLITICS and good governance are keys to India becoming a global economic powerhouse.

This is Finance Minister P. Chidambaram's prescription to evolve the country into a global economic power. Speaking at the second HT Leadership Initiative, the Finance Minister outlined his vision to make India the next economic superpower.

He said that continued economic reforms coupled with sustained increase in domestic savings, investments and attracting foreign savings would enable India to achieve double-digit growth over the next decade.

Double-digit growth was imperative for increasing the people's standard of living, poverty alleviation and providing basic amenities like water, roads, healthcare, education and connectivity.

"We cannot claim the status of an economic superpower without providing decent life and dignity for all the people. We do not want divided growth. Such growth is unsustainable, unacceptable and rejected. We should have all inclusive growth," Chidambaram said.

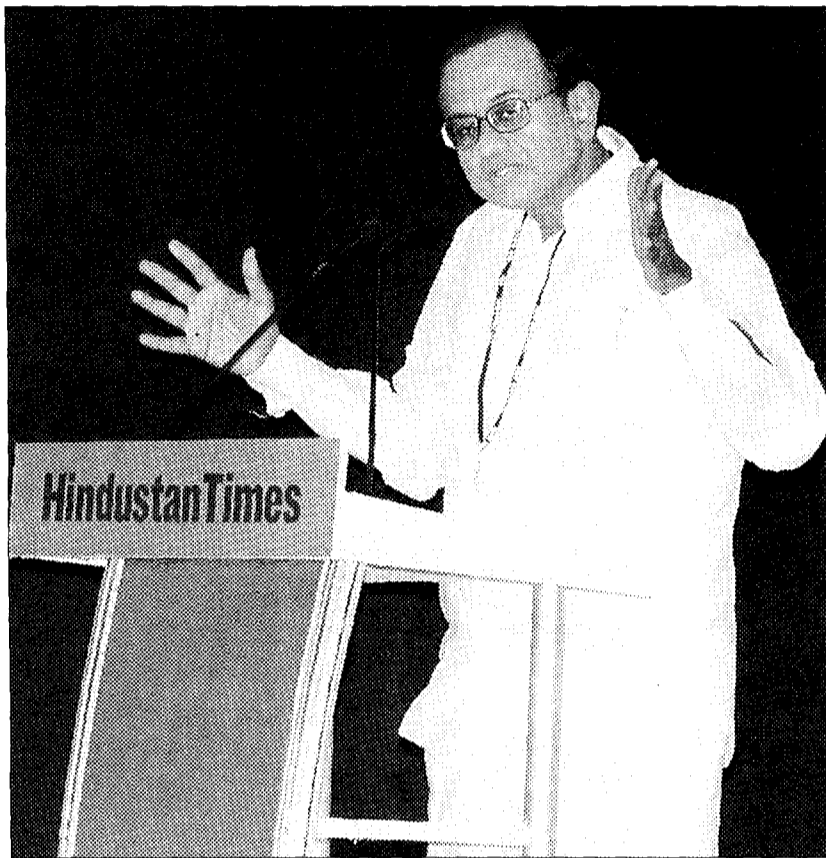
With sustained growth over next ten to fifteen years, India has the potential to displace Japan to become the world's third largest economic superpower, said Chidambaram.

In this context, he cited the country's unquestionable capacity to produce goods and provide services. World's largest steel producer, laminated optical fibre manufacturer and oil refiner was from India.

Enlisting India's prowess as an evolving economic superpower, Chidambaram pointed to the facts that merchandise exports grew by 150 per cent, while services exports went up by 275 per cent and trade to GDP ratio moved up to 35 per cent from 20 per cent earlier.

Referring to the huge population, he said the positive aspect is that by 2020, over 50 per cent of the population would be literate who would take up high income jobs, leading to increase in savings and investments. This will in turn fuel higher GDP growth.

Outlining the UPA Government's



Finance Minister P. Chidambaram addressing the second Hindustan Times Leadership Initiative summit in New Delhi on Friday.

priorities, Chidambaram said, during next five years we should be able to add 30,000 km world-class roads, six top class airports, and 12 ports to fuel the double-digit growth.

Domestic savings at the rate of 36 per cent annually, enhanced tax revenues, higher domestic investments, FDI and disinvesting equity in PSUs through credible policy package acceptable to UPA partners and the people would spur growth, Chidambaram said. Speaking on the occasion, the former advisor in Finance Ministry Ashok Desai said that only way to displace China from second position was to consolidate production capacities and get out of the isolation legacy by forging economic and trading partnerships with immediate neighbours in South Asia, South East Asia and South Africa. Answering a query, Finance Minister Chidambaram said that there was no dearth for capital and there was shortage of bankable projects.

With regard to social sector programmes, he favoured assigning the responsibility on panchayats and communities for schools, hospitals, roads, water bodies, electricity etc.

Raising petro-prices a 'difficult decision': FM

P. CHIDAMBARAM SAID the benign interest rate regime would continue notwithstanding the inflationary shock inflicted by the recent surge in international crude prices.

"The retail lending rates will not rise in the short term. There is enough liquidity in the market, banks have enough funds," he said. "The banks are only increasing the NRI deposit rates and adjust the home loan rates. Most bankers told me they are not increasing the retail lending rates," Chidambaram said. Referring to the steep increase in petroleum prices, he conceded that it was a "difficult decision". He hinted that the hike was inevitable owing to the 150-180 per cent increase in crude prices.

HT Corporate Bureau
New Delhi, November 5

WITH INDIA Inc now adopting an outward looking strategy in more ways than one and becoming acquisitive by nature, all eyes are on India. One of the fastest growing economies, India Inc is on the prowl, with a vision to expand its footprint and make a mark. In the hot seat are Mukesh Ambani, Subir Raha, Nandan Nilekeni and Kiran Mazumdar Shaw, path breakers who are going to reflect on the global economy and how they are increasingly competing in it.

With a goal of making Indian industry a force to reckon with, companies are forging ahead in a fiercely competitive environment. The four path-breakers will be delivering keynotes at the HT Leadership Initiative on Saturday and presenting their views on 'Competing in the global economy'. Moderating the four heavyweights will be suave top notch bureaucrat N.K. Singh.

Reflecting on what the world would look like in the future and what determines competitiveness in such a world and where the opportunity lies for India, Mukesh Ambani, chairman of the Rs 1,00,000 crore bricks and mortar to emerging technologies Reliance Group will visualise how India can achieve competitiveness. As he said, "It is a vision for India in a changing world marked by rising aspirations, demographic shifts and technological progress."

Similarly, exploration giant ONGC considered India's most valuable company has been acquiring an oil equity footprint across the globe. From Sakhalin to Australia, it is endeavouring to bolster India's energy security. Oil veteran Subir Raha is at the vanguard of this change. Having invested \$3.5 billion overseas, Raha wants to qualitatively change the way we explore. Intellectual inputs have to go into the business for you are competing against global majors from China and Japan in making these acquisitions. He is arguing for economic corridors and clusters so that energy intensive economies like India can benefit.

The vision gains importance for the industry with the dead-



Mukesh Ambani



Subir Raha



N.K. Singh



N. Nilekeni

line for TRIPS compliance, January 1 2005, around the corner, when Indian companies will be exposed to a competitive global economy like never before.

Cutting edge biotechnologist Kiran Mazumdar Shaw, chairperson of Bangalore based Biocon is going to highlight the path for the Indian pharma and biotech sector to a discovery led R&D mindset. A red letter day for India, is what Shaw calls it and feels that India's research capabilities have a real opportunity to develop affordable drugs for "diseases of the developing world" as well as high value new molecules for the developed world.

Information technology sector which in many ways has played its part as the progenitor of the brand India awareness has evolved and incorporated the best practices from world over. Infosys president and CEO Nandan Nilekeni will elaborate on the new rules of the game in this industry.

He said, "The scenario is changing from a time when outsourcing to India was seen as a niche activity and an oddity to it being recognised as a mainstream mega trend, and global incumbents adopting their business to the global delivery model invented in India."

The challenge is the creation of the next-gen IT services company, which combines the best of the global delivery model with the best of consulting.

Similarly, biotechnology offers a powerful partnering or co-development model for international biotech and pharma companies which allows optimisation of R&D spends.

6 NOV 2004

THE HINDUSTAN TIMES

LPG deals worst blow, oil follows

Statesman News service

NEW DELHI, Nov. 4. — In a major decision that would have a serious inflationary impact, the government today hiked petrol prices by Rs 2.20 per litre, diesel by Rs 2.10 a litre and LPG by Rs 20 per cylinder. It, however, left kerosene prices untouched "for the time being".

The Centre also decided to keep on increasing LPG cylinder prices at the rate of Rs 5 per month till it reaches the import parity level, which at present is Rs 158 per cylinder.

The decision came two days after the Union petroleum minister, Mr Mani Shankar Aiyar, claimed that petrol would cost no more than Rs 18 a litre if no duty is imposed. The petroleum ministry that has been demanding duty cuts on petroleum products finally succumbed under pressure from the finance ministry which rejected outright the demand for duty revision.

The decision was taken



PRICE PUNCH



LPG	Rs 20 *
<i>(*per cylinder, with subsequent increase of Rs 5 per cylinder per month till import-parity attained)</i>	
Petrol	Rs 2.20 **
Diesel	Rs 2.10 **
<i>(**per litre)</i>	

What counts for Kolkata

- **LPG:** Old price: Rs 287.95, new: Rs 309.65
- **Petrol:** Old price: Rs 39.82, new: Rs 42.10
- **Diesel:** Old price: Rs 26.51, new: Rs 28.72

at a meeting of the Cabinet Committee on Economic Affairs this evening. Announcing the decision after the meeting, Mr Aiyar said the CCEA approved the hike in petrol price at the import parity level and diesel would be increased at half the difference between the present price and the import parity level.

As regards LPG price, the Cabinet cleared a hike of Rs 20 per cylinder, and the hike would continue at the rate of Rs 5 per cylinder till it reaches the import

parity level, Mr Aiyar said.


This is the fourth major hike this year, the first was in January and then twice in July. Though crude oil prices in the international market kept increasing and touched \$56 a barrel (almost double of what it was a year ago), the government kept deferring a decision on prices. Under-recoveries in the first half of the current financial year were around Rs 10,000 crore. And if the present trend had continued, the under-recoveries could have crossed Rs 20,000.

In view of the surge in crude oil prices and to provide a cushion effect to the consumer, the petroleum ministry had sought halving of the import duty on crude oil to five per cent and slashing customs duty on petrol and diesel to 15 per cent from 20 per cent. The ministry had also suggested nil excise duty on LPG and kerosene to contain the effect of surge in crude oil prices. The finance ministry remained adamant on no cut on duty structure.

গ্যাস এক লাফে ২০ টাকা বেশি, বাড়ল ডিজেল-পেট্রোলও

৯ নভেম্বর ১৯৭৪

স্ট্রাক রিপোর্টার, নয়াদিল্লি, ৪ নভেম্বর: তিন মাস পরে ফের পেট্রোল, ডিজেল ও রান্নার গ্যাসের দাম বাড়ল কেন্দ্রীয় সরকার। মন্ত্রিসভায় দাম বাড়ানোর বিষয়ে প্রবল মতপার্থক্য থাকলেও আর্থিক চাপ সামলাতে এই সিদ্ধান্ত নেওয়া হল। পেট্রোলের দাম লিটারে পিছু দু'টাকা কুড়ি পর্যন্ত এবং ডিজেলের দাম প্রতি লিটারে দু'টাকা দশ পয়সা বাড়িয়েছে কেন্দ্র। রান্নার গ্যাসের দাম বাড়ছে আরও ২০ টাকা। শুধু তাই নয়, রান্নার গ্যাসে ভর্তুকি ধাপে ধাপে তুলে নিতে ডিসেম্বর থেকে প্রতি মাসে পাঁচ টাকা করে রান্নার গ্যাসের সিলিডার পিছু আরও দাম বাড়বে। সিলিডার পিছু এখন ভর্তুকি ১৫৮ টাকা, সেটা যত দিন না উসুল হয়, তত দিন মাসে মাসে দাম বাড়বে। তবে কেন্দ্রের দাম বাড়ানো হয়নি। আজ রাত থেকেই নতুন দাম কার্যকর হবে। ফেব্রুয়ারি আগে পেট্রোল, ডিজেলের দাম আর না



জালানি	দাম
রান্নার গ্যাস	২০.৬৫ টাকা
(পরে মাসে মাসে টাকার করে)	বাড়বে
ডিজেল	২৮.৭২ টাকা
পেট্রোল	৪২.১০ টাকা

দাম বাড়ানোর বিষয়টি সরকার পুনর্বিবেচনা করুক। আমরা বলেছিলাম, এখন কিছু না করতে, যাতে মানুষের পকেটে আঁচ লাগে।” রেল দেশের ডিজেলের এক চতুর্থাংশ ব্যবহার করে। তাই লালু বলেছেন, দাম বাড়লে রেল মন্ত্রক ক্ষতিগ্রস্ত হবে। এ ছাড়া, ডিজেলের দামের সঙ্গে জড়িয়ে রয়েছে শাকসব্জির দামের প্রসঙ্গ। পরিবহন ক্ষেত্রে তো বটেই, চাষের জল তোলার কাজেও ডিজেলের ব্যবহারের ফলে মূল্যবৃদ্ধির আঁচ লাগবে সাধারণ মানুষের গায়ে। এই যুক্তিতে ডিজেলের দাম বাড়ানো বন্ধ রাখতে বলেছিলেন লালু। প্রধানমন্ত্রী তার উত্তরে বিষয়টি শ্রবণে দেখার আশ্বাস দেন। কেন্দ্রীয় পেট্রোলিয়াম মন্ত্রী মণিশঙ্কর আইয়ারও

প্রধানমন্ত্রীকে জানান, এই সিদ্ধান্ত নিলে তিনি রাজি। তাঁর বক্তব্য ছিল, মার্কিন নির্বাচনের পরে বিশ্ববাজারে তেলের দাম কমার সম্ভাবনা রয়েছে। ফলে এখনই দাম না বাড়ালেও চলবে। এ ছাড়া, মণিশঙ্কর এভাবে এক দু'মাস অন্তর তেলের দাম খুচরো ভাবে বাড়ানোর পক্ষপাতী নন। মন্ত্রিসভাকে তিনি প্রস্তাব দেন, ধাপে ধাপে না বাড়িয়ে পরে একেবারে বড় মাপের মূল্যবৃদ্ধি করার কথা ভাবা যেতে পারে।

লালু আজ সরকারের আর্থিক বাধ্যবাধকতার যুক্তি দিয়ে বলেন, “বিশ্ববাজারে দাম বাড়লে ভারতেও পেট্রোলের দাম বাড়বে।” নতুন ব্যবস্থায় তেল সংস্থানুলিকে সীমিত ক্ষমতা দেওয়া হয়েছে দাম নিয়ে। কিন্তু এই বিষয়ে কেন্দ্রই চূড়ান্ত সিদ্ধান্ত নেবে। এই প্রেক্ষিতে লালু বলেন, “দাম বাড়ানো ছাড়া উপায় নেই।”

সুদের হার বাড়াতে

বৎসরে দুই বার রিজার্ভ ব্যাঙ্ক মনিটরিং বা আর্থিক ও ক্রেডিট বা ঋণ নীতি ঘোষণা করিয়া থাকে। প্রথম বার সামগ্রিক নীতি ঘোষিত হয়। দ্বিতীয় বার ঘোষিত হত তাহার অন্তর্বর্তী পরিমার্জন ও পরিবর্তন। নির্বাচনের পরিপ্রেক্ষিতে এই বৎসর সামগ্রিক নীতির ঘোষণা বিলম্বিত হইয়াছিল। তাহা ঘোষিত হইয়াছিল মে মাসে। কেন্দ্রীয় ব্যাঙ্ক গত সপ্তাহে অন্তর্বর্তী পরিবর্তন ঘোষণা করিয়াছে। মূল্যবৃদ্ধি ও আয়বৃদ্ধি বিষয়ে রিজার্ভ ব্যাঙ্কের মতামত মে হইতে অক্টোবরের মধ্যে কত দূর পরিবর্তিত হইয়াছে? মে মাসে অনুমান করা হইয়াছিল, ২০০৪-০৫ সালে প্রকৃত জাতীয় আয় বাড়িবে ৬.৫ হইতে ৭ শতাংশ হারে। নিরপেক্ষ পর্যবেক্ষকরাও মোটামুটি তেমন কথাই বলিয়াছিলেন। দুইটি প্রধান কারণে নিরপেক্ষ পর্যবেক্ষকরা পরবর্তী কালে অভিমত বদলাইয়াছিলেন। প্রথমত, বর্ষণ আশানুরূপ হয় নাই। বিলম্বিত হইয়াছে, অথবা কতকগুলি ভৌগোলিক অঞ্চলে আশানুরূপ হয় নাই। স্বভাবতই ব্যাহত হইবে কৃষিক্ষেত্রে বৃদ্ধি এবং কৃষিতে আয়বৃদ্ধি ব্যাহত হইলে তাহার প্রতিফলন দেখা যাইবে শিল্প ও পরিষেবায়। দ্বিতীয় কারণ হইতেছে আন্তর্জাতিক বাজারে খনিজ তেলের মূল্যবৃদ্ধি। স্বভাবতই এ হেন মূল্যবৃদ্ধির প্রভাব পড়িবে সাধারণ মূল্যবৃদ্ধির উপরে। এবং আয়বৃদ্ধির উপর। কেন্দ্রীয় ব্যাঙ্কের মতে ২০০৪-০৫ সালে জাতীয় আয়ে বৃদ্ধি ঘটিবে ৬ হইতে ৬.৫ শতাংশ হারে। নিরপেক্ষ পর্যবেক্ষকরাও মোটামুটি তাহাই বলিতেছেন, বিতর্কের তেমন প্রশ্ন নাই। বাকি থাকে মূল্যবৃদ্ধির প্রশ্ন। বাৎসরিক মূল্যবৃদ্ধির পরিমাণ কেন্দ্রীয় ব্যাঙ্ক ৬.৫ শতাংশ বলিয়া আশা করিতেছে। মে-তে ৫ শতাংশের কথা বলা হইয়াছিল। অর্থাৎ মূল্যবৃদ্ধির হার ১.৫ শতাংশ মাত্রায় বর্ধিত হইয়াছে। নিরপেক্ষ পর্যবেক্ষকরাও তেমন কথাই বলিতেছেন, সুতরাং এই বিষয়েও দ্বিমত নাই। তফাত অন্যত্র। নিরপেক্ষ পর্যবেক্ষকরা পর্যবেক্ষণ করিয়াই দায়ভার এড়াইতে পারেন, কেন্দ্রীয় ব্যাঙ্ক ও সরকারের কাজ হইতেছে নীতি প্রণয়ন। কেন্দ্রীয় ব্যাঙ্কের ক্ষেত্রে স্বভাবতই আর্থিক নীতির কথা বলা হইতেছে। অবশ্য এমন নীতি পরিবর্তন যে শুধুমাত্র বৎসরে দুই বার করিতে হইবে তাহার কোনও বাধ্যবাধকতা নাই। বাজারভিত্তিক অর্থনীতিতে প্রয়োজন অনুসারে আরও ঘন ঘন পরিবর্তন আনাই আবশ্যিক।

জাতীয় সাধারণ ন্যূনতম কর্মসূচি সরকার আয়বৃদ্ধি উদ্বুদ্ধ করার কথা বলিয়াছেন। প্রধানমন্ত্রী হইতে অর্থমন্ত্রী, সকলেই এমন কথা বলিতেছেন। অবশ্য কেন্দ্রীয় ব্যাঙ্ক বলিতেছে শিল্প-উৎপাদন ও রফতানি দ্রুতগতিতে বৃদ্ধি পাইতেছে। পুঁজি বিনিয়োগের জগতেও আসিয়াছে কিঞ্চিৎ পরিবর্তন। এমতাবস্থায় সুদের হার বৃদ্ধি করা অসঙ্গতজনক। বিশেষ করিয়া যখন বহু বার বলা হইতেছে ঋণবৃদ্ধির পরিমাণে বৃদ্ধি করিতে হইবে, বিশেষ করিয়া কৃষি ও গ্রামীণ ক্ষেত্রে। মনে রাখিতে হইবে, কর্মসূচি অনুযায়ী আরও ব্যাপক হারে সরকারি ব্যয় ঘটিবার সম্ভাবনা। ইতিমধ্যে এই বৎসরের সম্ভাব্য ঋণ গ্রহণের প্রায় ৫০ শতাংশ সরকার ইতিমধ্যেই সারিয়া লইয়াছে। সরকারি ঋণগ্রহণ এমন ব্যাপক হারে চলিতে থাকিলে সুদের হারে বৃদ্ধি নিশ্চিত এবং সরকারি ঋণগ্রহণের চাপে বেসরকারি ঋণগ্রহণের সম্ভাবনা নিশ্চিতরূপেই ব্যাহত হইবে। কেন্দ্রীয় ব্যাঙ্কের মধ্যবর্তী পর্যালোচনায় অবশ্য সরকারি ঋণ ও রাজকোষ ঘাটতির বিরূপ প্রতিক্রিয়া প্রসঙ্গে অনেক কথাই বলা হইয়াছে। অর্থাৎ দায় চাপানো হইয়াছে সরকারের ঘাড়ে। সংস্কার সত্ত্বেও রাজকোষ নীতি ও আর্থিক নীতির মধ্যে সম্পর্ক ভারতে এখনও বিচ্ছিন্ন হয় নাই। লক্ষণীয়, আমেরিকা ও ব্রিটেনে সুদের হারে বৃদ্ধি সরকারি অনুমোদন ছাড়াই ঘটিয়াছে। ভারতে কিন্তু রিজার্ভ ব্যাঙ্ক অর্থ মন্ত্রকের অঙ্গুলিহেলনে চলিয়া থাকে। তাই ব্যাঙ্ক রেট ও ক্যাশ রিজার্ভের অনুপাতে কোন পরিবর্তন ঘোষণা করা হয় নাই। সরকার বলিতেই পারে— মূল্যবৃদ্ধির হার প্রশমিত হইবার সম্ভাবনা। তাই আয়বৃদ্ধির গতি গুরুত্ব আরোপ করা হইতেছে। যদিও অকটা মনে হইলেও অন্য একটি কথা ভুলিলে চলিবে না। সুদের হারে বৃদ্ধি ঘটিলে চাপ পড়ে সরকারি ঋণগ্রহণের উপরে। নিঃসন্দেহে সেই কারণেই কেন্দ্রীয় ব্যাঙ্ককে বলা হইয়াছে, ব্যাঙ্ক রেট ও সি আর আর অপরিবর্তিত রাখিবার জন্য। কিন্তু এই ভাবে সমস্যা মূলত্ববি করা যায় মাত্র। ইতিমধ্যে আমানতের উপর সুদের হার অত্যন্ত কম। মূল্যবৃদ্ধির হারের তুলনায় এই হারের বাস্তবিক মান ঋণাত্মক। যদিও আমানতের উপর প্রদত্ত সুদের হার এবং ঋণের উপর ধার্য সুদের হারের মধ্যে অতিরিক্ত ব্যবধানও দেখা যাইতেছে। সুতরাং, অবশেষে সুদের হারে বৃদ্ধি প্রায় নিশ্চিত। আপাতত মূলত্ববি করা হইয়াছে, কারণ সরকারের মতে মূল্যবৃদ্ধি এখনও তেমন গুরুতর সমস্যা হইয়া দাঁড়ায় নাই।

3 NOV 2004

ANADABAZAR PATRIKA

Left prevails, no petro price hike now

SNS & PTI

NEW DELHI, Oct. 31. — The government today asked oil marketing companies not to hike price of petroleum products for another fortnight.

"Prices are not being raised today," petroleum minister Mr Mani Shankar Aiyar told reporters here.

The decision to defer the price hike was taken following suggestions from the Left parties that

the government should wait as the US presidential election could have a sobering effect on global crude prices.

Though all the oil marketing companies were prepared to hike the price, the government, at the last moment, directed them to defer the hike till 15 November, when the prices would be reviewed next.

Crude oil price in the international market has just doubled in the past nine months. However, the petrol prices were revised

only twice — on 15 July and 31 July. Though the petroleum ministry reduced the duty rates on petroleum products, oil companies still require to raise petrol prices by Rs 1.22 per litre and that of diesel by Rs 2.24 per litre.

Oil marketing companies — BPCL, IOC, HPCL and IBP — have already incurred a loss of Rs 3,646 crore on selling petrol and diesel because of selling it below import prices. In addition to this, the companies have lost Rs 5,200 crore on selling LPG and

kerosene below cost. Mr Aiyar said that excessive volatility in the international oil market was perhaps influenced by measures the USA was supposed to take to check its fiscal and trade deficits, but have not been taken due to the presidential election there.

Asked if today's decision, which would cost public sector oil firms Rs 956 crore this fortnight, was due to Left pressure, he said: "Today being a Sunday, we have not got full opportunity to talk to everybody."

01 NOV 2004

THE STATESMAN

Go for Growth ✓

Don't fiddle with interest rates,

let the rupee rise ✓

At 6-6.5%, growth will be marginally lower than expected and at 7.1%, inflation a tad over what India has been used to for the last few years. Faced with a choice between boosting growth and risking high prices in the bargain, most democratic governments choose to cap inflation, which taxes poor voters. That's probably why on Tuesday the Reserve Bank of India (RBI) hiked the repo rate, the price at which it mops up excess cash from banks: A higher repo rate, it hopes, might suck out some liquidity and cool prices. Actually, India's central bank should stop fiddling with interest rates and do something more worthwhile. Something funny is happening on the foreign exchange market: As dollars keep flooding in, swelling our foreign exchange reserves, the rupee, instead of appreciating against the major overseas currencies, holds steady — or weakens. This forced undervaluation of the rupee violates all economic sense. It's happening only because the RBI aggressively intervenes in the forex market to keep a lid on the value of the rupee, fearing that a stronger currency might weaken India's export performance. Actually, this soft-rupee sop to exporters is costing us dear: Our imports become expensive, a critical factor at a time when global crude oil has crossed \$55 per barrel.

India imports a little more than 70% of its crude requirements; fuel prices constitute about a sixth of our price indices. Given that, lower oil prices will automatically cool inflation. A stronger rupee will make all imports, including oil, cheaper in rupee terms. Higher import competition will also check prices of commodities, metals and manufactures at home. So, if the RBI is concerned about domestic prices, it should let the rupee float up to find its own level, not weigh it down to feed exporters' bottomlines. There's another reason to prefer sensible exchange rate policy over interest rate hikes: Over time, higher rates will begin to pinch investments, which will curb growth sometime later. And low growth is something India just can't afford. The government has to create policies that boost growth, the RBI has to help with monetary policy that complement these policies. Today's soft-rupee, hardening interest rate policies are just what India doesn't need. Interest rates must stay soft as long as possible to boost investment and growth, the rupee must harden to keep inflation under control. The Govt should write this down as mantra in his office.

THE TIMES OF INDIA

29 OCT 2004

Left questions profit-making PSU selloff plan

HT Correspondent
New Delhi, October 27

LEFT PARTIES are upset over government plans to disinvest shares of profit-making PSUs and want discussions on the subject.

The Left parties met today and said "raising of resources" by the PSUs as part of their functional autonomy was acceptable. But the disinvestment of 49 per cent shares planned by the Centre for "meeting budgetary deficit" would change the char-

acter of the public sector.

"The Left would like the UPA government to stop this disinvestment process and discuss the matter seriously since it is of vital concern to the people and the country," CPI(M) general secretary Harkishen Singh Surjeet said, seconded by CPI general secretary A.B. Bardhan, RSP leader Abani Roy and Forward Bloc's Deabrata Biswas.

Prime Minister Manmohan Singh has invited the Left leaders for breakfast tomorrow. They are preparing

their reply to Finance Minister P. Chidambaram's response to their objections on FDI in the telecom sector.

Bardhan said the Left parties wanted the next UPA-Left Front meeting by the first weekend of November. Before that, they would submit to the government their second note on FDI in telecom and point out "inaccuracies" in finance minister's reply.

The Left also want to discuss the issues of the Electricity Act, the Patents Bill and increase in the EPF in-

terest rate at the coordination committee meet.

CPI(M) Politburo member Prakash Karat said the disinvestment of PSU shares was being drawn up by the disinvestment department of the finance ministry. Profit-making companies, like Bhel, PowerGrid Corporation and Power Finance Corporation, are among the 35 PSUs in the disinvestment list.

The Cabinet set up an empowered group of ministers, including finance minister and Planning Commission

deputy chairman, to fix price band for the sale of the shares. Calling the proposed disinvestment "privatisation through the back door", Left leaders said the sale of shares would be against the spirit of the CMP, which permits the "PSUs individually going to the market to raise capital if required."

Asking the UPA to keep out of the US missile defence programme, the Left parties also asked the government to clarify if any commitments were made to join it.



PTI

Chidambaram leaves a Cabinet meeting on Wednesday.

THE HINDUSTAN TIMES

28 OCT 2004


RBI keeps bank rate untouched at 6%

Mumbai: The Reserve Bank of India (RBI) on Tuesday lowered growth projection to 6-6.5% from 6.5-7% and scaled up inflation outlook to 6.5% for this fiscal while keeping the bank rate untouched at 6%.

In its busy season credit and monetary policy, RBI surprised the markets by raising the repo rate by 0.25% to 4.75% to tame inflation, hovering over 7% since July.

Inflation rose from 4.6% in March-end to 8.3% in August-end but has since come down to 7.1% by October 9, following fiscal and monetary measures to contain the rise in prices without hampering growth prospects. RBI substantially hiked inflation to around 6.5% this year from its earlier projection of 5%.

Maintaining that the rise in inflation was more due to external factors and supply shocks, the central bank said it would consider measures in a "calibrated" manner to stabilise inflationary expectations. RBI said it would pursue an interest rate environment that is conducive to macro-economic growth and price stability



- ▶ Repo rate hiked by 0.25 per cent to 4.75 per cent
- ▶ GDP growth pegged down to 6-6.5 per cent for 2004-05
- ▶ Inflation pegged upwards at around 6.5 per cent
- ▶ Minimum tenor of term deposits lowered to 7 days

and maintaining the momentum of growth. It attributed the lowering of growth prospects by 0.5% to poor monsoon and global scarcity, which pushed up international commodity prices. It, however, exuded confidence over the prospects on industrial growth.

Though the benchmark bank rate stood at a 28-year-low of 6%, the hike in repo rate—interest charged by commercial banks from RBI—may signal hardening of rates in the economy. "Growth in GDP is likely to be less than origi-

nally projected mainly due to deficient monsoon conditions and partly due to high and volatile oil prices, despite a better than anticipated outlook for manufacturing industry and export demand," RBI said. The deficient monsoon would impact major kharif crops but rabi crops are expected to be favourable. But "the current assessment clearly indicates that agricultural growth projected earlier at 3% will not materialise".

At the same time, the improved prospects for growth in industrial output and continued buoyancy in exports are likely to have a positive impact on the growth, it said. "Various business expectation surveys, including RBI's own assessment, point to reasonable air of optimism regarding growth as corporate results continue to be good. The overall economic environment remains supportive of investment and capacity building."

On forex reserves, RBI said there was a need to provide cushion against shocks, which could arise from uncertain monsoon conditions and variations in global oil prices. PTI

^W
BANK RATE UNCHANGED AT 6 %

RBI projects ^{SF-1} ^{27/10} lower growth ^{9-610 APM}

Statesman News Service

MUMBAI, Oct. 26. — The Reserve Bank of India in its mid-term review of credit policy has lowered the GDP growth projection from 6.5-7 per cent to 6-6.5 per cent. The annual inflation rate too has been revised from 5 per cent to 6.5 per cent but no changes made in the bank rate of the Cash Reserve Ratio (CRR).

RBI Governor Dr YV Reddy cited deficient monsoon in some parts of the country and its impact on the *kharif* output as the reason for being more realistic about GDP growth projections. He said that non-food credit has gone up to 11.5 per cent (Rs 92,443 crore) till 1 October 2004 as against six per cent (Rs 41,034 crore) the previous year.

Explaining the revised inflation rate, Dr Reddy said that the impact of high international oil prices has been partly cushioned by fiscal measures such as cuts in excise and Customs duties. The projected inflation rate at 6.5 per cent assumes there would be no further increase in prices. The governor said the monetary supply during the current year — till 1 October — increased by 5.4 per cent compared to 7.8 per cent in the previ-

ous year. On an annual basis, the growth in M3 at 14 per cent was higher than 11.9 per cent in the previous year.

During 2004-05, liquidity absorption through market stabilisation scheme (MSS) was Rs 54,146 crore up to 21 October. With the issuance of MSS, Dr Reddy said, the repo volumes tendered under liquidity adjustment facility declined from an average Rs 70,523 crore in April to Rs 13,805 crore in October.

On government borrowings, Dr Reddy said it had completed net market borrowing of Rs 26,233 crore or 29 per cent of the budgeted amount and gross market borrowings of Rs 75,044 crore or 49.8 per cent of the budgeted amount up to 21 October. The RBI will boost farm credit by increasing priority sector limit advances.

FM happy

Mr P Chidambaram today welcomed the credit policy stance, saying that it would not hamper growth and investment. "I am very happy with RBI's projections and policy stance. I think it is a measured and balanced approach."

Another report on page 9

THE STATESMAN

27 OCT 2004

Govt not to hike fuel prices for now

New Delhi: Contrary to speculation, the Central government on Friday decided not to increase petrol and diesel prices despite the sharp surge in crude oil prices, and asked the public sector oil companies to bear the burden for another fortnight.

The cabinet committee on economic affairs (CCEA) also did not decide on changes in duties on crude oil and petroleum products, without which a hike of Rs 1.88 per litre in petrol and Rs 3.30 per litre in diesel prices may be needed in view of the international oil prices breaching \$55-mark per barrel.

"The CCEA has decided that for today the prices of all petroleum products will be held at the same level. There will be no increase for this fortnight," petroleum minister Mani Shankar Aiyar said after the CCEA meeting.

Public sector oil companies were to meet on Friday to review prices of petrol and diesel, which have remained unchanged since August 1 despite crude prices rising by as much as \$20 a barrel, leading to a Rs 2300 crore loss in revenue.

The petroleum ministry, which was

not keen on raising the fuel prices in view of inflation still hovering above 7 per cent, had proposed slashing customs duty on crude, petrol and diesel and cutting excise duty on LPG and kerosene to offset the hike in crude prices but the CCEA decided against any mid-course correction.

"Duties are normally decided in the budget for the full financial year. It is not possible during the year to review them. Any change is possible only in emergency," Aiyar said. "A finance ministry committee headed by chief economic advisor Ashok Lahiri was looking at duty recast in the entire oil sector and changes could only be considered after the committee submits its report," Aiyar said.

He said the government was conscious of its responsibility to protect the interests of consumers, and the burden of the surge in crude oil prices would be borne equitably by all stakeholders — oil companies, consumers and the government.

"Our oil companies are extremely capable of bearing the present burden," he said. PTI



FDI punch, security pacifier to Left

Plainspeak on telecom

JAYANTA ROY
CHOWDHURY

New Delhi, Oct. 12: Prime Minister Manmohan Singh and finance minister P. Chidambaram presented a note to the Left tonight, making it clear they will go ahead with the plan to raise the foreign investment limit in telecom.

In his budget speech, Chidambaram had proposed raising the cap in the sector from 49 to 74 per cent.

The Left leaders remained unconvinced and argued India should offer only 25 per cent of its telecom firms' equity to foreign investors in accordance with WTO commitments.

"We still feel there is no need to go beyond WTO commitments without reciprocal opening up by other developed nations," said RSP leader Abani Roy, who is a member of the Left-United Progressive Alliance coordination committee. "At the current FDI cap of 49 per cent, we have already exceeded our commitments."

The note — authored by Chidambaram and endorsed by Singh — trashes security concerns and says the only causes for concern in opening up telecom are spectrum (bandwidth) availability and the need to whip up hard currency investment.

"Across the world, restrictions on mobile services are mostly due to spectrum availability rather than ideological or security considerations," Chidambaram wrote.

The note argues that "ownership has little correlation with vulnerability to illegal access to information by hostile countries". It points out that the Left knows Echelon, a global electronic surveillance network, "has been monitoring Indian telecommunications for decades".

Chidambaram said a more appropriate response would

be to ask for security clearance of foreign partners and make it mandatory for resident Indians to hold critical management and technical positions in telecom firms.

The government has prepared a cabinet note — delayed to convince the Left, a key ally — which says FDI in telecom beyond 49 per cent will be vetted by the Foreign Investment Promotion Board and security agencies will ensure "that investment is not coming from unfriendly countries".

Moreover, it states a "majority of directors on board (of telecom firms) shall be nominated by Indian shareholders".

As another safeguard, it states: "In case, in spite of above safeguards, management control gets transferred in the hands of foreign promoters, the licence(s) granted shall be deemed cancelled..."

But the Left is unconvinced. "Canada allows only 46.7 per cent, of which only 20 per cent can be invested directly. Similarly, ...China has committed to open up only up to 49 per cent stake in telecom firms to FDI by 2007. Malaysia allows only 30 per cent FDI and the US only 20 per cent on radio licences. There has to be more to these decisions than spectrum availability," Roy said.

But what could tilt the balance is Chidambaram's argument that as the country needs to invest Rs 160,000 crore in the telecom sector by 2007, "FDI becomes a key resource... slowing the momentum at this stage will result in losing several direct and indirect benefits of telecom growth".

He also argued that even if domestic capital of this magnitude were to become available, which is doubtful, it would certainly be at the cost of investment in other sectors where foreign investment may not enter as readily.



(From left) The CPM's Sitaram Yechury, the CPI's D. Raja and former Prime Minister V.P. Singh at a rally in New Delhi to protest against the shifting of smallscale and cottage industries from residential areas. (PTI)

Patil details Northeast steps

OUR SPECIAL CORRESPONDENT

New Delhi, Oct. 12: Union home minister Shivraj Patil seems to have pacified Left leaders — at least for the time being — by giving a detailed report on Jammu and Kashmir and the Northeast at this evening's Left-United Progressive Alliance coordination committee meeting.

Patil claimed the situation has improved in the Northeast and Manipur and Assam were returning to normal at the two-hour meeting at 7, Race Course Road.

"The home minister gave a detailed account of the security measures taken in Jammu and Kashmir and Northeast, the efforts made by him and his ministry to engage various sections of the people in negotiations and the measures to restore confidence among people," said

Union finance minister P. Chidambaram.

CPM politburo member Sitaram Yechury said the Left parties raised the issue of terrorist camps in Bangladesh. "The government told us that it was aware of what was happening and will discuss the issue with the Bangladesh government," he added.

Apart from the leaders of the four Left parties, Patil, Chidambaram, Prime Minister Manmohan Singh, UPA chairperson Sonia Gandhi, defence minister Pranab Mukherjee and Congress MP Ahmed Patel were among those present.

The Left parties had expressed dissatisfaction with the handling of the situation in Jammu and Kashmir and the Northeast and, in a meeting last evening, had decided to focus on these two areas.

Patil today claimed the Left is not unhappy with his measures in the

troubled areas. "People who have been reported as criticising my handling have been calling me up saying that they have not said all that," he told reporters.

The other contentious issue of raising limits on foreign investment in certain sectors did not figure in the discussions.

The government has given the Left a detailed response to its note on FDI in telecommunications and insurance. "We have to study the note first and then give our comments," said Yechury.

"The issue will be discussed at the next coordination committee meeting," said Chidambaram. "The Left has also demanded a review of the Electricity Act, 2003," he added.

The Left has made it clear it will oppose raising the FDI cap in telecom and insurance though it has agreed to give in on the aviation sector.

THE TELEGRAPH

13 OCT 2004

India set to give a thrust to global economic growth

Washington: Enthused by the 7.4 per cent gdp growth in the first quarter, finance minister P Chidambaram has said the economy was expected to grow by 6.5-7.0 per cent this fiscal despite delayed monsoons and oil price pressures.

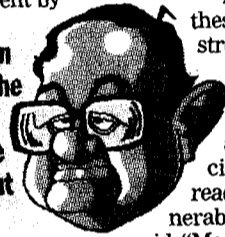
"Along with China and the emerging Asia, India is poised to become a major driver of global growth in the medium term," he said, adding, "despite delayed monsoon and oil price pressures, the economy is expected to grow in the range of 6.5-7.0 per cent this year." Addressing the ministerial level international monetary and finance committee (IMFC), Chidambaram said, "the key to growth is enhanced investment — public and private, domestic and foreign."

With economy already showing signs of high growth, he said, "a strong revival of investment demand and business confidence is evident." Asserting that the UPA government was committed to carry forward reforms with a human face with thrust on health, education and employment, he said "India has pur-

sued its own design of domestic economic reforms since early 1990s, duly incorporating the impact of domestic political cycles."

Fiscal consolidation (reduction of fiscal and revenue deficits) remains high on the agenda, Chidambaram said, adding the new government had demonstrated its commitment by

Despite delayed monsoon and oil price pressures, the Indian economy is expected to grow in the range of 6.5-7.0 per cent this year



notifying the fiscal responsibility and budget management act and the detailed rules for its implementation in July. The external position had added to overall confidence and the country's credit standing has improved in international markets, he said.

"The government is committed to promoting multilateral trade liberalisation policies in the spirit of the

Doha round, Chidambaram said and added that India had liberalised its external sector. Admitting that the current outlook for oil prices makes the macroeconomic management in India very complex, he said, "monetary policy will continue to emphasise on price stability with growth."

An enduring solution to these problems was the strengthening of cooperation between the oil importing and exporting countries to stabilise the market and for international financial institutions to stand ready to support countries vulnerable to potential shocks, he said. "Measures to constrain demand would include enhancing efficiency in the use of energy, in particular in growing emerging economies including India, and tapping alternative sources of energy," he said.

Compared to earlier oil price shocks, he said countries have become more resilient through the pursuit of sound macroeconomic policies. PTI

Relook at Subsidies

Or 12
11 10
The debate cries out for
consumer intervention

With world oil prices crossing \$50 per barrel, the government could end up spending at least Rs 4,000 crore more than the budgeted petroleum subsidy figure of Rs 3,559 crore for 2004-05. The reason for this estimate is not far to seek: The government actually spent Rs 6,572 crore as petroleum subsidy in 2003-04, when oil prices averaged less than \$40 per barrel. The government can make up this loss by squeezing spending on defence, and cutting down on other subsidies. What is the scope on the latter front? According to the Budget papers, about Rs 45,000 crore is spent as subsidies every year, which amount to 8% of non-Plan expenditure and 2% of GDP. Of this, food and fertilisers account for over Rs 35,000 crore, while petroleum accounts for a major proportion of the remaining sum. However, a White Paper in 1997 estimated subsidies at 14% of GDP or more than Rs 330,000 crore, thereby incorporating almost all of non-Plan revenue spending. Just 3.5% of GDP was categorised as 'merit subsidies', with the rest coming under 'non-merit subsidies'. Merit subsidies comprise expenditure on primary education, flood control, road and bridge construction, sewerage and sanitation services, whereas subsidies on power, irrigation, transport, higher education, agriculture and industry are considered wholly useless.

Subsidies are considered undesirable if they cause market leakages to the disadvantage of the intended beneficiary, as in the case of kerosene. In other cases, such as fertiliser and LPG users, they are seen to abet inefficiencies in industry and help privileged sections. However, there are many areas that do not lend themselves to easy judgment in a complex economy and polity such as ours. For example, attempts to pare subsidy by 'targeting' it exclusively to the disadvantaged, such as in the case of PDS, have failed because the 'below poverty line' population lacks the political power to enforce its rights. Therefore, the key issue is to balance fiscal, or subsidy reduction, with social goals. The solution lies in the realm of the socio-political. Political parties should look out of the box and mobilise consumers, more so those on the periphery of the market, as a political constituency. The emergence of consumers as a political force would ensure that subsidy reduction actually leads to efficient interplay of market forces, while creating a safety net for the disadvantaged. Consumer cooperatives could generate a social momentum, empowering producers and shaking up distribution as well. In sum, they can reconcile the goal of lean government and better markets with strong civil society institutions.

মন্টেক চুপ থাকলেই বিতর্ক এড়ানো যেত, দাবি ইয়েচুরির

স্টাফ রিপোর্টার, নয়াদিল্লি, ২৮ সেপ্টেম্বর: প্রধানমন্ত্রী মনমোহন সিংহ এখন যে ভাবে চলছেন, মন্টেক সিংহ অহলুওয়ালিয়াও যদি সে ভাবে চলতেন, তা হলে যোজনা কমিশন নিয়ে বিতর্ক বাধত না বলে মনে করেন সি পি এম পলিটব্যুরোর সদস্য সীতারাম ইয়েচুরি। বিশ্বব্যাপ্তের মতো বহুপাক্ষিক সংগঠনগুলির প্রতিনিধিদের এখন সরিয়ে নেওয়া না-হলে আন্তর্জাতিক দুনিয়ায় ভুল সঙ্কেত যাবে বলেও জানিয়ে দিয়েছেন তিনি।

এ দিকে, যোজনা কমিশনের ডেপুটি চেয়ারম্যান মন্টেক সিংহ অহলুওয়ালিয়া আজ পূর্ণ কমিশনের বৈঠকের পর বলেন, তিনি শীঘ্রই প্রধানমন্ত্রীর সঙ্গে দেখা করে বিস্তারিত কথাবার্তা বলবেন। কমিশনের সমস্ত সদস্য এ বিষয়ে 'একমত' বলেও মন্তব্য করেছেন তিনি। তবে বিষয়টি নিয়ে জল এত ঘোলা হয়েছে যে আজ আর এ বিষয়ে তিনি নিজেদের মতামত প্রকাশ্যে জানাননি। শুধু বলেন, প্রধানমন্ত্রী মনমোহন সিংহের সঙ্গে কথা বলে একটি সূষ্ঠ সমাধানের বিষয়ে

তিনি আশাবাদী। কমিশনের সদস্যেরা কিন্তু আগেই বুঝিয়ে দিয়েছিলেন যে তাঁরা বহুপাক্ষিক সংস্থাগুলির প্রতিনিধিদের উপদেষ্টা কমিটিগুলিতে রাখার পক্ষপাতী।

সীতারাম কিন্তু এই বিতর্কের পুরো দায় চাপিয়ে দিয়েছেন মন্টেকের উপর। “অনেক আগেই প্রধানমন্ত্রীর সঙ্গে এ বিষয়ে আমাদের কথা হয়ে গিয়েছিল এবং সমাধানের দায়িত্ব তাঁর হাতেই আমরা ছেড়ে দিয়েছিলাম,” বলেন তিনি। সীতারামের বক্তব্য, “তার পর মন্টেক এ নিয়ে মুখ খুলে সব কিছু গুণগোল করে দিলেন।” এই প্রসঙ্গেই তিনি জানান, মন্টেক যদি সিদ্ধান্ত নেওয়ার আগে তাঁদের সঙ্গে আলোচনা করতেন, তা হলে সমস্যা তৈরিই হত না। প্রধানমন্ত্রী এখন সে ভাবেই চলছেন বলেও স্বীকার করে নিয়েছেন তিনি।

তবে তাঁর কথার মধ্যেই স্পষ্ট ছিল যে প্রধানমন্ত্রীও গোড়ার দিকে এ ভাবে চলতেন না। সরকারের সঙ্গে বার বার তাঁদের বিরোধ বাধছে কেন, এই প্রশ্নের উত্তরে ইয়েচুরি বলেন, “যে সব বিষয়ে সরকার এক তরফা সিদ্ধান্ত নিয়েছে,

সেখানেই সমস্যা তৈরি হয়েছে।” উদাহরণ, বিমা, বিমানবন্দর ও টেলিকমে বিদেশি বিনিয়োগ বাড়ানোর কথা ঘোষণা করা, প্রভিডেন্ট ফান্ডের সুদের হার, যোজনা কমিশন, ইত্যাদি।

সরকার অবশ্য বামদলের সঙ্গে আলোচনার আগে দিল্লি-মুম্বই বিমানবন্দরের বেসরকারীকরণের বিষয়টি নিয়ে এগোচ্ছেন না। তবে দলের সিদ্ধান্ত অনুযায়ী সীতারাম জানিয়ে দিয়েছেন, বেসরকারি বিমানসংস্থায় বিদেশি বিনিয়োগ বাড়ানোর প্রশ্নে তাঁদের কোনও আপত্তি নেই। কিন্তু কমিউনিস্টদের একাংশ দিল্লি-মুম্বই বিমানবন্দরের বেসরকারীকরণের উপর থেকে আপত্তি তুলে নেওয়ার পক্ষে হলেও সীতারাম জানিয়েছেন, তাঁরা বিষয়টি নিয়ে সরকারের সঙ্গে কথা বলতে চান।

অন্য দিকে যোজনা কমিশন প্রসঙ্গে ইয়েচুরির বক্তব্য, বহুপাক্ষিক সংস্থার কত জন প্রতিনিধি উপদেষ্টা কমিটিতে আছেন, সেটা প্রশ্ন নয়। প্রশ্ন হল, “এ ভাবে বিদেশি সংস্থার জন্য দরজা খুলে দেওয়া কি সরকারের ঠিক হচ্ছে?”

Suspense continues over foreign experts issue

Planning Commission chief to meet Manmohan soon

HT Correspondent
New Delhi, September 28

PLANNING COMMISSION deputy chairman Montek Singh Ahluwalia on Tuesday said that he would meet Prime Minister Manmohan Singh in a day or two to defuse the row over the appointment of foreign experts in the Planning Commission. The Left parties have been critical of the decision to have foreign experts from the World Bank, Asian Development Bank and consulting firm McKinsey & Co in the consultative groups of the Commission for mid-term appraisal of the 10th Plan.

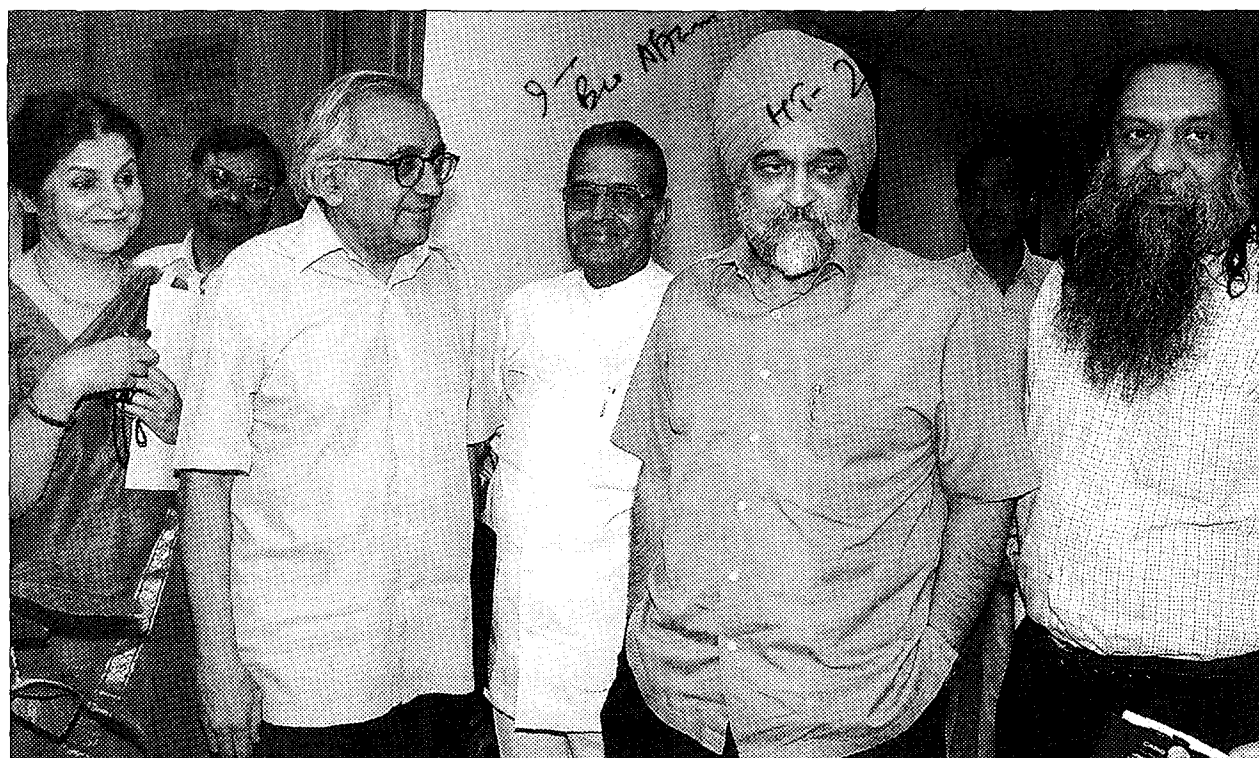
Ahluwalia met members of the Commission over the issue that has rocked the government's economic think-tank following stiff resistance from the Left parties. "We have discussed the issue and will report back to the Prime minister in a day or two. We want to resolve the matter in a few days' time," Ahluwalia told newsmen after the meeting with the Planning Commission members. He said the Commission was unanimous on resolving the issue.

He, however, declined to divulge details about the meeting. Nor did he hint at any possible solution to the controversy.

He dismissed as "speculation" newspapers reports of various options being considered by the government to resolve the issue. Ahluwalia did not take any question on whether the experts had already quit. The institutions are reported to have written to Ahluwalia saying they would withdraw from the consultation groups to avert any crisis. Tuesday's meeting was attended by three members — including Kirit Parikh, Sayeda Hameed and Abhijit Sen, who's wife Jayati Ghosh is among the five economists who have threatened to quit. Meanwhile, the World Bank's economic advisor Roberto Zaghera told *PTI* on the sidelines of an ICRIER seminar that the Planning Commission would take a "wise decision and the issue will be resolved soon".

'NPA the way to go, not FDI'

RSP LEADER Abani Roy on Tuesday asked the government to mobilise resources by recovering non-performing assets (NPAs) to strengthen public sector units, including those in the aviation sector, instead of going in for FDI.



CRISIS MANAGEMENT: Montek Singh Ahluwalia with members of the Planning Commission after a meeting in New Delhi.

AJAY AGGARWAL/HT

Sonia meets PM

CONGRESS CHIEF Sonia Gandhi had a 40-minute meeting with Manmohan Singh on Tuesday during which they are believed to have discussed his meetings with British PM Tony Blair, US President George W. Bush and Pakistan President Pervez Musharraf.

The meeting is significant as it comes in the backdrop of the Left's criticism of the induction of foreign experts in the Plan panel and the controversy over FDI caps in the telecom, insurance and aviation sectors. A meeting of the UPA Coordination Committee may take place on September 30.

Meanwhile, the Congress distanced itself from the controversy that the election of the BCCI president was being 'politicised'. It sidestepped questions on whether it would back Pawar's bid stating that the sports body should be kept away from politics. *HTC*

Follow PM's example: Yechury to Montek

Saroj Nagi
New Delhi, September 28

FOLLOW THE Prime Minister's example and adapt yourself. That, in a nutshell, is the CPI(M)'s terse advice to Montek Singh Ahluwalia, deputy chairman of the Planning Commission.

CPI(M) leader Sitaram Yechury, who is leading the Left campaign to seek the removal of foreign experts in Planning Commission panels, sees a vital difference between Montek and the Prime Minister.

"Singh is the coalition's Prime Minister. He is working within the CMP. Unfortunately, others are not following his practice," said Yechury, indicating that Montek perhaps didn't consult the PM while opening up

Having such experts on board sends out a wrong signal, especially when globalisation launches an onslaught on economic sovereignty... Also, the question isn't about the number of experts but whose interests they serve

the Planning Commission to international agencies. Yechury is now banking on the PM's assurance that he will keep the Left's "sensitivities" in mind while dealing with the ticklish issue. "The ball is now in the government's court," he said.

If the experts are not removed, the campaign for their ouster will continue. Even if they are removed, the

battle will continue since the question wasn't of individuals but of fighting the influence of World Bank policies. "We will have to resist it continuously," said Yechury.

"Having such experts on board sends out a wrong signal, especially when globalisation launches an onslaught on economic sovereignty... Also, the question is not of the number of experts but whose interests they serve," he said.

Blaming Ahluwalia for blowing the controversy "out of proportion," Yechury said the CPI(M) was satisfied with the Prime Minister's assurance to keep Left's sensitivities in mind. But Montek's subsequent remarks aggravated the issue and even prompted the panel's Left-leaning economists to threaten to quit unless

foreign experts were excluded.

Yechury noted that friction with the government came up only when the coalition departed from the CMP. He refuted charges that the Communists were rocking the UPA boat. "No government has fallen because of us," he said.

Yechury denied that the Left's stance on foreign experts and FDI issues would make foreign investors think twice before coming to India. He said that any FDI must satisfy three conditions without hurting the country's security — add to productive capacity, upgrade technology and generate employment.

He also stressed on the need to seek convergence between welfare objectives and profit-making in a liberalised economy.

Despite pressure, oil prices may not be raised

By Our Special Correspondent

NEW DELHI, SEPT. 27. With the inflationary pressures growing on the economy, the Central Government is not likely to raise the prices of petrol and diesel when the next fortnightly review of prices is carried out on September 30. This is despite the fact that international crude prices are soaring and have even crossed \$49 a barrel.

Despite the assertion by the member countries of the Organisation of Petroleum Export Countries recently at a meeting that price stability was needed in world markets, the volatility on the price front continues owing

largely to the turmoil in West Asia and Iraq as well as U.S. production having been affected by Hurricane Ivan.

Oil industry sources, however, insist that the prices will have to be raised at least marginally to compensate for the losses being incurred by selling at the current retail rates. The oil companies have proposed that the prices be raised by over Re. 1 a litre for diesel to bring the prices up to the import parity level.

High inflation

The demand is not likely to be conceded as the Government is struggling to contain the rate of inflation, which had crossed

eight per cent at one stage and now is over 7.5 per cent. Any increase in the diesel price will have a cascading effect on the prices and push up the wholesale price index even further. Besides, the Petroleum Ministry is aware that the oil-refining margins have shot up along with the rise in the crude oil prices. This has given a cushion to most oil refineries enabling them to absorb the marketing losses.

Refining margins

A company such as IBP, however, is facing difficulties as it is only an oil product-marketing firm and cannot make up for its losses by the refining margins. It

went into the red in the last quarter and would have to be supported by the parent company, the Indian Oil Corporation.

In contrast, IOC is now earning about \$7 to \$8 a barrel as the refining margin which is sufficient compensation — according to official sources — for bearing the burden of the higher world prices. IOC, however, like Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited, has pointed out that the failure to raise the domestic prices of petrol and diesel may not have an immediate impact but will affect the profitability of these companies in the long term.

মন্টেকের ফরমান

দ্রুত কমাতে হবে যোজনা বহির্ভূত ব্যয়

জয়ন্ত ঘোষাল • নয়াদিল্লি

২৬ সেপ্টেম্বর: আয় ১০০ পয়সা, আর ব্যয় ১০৪ পয়সা। বিদেশি বিনিয়োগ ও শিল্প-সম্ভাবনা বাড়লেও এই যখন হাল পশ্চিমবঙ্গের অর্থনীতির, তখন মন্টেক সিংহ অহলুওয়ালিয়ার কড়া ফরমান, যোজনা-বহির্ভূত ব্যয় কমিয়ে আর্থিক ব্যবস্থাকে জলদি ঝঞ্জ করুন।

সরকারি কর্মচারীদের বেতন, পেনশন ও কেন্দ্রীয় সরকারের দেওয়া ঋণের সুদ দিতে গিয়েই পশ্চিমবঙ্গ সরকারকে খরচ করতে হয় এক টাকায় ১০৪ পয়সা। অর্থাৎ, রাজ্যের আয়ের থেকে ব্যয় বেশি। যোজনা কমিশন পশ্চিমবঙ্গের রাজস্ব পরিস্থিতির পর্যালোচনা করে সম্প্রতি যে রিপোর্ট তৈরি করেছে, তাতেই বলা হচ্ছে ১৯৯৭-৯৮ সালে এই খাতে শতকরা খরচ ছিল ৯৫.১২ ভাগ। আর ২০০১-০২ সালে তা বেড়ে দাঁড়িয়েছে ১০৪.২৭ ভাগ। রাজ্যের কাছে যোজনা কমিশনের ডেপুটি চেয়ারম্যান তাই যোজনা-বহির্ভূত ব্যয় কমানোর পাশাপাশি সফট মোচনে কেন্দ্রীয় সাহায্যের পরিমাণও অনেক বাড়িয়ে দেওয়ার কথা জানিয়ে দিয়েছেন।

পশ্চিমবঙ্গে শিল্পে বিনিয়োগের জন্য মুখ্যমন্ত্রী বুদ্ধদেব ভট্টাচার্যের প্রচেষ্টাকে গোটা দেশের শীর্ষ শিল্পপতি সমাজ সম্প্রতি একত্রে স্বাগত জানিয়েছে। যোজনা কমিশনের রিপোর্টেও রাজ্যে এই শিল্পোন্নতির কথা স্বীকার করা হয়েছে। কিন্তু পশ্চিমবঙ্গের অর্থমন্ত্রকের কাছে যোজনা কমিশনের প্রশ্ন, বিদেশি বিনিয়োগ ও শিল্পের সম্ভাবনা বাড়লেও রাজ্যের আর্থিক পরিস্থিতির হাল এত শোচনীয় কেন?

যোজনা কমিশনের উপদেষ্টাদের তৈরি এই রিপোর্টটি কিন্তু রাজ্য সরকারের দেওয়া তথ্যের ভিত্তিতেই তৈরি। রিপোর্টটি রাজ্যের মুখ্যসচিবের কাছেও পাঠানো হয়েছে। এই রিপোর্টে বলা হচ্ছে,

● ২০০২-০৩ সালে চলতি রাজস্ব ঘাটতি ৫৮০৫ কোটি ৫২ লক্ষ টাকা থেকে বেড়ে হয়েছে ৮৭৯০ কোটি ৯১ লক্ষ টাকা। ২০০৩-০৪ সালেও এই ঘাটতি হচ্ছে ৭৯১৩ কোটি ৮০ লক্ষ টাকা। যোজনা কমিশনের বক্তব্য, এই শোচনীয় আর্থিক হালের প্রধান কারণ হল রাজস্ব সংগ্রহ যা না হচ্ছে, তার থেকে অনেক বেশি টাকা যাচ্ছে যোজনা-বহির্ভূত ব্যয়ে। ● রাজ্যে বকেয়া দায় ২০০১ সনের ৩১ মার্চের হিসাব অনুযায়ী ছিল ৪৭২৪৯ কোটি টাকা। মাত্র দু' বছরের মধ্যে যা বেড়ে দাঁড়িয়েছে ৬৮১১১ কোটি টাকা। অর্থাৎ, বছরে ১০ হাজার কোটি টাকারও বেশি আর্থিক বকেয়া দায় চেপেছে রাজ্যের কাঁধে। ● নবম যোজনার ভবিষ্যৎ-অনুমান (প্রোজেকশন) অনুসারে রাজ্যের নিজস্ব তহবিলের ঘাটতি ধরা হয়েছিল ৯৮৮০ কোটি ৬০ লক্ষ টাকা। বাস্তবে এই ঘাটতি বেড়ে দাঁড়ায় ১৯,৮৭৮ কোটি ৭০ লক্ষ টাকা। এ বার দশম যোজনার প্রোজেকশনের সময়ে মোট ঋণ এবং কেন্দ্রীয় সহায়তার পরিমাণ অনেকটাই বাড়িয়ে দেওয়া হয়েছে। ফলে ঘাটতি দশম যোজনায় কিছুটা কমানো সম্ভব হবে বলে মনে করা হয়েছিল। কিন্তু এখন দেখা যাচ্ছে সব রকম সহায়তা নিয়েও ঘাটতি দাঁড়াচ্ছে ৩১২৯৮ কোটি ৬২ লক্ষ টাকা। কেন্দ্রীয় সহায়তা অনেকটাই বাড়িয়ে দেওয়া হয়েছে। নবম যোজনায় যা ছিল প্রায় ৮৫০৬ কোটি, দশম যোজনায় সেটা দাঁড়িয়েছে ১৪,৩৪৫ কোটি টাকায়।

যোজনা কমিশন সূত্রে অবশ্য বলা হচ্ছে, শুধুমাত্র পশ্চিমবঙ্গেই নয়, বহু রাজ্যেরই এমন নুন আনতে পাস্তা ফুরায় পরিস্থিতি। রাজ্যের এই সার্বিক আর্থিক হালের উন্নতি না-হলে গোটা দেশের অর্থনীতির সৃষ্টি বিকাশ যেমন হতে পারে না, তেমন রাজ্যগুলির এই পরিস্থিতির জন্য কেন্দ্রীয় সরকারের নীতিকেও দায়ী করে বহু রাজ্য সরকার। আবার রাজনৈতিক ও জনমুখী কারণে কড়া সিদ্ধান্ত নেওয়া অনেক সময়ে কঠিন হয়ে পড়ে। ফলে ভর্তুকি ও দায় রাজ্যের ঘাড়ে চাপতেই থাকে। পশ্চিমবঙ্গ সংক্রান্ত রিপোর্ট থেকেই জানা যাচ্ছে শুধুমাত্র বেতন দেওয়ার জন্যই দশম যোজনায় রাজ্যকে খরচ করতে হবে ৩২৬১৩ কোটি ২৫ লক্ষ টাকা। যার মধ্যে ২০০৩-০৪ সালে কেবল এক বছরে এই বাবদ ৭০৪০ কোটি টাকা লাগবে। দশম যোজনায় ডি এ দিতে খরচ হচ্ছে ১৩৬৩ কোটি।

দশম যোজনায় রাজ্যের পরিবহণ সংস্থাগুলির লোকসান দাঁড়াবে প্রায় ১০০০ কোটি টাকা। রাজ্যের পি এফের জন্য দশম যোজনায় ধরা হয়েছে ১৩৪৫ কোটি। ঋণ স্বল্প থেকে ঋণ নেওয়ার পরিমাণ দাঁড়াবে ৩৩০৪০ কোটি। মন্টেক ডেপুটি চেয়ারপার্সন হওয়ার পরে রাজ্যকে সাহায্য করতে এগিয়ে এসেছেন। সম্প্রতি রাজ্যকে ৩ হাজার কোটি টাকার বিশেষ সুবিধাও দেওয়া হয়েছে।

PCC fumes at Basu remark

STATESMAN NEWS SERVICE

KOLKATA, Sept. 25. — The state Congress today reacted to Mr Jyoti Basu's remarks on Dr Montek Singh Ahluwalia with scorn and contempt. Taking exception to the former chief minister's "uncharitable" remark yesterday against the Planning Commission deputy chairman, the PCC asked: "Is it a sin to work in the World Bank or be associated with any institution with US links? If that were so, how could Mr Jyoti Basu induct Mr Asim Dasgupta into his Cabinet as finance minister in which capacity he has been continuing for the past 18 years?"

Mr Basu strongly opposed the inclusion of experts from the World Bank, Asian Development Bank and McKinsey in the Planning Commission and said that Dr Ahluwalia had worked in the World Bank and he needed to change his attitude.

"We are really surprised by such a comment from a leader of Mr Basu's stature. We had no idea about what Mr Basu is actually driving at by referring to

Dr Ahluwalia's background, though he is an administrator and economist of impeccable record," Mr Manash Bhuniya, state Congress general secretary said.

The PCC leader said that if the logic of the veteran Politburo member of the CPI-M is to be followed, then one might as well ask how Mr Basu himself had chosen to induct Mr Dasgupta who had been educated at the famous US institution, MIT.

Mr Dasgupta continues to be the finance minister of Mr Basu's successor, Mr Buddhadeb Bhattacharjee.

"We understand the CPI-M has the compulsion to placate the dogmatic Marxists among its ranks for extending outside support to the Congress-led government at the Centre, but that doesn't mean a leader like Mr Basu should try to confuse the people by insinuating about Mr Ahluwalia's association with the World Bank. In that case, we could also say so many unpalatable things about the CPI-M," Mr Bhuniya said, articulating the feelings of the state Congress leadership.

What's there for Jyoti Babu to object, asks Manmohan

STATESMAN NEWS SERVICE

NEW YORK, Sept. 25. — "It is my duty and my obligation to promote India abroad," the Prime Minister said today, responding to criticism from the Left parties that he was a "salesman" for India Inc.

"I don't know what there is for Jyoti Babu to object to," Dr Manmohan Singh said in reply to a question at a press conference with Indian reporters to round up his week-long visit to this city. "I met Jyoti Babu before I left and I told him I would be explaining what we are doing in India." And this

included seeking investment and higher involvement from NRIs in the development process. In the "world of high finance" at the New York Stock Exchange, he had to "promote and sell India" to the CEOs gathered there, who had complaints about infrastructure, "excessive bureaucratisation" and corruption.

The government is trying its best to reach out to all segments of society, the Prime Minister said, explaining the rationale for the National Advisory Council set up by Mrs Sonia Gandhi. The council includes among its members

leading sociologists and "thinking" people. "We in government do not claim to have a monopoly on wisdom," Dr Singh said while stressing the need to have such an advisory body.

The Prime Minister hoped that when Parliament reconvenes for the winter session, the disruptions and chaos would be "a thing of the past" after the Speaker, Mr Somnath Chatterjee, had sought an all-party meeting to allow for the smooth functioning of the legislature.

Snippets from NY,
page 10

Basu calls Montek a World Bank man

KOLKATA, Sept. 24. — Mr Jyoti Basu today described Planning Commission deputy chairman Mr Montek Singh Ahluwalia as a "World Bank man". "He belongs to the World Bank," the former chief minister and Politburo member said while expressing concern over the inclusion of experts from the World Bank, Asian Development Bank and McKinsey in the Planning Commission.

"Mr Singh is all wrong. I have never met him," Mr Basu said after the weekly meeting of the party's state secretariat. Asked whether he would demand Mr Singh's



resignation, he said: "It's not a question of resignation. He should change his mind."

Mr Basu hastened to add that he was not averse to accepting financial or technical help from any of these organisations. "There is no problem if a scheme is funded by the World Bank. Even the West Bengal government has taken a loan from it." The Left parties will, however, continue to press for the removal of foreign experts.

Mr Basu clearly wants the matter to be settled. "But I don't know what is happening. Why are people from both sides talking of resignation?" — SNS

AICC refutes Basu charge, page 5

PIL on ultra sop

NEW DELHI, Sept. 24. — The Supreme Court (coram, Lahoti, CJ, Mathur, Naolekar, JJ) today issued notices to the Centre and J&K government on a petition challenging Mufti Md Sayeed's policy of granting monetary compensation to surrendered militants to assist in their rehabilitation. The state's policy of awarding a compensation of Rs 1.5 lakh and a monthly pension of of Rs 2,000 for three years to surrendered terrorists "will encourage other youth to take up weapons against national forces and kill innocent citizens", the Society for Human Rights and Civil Liberties said in its PIL. It will also encourage militancy in other states, it said. The J&K government had notified the compensation on 31 January and the Centre had later vetted the scheme. As per the notification, two categories of surrendered militants, would be rehabilitated — known militants who surrender with weapons and hardcore militants even without weapons. — SNS

AVOID PUBLIC SPAT: MANMOHAN

FM tunes into Left

23/9

SF-1

J-Bes Atrains

Mohan Sahay in New Delhi



Playing host

Sept. 22. — Having had the PMO and the Planning Commission for breakfast over the foreign consultants issue, the Left was today lunched and dined by the finance minister.

Mr P Chidambaram, senior officials said, issued the invitations on instructions from the Prime Minister, who is in New York, and wanted to avoid further "public spat" with the Left while he tries to "sell" India to foreign investors. Mr Chidambaram told Mr Prakash Karat and Mr Sitaram Yechury, both members of the CPI-M's Politburo, over lunch that the government has taken the Left view with all seriousness.

Fearing a backlash from the junior partners in the Left, the finance minister extended a dinner invitation to Mr AB Bardhan and Mr D Raja of the CPI to brief them on what he told the CPI-M leaders over lunch.

Today's exercise is seen as a quick follow-up to yesterday's dramatic developments when representatives of the World Bank, ADB and consultancy group McKinsey offered to resign as consultants of the Planning Commission.

Mr Chidambaram reportedly told the Left leaders that a draft Bill is ready for a

Experts pledge support

NEW DELHI, Sept. 22. — A day after having quietly "dropped out" from the consultative committees formed to assess the mid-term results of the 10th Plan, McKinsey, the management consultants and the World Bank have written to the deputy chairman of the planning commission, Dr Montek Singh Ahluwalia, pledging support.

The strong protests by the Left parties to the Prime Minister, Dr Manmohan Singh, and the UPA chairperson, Mrs Sonia Gandhi, and then the protests by Left-leaning intellectuals who were part of these committees, prompted officials from McKinsey and the World Bank to consider resigning and ensure the Planning Commission was not embarrassed further. — SNS

Details on page

rural employment guarantee scheme one of the major demands of the Left for implementation under the Commc Minimum Programme. The Bill will be introduced in the winter session of Parliament beginning in November.

CPI-M leaders were also informed that the finance minister that the government would soon respond to the objection raised by the Left parties over raising the FDI cap in the telecommunication sector.

According to Mr Karat, the finance minister presented a brief report card on the government's performance in the first four months. Exports have registered an increase, the stock market is looking up and inflation is under control, he told the Left leaders. Mr Karat said the CPI-M would study the government note on FDI caps which they are yet to receive.

THE STATESMAN

23 SEP 2004

Foreign experts pledge support

Statesman News Service

NEW DELHI, Sept. 22. — A day after they quietly 'dropped out' from the consultative committees formed to assess the mid-term results of the 10th five year plan, McKinsey, the management consultants and the World Bank have written to the deputy chairman of the planning commission, Dr Montek Singh Ahluwalia, pledging support.

The strong protests by the Left parties to the Prime Minister, Dr Manmohan Singh, and the UPA chairperson, Mrs Sonia Gandhi, and then the protests by Left-leaning intellectuals who were part of these committees, prompted officials from McKinsey and the World Bank to consider resigning and ensure the

Planning Commission was not embarrassed further.

A letter by a McKinsey official to Dr Ahluwalia said the controversy has been detracting from the actual work at hand. While promising to support Dr Ahluwalia from outside, the official said McKinsey had agreed to participate in the spirit of helping the country by contributing its knowledge of the Indian economy to the process. Importantly, McKinsey said most of its consultants are Indians and 'strong ties to the country. While the World Bank is officially saying it will arrive at a decision after the PM and the deputy chairman of the Planning Commission return from New York, it has said it will be happy to informally help if 'consultations' are necessary. One consultant, representing a

foreign organisation has reportedly said he will quit only when he has been asked to.

The trouble broke out afresh yesterday when five left-leaning intellectuals wrote to Dr Ahluwalia threatening to resign if representatives from the World Bank, Asian Development Bank and McKinsey continued to be on the consultative committees. They said such organisations were working for the United States and that would mean the direct interference of a foreign country in the Indian planning process. Initially, the Planning Commission said they would merely provide inputs and not shape policy, but Left pressure has prevailed.

Seeking to play safe, the AICC today said the matter relating to the foreign experts' decision to

quit various panels of Planning Commission was "restricted" between "the deputy chairman of the Commission and the experts."

The AICC spokesman, Mr Anand Sharma, denied that the development coming close on the heels of the Left's fierce opposition and five Left academics' threat to resign from some Planning Commission's panels should be interpreted as "the Left victory and the Congress surrender."

Although the AICC would officially insist that the development was not driven by "political leadership", there is speculation that the foreign experts were asked by the Congress leadership to put in their papers in their bid to avoid a "showdown" with the Left parties on the issue.

Foreign experts offer to quit plan panel

9-23-04
9:30 AM
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New Delhi: Foreign consultants in the planning commission on Wednesday offered to quit the panel but the government said a decision on this would be taken after Prime Minister Manmohan Singh's return from abroad.

"They (foreign consultants from the World Bank, ADB and McKinsey) have communicated that they will withdraw. Deputy chairman Montek Singh Ahluwalia will take a final decision after consulting other members of the planning commission upon his return from the trip abroad," commission spokesperson said. Reacting to their offer, the left parties welcomed it, saying a "needless" controversy was made by their appointments.

McKinsey and World Bank have communicated to Ahluwalia, who is part of the Prime Minister's entourage to US, that they would continue to offer "informal consultation" to the commission, the spokesperson said. In its communication, McKinsey said that the controversy was distracting from the actual work of the commission. "We will continue to

support from outside. It is with the spirit of helping the country by contributing our knowledge of Indian economy."

Asked about the resignations, Ahluwalia said in New York that "I will comment on it after I return to India".



M S Ahluwalia

However, even as consultants from World Bank, ADB and McKinsey offered to resign, Boston Consulting Group's Arun Maira remained unfazed by the controversy, saying he would continue to work with the plan body until he is "kicked out".

He also attended the consultative committee on industry meeting from which economists Jayati Ghosh, Chandrshekhar and McKinsey director Adil Zainulbhai remained conspicuous by their absence.

The CPM expressed satisfaction over the development with politburo member Sitaram Yechuri, saying: "We are satisfied with the Prime Minister's assurance... The issue would be taken up at the next meeting of UPA-Left coordination committee after the Prime Minister returns from the US visit." PTI

লক্ষ্য মন্ডেক, শ্রী ইন্তফার হুমকি বাম উপদেষ্টাদের

দীপ্তেন্দ্র রায়চৌধুরী

নয়াদিপ্লি, ২১ সেপ্টেম্বর: যোজনা কমিশনে বহুপাক্ষিক সংস্থার প্রতিনিধি রাখার প্রপ্নে অনড় থাকার কথা জানিয়ে মন্ডেক সিংহ অহলুওয়ালিয়া যে আশুনে ঘৃতাহুতি দিয়েছেন, তা আজ স্পষ্ট হয়ে গিয়েছে। প্রভাত পট্টনায়ক সহ সি পি এমের সদস্য কিংবা ঘনিষ্ঠ অর্ধনীতিবিদেরা আজ হুমকি দিয়েছেন যে বিশ্বব্যাঙ্ক, এশিয়ান ডেভেলপমেন্ট ব্যাঙ্ক বা ম্যাকিনসের প্রতিনিধিরা থাকলে তাঁরা উপদেষ্টা কমিটি থেকে পদত্যাগ করবেন। আর চার বাম দলের নেতারা ই পৃথক পৃথক ভাবে জানিয়েছেন, সমন্বয় কমিটির পরের বৈঠকে তাঁরা হেস্তনেস্ত করতে চলেছেন। প্রকাশ্যে না-বলেও তাঁদের মূল কথা হল, একজন 'আমলা' তাঁদের তোয়াক্কা না করে চ্যালেঞ্জ করবেন, এটা বরদাস্ত করা যায় না।

তাঁদের এই আকস্মিক কড়া মনোভাবের জন্য সরাসরি মন্ডেককেই দায়ী করেছেন বামেরা। সি পি এমের পলিটবুরো সদস্য সীতারাম ইয়েচুরি বলেছেন, "প্রধানমন্ত্রীর সঙ্গে আমাদের কথা হয়ে গিয়েছিল, তারপর অকারণে বিতর্ক খুঁটিয়ে তুলেছেন মন্ডেক।" সি পি আইয়ের সাধারণ সম্পাদক এ বি বর্ধন জানিয়েছেন, এরপর তাঁরা সরকারের উপরে আরও বেশি করে চাপ সৃষ্টি করবেন। আর এস পি-র অবনী রায় ও ফরওয়ার্ড ব্লকের ডি দেবরাজনও মনে করছেন, অকারণ 'ঔজ্জ্বল্য' দেখিয়ে মন্ডেক বাম দলগুলিকে কার্যত চ্যালেঞ্জ করেছেন।

গোটা ঘটনাটি ঘটল এমন একটা সময়ে, যখন সরকারের সঙ্গে বামদের সম্পর্ক পুরোপুরি স্বাভাবিক। শুধু তাই নয়, নতুন একটি 'স্পর্শকাতর' বিষয় সরকারি ভাবে নিয়ে আসার আগে বিমানমন্ত্রী প্রফুল্ল পটেল কথা বলছিলেন বর্ধন ও হরকিষণ সিংহ সুরজিতের সঙ্গে। বিষয়টি হল বিদেশে বিমান চালানোর জন্য বেসরকারি বিমানসংস্থাকুলিকে অনুমতি দেওয়া।

এই অবস্থায় মন্ডেকের নতুন করে মুখ খোলাটাকেই বামপন্থীরা তাঁদের উদ্দেশ্যে চ্যালেঞ্জ ছুড়ে পরিস্থিতি অযথা জটিল করার চেষ্টা বলে মনে করছেন। এক বাম নেতা বলেন, রাজনৈতিক নেতারা মন্তব্য করলে সেটাকে রাজনীতির অংশ বলে মানতে রাজি আছেন। আমলারা তাঁদের দাবি খারিজ করে মন্তব্য করবেন, এতটা তাঁরা বরদাস্ত করবেন না।

চাপ বাড়ানোর প্রথম পদক্ষেপ হিসাবে আজ বামপন্থী অর্ধনীতিবিদেরা মন্ডেককে চিঠি লিখে বলেছেন, "আমরা আপনাকে আর্জি জানাচ্ছি (বিদেশি) প্রতিনিধিদের কমিটিগুলিতে রাখার সিদ্ধান্ত পুনর্বিবেচনা করুন। তা না হলে আমাদের এই কমিটিগুলি থেকে সরে দাঁড়াতে হবে।" পট্টনায়ক ছাড়াও এই চিঠিতে স্বাক্ষর করেছেন তাঁর স্ত্রী উৎসা, সি পি চন্দ্রশেখর, টি এম থমাস আইজাক ও জয়ন্তী ঘোষ। তাঁদের বক্তব্য, বহুপাক্ষিক সংস্থার মতামত নেওয়া একটা বিষয়, রাষ্ট্রের অনিবার্য অঙ্গ একটি সংস্থায় তাঁদের জায়গা করে দেওয়া সম্পূর্ণ ভিন্ন বিষয়। কারণ দ্বিতীয়টা করলে সামান্য হলেও রাষ্ট্রের সার্বভৌমত্ব খর্ব হয়।

বামদের এই মতের শরিক বি জে পি-ও। তারা বলেছে, দরকারে বিদেশি বিশেষজ্ঞের পরামর্শ নেওয়া যেতেই পারে। কিন্তু স্থায়ী ভাবে তাঁদের নিয়োগ করাটা 'অপ্রয়োজনীয়'।

এই বিতর্ক নিয়ে মুখে কুলুপ এটেছে বিশ্বব্যাঙ্ক ও ম্যাকিনসে। সংস্থার পাঁচ সদস্যকে ইন্তফা দিতে বলা হয়েছে কি, এই প্রপ্নের জবাব দেননি ম্যাকিনসের মুখপাত্র। মন্তব্য করতে চাননি বিশ্বব্যাঙ্কের কর্তাও।

যোজনা কমিশনের সদস্যেরা অবশ্য মন্ডেকের পাশেই রয়েছেন। এমনকী, সি পি এম নেতাদের প্রিয় সদস্য অভিজিৎ সেনও জানিয়েছেন, মন্ডেক দেশে ফিরলে তিনি বিষয়টি নিয়ে কথা বলবেন।

SEP 2004

Five economists threaten to quit Protest Against Role Of World Bank Experts Snowballs

New Delhi: Five left-leaning economists on Tuesday threatened to resign from the Planning Commission committees protesting the government's decision to include experts from the World Bank, Asian Development Bank and a consultancy firm in the consultation process.

"If the government does not reconsider the decision (to include foreign experts), we will resign," a leading left economist C P Chandrasekhar said here.

"We cannot sit together with representatives of these agencies in these committees. We would urge you, therefore, to reconsider your decision to have these representatives on these committees, failing which we would have to withdraw from these bodies," the economists said in a letter to Planning Commission

deputy chairman Montek Singh Ahluwalia. After shooting the letter to Ahluwalia, who was abroad, Chandrasekhar and other economists, including Jayati Ghosh, Prabhat Patnaik, Utsa Patnaik and T M Thomas Issac met CPM politbureau member Sitaram Yechury.

The inclusion of foreign experts in the task forces and consultative groups of the Planning Commission was fraught with serious consequences, the letter said.

The threat comes a day after Ahluwalia defended the inclusion of foreign experts saying they will continue to be the commission's consultative committees set up for mid-term appraisal of the 10th Five-Year Plan.

Meanwhile, brushing aside the threat of resignations, Planning

Commission member Anwarul Hoda said the "entire" commission stood behind Ahluwalia.

"There is no dissent within the Planning Commission. We have talked among ourselves, there is no dissent. The Planning Commission is unanimous," he said.

Dubbing as "unfortunate" the entire controversy which, he said, was not on policy or substance but on procedures, Hoda declared he was going ahead with the meeting of the consultation group on industry on Wednesday, in which Jayati Ghosh and Chandrasekhar, who had reservation on the foreign experts issue, are members.

He, however, admitted that these two economists had not attended the consultation group meeting on external economy on September 10. PTI

✓
FOREIGN EXPERTS TO QUIT PANELS

Left pressure works again

SFI 9-20-04 22/9

Statesman News Service

NEW YORK/NEW DELHI, Sept. 21. — The Left won a major victory today with officials from the World Bank, the Asian Development Bank and McKinsey, appointed on various panels for a re-look at the 10th Plan, deciding to resign in the face of pressure by Left-leaning members of these panels.

Senior government officials said representatives of the World Bank and other organisations had decided to quit in the wake of the controversy over their appointments. They hinted that the resignations are likely to be accepted by the deputy chairman of the Planning Commission, Dr Montek Singh Ahluwalia.

Earlier today, the five Left-leaning economists, in a letter to Dr Ahluwalia, threatened to resign if the foreign representatives were not asked to quit. Left Front leaders had last week complained to Dr Manmohan Singh and UPA chairperson Mrs Sonia Gandhi about the foreign representatives being part of the panels.

Officially, the Planning Commission has not made any statement about the latest developments, but senior government officials said the Left economists are likely to take back their resignations. In their letter to Dr Ahluwalia, the five Left economists — Professors Prabhat Patnaik, Utsa Patnaik, Jayati Ghosh and CP

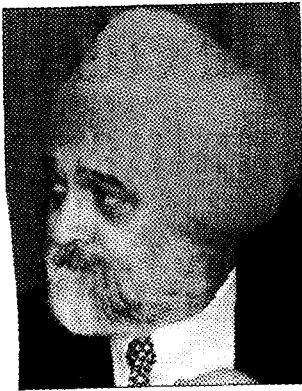
Chandrashekhar, all associated with the Centre for Economic Studies and Planning, JNU, and Mr TM Thomas Issac — demanding that the foreign representatives be dropped, said: “We urge you therefore to reconsider your decision to have these representatives on these committees, failing which we would have to withdraw from these bodies.”

Replying to Dr Ahluwalia’s statement that the commission would like to listen to a range of views, not just *babus* talking to *babus*, they said the commission is not a debating society but an organ of the Indian state. “A sovereign state is necessarily exclusionary, in the sense that its organs must exclude personnel owing allegiance to or under the control/patronage of a foreign sovereign state.”

The letter said there is absolutely no doubt that the World Bank and the ADB are controlled by the US government which often threatens to withhold loans to pressure foreign governments.

As for McKinsey, they have said the firm “has been getting consultancy contracts all over the world not because of its brilliance but because it enjoys the patronage of the United States... Inducting their personnel therefore amounts to taking a step, no matter how tiny, in the direction of undermining, not just de facto but even de jure, the autonomy and sovereignty of the Indian state”.

THE STATESMAN 22 SEP 2004



Montek Singh Ahluwalia
Not looking Left

Foreign experts to remain, ^{HT-3} says Montek ^{2/19}

PTI/HTC ^{J. B. W. M.}
London/New Delhi, Sept 20

OPPOSITION FROM the Left parties notwithstanding, the Planning Commission has made it clear that foreign representatives from the World Bank and other multilateral agencies will continue in its consultative committees set up for appraisal of the 10th Plan.

The main aim is to have open consultations. "We see nothing wrong in getting to know their views," Deputy Chairman of the Planning Commission Montek Singh Ahluwalia told reporters on board the PM's special aircraft on his way to London on Sunday night.

Asked about the Left parties' demand to drop these representatives from the consultative bodies, Ahluwalia said, "The government position has been explained to them and they have shown a better understanding. We hope we can persuade them on this issue."

He said these representatives were on committees relating to agriculture, water resources and transport with the primary objective of sharing their vast experiences in various countries. In New Delhi, the CPI(M) on Monday reiterated its demand that foreign experts be kept out of the Planning Commission consultations.

"With a new government in place, it becomes all the more important to dispel such a notion and not to be seen as further accommodating such agencies in our policy-making structures," CPI(M) Politburo member Prakash Karat said. In a letter to Ahluwalia, he said there was a "widespread" feeling that, since 1991, agencies like the IMF and World Bank have had an "undue" influence on policy-making in the country.

The other Left parties — the CPI and RSP — have already written to Montek against inclusion of foreign experts in the planning process.

National commission to promote unorganised sector

By Our Special Correspondent

NEW DELHI, SEPT. 17. The Union Cabinet today gave the green signal for the setting up of a national commission to suggest measures to promote enterprises in the unorganised and informal sector, which account for almost 90 per cent of the Indian economy.

The panel's mandate would be to identify the various problems faced by such enterprises in terms of freedom of operation, access to raw material, availability of financial expertise, infrastructure, technology and market, and review the various Government programmes designed to assist them.

The panel would be specifically asked to suggest the legal

and policy environment that should govern the informal and unorganised sector. In particular, it would be asked to come out with innovative legal and financial instruments to promote growth.

The Commission would also review the existing arrangements for estimating employment in the sector and review labour laws, consistent with the protection of workers' rights. Headed by a full-time Chairman, the panel would have two full-time members and a Member-Secretary. It would also have part-time members, whose number would be decided later.

Disease surveillance

The Cabinet Committee on

Economic Affairs, which also met today, cleared a proposal to set up a nationwide system for disease surveillance at an outlay of Rs. 408 crores, to provide for rapid response in case of epidemic. The project would be implemented over the next five years.

The project would involve setting of 31 State and 592 district surveillance units, and strengthening of disease diagnosis laboratories at all levels.

In addition, the CCEA cleared an outlay of Rs. 445 crores for the National Programme for Control of Blindness for the Tenth Plan period.

The Cabinet also gave its approval for a legislative Bill that seeks to regulate the education for paramedical staff and phys-

iotherapists. The Bill would set norms for the education of technicians dealing with medical laboratories and radiology and the standards for education of physiotherapists.

Currently there are no regulations for these streams.

Optional protocol

The Cabinet also approved the signing and ratification of the two optional protocols to the Convention on the Rights of the Children, which deal with prevention of involvement of children in armed conflicts and sale of children, child prostitution and child pornography and cleared the signing of an agreement with Spain for mutual legal assistance in criminal cases.

Pressure to block the foreign hand

HT Corporate Bureau
New Delhi, September 16

THE CENTRE'S plan to hike the foreign direct investment (FDI) caps in civil aviation, telecom and insurance has run into trouble in the face of opposition within the government and from the Left. Senior leaders voiced their concerns on this issue on Thursday.

The civil aviation ministry, headed by Nationalist Congress Party leader Praful Patel, is opposed to FDI in domestic airlines despite a recommendation from the finance ministry. "Why should someone be allowed to come in and pick up stake in the Indian aviation sector? That will give them a toehold in Indian skies," Patel told *HT*.

An FDI cap hike in civil aviation will give foreign airlines access to the domestic aviation market, Patel said, adding that there was enough expertise, both in the private and public sectors, to run the airlines in a professional manner.

CPI(M) leader Sitaram Yechuri told reporters after an hour-long meeting with Planning Commission deputy chairman Montek Singh Ahluwalia that the issue would be taken up during a meeting of the coordination committee of Left parties

and the UPA, after Prime Minister Manmohan Singh returned from his US visit. "We will also meet Manmohan Singh and Sonia Gandhi, the chairperson of UPA, on September 18, a day after our politburo meeting," Yechuri told reporters.

Basu to meet PM

Former Bengal chief minister Jyoti Basu has also been invited by Manmohan Singh for a meeting on Saturday. They will discuss the implementation of the UPA's common minimum programme.

Commenting on a series of meetings he had had with Sonia Gandhi, Manmohan Singh and Ahluwalia in the past week, Yechuri said, "We are expressing our concern. There is nothing secret about this. We have already made it public."

On the response from Sonia and the government on their concerns on FDI, Yechuri said, "They have noted our point of view. They said yes, there are substantial points which we have to consider and they will consider them and come back to us."

Asked if the government had committed itself to keeping a decision in abeyance before the issue was settled, Yechuri said there was no such assurance.



Sitaram Yechuri

Ultimatum on WB experts

THE CPI(M) on Thursday told Planning Commission deputy chairman Montek Singh Ahluwalia that World Bank experts must quit the commission's consultative bodies and that there could be no rethink on the issue. In an hour-long meeting, CPI(M) politburo member Sitaram Yechuri told Ahluwalia that no international agency, including those extending finance, could be part of the government's decision-making process. "They should not even be part of consultation for mid-term appraisal of the Tenth Plan," Yechuri insisted at a news conference after the meeting.

HTC, New Delhi

17 SEP 2004

J. B. L. K. M. **False Alarm** *v v*
109 9-19
Left shouldn't fret about foreign experts' inclusion in Planning Commission

Planning Commission deputy chairman Montek Singh Ahluwalia has drawn flak from the Left for roping in experts from the World Bank, Asian Development Bank and McKinsey to carry out the mid-term appraisal of the Tenth Plan. The fears of the Left parties are misplaced. The Planning Commission is only an advisory body, its clout diminished after the onset of reforms which focused on the retreat of the state from the economic realm. If the commission seeks the services of *videshi* experts to provide a detached and fresh opinion, what's the harm? The World Bank and ADB, by virtue of their operations in diverse countries, are in a position to peg India's economic performance against international benchmarks. India needs precisely this sort of comparative assessment to better understand its achievements and setbacks after 13 years of external and internal liberalisation. A recent World Bank study on the transaction costs of doing business in various countries is instructive in this regard. According to the study, it takes 89 days to start a business in India against 24 in Pakistan, 35 in Bangladesh and 50 in Sri Lanka. India's red tapism is daunting as ever, despite efforts to make the bureaucracy business-friendly. The cost of registering property is as much as 13.9% of its total value, against 5.1% in Sri Lanka and 4.2% in Pakistan. The efficiency of the legal system is judged by the time period between the filing of a lawsuit and the final settlement. In India, this period is 425 days against 395 in Pakistan and 27 in Tunisia. Most Indian experts, for all their undoubted expertise and ability, are unlikely to possess the same degree of international exposure to back their analyses.

While there might be some merit in the argument that a lender to the government should not sit in judgment on the latter's programmes, a blanket ideological position against foreign expertise and multilateral agencies does not stand to reason. The Washington Consensus of the early nineties has gradually given way to a market socialist approach, with the likes of World Bank reassessing their focus on privatisation after the market-driven debacles in eastern Europe and Russia. The caring state is back in vogue, as opposed to its hands-off variant of just a few years back. The World Bank now speaks of public-private partnership, which implies the task of development can no longer be left to private and NGO initiatives alone. Isn't that enough for the Left not to feel alarmed?

Should our lenders run our house, asks Abani Roy

By Alok Mukherjee

NEW DELHI, SEPT. 14. The controversy over the inclusion of World Bank and Asian Development Bank representatives in the Planning Commission's consultative groups continues to rage with the Deputy Chairman, Montek Singh Ahluwalia, making another attempt to "convince" the Left parties. They, however, remain unconvinced and have instead taken up the matter with the Prime Minister, Manmohan Singh.

Limited purpose

In a "clarifactory" note to the four Left parties, Mr. Ahluwalia reiterated that for the "limited purpose of undertaking the mid-term appraisal of the Plan, we decided that it was necessary to obtain [the] views and perceptions of the effectiveness of the Plan programmes and policies from non-Government observers." Representatives of the World Bank and the ADB had been included in four of these groups since they dealt with the areas in which these agencies were actively involved in supporting Central Government or State Government projects, he said.

Reacting to this point, Abani Roy, leader of the Revolutionary Socialist Party, wrote to Dr. Singh saying that "we would like to make it clear that we do not believe in the concept that those who lend money to us should be allowed to decide on how we run our house. They should remain satisfied with timely repayments and not try to influence or tailor our policy-

making."

Enormous expertise

In his letter, Mr. Ahluwalia argued that the Planning Commission could not do justice to the mid-term appraisal if it relied solely on the work of civil servants in the Commission commenting on the work of other civil servants in the Ministries. "There is enormous expertise outside the Government and it is essential for the Commission to make itself aware of these views."

Mr. Roy countered the point saying that Indian planners had a seven-decade expertise in development planning and policy-making and that several nations had benefited from Indian expertise. "We are totally ignoring that expertise and seeking foreign aid in a sector where we

can rightly claim to be world leaders. We know very well what the prescriptions of the World Bank and International Monetary Fund-combine led to in Latin America and South East Asian countries in the last decade," Mr. Roy said in his letter to the Prime Minister.

Mr. Ahluwalia assured the Left parties that by including individuals from outside the Government in the consultative groups (he clarified that these were not "committees" but only consultative groups), the idea was not to hand over the critical decision-making involved in the mid-term appraisal on policies and correctives that need to be introduced to achieve the objectives of the National Common Minimum Programme. The Commission, taking into account the inputs received

from the Central Government, the State Governments and also outsiders, would do that, he said.

Mr. Roy later told *The Hindu* that he remained unconvinced with Mr. Ahluwalia's clarification and that he would not take up the offer to meet the Deputy Chairman for further discussions on the issue.

More protests

For the Planning Commission, further protests have come in from some of the members of the newly-constituted task forces and consultative committees. Picking up the justification given by Mr. Ahluwalia that the World Bank gave loans to India, he said that "if the Planning Commission gratuitously inducts Bank representatives to its various bodies for this rea-

son, then it is accepting the view that the lender is a sound and dispassionate judge of the recipient's interests, a view whose untenability is self-evident."

Picking on the second justification invoking Mahatma Gandhi's famous remark about keeping the "doors and windows open," they said this too was unconvincing because, by that argument, would the Commission be justified in having foreign Government officials on its consultative committees?

Concluding their letter to Mr. Ahluwalia, the five members — Prabhat Patnaik, Jayati Ghosh, Utsa Patnaik, C.P. Chandrasekhar and T.M. Thomas Issac — said that a precedent was being set, which, apart from betraying intellectual subservience, augured ill for the future.

Second offensive on inflation

OUR BUREAU

Mumbai, Sept. 11: A day after the inflation rate touched a four-year high of 8.33 per cent, the government flashed its second weapon of containing price rise by deciding to suck out excess liquidity from the economy.

By raising the amount banks have to compulsorily keep with it, the Reserve Bank of India is taking out of circulation some Rs 7,000 crore, using a time-tested method of reining in inflation.

Such a measure could escalate pressures for increasing the interest rates banks charge on loans and pay on deposits but an immediate revision does not appear likely.

Expectations of an increase in interest rates have been accumulating ever since inflation started climbing on the back of rising oil prices, though the government or the RBI does not wish this to happen.

Without a revision in interest rates, saving has become meaningless because the maximum banks pay on deposits is 5.5 per cent which is far lower

than the inflation rate.

Lending rates have not been raised either, except in the odd case. The Housing Development Finance Corporation, for instance, raised rates on housing loans that carry fixed, and not floating, interest rates. This was followed by the State Bank of India also making fixed-rate loans costlier.

Bankers, taken by surprise though they were by RBI's decision, do not feel this trend will gather momentum because there is still ample money swirling about in the economy.

Uco Bank chairman V.P.

Shetty said: "There is a liquidity overhang (excess cash) of Rs 50,000 crore in the system. The banks are flush with funds. Therefore, we do not see any knee-jerk reaction in the next few days. I do not see that there will be a hardening of the interest rate."

While all this suggests that people, including companies, intending to borrow need not worry in the immediate future about an increase in the interest rate they will have to pay, for savers there will still be no incentive.

The situation could, how-

ever, change if the measures the government has taken to contain inflation do not work. First, it cut excise and customs duties to soften the impact of rising international petroleum prices and the cost of steel. Now it has followed up by impounding some money from the system.

But its success or otherwise depends to a great extent on how oil prices behave. Prices were rising even yesterday amid reports that crude oil stocks in the US had dipped and are now up around 35 per cent on the start of the year.

They are, however, lower than last month's highs as supplies have increased.

The last spurt in the inflation rate has been caused not by oil but by higher prices of manufactured products and food. Some of the pressure on late monsoon, though the situation has improved since July.

If the government is unable to control inflation soon, it would have to go into a series of elections, beginning with Maharashtra next month, in a position of weakness.

■ See Business Telegraph

Montek's reality check: CMP will be expensive

■ PLAN PANEL | Says resource position getting more difficult

NAVIKA KUMAR
NEW DELHI, SEPTEMBER 10

THE UPA's National Common Minimum Programme (NCMP) took a knocking today when the Planning Commission, in its first reality check on the government's finances, said the the NCMP's "new priorities" was going to make the resource position "more difficult in the last two years of the Tenth Plan (2002-07)" than envisaged earlier.

Doing some blunt talk, the Commission also provided the first indication that the Tenth Plan's 8.1 per cent growth target may be scaled down. The Commission said the Mid Term Appraisal (MTA) will consider if the target is still feasible.

In a document outlining its approach to MTA and midway corrections in the government's priorities, the Commission says: "The resources constraint will be es-

Mid-term report card

- GDP growth target of 8 pc in 10th Plan unlikely to be met
- Agriculture growth in first two years of Plan was 1.8 pc though target was 4 per cent
- Industrial growth at 6.7 pc was below 10 pc target
- Employment growth not in line with addition in labour pool
- Less than required investment in power sector
- Lack of programmes for improving urban infrastructure



pecially difficult because the NCMP has established new priorities which require a substantial increase in allocations for critical areas such as health, education, irrigation, watershed management, railway modernisation and employment programmes."

The MTA will address the resource constraint in

view of the promises made in the NCMP.

The Planning Commission has also criticised populist measures like free electricity to farmers which state governments announce as elections approach.

Incidentally, free electricity to farmers was one of the first announcements of the YSR Reddy government on assuming charge of Andhra Pradesh. The Congress-led government in Maharashtra, which goes to polls next month, has made an identical promise and topped it with loan waiver.

Among the many promises in the NCMP was a law to guarantee at least 100 days' employment to at least one person of every rural poor family. For this, the Planning Commission says, the government will require anything between Rs 21,000 and Rs 40,000 crore in rural areas alone which the Centre and states will have to share.

CONTINUED ON PAGE 2

Montek's reality check: CMP will be expensive

This is being interpreted as the first question mark on the implementation of the scheme because it has been linked to availability of resources.

The UPA government had taken on the NDA for its "failure" to create rural jobs.

But the Planning Commission has made it clear that "the feasibility of embarking on such a commitment would have to be examined on the basis of overall resource picture and demands of other sectors and the feasibility of increasing employment content of investment expenditure, especially in rural areas."

The approach to the MTA, circulated at a full meeting of the Planning Commission chaired by Prime Minister Manmohan Singh yesterday, says the economy's growth targets have been completely missed in the first half of the Tenth Plan and it will require some mid-course direction correction to accelerate.

On the feasibility of the 8.1 per cent growth target, the Commission says: "The current year's GDP growth is likely to range between 6-6.5 per cent, so achieving the Plan target is only possible if GDP growth in the last two years averages 11 per cent per year, which is

clearly unfeasible."

The approach paper notes that this failure is mainly on account of the average agricultural GDP growth in the first two years of the Tenth Plan which was a dismal 1.8 per cent.

It's unlikely to exceed 1.5 per cent in the current year as against the targeted 4 per cent.

Pointing at the failure in achieving even the industrial growth target, it says growth in the first two years was 6.7 per cent and even though it picked up in the current year, it is still far from the 10 per cent plus needed to achieve the target.

The Planning Commission has also stated that infrastructure was "far below" the level required for 8 per cent economic growth. The MTA will make an assessment of the position in each major infrastructure sector, including in particular the scope for increasing capacities through a combination of enhanced public investment and also attracting private investment where feasible.

The Commission will undertake a review of the regulatory structure in these sectors to identify critical initiatives needed to bring the existing structure in line with the international best practice.

9.800 AM
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Inflation rate climbs up again

● 'Not unique to India'

By Alok Mukherjee

NEW DELHI, SEPT. 10. Despite the Prime Minister, Manmohan Singh's claim last week that the Government would soon gain mastery over inflation, an all-round hike in the prices of primary articles, fuels and manufactured products pushed it up to a new four-year high at 8.33 per cent for the week ended August 28 compared to 8.17 per cent in the preceding week.

Inflation has been on the rise for the last few weeks despite customs and excise duty cuts in petrol, diesel, kerosene and cooking gas (LPG).

The latest figure is more than double the 3.88 per cent recorded in the corresponding period last year. Market sources said the recent spurt was more due to the soaring prices of certain manufactured items, including food products, basic metals and machinery. Another reason for the higher inflation is the truckers' strike that took place in the last week of August.

Rise in China too

Analysts say that the high in-

flation rate is not an isolated Indian phenomenon as inflation has been rising in several Asian countries.

In China, for instance, the consumer price index rose 5.3 per cent in the year through July, despite the fact that the Government there regulates the prices for many consumer goods and services. In case of the industrial prices, fewer of

which are controlled, the increase has been as high as 14 per cent in the first seven months of 2004.

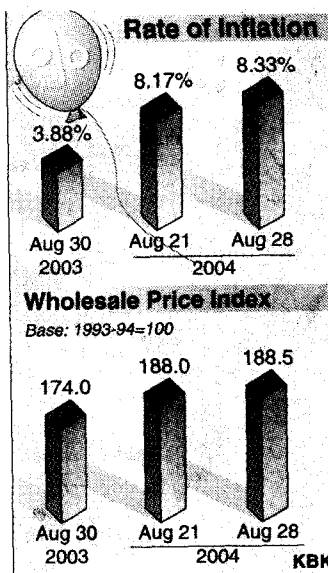
In India, there is also the problem of excess liquidity with the annual money supply growing at 14.8 per cent, higher than the target rate of 14 per cent for the 2004-05 fiscal year.

It is also higher than the 11.9 per cent growth registered during the corresponding period of last year. The excess money supply is mainly due to the continuing surge in the foreign exchange reserves that remain at over \$118 billion despite some dips in recent weeks.

Hope on the oil front

However, analysts still believe that the inflation rate would moderate in the coming weeks, particularly because the international oil scenario has lost much of its volatility and the crude prices have started softening.

Besides, the increased competition in the market has compelled industry to absorb some of the raw material price increase that could also help in taming the inflationary spiral.



BUDDHADEB'S POSITION AT VARIANCE WITH POLITBURO STAND

Reds don't want World Bank, ADB men on Plan panel

Our Political Bureau
NEW DELHI 8 SEPTEMBER

PLANNING Commission's deputy chairman Montek Singh Ahluwalia was the target of the Left's aggression on Wednesday with the senior leaders of the four Left parties terming the decision to "involve representatives of the World Bank and ADB in the plan process as unwarranted and dangerous."

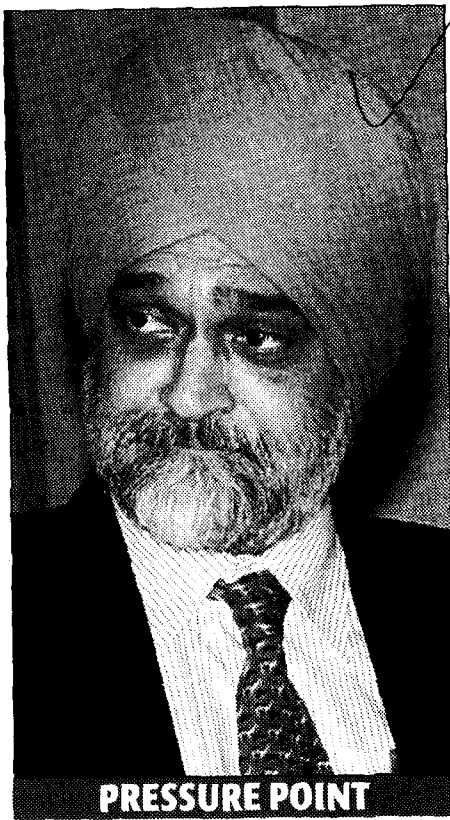
The Left parties, which are engaged in a pamphlet war with various arms of the government and even the Prime Minister, said the decision to include representatives of international agencies and foreign private companies, who have their own agendas, is an unwarranted step. "The Manmohan Singh government must explain why it wants World Bank representation in the Planning Commission," a statement issued by the Leftists said.

On his part, Mr Ahluwalia conveyed that the Left was needlessly aggressive when he pointed out that there would be no outside bodies monitoring the Plan process. He said the inclusion of representatives of multilateral bodies was only to provide inputs for the mid-term appraisal of the Tenth Plan. "The Commission has set up 19 consultative groups with academicians, experts from private industry, think-tanks, NGOs and trade unions as their members. The logic is to get opinions from outside on the progress of the Plan schemes and effectiveness of policies," Mr Ahluwalia said, a day ahead of the meeting of the full Planning Commission. He said in broad ranging groups like these, it was appropriate to have multilateral institutions and "the issue is extremely important in order to open the Plan process and create possibilities for interaction among different stakeholders across sectors."

Incidentally, West Bengal chief minister and the CPM's politburo member Buddhadeb Bhattacharjee, has a different view on the multilateral agencies. The chief minister has been quite candid in

admitting that his position was at variance with that of the party pamphleteers in Delhi. It can be recalled that the chief minister, after a meeting with the World Bank's country head, not just defended his government's decision to take loans from World Bank, ADB and UK's Department For International Development (DFID), but also clarified that their loans do not carry any conditionalities.

The verbal assault on Mr Ahluwalia comes close on the heels of a similar attack on Dr Manmohan Singh for his refusal to accept the Left's idea of education.



PRESSURE POINT

Addressing a press conference here, the Prime Minister had said that he was against fundamentalism of the Right as well as the Left and that intellectual integrity should be the guiding principle of education policy. The Leftists, who are reputed for branding all those whose views are in conflict with their stand, quickly said the Prime Minister was helping the BJP. This had attracted sharp reactions from the Congress.

Centre finalises draft proposal on telecom FDI hike

Our Political Bureau
NEW DELHI 8 SEPTEMBER

THE UPA government appears to have decided against giving in to pressure from the Left over hiking the FDI ceiling in the telecom sector. The government, which is keen to send out a clear signal that it will not allow the Left and other components of the alliance to climb the policy heights, has finalised the draft proposal on the issue.

This has spurred some activity in the Left with the components of the Left Front meeting in New Delhi on Thursday to decide on their strategy. But Left leaders privately conceded that they may not be able to have their way as the telecom minister, whose support it has been banking on, may not be part of any plans that could work against the telecom sector's interest.

Apart from addressing the "security concerns" of the Left, sources ruled out any rethinking on the composition of the board of the company that will go in for higher foreign capital. The DoT had proposed that the minority Indian partner with 26% stake in the telecom company should give 50% representation in the board. This was seen untenable by the finance ministry.

Meanwhile, a section in the government suspect that Left activism is part of a larger corporate battle over the FDI issue. This has been fuelled by the Left's representation to the Prime Minister, which said the proposal will benefit only companies like Bharti and Hutchison.

"Besides benefiting some companies like Bharti and Hutchison, this move is in nobody's interest. The only reason for asking for lifting of the caps on foreign ownership is for speculative gains: some of the existing owners would like to sell their stocks and therefore want to widen the net of buyers by including foreign ones," the Left had said in their memorandum to the Prime Minister.

Interestingly, the same reasons were suggested by a powerful lobby when the NDA government was about to ink the proposal. At that juncture, too, there was speculation that this lobby, which had close links with RSS bosses, were opposing the proposal at the behest of some telecom players. This saw a section of the Cabinet raising security issues forcing the then Prime Minister to shelve the proposal.

India's exports to Africa and CIS on the rise

Statesman News Service

NEW DELHI, Sept. 7. — India's exports to the CIS region, including Russia, have gone up by 11 per cent during 2003-04 while exports to Africa grew by 25 per cent. The country's overall exports grew by 20.36 per cent in the fiscal, an official statement today said.

India's exports to CIS was \$1.020 billion in 2003-04, up from \$919 million in the previous fiscal. Exports to Africa touched \$3.803 billion in 2003-04 over \$3.028 billion in the previous fiscal, the statement said.

The government had launched the 'Focus-Africa' programme in 2002 concentrating on seven largest African trading partners of India — Ghana, Nigeria, South Africa, Tanzania, Kenya, Ethiopia and Mauritius. This was expanded a year later to include the whole continent. A total of Rs 4.24 crore has been provided during the current fiscal for export promotion activities by industry bodies and export promotion councils.

A similar programme 'Focus-CIS' was launched in April 2003, focusing on seven countries — Kazakhstan, Kyrgyzstan, Uz-

The outlay for export promotion activities under the Focus-CIS has been increased to Rs 3.07 crore this fiscal, the release said. Higher level of funding and increased interest in the region would boost exports further this year, it added

bekistan, Turkmenistan, Tajikistan, Azerbaijan and Ukraine.

This was expanded earlier this year to cover the remaining five countries of the region — Russian Federation, Armenia, Belarus, Georgia and Moldova.

During the first year of the programme (2003-04), various Export Promotion Councils, ITPO and Fieo implemented trade promotion programmes at a cost of Rs 41 lakh under the Market Development Assistance Programme. The outlay for export promotion activities under the Focus-CIS has been increased to Rs 3.07 crore this fiscal, the release said. Higher level of funding and increased interest in the region would boost exports further this year, it added.

'ARE WE INTELLECTUALLY BANKRUPT?'

410-11-879

Appointment of multilateral agencies on Planning Commission panels opposed

By Gargi Parsai

NEW DELHI, SEPT. 7. Some civil society groups are questioning the recent appointment of representatives from the World Bank, the Asian Development Bank, and the U.S.-based McKinsey consultancy on various Consultative Groups of the Planning Commission to advise on the Mid-Term Appraisal of the Tenth Five Year Plan (2002-07).

Representatives of the South-Asia Network on Dams, Rivers and People Manthan, Toxic Links and the Narmada Bachao Andolan have expressed concern at the devel-

opment and are planning to approach the Planning Commission and other authorities against the decision. According to Himanshu Thakkar of the South-Asia Network on Dams, the multilateral funding agencies are all for "privatisation" and indirectly push the cause of Western corporate giants.

This is the first time that multilateral funding agencies have been directly appointed on the highest planning body of the country which steers the direction in which the country is taken in terms of economic development. It also approves funds for various socio-economic development projects.

The orders were issued last fortnight.

'Intellectual bankruptcy'

The former Minister, Som Pal, who till recently was a member of the Planning Commission, said: "It is unprecedented that any foreign agency has been appointed on a formal panel of the Planning Commission. It just goes on to show that we are candidly accepting the fact that we are intellectually bankrupt and have no strategy of our own for economic development and are, therefore, banking on foreign advice."

The Consultative Groups are

mandated to review the Tenth Plan. They will sit on judgment on the appraisal notes prepared by the Ministries concerned and to review the draft material prepared by the Planning Commission on the Mid-Term Appraisal which was due this month. Sources said the Mid-Term Appraisal was in for a sharp policy turn under the United Progressive Alliance with more focus on privatisation and services.

John Briscoe, Senior Water Adviser in the World Bank, has been appointed on the Consultative Group on Water Resources. Alok Bansal of the World Bank is on the group on

Transport. Vipul Tuli McKinsey of McKinsey and Company has been appointed on the group on Power and Energy. Pramath Sinha of McKinsey is on the group on Higher and Technical Education and Gautam Kumra of the McKinsey and Company is on the group on Health and Family Welfare.

Significantly, the Consultative Group on Agriculture has two representatives from foreign agencies, including one from the Asian Development Bank and the other from McKinsey and Company. The Asian Development Bank is also represented on the group on Financial Resources.

Plan mooted for managerial autonomy of PSUs

Press Trust of India
New Delhi, September 4

THE GOVERNMENT today announced that it has formulated an action plan for devolving full managerial and commercial autonomy to successful profit-making public sector companies.

"We have initiated action to implement the public sector policy as enunciated in the National Common Minimum Programme. Specific action plan has been formulated for devolving full managerial and commercial autonomy to successful profit-making companies," the Minister for Public Enterprises and Heavy Industries Santosh Mohan Dev said.

"The action plan envisages further enhancement of autonomy of

profit-making public sector undertakings, particularly the Navratnas and Mimi Ratnas," Dev said while addressing a conference of CEOs of PSUs.

He said steps have also been initiated to review the guidelines issued by the Department of Public Enterprises and reduce their number so that the autonomy of public sector enterprises can be enhanced. The minister said professionalisation of board of directors is being given further thrust so that it is empowered to take decisions in the best interest of all the stakeholders.

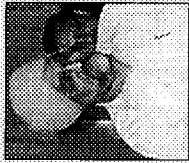
Dev said the existing system of PSUs signing Memoranda of Understanding with the government is being revamped so that it is better suited to the new economic

and business realities.

The MoU system can be used as an effective tool of management rather than an annual ritual, he said. Dev said PSUs could become more efficient by internalising the MoU system into their working and by introducing the system of incentives and disincentives through it.

"I believe that if implemented in its true spirit, the MoU system can provide a definite direction for the sustainable growth of our PSEs," he said. The minister said demand for greater autonomy to PSUs was justified but it has to be conferred along with greater responsibility and accountability. "My ministry will definitely look into this aspect and will take an early decision in this regard", he said.

companies. Article 12 defines the state and says that it includes all authorities under the control of the government.



Montek suggests legislation

THE PLANNING Commission Deputy Chairman Montek Singh Ahluwalia today suggested radical legislation for unshackling the public sector companies of government control.

"It is my personal opinion that Article 12 of the Constitution be amended to take public sector companies out of its purview", he said while addressing the conference of CEOs of public sector

The amendment will give space to the PSUs to function with more independence, he said. Ahluwalia also suggested that Parliament should come up with a 'self-denying' resolution that should bar certain category of questions about the functioning of the PSUs.

PTI, New Delhi

মুদ্রাস্ফীতি ৮ শতাংশ ছাড়াল

নয়াদিল্লি, ৩ সেপ্টেম্বর: মুদ্রাস্ফীতি আরও চড়ল। গত ২১ অগস্ট শেষ হওয়া সপ্তাহে মুদ্রাস্ফীতির হার দাঁড়িয়েছে ৮.১৭ শতাংশ। গত চার বছরের মধ্যে যা সর্বোচ্চ। প্রধানত জ্বালানি, ভোজ্য এবং উদ্ভিজ্জ তেলের দাম বাড়াই এর কারণ বলে বিশেষজ্ঞরা জানিয়েছেন।

লক্ষণীয়, আগের সপ্তাহে মুদ্রাস্ফীতির হার ৮ শতাংশের চেয়ে সামান্য কমে ৭.৯৪ শতাংশে পৌঁছানোর পরে আলোচ্য সপ্তাহে তা ফের ৮ শতাংশ ছাড়িয়ে গেল। কেন্দ্রীয় সরকারের মুখ্য অর্থনৈতিক উপদেষ্টা অশোক লাহিড়িকে এ ব্যাপারে প্রশ্ন করা হলে তিনি কোনও মন্তব্য করতে অস্বীকার করেন। তিনি কেবল জানান, আগামী কাল প্রধানমন্ত্রী মনোমোহন সিংহ সাংবাদিক সম্মেলনে এ নিয়ে বিবৃতি দেবেন।

মুদ্রাস্ফীতির হার দারুণ ভাবে নেমে আসার কোনও আশু সম্ভাবনা আছে বলে বিশেষজ্ঞরা মনে করছেন না। এর পিছনে একটি বড় কারণ হল সপ্তাহব্যাপী ট্রাক ধর্মঘট। সম্ভবত ওই ধর্মঘটের দরুন পেট্রোল, ডিজেল, কেরোসিন এবং এল পি জি-তে সরকার যে শুল্ক ছাড় ঘোষণা করেছে, তার পূর্ণ প্রভাব পড়তে দেরি হচ্ছে।

বস্তুত, গত ২১ অগস্ট শেষ হওয়া সপ্তাহে জ্বালানি ও ভোজ্যতেল ছাড়াও প্রায় সমস্ত প্রয়োজনীয় ভোগ্য এবং উৎপাদিত পণ্যের দাম বেড়েছে। পাইকারি মূল্যসূচক বেড়েছে ০.২৩ শতাংশ।

এ দিকে, চড়া মুদ্রাস্ফীতির ধাক্কায় দেশে সামগ্রিক ভাবেই সুদের হার বাড়বে বলে পূর্বাভাস দিয়েছে ইনস্টিটিউট অব ইকনমিক গ্রোথ (আই ই জি)। এই চিন্তন সংস্থার মতে, আন্তর্জাতিক ক্ষেত্রে সুদের হার বেড়ে যাওয়াও এর অন্যতম প্রধান কারণ। সংস্থাটি বলেছে, সুদের হার কত বাড়বে, তা নির্ভর করছে রিজার্ভ ব্যাঙ্ক অব ইন্ডিয়া এ ব্যাপারে কী নীতি গ্রহণ করে, তার উপরে।

মুদ্রাস্ফীতির বর্তমান হার প্রসঙ্গে আই ই জি-র অভিমত, সম্প্রতি জ্বালানির যে মূল্যবৃদ্ধি ঘটেছে, আগামী মাসগুলিতে অন্যান্য ভোগ্যপণ্যের উপরেও তার প্রভাব পড়বে।

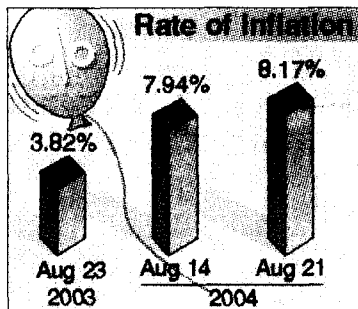
বিশ্ব বাজারে তেলের দাম। বিশ্ব বাজারে অশোধিত তেলের দামও অস্থির। তেনেজুয়েলা থেকে সরবরাহ বন্ধের আশঙ্কা কেটে যাওয়ায় তেলের দাম কিছুটা কমলেও, শিয়া সন্ত্রাসবাদীরা ইরাকের তৈলক্ষেত্র জ্বালিয়ে দেবে বলে হুমকি দেওয়ায়, এই দাম ফের চড়তে শুরু করেছে। নিউ ইয়র্কের খবর, আজ নিয়ে পর পর তিন দিন সেখানে অশোধিত তেলের দাম বেড়েছে। গত কাল তা ব্যারলে ৪৫.৩৭ ডলার হয়েছিল।

উল্লেখ্য, বিশ্ব বাজারে অশোধিত তেলের দাম ব্যারেল প্রতি ৪৯.৪০ ডলারে পৌঁছেছিল গত ২০ অগস্ট। — পি টি আই, ব্লুমবার্গ

Inflation hits new high, ^{8.17%} crosses 8%

New Delhi: Costlier fuel, vegetables and edible oil prices pushed up inflation to a new four-year high of 8.17 per cent for the week ended August 21. Surprisingly, the rise in inflation comes after a marginal dip in the previous week, without factoring the impact of week long truckers' strike that began on August 21.

The wholesale price index (WPI) inflation at 8.17 per cent was 0.23 per cent higher than the previous week's level of 7.94 per cent, which had witnessed a marginal fall. Chief economic advisor Ashok Lahiri refused comments saying PM Manmohan



Singh may address it on Saturday at his press conference.

However, analysts do not expect inflation to fall drastically since the full effect of duty cuts in petrol, diesel, kerosene and LPG may be to some extent offset by the truckers' strike, which was called off last Friday. Agencies

Big idea, small print

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Bureaucrats can't double trade

A good way to remind ourselves that India is not yet a liberal economy is to look at the export-import policy, or as it has now been re-christened, the foreign trade policy. Bureaucrats hold the levers of trade "liberalisation". So, while every commerce minister talk big on exports, commerce ministry bureaucrats write the small print and ensure there is never any big idea. The simplest of the big ideas for Kamal Nath is to recognise that Indian domestic production is generally not globally competitive and, therefore, pushing exports is the end product of creating world class infrastructure and business-friendly environment. Those are the reasons Japan, East Asia and China became exporting superstars. Since India qualifies on neither count, our export performance can get better but will not achieve a quantum jump, for example a doubling of our share in global trade over a five year period, the target Kamal Nath has set.

To be fair, the new commerce minister has tried out a couple of small-medium ideas. One is freeing exports of service tax. But enough homework hasn't been done. The finance ministry's definition of service tax differs from that of the commerce ministry and a tussle is now on. As there will be with the agriculture ministry, which opposes encouraging farm exports, Kamal Nath's other small-medium idea. Dissent from Sharad Pawar will be buttressed by state-determined support prices, which are higher than global prices. Why try and sell to foreigners, who demand all sorts of quality checks, when your own government is willing to rig prices and ignore quality? Talking about agriculture is of course *de rigueur* for UPA ministers who swear by the common minimum programme (CMP). Did the CMP take a dim view of India's textile sector? Kamal Nath treats textile exports like a dish rag. Some measly old concessions for garments aside there's nothing in the policy about promoting a sure fire foreign exchange earner. Bureaucrats want selective promotion but can't they get their selection right?

Statesman News Service

NEW DELHI, Aug. 31. — The UPA government today unveiled its first foreign trade policy emphasising the twin objectives of doubling India's share in the global trade and acting as an effective instrument of economic growth by boosting employment generation.

Announcing the five-year National Foreign Trade Policy, the commerce and industry minister, Mr Kamal Nath, outlined a 10-point strategy to achieve it, including unshackling of controls, simplification of procedures to bring down transaction costs and upgrading technology and infrastructure in all the sectors of India's economy.

Unlike the last Exim Policy, which had targeted at one per cent of the world trade, the foreign trade policy has set up an ambitious target of 1.5 per cent of world trade, which would

Govt wants trade pie twice as large

translate to about two per cent of global trade by 2009. The new policy also goes beyond the annual practice of enunciating the export-import policy, Mr Kamal Nath said. "It takes an integrated approach to the development requirements of India's foreign trade," he said.

But a major challenge before the government to corner 1.5 per cent of global trade would be to maintain an over 20 per export growth, the minister told reporters later. "The challenge is more due to the strengthening of Rupee, infrastructure bottlenecks and high global crude oil price in achieving increased exports," he said.

At present, merchandise exports make up nearly \$70 billion of India's annual foreign

- A massive push to exports to garner 1.5 per cent of the world share by 2009.
- 'Target Plus' to accelerate export growth
- Vishesh Krishi Upaj Scheme to boost exports of fruits, vegetables, flowers and minor forest produce.
- New Handicrafts Special Economic Zone.
- 'Served from India' scheme to accelerate growth in the export of services.
- EOUs exempted from Service Tax proportionate to exported goods and services.
- Up to 100 per cent FDI to establish and develop free trade and warehousing zone.



With efficiency being the bottom-line to compete globally, the new policy has identified seven core areas for export growth. He said the policy lays down not just the current proposal but "outlines a clear blueprint for the future". On initiatives for the services sector, the minister said focus would be on non-IT exports and building the "Served from India" brand.

Apart from announcing a new scheme — Vishesh Krishi Upaj Yojana — to boost agriculture exports, the policy exempts all goods and services exported from service tax. It also exempts export-oriented units from service tax and all exporters with a minimum turnover of Rs 5 crore from bank guarantee requirement.

A new scheme to establish free trade and warehousing zones has also been introduced to make India a global trading hub. Hundred per cent FDI would be permitted for developing the zones and their infrastructure facilities. Each zone would have a minimum outlay of Rs 100 crore and the units located in them would qualify for all benefits as applicable to special economic zones.

The government has also decided to revamp the Board of Trade which had been "functioning in an informal way". Instead of a minister heading it, it would now be handed over to an expert from outside, Mr Kamal Nath stressed.

Asked about the SEZs, he said the government proposed to bring in a separate legislation in the coming Parliament session.

More reports on pages 4 & 10

WEDNESDAY, SEPTEMBER 1, 2004

WHAT'S NEW IN TRADE POLICY?

The Answer

THE CONTEXT IN which the new Foreign Trade Policy (FTP) has been presented seems as important as the policy itself. It replaces the five-year Export Import Policy (2002-07), the most recent amendments to which were announced in January this year. At that time the NDA Government broke convention: exim policy statements have invariably been presented on the last day of the financial year. The justification was that the ensuing general election and the coming into force of the model code would cramp the substance and style of any major economic policy announcement. The new policy comes at a time when India's foreign trade is growing robustly. The impressive growth of merchandise exports, by no less than 20.3 per cent in dollar terms last year, has continued. There has been a better than 25 per cent rise in imports too, reflecting a marked revival in industrial activity. Oil will dominate the import bill this year, underlying the need for a further boost to exports. Finally, while fashioning a trade policy, issues connected with the World Trade Organisation (WTO) and the free trade agreements between India and other countries must be factored in. A framework agreement for the Doha round has recently been worked out in Geneva and Indian negotiators face the challenge of devising modalities in a number of critical areas. The new policy has been presented a day before the Indo-Thailand Free Trade Area becomes operational. Some more bilateral and regional trade agreements could be round the corner.

The FTP, according to the Government, is more than a change in nomenclature and has a much wider connotation than the exim policy it replaces. Promising an integrated approach to trade development, the FTP hopes to double the country's percentage share of global merchandise within the next five years and also generate substantial employment. For achieving these ob-

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jectives, the Government will rely on some established strategies: loosen controls and create an atmosphere of trust; simplify procedures and reduce transaction costs; neutralise the incidence of levies and duties on inputs used in export products; facilitate technological and infrastructural upgradation in all sectors of the economy. The idea is also to revitalise the Board of Trade by redefining its role. While all this sounds fine, the real value of these measures will be known in their implementation. Agriculture and services now get their due in the export promotion framework. The new initiatives announced for agriculture and the other thrust areas such as handicrafts, handlooms, gem and jewellery, and leather and footwear are commendable. Nearly all these sectors have proved their worth in export performance. But the promotional steps proposed are not exactly original; they involve a liberal import of capital goods and raw material to aid the export effort. The Duty Entitlement Passbook Scheme will be persisted with until an alternative WTO compatible scheme is put in place.

The new Foreign Trade Policy does not suffer from a lack of vision. Further, it signals continuity with exim policy. Perhaps the largely procedural agenda covered by the trade policies can never break completely with the past. However, a foreign trade policy can succeed only in conjunction with other economic policies working towards similar goals. For instance, infrastructure constraints, resulting in congestion at ports, have been major bottlenecks that other countries have succeeded in eliminating. Foreign trade will benefit far more from relevant infrastructure development than from financial sops, as the experience of China over the past decade has demonstrated. Finally, with the WTO rules coming into play, fiscal concessions and other sops are no longer in the exclusive domain of national trade policies.

SEP 2004

New trade policy: a bold initiative, says federation chief

By Our Special Correspondent

CHENNAI, AUG. 31. The Federation of Indian Export Organisations (FIEO) has described the national foreign trade policy announced today as "both refreshing and challenging to exporters".

The President of the federation, Rafeeqe Ahmed, commended the "bold

sector-specific initiatives" in respect of agriculture, handicraft, handloom, leather and gems and jewellery to boost both exports and employment. He also welcomed the increase in the

duty-free entitlement to 5 per cent from 3 per cent for garments and handicrafts. This, he said, would encourage exporters to use quality trimming and

embellishments to move up the value chain. Introduction of a duty-free entitlement scheme for fruits, vegetables, flowers, minor forest produce and their

value added products would help these sectors become competitive. Transferability of the duty-free licence would enable small exporters to avail themselves of the benefits of the

scheme. However, more encouragement should have been given to processed products. Permission for import of gold

of 18 carat and above and increasing the duty-free limit for import of consumer goods from 1 per cent to 2 per cent would promote export of plain and studded gold jewellery, which at present accounted for only one-fifth of the total gem and jewellery exports.

Lowering of the threshold for status holders and grant of dou-

Apex chambers hail policy

By Our Special Correspondent

NEW DELHI, AUG. 31. The apex trade and industry bodies have generally welcomed the foreign trade policy announced by the Union Commerce and Industry Minister, Kamal Nath, as "comprehensive, challenging and forward looking."

Hailing the policy as a landmark one, Yogendra Kr. Modi, President, FICCI, said, "This policy not only encompasses the entire export chain but goes beyond that in the sense that it takes cognisance of India's export competitiveness in the light of bilateral and multilateral trade processes that India has entered into or is in the process

would lead to expansion of the export base. The reduction in the incremental growth condition to 20 per cent from 25 per cent would directly help eligible exporters to cut their cost of production.

Other major features commended by the FIEO President are: removal of restrictions on import of second-hand machin-

ery, zero duty EPCG scheme for the agricultural sector and allowing storage and distribution facility for capital goods to reduce post-production costs.

Continuance of the DEPB scheme should benefit all exporters, particularly those in the textile and steel sectors. Doing away with the requirement of bank guarantee should bring relief to a large number of exporters, besides reducing the transaction cost, he said. The facility given for invoicing in Indian rupees for realisation against Vostro accounts of non-resident banks should safeguard Indian exporters against foreign exchange fluctuations, particularly when the rupee appreciated.

Leather towns to benefit

The Council for Leather Exports (CLE) has hailed the inclusion of a package of incentives for the leather sector along lines suggested by it in a national foreign trade policy announced on Tuesday. In a statement, S. Kumar, Chairman of the council, also welcomed the new norms for "towns of export excellence" which would enable leather clusters to maximise their potential for both export and employment generation.

Industry welcomes measures

By Our Staff Correspondent

MUMBAI, AUG. 31. The foreign trade policy 2004-05 announced today seems to have hit many right buttons for Indian industry. While on the one hand, the continuation of the DEPB (Duty Entitlement Pass Book) benefits for exporters has been welcomed by the textiles and the steel industries, the other specific initiatives for sectors such as gems and jewellery, leather, agriculture and handicrafts have been welcomed.

S. L. Deoras, Managing Director, Tata International and Co-chairman, National Committee on Exports of Confederation of Indian Industry (CII), said, "The policy has many welcome features and the underlined theme of 'trusting' the exporter to achieve the target of doubling our share in the world trade is most welcome. The policy addresses the needs of the exporter by retaining the DEPB scheme, providing a focused thrust in select sectors with employment generating potential and emphasis on creating export related infrastructure."

The gems and jewellery sector has been a clear beneficiary of the policy. "The Government needs to be complimented. The steps announced with an aim to

double merchant exports over the next five years are very welcome," said Sanjay Kothari, Chairman, Gems and Jewellery Export Promotion Council. With regard to the steps for this sector, Mr. Kothari said, "The policy has addressed issues like duty free import of consumables for metals other than gold and platinum and importantly, the duty-free re-import entitlement for rejected jewellery."

Nirav Bhansali, Director, Classic Diamonds (India), said, "The package announced for the gems and jewellery sector will benefit jewellery manufacturers located outside the bonded area (SEEPZ). The reduction in transactional costs and increase in the validity of licenses is definitely welcome."

Pharma sector ignored

The foreign trade policy is specific about several sectors but there is absolutely no mention of the pharmaceutical industry, according to Habil Khorakiwala, Chairman, Wockhard, and President, Indian Pharmaceutical Alliance (IPA). "The pharmaceutical industry had urged the government to consider the EOU equivalent to SEZ, with respect to all aspects. Unfortunately, the additional sops given for EOU will hardly make any impact."

New trade policy to fetch \$300 bn by 2009

Free Trade And Warehousing Zones Will Be Set Up With 100% FDI

New Delhi: The government on Tuesday came out with a comprehensive foreign trade policy that unshackles trade from controls to push up merchandise and service exports to \$300 billion by 2009.

Unveiling the policy, commerce minister Kamal Nath announced special package for agri-exports, exempted all goods and services and export-oriented units from service tax and gave a major thrust to services exports, handicraft, handloom, gems and jewellery and leather goods. Apart from promising to revamp the board of trade, the first-ever foreign trade policy announced a major initiative to set up free trade and warehousing zones in which 100% foreign direct investment will be allowed in its establishment and infrastructure.

The minimum outlay for each zone will be Rs 100 crore and five-lakh square metres built-up area besides extending all benefits

of special economic zones. Apart from setting up export promotion council for services, Kamal Nath said, biotechnology parks would be set up and the popular export incentive scheme of DEPB (duty entitlement pass book) would be continued till a suitable alternative was in place. He announced three export promotion schemes—Target Plus, Vishesh Krishi Upaj Yojana and Served From India.

After releasing the policy, he told a news conference that hardening of rupee, high crude prices and infrastructure bottle-

► EMPLOYMENT GENERATION: As a part of the common minimum programme of the UPA government to increase job opportunities, the foreign trade policy focuses on sectors such as services and agro-based industries which are labour-intensive. However, commerce minister Kamal Nath declined to quantify any target for employment generation as a result of these initiatives and said this would have a trickle down effect. Agencies



necks were the major challenges in achieving over 20% export growth to corner 1.5% of the world trade by 2009.

While merchandise exports account for nearly \$70 billion annually, the services exports fetch an additional \$50 billion at present. The merchandise exports are expected to be doubled to \$150 billion annually by 2009 and the services exports would go up by an equal amount.

Under the Target Plus scheme, the exporters will be entitled to duty-free credit based on incremental exports, higher

by at least 20%. The Vishesh Krishi Upaj Yojana is aimed at boosting exports of fruits, vegetables and flowers, minor forest produce and value-added products. To boost farm exports, the government has liberalised import of seeds, bulbs, tubers and planting material besides easing export of plant portion, derivatives and extracts to promote herbal and medicinal products.

The Served From India is targeted at boosting services exports. Service providers who earn foreign exchange of at least Rs 10 lakh will be eligible for duty credit entitlement of 10% of total foreign exchange earned. Apart from Served From India and setting up of export promotion council for the services sector, the government will promote establishment of common facilities centre for use by home-based service providers. Agencies

রামবিলাসের ঘোষণায় আশ্লুত বুদ্ধ

সেলের সঙ্গে মিশিয়ে ইস্কোর পুনরুজ্জীবন

স্টাফ রিপোর্টার: আশ্লুত বুদ্ধদেব ভট্টাচার্যকে পাশে রেখেই রামবিলাস পাসোয়ান জানিয়ে দিলেন, ইস্কো এ বার শাখা সংস্থা থেকে সরাসরি স্টিল অথরিটির অংশ হয়ে যাবে।

অথচ গত ২১ অগস্ট মুহুইয়ে শিল্পপতিদের সঙ্গে বৈঠকে জিন্দল গোষ্ঠীর সজ্জন জিন্দলকে বুদ্ধবাবু বলেছিলেন, ওই গোষ্ঠীর সাহায্য ছাড়া ইস্কোর পক্ষে ঘুরে দাঁড়ানো সম্ভব হবে না। এবং ওই সংস্থা অধিগ্রহণের জন্য তিনি জিন্দলদের হয়ে কেন্দ্রের কাছে সরাসরি দরবার করবেন। তার পরে ১০ দিন কাটতে না-কাটতেই মহাকরণে কেন্দ্রীয় ইস্পাতমন্ত্রীর এই ঘোষণায় দৃশ্যতই আশ্লুত বুদ্ধবাবু বলেন, “রামবিলাসকে ধন্যবাদ, পশ্চিমবঙ্গের মানুষ তাঁর কাছে কৃতজ্ঞ রইল।” এই সংবাদে খুশি বার্নপুর-আসানসোল শিল্পাঞ্চলও।

রামবিলাস মঙ্গলবার বলেন, “ইস্কোর পুনরুজ্জীবনে টাকার অভাব হবে না।” সেল লাভের মুখ দেখেছে। ঘুরে দাঁড়িয়েছে। ফলে যত টাকাই লাগুক, ইস্কোকে সেলের অংশ হিসাবে ‘সুস্থ’ করে তুলতে কোনও সমস্যাই হবে না। ইস্কোর এই সমাধানসূত্র যে তাঁর দীর্ঘদিনের শিরঃপীড়ার অবসান ঘটিয়েছে, তা সঙ্গে সঙ্গে সাংবাদিকদের জানাতে দ্বিধা করেননি রামবিলাসের পাশে থাকা বুদ্ধবাবু। তবে বেসরকারি উদ্যোগ ছাড়া ইস্কোর কার্যকর পুনরুজ্জীবন সম্ভব নয় বলে মুহুইয়ে যে-ইঙ্গিত এবং জিন্দল গোষ্ঠীকে যে-আশ্বাস দিয়েছিলেন, তার পরিশ্রেক্ষিতে কেন্দ্রীয় মন্ত্রীর এই বক্তব্যকে তিনি কী ভাবে দেখেছেন, সেই প্রসঙ্গ তোলেননি মুখ্যমন্ত্রী।

দুর্গাপুরের অ্যালয় স্টিল প্লান্ট ও সার কারখানা বা বেঙ্গল ইমিউনিটির মতো রুগণ প্রতিষ্ঠানগুলির পুনরুজ্জীবনেও নানা প্রকল্পের কথা ঘোষণা করেছেন রামবিলাস। ফলে কেন্দ্রীয় ইস্পাতমন্ত্রী ইস্কো নিয়ে জিন্দল গোষ্ঠীকে মুখ্যমন্ত্রীর দেওয়া প্রতিশ্রুতি রাখতে অস্বীকার করলেও রামবিলাসের ‘বেঙ্গল প্যাকেজ’-এ অন্তত বুদ্ধবাবুর কৃতজ্ঞ না-হয়ে উপায় নেই।

রামবিলাস জানান, সেলের ১০০ শতাংশ সহায়তা-নির্ভর সংস্থা হল ইস্কো। কেন্দ্রীয় সরকার সিদ্ধান্ত নিয়েছে, সেলের সঙ্গে মিশে যাবে ইস্কো। ইস্কোর পুনরুজ্জীবন নিয়ে দীর্ঘদিন ধরেই নানা স্তরে আলোচনা চলছিল। রাজ্য সরকার প্রস্তাবিত পুনরুজ্জীবনের ক্ষেত্রে ‘নির্দেশিকা’-ও জারি করেছে। সেলের সঙ্গে মিশে যাওয়ার সময়েও এই নির্দেশিকা বহাল থাকবে।

দুর্গাপুরের অ্যালয় স্টিল প্লান্টের পুনরুজ্জীবনে প্রায় ৪০ কোটি টাকা লগ্নির কথাও ঘোষণা করেন কেন্দ্রীয় মন্ত্রী। এই পুনরুজ্জীবন প্রকল্পে প্রয়োজন মোট প্রয়োজন ৫০ কোটি টাকা। তার ৮০% অর্থ জোগান দেওয়ার আশ্বাস দিয়েছেন রামবিলাস। দুপুরে মহাকরণে মুখ্যমন্ত্রীর সঙ্গে বৈঠকের পরে তিনি বলেন, “জাতীয় স্বার্থেই দুর্গাপুরের এই কারখানাটির স্বাস্থ্যোদ্ধার জরুরি। কারণ, প্রতিরক্ষা বা রেল-যোগাযোগের

মতো গুরুত্বপূর্ণ ক্ষেত্রে এই কারখানার উৎপাদিত সামগ্রী কাজে লাগে।” মুখ্যমন্ত্রীর সংযোজন, অ্যালয় স্টিল প্লান্টের পুনরুজ্জীবনে দস্তুর কমিটির প্রস্তাব ১০০ শতাংশই রূপায়ণের আশ্বাস দিয়েছেন রামবিলাস।

রাজ্যকে রামবিলাসের আরও একটি উপহার— দুর্গাপুরের সার কারখানার পুনরুজ্জীবনের আশ্বাস। মুখ্যমন্ত্রী বলেন, “দুর্গাপুর ও হলদিয়া, দু’টি সার কারখানার মধ্যে দ্বিতীয়টির উৎপাদনের কাজ শুরু করা সম্ভব নয়। কারণ, হলদিয়ায় বড় ধরনের প্রযুক্তিগত গলদ ছিল।” রামবিলাস দুর্গাপুরের কারখানার পুনরুজ্জীবনের যে-রূপরেখা দিয়েছেন, তাতে প্রাকৃতিক গ্যাসের ব্যবহারের উপরেই জোর দেওয়া হয়েছে। তিনি স্বীকার করেন, এই পুনরুজ্জীবন প্রকল্পের মূল খসড়াটি পশ্চিমবঙ্গ সরকারেরই। তাঁর ইঙ্গিত পরিষ্কার, একটি প্রতিশ্রুতি যেমন তিনি ঠেলেছেন, তেমনই রেখেছেন রাজ্যের দীর্ঘদিনের অন্য একটি দাবি।

রামবিলাসের কথায়, “দুর্গাপুরের সার কারখানার পুনরুজ্জীবনে পশ্চিমবঙ্গের একটি প্রস্তাব পেয়েছি। জগন্নাশপুর থেকে গ্যাস অথরিটি অব ইন্ডিয়া লিমিটেডের পাইপলাইনে পশ্চিমবঙ্গে প্রাকৃতিক গ্যাস এনে সার কারখানায় ব্যবহার করা হবে।” বুদ্ধবাবুর মতে, এই পুনরুজ্জীবন প্রকল্পে উৎপাদনের খরচ কমবে। কারণ, কয়লার বদলে প্রাকৃতিক গ্যাস ব্যবহারের কথা ভাবা হচ্ছে। তিনি জানিয়েছেন, রানিগঞ্জ থেকে গেইলের মাধ্যমে মিথেন গ্যাস এনে দুর্গাপুরের সার কারখানায় ব্যবহার করা হবে।

পশ্চিমবঙ্গে সার কারখানার সমস্যা যে কোনও বিচ্ছিন্ন বিষয় নয়, তা বেশ জোর গলাতেই জানিয়ে দেন কেন্দ্রীয় মন্ত্রী। তিনি বলেন, শুধু পশ্চিমবঙ্গের নয়, একাধিক রাজ্যের সার কারখানায় উৎপাদনের কাজ বন্ধ। যেমন, ওড়িশার তালচের, ঝাড়খণ্ডের সিজি, উত্তরপ্রদেশের গোরক্ষপুর ইত্যাদি। ওই সব কারখানার পুনরুজ্জীবনেরও চেষ্টা চলছে।

বেঙ্গল ইমিউনিটির ক্ষেত্রে পুনরুজ্জীবন প্যাকেজটি যে আংশিক, তা জানিয়ে রামবিলাস বলেন, “বেঙ্গল ইমিউনিটির পরীক্ষাগার অত্যন্ত উন্নত মানের। তা বেঙ্গল কেমিক্যালের হাতে তুলে দেওয়া হবে। নানাবিধ গবেষণার কাজে লাগবে সেটি।” মুখ্যমন্ত্রীর সঙ্গে আলোচনা সেরেই রামবিলাস চলে যান বেঙ্গল কেমিক্যালের দফতরে। তাঁর ঘোষণা, “এই সংস্থা লাভের মুখ দেখেছে। যাতে লাভ বাড়ে, তা দেখতে হবে।”

তবে দরাজ ভাবে নানাবিধ প্যাকেজের ঘোষণার পরেও ‘সতর্ক’ করে দিয়েছেন রামবিলাস। তা হল, পুনরুজ্জীবন প্রকল্পগুলিতে অর্থের অভাব হবে না ঠিকই। তবে শুধু টাকা ঢালাই শেষ কথা নয়, এই পুনরুজ্জীবন প্রকল্পগুলি রূপায়ণ করতে হবে যথাযথ পরিচালনায়।

Income-tax payers get more relief

HT Correspondent
New Delhi, August 26

FINANCE MINISTER P. Chidambaram on Thursday provided relief to those with an annual taxable income marginally over Rs 1 lakh. The relief is in the form of a graded tax rebate to ensure that those with a taxable income up to Rs 1,11,250 do not take home anything less than Rs 1 lakh.

An individual with a taxable income up to Rs 1 lakh is exempt from paying income-tax. But the minute his income increases marginally — to, say, Rs 101,000 — he is liable to pay a tax of Rs 9,200. In effect, he would take home Rs 91,800.

Chidambaram has corrected this anomaly. A person with an annual taxable income of Rs 101,000 will now be able to take home Rs 1 lakh. While his tax liability will be Rs 9,200, he will be eligible for a rebate of Rs 8,200 and will have to pay Rs 1,000 towards income tax. That will leave him with Rs 1 lakh as take-home salary or income.

Similarly, if an individual has a taxable income of Rs 107,000, he will be eligible for a rebate of Rs 3,400 against his tax liability of Rs 10,400. After paying Rs 7,000 towards income tax, he will be left with a take-home income of Rs 1 lakh.

The tax rebate announced by Chidambaram ranges from Rs 40 to Rs 9,000 for those falling in the taxable income band of Rs 1 lakh to Rs 1,11,250 a year. The basic principle applied by the finance minister is to ensure that those earning marginally higher than Rs 1 lakh a year do not take home a sum less than those earning just Rs 1 lakh.

The finance minister has also

BUDGET, AMENDED

EARNERS

More in non-taxable bracket

Those earning up to Rs 1,11,250 will now get the same benefit as those with an annual income of up to Rs 1 lakh

NRI DEPOSITORS

NRI deposits exempt

Interest income from NRI deposits in NRE & FCNR accounts will continue to remain exempt from income-tax. Banks hold Rs 1,40,000 crore of NRI deposits

AIR OPERATORS

Aircraft leasing tax deferred

Leasing of aircraft to be taxed from next fiscal. This will let IA and A-I complete fleet acquisition through leasing of aircraft without attracting tax liability

deferred his proposal to tax interest payments on NRI deposits till the next fiscal. In his Budget last month, Chidambaram had proposed to tax interest income from NRE and FCNR deposits from September 1, 2004.

Chidambaram has also postponed his move to tax leasing of aircraft by domestic aviation companies. Instead of September 1, 2004, aircraft lease payments will be taxed from April 1, 2005. This will let Indian Airlines and Air-India complete fleet acquisition through leasing of aircraft without attracting tax.

Supply crisis deepens



STUCK WITHOUT A JAM! At a terminal on the outskirts of New Delhi on Sunday. — AFP

Press Trust of India

NEW DELHI, Aug. 22. — Finance minister Mr P Chidambaram said today that truck operators and owners, who are on strike to protest the imposition of service tax, have been “wrongly advised” and “misguided” by goods transport agents, even as the ongoing stir by the truckers cast a shadow over the supply of essential items in

many states of the country.

Also today, the Centre renewed its call for withdrawal of the agitation. “I am sorry that the truck operators and truck owners are being wrongly advised. The government has repeatedly said that there is no intention to levy service tax on truck owners or truck operators. That is the legal position,” Mr Chidambaram said here. “It seems to me that goods

transport agents for their own purposes are misguiding the truck operators and truck owners.”

A report from Patna said markets in Bihar have been affected and prices of vegetables and other essential commodities have skyrocketed. About 400 booking agents of Bihar joined the strike yesterday. As a result, not a single goods-laden truck reaching the state could be off loaded.

Conflicting claims were made by two prominent unions on the movement of goods in Jharkhand as the strike entered the second day today. However, the Jharkhand Truck-owners Association, which had pledged moral support to the strike, today backtracked from its earlier stance and claimed the stir did not evoke much response.

The UP government has made all necessary arrangements to ensure availability of essential commodities in the light of the strike, UP chief secretary Mr VK Mittal claimed.

Parliamentary panel for EPF rate status quo

SI-8
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Press trust of India

NEW DELHI, Aug. 20. — A Parliamentary committee has strongly recommended that "status quo" be maintained by the Centre in the EPF interest rate at 9.5 per cent till a final decision was taken on the matter.

"...while taking a final decision in the matter, the interests of subscribers should be safeguarded. Till such time the status quo in the rate of interest may be maintained," the Standing Committee on Labour said in its first report.

On the recommendation of 8.5 per cent interim rate of interest by the Central Board of Trustees of the Employees Provident Fund Organisation (EPFO) on 9 August 2004, the committee expressed its "deep concern on the lowering of rate of interest which is affecting nearly four

crore subscribers".

The committee, in its 63-page report tabled in Parliament said that on important issues concerning workers, the decision should always be taken by consensus.

Noting that only 4.01 crore workers out of the 39.7 crore strong workforce in the country had been covered under the Employees' Provident Fund Scheme, the committee said it was "not happy with the state of affairs".

"The committee therefore strongly recommend that the ministry should intensify the coverage and make the concerned Regional Provident Fund Commissioner responsible for providing social security cover to every single eligible person both in the organised and unorganised sectors," the report said.

It also recommended taking urgent steps for early disposal of pending cases under various sections of the EPF Act.

ট্রাক ধর্মঘট আজ থেকে

দামের দৌড়

লাগামছাড়া,

অসহায় কেন্দ্র

স্টাফ রিপোর্টার, নয়াদিল্লি ও কর্নকাতা: দেশে লাগামছাড়া মুদ্রাস্ফীতি আরও বেপরোয়া। এতটাই, যে তা প্রায় ৮ শতাংশ ছোঁয়ার মুখে। ৭ অগস্ট যে সপ্তাহটি শেষ হয়েছে, তাতে সরকারি হিসাবে মুদ্রাস্ফীতির হার দাঁড়িয়েছে ৭.৯৬ শতাংশে। এই দৌড়ে তরিতরকারি ও জ্বালানির দামই মূল ইন্ধন যুগিয়েছে। আজ শনিবার থেকে দেশ জুড়ে অনির্দিষ্টকালের যে ট্রাক ধর্মঘট শুরু হওয়ার কথা, তা শেষ মুহুর্তে প্রত্যাহাত না হলে, জোগানের অভাবে এই মুদ্রাস্ফীতির হার আরও চড়বে বলে আশঙ্কা। শক্তিত কেন্দ্রীয় সরকার জিনিসপত্রের দামের উপর রাশ শক্ত করতে পেট্রোপণ্যের পরে আজ ইম্পাতের আমদানি শুল্কও কমানোর কথা ঘোষণা করেছে। তবে আন্তর্জাতিক বাজারের যা অবস্থা, তাতে এই ব্যবস্থাও খুব বেশি কার্যকর হবে বলে মনে করছে না কেন্দ্র।

তবুও বিশ্ববাজারের প্রভাব থেকে দেশের পণ্যের দামকে আড়াল করতে মিশ্র নয় এমন ইম্পাতের ক্ষেত্রে ১০ শতাংশ থেকে কমিয়ে আমদানি শুল্ক ৫ শতাংশ করা হয়েছে রাজস্বকে বলি করেই। জাহাজ-ভাঙা ইম্পাতে শুল্ক ১৫ থেকে কমিয়ে ৫ শতাংশে এবং স্টেনলেস স্টিল ছাড়া অন্য লোহা ও ইম্পাতের ছাঁটের উপর থেকে আমদানি শুল্ক পুরোপুরি তুলে নেওয়া হয়েছে। ফলে কেন্দ্রীয় কোষাগারে চলতি আর্থিক বছরে রাজস্ব বাবদ আয় কমবে ৩০৫ কোটি টাকার মতো।

পাইকারি বাজারের গত কয়েক সপ্তাহে মূল্যবৃদ্ধির আঁচ এ বার সাধারণ মানুষের রান্নাঘরে আশুন লাগাতে শুরু করেছে। গত এক সপ্তাহে তেল, চিনি, আটা, ময়দা থেকে শুরু করে বেড়েছে আলু পেঁয়াজের দরও। গত এক বছর ধরে স্থিতিশীল থাকার পরে গত সপ্তাহে চালের দামও বাড়তে শুরু করেছে। অনিয়ম মার্চেন্টস অ্যাসোসিয়েশন জানিয়েছে, গত চার দিনেই প্রতি ৪০ কিলোগ্রামে পেঁয়াজের পাইকারি দাম বেড়ে গিয়েছে ৭০ থেকে ৯০ টাকা। যে পেঁয়াজের দাম ছিল ২২০ থেকে ২৫০ টাকা, তার দাম বেড়ে দাঁড়িয়েছে ৩১০ থেকে ৩২০ টাকা।

পাশাপাশি বেড়েছে আলুর দামও। পোস্তা আলু ব্যবসায়ী সমিতির সম্পাদক গুরুপদ সিংহ জানান, সপ্তাহখানেক আগে ৫০ কিলোগ্রাম আলুর বস্তার দাম ছিল ২৭০ টাকা। এখন তা ৩০০ টাকায় গিয়ে ঠেকেছে।

পোস্তা বাজার মার্চেন্টস অ্যাসোসিয়েশন সূত্রের খবর, চলতি মাসের প্রথম সপ্তাহে যে মিনিকিট চালের দাম ছিল কুইন্টাল প্রতি ১১০০ থেকে ১৪০০ টাকা, তার দাম বেড়ে হয়েছে ১২০০ থেকে ১৫০০ টাকা। অ্যাসোসিয়েশনের সম্পাদক বিশ্বনাথ অগ্রবাল জানান, বিশেষ করে বেড়েছে চিনি, তেল এবং বনস্পতির দাম। কিছু ডালের দামও বেড়েছে।

গোদের উপর বিষফোড়ার মতো আজ থেকে শুরু হচ্ছে ট্রাক ধর্মঘট। পরিষেবা করার আওতায় পণ্য পরিবহণকে আনার প্রতিবাদে দেশ জুড়ে ওই ধর্মঘটের ডাক দিয়েছে অল ইন্ডিয়া মোটর ট্রান্সপোর্ট কংগ্রেস। ওই ধর্মঘটকে বিভিন্ন রাজ্যে ট্রাক অপারেটরদের স্থানীয় সংগঠনগুলিও সমর্থন করেছে। ও সংশ্লিষ্ট রাজ্যের স্থানীয় দাবিগুলিও তার সঙ্গে জুড়ে নিয়েছে। পশ্চিমবঙ্গে যেমন টোল ট্যাঙ্ক, ওভারলোডিং এবং ৩০ বছরের পুরনো গাড়ি বাতিলের বিরুদ্ধে প্রতিবাদ জানানো হচ্ছে। তবে ধর্মঘটে সামিল হচ্ছে না ফেডারেশন অব ট্রাক ওনার্স অ্যাসোসিয়েশন। ট্রাক ওনার্স অ্যাসোসিয়েশন অব বেঙ্গলের সভাপতি জয়দেব ঘোষ ও সম্পাদক শুভজ্যোতি ঘোষ জানান, “আজ থেকে দেশের অন্য রাজ্যের মতো পশ্চিমবঙ্গেও ট্রাকের চাকা বন্ধ থাকবে।”

এর ফলে মুদ্রাস্ফীতির হার বেড়ে কোথায় গিয়ে দাঁড়াবে তা নিয়ে এখন শুধু বাজিই লড়া যেতে পারে বলে মনে করছে সংশ্লিষ্ট মহল। সরকারি রিপোর্ট অনুযায়ী গত চার বছরের মধ্যে এটাই মুদ্রাস্ফীতির সর্বোচ্চ হার। প্রধানমন্ত্রী মনমোহন সিংহ, অর্থমন্ত্রী পি চিদম্বরম এবং যোজনা কমিশনের ডেপুটি চেয়ারম্যান মন্টেক সিংহ অহলুওয়ালিয়া আর্থিক পরিস্থিতি নিয়ে বিস্তারিত আলোচনা করেছেন। কেন্দ্রীয় সরকার সূত্রে খবর, প্রধানমন্ত্রী ও অর্থমন্ত্রী মন্ত্রিসভার সদস্যদের বলে দিয়েছেন, সরকার রাতারাতি অবস্থার পরিবর্তন করতে পারবে না। কারণ, সারা বিশ্ব জুড়েই এখন মুদ্রাস্ফীতি বাড়ছে এবং পেট্রোপণ্যের দামও বিশ্ববাজারে সাম্প্রতিক কালে বৃদ্ধি পেয়েছে। ফলে কেন্দ্রীয় সরকারের ধারণা, পরিস্থিতির সঙ্গে মানিয়ে নেওয়া ছাড়া বিশেষ উপায় নেই। কেন্দ্রীয় সরকারের মুখ্য অর্থনৈতিক উপদেষ্টা অশোক নাহিড়ি অবশ্য আজ বলেছেন, “পেট্রোপণ্যের শুল্ক হ্রাসের ফলে কিছুটা চাপ কমবে। জিনিসপত্রের দামও শীঘ্রই কমতে শুরু করবে।”

21 AUG 2004

ANADABAZAR PATRIKA

Slash oil duty and hope for the best

OUR SPECIAL CORRESPONDENT

New Delhi, Aug. 18: The government today slashed the customs duty on petrol, diesel, kerosene and cooking gas by 5 per cent and reduced the excise duty on petrol and diesel by 3 per cent, and on kerosene by 4 per cent.

The government is expected to lose Rs 2,500 crore in the current financial year because of the duty cuts.

"We have decided to make a reduction in customs and excise duties and I hope that (international) crude prices will decline," finance minister P. Chidambaram told reporters after announcing the measures in Parliament.

The move has been taken

to reduce the financial burden on public sector oil companies that have been restrained from raising petrol and diesel prices despite a sharp spurt in the global market.

An Indian Oil official said the company would gain around Rs 1,800 crore from the duty cuts in the rest of 2004-05. He said the cuts would not, however, cushion the entire burden of the oil companies have to bear while holding petrol and diesel prices at current levels.

The oil companies were set to raise petrol and diesel prices on August 15 but were persuaded not to.

The price of petrol has gone up by over Rs 3 per litre while diesel has become dearer by Rs 2.48 per litre in the two rounds of increases since the

Congress-led coalition came to power. The price of cooking gas was also raised by Rs 20 per cylinder after two years.

With inflation surging to 7.61 per cent, the government is intent on tamping down price pressure which stems from rising fuel and steel costs.

Inflation is expected to rise further as the petrol and diesel price increase of July 31 has not yet been factored into the wholesale price index. The oil companies were keen to increase the

CUSHION IN CUTS



Fuel	Customs		Excise	
	Existing	New	Existing	New
Petrol	20%	15%	26%	23%
Diesel	20%	15%	11%	8%
Kerosene	10%	5%	16%	12%
LPG	10%	5%	—	—

The revenue loss
The government will lose around Rs 2,500 crore in the seven remaining months of this financial year ending March 31, 2005, because of the cuts in excise duty. The customs duty reductions don't hurt the government because the country imports negligible amounts of petrol and diesel

price of petrol and diesel by Re 1 per litre on August 1 since the Indian basket of crude imports has touched a 21-year high of \$42 per barrel.

"What we have done is avoid any burden on consumers. We have avoided any rise in prices of petroleum products by reducing the duties," Chidambaram said.

The retail selling prices of petrol and diesel included a 20 per cent customs duty which together with a notional "ocean freight", works out to a good Rs 2 to 3 per litre. Since neither of these fuels is imported, this is a notional cost built into the price. In addition, the excise duty on petrol is over Rs 12 per litre while that on diesel is around Rs 3.50.

■ See Business Telegraph

After flak, Centre holds out hope on EPF rate

HT Correspondent
New Delhi, August 17

ASSERTING THAT 8.5 per cent interest rate on Employees Provident Fund (EPF) was an interim announcement, Labour Minister Sis Ram Ola informed the Lok Sabha today that following vain attempts to fix the rate, a majority decision had been taken in the absence of a consensus.

"No final decision has been taken and it can change if ample surplus is available within the EPF-kitty," Ola said while replying to a call attention motion over the issue.

Braving a blistering attack from the Left Party members, CPI's Gurudas Dasgupta in particular,

the minister explained that as labour minister, he had hardly any role in fixing the interest rates. "It is controlled by the Finance Ministry," he said.

Dasgupta had charged while initiating discussion on his motion that the EPF accounts were mismanaged without any scientific accounting system with income being understated and the liabilities overstated.

Saying that the whole issue smelt of something akin to a scam, the CPI veteran accused the government of being soft towards stockbrokers and hard towards the workers. Dasgupta's contention that there was no justification for lowering the interest rates evoked

considerable support from several Left party members such as Basudeb Acharia, Rupchand Pal and V Radhakrishnan of the CPI(M).

Among others, Shaileendra Kumar of the Samajwadi Party, Kharabela Swain and Sushil Kumar Modi of the BJP also made several suggestions even as mood of the members appeared discordant with the Minister's assertions.

Ola explained that even the interim 8.5 per cent interest rate was set to lead to a net deficit of Rs 206 crore. He said the PF Commissioner had been directed to step up the recovery of PF dues to bridge the gap in deficit.

BJP to take on UPA over WTO talks in RS today

Our Delhi Bureau
17 AUGUST

THE UPA government may be looking for kudos for the "success" of developing nations at the World Trade Organization (WTO) talks, but the BJP said the UPA claims of victory were nothing but hollow. The Opposition is likely to take up this issue in the Rajya Sabha on Wednesday.

Arun Jaitley, former trade minister and BJP leader, said: "Developing countries should have bargained for more market access and only then allowed the developed nations to look into their areas of interest."

The BJP felt no definitive gains

had been made in the July 31 package arrived at in Geneva in relation to the Cancun draft that India rejected. It pointed out that the commitment to eliminate export subsidies had already been wrested at Doha by Murasoli Maran. The BJP pointed out that developing countries have accepted an obligation to cut domestic support and also allowed inclusion of a phrase in the final July 31 text that had not figured in earlier drafts, which diluted developed countries' obligation to reduce their domestic support to agriculture below 80% of the base year level.

Government officials, however, do not see much merit in the last point. The July package

states: "As the first instalment of the overall reduction — that is, in the first year and throughout the implementation period — the sum of all trade-distorting support systems will not exceed 80% of the sum of Final Bound Total AMS plus permitted de minimis plus the Blue Box at the level determined in Paragraph 15."

Critics said the phrase "throughout the implementation period," which was incorporated only in the last stages of the talks, diluted the commitment to effect any reduction in trade-distorting domestic support after the first year's 20%. Some of the senior government officials said such an interpretation was not valid for two reasons.

The Economic Times

18 AUG 2004

Inflation hits 3-year high, at 7.61%

Statesman News Service

NEW DELHI, Aug. 13. — Even as the finance ministry promised remedial fiscal measures, the annual rate of inflation continued to bound upwards, touching 7.61 per cent during the week ending 31 July, the highest in over three years.

The inflation, calculated on a point-to-point basis, has been blamed on a surge in prices of food articles, mainly fruits and vegetables, edible oil and manufactured products. However, the wholesale price index (WPI) has not factored in the oil price hike enforced from 31 July midnight.

The index for the major group of fuel, power, light and lubricants, with a weight of 14.23 per cent, remained unchanged at its previous week's level of 274.4. The index for the minerals group, which saw a steep 107.1 per cent rise the previous week, remained the same at 304.2. The figure for iron and steel also remained the same at 240.9.

With the inflation touching 7.51 per cent in the previous session, the finance minister, Mr P Chidambaram, announced fiscal measures would be taken to check the hike while the Reserve Bank of India (RBI) was to work out the monetary measures needed to stem inflation.

Expecting the inflation to "settle down" by September, Mr Chidambaram has attributed the bounding rate to several factors, including last year's "overhang of excess money supply and liquidity", oil shock due to galloping international prices and seasonal factors like drought and floods, which pushed up the prices of essential commodities.

Economists foresee the inflation to continue rising for the next couple of weeks, particularly when the two domestic fuel price hikes and their cascading effect on transportation and commodities are factored in. The fiscal and monetary measures being put into place now would also have their impact only a month down the line.

Meanwhile, government has revised upwards the inflation rate for the week ended 5 June 2004 to a whopping 6.70 per cent from 5.55 per cent. The WPI Index for this period has also been moved up 182.7 to 184.7.

THE STATESMAN

14 AUG 2004

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সংসদে একগুচ্ছ দাওয়াই ঘোষণা শীঘ্রই

মুদ্রাস্ফীতির হার ৭.৬%

স্টাফ রিপোর্টার, নয়াদিল্লি, ১৩ অগস্ট: মূল্যবৃদ্ধির উপর এখনও লাগাম পরাতে পারল না মনমোহন সরকার। খুবই সামান্য হলেও এ সপ্তাহে মুদ্রাস্ফীতির পরিমাণ বেড়েছে। মূলত শাকসজি, ফল, ভোজ্যতেলের দাম বাড়ায় মুদ্রাস্ফীতির পরিমাণ বেড়ে দাঁড়িয়েছে ৭.৬১ শতাংশে। গত সপ্তাহে এই হার ছিল ৭.৫১ শতাংশ। এই হিসাব ৩১ জুলাই শেষ হওয়া সপ্তাহের জন্য। অর্থমন্ত্রক সূত্রে বলা হয়েছে, মুদ্রাস্ফীতি কমাতে অর্থমন্ত্রী চিদম্বরম শীঘ্রই সংসদে একগুচ্ছ ব্যবস্থা ঘোষণা করবেন। এর মধ্যে পেট্রোলিয়াম, ইস্পাতে শুল্ক কমিয়ে দেওয়ার ঘোষণা থাকতে পারে। ভোজ্যতেল ও চিনির দাম নিয়ন্ত্রণে রাখতে মালয়েশিয়া থেকে পামোলিন এবং বিদেশ থেকে চিনি আমদানির জন্যও সরকার প্রস্তুত।

চিদম্বরম অবশ্য মনে করেন, দাম বাড়ার অন্যতম কারণ হল মরসুম। এই মরসুমে ফল, সজি, তেলের দাম সবসময়েই বেড়ে যায়। মাস দুয়েকের মধ্যেই তা কমে যাবে। তখন মুদ্রাস্ফীতিও কমবে। তার আগে মুদ্রাস্ফীতির অন্যতম কারণ পেট্রোল ও ইস্পাতের দাম কমাতে চাইছেন অর্থমন্ত্রী। শুল্ক কমানোর চিন্তাভাবনাও সে জন্যই। ইস্পাত রফতানিতে যে সুবিধা ইউ পি এ সরকার চালু করেছিল, তা খারিজ করার কথাও ভাবা হচ্ছে। আন্তর্জাতিক বাজারে অশোধিত তেলের দাম আরও বেড়েছে। চলতি ব্যবস্থা অনুসারে দেশের বাজারে তা বাড়ার কথা। কিন্তু এখনই আর পেট্রোলের দাম বাড়তে চাইছে না সরকার।

বিজেপি অবশ্য মনে করে, ইস্পাত

বা পেট্রোল নয়, মুদ্রাস্ফীতির অন্যতম কারণ হল, চিদম্বরমের বাজেট। বাজেটে সবকিছুর উপর চিদম্বরম যে-ভাবে দুই শতাংশ হারে সেস বসিয়েছেন, তাতে সবকিছুর দাম বেড়েছে। প্রবণতা আগেই ছিল, পেট্রোল ও ইস্পাতের দাম বাড়ায় মুদ্রাস্ফীতি আরও বেড়েছে। বিজেপি মুখপাত্র অরুণ জেটলির মতে, পেট্রোল ও ডিজেলের সাম্প্রতিক দাম বাড়ার প্রভাব এখনও পুরোপুরি মুদ্রাস্ফীতির উপর পড়েনি। আগামী কয়েক সপ্তাহে তা পড়বে। তখন এই হার আরও বাড়বে।

মুদ্রাস্ফীতিকে সামনে রেখে বিজেপি মনমোহন সরকারের 'জনমুখী' ভাবমূর্তিটা ভাঙার চেষ্টা করছে। জেটলির বক্তব্য হল, "আম আদমির সরকারের চেহারাটা এ বার বেরিয়ে পড়েছে। সরকার কোনও ক্ষেত্রেই যত্ন নিচ্ছে না। প্রতিডেন্ট ফান্ডে সুদের হার কমানো হয়েছে, মুদ্রাস্ফীতি বেড়েই চলেছে। সরকার শুধু শিক্ষাকে কাজে লাগিয়ে কী ভাবে ভেটি বাড়ানো যায় তার ব্যবস্থা করতেই বাস্তব।"

এ দিকে, এপ্রিল থেকে জুনে তেল আমদানি খাতে ভারতের খরচ ৫১ শতাংশ বেড়ে পৌঁছে গিয়েছে ২৭,১৩৫ কোটি টাকায়। বিশ্ব বাজারে তেলের চড়া হারে মূল্যবৃদ্ধির কারণেই আমদানির খরচ এত বেশি স্ফীত হয়েছে। বিশ্ব বাজারে তেলের দাম এই দিন সামান্য পড়লেও তা ছিল যথেষ্ট চড়া। নিউ ইয়র্কের বাজারে অশোধিত তেলের দাম দাঁড়ায় ব্যারেল প্রতি ৪৫.৪৭ ডলার। আগের দিনের তুলনায় তা মাত্র ৩ সেন্ট কম। লন্ডনের বাজারে এই দিন ব্রেন্টের দাম কিছুটা কমেছে।

মূল্য কমিটি পুনর্গঠিত

নয়াদিল্লি, ১৩ অগস্ট: কেন্দ্রীয় সরকারের মূল্য সংক্রান্ত কমিটি নতুন করে গঠন করলেন মনমোহন সিংহ। অত্যাৱশ্যক পণ্যের দামের গতিবিধির উপর নিয়মিত নজরদারি করবে কমিটি। প্রধানমন্ত্রী ছাড়া এখানে থাকছেন ৮ জন ক্যাবিনেট মন্ত্রী। এঁরা হলেন, প্রতিরক্ষা, অর্থ, কৃষি, বাণিজ্য ও শিল্প, সার ও ইস্পাত, যোগাযোগ ও তথ্যপ্রযুক্তি, পেট্রোলিয়াম এবং রেলমন্ত্রী।

— পি টি আই

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New Man

EPF: A DIFFICULT DECISION

12/8 110-10

THE DECISION TO lower the yield on provident fund money lying with the Employees Provident Fund Organisation (EPFO) was bound to be contentious. At least three times in the recent past the trustees failed to arrive at a consensus and on Monday last when they decided, by a majority, to reduce the rate from 9.5 to 8.5 per cent there was predictable opposition. In matters such as this one having a significant social security dimension, economic logic, however compelling, will not be bought. At the centre of the controversy is the inability of the EPFO to persist with an arrangement that delivered a significantly higher-than-market return to its subscribers. As on March 31, 2004 the EPFO managed a corpus valued at more than Rs. 128,000 crores. Three fourths of that was invested in a Special Deposit Scheme with the Government that gives a return of 8 per cent. The Government's reluctance to pay any higher interest on the existing balances in the Special Deposit Scheme has been one of the main factors contributing to the present impasse. The other and a more general factor is the sharp decline in the market interest rates, which has meant lower returns from the investments made elsewhere. Although there has been no conscious benchmarking of EPF rates with the market interest rates, a yawning gap between the two cannot be justified indefinitely. More so because the EPFO gets a part of the returns on its investments at the current market rates. Between April 1989 and June 2000 the EPF rate was 12 per cent. Since then it has been successively lowered to 9.5 per cent.

The weight of economic logic favours the majority of the trustees who took the difficult decision. Even at the reduced 8.5 per cent rate, the EPFO is expected to run up a deficit of more

than Rs. 200 crores, which it hopes to bridge through aggressive collections and recoveries. The Government with its strained finances can ill afford to subsidise a scheme that covers just 30 million out of the estimated 400 million workforce. For the rest, especially the vast numbers in the unorganised sector, where wages are lower and often uncertain, there is no scheme having a social security connotation that even remotely resembles the EPF. Clearly the Government needs to look at these vulnerable sections with a far greater resolve than ever before. Providing them with at least a modicum of social security must be a top priority.

However, those who are opposed to the reduced yield have a point or two in their favour. The task of providing a safety net to the vulnerable sections of society need not come at the expense of the organised workforce. EPF and similar schemes have never been operated on purely commercial lines. The Government has had the benefit of using vast sums of employees' money over long periods and can justify paying a premium interest on that even if the issue is addressed from the standpoint of the market mechanism. In a general sense employees do not have access to their provident funds except for certain pre-defined purposes. That is why the comparison of the administered yield on EPF with the market-determined interest on, say, bank deposits is not appropriate. Besides, recent inflation trends show that real returns from the administered schemes have come down sharply. The way out of the impasse is to move towards a sustainable market-based system presided over by an independent regulator for managing provident fund and other retirement benefit schemes. However, in the present surcharged atmosphere that would be hard to sell.

বছর শেষে পর্যালোচনা

পিএফে সুদ

কমে হল

৮.৫ শতাংশ

স্টাফ রিপোর্টার, নয়াদিল্লি, ৯
অগস্ট: বিস্তর টানাপোড়েনের পর শেষ
পর্যন্ত প্রভিডেন্ট ফান্ডে সুদের হার ১
শতাংশ অঙ্ক কমেই গেল।

আপাতত প্রভিডেন্ট ফান্ডের
সুদের হার ৮.৫ শতাংশ ধার্য করল অছি
পরিষদ। গত বছর এন ডি এ সরকার
৯.৫ শতাংশ হারে সুদ দেবে বলে
ঘোষণা করেছিল। তবে অছি পরিষদ
এও জানিয়ে দিয়েছে, আজ সুদের যে
হার ঘোষণা করা হল, সেটা অন্তর্বর্তী।
বছরের শেষে হিসাব পরীক্ষা করে ঠিক
কতটা আয় হয়েছে তা দেখে তবেই
চূড়ান্ত হার ধার্য করবে পরিষদ। গত
বছর এন ডি এ সরকারের শ্রমমন্ত্রী
সাহিব সিংহ বর্মা ৯.৫ শতাংশ হারে সুদ
দেবেন বলে ঘোষণা করলেও অর্থমন্ত্রক
সে বিষয়ে প্রয়োজনীয় নোটিস জারি
করেনি। এখন গত বছরের জন্যও এই
৮.৫ শতাংশ হারে সুদের জন্যই
নোটিফিকেশন হবে বলে শ্রম মন্ত্রক
সূত্রের খবর।

এই সিদ্ধান্তে বামপন্থী ও সঙ্ঘ
পরিবারের শ্রমিক সংগঠনগুলি
অসন্তোষ প্রকাশ করে আন্দোলনে
নামার কথা বলেছে। বামেরা দলগত
ভাবে মন্তব্য না করলেও এক সিপিএম
সাংসদ বলেছেন, সিদ্ধান্ত দুর্ভাগ্যজনক।
কংগ্রেস বলেছে, এটা অন্তর্বর্তী সিদ্ধান্ত।
পর্যালোচনার সুযোগ থাকছেই।

পি এফের ৮০ শতাংশ টাকা
যেখানে থাকে সেই স্পেশাল
ডিপোজিট স্কিমে সুদের হার হল ৮
শতাংশ। আগেও এই হারই ছিল এবং
অর্থমন্ত্রী পি চিদম্বরম এই বছরও সেই
হারই বজায় রেখেছেন। ওই হার
বাড়ানোর জন্য বাম ট্রেড ইউনিয়নগুলি
তার উপর লাগাতার চাপ দিয়েও ব্যর্থ
হয়েছে। এই অবস্থায় তাঁদের হিসাব
অনুযায়ী ৮.৩ শতাংশ হারে সুদ
দেওয়ার ক্ষমতা রয়েছে পি এফ
কর্তৃপক্ষের। কারণ, গত বছর পি
এফের বাকি কুড়ি শতাংশ টাকা
বিনিয়োগ করে তাঁদের সামান্য বেশি
আয় হয়েছিল।

ঠিক এই প্রেক্ষাপটেই আজকের
বৈঠক বসে। এর আগে তিন তিনবার
বৈঠক করেও ট্রেড ইউনিয়নের বাধার
জন্য কোনও চূড়ান্ত সিদ্ধান্তে পৌঁছতে
পারেনি অছি পরিষদ। আজ শ্রমমন্ত্রী
শিসরাম ওলা বৈঠকের গোড়াতেই
জানিয়ে দেন, সব দিক বিবেচনা করে
৮.৫ শতাংশ হারে সুদ দেওয়ার

প্রস্তাবই তিনি করছেন। এর পরে সব
সদস্যদের বলতে দেওয়া হয়। অর্থ
মন্ত্রকের প্রতিনিধিরা ও শিল্পপতিদের
প্রতিনিধিরা এই হারে সুদ দেওয়া সম্ভব
কি না তা নিয়ে সংশয় প্রকাশ করেন।
তাঁদের দাবি ছিল, সুদের হার আরও
কমানো হোক। অন্যদিকে ট্রেড
ইউনিয়নের প্রতিনিধিরা 'এত কম'
হারে সুদ দেওয়ার ব্যাপারে তাঁদের
ক্ষোভ জানাতে থাকেন।

কিন্তু তা সত্ত্বেও সুদের হার
আপাতত ৮.৫ শতাংশই ধার্য করেছে
অছি পরিষদ। শ্রমমন্ত্রী শিসরাম ওলা
জানিয়েছেন, নতুন করে কিছু বকেয়া
টাকা আদায় করা যাবে বলে অছি
পরিষদ মনে করছে। তার ভিত্তিতেই
তিনি আশা করছেন, সাড়ে আট শতাংশ
হারে সুদ দেওয়া যাবে। শেষ পর্যন্ত
বছরের শেষে গিয়ে কী অবস্থা দাঁড়ায়
তা দেখেই চূড়ান্ত হার ধার্য করে
অর্থমন্ত্রকের কাছে নোটিফিকেশনের
জন্য পাঠানো হবে বলে তিনি
জানিয়েছেন।

কিন্তু পি এফ কর্তৃপক্ষ যাই সিদ্ধান্ত
নিন না কেন, অর্থ মন্ত্রক যে তাঁদের
অতিরিক্ত এক পয়সাও সহায়তা দেবে
না, তা অর্থমন্ত্রী পি চিদম্বরম ইতিমধ্যেই
স্পষ্ট করে দিয়েছেন। এই অবস্থায় ৮.৫
শতাংশ হারে সুদ দিতে হলে এখনকার
হিসাব অনুযায়ী তাঁদের তহবিলে ২০৬
কোটি টাকা ঘাটতি হবে বলে অছি
পরিষদের চেয়ারম্যান তথা শ্রমমন্ত্রী
শিসরাম ওলা জানিয়েছেন। সেই
কারণেই ওই সুদের হার অন্তর্বর্তী বলে
ঘোষণা করেছেন তিনি।

ট্রেড ইউনিয়ন নেতাদের বক্তব্য,
দেশে যখন মুদ্রাস্ফীতির হার ৭.৫১
শতাংশ, নিত্যব্যবহার্য জিনিসপত্রের
দাম যখন আকাশছোঁয়া, তখন সুদের
হারের এই হ্রাস মড়ার উপরে খাঁড়ার
ঘায়েরই সামিল। যেমন গুরুদাস
দাশগুপ্ত বলেন, "এই সুদের হার ধার্য
হলে প্রকৃতপক্ষে কোনো আয়ই
সঞ্চয়কারীদের হচ্ছে না।" তাঁর বক্তব্য,
মন্ত্রী পুরোপুরি একতরফা ভাবে সিদ্ধান্ত
নিয়েছেন এবং সেটা জবরদস্তি চাপিয়ে
দেওয়া হয়েছে। এর বিরুদ্ধে তাঁরা
ব্যাপক ভাবে আন্দোলনে নামবেন
বলেও তিনি হুঁশিয়ারি দিয়েছেন। তাঁরই
সুরে সুর মিলিয়েছেন সিটু নেতা ও
অছি পরিষদের সদস্য ডব্লিউ আর
বরদারাজন এবং বি এম এসের
হাসুভাই দাভেও!

P. B. L. M. R. 10/8
HID-1

EPF interest pegged lower at 8.5 per cent

By P. Sunderarajan

NEW DELHI, AUG. 9. The Central Board of Trustees of the Employees Provident Fund Organisation today decided to recommend an interest rate of 8.5 per cent on EPF as an interim measure for 2004-05. The final rate will be decided at the end of the financial year considering the income earned by the organisation during the year. The recommended rate for last year was 9.5 per cent. But the Finance Ministry is yet to ratify it.

Announcing this, the Union Labour Minister and Chairman of CBT, Sisram Ola, said that depending on the income earned, the final rate could be more than 8.5 per cent. But it would certainly not be less than that.

Estimated deficit

A deficit of Rs. 206 crore was

estimated to arise on account of the decision to peg the interest rate at 8.5 per cent. It would be made good through a year-long special drive to recover arrears from the managements of defaulting companies.

Re-depositing in SDS

The decision was taken at a five-hour marathon meeting of the CBT. The issue had been under discussion since June. Over the past two months, the Board had met three times. Today's was the fourth meeting on the subject.

Addressing a press conference, Mr. Ola said the CBT had also decided to recommend to the Finance Ministry to ratify the interest rate of 9.5 per cent for 2002-03 and 2003-04 so that necessary notifications could be issued. The Finance Ministry has been insisting that the interest rate for 2003-03 should be 9 per cent and for 2003-04 at

8 per cent.

It also decided to request the Government to allow the EPFO to re-deposit the interest earned on investments in the Special Deposit Scheme in the SDS itself and to consider raising the interest rate on SDS deposits keeping in view increases in the inflation rate.

Trade unions flay interest cut: Page 11

✓
LEFT TO BEGIN NATIONWIDE AGITATION FROM 20 AUGUST

Govt cuts EPF rate to 8.5%

SF-1 10/8
S. G. Lo 10/8

Steep hike likely in oil prices

Vijay Thakur in New Delhi

Statesman News Service

NEW DELHI, Aug. 9. — In a clear rebuff to the Left, the government today reduced the rate of interest on the employees' provident fund (EPF) to 8.5 per cent from the present 9.5 per cent.

The labour minister, Mr Sisram Ola, and the EPFO representatives said that the 8.5 per cent rate was "interim" and will be revised at the end of the financial year depending upon the return on special deposit scheme (SDS).

Officials said employees seeking closure of their EPF accounts and those retiring this year will be paid at the rate of 8.5 per cent. In case of any upward revision later, it will apply in the next financial year. Officials also said that if SDS returns were not satisfactory, the rate could even go down at the end of this fiscal.

Major trade unions — particularly those affiliated to the Left parties — reacted strongly against the EPF rate cut by saying that there will be a nationwide agitation from 20 August.

Left parties have been pressing the UPA government not to reduce the EPF rate. Left leaders have been demanding that the interest rate be restored to 12 per cent or at least be retained at 9.5 per cent.

The EPFO argued that the net earnings on the investments of the funds,

DA formula

NEW DELHI, Aug. 9. — Dearness allowance will be counted along with the basic pay for grant of house building advance (HBA) in order to calculate the repaying capacity, the government announced today. Accordingly, the basic pay will be the sum total of the existing basic pay and the dearness pay, an official statement said. — SNS

particularly in the SDS, did not match the remunerative ratio of earning and disbursement at the rate of 9.5 per cent annually. The EPFO and the government wanted to cut the rate to 8 per cent.

Arriving at the figure of 8.5 per cent is a compromise for the EPFO and the government but one, officials said, they can "live with". The provision of declaring the rate as interim makes it possible for the government to manoeuvre for a further cut, officials observed.

Left parties came down heavily on the UPA government within minutes of the announcement on interest rate. CPI-M MP Mr Nilotpal Basu felt the existing interest regime was loaded heavily against depositors, specially in view of the rise in the inflation rate. The CPI national secretary, Mr D Raja, said the UPA government should have tried to reach a consensus with the trade unions on the interest rate.

Aug. 9. — Unless the finance ministry obliges, there's likely to be another steep hike in fuel prices on Independence Day eve. Oil companies will review prices on 14 August, part of their fortnightly routine, and with global crude prices remaining high, an increase in petrol prices of around Rs 1.20 paise may be necessary.

That will take petrol prices to around Rs 38 per litre. Fearing a public backlash, the petroleum minister, Mr Mani Shankar Aiyar, has reportedly asked the finance ministry to cut oil duties and therefore mitigate the price rise partially. Mr Aiyar has also asked North Block to change the oil duty structure.

Global crude prices were about \$ 30 per barrel for Indian imports in January. Now they are \$ 40-plus. This year, the government has so far increased petrol prices thrice — by one rupee per litre in January, by Rs 2 per litre on 15 June, and by Rs 1.10 per litre on 31 July. The 31 July hike was based on the new formula for price determination — the mean of two averages, average of the past three months' prices and average of the past one year's prices.

THE STATESMAN

10 AUG 2004

অর্থনীতির আকাশে অশনি সঞ্চেত

তিন বছরে সর্বোচ্চ, মুদ্রাস্ফীতি ছুঁল ৭.৫%

জয়ন্ত ঘোষাল • নয়াদিল্লি

৬ আগস্ট: পালানিয়রাম চিদম্বরম বাজেট পেশ করতে গিয়ে অভয় দিয়েছিলেন জিনিসপত্রের দাম বাড়লেও তা নিয়ন্ত্রণের মধ্যই থাকবে। অথচ মাস না গড়াতেই মুদ্রাস্ফীতি ৭.৫ শতাংশে পৌঁছে গত তিন বছরের মধ্যে জিনিসের দাম বাড়ার রেকর্ড সৃষ্টি করল। মধ্যবিস্তার পকেটে গত কয়েক মাস ধরে যে টান ক্রমশ বেড়ে চলছিল, সরকারি তথ্যে তারই সমর্থন মিলল।

দামের এই উর্ধ্বমুখী দৌড়ের আর্থিক ও রাজনৈতিক ফল খুব একটা সুবিধার হবে না জেনেই স্বয়ং মনমোহন সিংহ অর্থ মন্ত্রককে সব রকম ব্যবস্থা গ্রহণের নির্দেশ দিয়েছেন।

অর্থমন্ত্রক স্বল্প সময়ে উৎপাদন সম্ভব এমন বেশ কিছু বিকল্প ফসল দ্রুত বনে ফেলার জন্য কৃষিমন্ত্রককে যুদ্ধকালীন তৎপরতায় কাজে নামতে বলেছে। বৃষ্টি না-হওয়ায় ধান, গম, জোয়ার, বাজরার মতো প্রধান খাদ্যশস্যের উৎপাদন এ বার ব্যাপক ভাবে মার খেয়েছে। এখন বৃষ্টি স্বাভাবিক মাত্রায় শুরু হয়ে যাওয়ায় স্বল্প সময়ের বিকল্প চাষের জন্য সয়াবিন, সবুজ ছোলা, কালো ছোলা, তিল প্রভৃতি কৃষি উৎপাদনে জোর দেওয়া হয়েছে।

অর্থমন্ত্রী পি চিদম্বরমের প্রধান আর্থিক উপদেষ্টা অশোক লাহিড়ি স্বীকার করেছেন যে, মুদ্রাস্ফীতি চরমে পৌঁছেছে। কিন্তু সঙ্গে সঙ্গে তাঁর আশা, “বৃষ্টি যে ভাবে শুরু হয়েছে, তাতে মুদ্রাস্ফীতিকেও সামলে দেওয়া সম্ভব হতে পারে।” আর এই কারণেই রিজার্ভ ব্যাঙ্কও ২০০৪-০৫ সালে শতকরা ৫ ভাগ মুদ্রাস্ফীতি হবে বলে যে পূর্বাভাস দিয়েছে, তাতে এখনও পর্যন্ত কোনও পরিবর্তন আনেনি। সরকার মুদ্রাস্ফীতি নিয়ন্ত্রণেও মরিয়া।

এই হার নিয়ন্ত্রণ করতে না পারলে, এর প্রভাব পড়বে সুদের হারের উপরও। সুদের হার বাড়লে, বাড়বে ঋণ করার খরচও। এর ফলে শিল্পে বিনিয়োগের খরচ বাড়বে। আর তার ফলে শিল্পে বৃদ্ধির হার ধাক্কা খাবে। এই বাজেটে রাজস্বের জন্য অর্থমন্ত্রী নির্ভর করে আছেন অভ্যন্তরীণ উৎপাদনের হার সাত শতাংশ ছোঁবে। কিন্তু বৃদ্ধির হার কম হলে রাজস্ব আসবে কম। যা অবশ্যই চিদম্বরমের সামনে বিরাট সমস্যার সৃষ্টি করবে।

শুধুমাত্র শাক-সজ্জি, ফল, ইম্পাত, লোহা, ডিজেল বা গ্যাসেরই দাম বাড়ছে এমন নয়। গত এক বছর ধরে আন্তর্জাতিক ক্ষেত্রে পেট্রোপণ্যের মূল্যবৃদ্ধি দেখা দিয়েছে। গত পাঁচ-



ছ'বছর এই দাম ছিল কমতির দিকে। অর্থমন্ত্রক সূত্রে জানানো হয়েছে, গৃহস্থের সুদের হার বাড়তে পারে, ইম্পাতের দাম আরও বাড়বে। প্রধানমন্ত্রীর সচিবালয়ের মুখপাত্র অবশ্য জানিয়েছেন, “আতঙ্ক সৃষ্টির কোনও কারণ নেই। রিজার্ভ ব্যাঙ্ক গত এক বছর ধরেই বিশ্বব্যাপী এই প্রবণতার কথা জানাচ্ছে। বৃষ্টি স্বাভাবিক ভাবে শুরু হয়ে গিয়েছে। খরার সম্ভাবনা নেই। তা-ই সরকার এই মুদ্রাস্ফীতিকে আটকাতে পারবে।”

তবে মুদ্রাস্ফীতি সর্বদাই বিরোধী দলের অন্যতম রাজনৈতিক অস্ত্র। তাই আজ বিজেপি সভাপতি বেঙ্কাইয়া নায়ডু এবং অরুণ জেটলিও সাংবাদিক বৈঠক করে অভিযোগের তর্জনী তুলেছেন সরকারের দিকে। তাঁদের অভিযোগ, সরকার মুদ্রাস্ফীতি আটকাতে কোনও ব্যবস্থা নিচ্ছে না। সরকারের নানা সিদ্ধান্ত ও বাজেটের জন্যই এই হাল। পেট্রোল, ডিজেল, ইম্পাত, চাল, ডাল সব জিনিসের মূল্যই উর্ধ্বমুখী।

জেটলি বলেন, সর্ব ক্ষেত্রে শতকরা দু'ভাগ সেস বসানো হয়েছে। ইম্পাতের দাম বাড়ানোর সুযোগ দেওয়া হয়েছে। বিজেপি নেতৃত্ব অভিযোগ তুললেও বাম নেতারা কিন্তু এখনই মুদ্রাস্ফীতির বিষয়টি নিয়ে সরকারের বিরোধিতায় নামতে চাইছেন

না। সিপিআই নেতা এ বি বর্ধন বলেন, “চিন্তার বিষয় এটি। কিন্তু মুদ্রাস্ফীতি এখনও এমন জায়গায় এসে পৌঁছয়নি যার জন্য আতঙ্ক সৃষ্টি হয়। সরকার পরিস্থিতি সামলে দিতে পারবে বলে আশা করছি।” সিপিএম নেতা নীলোৎপল বসু বলেন, আন্তর্জাতিক দুনিয়ায় যে মূল্যবৃদ্ধির প্রবণতা তার পরিপ্রেক্ষিতেই বিষয়টি দেখতে হবে। অবস্থা আয়ত্তের বাইরে যায়নি।

দামের সূচকের এই উর্ধ্বমুখী দৌড়ের পিছনে যে কয়েকটি কারণকে অন্যতম বলে অর্থমন্ত্রক সহ বিশেষজ্ঞরা বলছেন, তার মধ্যে একদম প্রথমে রয়েছে খরার আশঙ্কা। মজুতদারেরা এই বছর বৃষ্টি কম হবে এবং ফলে ফলনে টান পড়বে এটা ধরে নিয়েই ভবিষ্যতের লাভের আশায় কৃষিপণ্য মজুত করছেন। এর ফলে খাদ্যপণ্যের দাম বাড়ছে।

একই সঙ্গে বেড়েছে পেট্রোপণ্য এবং ইম্পাতের দাম। এবং যার চাপে অন্যান্য পণ্যেরও দাম বেড়েছে ছছ করে। ইম্পাতের দাম বাড়ার মূলে রয়েছে ২০০৮ সালে চীনে অনুষ্ঠিত অলিম্পিক। এই অলিম্পিকের প্রস্তুতির জন্য সে দেশে ইদানীং লোহার চাহিদা ও আমদানি প্রচণ্ড বেড়ে গিয়েছে। বিশ্ববাজারে তা-ই ইম্পাতের দাম বেড়েছে ছছ করে। যার প্রভাব পড়েছে ভারতবর্ষের বাজারেও।

তেলের দাম বৃদ্ধির বিরুদ্ধে আন্দোলনে যাবে সিপিএম

স্টাফ রিপোর্টার, নয়াদিল্লি, ১ অগস্ট:
ন্যূনতম কর্মসূচি রূপায়ণের জন্য এই
সরকারকে আরও অনেক সময় দেওয়া
প্রয়োজন, পলিটবুরোর এই মতই
কেন্দ্রীয় কমিটি মেনে নিল। তবে
প্রয়োজনে সরকারের উপর চাপ সৃষ্টিও
চলবে। যেমন, পেট্রোল-ডিজেলের
ক্ষেত্রে তাঁদের পরামর্শ না-মেনে দাম
বাড়ানোয় সরকারের বিরুদ্ধে তাঁরা
প্রতিবাদ-বিক্ষোভের আয়োজন করবেন।

অন্য দিকে, সমন্বয় কমিটি নিয়ে
কংগ্রেসের সঙ্গে ঠান্ডা লড়াইয়ের শেষে
মোটামুটি সনিয়া গান্ধীর মতই মেনে
নিয়েছে সি পি এম। দলীয় সূত্রে বলা
হয়েছে বামদেবের সঙ্গে আলোচনার জন্য
ইউ পি এ চেয়ারম্যান সনিয়া ও প্রধানমন্ত্রী
মনমোহন সিংহই যথেষ্ট বলে তাঁরা মনে
করছেন। তবে যে সব মন্ত্রকের বিষয়
নিয়ে আলোচনা হবে, সেই সব মন্ত্রীকেও
ওই বৈঠকে উপস্থিত থাকতে হবে।

প্রকাশ কারাত বলেছেন, "ইউ পি এ
এবং বামদেবের মধ্যে সমন্বয় কমিটি
মোটামুটি চূড়ান্ত হয়ে গিয়েছে।" কাল
সরকারপক্ষ কমিটির বিষয়টি ঘোষণা
করবে বলে তিনি আশা প্রকাশ করেন।
পেট্রোল-ডিজেলের দাম প্রসঙ্গে তিনি
জানান, সরকার তাঁদের বিকল্প প্রস্তাব না-
মেনে দাম বাড়ানোয় তাঁরা এর বিরুদ্ধে
প্রতিবাদ জানাবেন। প্রতিবাদ কী ভাবে
হবে তা পরে স্থির করা হবে। আগামী
বছরের এপ্রিল মাসে দিল্লিতে তাঁদের
পরবর্তী পাটি কংগ্রেস হবে বলেও প্রকাশ
জানিয়েছেন।

সাধারণত বৈঠকের পর সীতারাম
ইয়েচুরি সংবাদমাধ্যমের সঙ্গে কথা
বলতে আসেন। এ বার তার ব্যতিক্রম
ঘটল। কেন্দ্রীয় কমিটির বৈঠকের আগে
ইয়েচুরি এবং এম কে পাঙ্ক সরকারের
বিরুদ্ধে সুর অনেক চড়ায় নিয়ে
গিয়েছিলেন। কিন্তু আজ দলীয় সূত্রে বলা
হয়েছে, কেন্দ্রীয় কমিটি মনে করছে
বাজেট মোটের উপর ন্যূনতম কর্মসূচি
মেনেই হয়েছে। তবে গ্রামীণ ও দরিদ্র
মানুষের জন্য টাকার সংস্থান কতটা এবং
কী ভাবে করা হয়, সেটা এখন তাঁরা
দেখবেন।

ন্যূনতম কর্মসূচি মেনে সরকার চলছে
কি না তার উপর নজর রাখাই তাঁদের
প্রধান কাজ বলে কেন্দ্রীয় কমিটি রায়
দিয়েছে। কারণ, ন্যূনতম কর্মসূচি
অনুযায়ী এগোলে গরিব ও মধ্যবিত্ত
মানুষের কাছে কিছু সুবিধা পৌঁছে দেওয়া
যাবে বলে দল মনে করে। এ কথা
জানিয়ে দলীয় সূত্রে বলা হয়েছে, সেই
কারণেই সরকারকে আরও অনেক সময়
দিতেও তাঁরা তৈরি।

HD-1
3/17

Go-ahead on FTA

By K. Venugopal

BANGKOK, JULY 30. Prime Minister Manmohan Singh does not cease to surprise. Less than 24 hours after startling observers by expressing the Government's intention to take another look at the Free Trade Agreement with Thailand, his Commerce Minister Kamal Nath announced today that all apprehensions had been addressed, and that the first phase of the agreement would go ahead as scheduled on September 1.

It was clear that some, if not all, the reservations of the Prime Minister had been addressed at his meeting this morning with Thailand Prime Minister ahead of the seven-nation BIMST-EC summit meeting on Saturday.

The primary source of worry for India had been that Thailand should not become the staging point for exports from third countries. It had sprung from the fact that Thailand already has free trade agreements with China and Australia, which might have enabled producers in either country to run their products through to India at a concessional duty.

Thailand has assured India that would not happen as it would enforce the rules of origin, which means that only those goods which see a 40 per cent value addition in Thailand are eligible to use this route.

Import duties halved

With this accord, import duties on 82 goods such as air-conditioners and refrigerators, apples and grapes will be halved from September 1 and will be free of duty from September 2006. The entire range of products produced in either country will win such a dispensation by 2010.

Success was not as easy to come by for Mr. Kamal Nath at the World Trade Organisation in Geneva where negotiations are under way towards drawing up a framework agreement on agriculture. Mr. Kamal Nath broke away from the negotiations to be in Bangkok today and is flying back again tonight.

Briefing the media on the progress there, he noted that a group of five, namely, the United States, the European Union, India, Brazil and Australia, had been in consultations on resolving the logjam between the developed and the developing countries.

India, in particular, was clear that the \$300 billion in subsidies paid out to farmers in the United States and Europe was artificial-

ly lowering prices and was not compatible with India's interests. The developed countries must reduce their subsidies, he said.

He noted that the E.U. had agreed to bring them down, but the U.S. had not.

In the afternoon, Dr. Singh flew with other BIMST-EC leaders on a Special Royal Thai Air Force Boeing 737 aircraft to the seaside resort of Hua Hin for an audience with Thailand King Bhumibol Adulyadej at his summer palace.

Longest-reigning King

Born on December 5, 1927, King Adulyadej is the longest-reigning monarch in Thailand, having ascended the throne in 1946 after his brother, King

Kamal Nath rushes back to Geneva

BANGKOK, JULY 30. Cutting short his stay with the Prime Minister, Manmohan Singh, for the BIMST-EC meeting here, the Commerce and Industry Minister, Kamal Nath, is rushing back to Geneva tonight as last-ditch efforts are being mounted to resolve the deadlock in the World Trade Organisation negotiations on the framework agreement.

Mr. Kamal Nath, who joined the Prime Minister's entourage from Geneva to attend the BIMST-EC meet, said there was still no agreement on the draft proposal. — UNI

Earlier report on Page 14

Ananda Mahidol, had been shot dead.

The reverence he wins from his people amazes most outsiders. It is said that in villages people place handkerchiefs on the path for the King to walk on. Once his footprints are on them, the handkerchiefs are picked up and taken back home to become articles of worship.

A union of protocols of the two countries meant Dr. Singh had no officials accompanying him. According to Thai protocol, only two persons are allowed to be with a visiting head of government during the audience with the King. Indian protocol requires that the Prime Minister should always have at least one security guard and a doctor with him. So that determined Dr. Singh's Indian contingent.

Politburo sticks to stand against raising FDI cap

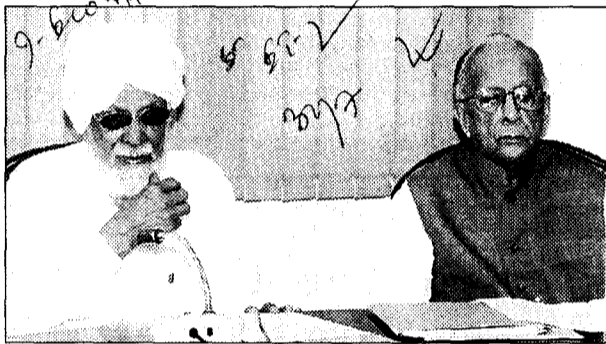
Our Political Bureau

29 JULY

IN what holds ominous signs for the UPA regime's governance agenda, the draft political resolution cleared by the CPM's politburo meeting decided to stick to its "no to raising FDI cap" stance. The resolution will be formally adopted by its apex decision-making body, the central committee.

After the three-day meeting of the central committee, leaders of the CPM are scheduled to meet Prime Minister Manmohan Singh and Sonia Gandhi on Sunday. The meeting is essentially aimed at conveying the collective response of the CPM to the finance minister's announcement to raise FDI cap and other "sensitive" issues like lowering of interest rate on PF.

Although the pragmatists in the party have been inclined to give more elbow room to the government on the policy turf, a significant section of the central committee will insist on taking firm positions on issues that confront its constituency, essentially



LEFT OVERS: CPI(M) general secretary H.S. Surjeet and former state CM Jyoti Basu at the politburo meeting in New Delhi on Thursday. — PTI

the trade unions. In the three sectors where Mr Chidambaram has promised higher FDI, the Left unions have a sizeable presence.

The CPM leaders, who had promised the central committee that they will have greater say in policy-making during the debate on participation in the government, will be required to produce proof of their success before the apex-decision making body. In fact, this has been prompting leaders like Sitaram Yechury to interfere on policy matters.

The CPM has some consola-

tion as the BJP's political opportunism on the FDI issue will force the government to shelve the move to raise cap in the insurance sector. But on the other two sectors, the government can move ahead with administrative orders. In other words, the airport modernisation and foreign funds in telecom can be carried out. On foreign policy issues, too, the CPM will not make things easy for the government. This was indicated on Thursday when it wanted the government to abandon NDA's policies.

Improvident fund

Poor are ignored, employers victimised

What would Karl Marx or Vladimir Lenin say of a political party which argues for this policy — ensure that the top 15 per cent of a privileged 10 per cent gets favourable treatment. Had the gods of communism known that the party in question calls itself both Marxist and Leninist, they might have had a good laugh. For mortals, though, the CPI-M's stand on employee provident fund (EPF) rates is no laughing matter. The communists are pushing for a policy that will at worst keep the EPF rate at 9.5 per cent; their desired rate is 12 per cent. Any argument against this is met by talk of social obligation and old age security. What the Left doesn't say is that the EPF applies to organised sector employees only, that this section is around 10 per cent of the country's workforce and, most important, more than 80 per cent of the fund under the scheme are contributed by top 15 per cent salary earners. So, when the CPI-M gives soundbytes about protecting the working man by retaining or increasing the EPF rate it is actually saying that high income upper middle class employees should get government subsidy. To be fair to the every political party ignores this fact also. The BJP in power went berserk every time a cut in the EPF rate was discussed. So does Congress now, which has twice postponed a decision on an EPF rate. But Marxists are the political arm of trade unionism and it is industrial trade unions that are forcing policy where EPF rates bear no relation to market rates.

The other little-discussed aspect of EPF policy relates to exempted funds — PF funds managed by employers themselves. By law, exempted funds cannot pay a lower rate of interest than what the government sets. When returns from EPF funds are lower than the declared rate of interest — as is the case now — the government can choose to make good the difference if it wants to by taxing Peter to pay Paul. But companies who administer exempted EPF do not have the sovereign taxation option. They are unfairly made victims of a government decision. If the government wants the same EPF rates to apply it should make good the difference between market returns and administered rates. Companies shouldn't be burdened with paying for gross political interference in an investment scheme. Reforms are needed. Professional management of funds, scrapping the special deposit scheme where all EPF money is invested and looking at other debt instruments, allowing equity exposure, etc. But those are far away. To begin with, the CPI-M should live up to its name and not speak for a tiny privileged minority.

PC withers Left protest on FDI

50-5
23/7
Statesman News Service

NEW DELHI, July 22. — The CPI today deplored the attitude of the finance minister, Mr P Chidambaram, towards the Left parties when he chose not to budge on the proposed sectoral cap hike in foreign direct investment.

"Mr Chidambaram has time to entertain the grievances of the stock markets but no time to meet and talk to us," commented Mr Gurudas Das Gupta, a Lok Sabha member of the CPI and leader of the AITUC, here today.

Mr Das Gupta warned the government of serious consequences in case the Centre continued to pursue what the Left parties term "anti people" policies. He declared that the Left parties would take to the streets oppose in Parliament, the move to hike the FDI caps on insurance from 26 per cent to 49 per cent, civil aviation from 40 per cent to 49 per cent and telecom

PM calls Atal to settle the 'dust'

NEW DELHI, July 22. — The Prime Minister reportedly called Mr Atal Behari Vajpayee yesterday to calm down Opposition tempers and clarified that the "dust reference" by Mr P Chidambaram was not made in the context of BJP ideologue Deen Dayal Upadhyaya. Mr Vajpayee is understood to have told Mr LK Advani that such a clarification came from the Prime Minister and hence the issue could be given a burial. BJP members were incensed over the in the context of water schemes run in the name of Upadhyaya and which Mr Chidambaram, BJP leaders said, wanted to merge with the mission named after Rajiv Gandhi. — SNS

from 49 per cent to 74 per cent.

In his reply to the Budget discussions yesterday, Mr Chidambaram played with words to address the concerns of the UPA government's allies without quite giving in. He

pointed to China's success story scripted around FDI and noted that that was the path to be taken. His Tamil quote also hinted the government would do what it felt was in the country's best interest.

In doing so, the finance minister sent out a strong signal to the Left parties that he would not be cowed down by their protests and threats over the budgetary proposals.

Meanwhile, the civil aviation ministry is going ahead with finalising the bids it received for privatisation of Mumbai and Delhi airports vociferous opposition by the Left notwithstanding. Ministry officials said while the government was free to take a decision to scrap the entire process, there was little likelihood of the privatisation process being halted.

The ministry has received 10 bids on expression of intent (EoI), including bids from telecom and infrastructure giants such as Reliance, Bharati, DLF and Videocon.

THE STATESMAN

23 JUL 2004

লেনদেন কর কমল, বিদেশি লগ্নিতে অনড় চিদম্বরম

স্টাফ রিপোর্টার, নয়াদিল্লি, ২১
জুলাই — অবশেষে কমল বিতর্কিত
লেনদেন কর। বাজেটে প্রস্তাবিত শেয়ার
বাজারে বিশেষ ক্ষেত্রে নতুন লেনদেন
কর এক ধাক্কাই বুধবার ০.১৫ শতাংশ
থেকে কমিয়ে ০.০১৫ শতাংশ নামিয়ে
আনলেন অর্থমন্ত্রী পি চিদম্বরম।
পাশাপাশি সরকার বন্ড বা ঋণপত্রকে
লেনদেন করের আওতা থেকে পুরোপুরি
মুক্তি দিয়েছেন। সংসদে বাজেট নিয়ে
প্রশ্নের উত্তর দিতে উঠে এই কর
কমানোর কথা ঘোষণা করেন তিনি। এই
করের হার কমানোর সিদ্ধান্ত শেয়ার
বাজারে ছড়িয়ে পড়তেই লেনদেন বন্ধের
আগের ১৫ মিনিটে শেয়ার কেনার খুম
পড়ে যায়। যা দিনের শেষে মুহুই শেয়ার
সূচক সেনসেসক্সকে গতকালের তুলনায়
প্রায় ৩৬ পয়েন্ট টেনে তোলে।

তবে এদিন ব্রোকার ছাড়া আর
কোনও চাপের কাছে নতি স্বীকার করে
অন্য কোনও বাজেট প্রস্তাব থেকে তিনি
পিছিয়ে আসেননি। এমনকী বিদেশি লগ্নি
নিয়ে 'বাম-বন্ধুদের' চাপেও নয়। উল্টে
তামিল কবিতা থেকে উদ্ধৃতি দিয়ে তিনি
বলেন, রাজা বন্ধুদের পরামর্শ নিশ্চয়ই
শুনবেন, কিন্তু সিদ্ধান্ত নেবেন এমন যা
রাজার যোগ্য। এবং বলেন, দেশে যদি
সম্পদের পরিমাণ বিনিয়োগের থেকে কম
হয় তাহলে অর্থনীতিতে এই ফারাক
মেটানোর জন্য বিদেশি বিনিয়োগের
দ্বারস্থ হওয়ার জোরাল যুক্তি রয়েছে।
এবং এ ব্যাপারে তাঁর পছন্দ চিনাদের
পথ। চিদম্বরমের ইঙ্গিত স্পষ্ট, তিনি
বিদেশি লগ্নির হার বাড়ানোর পক্ষে। এ
ব্যাপারে নিজের যুক্তির পথেই হাঁটার
পক্ষপাতী তিনি। তবে তার মানে বিদেশি
লগ্নির ক্ষেত্রে তাঁর প্রস্তাবই বহাল থাকবে
কি না তা অবশ্য এদিন স্পষ্ট হয়নি।

বিদেশি লগ্নি নিয়ে তাঁর বক্তব্যে
নিশ্চয়ই শেয়ার বাজারের মতো খুশি
হননি বামপন্থী দলগুলি। বাজেটের পর
দু'সপ্তাহ ধরে কমিউনিস্টদের সঙ্গে
সরকারের টানা পোড়েন চলছে বিমা,
টেলিকম এবং বিমান পরিষেবা ক্ষেত্রে
প্রত্যক্ষ বিদেশি বিনিয়োগ বাড়ানোর
বিষয়টি নিয়ে। যেহেতু এটি বাজেট
প্রস্তাবের অংশ নয়, তাই এর নিষ্পত্তির
জন্য ভোটাভুটির প্রয়োজন হবে না। আর
তাই চিদম্বরম এই নিয়ে কিছুটা সময়
নিয়ে নিচ্ছেন বলে সরকারি সূত্রের খবর।

লোকসভায় বাজেট আলোচনার পর
বলতে উঠে অর্থমন্ত্রীর বক্তব্য, "আমরা
যত্ন নিয়ে বাম-বন্ধুদের কথা শুনব।"
অর্থমন্ত্রীর বাজেট বক্তৃতায় বিমা, বিমান
পরিষেবা এবং টেলিকম ক্ষেত্রে প্রত্যক্ষ
বিদেশি বিনিয়োগের পরিমাণ বাড়িয়ে
দেওয়ার কথা বলার পরেই প্রবল
প্রতিক্রিয়া হয় বাম শিবিরে। সরকারি
সূত্রের খবর, চিদম্বরম বিষয়টি পাঠিয়ে
দিয়েছেন প্রধানমন্ত্রী মনমোহন সিংহের
কাছে। মনমোহন বাম এবং জোটের
অন্যান্য শরিকদলগুলির সঙ্গে আলোচনা
শুরু করে দিয়েছেন। সবার সঙ্গে কথা
বলার পর এই বিষয়ে চূড়ান্ত সিদ্ধান্ত
নেবেন মনমোহনই। এই ভিনটি ক্ষেত্রে
বিদেশি বিনিয়োগ বাড়ানো নিয়ে
বামেদের প্রবল আপত্তি প্রসঙ্গে আজ
চিদম্বরম বলেছেন, "ঝগড়াটা বিদেশি
বিনিয়োগ নিয়ে নয়। কোন কোন ক্ষেত্রে
এই বিনিয়োগ আসবে এবং কী শর্তে
আসবে—তা নিয়ে। বিদেশি বিনিয়োগের
প্রয়োজনীয়তা নিয়ে কিছু সবাই
একমত।.....গোটা বিশ্বে এমন সংকেত
যেন পাঠানো যায় যে বিনিয়োগের প্রণে
ভারতের দরজা খোলা।"

বামেদের সঙ্গে বিষয়টি নিয়ে
বিরোধিতার প্রসঙ্গে চিদম্বরম হালকা সুরে
বলেন, "অনেকে ভাবছেন আমি
বামেদের প্রবল চাপের মধ্যে রয়েছি।
এটা আদৌ ঠিক নয়। বরঞ্চ বাম-বন্ধুদের
সঙ্গে কাজ করতে পেরে আমি খুশি।
নীতিটা হল, আমি আমার কথা
সুন্দরভাবে বলব। তারপর বন্ধুদের কথা
যত্ন নিয়ে শুনব। এবং দেশের স্বার্থের
কথা মাথায় রেখে সিদ্ধান্ত নেওয়া হবে।"

লোকসভায় চিদম্বরমের বক্তৃতার
সময় বামেরা বিরোধের আভাস না
দিলেও বিভিন্ন রক্ষায়ত্ত সংস্থার কর্মীদের
বকেয়া বেতন মেটানোর জন্য অর্থমন্ত্রীর
কাছে দাবি জানান তড়িৎ তোপদার।
চিদম্বরমের আশ্বাস, "এই অবহেলিত
মানুষদের পাশে থাকবে তাঁর সরকার।

Chidambaram holds on to FDI limits

By Alok Mukherjee

NEW DELHI, JULY 21. The Union Finance Minister, P. Chidambaram, today avoided a direct response to those critical of the proposal to raise the foreign direct investment (FDI) limit in telecom, insurance and civil aviation and instead said that the message should go out to the world that India was open to investment.

"The quarrel is not with FDI, but in which sectors it should go and the quantum," the Minister said in the Lok Sabha while replying to the general debate on the 2004-05 budget. "Some people say I am under pressure from my Left friends. Let me say I am very pleased working with the Left friends," Mr. Chidambaram said and went on to quote the Tamil poet Tirvullavar — "Talk sweetly to your friends, listen carefully to your friends, but then decide like a good king." "I intend to do just that," the Minister said.

'All investment welcome'

Pointing out that foreign direct investment filled the gap between domestic savings and domestic investment, he said the proposed Investment Commission would solicit domestic, foreign, public and private investment. "All investment must

be welcome in the country. The message should go out to the world that India is ready for investment, under whatever is the policy." Taking his case further, Mr. Chidambaram said China had taken a lead over India in terms of attracting FDI by about 10 years and recently this lead had been narrowed to 6-7 years. "If we miss the boat now, the gap will only increase," he said.

On the Board for Reconstruction of Public Sector Enterprises, the Minister said the public sector managers would have to be accountable for the money the people had given them. "They must create wealth, not waste wealth," he said. Referring to the chronically sick PSIs, he said there were guidelines in the Common Minimum Programme on how to deal with such cases.

Mr. Chidambaram used the rest of his reply to defend his budget proposals saying the emphasis was on agriculture, industry and the social sectors. The budget, he said, had facilitated greater investment in agriculture, industry and services because investment was the key to growth, to employment, to higher income and also the key to maximising the welfare of the people. The budget had also focussed on education, on health, on the mid-day meal

scheme, on universal health insurance for those below the poverty line, on education loans and on strengthening the Industrial Training Institutes.

Commenting on the poor delivery system in the country, he said it would not be possible to throw good money behind bad money as the Government did not want to create a bottomless pit where scarce resources would be wasted.

Hence, there were specific allocations for the accelerated irrigation benefit scheme, on restoring water bodies, and on the Rural Infrastructure Development Fund while new initiatives had been introduced for agro-business through tax reliefs. There was also a National Horticulture Mission for the whole country instead of only four States as in the past. Also, fiscal incentives had been given to tractors, hand tools, and dairy machinery, all intended to facilitate greater investment.

PDS to be strengthened

On unemployment, the Minister said jobs would come through investments and growth in agriculture, industry and the services and which would take time. Till then, to take care of the immediate need to address hunger, the food-for-work programme had been

launched with increased allocation and more foodgrains would be provided in case of a drought this year. The Minister reiterated that the public distribution system (PDS) would be strengthened and the food stamps initiative was to experiment with a new system.

Mr. Chidambaram defended his expenditure and revenue estimates, saying they were not underestimated or overestimated in respective cases. He quoted figures to suggest higher allocations had been made for rural development and to address the problem of drinking water.

Responding to critics who said meagre allocations had been made for programmes included in the CMP, he said, "all of us have to be patient. The CMP is a road map for five years and this Government will last five years to implement them [programmes]."

The House later passed a vote-on-account enabling the Government to carry out essential expenditure for the next few months till the demands for grants of various Ministries was passed by Parliament.

The earlier vote-on-account sought by the Vajpayee Government covered expenditure in the new financial year till July 31, 2004.

22 JUL 2004

Market balm, Left massage

OUR SPECIAL
CORRESPONDENT

New Delhi, July 21: Finance minister Palaniappan Chidambaram performed his first budget rollback today, watering down the tax on securities transactions and expressed the belief that he can sweet-talk the Left into dropping its objection to easier foreign investment rules.

Chidambaram repaired his market-friendly credentials by announcing in Parliament a graded transaction tax structure, slashing the 0.15 per cent rate to a tenth for day traders who had hit the warpath, and emptied mutual funds that are not equity-based and the bond market from the levy.

Expected as the relief was, the stock market staged a cele-

bration, a minor one. The Bombay Stock Exchange share index rose 36 points to close at 4993.

While declaring the rollback, it seemed the grim prospect of another hung at the back of his mind. "This is a matter which could be resolved through discussions," he said, addressing the Left in connection with the dispute over the proposed increase in the foreign investment limit in insurance from 26 to 49 per cent.

The Left is also opposing a similar measure for telecom and civil aviation.

Chidambaram took care to massage the Congress ally's sentiments, saying, for instance, that the government would seek to promote and "reconstruct" that part of the public sector which has created wealth and made India stronger.

His statements on agriculture would also make the Left happy. "I want to assure this House that agriculture will remain the centre of focus this year, next year and the next."

Voters in the recent elections had given a mandate for "another look" at economic reforms to spread the benefits to the less privileged, he said.

His speech was not all sugar and honey, however. Quoting his favourite Tamil poet, Thiruvalluvar, Chidambaram said: "I will talk to them (the Left) sweetly; I will listen to them. I will try to convince them. But eventually the king has to take decisions in the best interests of the country."

The Left has threatened to vote against the amendment to law that is necessary to imple-

ment the proposal to raise the foreign investment limit in insurance. The government faces defeat because the BJP, too, has decided to oppose it.

Even CPM general secretary Harkishen Singh Surjeet, instrumental, along with Jyoti Basu, in getting the party to support a Congress-led government, has spoken out against Chidambaram's announcement.

Writing in the latest issue of party mouthpiece *People's Democracy*, Surjeet said: "The Left will see to it that these FDI (foreign direct investment) proposals are rolled back."

In the House, Left members kept quiet — they had loudly protested while Chidambaram made the announcement in his budget presentation.

■ See Business Telegraph



Chidambaram: Sweet talk

BUDGET & FINANCIAL SECTOR REFORM

AMIDST THE WELL-PUBLICISED emphasis on agriculture and the social sector, the recent budget, which was the first official economic policy foray of the United Progressive Alliance Government, holds important messages for the financial sector and clues to its reform, or rather liberalisation, agenda. In fact, the stock markets look to such reform signals as much as to fiscal measures while reacting to the budget. This time touched to the quick by the one controversial budget proposal, the turnover tax, the market failed to appreciate the finer points of the budget, including those having a bearing on the reform agenda. The downplaying of the public sector disinvestment programme — the Finance Minister, P. Chidambaram, has budgeted for just Rs. 4,000 crores, a fourth of what the interim budget had done — might indicate a slowdown in one area of reform. However, in his budget speech Mr. Chidambaram has recognised both disinvestment and privatisation as useful economic tools. A recognition that the top-rung public sector enterprises should function profitably in a competitive global economy suggests that badly needed reform measures in government-owned enterprises are under way. Even in the more conventional sectors covered by the budget, the liberalisation agenda is visible.

For instance, the Government has projected a market borrowing of almost Rs. 150,000 crores this year. The efficiency of the financial system matters a great deal in mobilising such massive amounts and in keeping the costs down. The latter depends critically on the interest rate policy, which although primarily the domain of the Reserve Bank of India is influenced by the budget. On the eve of the budget, market interest rates were tending to harden and with inflation hovering around 6 per cent, it was widely believed that the soft phase of the interest rate cycle was finally

over. The Finance Minister, while acknowledging the major cost savings that have accrued to the Central Government and other borrowers as a result of the prevailing soft interest rates, has pleaded for "a benign interest rate regime that appropriately balances the legitimate claims of the savers and the borrowers." While not giving any fresh insight into the continuing interest rate policy dilemma, Mr. Chidambaram, like his recent predecessors, has preferred interest rates to be aligned to the market, save for one or two exceptions. While the existing administered interest rates on small savings, PPF and a few others have been left untouched, the budget has fulfilled a promise made in the interim exercise: a new risk-free instrument that will deliver a slightly higher-than-market return for the exclusive benefit of the senior citizens.

A few, strictly non-budget initiatives having a direct bearing on the financial sector found mention in the Finance Minister's speech. Infrastructure funding gets a new thrust through the revival of an old mechanism: an inter-institutional group made up of leading development finance institutions and commercial banks will plough as much as Rs. 40,000 crores into eligible projects. The proposal has a number of merits. It makes available relatively low-cost bank funds to those who have the expertise to invest in such projects. Just days before the budget presentation, the Government announced a major revamp of agricultural credit, promising to double its quantum in the next three years. The success of both initiatives depends on the pursuit of financial sector reform. The budget has promised a number of initiatives in this area, notably reform of the co-operative sector for improving agricultural credit delivery and tightening of the recently enacted securitisation legislation to help banks.

Dialogue to dilute discord with Left

Plan panel to re-target expenses

OUR SPECIAL CORRESPONDENT

New Delhi, July 17: A day after a 45-minute ice-breaker meeting with CPM leader Harkishen Singh Surjeet, Prime Minister Manmohan Singh said all differences with the Left would be resolved through dialogue.

Singh, who spoke to the media just before a ceremony swearing in new members of the plan panel, indicated all contentious issues, including the Left's objections to raising the ceiling on FDI in telecom, insurance and aviation, will be resolved "through a process of dialogue...I am very confident that we will have a smooth sailing in the end".

Yesterday's meeting seems to have reopened a dialogue between the two that had over the last two weeks turned into a monologue with the Left voicing its criticism of certain economic decisions and the Congress ignoring the problem. The Left leadership had sought meetings with Singh since the beginning of July to iron out differences, but somehow no meetings could or were held.

The Prime Minister did not shy away from differences having arisen but said: "I think there will always be problems, but I have great faith in inherent patriotism of my colleagues in various political parties...let me say, we all are united and have to work together."

He said India was today in the "realm of political economy" and a judicious mix of "politics and technocracy is what the country needs to move forward with the process of socio-economic change".

Singh, who has appointed six of his cabinet colleagues to the plan panel, including railway minister Laloo Prasad Yadav and agriculture minister Sharad Pawar as ex-officio members, said their presence would strengthen the plan process. "We have a combination of technocrats and political understanding here."

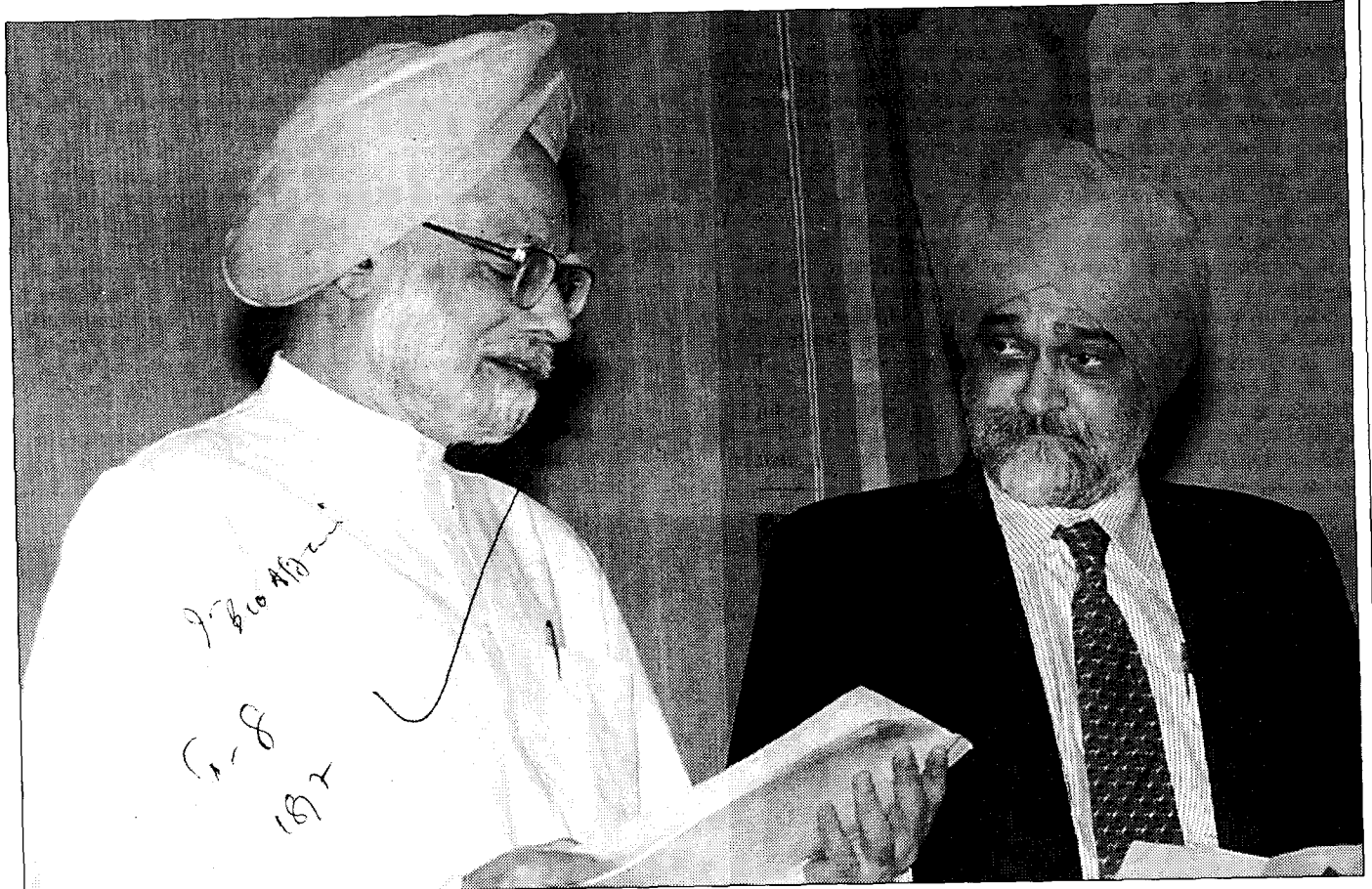
The new panel has been given the job of reworking the plan expenditure proposals so that money expenses are re-targeted according to the priorities of the United Progressive Alliance government's common minimum programme.

The Planning Commission is also expected to transfer all centrally-sponsored schemes other than national priority areas like family planning to state governments.

It is understood that these issues have been informally discussed today between the new plan panel, which include Singh's right-hand man Montek Singh Ahluwalia who is the new deputy chairman and members such as Syeda Hamid, Abhijit Sen, Anwar-ul Hoda and ministers who are ex-officio members.

The government is wondering whether the plan restructuring that it is thinking of will be politically acceptable as it could otherwise lead to another bout of bad blood with alliance partners.

The other major concern for the government is improving the delivery system, which is seen as weak and one where the actual benefits of the huge sums spent by the government (this year's plan expenditure is placed at Rs 1,45,590 crore) hardly reach those who are to derive benefits from the schemes.



Prime Minister Manmohan Singh administers the oath of office and secrecy to deputy chairman of Planning Commission Montek Singh Ahluwalia at his residence in New Delhi on Saturday. (PTI)

Allies look for face-saver

OUR SPECIAL CORRESPONDENT

New Delhi, July 17: The Left parties, like the Congress, are waiting for a face-saving compromise on the cap on foreign direct investment which has triggered an acrimonious debate between the United Progressive Alliance and their communists allies.

Senior CPM leaders Prakash Karat and Sitaram Yechury met finance minister P. Chidambaram today to discuss the budget proposals, particularly the FDI cap. CPM general secretary Harkishen Singh Surjeet met Prime Minister Manmohan

Singh yesterday to clear the air on the issue.

The Left will sheath its swords if the government decides not to increase the FDI limit in the telecommunication sector to 74 per cent. Senior CPI leaders said the government could instead settle for 25 per cent foreign institutional investment for this will make the Left happy.

The Congress and Left alike feel there has to be a give-and-take on the matter to prevent the BJP from exploiting the communists' discomfiture at finding themselves on the same side as the former ruling party on this issue. The BJP has already said

it will oppose the UPA decision to raise the FDI cap.

Left leaders were earlier confident that the National Democratic Alliance would not oppose either the FDI cap or amendments to the Insurance Regulatory Development Authority bill since it followed similar policies to the Congress when in power.

But the BJP has seized the chance to embarrass the Left by doing an about-turn. Left parties are now keen to reach some sort of compromise so that it does not appear they are siding with the former ruling party on a budget proposal.

Yechury's statement on the BBC's *Hard Talk* programme

yesterday that the Left must not be taken for granted has put the UPA on notice that the acrimony must not be allowed to spill over; though the CPM is determined not to rock the government.

At last Sunday's CPM politburo meeting it was resolved that the Left would not undermine the government.

But Yechury was uncompromising in his interview and his comment that the CPM knew how to "bark but also to bite" has set tongues wagging.

The Left wants to be able to influence government policies and in the FDI cap it has smelt an opportunity to force the UPA to give in.

CPM clears air on budget

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OUR SPECIAL
CORRESPONDENT

New Delhi, July 11: The CPM today said it will not destabilise the United Progressive Alliance government in or outside Parliament, scotching speculation about the Left opposing the finance bill over the decision to ease foreign investment.

"The CPM will not create any instability for the UPA government," party leader Sitaram Yechury said after a meeting of the politburo.

The party is not planning to bring any "cut motions", usually brought to amend certain policies in the finance bill. The party will, however, oppose any amendment proposed to the Insurance Regulatory Development Authority Act to raise the foreign direct investment limit from 26 to 49 per cent.

"There is nothing new about this. We had opposed the bill when it was introduced in Parliament during the NDA government. We will oppose it this time also if it is brought in Parliament for amendments," Yechury, a politburo member, said.

"The argument that more foreign capital is required for expansion in this sector does not hold ground."

The CPM would also oppose 74 per cent FDI in telecommunications as some Indian telecom companies would then become foreign-owned and controlled, Yechury added. In civil aviation, too, the ceiling on foreign holding has been pushed up — from 40 to 49 per cent.

The politburo's decision to keep the party's FDI opposition under control is in keeping with the CPM's overall positive response to the budget proposals.

The Left was not expected to put the government's future at stake. However, a flurry of statements today from some Left leaders had fuelled speculation that the finance bill could be targeted.

However, the politburo released a statement today clearing the air: "The UPA is interested in honouring the verdict of the people in the recent Lok Sabha elections and also fulfilling its commitment to the common minimum programme," it said.

Congress chief Sonia Gandhi is scheduled to meet the allies, including the Left, tomorrow to smooth the frictions over the budget. FDI will top the agenda.

A part of the CPM strategy could be to leave the more strident protests to its trade union wing, the CITU.

We have continued the process of liberalisation, says Chidambaram

By V. Jayanth

CHENNAI, JULY 11. The Union Finance Minister, P. Chidambaram, has expressed confidence that he could explain the rationale behind the increase in the foreign direct investment cap in some of the thrust sectors and convince the Left parties about its need.

"I have already mentioned this to them, explained the Government's thinking before the budget, without getting into the details. We must be patient. We have to take everybody along and I hope to convince them," he said in an interview here today.

Justifying the need to raise the FDI cap in the Telecom, Civil Aviation and Insurance sectors to 49 per cent, Mr. Chidambaram said: "In the existing arrangement, there could be an effective 74 per cent foreign investment, though in a non-transparent manner — 49 per cent from the actual investor and 25 per cent through the local partner. We have now made it transparent. This is in the telecom sector.

"In the Civil Aviation sector, we have just enhanced the limit from 40 to 49 per cent, which is not much. And when we have allowed 49 per cent stake in airports, it must naturally extend to the rest of the aviation sector.

"As for insurance, the private players have told us that they were not able to harness 74 per cent from Indian partners or investors. If you see it, there is not much difference, in terms of control or management, between holding a 26 per cent stake and 49 per cent. Further, the Insurance Regulation and Development Authority (IRDA)

had also recommended raising the investment cap. It was only after taking all this into consideration that we decided to raise the cap," the Finance Minister said.

He said the basic thrust of the budget was to continue to liberalise in two ways: "So we do not undo the reform measures of the previous Government. And we rectify or address things which have been left undone by them — agriculture and the rural economy for instance."

Denying suggestions that there was in effect no increase in the allocation for agriculture in his budget, Mr. Chidambaram said that in addition to the sanction accorded in the interim budget of the previous regime, he had provided an additional Rs. 10,000 crores for issues covered in the Common Minimum Programme. The bulk of this was for agriculture and rural development. Another Rs. 8,000 crores had been earmarked under the Rural Infrastructure Development Fund (RIDF). The LIC would be expending Rs. 3,000 crores under the watershed programme and the NABARD would be funding micro projects in irrigation to the tune of Rs. 200 crores.

He made one thing clear — there was already an interim budget and the Government adopted it as the basic document. "There is an additionality which we have brought into that framework to include some of our commitments to the people. You must also remember that by the time Parliament debates and approves this budget, six months of the financial year will be out."

Asked about the criticism that the revenue projections in the

budget were on the higher side and rather unrealistic, Mr. Chidambaram said, "What I have done is to basically accept the projections in the interim budget and then provide for the additional amount that we will be mobilising. Take income tax for example: The interim budget had projected a collection of Rs. 46,309 crores. Is anybody questioning that figure? I have raised an additional Rs. 4,620 crores and this will come from the cess, the transaction tax and the collection of arrears. I am not able to put a figure on the arrears, but I am told they are all Undisputed Recoverable Arrears (UDA). It needs a drive and we will provide that effort."

As for the complaints that he had only raised the ceiling for income tax exemption without really offering any relief to the taxpayers, the Finance Minister said: "Everyone knows about the Kelkar committee report. But there is a Kelkar task force, which will be submitting its recommendations based on the response in the website to the committee's report next year. I have had a sneak preview of it. I promise you we will revisit the subject next year in the light of the recommendations."

He explained that 1.4 crore taxpayers had been let off the tax net, with the raise in the income ceiling to Rs. 1 lakh. "You must also know that there are only 75,000 people in the whole country who admit to a taxable income of Rs. 10 lakhs or more. If you and I are paying more, there are many of our friends who are still not paying. This is surprising, considering the fact that we have 4.6 million Indians who are outbound tourists in a year."

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কৃষিতে ছাড়, গ্রামীণ পরিকাঠামোয় লগ্নি বাড়ছে



নয়াদিল্লি, ৮ জুলাই: কেন্দ্রীয় বাজেটে কৃষির জন্য ছাড় উৎসাহমূলক কর্মসূচি ঘোষণা করেছেন অর্থমন্ত্রী পি চিদম্বরম। এর মধ্যে আছে খণের পরিমাণ পস্তুর জন্য বিমা এবং হটিকালচার ও ডেয়ারি শিল্পে করছাড়। এ ছাড়া সেচ প্রকল্পগুলির রূপায়ণ এবং গ্রামীণ পরিকাঠামোয় লগ্নি বৃদ্ধির উপরেও জোর দিয়েছেন তিনি। পাশাপাশি, কৃষি-পণ্যের বাজার এবং কৃষি-বাণিজ্য বাড়ানোর প্রতিশ্রুতিও দেওয়া হয়েছে এ বাবের বাজেটে। শস্য চাষে বৈচিত্র্যসাধন এবং প্রক্রিয়াকরণের মাধ্যমে কৃষির সার্বিক উন্নয়নের উপরে জোর দিয়েছেন

চিদম্বরম। বাজেট বক্তৃতায় তিনি বলেছেন, “হটিকালচার এবং ফল, তৈলবীজ ইত্যাদির চাষের মাধ্যমে কৃষিতে বৈচিত্র্য আনতে হবে। পাশাপাশি, জোর দিতে হবে দুধ এবং দুগ্ধজাত সামগ্রীর উৎপাদনেও।” হটিকালচারের উন্নয়নকল্পে একটি হটিকালচার মিশন তৈরির প্রস্তাব দেওয়া হয়েছে বাজেটে। এর লক্ষ্য হটিকালচারে উৎপাদন বর্তমান ১৫ কোটি টন থেকে বাড়িয়ে ২০১১-১২ সাল নাগাদ ৩০ কোটি টনে নিয়ে যাওয়া। তৈলবীজ চাষে উৎসাহ দিতে কৃষকদের অত্যধুনিক বীজ-শ্রুষ্টি জোগানো হবে। তার সঙ্গে বীজের ক্ষেত্রে মূল্য সহায়তা দিতে সরকার উপযুক্ত নীতি নির্ধারণও করবে বলে জানান চিদম্বরম।

আগামী তিন বছরের মধ্যে কৃষি-ঋণ বিজ্ঞপ্তি করার লক্ষ্যমাত্রা ধার্য করা হয়েছে বাজেটে। এ ক্ষেত্রে গৃহীত নীতি রূপায়ণের দায়িত্ব নাস্ত হয়েছে সরকারি, বেসরকারি— সব ধরনের ব্যাঙ্কের উপরেই। এ ব্যাপারে দায়িত্বপ্রাপ্ত গ্রামীণ ব্যাঙ্গুলি যে সব স্পনসোর

ব্যাঙ্কের অধীন, তাদেরও কাজের ব্যাপারে দায়বদ্ধ থাকতে হবে চিদম্বরম ঘোষণা করেছেন।

কৃষি-ঋণ দেওয়ার ক্ষেত্রে সমবায় ব্যাঙ্কগুলির উল্লখযোগ্য ভূমিকা রয়েছে। এই কাজ সূষ্ঠ ভাবে করতে হলে এই সব ব্যাঙ্কের স্বাস্থ্য ফেরানো জরুরি। সমবায় ব্যাঙ্কগুলির সংস্কারের উদ্দেশ্যে একটি টাস্ক ফোর্স নিয়োগের প্রস্তাব দিয়েছেন চিদম্বরম। এই টাস্ক ফোর্সকে দ্রুত কাজ করে আগামী ৩১ অক্টোবরের মধ্যেই রিপোর্ট পেশ করার জন্য বলা হবে বলে চিদম্বরম জানিয়েছেন। অ্যাকসিলারেটেড ইরিশেশন ডেভেলপমেন্ট প্রোগ্রাম (এ আই ডি পি) বা চটজলদি সেচ উন্নয়ন প্রকল্পে চলতি আর্থিক বছরের জন্য ২৮০০ কোটি বরাদ্দের প্রস্তাব দেওয়া হয়েছে বাজেটে। এই প্রকল্প পূর্ণপরিমিত হবে বলে জানিয়েছেন চিদম্বরম।

গ্রামীণ পরিকাঠামো উন্নয়নের উপরে বিশেষ জোর দেওয়া হয়েছে এ বাবের বাজেটে। চিদম্বরম তাঁর বক্তৃতায় জানান, ১৯৯৪-৯৫ সালে নার্বার্ড-এর অধীনে

সরকারি ইনফ্রাস্ট্রাকচার ডেভেলপমেন্ট ফান্ড (আর আই ডি এফ) গঠিত হয়। পাঁচ মাস আগে ওই তহবিল বন্ধ করে দিয়ে কিছুটা ভিন্ন ধরনের একটি তহবিল গড়া হবে বলে সিদ্ধান্ত নেয় পূর্বতন কেন্দ্রীয় সরকার। বহু রাজ্য সরকার এবং সাংসদ এতে আপত্তি জানান। তাই পুরনো গ্রামীণ পরিকাঠামো উন্নয়ন তহবিল ফিরিয়ে জালা হল। তবে এর নির্দেশিকায় কিছু পরিবর্তন আনা হবে এবং এই তহবিল খাতে ২০০৪-০৫ বছরের জন্য ৮০০০ কোটি টাকা বরাদ্দের প্রস্তাব দেওয়া হচ্ছে।

কৃষি-বিমার ব্যাপারে ১৯৯৯-২০০০ সালে চালু হওয়া ন্যাশনাল এগ্রিকালচারাল ইনসিওরেন্স স্কিম (এন এ আই এস) বা জাতীয় কৃষি-বিমা প্রকল্পটি বজায় থাকবে বলে বাজেটে ঘোষণা করা হয়েছে। এ ছাড়া ২০০৩-০৪ সালে ১২টি রাজ্যের ১৯টি জেলায় রাবি শস্যের জন্য যে বিমা প্রকল্প চালু করা হয়েছে, তা এ বছর খরিপ শস্যের ক্ষেত্রেও প্রযোজ্য হবে বলে প্রস্তাব করেছেন চিদম্বরম।

— পি টি আই

বাজেট ২০০৪

ইম্পাতে শুষ্ক বাড়ায় উদ্বেগ শিল্পমহলে

স্টাফ রিপোর্টার: বাজেটে ইম্পাত উৎপাদনের উপর শুষ্ক বৃদ্ধির প্রস্তাবে হতাশ এবং উদ্বিগ্ন সংশ্লিষ্ট শিল্পমহল। এদের অনেকেরই আশঙ্কা, এর ফলে ইম্পাত শিল্পে বিনিয়োগ ব্যাহত হবে। উৎপাদন খরচ বাড়বে। শুষ্কের হার বেড়ে যাওয়ায় উৎপাদন বৃদ্ধি পাবে এবং দেশে উৎপাদনের সম্ভাবনা থাকা সত্ত্বেও চাহিদা পূরণের জন্য বিপুল পরিমাণে ইম্পাত বিদেশে থেকে আমদানি করতে হবে।

ইম্পাত ইন্ডাস্ট্রিজ-এর ম্যানেজিং ডিরেক্টর বিনোদ মিশ্রাল মনে করেন অর্থমন্ত্রী পি চিদম্বরমের এই প্রস্তাব ইম্পাত শিল্পকে ভয় পাইয়ে দিয়েছে। ১০ শতাংশ আমদানি শুষ্ক হ্রাসের প্রস্তাবে তিনি যে শুষ্ক উদ্বেগ প্রকাশ করেছেন তাই নয়, অর্থমন্ত্রী পি চিদম্বরমের কাছে তাঁর অনুরোধ তিনি যেন আমদানি শুষ্ক কমানোর বলনে ১৫ শতাংশ বাড়ানোর কথা বিবেচনা করেন। বিনোদের বক্তব্য "আমদানি শুষ্ক ১০ শতাংশ কমে গেলে সমস্তই ইম্পাত আমদানি সম্ভব হবে। এটা একটা ভয়ের কারণ। এই মুহুর্তে দেশের এই শিল্পের প্রসার ঘটছে। এখন আমদানিকে উৎসাহ না-দিয়ে ১০ শতাংশ কমানো বাড়াবার উপর জোর দেওয়া দরকার। ইম্পাতের সূচক মূল্য এবং ন্যূনতম দাম বেঁধে দেওয়ার পরেই আমদানি শুষ্ক কমানো উচিত ছিল। কিছু দিন আগেই ইম্পাতের আমদানি শুষ্ক ৩৫ শতাংশ থেকে কমিয়ে ১৫ শতাংশ করা হয়েছে। এ বার চা আঁর না-কমিয়ে ২০ শতাংশ বাড়ানো উচিত। তা না হলে অন্তত ১৫ শতাংশ বৃদ্ধি দরকার। উৎপাদন শুষ্ক বাড়িয়ে ১২ শতাংশ হলে ইম্পাতের চাহিদা কমে যেতে পারে। এতে শিল্পই সঙ্কটে পড়বে।"

টাটা স্টিলের চেপটি ম্যানেজিং ডিরেক্টর ত্রিদিবেশ মুখোপাধ্যায়ের প্রতিক্রিয়া, "ইম্পাত শিল্পে বিনিয়োগ টানার ব্যবস্থাই সেই এই বাজেটে। ইম্পাতের চাহিদা হ্র ক করে এখন বাড়ছে, রফতানিও বাড়ছে ঠিক তখন ১২ শতাংশ উৎপাদন শুষ্ক বৃদ্ধির ফলে লগ্নি কমে যাবে। কেন্দ্র শুষ্ক হ্রাস পড়তে পারবে না। বর্ধিত চাহিদার প্রেক্ষিতে ইম্পাতের উপর মাসুল কমানো উচিত ছিল। তা হয়নি। পরিকল্পিত, আমদানি শুষ্ক ১৫ শতাংশ থেকে কমিয়ে ১০ শতাংশ হওয়ায় বিপদ আরও বেড়েছে। এর ফলে ইম্পাত আমদানি বেড়ে যাবে।"

তিনি বলেন, ভারতের পরিকাঠামো শিল্পে প্রসারের ফলে ইম্পাতের চাহিদা বেড়েছে। রফতানি আয়ের তুলনায় অনেক বেশি। উৎপাদনের জন্য প্রয়োজনীয় কাঁচামাল কয়লা, আকরিক লোহা, কিছুই অভাব নেই। কিন্তু সরকারি সাহায্য মিলবে না। এমনকী অর্থমন্ত্রীর কাছে ইন্ডিয়ান স্টিল অ্যাসোসিয়েশনের পাঠানো প্রস্তাবের বিপরীত ছবি পাওয়া গেল বাজেটে।

শুষ্ক বৃদ্ধি সম্পর্কে রাষ্ট্রায়ত্ত্ব সংস্থা স্টিল অথরিটি অব ইন্ডিয়া (সেল)-এর চেয়ারম্যান ডি এস জৈনের বক্তব্য, "উৎপাদন শুষ্ক ৪ শতাংশ বেড়ে যাওয়ায় 'মডভার্সিটি'-এর যে সুবিধা এই শিল্প পেতে তার আর প্রাসঙ্গিকতা রইল না। ৫ শতাংশ আমদানি শুষ্ক হ্রাসের ফলে মুনাফার উপরে চাপ বাড়বে। কিন্তু বাজারে ইম্পাতের দাম চড়া হওয়ায় এখনই হয়ত শিল্পের উপরে কোনও প্রভাব পড়বে না। তবে দেশে ইম্পাতের দামের উপর প্রভাব নিশ্চয় দেখা যাবে।"

উৎপাদন শুষ্ক বৃদ্ধির সমালোচনা করে ইম্পাত উৎপাদনকারী সংস্থা ডিস্‌কন্সিউমস-এর ম্যানেজিং ডিরেক্টর বিশ্বদীপ গুপ্ত বলেন, "পশ্চিমবঙ্গে ইম্পাত শিল্পে এই মুহুর্তে সবচেয়ে বেশি বিনিয়োগ হচ্ছে। কিন্তু 'নন-অ্যালয় স্টিল'-এর আমদানি শুষ্ক ১৫ শতাংশ থেকে কমে ১০ শতাংশ হওয়ায় আমদানিকৃত ইম্পাত সস্তা হয়ে যাবে। স্টিল প্ল্যান্টের উপর উৎপাদন শুষ্ক ৮ শতাংশ থেকে বেড়ে ১২ শতাংশ হওয়ার ফলে দেশের এই শিল্প সঙ্কটে পড়তে পারে। এ দেশে উৎপাদন দেড় কোটি টন বাড়ানোর কথা ছিল। কিন্তু এখন অবস্থাটা বেশ খারাপ হয়ে গেছে।"

চিদম্বরমের বাজেটে শেয়ার বাজার কিন্তু অখুশি, সূচক পড়ল



স্টাফ রিপোর্টার: পালনিয়াম চিদম্বরমের বাজেট শেয়ার বাজারের মুখ যোরাতে পারল না। অন্তত শেয়ার বাজারের উপরে বাজেটের প্রাথমিক প্রতিক্রিয়া থেকে এটাই প্রকাশ পেয়েছে। নতুন সরকারের প্রথম বাজেটে শেয়ার বাজারের হাল ফেরানোর জন্য বেশ কিছু ব্যবস্থার কথা ঘোষণা করা হলেও, ব্রোকারদের উপর টার্নওভার ট্যাক্স বসানোর প্রস্তাব সমস্ত চিত্রটাকেই অস্বস্ত সাময়িক ভাবে নেতিবাচক করে তুলেছে। এর

জেরেই বৃহৎপতিবার বাজেট পেশের পর দ্রুত পড়তে থাকে শেয়ার বাজার। এই দিন এক ধাক্কাই সেনসেজ্ব কমছে ১১২ পয়েন্ট। বাজেটে অর্থমন্ত্রী পি চিদম্বরম যে সমস্ত পদক্ষেপের কথা ঘোষণা করেছেন, তাতে শেয়ার বাজারকে চাঙ্গা করার জন্য বেশ কিছু ব্যবস্থার কথা ঘোষণা করার পাশাপাশি শেয়ার ব্রোকারদের আয়ের উপরে ধাবা বসিয়েছেন তিনি। এখন থেকে শেয়ার লেনদেনের টাকার উপর ০.১৫ শতাংশ হারে টার্নওভার ট্যাক্স দিতে হবে ব্রোকারদের। তবে এ ক্ষেত্রে শেয়ার কিনলে, তবেই ওই কর দিতে হবে। এই ব্যবস্থাই অখুশি করেছে শেয়ার বাজারকে। তবে সার্বিক ভাবে বাজেটে যে সব প্রস্তাব পেশ করা হয়েছে, তাতে দীর্ঘ মেয়াদের ভিত্তিতে শেয়ার বাজার চাঙ্গা হবে বলে মনে করছেন বাজার বিশেষজ্ঞরা। টার্নওভার ট্যাক্সের জন্য ব্রোকারদের হতাশা ক্রমশ কেটে যাবে বলেও তাঁদের ধারণা।

সরাসরি শেয়ার বাজারের উপরে প্রভাব ফেলতে পারে, এমন বেশ কয়েকটি ব্যবস্থার কথা এ বাবের বাজেটে ঘোষণা করেছেন চিদম্বরম। বাবস্বত্বগুলি হল: ● মূলধনী লাভ-কর বা ক্যাপিটাল গেইন ট্যাক্সের ক্ষেত্রে উল্লেখযোগ্য ছাড় দিয়েছেন অর্থমন্ত্রী। দীর্ঘ এবং স্বল্পমেয়াদি উভয় ধরনের মূলধনী লাভ-করের ক্ষেত্রেই সুবিধা দিয়েছেন তিনি। এখন থেকে শেয়ার কেনার পরে এক বছর বাবে তা বিক্রি করে মুনাফা করলে মূলধনী লাভ-কর দিতে হবে না। আগে ১০ শতাংশ হারে ওই কর দিতে হত। এক বছরের আগে শেয়ার বিক্রি করে মুনাফা করলে দিতে হবে ১০ শতাংশ কর। আগে সাধারণ লগ্নিকারীকে ওই কর দিতে হত সর্বোচ্চ ৩০ শতাংশ হারে। কোনও সংস্থার ক্ষেত্রে তা ছিল সর্বোচ্চ ৩৭.৫০ শতাংশ।

● ব্যাঙ্কগুলির মাধ্যমে শেয়ার বাজারে লগ্নি বাড়তে উদ্যোগী হয়েছেন চিদম্বরম। এর জন্য ব্যাঙ্কগুলির শেয়ার বাজারে লগ্নির উর্ধ্বসীমা বাড়ানো হবে বলে তিনি জানিয়েছেন। ● ঋণপত্র-ভিত্তিক মিউচুয়ালফান্ড ফান্ড প্রকল্পে যে সমস্ত সংস্থা বিনিয়োগ করবে, তাদের ডিভিডেন্ডের উপর ২০ শতাংশ হারে কর দিতে হবে। বাজেট বক্তৃতায় চিদম্বরম বলেছেন, এক শেয়ার বাজার থেকে শেয়ার কিনে অন্য বাজারে তা বিক্রি করার পথ বন্ধ করতেই এই ব্যবস্থার কথা তিনি ঘোষণা করেছেন। ● ক্ষুদ্র এবং মাঝারি শিল্প বা বাণিজ্যিক সংস্থাগুলির জন্য একটি পৃথক শেয়ার বাজার তৈরির প্রস্তাবও দিয়েছেন চিদম্বরম। তাঁর মতে, এটা করা হলে ওই সব সংস্থার পক্ষে বাজারে শেয়ার ছেড়ে মূলধন জোগাড় করা সহজ হবে। ● বিদেশি বিনিয়োগ সংস্থাগুলিকে ভারতের শেয়ার বাজারে লগ্নি করার ব্যাপারে উৎসাহ দিতে অর্থমন্ত্রী কিছু ব্যবস্থা নিয়েছেন। ওই সব সংস্থা রেজিস্ট্রেশনের ব্যাপারে কামেলা কমাতে নিয়ম সরল করা হয়েছে। তা ছাড়া এখন থেকে ঋণপত্রের বাজারে ওই সব সংস্থা ১৫০ কোটি মার্কিন ডলার পর্যন্ত লগ্নি করতে পারবে। আগে পারত ১০০ কোটি ডলার পর্যন্ত।

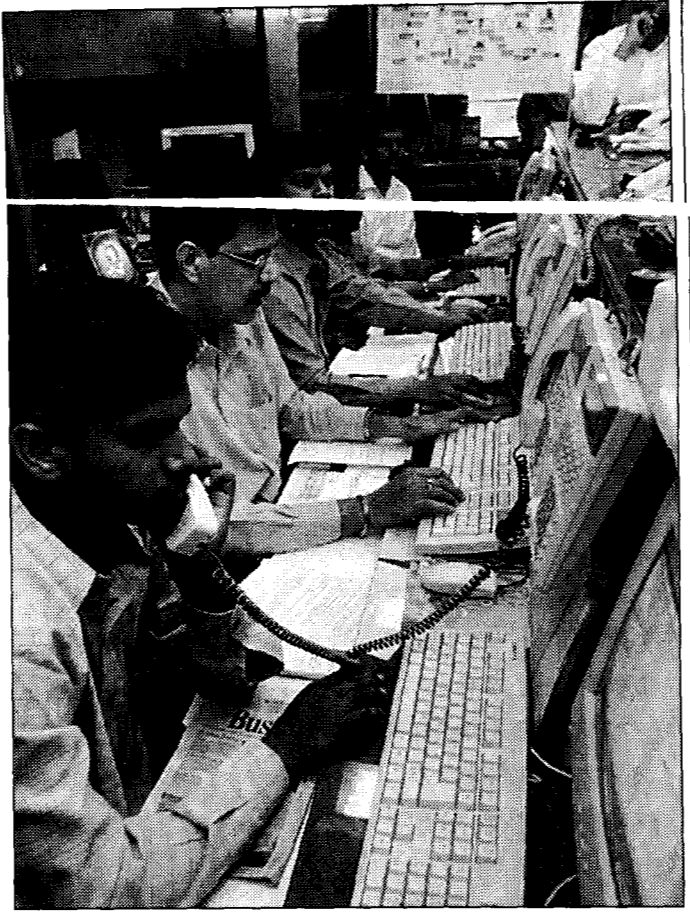
ওই সব ব্যবস্থা ছাড়াও বিভিন্ন আর্থিক ক্ষেত্রে অর্থমন্ত্রী বাজেটে যে সমস্ত প্রস্তাবের কথা ঘোষণা করেছেন তাতে দীর্ঘ মেয়াদের ভিত্তিতে শেয়ার বাজার চাঙ্গা হবে বলে বাজার বিশেষজ্ঞদের ধারণা। কোনটক মইষ্ক মিউচুয়াল ফান্ডের ফান্ড ম্যানেজার রুসব শেট বলেন, "কৃষি ক্ষেত্রের উন্নতির জন্য যে সমস্ত ব্যবস্থা সরকার নেবে বলেছে, তাতে সাধারণ মানুষের ক্রয়ক্ষমতা বাড়বে। ফলে সার্বিক ভাবেই শিল্পের উন্নতি ঘটবে। এটা হলে শেয়ার বাজার চাঙ্গা হতে বাধ্য।" শেয়ার বাজার বিশেষজ্ঞ অজিত দে মনে করেন, "টার্নওভার ট্যাক্স চাপানোর ফলে ব্রোকারদের মধ্যে যে হতাশা এসেছে তা সাময়িক। শেয়ার বাজারের মৌলিক উপাদানগুলির অস্তিত্ব সম্বন্ধে সন্দেহ রক্ষা করেছেন চিদম্বরম। ফলে সাময়িক ভাবে পড়লেও, ক্রমশই চাঙ্গা হবে শেয়ার বাজার।"

তবে বাজার দ্রুত পড়বে বলে মনে করছেন আই সি আই সি আই সিকিউরিটিজের মার্কেট অ্যানালিস্ট সি কে নারায়ণন এবং ক্যালকুলাট স্টক এক্সচেঞ্জের প্রাক্তন ডিরেক্টর এস কে কৌশিক। তাঁদের মতে, টার্নওভার ট্যাক্স চাপানোর ফলে লেনদেনের পরিমাণ কমে যাবে। টার্নওভার ট্যাক্সের হারও বেশি করা হয়েছে বলে তাঁরা মন্তব্য করেন। মুম্বই থেকে নিজস্ব সংবাদপত্র জানাচ্ছেন, ২০০৪-০৫ আর্থিক বছরের বাজেট নিয়ে মুম্বইয়ে মিশ্র প্রতিক্রিয়া দেখা গিয়েছে। বাজেটে শেয়ার বাজারের সঙ্গে অভিতরা আদৌ খুশি নন। বাজার বিশেষজ্ঞরা জানিয়েছেন, আগামী দু-চার দিনের মধ্যে সূচকের আরও নিচে নামার সম্ভাবনা প্রবল।

অবশ্য এই দিন সূচক পড়লেও দু-চার দিনের মধ্যে বাজার ঘুরে দাঁড়াতে পারে বলে মনে করেন বাজার বিশেষজ্ঞ অমিনা গোরখসাকার।

পরিকল্পনা বহির্ভূত ব্যয় কমছে

নয়াদিল্লি, ৮ জুলাই— পরিকল্পনা ক্ষেত্রে বহুতর প্রকল্প এবং সেগুলির নানা বিচিত্র নামে বিভাজিত অর্থমন্ত্রী পি চিদম্বরম এ ক্ষেত্রে জটিলতা কমানোর পক্ষপাতী। শুধু তাই নয়, কেন্দ্রের সাহায্যপ্রাপ্ত প্রকল্পগুলি রাজ্যের হাতে তুলে দেওয়ার প্রস্তাব দিয়েছেন তিনি। এ বার পরিকল্পনা খাতে বরাদ্দ কিছুটা বাড়ালেও, পরিকল্পনা বহির্ভূত খাতে তা কমানোর প্রস্তাব আছে। ২০০৪-০৫ সালের বাজেট পেশ করার সময়ে পরিকল্পনা এবং পরিকল্পনা বহির্ভূত খাতে ব্যয় বরাদ্দের প্রস্তাব দিতে গিয়ে ওই বিভাজিত কথা জানিয়ে তিনি বলেন, "পরিকল্পনা ক্ষেত্রে এমন বহু প্রকল্প আছে, যাদের লক্ষ্য মোটামুটি একই রকম। কোনও ক্ষেত্রে একই মন্ত্রক বা বিভাগের অধীনে রাখা হয়েছে এক গাদা প্রকল্প, কোথাও বা সেগুলি ছড়িয়ে দেওয়া হয়েছে বিভিন্ন মন্ত্রক বা বিভাগে। পরিকল্পনার শ্রেণি প্রধানত তিনটি— সেস্ট্রাল সেস্টর, যা একান্ত ভাবেই কেন্দ্রের অধীন, স্টেট সেস্টর বা রাজ্যগুলির আওতাধীন প্রকল্প



ব্যত মুম্বই শেয়ার বাজার। বৃহৎপতিবার বাজেট বক্তৃতা চলাকালীন। -এ এফ পি

প্রতিরক্ষা বরাদ্দ ২৭% বেড়ে ৭৭ হাজার কোটি



নয়াদিল্লি, ৮ জুলাই: প্রতিরক্ষা খাতে এ বাবের বাজেটে ২৭ শতাংশ বরাদ্দ বাড়িয়ে দিলেন অর্থমন্ত্রী পি চিদম্বরম। আসেকার ৬৩ হাজার কোটি টাকা থেকে বেড়ে নতুন বাজেটে প্রতিরক্ষা বরাদ্দ দাঁড়াল ৭৭ হাজার কোটি টাকা।

এন ডি এ সরকারের জন্মানয় অস্ত্র কেন্দ্র সক্রান্ত চুক্তি নিয়ে বিশ্বের বিতর্ক হয়েছিল। সেনাবাহিনীর আধুনিকীকরণের জন্য সেই অস্ত্র কেনার বিরয়টির দিকে আলাপ করে নজর দিতে চায় ইউ পি এ সরকার। অর্থমন্ত্রী জানিয়েই দিয়েছেন, সেনাবাহিনীর আধুনিকীকরণের আর দেরি করা হবে না। তবে সস্ত্র বাহিনীকে যুগোপযোগী করে তোলার দিকে লক্ষ রেখে প্রতিরক্ষা বাজেট বাড়ানো হলেও এন ডি এ সরকারের প্রস্তাবিত তিন বছরের সময়সীমা-বহির্ভূত তহবিল গড়া হচ্ছে না। এর সঙ্গেই নিহত জওয়ানদের পরিবারের জন্য কর ছাড়ের ব্যবস্থা

রেখেছেন চিদম্বরম। অভিযানে অংশ নিতে গিয়ে সেনাবাহিনী ও আধা-সামরিক বাহিনীর যে সব জওয়ান প্রাণ হারিয়েছেন, তাঁদের স্ত্রী, সন্তান বা মনোনীত অন্য উত্তরাধিকারীদের পেনশন আয়করের আওতার বাইরে থাকবে। অর্থমন্ত্রীর কথায়, জওয়ানদের মহৎ আত্মত্যাগের প্রতি এটাই তাঁর বিনম্র শ্রদ্ধা। প্রধানমন্ত্রী মনমোহন সিংহের বক্তব্য, গত তিন-চার বছরে প্রতিরক্ষা খাতে ব্যয়ের ক্ষেত্রে অবহেলা করা হয়েছে। সেই হ্রাসের অবসান একেবারেই বাজেট বহির্ভূত। তা ছাড়া, এন ডি এ সরকার সাধারণ প্রতিরক্ষা বরাদ্দই খরচ করতে পারেনি।

সেই প্রস্তাব মানেননি অর্থমন্ত্রী। প্রতিরক্ষামন্ত্রী প্রণব মুখোপাধ্যায় বলেছেন, এই ধরনের তহবিল একেবারেই বাজেট বহির্ভূত। তা ছাড়া, এন ডি এ সরকার সাধারণ প্রতিরক্ষা বরাদ্দই খরচ করতে পারেনি। — পি টি আই

নতুন করে স্বপ্ন দেখিয়েছেন চিদম্বরম, জানাল শিল্পমহলে



স্টাফ রিপোর্টার: ভাল বেশি, মন্দ কম।

কেন্দ্রীয় অর্থমন্ত্রী পালনিয়াম চিদম্বরমের বাজেট প্রসঙ্গে এই ধারণাই পোষণ করেছে দেশের শিল্পমহল। তাঁদের মতে, ১৯৯৭-১৯৯৮ সালের স্বপ্নের বাজেট পেশ করে শিল্প প্রতিষ্ঠানগুলিকে যে-ভাবে উপকৃত করেছিলেন

অর্থমন্ত্রী, ২০০৪-২০০৫ সালের বাজেটেও সেই রকমই নতুন করে তিনি স্বপ্ন দেখিয়েছেন দেশের আর্থ-সামাজিক বিকাশের। কৃষি থেকে শিল্প, পরিকাঠামো উন্নয়ন থেকে যোগাযোগ ব্যবস্থা, শিল্প গবেষণা, উৎপাদন শিল্পে যেমন এই বাজেটে জোর দেওয়া হয়েছে, তেমনই নজর দেওয়া হয়েছে শিক্ষা, স্বাস্থ্য, কর্মসংস্থান, গ্রামীণ অর্থনীতি ও সামাজিক উন্নয়নের প্রতি।

অন্যদিকে চিদম্বরমের বাজেটকে যেমন তীব্র সমালোচনা করেছে ইম্পাত শিল্প, তেমনই বাজেট নিয়ে কাঁড়তই হতাশ, চা শিল্প ও ক্ষুদ্রশিল্পের সঙ্গে যুক্ত সংগঠনগুলিও। সমস্ত করের মধ্যে উচ্চ হারে থাকা কোম্পানি করের ২ শতাংশ সেস নিয়ে আপত্তি রয়েছে শিল্পমহলে। তাঁদের মতে, উৎপাদন শুষ্ক বাড়ানোর ফলে ইম্পাত শিল্প যেমন ব্যাপক ভাবে ক্ষতিগ্রস্ত হবে, তেমনই বিপন্ন চা শিল্পের পায়ের তলায় জমি দিতে এ বাবের বাজেটে কোনও ঘোষণা না থাকায় তাঁরা বিস্মিত। আবার ক্ষুদ্র ক্ষুদ্রশিল্পগুলি পরিকার জানিয়েছে, ব্যাঙ্ক ঋণের সুদ কমানোর দাবি যেমন তাঁদের ক্ষেত্রে মানা হয়নি, তেমনই সরেক্ষিত তালিকা থেকে ৮৫টি পণ্য বের করে নেওয়ার তাঁরা অসন্তুষ্ট।

এ সব কিছুই মাঝেও অবশ্য, কলকাতা-সহ দেশের প্রতিটি প্রভাবশালী বণিকসভা ও শিল্প সংগঠনগুলিই বৃহৎপতিবার অর্থমন্ত্রী চিদম্বরমের বাজেট অধিবেশন শেষে, জোরগলায় সবদা মাধ্যমকে এ কথা জানাতে ভোঁনেনি যে, বাজেট কেন্দ্রের সংযুক্ত প্রগতিশীল মোর্চা সরকারের ন্যূনতম অভিন্ন কর্মসূচির দিকে তাকিয়েই তৈরি করা হয়েছে। তাঁদের মতে, দেশের স্থায়ী ও ধারাবাহিক উন্নয়নের পক্ষে অনুঘটকের কাজ করবে এই স্বপ্নের বাজেট।

দিল্লিতে ফিকি সভাপতি ওয়াই কে মেদি উচ্ছসিত প্রশংসা করে জানিয়েছেন, দেশের মানুষের সার্বিক উন্নয়নের পক্ষেই এই বাজেট। অন্যান্য দিকগুলির পাশাপাশি, শিল্পের স্বার্থে বিশেষ আর্থিক অঞ্চল ও কৃষি শিল্পকে যে-ভাবে বাজেটে প্রাধান্য দেওয়া হয়েছে, তাতে অর্থমন্ত্রী কর্মসংস্থান-সহ সার্বিক উন্নয়নের পক্ষেই সওয়াল করেছেন।

পরিকাঠামো উন্নয়নের খাতে ব্যাঙ্কগুলি মিলিয়ে ৪০ হাজার কোটি টাকার যে তহবিল তৈরি করা হয়েছে, অন্যান্য ক্ষেত্রেও এর ইতিবাচক প্রভাব পড়বে বলে জানান তিনি। একই ভাবে বিকসভা অ্যাসোসিয়েশন সভাপতি এম কে সাংই বলেছেন, দেশের অগণিত মানুষের স্বার্থেই এই বাজেট। শিল্পের পাশাপাশি প্রত্যাপা মতো গ্রামীণ ও সামাজিক উন্নয়নে মুখ্য তালিকা রাখা হয়েছে। কনফেডারেশন অব ইন্ডিয়ান ইন্ডাস্ট্রি (সি আই আই)-র

সভাপতি সুনীল কান্ত মুঞ্জাল নিজের প্রতিক্রিয়া জানাতে গিয়ে বলেছেন, গ্রামীণ অর্থনীতি, পরিকাঠামো উন্নয়ন, কৃষি-শিল্প প্রভৃতি ক্ষেত্রে বাজেটে যে-ভাবে গুরুত্ব দেওয়া হয়েছে তাতে উন্নয়ন নিয়ে কোনও প্রশ্ন থাকে না। এমনকী অর্থমন্ত্রীর বাজেট দেশের মানুষের ক্রয়ক্ষমতা বাড়াতে সাহায্য করবে বলে জানান তিনি। কনফেডারেশন অফ ইন্ডিয়ান ইন্ডাস্ট্রিজের চিফ মেম্বর তরুণ দাশ দৃশ্যত খুশি চিদম্বরমের বাজেটে। তাঁর পরিকার বক্তব্য, কৃষি শিল্পে যে-পরিমাণ উৎসাহ তাতা দেওয়ার কথা ঘোষণা করা হয়েছে, তা দেশের মোট অভ্যন্তরীণ উৎপাদন ১ থেকে ২ শতাংশ বাড়তে সাহায্য করবে।

ইন্ডিয়ান টি অ্যাসোসিয়েশনের চেয়ারম্যান সি কে ধানুক চিদম্বরমের বাজেটে কাঁড়তই হতাশ। অর্থমন্ত্রীর সমালোচনা করে তিনি বলেছেন, চা শিল্পের উন্নয়নের স্বার্থে তাঁরা যে প্রতি কিলোগ্রামে এক টাকা করে বাড়তি উৎপাদন শুষ্ক বিগত বাজেট থেকে দিয়ে আসছে, তার ব্যবহার নিয়ে অর্থমন্ত্রী একটি শব্দও খরচ করেননি। ধানুকর মতে, এই শুষ্ক বারদ কেন্দ্রের ঘরে প্রায় ৬০ কোটি টাকা জমা পড়ছে। অথচ নানা কারণে বিপন্ন চা শিল্প নিয়ে বাজেটে কোনও আশাব্যঞ্জক কথা শোনা গেল না। উইলিয়ামসন মেগার গোষ্ঠীর চেয়ারম্যান বি এম খোতানও একই ভাবে চা শিল্প নিয়ে বাজেটে কোনও ঘোষণা না-থাকায় কিছুটা অখুশি।

রাজ্যের ক্ষুদ্র শিল্পগুলির সংগঠন ফেডারেশন অব স্মল অ্যান্ড মিডিয়াম ইন্ডাস্ট্রিজের সভাপতি অলোক গোস্বামী বাজেট প্রসঙ্গে বলেছেন, ক্ষুদ্রশিল্পগুলির স্বার্থ অর্থমন্ত্রী দেখেননি। ফেডারেশন অব অ্যাসোসিয়েশন অব কটেজ অ্যান্ড স্মল ইন্ডাস্ট্রি বা ফ্যাব্রিক সভাপতি দেবরত ঘোষ বলেছেন, ইম্পাতের দাম বাড়ায় তাঁদের খরচ বাড়বে। এই শিল্পের মাধ্যমে কর্মস্থান বাড়ানোর উদ্যোগও বাজেটে নেই।

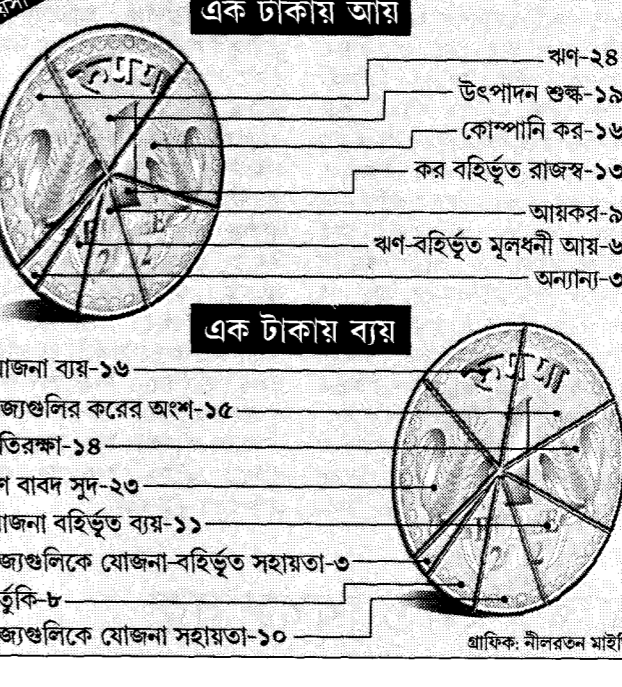
বাজেট প্রতিক্রিয়া জানাতে গিয়ে এ দিন কলকাতার সি আই আই-এর সভায় এক্সাইড চেয়ারম্যান সত্যরত গঙ্গোপাধ্যায়, এই বণিকসভার প্রাক্তন পূর্বাঞ্চলীয় চেয়ারম্যান সঞ্জয় বৃষ্টিয়া, বেঙ্গল-অস্থায়ী সিমেন্টের অন্যতম ডিরেক্টর হর্ষবর্ধন নেওটিয়া, শ্রেয়ী ইন্টারন্যাশনাল ফিনান্স সংস্থার ম্যানেজিং ডিরেক্টর হেমন্ত কানোয়িয়া, চিদম্বরমের বাজেটকে স্বাগত জানিয়েছেন। এদের প্রত্যেকের মতে, ভারতের মতো কৃষি প্রধান ও উন্নয়নশীল দেশে যে-ধরনের বাজেট আর্থিক সংস্কারের অনুকূল, কেন্দ্রীয় অর্থমন্ত্রী সেই পথেই হেঁটেছেন।

চিদম্বরমের বাজেটে কার্যত খুশি ইন্ডিয়ান চেম্বার অব কমার্শের সভাপতি অনুপ সিংহ ও বেঙ্গল চেম্বার অব কমার্শের সভাপতি বিশ্বদীপ গুপ্ত।

এদের মতে, ন্যূনতম অভিন্ন কর্মসূচির উপর দাঁড়িয়েই অভিন্ন অর্থমন্ত্রী চিদম্বরম তাঁর বাজেট পেশ করেছেন। টেলিকম, বিমা প্রভৃতি ক্ষেত্রে আরও বেশি বিদেশি লগ্নিকেও অর্থমন্ত্রী যেমন স্বাগত জানিয়েছেন, তেমনই রাষ্ট্রায়ত্ত্ব সংস্থাগুলির বিলগ্নীকরণের ক্ষেত্রেও তিনি বাজেটে যে চিন্তা ভাবনার ছাপ রেখেছেন তা যথেষ্ট প্রশংসনীয়।

ভ্যাট চালু করতে রাজ্যকে উৎসাহ

নয়াদিল্লি, ৮ জুলাই: গত ১৮ জুন নয়াদিল্লিতে রাজ্যের অর্থমন্ত্রীদের বৈঠকে আগামী আর্থিক বছর থেকে মূল্যমুক্ত কর চালু করার প্রস্তাব নেওয়া হয়েছিল। তবে এখনও কয়েকটি রাজ্য এ বিষয়ে প্রয়োজনীয় আইন তৈরি করেনি। আজ সপ্তম্ভে এ বছরের বাজেট পেশ করে অর্থমন্ত্রী পি চিদম্বরম অনুরোধ করেন বাকি রাজ্যগুলিও এ বিষয়ে উদ্যোগী হোক। মূল্যমুক্ত কর চালু হলে রাজ্যগুলির আর্থিক ভাবে ক্ষতিগ্রস্ত হওয়ার কারণ নেই। অন্তত আন্তর্জাতিক অভিজ্ঞতা তাই বলে। তা ছাড়া হরিয়ানাতেও এই করের প্রকৃত সরকার ক্ষতিগ্রস্ত হয়নি। তবু অর্থমন্ত্রী যের আশ্বাস দিয়ে বলেছেন, যদি একাত্তই ক্ষতি হয়, তাহলে কেন্দ্র আর্থিক সহায়তা দেবে। এ বিষয়ে রাজ্যগুলিকে প্রয়োজনে বিশেষজ্ঞ সহায়তার প্রকৃষ্টিও দিয়েছেন অর্থমন্ত্রী। — পি টি আই



গাফিক: নীলরতন মাইটি

রাজনীতি নয়, অর্থনীতিরই জয়

ঠেকায় পড়ে
বাম বলছে,
'ইতিবাচক'
দিকও আছে

স্টাফ রিপোর্টার, নয়াদিল্লি ও কলকাতা, ৮ জুলাই: অস্ত্র দুটি ক্ষেত্রে গুরুতর মতবিরোধ থাকলেও চিদম্বরমের বাজেটকে কার্যকর গিলতেই হল বামদেদের। অসন্তোষ সত্ত্বেও মুখ্য রক্ষার জন্য বামদেদের সাফাই— সব প্রতিশ্রুতি পূরণ না হলেও এই বাজেটের কিছু ইতিবাচক দিক আছে।

সি পি এম এবং সি পি আই— দুই দলই বলেছে বাজেটে ন্যূনতম কর্মসূচিতে চিহ্নিত ক্ষেত্রগুলির প্রতি (যেমন গ্রাম উন্নয়ন, কর্মসংস্থান, শিক্ষা, স্বাস্থ্য) সঠিক ভাবেই নজর দিয়েছেন সি চিদম্বরম। অর্থাৎ, কথা রেখেছে সরকার। তবে অস্ত্র দুটি ক্ষেত্রে এই বাজেট তাঁদের হতাশ করেছে। এক, প্রভিডেন্ট ফান্ডের সুদের হার ৯.৫ শতাংশ থেকে ৮ শতাংশে নেমে যাওয়া এখন অনিবার্য হয়ে দাঁড়াল (কারণ, স্পেশাল ডিপোজিট স্কিমে সুদের হার ৮ শতাংশই রেখে দিলেন অর্থমন্ত্রী)। দুই, বিদেশি প্রত্যক্ষ বিনিয়োগ বাড়ানো, বিশেষ করে টেলিকম ক্ষেত্রে (যেখানে ছাড়পত্র দেওয়া হয়েছে ৭৪ শতাংশ পর্যন্ত)। এই দুটি বিষয় যাতে বদলায় না হয় তার জন্য সমস্ত রকম চেষ্টা করা হবে বলে জানিয়েছেন সি পি আইয়ের এ বি বর্ধন। আর সি পি এমের সীতারাম ইয়েচারি বলেছেন, প্রয়োজনে তারা এই বিষয়ে সনিয়া গাধীর ধারণা রাখবেন।

সুদ কমানোর বিষয়টিকেই নির্বাচনে এন ডি এ সরকারের বিরুদ্ধে হাতিয়ার করেছিল সি পি এম এবং বামপন্থী দলগুলি। কিন্তু এন ডি এ সরকারের চেয়েও কংগ্রেস জোট সরকার সি এফের সুদ আরও দেড় শতাংশ কমিয়েছে। বিরোধী ভূগমূল-বি জে পি জোট তাই বলেছে, কংগ্রেস, তাদের সহযোগী দল এবং সি পি এম, সি পি আই মানুষকে ধোঁকা দিয়েছে। সি পি এম অবশ্য সারাসরি এই সমালোচনার জবাব দেয়নি।

সি পি এমের অনিল বিশ্বাস বলেন, "আমরা তো সরকারে নেই। সরকারকে সমর্থন করছি। এই সরকারের নীতি অভিন্ন ন্যূনতম কর্মসূচির (সি এম পি) উপর দাঁড়িয়ে গৃহীত হয়েছে। জনসাধারণ যে প্রত্যাশায় সরকার প্রতিষ্ঠা করেছে তার কিছুটা পূরণ হলেও, পুরোটা হয়নি। তা ছাড়া বি জে পি জোট সরকার যে অর্ধবৃত্তী বাজেট করেছিল তা রাতারাতি উল্টে দেওয়া সম্ভব ছিল না। তবে সি পি এফের সুদ বাড়ানো উচিত ছিল।" এমনকী, এই সরকার জনবিরোধী কাজ করলে তারা যে ছেড়ে কথা বলবেন না, তা-ও এ দিন অনিলবাবু জানিয়ে দেন। তিনি বলেন, "আমাদের নীতির পরিপন্থী

এর পর সাতের পাতায়



৭০% পেয়ে পরের বাজেটের জন্য তৈরি চিদম্বরম

কর	উন্নয়ন কর অপরিবর্তিত
প্রধান মন্ত্রীর মুখ চেয়ে কর কমিয়ে রাজস্বহানি মেনে নেবেন?	৮
ভর্তুকি	
প্রধান রাজনীতির বাধা পেরিয়ে ভর্তুকি কমাতে পারবেন?	উন্নয়ন ৫০ হাজার কোটি টাকা থেকে ভর্তুকি কমে ৪৩ হাজার কোটি।
প্রভিডেন্ট ফান্ড	
প্রভিডেন্ট ফান্ডে আয় ৮ শতাংশ হারে, ব্যয় ৯.৫ শতাংশ হারে। বার্ষিক ঘাটতি প্রায় ২৭৫ কোটি টাকা। এর পরেও সুদ বাড়ানোর দাবি মানবেন?	উন্নয়ন সুদের হার অপরিবর্তিত।
বিলম্বীকরণ	
প্রধান মন্ত্রকটাই তুলে দিতে হয়েছিল। চাপ সামলে বিলম্বীকরণ করতে পারবেন?	উন্নয়ন মন্ত্রকের বদলে এল উপদেষ্টা পর্যদ। লক্ষ্য অবশ্য মাত্র ৪ হাজার কোটি। গত বছরের সিকিভাগ।
শিক্ষা	
প্রধান শিক্ষা খাতে আরও প্রায় ৬০ হাজার কোটি টাকা কী করে জোগাড় হবে?	উন্নয়ন শিক্ষা সেস বাবদ খুব বেশি হলে ৫০০০ কোটি টাকা।
মন্তব্য: প্রথম ট্রাজে ব্রেসে মর দিক মায়ামায় পারেন, ব্রেসে ও তাম্র ও এম করণে সম্ভবনা আছে।	

এক লক্ষ টাকা পর্যন্ত আয়ে কর রেহাই

স্টাফ রিপোর্টার, নয়াদিল্লি, ৮ জুলাই: আয়করের হার অপরিবর্তিত রেখেও অপেক্ষাকৃত কম আয়ের নাগরিকদের এই করের আওতা থেকে বার করে আনার ছাড়ানোর উদ্দেশ্যেই অর্থমন্ত্রীর হাতিয়ার করা হবে সেই ৫০ হাজার টাকা থেকেই। অর্থমন্ত্রী বলেছেন, "বাড়তি বিনিয়োগ এবং কল্যাণমূলক প্রকল্পের গুরুদায়িত্ব পালন করার স্বার্থে আয়কর খাতে বিপুল পরিমাণ রাজস্ব হারানো সরকারের পক্ষে সম্ভব নয়। তাই করের হার কমানো সম্ভব হল না।" তবে কর আদায় বাড়লে পরবর্তী বাজেটে বিধবা স্ত্রী, সন্তান বা মনোনীত ব্যক্তির পাওয়া পারিবারিক পেনশনকে আয়করের আওতার বাইরে নিয়ে এসেছেন অর্থমন্ত্রী।

নতুন আয়কর ব্যবস্থায় এক লক্ষ টাকার পর্যন্ত আয়ের করযোগ্য আয়, তারা আসেকার তুলনায় বছরে ৯ হাজার টাকার

মধ্যে যে অঙ্কটি কম হবে, সেটি। ৫ লক্ষ টাকার উপরে তা ধরা হয় ২০ হাজার টাকা। এখন থেকে যদি কোনও ব্যক্তির আয় ১ লক্ষ ৩০ হাজার টাকা হয়, তা হলে ছাড়ানোর উদ্দেশ্যেই অর্থমন্ত্রীর হাতিয়ার করা হবে সেই ৫০ হাজার টাকা থেকেই। অর্থমন্ত্রী বলেছেন, "বাড়তি বিনিয়োগ এবং কল্যাণমূলক প্রকল্পের গুরুদায়িত্ব পালন করার স্বার্থে আয়কর খাতে বিপুল পরিমাণ রাজস্ব হারানো সরকারের পক্ষে সম্ভব নয়। তাই করের হার কমানো সম্ভব হল না।" তবে কর আদায় বাড়লে পরবর্তী বাজেটে বিধবা স্ত্রী, সন্তান বা মনোনীত ব্যক্তির পাওয়া পারিবারিক পেনশনকে আয়করের আওতার বাইরে নিয়ে এসেছেন অর্থমন্ত্রী।

নতুন আয়কর ব্যবস্থায় এক লক্ষ টাকার পর্যন্ত আয়ের করযোগ্য আয়, তারা আসেকার তুলনায় বছরে ৯ হাজার টাকার

মধ্যে যে অঙ্কটি কম হবে, সেটি। ৫ লক্ষ টাকার উপরে তা ধরা হয় ২০ হাজার টাকা। এখন থেকে যদি কোনও ব্যক্তির আয় ১ লক্ষ ৩০ হাজার টাকা হয়, তা হলে ছাড়ানোর উদ্দেশ্যেই অর্থমন্ত্রীর হাতিয়ার করা হবে সেই ৫০ হাজার টাকা থেকেই। অর্থমন্ত্রী বলেছেন, "বাড়তি বিনিয়োগ এবং কল্যাণমূলক প্রকল্পের গুরুদায়িত্ব পালন করার স্বার্থে আয়কর খাতে বিপুল পরিমাণ রাজস্ব হারানো সরকারের পক্ষে সম্ভব নয়। তাই করের হার কমানো সম্ভব হল না।" তবে কর আদায় বাড়লে পরবর্তী বাজেটে বিধবা স্ত্রী, সন্তান বা মনোনীত ব্যক্তির পাওয়া পারিবারিক পেনশনকে আয়করের আওতার বাইরে নিয়ে এসেছেন অর্থমন্ত্রী।

নতুন আয়কর ব্যবস্থায় এক লক্ষ টাকার পর্যন্ত আয়ের করযোগ্য আয়, তারা আসেকার তুলনায় বছরে ৯ হাজার টাকার

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ভিতরের পাতায়

- চিদম্বরমের বাজেটে শেয়ার বাজার অস্থি, সূচক পড়ল... পৃঃ ৩
- স্বপ্ন দেখিয়েছেন চিদম্বরম, জানাল শিল্প মহল... পৃঃ ৩
- প্রতিরক্ষা বাবদ ২৭% বেড়ে ৭৭ হাজার কোটি টাকা... পৃঃ ৩
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- জলাভূমিকে নতুন জীবনদানের 'স্বপ্ন' ছুঁলেন চিদম্বরম... পৃঃ ৭
- রাষ্ট্রায়ত্ত্ব শিল্পের পুনর্গঠনে বিশেষ বোর্ড গড়বে কেন্দ্র... পৃঃ ৭

বিদেশি লগ্নির সীমা বাড়ছে তিনটি ক্ষেত্রে

স্টাফ রিপোর্টার: আর্থিক সংস্কারের গতি বাড়তে ভারতে বিদেশি বিনিয়োগের পথ আরও উন্মুক্ত করেছেন অর্থমন্ত্রী সি চিদম্বরম। বিশেষ করে টেলিযোগাযোগ, অসামরিক বিমান চলাচল এবং বিমা ক্ষেত্রে এবারের বাজেটে বিদেশি বিনিয়োগের উর্ধ্বসীমা বাড়ানোর প্রস্তাব করেছেন অর্থমন্ত্রী। ওই সব শিল্প দীর্ঘ দিন ধরেই বিদেশি বিনিয়োগের পরিমাণ বৃদ্ধি করার দাবি করে আসছিল।

চিদম্বরমের ওই পদক্ষেপের ফলে ওই সব শিল্পের দ্রুত প্রসার ঘটবে বলে আশা করা হচ্ছে।

টেলিযোগাযোগের ক্ষেত্রে বিদেশি বিনিয়োগের পরিমাণ ৪৯ শতাংশ থেকে ৭৪ শতাংশ করা হয়েছে। অসামরিক বিমান চলাচল শিল্পে করা হয়েছে ৪০ শতাংশ থেকে বাড়িয়ে ৪৯ শতাংশ। বিমা ক্ষেত্রে বিদেশি লগ্নির উর্ধ্বসীমা ২৬ শতাংশ থেকে বাড়িয়ে ৪৯ শতাংশ করার প্রস্তাব দেওয়া হয়েছে।

টেলিযোগাযোগ শিল্পে বিদেশি লগ্নির পরিমাণ ৭৪ শতাংশ পর্যন্ত করার অনুমতি দেওয়ার ফলে সংস্থা পরিচালনার ব্যাপারে পুরো কর্তৃত্ব হাতে রেখে বিদেশি উদ্যোগপতিরা ভারতে টেলিযোগাযোগ শিল্পে লগ্নি করার সুযোগ পাবেন। ওই শিল্পে বিপুল পরিমাণ মূলধন জোগাড়ের সমস্যাও এর ফলে অনেকটা মিটবে। প্রয়োজন বড় অঙ্কের মূলধন। এর জন্য বিদেশি বিনিয়োগের উর্ধ্বসীমা বাড়ানোর জন্য ওই শিল্প থেকে জোরালো দাবি করা হয়েছিল সরকারের কাছে।

উল্লেখ্য, টেলিযোগাযোগ শিল্পে বিদেশি বিনিয়োগ বাড়ানোর প্রস্তাবে নিরাপত্তার কারণ দেখিয়ে এন ডি এ সরকারের স্বরাষ্ট্র মন্ত্রক বাধা দিয়েছিল।

অসামরিক বিমান চলাচল শিল্পে বিদেশি বিনিয়োগ বাড়িয়ে নতুন বিমানবন্দর

গড়া ছাড়াও বিমানবন্দর বেসরকারীকরণের পথ সুগম করেছেন অর্থমন্ত্রী। বিমা শিল্পে বিদেশি বিনিয়োগ বৃদ্ধি সামাজিক সুরক্ষার ব্যবস্থা প্রসারের ক্ষেত্রে সহায়ক হবে বলে সংশ্লিষ্ট মহলের ধারণা।

উল্লেখ্য, ইউ পি এ সরকারের অভিন্ন ন্যূনতম কর্মসূচিতে বিদেশি বিনিয়োগ আকৃষ্ট করার নীতির ব্যাপারে বলা হয়েছিল যে, পরিকাঠামো, পরিষেবা এবং উচ্চ মানের প্রযুক্তির ক্ষেত্রে বিদেশি বিনিয়োগকে উৎসাহ দেওয়াই নতুন সরকারের লক্ষ্য। বাজেটে এই নীতি রূপায়ণের পথের ঠিকানা দিলেন চিদম্বরম।

বিদেশি লগ্নির পরিমাণ বৃদ্ধির সুযোগ করে দেওয়ায় খুশি বিমা শিল্প। আভিভা লাইফ ইনসিওরেন্সের ম্যানেজিং ডিরেক্টর স্টুয়ার্ট পার্ভি সরকারের এই পদক্ষেপকে স্বাগত জানিয়েছেন। এর ফলে দেশে বিমা শিল্প সম্প্রসারিত হবে বলে মন্তব্য করেছেন তিনি। স্টুয়ার্ট জানান, "বর্তমানে ভারতে বিমা শিল্পে মোট লগ্নির পরিমাণ ৩১৭৯

কোটি টাকা। এর মধ্যে ৮২৭ কোটি টাকা বিদেশি লগ্নি। চিদম্বরমের প্রস্তাব কার্যকর হলে ভারতে বিমা শিল্পে বিদেশি লগ্নির পরিমাণ ১৫৫৮ কোটি টাকা দাঁড়াবে।"

এ দিকে, বিদেশি লগ্নির পরিমাণ বাড়ানোর ফলে খুশি হলেও জীবনবিমার প্রিমিয়ামের উপরে ১০ শতাংশ হারে পরিষেবা কর বাসনোর প্রস্তাবে অস্থি বিমা শিল্প। বিমার প্রিমিয়ামের উপর পরিষেবা কর বাসনোর ফলে জীবনবিমা নিগমের প্রশাসনিক জটিলতা বাড়বে বলে মন্তব্য করেছেন সংস্থার চেয়ারম্যান এন বি মথুর। এর ফলে প্রবীণ নাগরিকদের প্রিমিয়াম বাবদ বেশি টাকা গুনতে হতে পারে বলে তিনি জানিয়েছেন।

প্রিমিয়ামের উপর পরিষেবা কর বাসনোয় অসন্তোষ প্রকাশ করেছে কোটাক মহীন্দ্রর ওল্ড মিউচুয়াল লাইফ ইনসিওরেন্সের ম্যানেজিং ডিরেক্টর শিবাজি দাম-সহ আরও বেশ কিছু বেসরকারি বিমা সংস্থার কর্তা।

সংস্কার কর্মসূচি বহাল রেখেও জোর গ্রামোন্নয়নে

স্টাফ রিপোর্টার, নয়াদিল্লি, ৮ জুলাই: সংস্কার পর্বের ১২ বছরের মধ্যে এই প্রথম বিনিয়োগ, আর্থিক শৃঙ্খলা, বিলম্বীকরণ ও শিল্প পরিকাঠামোর চেয়েও কেন্দ্রীয় বাজেটে বেশি করে উঠে এল গ্রামোন্নয়ন, কৃষি ও সামাজিক পরিকাঠামোর কথা। কোদাল থেকে টাস্টের কর-ছাড়, কাজের বিনিময়ে খাদ্য, গরিব ছাত্রদের জন্য মিড ডে মিল, গ্রাম ও শহরের গরিবদের জন্য স্বাস্থ্য বিমা প্রভৃতি। তা হলে কি সরকার সংস্কার কর্মসূচি থেকে হাত গুটিয়ে নিচ্ছে? অর্থমন্ত্রী সি চিদম্বরমের ২০০৪-০৫-এর বাজেট বক্তৃতা কিন্তু সে কথা বলছে না। বিলম্বীকরণ মন্ত্রক তুলে দিলেও কিছুটা অন্য নামে ফিরিয়ে এনেছেন তাকে, পরিমাণে কম হলেও চলতি আর্থিক বছরের বাকি সাত মাসে এন টি পি সি-সহ কয়েকটি রাষ্ট্রায়ত্ত্ব সংস্থার কিছু শেয়ার বাজারে বিক্রি করার সিদ্ধান্তও নিয়েছেন। সেই সঙ্গে কিছুটা সাহস দেখিয়েই বিদেশি বিনিয়োগের দরজা আরও বেশি করে উন্মুক্ত করেছেন বিমা, অসামরিক বিমান পরিবহন ও টেলিকম শিল্পে। নির্বাচনে জিতে ক্ষমতায় আসার পর থেকে জোট সরকারের অভিন্ন কর্মসূচি, প্রধানমন্ত্রী মনমোহন সিংহের জাতির উদ্দেশে বক্তৃতা— এ সবেরই ইঙ্গিত ছিল সংস্কারের অভিন্ন পরিবর্তিত হতে চলেছে। চিদম্বরম সেটাই বাজেটে করে দেখালেন। সব মিলিয়ে এ বছরের বাজেট বাম-সমর্থিত কংগ্রেস জোট সরকারের রাজনৈতিক কর্মসূচি রূপায়ণের সক্রিয় হাতিয়ার হিসাবে ব্যবহারের সচেতন প্রয়াস। তবে সেটা করতে গিয়ে তিনি সংস্কার প্রক্রিয়াকে মোটেই বিসর্জন করেনি।

চলতি আর্থিক বছরের প্রথম তিন মাস পার করে বাজেট পেশ করার সময় চিদম্বরমের সামনে বেশ কয়েকটি চ্যালেঞ্জ ছিল। যেমন, বামপন্থীদের মুখে দাঁড়িয়ে তিনি কর্মীদের পি এফ খাতে আয়ের চাইতেও বেশি হারে সুদ দেবেন কি না? সেটা তিনি করেননি। সরকারের স্পেশাল ডিপোজিট স্কিমে রাখা পি এফ খাতের অর্থ বাবদ আট শতাংশের বেশি সুদ দিতে রাজি হননি তিনি। আবার আয় কর কমানোর জন্য দলগুলির উপরে গভ ক'বছর ধরেই মধ্যবিত্তের চাপ বাড়ছিল। অর্থমন্ত্রী আয়করের হাত থেকে বার্ষিক এক লক্ষ টাকা উপার্জনকারীদের রেহাই দিয়েছেন। এ ছাড়া আয়করের কাঠামোও হারে আর কোনও পরিবর্তন করা হয়নি। বিলম্বীকরণ খাতে এন ডি এ সরকার গত বছরে তুলেছিল প্রায় ১৭ হাজার কোটি টাকা। কিন্তু এ বার গোড়া থেকেই প্রধানত বামপন্থীদের প্রবল চাপে জোট সরকারকে বিলম্বীকরণ মন্ত্রকই তুলে দিতে হয়েছে। তবুও চিদম্বরম এই খাতে চার হাজার কোটি টাকা আয়ের ব্যবস্থা করেছেন। আরও সাহস দেখিয়ে বলেছেন, বিলম্বীকরণ বন্ধ হচ্ছে না। কোন কোন রাষ্ট্রায়ত্ত্ব সংস্থার ক্ষেত্রে বিলম্বীকরণ করা ছাড়া উপায় নেই, সেটা খতিয়ে দেখবে নতুন একটি বোর্ড। ১৯৯৬-৯৭ সালে যুক্তফ্রন্ট সরকারের অর্থমন্ত্রী চিদম্বরম তৈরি করেছিলেন বিলম্বীকরণ কমিশন। এ বছরের বাজেটে নতুন পথে নতুন নামে সেই চিদম্বরমই সেই বিলম্বীকরণ কমিশনকেই আবার ফিরিয়ে আনলেন। এক কথায়, রাজনৈতিক বাধাবাহকতার কারণে কিছুটা সমঝোতা করতে হলেও সরকার আগামী দিনে আরও বিলম্বীকরণের পথে এগোনার রাস্তা খোলাই রেখে দিল। আর এটা করতে গিয়ে বামপন্থীদের কাছ থেকে তেমন বাধা যত্নে না আসে, সে জন্য রাষ্ট্রায়ত্ত্ব শিল্পের জন্য এ বার কেন্দ্রীয় সরকারের তরফে বিনিয়োগ ও ঋণ বাবদ মোট ১৫,৩২৬ কোটি টাকা বরাদ্দ হচ্ছে, যা ইদানীং কালে হয়নি। স্বভাবতই বামপন্থীরা এবং ট্রেড ইউনিয়নগুলি তাতে খুশি।

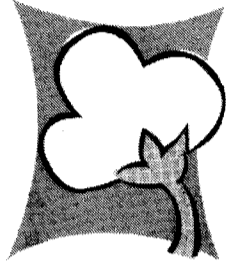
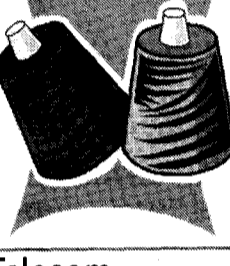


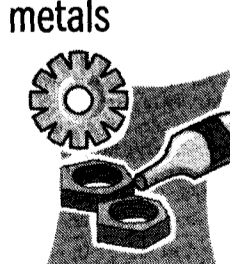
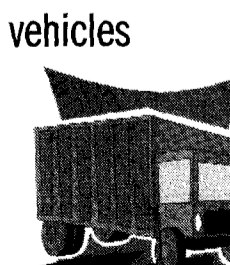
সংস্কারের আর একটি গুরুত্বপূর্ণ ক্ষেত্রে কিন্তু সরকার মধ্যপন্থা নেয়নি। বিমা শিল্পের দরজা বিদেশি বিনিয়োগের জন্য আরও উন্মুক্ত করার দাবি ছিল। এ বার এক ধাক্কায় চিদম্বরম বিমা শিল্পে বিদেশি বিনিয়োগের পরিমাণ ২৬ থেকে বাড়িয়ে ৪৯ শতাংশ করেছেন। টেলি যোগাযোগ শিল্পে ৪৯ থেকে বাড়িয়ে ৭৪ শতাংশ, বিমান চলাচল শিল্পে ৪০ থেকে বাড়িয়ে করেছেন ৪৯ শতাংশ। মনে রাখা দরকার, মাত্র ক'দিন আগেই এই সরকার বিমানবন্দরের ক্ষেত্রে ৪৯ শতাংশ পর্যন্ত বিদেশি বিনিয়োগের অনুমতি দিয়েছে। এ বছরের বাজেটে সংস্কারের আরও একটি পদক্ষেপ দেশি-বিদেশি বিনিয়োগ টেনে আনার জন্য নতুন বিনিয়োগ কমিশন গঠন করার সিদ্ধান্ত।


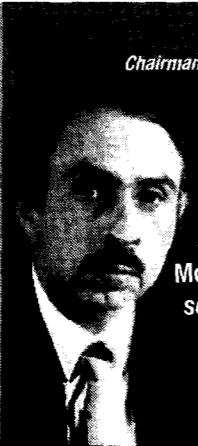


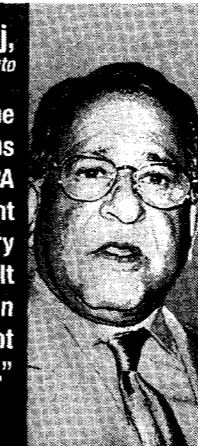

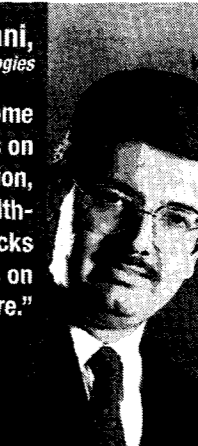
এ বছরের বাজেটে আয়ের মতোই ভর্তুকি কমানোর সচেতন প্রয়াস রয়েছে। গত বছরের সংশোধিত হিসাবে মোট ভর্তুকি ছিল ৪৯,৯০৭ কোটি, এ বছরে বরাদ্দ হয়েছে ৪৩,৫১৫ কোটি টাকা। এর মধ্যে শুধু স্বাস্থ্যবাবদ ভর্তুকির পরিমাণ ২৫,৮০০ কোটি টাকা। সেই সঙ্গে গত বছরের তুলনায় রাজস্ব ঘাটতি এক শতাংশ কমেছে। অর্থাৎ, সংস্কার ও সামাজিক উন্নয়নের মধ্যে একটা ভারসাম্য রাখার চেষ্টা সচেতন ভাবেই করেছেন অর্থমন্ত্রী।



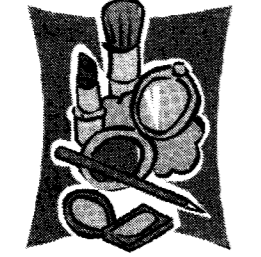
এর পর সাতের পাতায়

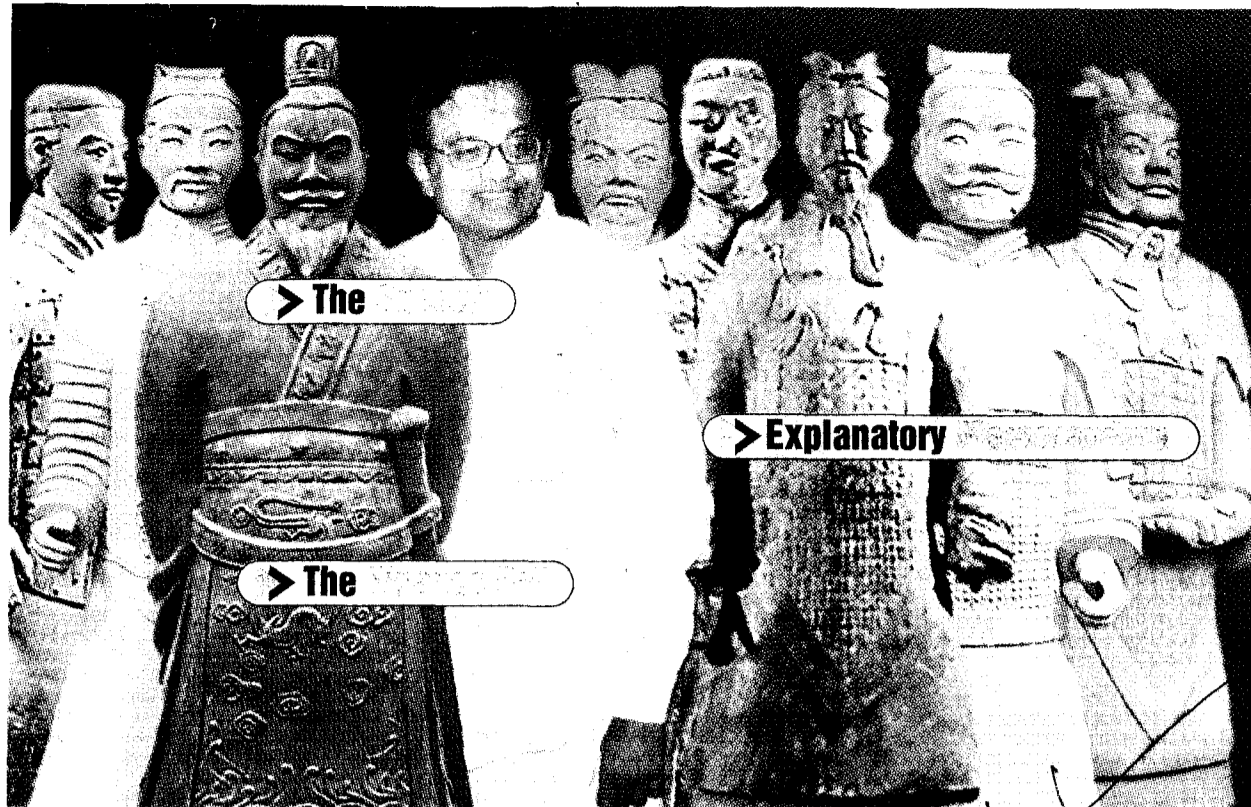
<p>Ajay Piramal Chairman, Nicholas Piramal</p> <p>"The budget maintains direction of reform. An effort to maintain reform objectivity and momentum has been made."</p>	<p>Jagdish Khattar MD, Maruti Udyog</p> <p>"It's a good attempt. It will strengthen manufacturing sector and forward second generation reforms."</p>	<p>Anand Mahindra VC and MD, M&M</p> <p>"It gives an incredibly positive signal that fiscal deficit and revenue deficit will come down."</p>	<p>K S Kim President & CEO, Samsung</p> <p>"The announcement of implementation of VAT from April 1, 2005 is welcome; we hope that the deadline will be kept."</p>	<p>Kiran Mazumdar Shaw CMD, Biocon</p> <p>"It was in line with general expectations of industry, given the political compulsions of the government."</p>	<p>Bharat Puri CEO, Cadbury</p> <p>"Exemption of excise duty for processed food new units is good. It will be desirable to implement earlier report."</p>	<p>Pawan Munjal MD, Hero Honda Motors</p> <p>"It's clearly like a half-year Budget that's not growth-oriented. Focus on infrastructure and efforts to contain steel prices is heartening."</p>
<p>FOR THE ECONOMY 7.0 FOR HIS BUSINESS 6.0 FOR THE INDIVIDUAL 7.0 OVERALL 7.0</p>	<p>FOR THE ECONOMY NA FOR HIS BUSINESS NA FOR THE INDIVIDUAL NA OVERALL NA</p>	<p>FOR THE ECONOMY 8.0 FOR HIS BUSINESS 9.0 FOR THE INDIVIDUAL 9.0 OVERALL 8.0</p>	<p>FOR THE ECONOMY 6.0 FOR HIS BUSINESS 6.0 FOR THE INDIVIDUAL 6.0 OVERALL 6.0</p>	<p>FOR THE ECONOMY 8.0 FOR HIS BUSINESS NA FOR THE INDIVIDUAL 6.0 OVERALL NA</p>	<p>FOR THE ECONOMY 7.0 FOR HIS BUSINESS 6.0 FOR THE INDIVIDUAL 7.0 OVERALL 6.0</p>	<p>FOR THE ECONOMY NA FOR HIS BUSINESS NA FOR THE INDIVIDUAL NA OVERALL NA</p>

Do you have a stake in the stock market, either directly through ownership of shares, or via mutual funds which invest for you? The Budget can impact bottomlines of industries and companies through changes in excise, customs, corporate tax and other proposals. It's always a good idea to take a fresh look at your portfolio of shares and mutual funds at Budget time. TOI, in collaboration with CRISIL, India's leading Ratings, Financial News, Risk & Policy Advisory Company, analyses the implications of the Budget for profits, dividends, share prices and bonus opportunities of key companies and industries.

SECTOR	STATE OF THE INDUSTRY	BUDGET MEASURES	SECTORAL IMPACT	COMPANY IMPACT																
<p>Cotton yarn</p> 	<ul style="list-style-type: none"> The demand for cotton yarn is expected to grow by 6% in 2004-05. Cotton yarn exports are expected to grow at higher rate, driven by strong offtake from China and other non-quota markets, which import yarn and re-export fabrics and garments. Cotton prices have, however, increased sharply and coarser counts of cotton yarn may face intense competition from its cheaper substitute, polyester yarn. This leaves limited pricing flexibility for spinning companies, which are likely to face pressure on their profit margins. 	<ul style="list-style-type: none"> Excise duty on cotton yarn reduced from 8% to 4% and that on cotton fabrics and garments reduced from 10% to 4% for companies opting to stay within the CENVAT chain. The budget has, however, allowed all cotton yarn, fabrics and garment manufacturers to opt for complete exemption from CENVAT. This effectively brings down the duty on the entire cotton textile chain to 0%. 	<ul style="list-style-type: none"> The duty cut on cotton yarn will have a very positive impact on cotton yarn spinning companies. The duty cut will also make fabrics and garments cheaper and will encourage vertical integration of companies down the textile chain. With CENVAT optional now, playing field between hand-looms, powerlooms and composite mills has been leveled. Competitive position of cotton textile players set to improve vis-à-vis man-made and synthetic textile producers. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Arvind Mills Limited</td><td>▲</td></tr> <tr><td>Bombay Dyeing & Manufacturing Co</td><td>▲</td></tr> <tr><td>GTN Textile Limited</td><td>▲</td></tr> <tr><td>Mahavir Spinning Mills Limited</td><td>▲</td></tr> <tr><td>Malwa Cotton Spinning Mills Ltd</td><td>▲</td></tr> <tr><td>Vardhaman Spinning & General Mills</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	Arvind Mills Limited	▲	Bombay Dyeing & Manufacturing Co	▲	GTN Textile Limited	▲	Mahavir Spinning Mills Limited	▲	Malwa Cotton Spinning Mills Ltd	▲	Vardhaman Spinning & General Mills	▲		
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<p>Man-made fibres</p> 	<ul style="list-style-type: none"> Polyester yarn has benefited from the continuous lowering of excise duties from as high as 69% in 1994 to 24% in 2003-04. This has made polyester cheaper than cotton yarn and encouraged higher demand for synthetic fabrics. Demand for partially oriented yarn (POY) is expected to go up by around 7%, and that of polyester staple fibre (PSF) by around 5% in 2004-05. The feedstocks used to produce polyester, PTA and MEG are currently in tight supply and their prices have risen sharply. This will create a cost push for polyester producers, whose margins are likely to decline marginally in 2004-05. 	<ul style="list-style-type: none"> Excise duty on PFY unchanged at 24%; on PSF, it has been retained at 16%. Reduction of excise duty on blended yarn from 16% to 8%. The budget has, however, allowed all cotton yarn, fabrics and garment manufacturers to opt for complete exemption from CENVAT. This effectively brings down the duty on the entire cotton textile chain to 0%. 	<ul style="list-style-type: none"> The impact on polyester producers is likely to be negative as the competitive position of cotton textile producers will significantly improve vis-à-vis the man-made and synthetics producers. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Bombay Dyeing & Manufacturing Co</td><td>▲</td></tr> <tr><td>Century Enka Limited</td><td>▼</td></tr> <tr><td>Indo Rama Synthetics (India) Ltd</td><td>▼</td></tr> <tr><td>Jindal Polyester Limited</td><td>▼</td></tr> <tr><td>Sanghi Polyester Limited</td><td>▼</td></tr> </tbody> </table>	Company name	Impact	Bombay Dyeing & Manufacturing Co	▲	Century Enka Limited	▼	Indo Rama Synthetics (India) Ltd	▼	Jindal Polyester Limited	▼	Sanghi Polyester Limited	▼				
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<p>Telecom</p> 	<ul style="list-style-type: none"> The revenues of the telecom services industry are estimated to have grown by 16% to around Rs 500 billion in 2003-04, driven by an increase in the revenues of the mobile industry. In 2003-04, India's mobile subscriber base increased by 20.6 million to 33.3 million. In contrast, the fixed line subscriber base increased by only 2.8% to 42.6 million. Telecom equipment manufacturers have not benefited from the growth in mobile telephony, as their capabilities are mostly on the wireline side. We expect mobile services to continue to be the main growth driver for the industry. 	<ul style="list-style-type: none"> The FDI limit in telecom hiked to 74% from 49%. Benefits u/s 80I-A (100% tax holiday for 5 years and 30% of profits exempted from tax for another 5 years) extended to operators starting services in the period up to March 31, 05. Import duty on MSCs imported by Unified Access Service Licensees (UASL) cut to zero from the current 15%. Service tax hiked to 10%. ITI Ltd given a restructuring package of Rs 5,080 million. 	<ul style="list-style-type: none"> Manufacturers that import CKD/SKD units will benefit marginally. The reduced input costs for components will benefit all manufacturers except Mahindra & Mahindra and Telco, who use indigenous components. The cut in the peak customs duty on tractors will have no effect, as imported tractors are unsuitable for Indian conditions. As far as other Budget measures are concerned, the increase in the Plan outlay on roads by 39%, and the cut in petrol and diesel prices is expected to have a positive impact on the industry as a whole. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Bharti Televentures Ltd</td><td>▲</td></tr> <tr><td>Reliance Infocomm</td><td>▲</td></tr> <tr><td>BSNL</td><td>▲</td></tr> <tr><td>VSNL</td><td>◄</td></tr> <tr><td>MTNL</td><td>◄</td></tr> <tr><td>Tata Teleservices</td><td>▲</td></tr> <tr><td>ITI</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	Bharti Televentures Ltd	▲	Reliance Infocomm	▲	BSNL	▲	VSNL	◄	MTNL	◄	Tata Teleservices	▲	ITI	▲
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<p>Infotech</p> 	<ul style="list-style-type: none"> In 2004-05, software exports are expected to increase by 30% to touch \$11.5 billion, while IT-enabled services (ITES) exports are expected to grow by 42% to reach \$5.07 billion. In 2003-04, software exports grew by around 24%, while ITES exports grew by 52%. The domestic hardware industry grew at 8% in 2003-04 to reach Rs 162.5 billion and is expected to grow at a higher rate on the back of increased IT spending by corporations and sustained spending by the Small Office Home Office (SOHO) segment. 	<ul style="list-style-type: none"> PCs have been exempt from excise duties. The service tax exemption on repair and maintenance of computer systems and peripherals has been withdrawn. Services provided by consulting engineers with respect to computer hardware/software engineering have been exempt from service tax. 	<ul style="list-style-type: none"> The abolition of excise duty on PCs will help lower prices, ranging from Rs 1,000 for entry level PCs to Rs 5,000 for high-end PCs. This will also cause the grey market price differential to shrink. As a result, players such as HCL Infossystems, Zenith, and MNC brands such as HP, IBM and Dell will benefit. Overall, the hardware sector will gain because of higher demand, due to the reduction in PC prices. The withdrawal of service tax exemption on repair and maintenance of computer systems and peripherals will lead to higher annual maintenance contract charges. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>HCL Infossystems Limited</td><td>▲</td></tr> <tr><td>Infosys Technologies Limited</td><td>◄</td></tr> <tr><td>Satyam Computer Services Limited</td><td>◄</td></tr> <tr><td>Zenith Computers Ltd.</td><td>▲</td></tr> <tr><td>PCS Industries Ltd.</td><td>◄</td></tr> <tr><td>Vintron Informatics Ltd.</td><td>▲</td></tr> <tr><td>Wipro Limited</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	HCL Infossystems Limited	▲	Infosys Technologies Limited	◄	Satyam Computer Services Limited	◄	Zenith Computers Ltd.	▲	PCS Industries Ltd.	◄	Vintron Informatics Ltd.	▲	Wipro Limited	▲
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<p>Tractors</p> 	<ul style="list-style-type: none"> The industry has been witnessing declining sales over the 4 years (1999-2000 to 2002-2003), on account of high inventory levels, poor monsoons and lower farm incomes. An increase of 11% in sales in 2003-04 to 190,000 units from 170,000 units in 2002-03 ended the recessionary conditions in the industry. Good monsoons, strong inventory-correction measures and aggressive financing led to turnaround during the fiscal. Tractor demand will grow at 5%-6% annually over 5 years. 	<ul style="list-style-type: none"> Tractors have been exempt from excise duty of 16 per cent. The customs duty on steel has been reduced to 10 per cent, while the excise duty has been increased to 12 per cent. A 2 per cent cess has also been imposed on the customs and excise duties. The industry will be entitled to a 150 per cent deduction on in-house R&D expenditure. The doubling of agricultural credit in three years, accelerated completion of irrigation projects, provision of farm insurance, expansion of water harvesting and various irrigation schemes were outlined as thrust areas in the budget. 	<ul style="list-style-type: none"> Excise duty exemption on tractors will provide a major boost to the industry. If excise duty cut is passed, tractor prices can go down by Rs 25,000-50,000. Impetus to irrigation, water-harvesting, restoration of water bodies, crop risk-mitigating measures and rise in flow of farm credit will raise demand for tractors. The imposition of cess on excise and customs duties on key inputs will have a negligible impact on the industry. However, the absence of MODVAT on inputs will have a moderate impact on margins. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Eicher Limited</td><td>▲</td></tr> <tr><td>Escorts Limited</td><td>▲</td></tr> <tr><td>Mahindra & Mahindra Limited</td><td>▲</td></tr> <tr><td>Punjab Tractors Limited</td><td>▲</td></tr> <tr><td>TAFE Limited</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	Eicher Limited	▲	Escorts Limited	▲	Mahindra & Mahindra Limited	▲	Punjab Tractors Limited	▲	TAFE Limited	▲				
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<p>Steel</p> 	<ul style="list-style-type: none"> Though international prices of steel are off their peaks, average international prices are expected to be higher in 2004-05 (on the back of demand recovery from the US and shortage of inputs, leading to high raw material costs). Domestic demand-supply balance is expected to remain favourable and operating rates are expected to be over 90%. The profit margins of steel manufacturers are expected to remain stable at current levels, as higher average domestic steel prices would neutralise the increase in the input costs of iron ore, scrap, coke and coal. 	<ul style="list-style-type: none"> Import duty on non-alloy steel reduced from 15 per cent to 10 per cent. Excise duty on all steel products (and countervailing duty) increased from 8 per cent to 12 per cent. Import duty on alloy steel reduced from 20 per cent to 15 per cent. 	<ul style="list-style-type: none"> Marginally negative impact on steel sector. Cut in import duty and rise in excise duties will leave landed costs unchanged. However, domestic prices will be strained, as producers may not be able to pass on the full increase in excise duties, especially in case of long products, due to the user resistance to price hikes. In addition, the government has indicated its intention to keep steel prices low. However, in the long term, budgetary measures like initiatives on rural housing and water management will have a positive impact on demand. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Bhushan Steel & Strips Ltd</td><td>▼</td></tr> <tr><td>Essar Steel Ltd</td><td>▼</td></tr> <tr><td>Ispat Industries Ltd</td><td>▼</td></tr> <tr><td>JISCO</td><td>▼</td></tr> <tr><td>JVSL</td><td>▼</td></tr> <tr><td>SAIL</td><td>▼</td></tr> <tr><td>TISCO</td><td>▼</td></tr> </tbody> </table>	Company name	Impact	Bhushan Steel & Strips Ltd	▼	Essar Steel Ltd	▼	Ispat Industries Ltd	▼	JISCO	▼	JVSL	▼	SAIL	▼	TISCO	▼
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<p>Non-ferrous metals</p> 	<ul style="list-style-type: none"> Demand from China and the recovery in the global economy has led to an increase in non-ferrous metal prices. The average international prices of non-ferrous metals are expected to be 12%-15% higher in 2004-05, in comparison with the previous year. Better price realisations will neutralise higher input costs, thus increasing the profit margins of non-ferrous metal producers. 	<ul style="list-style-type: none"> The customs duty on copper, lead and zinc was cut from the existing 20% to 15%. There was no change in the customs duty on aluminium. 	<ul style="list-style-type: none"> The overall impact on the NFM sector will be negative. Although the customs duty on aluminium remained unchanged, it declined on copper, lead and zinc by 5%. The adverse impact on copper manufacturers (Hindalco, Sterlite Industries, Hindustan Copper) is significant as the operating margins of their copper business, which are currently around 10%, will further drop by 4%-5%. The operating margins of zinc and lead manufacturers (Sterlite Industries, Binani Zinc) will also decline by 3.5%. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Hindalco Industries Ltd</td><td>▼</td></tr> <tr><td>Hindustan Zinc Ltd</td><td>▼</td></tr> <tr><td>Nalco</td><td>◄</td></tr> <tr><td>Sterlite Industries (India) Ltd</td><td>▼</td></tr> <tr><td>Hindustan Copper Limited</td><td>▼</td></tr> </tbody> </table>	Company name	Impact	Hindalco Industries Ltd	▼	Hindustan Zinc Ltd	▼	Nalco	◄	Sterlite Industries (India) Ltd	▼	Hindustan Copper Limited	▼				
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<p>Commercial vehicles</p> 	<ul style="list-style-type: none"> In 2003-04, commercial vehicles sales increased by 38%. The goods and passenger vehicles segments grew by 42% and 20% respectively. Improved infrastructure, robust economic growth, low finance costs, and shift towards road freight were the main growth drivers. However, in 2004-05, demand growth is likely to slow down to 12%-15%, due to the rise in diesel prices and the completion of fleet renewal by large transport operators. 	<ul style="list-style-type: none"> Introduction of 10% service tax on agencies that transport goods by road. 	<ul style="list-style-type: none"> The imposition of a service tax of 10% on agencies that transport goods by road, will be fully passed on to end users as the government has allowed credit of service tax against excise duty payable by the end-user industry. Thus, the demand for commercial vehicles is not expected to be affected by the imposition of this service tax. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Ashok Leyland Limited</td><td>◄</td></tr> <tr><td>Eicher Motors Limited</td><td>◄</td></tr> <tr><td>Tata Motors Limited</td><td>◄</td></tr> </tbody> </table>	Company name	Impact	Ashok Leyland Limited	◄	Eicher Motors Limited	◄	Tata Motors Limited	◄								
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 <p>Azim Premji, Chairman, Wipro Corp</p> <p>"The reform process has been pushed forward. However, I am disappointed by absence of statement on power sector reforms."</p>	 <p>Adi Godrej, Chairman, Godrej Industries</p> <p>"It's growth-oriented. I-T exemption limit rise is very positive. Modvatability of service tax will be good for industry."</p>	 <p>Venu Srinivasan, MD, TVS Motor Company</p> <p>"It is a remarkable balancing act between the CMP and holding the economic disciplines."</p>	 <p>Rahul Bajaj, Chairman, Bajaj Auto</p> <p>"Given the compulsions the UPA government had, it is a very good Budget. It is a step in the right direction."</p>	 <p>P R S Oberoi, Chairman, EIH Ltd</p> <p>"A budget which focuses on basic necessities. Tourism deserved more than just a passing mention."</p>	 <p>Nandan M Nilekani, CEO, Infosys Technologies</p> <p>"I welcome focus on education, and health-care. It lacks focus on infrastructure."</p>	 <p>Uday Kotak, VC, Kotak Mahindra Bank</p> <p>"It balances focus on agriculture, investment and growth. The dividend tax from MF should have been exempted"</p>																																																								
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SECTOR	STATE OF THE INDUSTRY	BUDGET MEASURES	SECTORAL IMPACT	COMPANY IMPACT														
 <p>Two-wheelers</p>	<ul style="list-style-type: none"> Two-wheeler sales grew by 11.4% in 2003-04. Continued increase in household income, a slew of new model launches, and the greater availability of low-cost finance, will result in a 10%-11% growth in 2004-05. Motorcycle sales grew a sedate 13.7% in 2003-04 (Y-o-Y) after the stupendous growth of 30% (Y-o-Y) last year. The segment will grow 12%-13% in 2004-05. Scooter sales are likely to grow by 4%-5%, while moped sales are expected to stagnate or decline marginally. 	<ul style="list-style-type: none"> The customs duty and excise duty on two wheelers have remained unchanged at 60% and 16%, respectively. The customs duty and excise duty on two wheelers have remained unchanged at 60% and 16%, respectively. A 2% cess has also been imposed on the customs and excise duties. 	<ul style="list-style-type: none"> The expected reduction in steel prices following the cut in the customs duty on steel will marginally benefit two-wheeler players. The tax benefit of 150% on R&D expenditure will benefit TVS Motors and Bajaj Auto. The impact of the 2% education cess is expected to be passed to the consumers. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Bajaj Auto Limited</td><td>▲</td></tr> <tr><td>Hero Honda Motors Limited</td><td>◀▶</td></tr> <tr><td>Kinetic Motor Company Limited</td><td>▲</td></tr> <tr><td>TVS Motor Company</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	Bajaj Auto Limited	▲	Hero Honda Motors Limited	◀▶	Kinetic Motor Company Limited	▲	TVS Motor Company	▲				
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 <p>Cars and Utility Vehicles</p>	<ul style="list-style-type: none"> In 2003-04, sales of cars and utility vehicles increased by 28% and 25%, respectively, on the back of the excise cut, the reduction in interest rates and new model launches. However, in 2004-05, sales are likely to move up by 10%-12%, as price reductions are unlikely, new model launches would be few and interest rates would be stable. The operating margins for the industry are expected to remain stable, as higher input costs are likely to offset the increase in volumes and reduction in overhead costs. 	<ul style="list-style-type: none"> The customs duty on steel, a major input, has been reduced from 15 per cent to 10 per cent. The excise duty on steel has been increased from 8% to 12%. Tax benefit has been increased to 150% of the R&D expenditure incurred by automobile companies. Education cess of 2% has been imposed on cars and utility vehicles. 	<ul style="list-style-type: none"> Cost of production will decline marginally for OEMs, due to the reduction in the customs duty on steel. The increase in the excise duty on steel will not impact OEMs, as it is modvatable. The increase in tax benefit to 150% will marginally benefit companies such as M&M, Tata Motors and Maruti Udyog. Imposition of education cess will marginally increase car prices, as OEMs will pass on the same to customers. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Hindustan Motors Limited</td><td>▲</td></tr> <tr><td>Hyundai Motors India Limited</td><td>▲</td></tr> <tr><td>Honda SIEL Cars India Limited</td><td>▲</td></tr> <tr><td>Mahindra & Mahindra Limited</td><td>▲</td></tr> <tr><td>Maruti Udyog Limited</td><td>▲</td></tr> <tr><td>Tata Motors Limited</td><td>▲</td></tr> </tbody> </table>	Company name	Impact	Hindustan Motors Limited	▲	Hyundai Motors India Limited	▲	Honda SIEL Cars India Limited	▲	Mahindra & Mahindra Limited	▲	Maruti Udyog Limited	▲	Tata Motors Limited	▲
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 <p>Personal Care and Detergents</p>	<ul style="list-style-type: none"> The personal care & detergents industry has grown at a CAGR of 7%-8% in the past 3 years. While the premium products, consisting of cosmetics, fragrances, deodorants, skin care and shaving products, are growing at above 10% due to low penetration levels, the mass market segments like detergents, oral care products, hair care products and toilet soaps have already achieved high penetration levels and are registering a slowdown in demand growth. The latter segments also compete with the unorganised segment, which also restricts the value growth. 	<ul style="list-style-type: none"> A 2% cess on the excise duty on raw materials for personal care and detergent products. Similarly, a 2% customs duty on import of raw materials for personal care and detergent products. An increase in the exemption limit on taxable income to Rs 100,000 per annum from Rs 50,000 per annum. 	<ul style="list-style-type: none"> The cess on excise and customs duties will have a negative, though marginal, impact on the industry. The magnitude of the impact will differ across players depending on their excisable product portfolio and extent of imports. The increase in disposable income following the raising of the taxable income limit will have a marginal impact on demand. The cess on the import duty on end products is too marginal to benefit the industry. 	<table border="1"> <thead> <tr> <th>Company name</th> <th>Impact</th> </tr> </thead> <tbody> <tr><td>Colgate-Palmolive (India) Limited</td><td>◀▶</td></tr> <tr><td>Hindustan Lever Limited</td><td>◀▶</td></tr> <tr><td>Dabur India Limited</td><td>◀▶</td></tr> <tr><td>Nirma Limited</td><td>◀▶</td></tr> </tbody> </table>	Company name	Impact	Colgate-Palmolive (India) Limited	◀▶	Hindustan Lever Limited	◀▶	Dabur India Limited	◀▶	Nirma Limited	◀▶				
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THE ECONOMIC TIMES

FRIDAY 9 JULY 2004

• AHMEDABAD • BANGALORE • CHANDIGARH • CHENNAI • HYDERABAD • KOCHI • KOLKATA • MUMBAI • NEW DELHI • PUNE

Agri Is The Culture Of The Times

MR SPEAKER, Sir, I rise to present the budget for the year 2004-05. Every five years, or sometimes sooner, the people of India speak in their collective voice. The message is usually unambiguous and clear. Elections 2004 were no different. The people's vote against one coalition — and the vote in favour of another coalition — was a vote for change. As the Prime Minister, Dr Manmohan Singh, said in his address to the Nation two weeks ago, the people have sought "a change in the manner in which this country is run, a change in national priorities, and a change in the processes and focus of governance." I shall make every effort to be true to that mandate.

II NATIONAL COMMON MINIMUM PROGRAMME: THE GUIDING LIGHT
The United Progressive Alliance (UPA) has given to itself, and to the people of this country, a Common Minimum Programme. The government has since adopted it as the National Common Minimum Programme (NCMP). The programme spells out seven clear economic objectives:

- Maintaining a growth rate of 7-8% per year for a sustained period.
- Providing universal access to quality basic education and health.
- Generating gainful employment in agriculture, manufacturing and services, and promoting investment.
- Assuring 100 days' employment to the breadwinner in each family at the minimum wage.
- Focusing on agriculture and infrastructure.
- Accelerating fiscal consolidation and reform and
- Ensuring higher and more efficient fiscal devolution.

The UPA government began its journey in May this year. However, I may note that one-quarter of the year has elapsed and, by the time the Budget is passed and the President gives his assent to the Finance Bill, nearly one-third of the year will be over. There is also an Interim Budget left behind by my predecessor. The government has to shift gears, and even if we are able to do so quickly, it would leave us only about six months to achieve our objectives for this year. We have therefore decided to adopt an innovative approach. The Planning Commission has advised the ministries and departments to redefine their priorities and redraw their programmes in accordance with the NCMP. This will necessarily involve some changes in the allocations under each head of expenditure. Besides, new programmes or schemes may have to be launched, and old ones restructured. Under the circumstances, it was considered optimal to allow the ongoing programmes to continue until the Planning Commission completes an exhaustive review and reorients the expenditure pattern to conform to the NCMP objectives. One thing, however, is clear. The Plan resources made available in the Interim Budget will be insufficient. Hence, in addition to the gross budgetary support (GBS) of Rs 1,35,071 crore provided in the Interim Budget, I propose to provide a sum of Rs 10,000 crore. This, and some other additional allocations, will raise total plan expenditure to Rs 145,590 crore in the Budget Estimates for 2004-05.

III FRBM AND THE MACROECONOMIC BACKDROP

The Fiscal Responsibility and Budget Management Act (FRBM) 2003 has streamlined the Budget presentation process. The government has demonstrated its commitment to prudent fiscal and financial policies by notifying the Act and the Rules with effect from July 5, 2004. Along with the Budget, a medium-term fiscal policy statement, a fiscal policy strategy statement and a macroeconomic framework statement are being presented to the House.

Under the FRBM Act, I am obliged to wipe out the revenue deficit by 2007-08. However, the NCMP has proposed that we do so by 2008-09. In my view, 2008-09 is a more credible terminal year; it will also coincide with the term of this government. Hence, I propose to move an amendment to this effect through the Finance Bill. I am committed to implementing the FRBM Act. The elimination of revenue deficit will open up fiscal space up to 3% of GDP for enhanced public investment without undermining fiscal prudence.

The economic fundamentals appear strong and the balance of payments is robust. Although there are short-term pressures on prices, the outlook for the year is benign and the government is fully alert. Growth will be sustained by increased production and value addition in agriculture, a marked improvement in industrial production, and continued buoyancy in the performance of the services sector.

The government will follow a 5-year road map to achieve the NCMP objective of bringing about rapid growth with stability and equity. Sequencing the measures in an appropriate fashion and continuing the reform process, which ushered in the era of rapid growth, are the main challenges. The government is committed to strike a fine balance among the three mutually reinforcing objectives of growth, stability and equity.

IV ASSAULT ON POVERTY AND UNEMPLOYMENT

One of our greatest assets is our human resources, our people. Empowering the people, especially the poor, with universal access to education and health, and facilitating their full participation in the growth process through gainful employment, will enhance their welfare. It will also reinforce the growth process itself. This win-win strategy is the keystone of the economic policy framework of the government.

Plan reorientation
I have the benefit of the wise counsel of Prime Minister Manmohan Singh. In our scheme of things, the poor will have a first charge not only on the additional sum of Rs 10,000 crore of GBS that I pro-

pose to provide today, but also on the entire Plan funds that the Planning Commission will reallocate. The poor want basic education for their children; we shall provide it, and we shall make sure that the child remains in school for at least eight years. We shall also make sure that the child is not hungry while she or he is at school. The poor want drinking water; we shall ensure that every habitation has an assured source of drinking water. The poor want basic health care, medicines at fair prices and a doctor within a reasonable distance; we shall ensure that the public health system has adequate human and financial resources to provide basic medical care. The poor want jobs for their children; we shall ensure that through higher investments, and through targeted intervention, jobs are available to them.

While the Planning Commission will make the final allocations, I may assure the House that crucial programmes such as Food for Work, Sarva Shiksha Abhiyan, Midday Cooked-Meal Scheme, basic health care, railway modernisation and safety, Accelerated Irrigation Benefit Programme, drinking water, investment in agriculture, Provision of Rural amenities in Urban Areas (PURA), roads, and science and technology, including biotechnology, will receive priority and will be provided with additional funds.

Food for Work Programme
Investment and growth will create new job opportunities for our young men and women. Nevertheless, currently there is a need to ensure that unemployment does not take a heavy toll on the poor people. Work has begun on the National Employment Guarantee Act. The object is to guarantee 100 days of employment in a year to one able-bodied person in every poor household. The Bill will take into account the experience gained in Maharashtra. Government will also take care to avoid the pitfalls pointed out by responsible critics. My colleague, the minister of labour, expects that he would be able to introduce the Bill in Parliament shortly. Pending the enactment of the new law, I propose to launch a new Food for Work programme in 150 districts classified as most backward and identified as areas in immediate need of such a programme. Allocations under different schemes will be pulled together to support the Food for Work programme. There are substantial funds totalling over Rs 6,000 crore under SGRY, SGSY, SJSRY, REGP and PMRY. Depending on the demand for such work, more funds will be allocated in the current year. I expect to increase the allocations substantially over the next four years. Special care will be taken in laying down the guidelines for the programme so that the money and labour expended result in durable and visible assets benefiting the whole community.

Public Distribution System
Fair price shops constitute the backbone of the food security system for the poor. We shall address the weaknesses in the system and strengthen public distribution. I shall return to this subject at a later date.

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Scheduled Castes and Scheduled Tribes
The welfare of the scheduled castes and scheduled tribes is close to my heart. The allocation for programmes concerning the scheduled castes is Rs 1,180 crore (an increase from Rs 1,137 crore) and for scheduled tribes is Rs 1,146 crore (an increase from Rs 1,087 crore). Other plan schemes such as SGSY, SGRY and IAY also contain specific reservations for beneficiaries belonging to the scheduled castes and scheduled tribes. The reservations range from 50% to 60%.

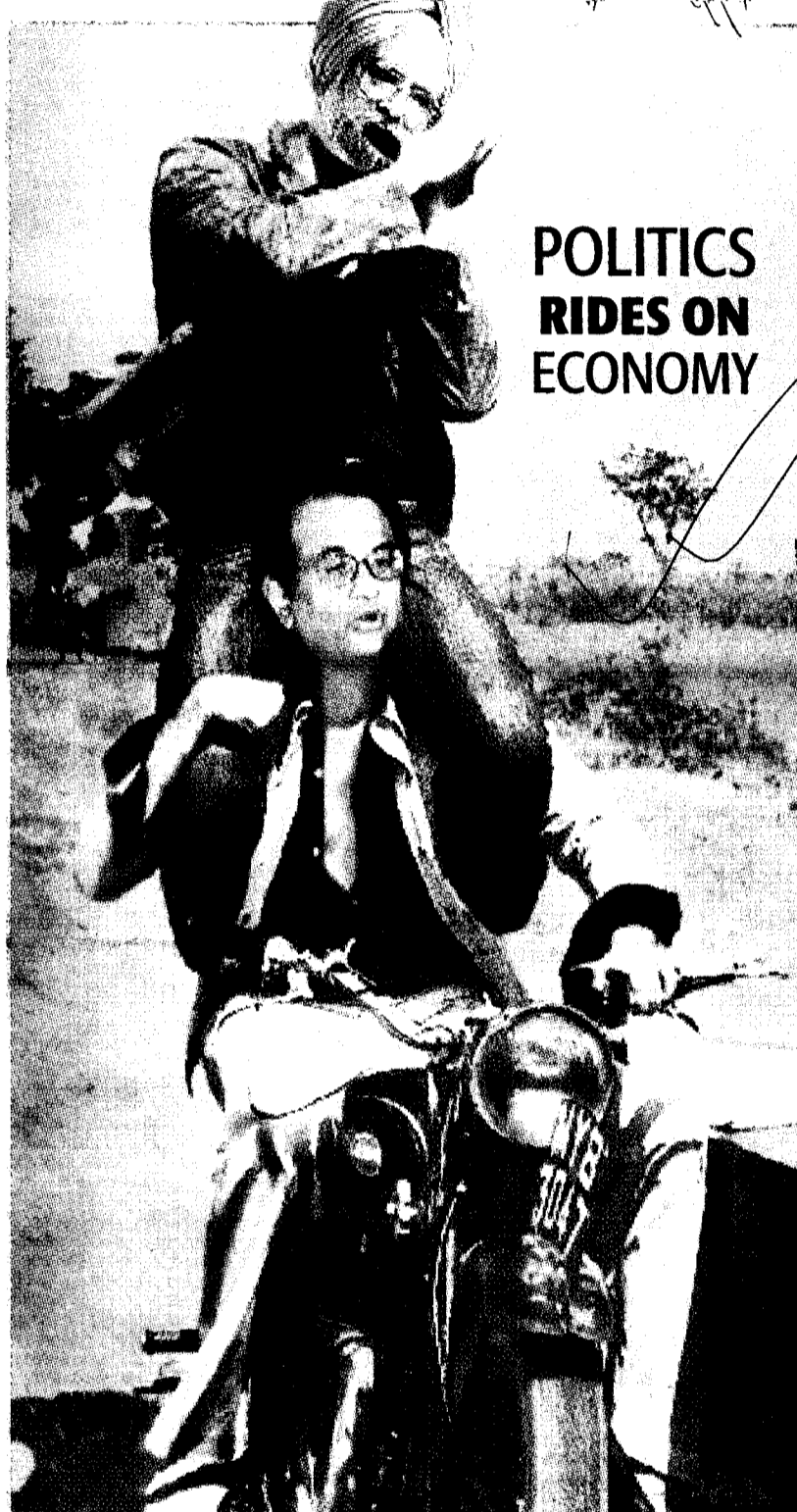
Minorities
Particular attention will be paid to the welfare, especially education, of the minorities. Hence, an additional allocation of Rs 50 crore has been made for the National Minorities Development and Finance Corporation.

Self-help groups
Microfinance initiatives are a cost-effective way to take the banking system to the poor. The self-help group (SHG)-bank linkage programme, initiated in 1992, has come a long way. Until March 31, 2004, 1.67 crore families had benefited through 10.79 lakh SHGs financed by banks. While the SHG concept will be promoted vigorously, I am of the view that matured SHGs may be in a position to graduate from consumption or production credit to starting micro-enterprises. An indicative target of credit linking 5.85 lakh SHGs during the period up to March 31, 2007 has been set for NABARD, SIDBI, banks and other agencies.

V THRUST AREAS

Before I deal with other areas of concern on which the Budget will have an impact, let me give you a snapshot of the goals that I have set for myself:

- Doubling agricultural credit in three years, accelerating the completion of irrigation projects and investing in rural infrastructure.
- Providing farm insurance and livestock insurance.
- Improving agricultural product markets, and promoting agri-businesses.
- Drinking water for all.
- Expanding water harvesting, watershed development and minor-irrigation and micro-irrigation schemes.
- Enhancing investment in industry — public and



POLITICS RIDES ON ECONOMY

private, domestic and foreign — to create new jobs.

- Creating space for small-scale industry to thrive and grow.
- Electricity for all.
- Universal access to telecommunication facilities.
- More housing for the poor.
- Access to medical care through health insurance and
- Encouraging savings, and protecting the savings of senior citizens.

I believe that the key to growth is investment — public and private, domestic and foreign. It is therefore my intention to considerably enhance investment in all sectors of the economy. However, fiscal prudence and financial discipline will remain the overarching objective. I shall also take into account the availability of resources and the absorptive capacity of various sectors.

VI EDUCATION AND HEALTH

Education
In my scheme of things, no issue enjoys a higher priority than providing basic education to all children. The NCMP mandates government to levy an education cess. I propose to levy a cess of 2%. The new cess will yield about Rs 4,000-5,000 crore in a full year. The whole of the amount collected as cess will be earmarked for education, which will naturally include providing a nutritious cooked midday meal. If primary education and the nutritious cooked meal scheme can work hand in hand, I believe there will be a new dawn for the poor children of India. I am concerned about the quality of technical education in the country. Let I be misunderstood, I am not referring to the ITIs but to the IITs. IITs are the training ground for skilled manpower. The skills imparted by IITs must keep pace with the technological demands of industry and the expanding universe of knowledge. There is only one benchmark for our technicians — and that is the world standard. In order to produce technicians of world standard, government proposes to launch a programme in the central sector to upgrade 500 IITs over the next 5 years at the rate of 100 IITs a year. Appropriate infrastructure and equipment will be provided. The syllabi will be upgraded and new trades will be introduced. This is an area where I welcome chambers of commerce and industry to join hands with the govern-

ment and create a public-private partnership model for designing and implementing the scheme. The selection of the IITs will be done in consultation with the state governments.

An education loan scheme has been in operation since April 2001 under which loans up to Rs 7.50 lakh and Rs 15 lakh are available for professional courses within the country and abroad, respectively. The requirement of collateral was dispensed with for loans up to Rs 4 lakh. I am happy to say that commercial banks have now agreed to waive the need for collateral for loans up to Rs 7.5 lakh, if a satisfactory guarantee is provided on behalf of the student. Thus, no student admitted to any professional course, including courses in IITs, IIMs and medical colleges, will be deprived of the opportunity to study because of lack of funds.

VII AGRICULTURE AND THE RURAL ECONOMY

Boosting agricultural growth through diversification and development of agro-processing is one of the objectives of the NCMP. The Prime Minister, in his address to the Nation on June 24, 2004 promised a "New Deal" for rural India. This new deal is not only essential for rural development and welfare, but also essential for achieving sustained overall annual growth of 7-8% and generating employment.

The agriculture sector requires massive investments. Such investments have to be through credit-enabled private investment and enhanced public investment. I also intend to use fiscal instruments to boost investment in agriculture.

Credit
It is my intention to double the flow of agricultural credit in three years. We have made a beginning by announcing a comprehensive policy on agricultural credit on June 18, 2004. The policy has been received well and will be fine-tuned, if necessary. Government has entrusted the implementation of the policy to the public sector and private sector banks, the regional rural banks (RRBs) and the cooperative banks.

Each RRB has a sponsor bank. I propose to hold each sponsor bank squarely accountable for the performance of RRBs under its control. RRBs that adopt a new governance standard and that abide by the prudential regulations will qualify for receiving funds from the government for their restructuring.

The third arm for delivering farm credit is the cooperative banking system. Unless cooperative banks are healthy and creditworthy, it would not be possible to reach credit to every farmer in need of credit. The situation is grave. In order to find a durable solution, I propose to appoint a task force to examine the reforms required in the cooperative banking system including the appropriate regulatory regime. The task force will be requested to act with all deliberate speed and submit its report by October 31, 2004.

Irrigation, Rural Infrastructure
The accelerated irrigation benefit programme (AIBP) was introduced in 1996-97 and was allotted large funds year after year. Yet, out of 178 large and medium irrigation projects that were identified, only 28 have been completed. The programme is being restructured. Truly last mile projects that can be completed by March 2005 will be taken up in the current year. Next year we shall move the goal-post to March 2007, the year after to March 2008, and so on. I have provided a sum of Rs 2,800 crore to the AIBP this year.

The Rural Infrastructure Development Fund (RIDF) was established in NABARD in 1994-95. Five months ago, a decision was taken to close the RIDF and establish, in its place, another Fund with slightly different objectives. Many state governments and many honourable members have opposed the closure of RIDF. In deference to their wishes, and in tune with my own thinking, I have decided to revive the RIDF. RIDF's guidelines have been revised, and a corpus of Rs 8,000 crore will be provided for RIDF during 2004-05.

Restoring water bodies
I now turn to one of my big dreams. Water is the lifeline of civilization. We have been warned that the biggest crisis that the world will face in the 21st century will be the crisis of water. Water is indeed a renewable resource but, in any given year, it is not inexhaustible. The crisis of water has affected the lives of millions of our fellow citizens. In some cities, whole households keep awake to receive one or two buckets of water well past midnight. In rural areas, the girl child is often pulled out of school in order to fetch water. I am deeply concerned about the impending crisis. I therefore propose an ambitious scheme. Through the ages, Indian agriculture has been sustained by natural and man-made water bodies such as lakes, tanks, ponds and similar structures. It has been estimated that there are more than a million such structures and about 500,000 are used for irrigation. Many of them have fallen into disuse. Many of them have accumulated silt. Many require urgent repairs.

I therefore propose to launch a massive scheme to repair, renovate and restore all the water bodies that are directly linked to agriculture. In the current year, we shall begin with pilot projects in at least five districts, and we shall select at least one district in each of the five regions of the country. The estimated cost is Rs 100 crore. Funds for the five pilot projects will be drawn from existing programmes such as SGRY, PMGSY, DPAP, DDP and IWP. Once the pilot projects are completed and validated, the government will launch the National Water Resources Development Project and complete it over a period of 7-10 years.

Funds will not be a constraint for implementing the project. For instance, Life Insurance Corporation of India invests, on an average, Rs 3,000 crore per year in water-related programmes. I also intend to use this project to multilateral agencies for funding. It is my hope that by the beginning of the next decade all water bodies in India will be restored to their original glory and that the storage capacity of these water bodies will be augmented by at least 100%.

Water Harvesting
Water harvesting schemes, specific to an area or village, have been found to be extremely useful.

Such schemes are supported by a number of credit institutions. However, farmers belonging to the Scheduled Castes and Scheduled Tribes rarely benefit from such schemes. In order to help these farmers, the government will launch a nationwide water harvesting scheme. The scheme will cover 1 lakh irrigation units at an average cost of Rs 20,000 per unit. NABARD will lend the money on easy terms and no margin money will be charged from the borrower. The government will provide a 50% capital subsidy through NABARD, and the estimate for the scheme is Rs 100 crore.

Flood control
Thousands of lives and thousands of head of cattle are lost every year due to floods. Floods are perennial in states like Assam, West Bengal, Bihar and Uttar Pradesh. The NCMP envisages full Central support to flood control works in inter-state rivers and international rivers. The Brahmaputra Board has prepared a plan for anti-erosion and flood control works in the Brahmaputra and Barak valleys. A programme of flood control and anti-erosion will be launched in the current year. A similar programme is being implemented in the Ganga-basin states of Uttaranchal, Uttar Pradesh, Bihar, Jharkhand and West Bengal. Rs 30 crore has been allotted in the current year and additional funds will be provided to keep pace with the progress of works.

Diversification
India is self-sufficient in wheat and paddy but deficient in other agricultural produce. The time has come to encourage our farmers to diversify into areas such as horticulture, floriculture and oilseeds. The Anand model has been a great success in milk and milk products. The government proposes to launch a National Horticulture Mission. The goal is to double horticulture production from the current level of 150 mt to 300 mt by 2011-12. I invite states to join hands with the government in launching this mission. One of the steps that states will be encouraged to take is to emulate the Anand model and establish a State Level Cooperative Society for promoting horticulture.

Oilseeds is another critical area. Last year, we produced 25 mt of oilseeds, but we also imported \$ 2.5 billion of edible oil. The government will facilitate farmers to diversify into oilseeds by promoting superior seed-technology and through an appropriate policy of price support.

India must become a single market for all products, particularly agricultural produce. The existing Acts governing agricultural produce marketing committees have outlived their utility. The Government has circulated a model law. So far, ten states have initiated legal or administrative action for 'direct marketing' and 'contract farming' arrangements in line with the model law. I urge all states to enact the model law at an early date.

Research and Development
Agricultural research and development is an area which deserves special attention. The Indian Council of Agricultural Research (ICAR) is a beneficiary of the scheme under which every commercial rupee earned by ICAR, incrementally, is matched by another rupee from the Budget. Besides, ICAR receives funds from the Technology Development Board in respect of projects that are commercially viable. Agricultural research must be expanded rapidly to new frontiers such as biotechnology, vaccines and diagnostics. There must be a special focus on farming in drylands and unirrigated areas. The allocation for 2004-05 is Rs 1,000 crore (which is an increase from Rs 775 crore in BE 2003-04), and I propose to make further allocations during the course of the year.

Agri-business
Farmers Agri-business Consortium (SFAC) was set up in 1994. Although SFAC started functioning from 1998, its corpus stands at a meagre Rs 10.95 crore. In my view, SFAC should provide venture capital to projects and must be run, preferably by a banker, on purely business lines. The MS Swaminathan Research Foundation has identified 13 districts where there is a huge potential for agri-businesses and an appetite for investment of nearly Rs 170 crore. The ministry of agriculture has initiated action to improve the governance of SFAC, including the appointment of a banker as the chief executive. For my part, I propose to provide the necessary additional capital that SFAC will require to aggressively promote agri-businesses.

Risk mitigation
The Agricultural Insurance Company (AIC) was incorporated in December 2002. The National Agricultural Insurance Scheme (NAIS) which insures the yield or crop is in operation since Rabi 1999-2000. AIC is redesigning the scheme. We shall continue with the scheme and make another evaluation. Meanwhile, a pilot scheme insuring farm income (as opposed to crop) has been launched in 19 districts across 12 States during Rabi 2003-04. The government has decided to extend the scheme to Kharif 2004 in order to assess its feasibility. I wish to add that a weather insurance scheme appears to be more promising, at least in the design. AIC is introducing the scheme on a trial basis in 20 rain gauge stations in the current crop season. It is difficult to tell at this stage which of the three schemes will be successful. Agricultural insurance as well as livestock insurance are complex products and have to be designed with care. I wish to re-affirm Government's commitment to provide insurance cover to farming and livestock.

VIII. INFRASTRUCTURE
Sustainable growth depends upon the availability of efficient infrastructure. The government is committed to removing the inadequacies in infrastructure facilities through a mix of policy and fiscal measures.

Inter-institutional Group
An Inter-institutional Group in the power sector has succeeded in bringing six power projects to financial closure. Another 10 projects are on the verge of achieving financial closure. The concept can be extended to some other infrastructure sectors. I am

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Budget 2004 Work in Progress

9/7
Despite some sparks of promise, the exercise does not enthuse. We'll need to await Budget '05

AT many levels, the finance minister's Budget Speech was a disappointment. Manmohan Singh and P. Chidambaram have done budget speeches before, which painted a vision of economic reforms, and got domestic and private investors excited about India's future. This budget speech had little to offer in terms of soothing investors who were rattled by the CMP and by the airtime given to Left politicians. For this reason, it appears that the budget speech will do little in terms of inviting and promoting investment, as compared with trends in earlier months.

There are, however, a few elements of useful tax reform in the budget. The integration of goods and services taxation in the sense of a two-way flow of CENVAT credits is a positive. Yet, this apart, the budget does not embark on important tax reforms. Tax rates for goods and services continue to be different. We are still stuck with selective taxation of a few services and not all services. Customs rates have not come down. Most important, the entire bestiary of exemptions has been left intact. Similarly, the structure of subsidies is largely untouched. Small savings rates remain. The implicit subsidy to the Employees Provident Fund Organisation, through full income tax exemption, has been left intact.

It appears very odd that despite a profuse sprinkling of expenditure proposals, the revenue deficit is projected to drop by a full percentage point of GDP. This is obviously a very desirable outcome. But there is a need for greater scrutiny in understanding how this was done. Will this improvement in the revenue deficit be a lasting accomplishment, or is it a one-off? Major tax reforms have not been attempted, which leads to concern about whether the country is yet on the path to robust fiscal consolidation.

The education cess is astonishingly confused. Education is certainly important, but then what is the main body of tax revenue for? Will we have a cess for defence, because defence is important? Or a cess for the police, because law and order is important? The government should operate within a clear fiscal framework, where tax revenues are used to fund their public programmes. It is wrong to place new taxes to fund specific expenditures.

IN terms of expenditure, Manmohan Singh had got hopes up when he talked about reforms on government functioning. He recognised that the existing mechanisms of expenditure on the part of government are hopelessly dysfunctional and fail to work, effectively in reaching the poor, or in producing public goods. Yet, the budget speech went on to merrily send large amounts of resources through the dysfunctional government system. Does this Cabinet really believe

that money spent in this manner will be money well spent? It would have made more sense for the FM to have announced a massive effort on closing down existing mechanisms through which the government operates, and embarking on a quest for new institutional arrangements. Instead, the budget speech displays a naive willingness to believe that spending more money on programmes for SC/ST communities would actually help them.

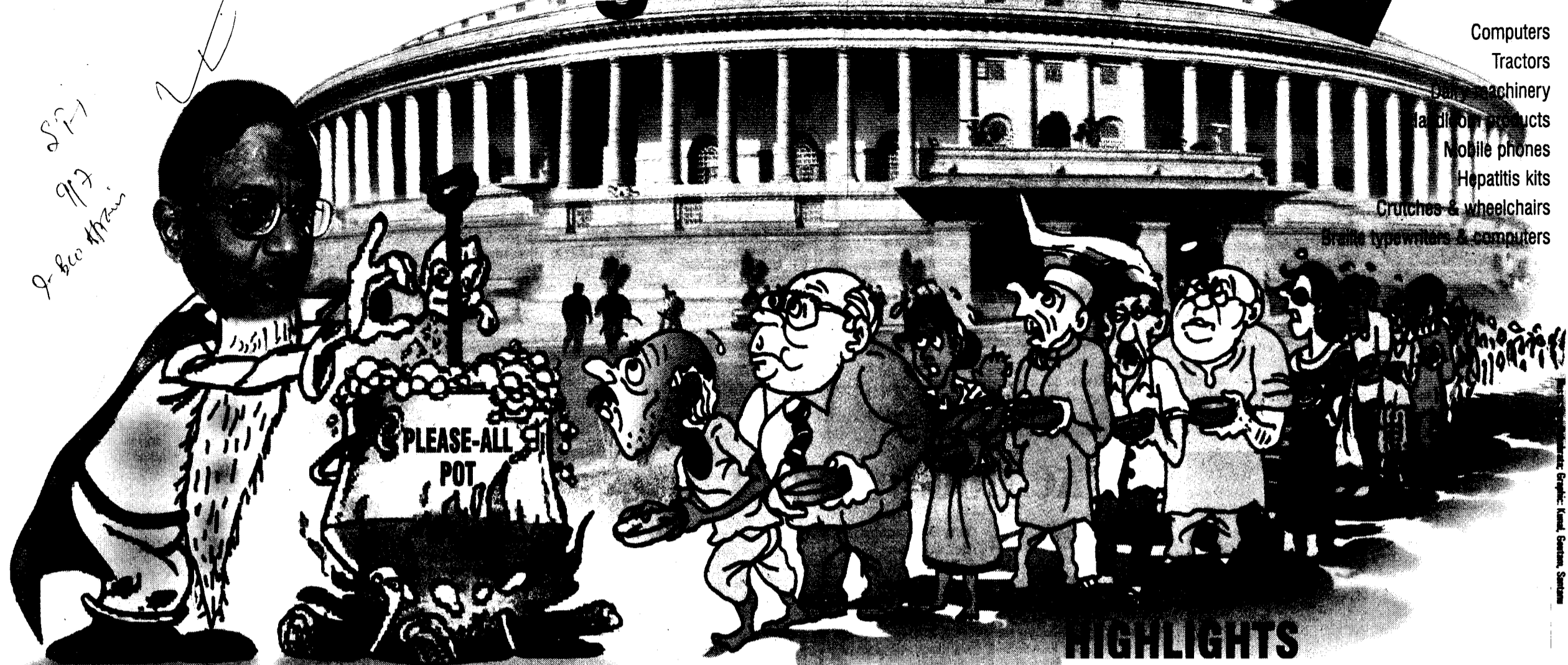
Certainly, there were several flickers of good ideas in the budget speech, which have the potential of yielding genuine institutional change. A food stamp pilot will commence. The new pension system will gain legislative strength. Small Sector Industry dereservation will take place for 85 more items, out of 650. Drinking water schemes are being taken closer to local government. The commodities market will be integrated with the securities markets, thus allowing the agricultural sector to benefit from the modern institutional development of the securities markets. For observers who were pessimistic about modern and rational economic policy emerging out of a government under the shadow of the Left, there are a few rays of hope. The FM has clarified that selling shares in PSUs will, indeed, continue. Foreign Direct Investment limits have been raised in some sectors.

THE problem is that these attempts at reform are, at best, lukewarm. Perhaps this is all that Singh and Chidambaram could do, burdened as they are with a dubious coalition. We may recall that it took Atal Bihari Vajpayee roughly two years to assert his independence, and shake off the policy constraints of the RSS. In a similar fashion, it may take a while for the more rational elements within the UPA to assert themselves, and gradually bring economic policy on track in the years to come.

Crafting a good economic policy is a difficult and time consuming process, and this team will surely need to settle in, get major committee reports written, and cobble together the political support for reforms. As the FM put it, "Progress is not always on a linear path, nor is it inevitable". Rational thinking in Indian economic policy has systematically made progress in the last 20 years, although there have been many twists and turns.

We are already in July '04 — as the FM himself underlined — and in some ways, the focus would now shift to the February '05 budget. By that time, the PM and the FM, and their policy teams, would have settled in; important committee reports would have been produced and publicly debated; possibly better equations with coalition partners would have emerged. Budget '04, then, is best described as work in progress.

Dream Budget FM farms out



ATTEMPTING to blend reforms with populism while giving a clear star billing to the farming and agricultural sector, the Union Budget for 2004-05 presented by finance minister Mr P Chidambaram on Thursday attempted to please all while laying emphasis on those suitably "disadvantaged". But the absence of a grand vision and the contradictory pulls of the UPA coalition had their effect with the markets crashing 112 points — a rude awakening for the finance minister previously known as the creator of the "Dream Budget" of 1997.

The middle classes have been given half a tax benefit — raising exemption on personal income tax to Rs 100,000. But tax slabs have been kept unchanged, diluting the impact and the introduction of a two per cent education cess would eat away some of the gains. And the tax benefit itself has taken 1.40 crore of the 3.4 crore income-tax assesses out of the tax net. The increase in service tax from eight to 10 per cent, covering an additional 15 sectors, will also impact consumer budgets. Small savings rates have been kept unchanged — a "relief" dictated by the Left pressure, apparently. But some of the more radical of the Left's demands were kept at bay by, for example, increasing FDI limits in key sectors — telecom, civil aviation and insurance. But the public sector seemed to be going back in time, with a new board for reviving PSUs and promises on equity and loan support.

Industry has been given a number of tax concessions but no new big ticket reform. Capital markets have got a gift via the abolition of long-term capital gains tax and a reduction in the short-term variety, but the turnover tax killed market spirits. Sensex ended the day 112 points down.

Speaking after presenting the Budget, the minister described the turnover tax, which is imposed on securi-

ties transactions, as "an efficient tax prevalent in a number of countries". This was needed keeping in mind India's aim to be at par with Asean countries, he claimed. This tax would bring in Rs 4,000 crore to 5,000 crore to the exchequer, chief economic advisor Dr Ashok Lahiri told reporters.

Mr Chidambaram promised Rs 10,000 crore extra for social sector projects but was largely silent on the delivery mechanisms — an issue raised by the Prime Minister a week ago when he expressed concern over the benefits not reaching those intended.

As part of the sops for the rural sector, tractors, dairy machinery and hand tools such as spades will be fully exempt from excise duty. The finance minister retained ongoing schemes such as Antyodaya Anna Yojana, Food for Work, Sarva Shiksha Abhiyan and Accelerated Irrigation Benefit Programme. The PDS is to be strengthened and National Employment Guarantee Act assuring 100 days of employment is on the anvil, he announced.

The revised Universal Health Scheme has been made exclusive for BPL families. A Group Health Insurance Scheme will be introduced through public sector non-life insurance company for members of self-help groups and other credit link groups. A Senior Citizens Savings Scheme has been introduced, offering nine per cent interest. The Varishta Pension Bima Yojana may thus be no longer necessary.

Mr Chidambaram announced what he called "one of my big dreams". He proposed the revival of natural and man-made water bodies at a cost of Rs 100 crore. He pegged the revenue deficit accruing from the Budget at Rs 76,171 crore, 2.5 per cent of the GDP, which is one percentage point below the estimated 3.5 per cent in 2003-04. The fiscal deficit is at Rs 137,407 crore, 4.4 per cent of the GDP estimate. — SNS

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TAXMAN COMETH

Following table shows the impact of the new tax proposals on individual income. (Figures in rupees)

Total Income	Existing Tax	New Tax	Cess	Total Liability
50,000	NH	NH	NH	NH
55,000	500	NH	NH	NH
60,000	1,000	NH	NH	NH
60,010	1,002	NH	NH	NH
60,020	1,004	NH	NH	NH
60,050	1,010	NH	NH	NH
60,100	1,020	NH	NH	NH
60,200	1,040	NH	NH	NH
75,000	4,000	NH	NH	NH
1,00,000	8,000	NH	NH	NH
1,50,000	19,000	19,000	380	19,380
2,00,000	34,000	34,000	680	34,680
3,00,000	64,000	64,000	1,280	65,280
5,00,000	1,24,000	1,24,000	2,480	1,26,480
7,50,000	1,99,000	1,99,000	3,980	2,02,980
8,00,000	2,14,000	2,14,000	4,280	2,18,280
8,50,000	2,29,000	2,29,000	4,580	2,33,580
8,55,000	2,34,000	2,34,000	4,680	2,38,680
8,60,000	2,39,000	2,39,000	4,780	2,43,780
8,65,000	2,44,000	2,44,000	4,880	2,48,880
8,70,000	2,49,000	2,49,000	4,980	2,53,980
8,75,000	2,54,000	2,54,000	5,080	2,59,080
8,80,000	2,59,000	2,59,000	5,180	2,64,180
8,85,000	2,63,450	2,63,450	5,268	2,68,718
8,90,000	2,65,100	2,65,100	5,302	2,70,402
10,00,000	3,01,400	3,01,400	6,028	3,07,428
25,00,000	7,98,400	7,98,400	15,928	8,12,328
1,00,00,000	32,71,400	32,71,400	65,428	33,36,828

HIGHLIGHTS

- Benefit for salaried class: Income-tax exemption doubled to Rs 1 lakh. Tax slabs and rates unchanged for others
- Two per cent education cess imposed on income-tax, corporation tax, excise duties, custom duties and service tax
- Service tax rate hiked to 10 per cent from eight per cent
- Ten-year tax holiday for bio-tech sector
- No change in interest rates on small savings like PPF, GPF and special deposit scheme
- FDI in telecom increased to 74 per cent from 49 per cent
- FDI in civil aviation hiked to 49 per cent from 40 per cent; FDI in insurance sector up at 49 per cent from 26 per cent; Investment Commission to be established
- Direct taxes to yield Rs 2,000 crore more, indirect tax changes to stay revenue-neutral
- Computers to be fully exempted from excise
- Fiscal deficit pegged at 4.4 per cent, down from 4.8 per cent in 2003-04 (revised estimates)
- Defence budget hiked from Rs 85,300 crore to Rs 77,000 crore
- Antyodaya Anna Yojana to be extended to 2 crore families
- Bihar gets special economic package of Rs 3,225 crore
- North-eastern region gets Rs 650 crore from Central pool for scientific projects and schemes
- Long term capital gains from securities transactions to be replaced by a tax on transaction
- Short term capital gains tax slashed to 10 per cent
- Additional provision of Rs 10,000 crore for food for work programme, Sarva Shiksha Abhiyan, basic health, drinking water programme
- States to pay lower interest of 9 per cent on Government of India loans as against 10.5 per cent
- 85 items to be taken out of the reserved list for small-scale industries
- New hospitals with 100 beds or more set up in rural areas to get tax benefit
- New saving schemes to offer 9 per cent interest to senior citizens
- Investment ceiling for FIs in debt funds to be raised to \$1.75 billion from \$1 billion
- Equity-oriented MFs will continue to be exempt from tax on dividends
- Banks with strong risk management systems to be allowed greater latitude in their exposure to capital markets
- Revenue deficit to be eliminated by 2008-09
- Rs 2,800 crore provided for accelerated irrigation benefit programme

Opinion polls, tentwallahs taxed

NEW DELHI, July 8. — It was almost a moment of sweet revenge as Union finance minister Mr P Chidambaram proposed adding opinion polls to the list of services that would be taxed. There did not appear to be two opinions in the House on the issue of imposing a service tax on opinion polls, that went completely awry during the recent national elections. But what some BJP worthies will have to say about the inclusion of *pandal* and *shamiana* contractors and outdoor caterers to the existing list of 58 services for which a tax of ten per cent would now be charged, is not yet known! Independent TV/radio programme producers and survey and exploration services too were added to the list. — SNS

Art of meeting what's Left of expectations

Saubhik Chakrabarti in New Delhi

July 8. — Mr P Chidambaram should thank those brokers who caused the post-election stock market crash. That meltdown, caused by the Left's rhetorical heat against reforms, set the tone of expectations for this government. No one really expected big bang reforms. Many feared the Left and Lalu would put policy in reverse gear. The rail budget seemed to confirm those apprehensions.

Expecting the worst, there was relief that the worst hasn't happened. Mr Chidambaram has got pats for more or less holding the line on reforms and little criticism that the Budget is short on big reforms and big ideas on how the poor will get the extra money the minister made

such a big deal about. That's the subtext of industry leaders welcoming the Budget, at least he didn't take us back, the captains were saying.

If Mr Chidambaram's budget was to be divorced from this context of low expectations, the assessment would be very different. It would be seen as a policy statement that refuses to carry forward the advances since 1991. After all, even a relatively politically innocuous step like reducing peak customs duty hasn't been taken. The small savings rate has not been aligned to market rates. Moves towards smaller government have been halted. Two new taxes — the education cess and the stock market transaction tax — have been imposed. And this PC is running a dodgy programme on fiscal numbers. Revenue deficit at 2.5 per cent of the GDP

despite substantial extra spending commitments and no tax reforms looks too good to be true. Hints came from the minister saying extra revenue will come from quicker settlement of tax arrears. There was no number or no modus operandi attached to this statement. Mr Chidambaram merely asked citizens to believe that tax officials will do in seven months what they haven't been able to in years. That means room for creative accounting and/or breaking the fiscal promises. Even Dr Manmohan Singh got stuck for fiscal ledgerdom when he was FM. But poor no-doctor Chidambaram, spare him, he had to fight the Left.

Experts' views on page 9
More reports on pages 4, 5 & 10
Full text of Budget speech: pages 6 & 7

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Small-scale industry

Small scale industry is, and must be regarded as, an engine of growth. At the same time SSI units must also be given the space to grow into medium enterprises. World over, policies are devised to meet the requirements of small and medium enterprises (SME). Keeping in mind the twin objectives, the ministry of small scale industry has identified 85 items that can be safely taken out of the reserved list.

Furthermore, it is felt that technology upgradation of SSI units is the most urgent requirement to do business in a competitive environment. I have reviewed the Capital Subsidy Scheme, and I propose to raise the ceiling for loans under the scheme from Rs 40 lakh to Rs 1 crore. The rate of subsidy will also be raised from 12 per cent to 15 per cent. The scope of the scheme will be enlarged by adding more sub-sectors and technologies eligible for assistance. SSI units will be encouraged to obtain credit rating. With these measures, I expect that many more SSI units will benefit from the restructured scheme.

A provision of Rs 135.24 crore has been made for "Promotion of SSI Schemes", and within that amount funds will be found for the Capital Subsidy Scheme.

Regeneration of Traditional Industries

Some of our traditional industries, namely coir, handloom, handicrafts, sericulture, leather, pottery and other cottage industries not only contain great potential for growth and exports but are integral for the maintenance of our cultural heritage. Accordingly, a Fund for the Regeneration of Traditional Industries with an initial allocation of Rs 100 crore will be set up. The details, including mechanism for utilisation of the funds will be worked out in consultation with the industries concerned.

Value Added Tax

Value Added Tax is a tax that has been tested and tried, and found beneficial throughout the world. The country needs a modern and efficient trade tax system that incorporates the international best practices. At the June 16, 2004 meeting of the Empowered Committee of state finance ministers, to which all finance ministers were invited, and chaired by my distinguished friend Dr Asim Das Gupta, there was a broad consensus among the states to implement VAT. April 1, 2005 has been set as the date for implementation. I welcome the decision and warmly congratulate the state governments.

I urge all states that have not yet passed the relevant VAT legislation to do so before the end of 2004. International experience, as well as the experience of the state of Haryana, suggest that VAT will lead to an increase in revenue and not a loss in revenue. Nevertheless, in order to give comfort to the states, I propose to evolve a formula for determining the compensation for the loss of revenue, if any. I have offered the states the services of a Technical Experts Committee. The Committee will work with the states closely and help them move steadily towards the state of implementation.

Pension Reform

A 'defined contribution' pension scheme has been introduced with effect from January 1, 2004 for the Central government employees recruited on or after that date. A suitable legislation to provide a regulatory framework for the scheme will be introduced in Parliament.

Export Promotion

My colleague, the minister of commerce and industry, will place before Parliament by the end of this month a new trade policy. Government is of the view that Special Economic Zones (SEZs) are growth engines that can boost manufacturing, exports and employment. The private sector has shown considerable interest in the development of SEZs. Five SEZs have started functioning. SEZs require a special fiscal and regulatory regime. The commerce minister will, shortly, introduce a Bill for regulating Special Economic Zones, and it is my belief that the passing of such a law would be a significant milestone in our quest to become a major hub for manufacturing and exports.

Securitisation Act

The constitutional validity of the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been upheld by the Supreme Court, except Sub-Section (2) of Section 17. In the wake of this judgement, many banks have pointed out practical difficulties likely to arise in speeding up the recovery of non-performing assets. It is proposed to amend the relevant provisions of the Act to appropriately address the Supreme Court's concerns regarding a fair deal to borrowers while, at the same time, ensuring that the recovery process is not delayed or hampered. Related amendments to the Recovery of Debts due to Banks and Financial Institutions Act, 1993, if necessary, will also be made.

Interest Rates

The Central government has saved considerably on interest on fresh borrowings because of moderate interest rates. The states were also able to borrow at lower rates and swap old high cost loans. Since 2002, states have benefited to the extent of nearly Rs 2,500 crore through the debt swap scheme. While borrowers are benefited by moderate interest rates, there is a need to boost savings and to protect the savers. I am convinced that, in the larger interests of the country, we should maintain a benign interest rate regime that appropriately balances the legitimate claims of the savers and borrowers.

I believe that all interest rates should be aligned to the market, save for one or two exceptions. There is a need for a savings instrument that will give a return to senior citizens which is above the market-determined rate.

There is also a need for an instrument that will provide a risk-free avenue for all citizens to save for a longer term, and such an instrument should bear a slightly higher rate of interest. Balancing these considerations, I do not propose to make any change in the existing rates of interest on small savings instruments. Consequently, PPF, GPF and the Special Deposit Scheme will attract 8 per cent interest this year. For senior citizens, I propose to introduce a new scheme called the Senior Citizens Savings Scheme offering an interest rate of 9 per cent per annum. For all other citizens, I propose to continue the Government Savings bond which will carry an interest rate of 8 per cent per annum. The Varishta Pension Bima Yojana may no longer be necessary since the new savings scheme will cover the senior citizens adequately. Reform of Public Distribution System

In the Tenth Plan document, the Planning Commission had suggested that a system of distributing food stamps should be tested on a pilot basis. Every eligible family will be entitled to collect its monthly quota of food stamps from a designated distribution centre, and such stamps could then be used to buy food-grains from any food shop. I propose to introduce a pilot scheme for distributing food stamps, instead of distributing food through fair price shops, in two or three contiguous districts in a selected state. I sincerely hope that one of the states will come forward to associate with the Central government in this experiment.

Gender Budgeting

Women's groups have met me and urged me to consider gender budgeting. This means that the budget data should be presented in a manner that the gender sensitivities of the budgetary allocations are clearly highlighted. An expert group on "Classification System of Government Transactions" has submitted its report on July 6, 2004. It has recommended appropriate systems for data collection and representation in the budget. The group has also recommended introduction of periodic benefit-incidence analysis. Government will examine the recommendations, and I hope it will be possible for me to implement some of them in the Budget for 2005-06.

Subsidies

Seven years ago, I placed before Parliament the first paper on subsidies. The NCMF pledges that all subsidies will be targeted sharply at the poor and truly needy like small and marginal farmers, farm labour and the urban poor. I have asked the National Institute of Public Finance and Policy (NIPFP) to prepare a blue print to accomplish these objectives. I expect to place the report before the House in the next session of Parliament.

States Finances

In order to support the states, a substantial proportion of the taxes raised by the Central government is transferred to the states. Besides, the Central government extends loans to the States. In the light of the Budget estimates for the current year, I am happy to report that the states' share of Union taxes and duties will increase to Rs 82,227 crore from Rs 63,758 crore in BE 2003-04. We are helping the states in other ways too. One of the ways is the Debt Swap Scheme. I propose to extend the facil-

ity of debt swap by allowing states to raise fresh loans and repay their old high-cost loans to Nabard and some other agencies. I also propose to consult the states on allowing them to increase their open market borrowings and reduce their dependence on loans from the Central government. I shall also consider passing on external loans to the states on a back-to-back basis.

We are moving in the direction of empowering the states through devolution of larger resources. It is my fervent hope that states will accept the obligation to observe fiscal prudence and financial discipline.

Loans given by the Central government to states carried an interest rate of 12.5 per cent in 2003-04, the rate was reduced to 10.5 per cent. I am happy to announce a further reduction. Loans to the states will now bear an interest rate of 9 per cent with effect from April 1, 2004. States are expected to benefit to the tune of Rs 375 crore this year alone.

Special Economic Packages

The NCMF promises that special economic packages for Bihar, Jammu & Kashmir and the North Eastern States, announced in the past, will be implemented expeditiously. Bihar, for example, has a number of projects pending for a long time, including projects in power, roads, drainage and rehabilitation of displaced persons. I would like to assure the House that Bihar will be assisted through the Rashtriya Sam Vikas Yojana. A provision of Rs 3,225 crore has been made for the present and, if necessary, this sum will be augmented.

North-eastern Region

The government is committed to the speedy development of the North-Eastern States and Sikkim. Accordingly, all ministries and departments have been mandated to allocate at least 10 per cent of their Plan budget for schemes and programmes in the NER. This amounts to an allocation of Rs 5,823 crore to be spent in the NER. The amount remaining unspent from this 10 per cent allocation is transferred to a non-lapsable Central pool of resources for development of the NER. In the current year, Rs 650 crore have been provided from the Central pool of resources for specific projects and schemes in this region, up from Rs 550 crore in 2003-04.

Jammu & Kashmir

The government will provide special assistance to the state of Jammu & Kashmir to have a reasonable plan size. It will also provide financial support for the long pending Baglihar project. The government has also agreed to provide a grant of Rs 300 crore to the state to ensure smooth switch-over from the current overdraft arrangement with the Bank of Jammu & Kashmir to the Ways & Means scheme of the RBI.

Backward States Commission

NCMP envisages the creation of a Backward States Grant Commission to be used for creating productive assets in such States. It also envisages that all non-statutory resource transfers from the Central Government will be weighed in favour of poor and backward States, but with performance parameters as well.

I am happy to announce that the Government will set up a Backward States Grant Fund with a corpus of Rs 25,000 crore to be provided over a period of five years. While the existing Backward States Initiative Scheme with an annual outlay of about Rs 1,800 crore will be merged into this Grant Fund, the balance amount required for the annual contribution of Rs 5,000 crore will be earmarked from out of the total Central support to the Plan.

It is expected that this will enable taking up social and physical infrastructure programmes in the poorest and most backward districts in the country within a given time frame. The Fund will become operational from the financial year 2005-06. Further details will be worked out in consultation with the Planning Commission.

Defence modernisation

As promised in the NCMF, the Government is determined to eliminate all delays in the modernisation of the Defence forces. Having regard to the trend of defence capital expenditure in recent years, it has become necessary to make a higher allocation this year. Accordingly, I propose to increase the allocation for defence to Rs 77,000 crore (as against Rs 65,300 crore in BE 2003-04) which includes an allocation for capital expenditure of Rs 33,483 crore (as against Rs 20,953 crore in BE 2003-04).

Budget Estimates for 2004-2005

Now, I turn to the budget estimates for the current year.

Plan Expenditure

While preparing the Budget, I found that there is a plethora of Plan schemes. The number, the variety and even the acronyms under which these schemes are known are mind-boggling. I also found that there are many schemes with more or less the same objectives. In some cases, all the schemes were located in one ministry or department; in other cases, they were distributed among different ministries or departments. Plan schemes can be broadly divided into three categories - Central Sector, State Sector and Centrally Sponsored Schemes. The NCMF requires that all Centrally Sponsored Schemes, except national priority areas like family planning, shall be transferred to the States. Fortunately, a new Planning Commission is in place, and I am confident that the Planning Commission will bring some order into the tangled web of schemes.

Plan expenditure for 2004-05 is estimated at Rs 145,590 crore as against Rs 122,149 crore in the provisional actuals for 2003-04. While there is an increase in plan revenue expenditure from Rs 78,537 crore in 2003-04 to Rs 91,843 crore, there is an even sharper and welcome increase in plan capital expenditure from Rs 43,612 crore in 2003-04 to Rs 53,747 crore.

Non-plan Expenditure

Non-plan expenditure in 2004-05 is estimated to be Rs 332,239 crore, lower than Rs 349,787 crore in the provisional actuals for 2003-04 which includes capital expenditure of Rs 46,211 crore on repayment to the National Small Savings Fund. The increase in non-plan expenditure from the interim Budget is mainly on account of capital expenditure in defence (Rs 11,000 crore), and assistance to Indian Telephone Industries Ltd.

Revenue Deficit and Fiscal Deficit

The Mr Speaker, Sir, in the Budget Estimates for 2004-05, the total expenditure is estimated at Rs 477,829 crore, of which Rs 145,590 crore is for Plan and Rs 332,239 crore for non-Plan. I estimate total revenue receipts of the Central Government at Rs 309,322 crore and the revenue expenditure at Rs 385,483 crore. Consequently, the revenue deficit is estimated at Rs 76,171 crore equivalent to 2.5 per cent of GDP, which is one percentage point below the corresponding estimate of 3.5 per cent of GDP in 2003-04 (according to the provisional actuals). The fiscal deficit is estimated at Rs 137,407 crore, which is 4.4 per cent of the estimated GDP.

PART B (TAX PROPOSALS)

I shall now deal with my tax proposals.

Taxation is a key tool of fiscal policy. The NCMF has promised that "tax rates will be stable and conducive to growth, compliance and investment". Thanks to policies initiated in the 1990s, direct tax rates are now moderate and require only fine tuning from time to time. Indirect taxes have also been moderated through a calibrated reduction in customs and excise duties. The proportion of direct tax revenues to GDP has increased from 1.9 per cent in 1990-91 to 3.8 per cent in 2003-04. As expected, the proportion of indirect tax revenues to GDP has declined from 7.9 per cent in 1990-91, but the decline has been rather sharp with the proportion at 5.3 per cent in 2003-04. The weak spot is central excise. Excise revenues are stuck, rather stubbornly, at around 3.3 per cent of GDP. While reduction in excise duty rates partly accounts for this situation, the expansion of the manufacturing industry ought to have given us larger revenues.

Through my policies on taxation, I wish to signal that we remain committed to moderation and stability in tax rates; that we remain committed to increasing revenues from direct taxes and excise duties; and that we remain committed to expanding the services tax net because the services sector accounts for 51 per cent of GDP. I shall also use tax policies to provide incentives to certain kinds of investment and to influence certain kinds of behaviour in the market.

I am a votary of tax reforms but it would be unwise on my part to attempt to do tax reform in a hurried or piecemeal manner. Seven months from now there will be another Budget, and there will be an occasion to visit the subject of tax reform.

Direct taxes

I shall begin with my direct tax proposals. Let me give you the good news first. No one with a taxable income of Rs 100,000 will be required to pay any income tax any more. It was not easy to reach this decision. While the tax rates are moderate, it is the tax slabs which cause concern. However, I am unable to alter the tax slabs because I cannot afford to lose a large amount of revenue at a time when the Government has assumed a larger responsibility for investment and welfare programmes. Out of nearly 3.4 crore persons filing income tax returns, only 2.7 crore assesses are taxpayers. My proposal will give relief to 1.4 crore assesses. The method that I have adopted is somewhat novel. While everyone will file his return according to the current tax slabs and tax rates, and compute his taxable income and the tax payable, any one with a taxable income of Rs 100,000 will have his income tax liability automatically rebated. I cannot give more relief, or relief across the Board, in this Budget. If compliance improves, I promise to revisit the subject.

I propose to give relief to certain sections of deserving tax payers. Accordingly, I propose to exempt from income tax the family pension received by widows, children and nominated heirs of members of the armed forces and the paramilitary forces killed in the course of operational duties. This is my humble salute to their supreme sacrifice.

I propose to extend the benefit of Section 80DD and Section 80U in respect of persons suffering from autism, cerebral palsy and multiple disability.

Farmers have brought to my notice that agricultural land situated in certain urban agglomerations fall under the definition of capital asset and the compensation for acquisition of such land is subjected to capital gains tax. Such compensation deserves to be exempted from capital gains tax. I propose to do so in cases where the compensation or the enhanced compensation has been received on or after April 1, 2004.

A new 'defined contribution' pension scheme for new entrants into Central Government service has come into effect from January 1, 2004. The tax treatment of contributions made to the scheme has engaged the attention of Government. I propose to adopt the universally accepted formula of EET: that is, the contributions will be excluded from income for tax purposes; the accruals will also be exempt from tax; and only the terminal benefits will be taxed at the applicable rate in a few exemptions which have outlived their utility. Interest earned from a Non-Resident (External) Account and interest paid by banks to a Non-Resident or to a Not-Ordinary Resident on deposits in foreign currency will not be exempt from tax. Similarly, any payment made by an Indian

company to acquire an aircraft or an aircraft engine on lease from a foreign state or a foreign enterprise will not be exempt from tax. These exemptions will cease prospectively from September 1, 2004.

Hon'ble Members are aware that I abolished the gift tax in 1997. That decision remains, but a loophole requires to be plugged to prevent money laundering. Accordingly, purported gifts from unrelated persons, above the threshold limit of Rs 25,000, will now be taxed as income. Gifts received from blood relations, lineal ascendants and lineal descendants, and gifts received on certain occasion like marriage will continue to be totally exempt.

In order to promote agro-processing industries, I propose to amend Section 80 IB of the Act to allow a deduction of 100 per cent of profits for 5 years and 25 per cent of profits for the next 5 years in the case of new agro-processing industries set up to process, preserve and package fruits and vegetables.

Investment in the manufacturing sector deserves the Government's attention. Hence, I propose to continue with the additional depreciation of 15 per cent allowed under Section 32(1)(ia) on new plant and machinery acquired or installed in an existing undertaking; however, the required increase in installed capacity will now be 10 per cent, not 25 per cent.

The automobile sector has done well and needs to be encouraged. I therefore propose to notify the automobile industry as an industry entitled to 150 per cent deduction of expenditure on in-house R & D facilities.

The power sector also deserves tax concessions. The Electricity Act 2003 envisages unbundling of generation, transmission and distribution. In order to promote renovation and modernization of existing transmission and distribution lines, I propose to extend the benefit under Section 80 IA to projects undertaken during the period April 1, 2004 to March 31, 2006.

The shipping industry has demanded the levy of a tonnage tax to make it intentionally competitive. Tonnage tax will also induce more ships to fly the Indian flag. I propose to accept the request. Consequently, the concessional regime under Section 33 AC will be withdrawn and shipping companies will now have only an option to pay the tonnage tax or normal corporate tax on profits.

I propose to extend the benefit of Section 80 IB to new hospitals with 100 beds or more set up in rural areas. Such hospitals will be entitled to a 100 per cent deduction of their profits for a period of five years.

The housing industry enjoys certain benefits under Section 80 IB for projects approved before March 31, 2005. I propose to extend the time limit to March 31, 2007.

A small problem has plagued the reconstruction and development of existing buildings under approved plans in the city of Mumbai. Perhaps the problem is there in some other cities too. I therefore, propose to relax the condition of minimum plot size of one acre in the case of housing projects, as long as the projects are implemented in accordance with a scheme for reconstruction or development approved by the Central or State Government.

Capital gains tax is another vexed issue. When applied to capital market transactions, the issue becomes more complex. Questions have been raised about the definitions of long-term and short-term, and the differential tax treatment meted to the two kinds of gains.

There are no easy answers, but I have decided to make a beginning by revamping taxes on securities transactions. Our founding fathers had wisely included entry 90 in the Union List in the Seventh Schedule of the Constitution of India. Taking a cue from that entry, I propose to abolish the tax on long-term capital gains from securities transactions altogether. Instead, I

propose to levy a small tax on transactions in securities on stock exchanges. The rate will be 0.15 per cent of the value of security. Thus, a transaction involving securities valued at, say, Rs 100,000 will now bear a small tax of Rs 150. The tax will be levied on the buyer. In the case of short-term capital gains from securities, I propose to reduce the rate of tax to a flat rate of 10 per cent. My calculation shows that the new tax regime will be a win-win situation for all concerned.

I propose to make a change in the tax on dividends distributed by mutual funds. Equity-oriented mutual funds will continue to be exempt from tax. Debt-oriented mutual funds are now required to withhold 12.5 per cent of the income distributed to unit holders. Individuals and HUF unit holders will continue to enjoy the benefit of this rate. However, in the case of corporate unit holders, I propose a rate of 20 per cent. I am sure corporate unit holders will understand, because I am doing no more than partially closing a window of arbitrage opportunity.

I propose to put an end to bonus-stripping and dividend-stripping in units by making a suitable amendment to Section 94 of the Act.

I also propose some measures to widen the tax base and to plug revenue leakage. I do not wish to take the time of the House detailing each measure.

Tax deduction at source (TDS) and tax collection at source (TCS) are being extended to some more activities. Amendments are proposed to Section 40(a)(i) and Section 194 C.

The telecom sector enjoyed certain benefits under Section 80 IA for services commenced before March 31, 2004. Pending a detailed examination of the needs of the telecom sector, I propose to extend the terminal date to March 31, 2005.

Companies carrying on scientific research and development and approved by the Department of Scientific and Industrial Research before April 1, 2004 are entitled to 100 per cent deduction of profits for 10 years. On the request of the Department of Bio-Technology and pending a detailed examination, I propose to extend the terminal date to March 31, 2005.

New industrial undertakings in Jammu & Kashmir enjoyed 100 per cent tax exemption if they commenced production before March 31, 2004. Pending a detailed examination of the incentives required to promote industrial development in Jammu & Kashmir, I propose to extend the date to March 31, 2005.

Now, I turn to my indirect tax proposals. The policy signal that needs to be reiterated is that customs duties will be brought down in a measured way. It is my intention to align India's tariff structure to those of ASEAN countries. Eventually, there should be a uniform rate of tax on goods and services. During the last four years, my predecessors had adjusted excise duties and moved them towards a Central VAT rate. That process must continue. The most important goods in the manufacturing sector must therefore bear an excise duty of 16 per cent.

Another principle that requires to be emphasized is that where an excise duty is levied, subject to only a few exceptions, like goods when imported should attract an equivalent countervailing duty (CVD). In my tax proposals, I have, therefore, removed the exemption from CVD enjoyed by some imported goods where there is no corresponding exemption from excise duty in India as made goods.

I may also point out that customs tariffs and excise duties are inter-related. While considering the tax regime for any sector, one must look at both customs duties and excise duties applicable to that sector.

The peak rate of customs duty was reduced to 20 per cent in January 2004. I propose to maintain the peak rate for the rest of the current fiscal year.

I shall now deal with specific sectors beginning with metals, minerals and industrial raw materials. Steel is the leading metal. Normally, it should bear an excise duty of 16 per cent. However, in February this year, excise duty on steel was reduced from 16 per cent to 8 per cent, but with the caveat that the decision will be reviewed when the regular budget is presented. Belying expectations, steel prices have not moderated but have risen sharply. I propose to reduce the customs duty on non-alloy steel from 15 per cent to 10 per cent and to increase the excise duty on steel from 8 per cent to 12 per cent so that the countervailing duty will also be applicable to imports. I hope to recoup some of the revenue losses

in February 2004.

Alloy steel, copper, lead, zinc and base metals are basic raw materials used in a variety of industries. I propose to reduce the peak rate on such metals to 15 per cent. I also propose to reduce the customs duties on refractory raw minerals and mineral products like graphite, asbestos, mica and gypsum to 15 per cent. The customs duty on all catalysts will also be 15 per cent.

I propose certain concessions to the agriculture sector. To encourage value addition, while retaining customs duty on crude palm oil at 65 per cent, I propose to accept the recommendation of the Tariff Commission and increase the duty on refined palm oil to 75 per cent.

Some items of plantation machinery attract a customs duty of 5 per cent. I propose to extend the concessional rate to more items pertaining to the tea and coffee plantation sector.

On the excise front, I propose to make a number of concessions. Tractors attract an excise duty of 16 per cent. Hereafter, tractors will be fully exempt. Likewise, dairy machinery which attracts an excise duty of 16 per cent will be fully exempt. Hand tools such as spades, shovels, sickles etc, which currently attract a 16 per cent excise duty will also be fully exempt.

Excise duty on preparations of meat, poultry and fish will be reduced from 16 per cent to 8 per cent and excise duty on food grade hexane (used in the edible oil industry) will be reduced from 32 per cent to 18 per cent.

I propose to give some concessions to the health sector. A number of items for the disabled are already exempt from import duties or attract a concessional duty of 5 per cent. I propose that rehabilitation aids such as talking books, braille computer terminals, braille writers and typewriters, assistive listening devices, cochlear implants and stair lifts be fully exempt from customs duty.

They will also be exempt from excise duty and CVD. Crutches, wheel chairs, walking frames, artificial limbs, etc. for the disabled will also be fully exempt from customs duty. There are some restrictions on institutions for the visually-impaired and the hearing-impaired availing of import duty exemptions. I propose to remove these restrictions as well as enlarge the list of exempted appliances. Ambulances used by government and municipal hospitals alone have been allowed the concessional excise duty of 16 per cent. I propose that all ambulances registered as such will be entitled to this benefit. Diagnostic kits for detecting hepatitis B alone are exempt from excise duty. I propose to extend the exemption to kits for detection of all types of hepatitis.

In order to move towards the Cenvat rate, I propose to levy excise duty on contact lenses and playing cards. I also propose to increase the excise duty from 8 per cent to 16 per cent on a few items including vacuum flasks, plastic insulated ware, so-called supari, pre fabricated buildings, laboratory glassware, black and white television sets, populated PCBs, imitation jewellery, candles and pairs of clocks and watches. Let me hasten to add that in all these cases the general SSI exemption will continue to be available, and consumers and small manufacturers will not be affected at all. Even other manufacturers will avail of Cenvat credit.

In order to protect matches made in the non-mechanized sector, I propose to increase the excise duty on matches made in the mechanized/semi-mechanized sector from 8 per cent under the Cenvat credit to 16 per cent with Cenvat credit.

The Information Technology sector has, by and large, been kept out of the reach of the tax collector. Under the Information Technology Agreement, customs duty will be brought down to

zero in 2005. Meanwhile, I propose to abide by the bound rates under the agreement.

I propose to exempt specified raw materials for manufacture of parts of cathode ray tubes and specified capital goods for manufacture of mobile handsets, plasma display panels etc. from excise duty. Specified items for manufacture of optical grade optical fibres and cables are also proposed to be exempt from customs duty. Mobile switching centres imported by cellular mobile telephone service providers are now exempt from customs duty. I propose to extend the exemption to imports by universal access service providers.

Computers attract excise duty of 8 per cent. I propose to grant full exemption.

I propose to give some excise relief to LPG gas stoves bearing an MRP up to Rs 2000, footwear with MRP upto Rs 250 and writing instruments with MRP upto Rs 200.

I propose to reduce the excise duty on amusement rides from 20 per cent to 10 per cent.

Having been Commerce Minister, export promotion is close to my heart. I propose to extend the concessional customs duty of 5 per cent on capital goods enjoyed by the leather industry to the non-leather footwear industry too.

Finished leather of all kinds is exempt from customs duty. I propose to exempt patent leather also.

Platinum is a serious challenger to gold in the jewellery industry. Both should be treated alike. Hence, I propose to reduce the import duty on platinum from Rs 550 per 10 grams to Rs 200. I propose that rough coloured precious gemstones should be exempt from customs duty just as rough semi-precious stones are.

Area specific exemptions from excise duty have been granted from time to time. The North Eastern States and J&K are in a class by themselves. The exemptions enjoyed by them will continue. Sikkim, Uttarakhand and Himachal Pradesh were also granted area-based exemptions. Hon'ble Members are fully aware of the arguments in favour and the rival arguments against. I have to be fair to both sides. Accordingly, I propose that area specific exemptions enjoyed by States other than the North Eastern States and J & K will continue and be available to units set up or expanded on or before March 31, 2007.

I shall now deal with the most challenging tax problem that I faced this year. This relates to the textile sector. Last year, handlooms and powerlooms were brought into what is described as the Cenvat chain.

The intention was good but, I am afraid, the decision did not take into account the decentralized and fragmented nature of production of fabrics in the country. Besides, the so-called Cenvat chain had nearly 40 exemptions at different stages. In fact, two exemptions were added after the decision.

I am conscious that the Agreement on Textiles and Clothing will come to an end on December 31, 2004. Our textile sector must, therefore, be made more efficient and competitive. Those who can compete because of their organizational strength should be allowed to compete; for the rest, we must allow more time to comply with a mandatory tax regime. Meanwhile, there must be a level playing field.

I have understood correctly the mind of Hon'ble Members of Parliament, and of the leaders of various political parties, I believe that there is a universal demand to free the handloom and powerloom sectors from the Cenvat regime. After giving my anxious consideration to the complex issues, I propose to withdraw the mandatory Cenvat duty. Instead, I propose to introduce a new tax regime for the textile sector and, in this exercise, I am happy to say that I have the full support of the Minister of Textiles.

Let me now explain briefly the new regime.

Firstly, the mandatory Cenvat chain will stand abolished.

Secondly, there will be no mandatory excise duty on pure cotton, wool and silk, whether it is fibre, yarn, fabric or garment.

Thirdly, blended textiles and pure non-cotton (polyester, viscose, acrylic and nylon) will have a different tax regime.

Fourthly, there will be a mandatory excise duty on man-made staple fibre at 16 per cent; on polyester filament yarn (including textured yarn) at 24 per cent; and on other man-made filament yarn (including textured yarn) at 16 per cent.

Every manufacturer - be it handloom or powerloom or composite mill - will have the option to choose between two routes. One will be the exemption route and the other will be the Cenvat route. Under the exemption route, no excise duty will be payable at any stage (except on man-made fibre and filament yarn). Under the Cenvat route, credit can be taken for all excise duties paid at earlier stages. For the purposes of the optional Cenvat route, it is necessary to specify in the Tariff schedule the applicable excise duty rates. For the pure cotton sector, the uniform rate will be 4 per cent on yarn, fabrics, garments and made-ups. For the blended textiles sector and pure non-cotton sector, the uniform rate will be 8 per cent.

Text of finance minister's speech

PART A

Mr Speaker, Sir,

I rise to present the budget for the year 2004-05.

2. Every five years, or sometimes sooner, the people of India speak in their collective voice. The message is usually unambiguous and clear. Elections 2004 were no different. The people's vote against one coalition - and the vote in favour of another coalition - was a vote for change. As the Prime Minister, Dr Manmohan Singh, said in his address to the Nation two weeks ago, the people have sought "a change in the manner in which this country is run, a change in national priorities, and a change in the processes and focus of governance." I shall make every effort to be true to that mandate.

The Guiding Light

3. The United Progressive Alliance has given to itself, and to the people of this country, a *Common Minimum Programme*. The Government has since adopted it as the National Common Minimum Programme. The programme spells out seven clear economic objectives: (1) maintaining a growth rate of 7-8 per cent per year for a sustained period; (2) providing universal access to quality basic education and health; (3) generating gainful employment in agriculture, manufacturing and services, and promoting investment; (4) assuring 100 days' employment to the breadwinner in each family at the minimum wage; (5) focusing on agriculture and infrastructure; (6) accelerating fiscal consolidation and reform; and (7) ensuring higher and more efficient fiscal devolution.

4. The UPA government began its journey in May this year. However, I may note that one-quarter of the year has elapsed and, by the time the Budget is passed and the President gives his assent to the Finance Bill, nearly one-half of the year will be over. There is also an Interim Budget left behind by my predecessor.

5. The government has to shift gears; and even if we are able to do so quickly, it would leave us only about six months to achieve our objectives for this year. We have therefore decided to adopt an innovative approach.

6. The Planning Commission has advised the ministries and departments to redefine their priorities and redraw their programmes in accordance with the NCMP. This will necessarily involve some changes in the allocations under each head of expenditure.

7. Besides, new programmes or schemes may have to be launched, and old ones restructured. Under the circumstances, it was considered optimal to allow the ongoing programmes to continue until the Planning Commission completes an exhaustive review and reorients the expenditure pattern to conform to the NCMP objectives.

8. One thing, however, is clear. The Plan resources made available in the Interim Budget will be insufficient. Hence, in addition to the Gross Budgetary Support of Rs 135,071 crore provided in the Interim Budget, I propose to provide a sum of Rs 10,000 crore. This, and some other additional allocations, will raise total plan expenditure to Rs 145,590 crore in the Budget Estimates for 2004-05.

9. The government will follow a 5-year roadmap to achieve the NCMP objective of bringing about rapid growth with stability and equity. Sequencing the measures in an appropriate fashion and continuing the reform process, which ushered in the era of rapid growth, are the main challenges.

The government is committed to strike a fine balance among the three mutually reinforcing objectives of growth, stability and equity.

Assault on Poverty and Unemployment

10. One of our greatest assets is our human resources, our people. Empowering the people, especially the poor, with universal access to education and health, and facilitating their full participation in the growth process through gainful employment, will enhance their welfare. It will also reinforce the growth process itself. This win-win strategy is the keystone of the economic policy framework of the government.

Plan Reorientation

11. I have the benefit of the wise counsel of the Prime Minister, Dr Manmohan Singh. In our scheme of things, the poor will have a first charge not only on the additional sum of Rs 10,000 crore of GBS that I propose to provide today, but also on the entire Plan funds that the Planning Commission will reallocate.

12. The poor want basic education for their children; we shall provide it, and we shall make sure that the child remains in school for at least eight years. We shall also make sure that the child is not hungry while she or he is at school. The poor want drinking water; we shall ensure that every habitation has an assured source of drinking water. The poor want basic health care, medicines at fair prices and a doctor within a reasonable distance; we shall ensure that the public health system has adequate human and financial resources to provide basic medical care. The poor want jobs for their children; we shall ensure that through higher investments, and through targeted intervention, jobs are available to them.

13. While the Planning Commission will make the final allocations, I may assure the House that crucial programmes such as Food for Work, Sarva Shiksha Abhiyan, Midday Cooked-Meal Scheme, basic health care, railway modernisation and safety, Accelerated Irrigation Benefit Programme, drinking water, investment in agriculture, Provision of Rural amenities in Urban Areas (PURA), roads, and science and technology, including bio-technology, will receive priority and will be provided with additional funds.

Antyodaya Anna Yojana

14. I propose to continue and expand the Antyodaya Anna Yojana. At present, 1.5 crore families are covered. These families are provided with 35 kg of foodgrains per family per month at a highly subsidized price of Rs 2 per kg, for wheat and Rs 3 per kg for rice. 20.76 lakh tonnes of rice and 17.48 lakh tonnes of wheat were distributed under the Scheme in 2003-04. In the current year, I propose to cover 2 crore families. I expect that the off-take of rice and wheat will increase. Consequently, the Antyodaya Anna Yojana will receive a subsidy of nearly Rs 3,500 crore. A provision for this level of expenditure has been included in the allocation for food subsidy of Rs 25,800 crore.

Public Distribution System

15. Fair price shops constitute the backbone of the food security system for the poor. We shall address the weaknesses in the system and strengthen public distribution. I shall return to this subject a little later.

Food for Work Programme

16. Investment and growth will create new job opportunities for our young men and women. Nevertheless, currently there is a need to ensure that unemployment does not take a heavy toll on the poor people. Work has begun on the National Employment Guarantee Act. The object is to guarantee 100 days of employment in a year to one able-bodied person in every poor household. The Bill will take into account the experience gained in Maharashtra. Government will also take care to avoid the pitfalls pointed out by responsible critics. My colleague, the Minister of Labour, expects that he would be able to introduce the Bill in Parliament shortly. Pending the enactment of the new law, I propose to launch a new Food for Work programme in 150 districts classified as most backward and identified as areas in immediate need of such a programme. Allocations under different schemes will be pulled together to support the Food for Work programme. There are substantial funds totalling over Rs 6,000 crore under SGRY, SGSY, SJSRY, REGP and PMRY.

Depending on the demand for such work, more funds will be allocated in the current year. I expect to increase the allocations substantially over the next four years. Special care will be taken in laying down the guidelines for the programme so that the money and labour expended result in durable and visible assets benefiting the whole community.

Scheduled Castes and Scheduled Tribes

17. The welfare of the Scheduled Castes and Scheduled Tribes is close to my heart. The allocation for programmes concerning the Scheduled Castes is Rs 1,180 crore (an increase from Rs 1,137 crore) and for Scheduled Tribes is Rs 1,146 crore (an increase from Rs 1,087 crore). Other plan schemes such as SGSY, SGRY and IAY also contain specific reservations for beneficiaries belonging to the Scheduled Castes and Scheduled Tribes. The reservations range from 50 per cent to 60 per cent.

Minorities

18. Particular attention will be paid to the welfare, especially education, of the minorities. Hence, an additional allocation of Rs.50 crore has been made for the National Minorities Development and Finance Corporation.

Self-Help Groups

19. Micro-finance initiatives are a cost-effective way to take the banking system to the poor. The Self-Help Group - bank linkage programme, initiated in 1992, has come a long way. Until March 31, 2004, 1.67 crore families had benefited through 10.79 lakh SHGs financed by banks. While the SHG concept will be promoted vigorously, I am of the view that matured SHGs may be in a position to graduate from consumption or production credit to starting micro-enterprises. An indicative target of credit linking 5.85 lakh SHGs during the period up to March 31, 2007 has been set for Nabard, Sidbi, banks and other agencies.

Thrust Areas

20. Before I deal with other areas of concern on which the Budget will have an impact, let me give you a snapshot of the goals that I have set for myself: - Doubling agricultural credit in three years, accelerating the completion of irrigation projects and investing in rural infrastructure; providing farm insurance and livestock insurance; improving agricultural product markets, and promoting agri-businesses; drinking water for all; expanding water harvesting, watershed development and minor-irrigation and micro-irrigation schemes; enhancing investment in industry - public and private, domestic and foreign - to create new jobs; creating space for small-scale industry to thrive and grow; electricity for all; Universal access to telecommunication facilities; more housing for the poor; access to medical care through health insurance; and encouraging savings, and protecting the savings of senior citizens. 21. I believe that the key to growth is investment - public and private, domestic and foreign. It is therefore my intention to considerably enhance investment in all sectors of the economy. However, fiscal prudence and financial discipline will remain the overarching objective. I shall also take into account the availability of resources and the absorptive capacity of various sectors.

Education

22. In my scheme of things, no issue enjoys a higher priority than providing basic education to all children. The NCMP mandates Government to levy an education cess. I propose to levy a cess of 2 per cent. The new cess will yield about Rs 4,000-5,000 crore in a full year. The whole of the amount collected as cess will be earmarked for education, which will naturally include providing a nutritious cooked midday meal. If primary education and the nutritious cooked meal scheme can work hand in hand, I believe there will be a new dawn for the poor children of India.

23. I am concerned about the quality of technical education in the country. Let it be misunderstood, I am not referring to the ITIs but to the IITs. IITs are the training ground for skilled manpower. The skills imparted by IITs must keep pace with the technological demands of industry and the expanding universe of knowledge. There is only one benchmark for our technicians - and that is the world standard. In order to produce technicians of world standard, government proposes to launch a programme in the Central sector to upgrade 500 IITs over the next 5 years at the rate of 100 IITs a year. Appropriate infrastructure and equipment will be provided, the syllabi will be upgraded and new trades will be introduced.

This is an area where I welcome Chambers of Commerce and Industry to join hands with the government and create a public-private partnership model for designing and implementing the scheme. The selection of the IITs will be done in consultation with the state governments.

24. An education loan scheme has been in operation since April 2001 under which loans up to Rs 7.50 lakh and Rs 15 lakh are available for professional courses within the country and abroad, respectively. The requirement of collateral was dispensed with for loans up to Rs 4 lakh. I am happy to say that commercial banks have now agreed to waive the need for collateral for loans up to Rs 7.5 lakh, if a satisfactory guarantee is provided on behalf of the student. Thus, no student admitted to any professional course, including courses in IITs, IIMs and medical colleges, will be deprived of the opportunity to study because of lack of funds.

Health

25. Access to medical care is not easily available to the poor. The Universal Health Insurance Scheme now in operation is skewed in favour of the non-poor. As a result, only a very small number of families below the poverty line actually 11,408 till May, 2004 - have been covered. Though the premiums are low, BPL families seem to avoid the scheme due to their inability to pay the premium. In its present design, the scheme may not be sustainable. I, therefore, propose to redesign the scheme and make it exclusive for persons and families below the poverty line. The revised premium would be Rs 165 for individuals, Rs 248 for a family of five and Rs 330 for a family of seven, without any reduction in benefits. To offset the reduction in premium, I propose to enhance the premium subsidy from Rs 100 at present to Rs 200 for an individual, Rs 300 for a family of five and Rs 400 for a family of seven. The cost to the exchequer will be Rs 40 crore in a full year. If the money is fully spent, the number insured will rise to about 10 lakh.

26. In addition to the above, I propose to introduce new Group Health Insurance Scheme through public sector non-life insurance companies. The insured will be members of SHGs and other credit linked groups who avail of loans from banks or cooperative institutions. Under the group health insurance scheme, the premium will be Rs 120 per person, but the insurance cover would be for a sum of Rs 10,000.

27. The NCMP also rightly emphasises the need for an accelerated AIDS control programme. Bold and determined efforts need to be made to achieve zero-level growth of HIV/AIDS. These will include improved surveillance through the setting up of more sentinel sites and use of primary health centres to mon-

itor HIV/AIDS, public awareness campaigns promotion of safe sex through the use of condoms, prevention of drug abuse and distribution of disposable syringes. The allocation for prevention and control of HIV/AIDS is Rs 259 crore.

Agriculture and Rural Economy

28. Boosting agricultural growth through diversification and development of agro-processing is one of the objectives of the NCMP. The Prime Minister, in his address to the Nation on June 24, 2004 promised a New Deal for rural India. This New Deal is not only essential for rural development and welfare, but also essential for achieving sustained overall annual growth of 7-8 per cent and generating employment.

29. The agriculture sector requires massive investments. Such investments have to be through credit-enabled private investment and enhanced public investment. I also intend to use fiscal instruments to boost investment in agriculture.

Credit

30. It is my intention to double the flow of agricultural credit in three years. We have made a beginning by announcing a comprehensive policy on agricultural credit on June 18, 2004. The policy has been received well and will be fine-tuned, if necessary.

31. Government has entrusted the implementation of the policy to the public sector and private sector banks, the regional rural banks and the cooperative banks.

32. Each RRB has a sponsor bank. I propose to hold each sponsor bank squarely accountable for the performance of RRBs under its control. RRBs that adopt a new governance standard and that abide by the prudential regulations will qualify for receiving funds from the government for their restructuring.

33. The third arm for delivering farm credit is the cooperative banking system. Unless cooperative banks are healthy and creditworthy, it would not be possible to reach credit to every farmer in need of credit. The situation is grave. In order to find a durable solution, I propose to appoint a Task Force to examine the reforms required in the cooperative banking system including the appropriate regulatory regime. The Task Force will be requested to act with all deliberate speed and submit its report by October 31, 2004.

Irrigation, Rural Infrastructure

34. The Accelerated Irrigation Benefit Programme (AIBP) was introduced in 1996-97 and was allotted large funds year after year. Yet, out of 178 large and medium irrigation projects that were identified, only 28 have been completed.

The programme is being restructured. Truly last mile projects that can be completed by March 2005 will be given overriding priority, and other projects that can be completed by March 2006 will also be taken up in the current year. Next year we shall move the goal-post to March 2007, the year after to March 2008, and so on. I have provided a sum of Rs 2,800 crore to the

Assam, West Bengal, Bihar and Uttar Pradesh. The NCMP envisages full Central support to flood control works in inter-State rivers and international rivers. The Brahmaputra Board has prepared a plan for anti-erosion and flood control works in the Brahmaputra and Barak valleys. A programme of flood control and anti-erosion will be launched in the current year. A similar programme is being implemented in the Ganga-basin States of Uttaranchal, Uttar Pradesh, Bihar, Jharkhand and West Bengal. Rs 30 crore has been allotted in the current year and additional funds will be provided to keep pace with the progress of works.

Diversification

41. India is self-sufficient in wheat and paddy but deficient in other agricultural produce. The time has come to encourage our farmers to diversify into areas such as horticulture, floriculture and oilseeds. The Anand model has been a great success in milk and milk products. Government proposes to launch a National Horticulture Mission. The goal is to double horticulture production from the current level of 150 million tonnes to 300 million tonnes by 2011-12. I invite states to join hands with the government in launching this mission. One of the steps that States will be encouraged to take is to emulate the Anand model and establish a State Level Cooperative Society for promoting horticulture.

42. Oilseeds is another critical area. Last year, we produced 25 million tonnes of oilseeds, but we also imported USD 2.5 billion of edible oil. Government will facilitate farmers to diversify into oilseeds by promoting superior seed-technology and through an appropriate policy of price support.

43. India must become a single market for all products, particularly agricultural produce. The existing Acts governing agricultural produce marketing committees have outlived their utility. The Government has circulated a model law. So far, ten states have initiated legal or administrative action for 'direct marketing' and 'contract farming' arrangements in line with the model law. I urge all states to enact the model law at an early date.

Research and Development

44. Agricultural research and development is an area which deserves special attention. The Indian Council of Agricultural Research is a beneficiary of the scheme under which every commercial rupee earned by ICAR, incrementally, is matched by another rupee from the Budget. Besides, ICAR receives funds from the Technology Development Board in respect of projects that are commercially viable.

Agricultural research must be expanded rapidly to new frontiers such as bio-technology, vaccines and diagnostics. There must be a special focus on farming in drylands and unirrigated areas. The allocation for 2004-05 is Rs 1,000 crore (which is an increase from Rs 775 crore in BE 2003-04), and I propose to make further allocations during the course of the year.

Agri-Business

45. The Small Farmers Agri-business Consortium was set up in 1994. Although SFAC started functioning from 1998, its corpus stands at a meagre Rs 10.95 crore. In my view, SFAC should provide venture capital to projects and must be run, preferably

by a banker, on purely business lines. The MS Swaminathan Research Foundation has identified 13 districts where there is a huge potential for agri-business and an appetite for investment of nearly Rs 170 crore. The Ministry of agriculture has initiated action to improve the governance of SFAC, including the appointment of a banker as the chief executive. For my part, I propose to provide the necessary additional capital that SFAC will require to aggressively promote agri-businesses.

Risk Mitigation

46. The Agricultural Insurance Company was incorporated in December 2002. The National Agricultural Insurance Scheme which insures the yield or crop is in operation since Rabi 1999-2000. AIC is redesigning the scheme. We shall continue with the scheme and make another pilot scheme insuring farm income (as opposed to crop) has been launched in 19 districts across 12 States during Rabi 2003-04. Government has decided to extend the scheme to Kharif 2004 in order to assess its feasibility. I wish to add that a weather insurance scheme appears to be more promising, at least in the design. AIC is introducing the scheme on a trial basis in 20 rain gauge stations in the current crop season. It is difficult to tell at this stage which of the three schemes will be successful. Agricultural insurance as well as livestock insurance are complex products and have to be designed with care. I wish to re-affirm government's commitment to provide insurance cover to farming and livestock.

Infrastructure

47. Sustainable growth depends upon the availability of efficient infrastructure. Government is committed to removing the inadequacies in infrastructure facilities through a mix of policy and fiscal measures.

Inter-institutional Group

48. An Inter-institutional Group in the power sector has succeeded in bringing 6 power projects to financial closure.

Another 10 projects are on the verge of achieving financial closure. The concept can be extended to some other infrastructure sectors. I am glad to announce that IDBI, IDFC, ICICI Bank, SBI, LIC, Bank of Baroda and Punjab National Bank have formed an Inter-institutional Group (IG). They will pool their resources on a callable basis, and a sum of Rs 40,000 crore will be made available as and when necessary. The IG will ensure speedy conclusion of loan agreements and implementation of infrastructure projects. Initially, airports, seaports and tourism will be the target sectors of the IG.

Water Supply

49. The Rajiv Gandhi Drinking Water Mission was intended to be implemented in the mission mode. In recent years, however, new programmes have sprung up obscuring the original mission. More than 75,000 habitations are yet to be provided adequate drinking water. Government intends to bring all drinking water schemes under the umbrella of the Rajiv Gandhi Drinking Water Mission.

50. The Accelerated Rural Water Supply Programme (ARWSP) has been allocated Rs 2610 crore in the current year. It will focus on renewal of water sources and on serving uncovered and partially covered habitations. Panchayati raj institutions will be encouraged to plan, implement, own, operate and maintain the rural water supply schemes in consultation with the state governments. Funds will be devolved on Panchayati raj institutions to implement the ARWSP.

51. Likewise, the Urban Water Supply Programme is in operation in urban areas. 2,151 towns qualify for consideration under the programme. In the current year a provision of Rs 151.25 crore has been made.

52. The city of Chennai and other cities suffer from acute scarcity of drinking water. It is proposed to install the first large desalination plant near Chennai in the state sector, and more such plants will be installed along the Coromandel coast. A desalination plant with a capacity of 300 million litres per day (MLD) is estimated to cost Rs 1,000 crore, and there will be other costs for transmission pipelines and a captive power plant. It is proposed to implement the project through public-private partnership.

Sethusamudram Ship Canal Project

53. The Sethusamudram Ship Canal Project is a longstanding demand - nay dream - of the people of peninsular India. I am happy to inform the House that the Environmental Impact Assessment study of the project has been completed by the National Environmental Engineering Research Institute (NEERI), Nagpur. NEERI is now preparing the techno-economic feasibility report and the report is expected to be submitted shortly. The Ministry of shipping proposes to establish a special purpose vehicle (SPV). The SPV will raise funds for the project

Budget at a Glance

(Figures in Rs crore)

	2002-03 Actuals	2003-04 Budget Estimates	2003-04 Revised Estimates	2004-05 Budget Estimates
Revenue Receipts	231748	253935	263027	309322
Capital Receipts	182414	184860	211228	168507
Total Receipts	414162	438795	474255	477829
Non-Plan Expend.	302708	317821	352748	332239
Plan Expenditure	111455	120974	121507	145590
Total Expenditure	414162	438795	474255	477829
Revenue Deficit	107880	112292	99860	76171
Fiscal Deficit	145072*	153637	132103	137407
Primary Deficit	27268	30414	7548	7907

*Based on provisional Actuals for 2002-03

KBK Infographics



AIBP this year. 35. The Rural Infrastructure Development Fund was established in Nabard in 1994-95. Five months ago, a decision was taken to close the RIDF and establish, in its place, another Fund with slightly different objectives. Many state governments and many honourable members have opposed the closure of RIDF. In deference to their wishes, and in tune with my own thinking, I have decided to revive the RIDF. RIDF's guidelines have been revised, and a corpus of Rs 8,000 crore will be provided for RIDF during 2004-05.

Restoring Water Bodies

36. I now turn to one of my big dreams. Water is the lifeline of civilization. We have been warned that the biggest crisis that the world will face in the 21st century will be the crisis of water. Water is indeed a renewable resource but, in any given year, it is not inexhaustible. The crisis of water has affected the lives of millions of our fellow citizens. In some cities, whole households keep awake to receive one or two buckets of water well past midnight.

In rural areas, the girl child is often pulled out of school in order to fetch water. I am deeply concerned about the impending crisis. I therefore propose an ambitious scheme. Through the ages, Indian agriculture has been sustained by natural and man-made water bodies such as lakes, tanks, ponds and similar structures. It has been estimated that there are more than a million such structures and about 500,000 are used for irrigation. Many of them have fallen into disuse. Many of them have accumulated silt. Many require urgent repairs.

37. I therefore propose to launch a massive scheme to repair, renovate and restore all the water bodies that are directly linked to agriculture. In the current year, we shall begin with pilot projects in at least five districts, and we shall select at least one district in each of the five regions of the country. The estimated cost is Rs 100 crore.

Funds for the five pilot projects will be drawn from existing programmes such as SGRY, PNGJYSY, DPAP, DDP and IWP. Once the pilot projects are completed and validated, government will launch the National Water Resources Development Project and complete it over a period of 7 to 10 years.

38. Funds will not be a constraint for implementing the Project. For instance, Life Insurance Corporation of India invests, on an average, Rs 3,000 crore per year in water-related programmes. I also intend to pose this project to multilateral agencies for funding. It is my hope that by the beginning of the next decade all water bodies in India will be restored to their original glory and that the storage capacity of these water bodies will be augmented by at least 100 per cent.

Water Harvesting

39. Water harvesting schemes, specific to an area or village, have been found to be extremely useful. Such schemes are supported by a number of credit institutions. However, farmers belonging to the Scheduled Castes and Scheduled Tribes rarely benefit from such schemes. In order to help these farmers, government will launch a nationwide water harvesting scheme. The scheme will cover one lakh irrigation units at an average cost of Rs 20,000 per unit. Nabard will lend the money on easy terms and no margin money will be charged from the borrower. Government will provide a 50 per cent capital subsidy through Nabard, and the estimate for the scheme is Rs 100 crore.

Flood Control

40. Thousands of lives and thousands of head of cattle are lost every year due to floods. Floods are perennial in states like

and government will participate in the funding through a mix of equity support and debt-guarantee.

54. Government attaches high priority to the development and expansion of port infrastructure. Presently, because of inadequate draft and cargo handling infrastructure, and partly due to locational disadvantages, mainline vessels often skip Indian ports. Containers from India are carried to their final destination after transshipment at Colombo, Dubai and other neighbouring ports. Kochi has locational advantages compared to other major Indian ports since it is closer to the main sea routes. Government will facilitate the construction of an International Container Transshipment Terminal (ICTT) at Vallarpadam in Kochi port on Build, Operate and Transfer (BOT) basis.

Rural Housing

55. Indira Awas Yojana (IAY) has been the main instrument to provide housing to Scheduled Castes and Scheduled Tribes as well as to the non-SC/ST rural poor. Built into IAY is a credit-cum-subsidy scheme for rural households. A subsidy upto Rs 10,000 and loan upto Rs 40,000 are provided to eligible households. The allocation for IAY in BE 2003-04 was Rs 1,710 crore. In the current year, I propose to raise the allocation to Rs 2,247 crore and, if more money is needed, it will be found within the enhanced plan outlay.

56. In order to complement IAY, the Golden Jubilee Rural Housing Finance Scheme was launched in August 1977 to give a boost to rural housing. The response has been encouraging, and 10.26 lakh dwelling units have been financed so far. However, the number appears to have stagnated at about 180,000 per year in the last three years. The scheme deserves a further stimulus. I am happy to announce that the National Housing Bank has offered to reduce the rate of refinancing by 25 basis points this year. RBI has agreed to revise the norms of repayment for rural housing loans by banks, so that the instalments coincide with crop cycles. A major impediment to credit for rural housing is absence of proper title to the land. The Government of West Bengal has made a law to simplify the creation of security. It appears to me that the law deserves to be emulated by other States. With these changes, I believe it is possible to set a higher target of 250,000 rural housing units per year.

Industry

57. It is my goal to make the environment in India attractive for investors. In order to achieve that goal, I propose to establish an Investment Commission. The Commission will have the broad authority of the government to engage, discuss with and invite domestic and foreign businesses to invest in India. It will be chaired by an eminent person. The Foreign Investment Promotion Board (FIPB) has played a useful role, and even now it serves as a one-stop centre for securing the nod of different ministries and departments to a proposed investment. Government believes that many of the functions of FIPB could be put on the automatic route, and leave FIPB as a one-stop service centre and facilitator. The function of wooing domestic and foreign investors will be performed by the proposed Investment Commission.

Investment Commission

58. Government proposes to set up a National Manufacturing Competitiveness Council. The Council will be a continuing forum for policy dialogue to energise and sustain the growth of manufacturing industries. The Council will be asked to suggest measures for enhancing competitiveness in the manufacturing sector. The Council may also recommend industry-specific or sector-specific policy initiatives to enhance competitiveness.

59. Foreign Direct Investment (FDI) has the potential to add a competitive edge, especially in the industrial sector.

The NCMP declares that FDI will continue to be encouraged and actively sought, particularly in areas of infrastructure, high technology and exports. Three sectors of the economy fully meet this description. They are telecommunications, civil aviation and insurance. There is an urgent need for infusing huge amounts of capital in these sectors. I, therefore, propose to raise the sectoral cap for FDI in telecommunications from 49 per cent to 74 per cent; in civil aviation from 40 per cent to 49 per cent; and in insurance from 26 per cent to 49 per cent. Capital Markets

60. Government is committed to the orderly development and functioning of the capital markets. A number of steps have been taken to broaden and deepen the capital markets as well as to strengthen the regulatory regime. There are some signs that retail investors are returning to the capital market.

Foreign Institutional Investors (FIIs) have shown a market preference for India over other emerging markets. In order to carry forward the process of making the Indian capital market strong and attractive, I propose to - Make the procedures for registration and operations simpler and quicker for FIIs; Raise the investment ceiling for FIIs in debt funds from USD 1 billion to USD 1.75 billion; Allow banks with strong risk management systems greater latitude in their exposure to the capital market; Create an alternative trading platform for small and medium enterprises (SMEs) to raise equity and debt from the capital market; and initiate steps to integrate the commodities markets and the securities markets.

RBI and SEBI will announce the necessary measures in respect of these matters. I am also happy to announce that SEBI has been able to resolve the longstanding issue of brokers' fees, and brokers may expect an announcement shortly.

61. Many genuine foreign institutional investors (FIIs) are professional bodies of asset managers and financial analysts who can enhance the flow of equity capital and lend depth to the capital markets. An inter-ministerial committee has recommended liberalisation of FII limits in certain specified sectors. I propose to examine and implement these recommendations in consultation with the ministries concerned.

Economy in resilient mode, says Survey

● 'Higher growth rate, containing inflation among challenges'

By Atok Mukherjee

NEW DELHI, JULY 7. The Government today confirmed that the economy was in a resilient mode in terms of growth, inflation and balance of payments, and that this combination offered a large scope for consolidation of the growth momentum.

The Economic Survey 2003-04, presented in Parliament today by the Finance Minister, P. Chidambaram, said that while the economy grew 8.2 per cent during the last fiscal year, the country had an impressive 23-year record of growth averaging 5.7 per cent a year, with a large potential for even better performance.

Appreciating the good macro-economic parameters of the last year of the National Democratic Alliance regime, the Government said that a benign world economic environment provided a backdrop conducive for the robust performance of the Indian economy in 2003-04. Strong performances by the United States, China and Russia, and a strong turnaround in Japan helped brighten the world economic outlook, facilitating the volume of world trade to grow rapidly by 4.5 per cent, compared to only 3.1 per cent the preceding year.

The Survey has identified five major challenges. They are:

sustaining the growth momentum and achieving an annual average growth of 7-8 per cent in the next five years; containing the inflation rate to medium single-digit level; boosting agricultural growth through diversification and development of agro-processing; expanding industry by at least 10 per cent a year to integrate not only the surplus labour in agriculture but also the unprecedented number of women and teenagers joining the labour force every year; and effecting fiscal consolidation and eliminating the revenue deficit through revenue enhancement and expenditure management.

The Survey cautioned that the benefits of the relatively low inflation last year could be upturned. The surge in international oil prices, if it continues, could impact inflation while the high growth in money supply, brought about by the upswing in foreign exchange reserves, could call for a "dexterous combination of policies which may include measures such as external liberalisation and sterilisation to reconcile the multiple goals of limiting fiscal costs, maintaining orderly conditions in the foreign exchange market and low inflation."

Another caution is on fiscal deficit, which is reflective of the borrowings that the Govern-

ment undertakes. After a decrease in the early Nineties, the combined fiscal deficit of the Centre and the States had worsened to reach 10.1 per cent of the gross domestic product (GDP) in 2002-03, higher than the pre-reform level of 9.4 per cent. The revenue deficit followed a more disturbing trend, deteriorating more sharply than the fiscal deficit. Hence, the prescription for fiscal consolidation and expenditure management.

While the Survey endorses most of the commitments of the Common Minimum Programme of the Government, some other suggestions have been included.

For instance, on foreign investment, the Survey said the slowdown in foreign direct investment observed since 2002-03 required to be remedied through suitable liberalisation of both FDI and foreign institutional investment regimes, including procedural issues. The strong interest displayed by foreign institutional investors in the Indian market in 2003-04 was encouraging and that it was likely to continue if there were no exogenous factors.

For the small-scale industry, the recommendation is de-reservation of the remaining list of items from the reserved list since small and medium-scale enterprises are critical for industrial development.

On labour issues, the Survey called for a popular consensus on the twin issues of more flexible labour laws and less friction in the creation and closure of firms in response to normal competitive market dynamics.

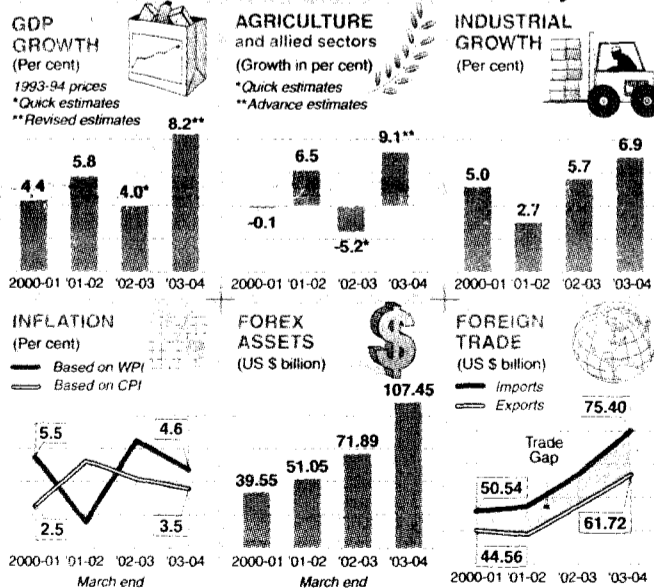
Income tax rates

For the salaried class, there is just a hint of change in income tax rates and slabs with the survey acknowledging the Kelkar Committee report commissioned by the previous Government and leaving it with the observation that "a number of measures have been taken in pursuance of this and a lot more remains to be done."

The Survey dealt exhaustively with the current state of the agriculture sector, and social issues covering health, education, women and children and poverty.

Freeze on support price mooted: Page 11

State of the Indian Economy



কর্মীদের সঞ্চয়ের সুরক্ষা বিপন্ন ঘাটতি লুকিয়ে মিথ্যা উদ্ধৃতের তথ্য পিএফে

প্রজ্ঞানন্দ চৌধুরী

দেউলিয়া হওয়ার রাস্তায় হাটলেও সেই তথ্য লুকিয়ে উদ্ধৃত আয় দেখিয়েছেন এমপ্লয়িজ প্রভিডেন্ট ফান্ড (ই পি এফ) কর্তৃপক্ষ। সংস্থাটির একটি গোপন অডিট রিপোর্টে বলা হয়েছে, ২০০২-০৩ সালে তহবিলের টাকা খাটিয়ে যে-আয় হয়েছিল, সদস্যদের সুদ দিতে হয়েছিল তার থেকে প্রায় ৩০৯ কোটি টাকা বেশি। কিন্তু ওই বিপুল ঘাটতির পরিবর্তে ২০৪ কোটি টাকার উদ্ধৃত দেখিয়েছিলেন তহবিল-কর্তৃপক্ষ।

এই রিপোর্ট থেকে পরিষ্কার, দেশ জুড়ে তিন কোটি ৫৭ লক্ষ কর্মীর সারা জীবনের সঞ্চয়ের সুরক্ষা অনিশ্চিত হয়ে পড়লেও পি এফ-কর্তৃপক্ষ সারা দেশকেই সরাসরি ভুল তথ্য পরিবেশন করেছেন। তহবিল কর্তৃপক্ষ সূত্রের খবর, গত ২০০৩-০৪ আর্থিক বছরে এই ঘাটতি ছিল ২৭১ কোটি টাকা। ফলে দু'বছরের মিলিত ঘাটতি ৫৮০ কোটি টাকার মতো।

সংশ্লিষ্ট মহলের বক্তব্য, ইউনিট ট্রাস্ট যে-ভাবে তথ্য লুকিয়ে সঞ্চয়কারীদের নিঃস্ব করে দিয়েছিল এবং এই কেলেকারি থেকে বেরিয়ে আসতে করদাতাদের টাকা ঢেলে পরিস্থিতির সামাল দিতে হয়েছিল, ই পি এফের ক্ষেত্রেও সেই রাস্তায় হাটতে হতে পারে কেন্দ্রীয় সরকারকে। আর এই রাস্তা এড়াতে হলে সুদের হার যে-স্তরে নামাতে হবে, তাতে ক্ষতিগ্রস্ত হবেন সঞ্চয়কারীরা। না-হলে আইন ভেঙে বা পরিবর্তন করে এই তহবিলের যে-টাকা সঞ্চয়কারীরা দাবি করেননি, সেই টাকা দিয়ে ঘাটতি মেটানোর চেষ্টা করতে হবে। কেন্দ্রীয় পি এফ কমিশনার অজয় সিংহ দিল্লি থেকে ফোনে দাবি করেছেন, এই তহবিলের পরিমাণ ৬০৫ কোটি টাকা। যার অর্থ, গত দু'বছরের ঘাটতি মিটিয়ে এই তহবিলেও প্রায় কিছু অবশিষ্ট থাকবে না।

কর্মীদের সঞ্চয় সুরক্ষিত রাখার জন্য আইন অনুসারে, কয়েকটি ব্যতিক্রম ছাড়া, সব সংস্থাকে কর্মীদের বেতন থেকে টাকা কেটে ই পি এফে জমা দিতে হয়। ই পি এফ-কর্তৃপক্ষ কেন্দ্রীয় সরকারের স্পেশ্যাল ডিপোজিট স্কিম নামক একটি বিশেষ প্রকল্পে এই তহবিলের ৮০ শতাংশ খাটায়। এই প্রকল্পে সুদ বাবদ আয় হয় ৮%। কিন্তু সঞ্চয়কারীদের কেন্দ্রের সিদ্ধান্ত মেনেই ই পি এফ-কর্তৃপক্ষ সুদ দিয়ে থাকেন সাড়ে নয় শতাংশ হারে। ফলে আয় আর ব্যয়ের মধ্যে ঘাটতি থেকেই গিয়েছে সুদের এই কাঠামোর মধ্যে। কিন্তু প্রশ্ন, কেন্দ্রীয় সরকার তহবিলের অবস্থা গোপন করার এই চেষ্টা করেছে কেন? যে-কেন্দ্রীয় শ্রমমন্ত্রীর আমলে তহবিলের তথ্য এই ভাবে বিকৃত করা হয়েছিল, সেই সাহেবসিংহ বর্মার সঙ্গে যোগাযোগ করা যায়নি। কিন্তু অজয় সিংহ এই প্রশ্নের উত্তর না-দিয়ে অডিট রিপোর্টের অস্তিত্বই অস্বীকার করেছেন।

কেন্দ্রীয় পি এফ দফতরের অন্য সূত্রের দাবি, পূর্বতন এন ডি এ সরকারের চাপে পড়েই ঘাটতি লুকোতে বাধ্য হয়েছিলেন কেন্দ্রীয় পি এফ-কর্তৃপক্ষ। কিন্তু এই চাপ শুধু ভোটের মুখের রাজনীতি কি

না, সেই ব্যাখ্যা অবশ্য পাওয়া যায়নি কোমণ্ড সূত্রেই। ওই সূত্রের আরও দাবি, সাড়ে নয় শতাংশ হারে সুদ দিলে তহবিলের হাল কী দাঁড়াবে, সেই ব্যাপারে ব্যাখ্যা দিতে গিয়ে প্রথমে অবস্থা বাস্তব পরিস্থিতিই কেন্দ্রকে জানিয়েছিলেন তাঁরা।

কিন্তু পরবর্তী কালে প্রকৃত অবস্থা গোপন করে পি এফ-কর্তৃপক্ষ জানান, ২০০২-০৩ সালে সাড়ে ৯ শতাংশ হারে সুদ দিলেও তহবিলে টাকা উদ্ধৃত থাকবে। অছি পরিষদের কাছেও ব্যাপারটিকে সে-ভাবেই উপস্থাপিত কর হয়।

বুধবার অজয় সিংহকে জিজ্ঞাসা করা হলে তিনি বলেন, ২০০২-০৩ সালে তহবিলে উদ্ধৃত হয়েছে ২০৪ কোটি টাকা। তবে অজয়বাবু কবুল করেছেন, সাড়ে নয় শতাংশ হারে সুদ দিতে গিয়ে পরের বছর অর্থাৎ ২০০৩-০৪ সালে তহবিলের ঘাটতি হয়েছে। ঘাটতির পরিমাণ ২৭১ কোটি টাকা।

এখন প্রশ্ন, ২০০২-০৩ সালে ঘাটতি বা উদ্ধৃত নিয়ে কেন্দ্রীয় পি এফ কমিশনারের বয়ান এবং বিশেষ অডিট রিপোর্টের মধ্যে ফারাক থাকলেও ২০০৩-০৪ সালে যে ঘাটতি ছিল, তা নিয়ে কোনও বিতর্কই নেই। কারণ, কেন্দ্রীয় পি এফ কমিশনার নিজেই তা জানিয়েছেন। তা সত্ত্বেও ওই বছর ঘাটতি হবে জেনেও ফের সাড়ে নয় শতাংশ সুদের হার ঘোষণা করা হল কেন? ওই ঘাটতি মেটানো হয়েছে কী ভাবে, প্রশ্ন উঠেছে তা নিয়েও। প্রভিডেন্ট ফান্ড আইন অনুযায়ী সুদ বাবদ আয় এবং সংস্থাগুলির কাছ থেকে জরিমানা বাবদ আদায় করা টাকা দিয়েই সুদ মেটাতে হবে। অন্য কোনও খাত থেকে টাকা নেওয়া যাবে না। অন্য কোনও খাত থেকে টাকা নিয়ে ঘাটতি মেটানো পি এফ আইন-বিরোধী। যদি তা করা হয়ে থাকে, তা হলে পি এফ-কর্তৃপক্ষ নিশ্চিত ভাবেই গা বাঁচাতে বেআইনি কাজ করেছেন।

আইন ভেঙে তহবিলের বেহাল অবস্থা ঢাকতে যে-ব্যবস্থা নেওয়া হয়েছে, তাতে কেন্দ্রীয় শ্রম মন্ত্রক অবশ্যই তার দায় এড়াতে পারে না। কারণ কেন্দ্রীয় শ্রম মন্ত্রকের অনুমতি ছাড়া পি এফ-কর্তৃপক্ষের এই পদক্ষেপ অসম্ভব। কারণ, নিয়ম অনুযায়ী প্রতি বছরই পি এফের সুদের হার সুপারিশ করে কেন্দ্রীয় অছি পরিষদ। পি এফ দফতর কেন্দ্রীয় শ্রম মন্ত্রকের আওতায় থাকলেও বিষয়টি আর্থিক বলে কেন্দ্রীয় অর্থ মন্ত্রকের অনুমোদন পাওয়ার পরেই সুদের হার ঘোষণা করা হয়। কিন্তু ২০০২-০৩ এবং ২০০৩-০৪ সালে অছি পরিষদ সুদের হার সাড়ে নয় শতাংশ সুপারিশ করলেও কেন্দ্রীয় অর্থ মন্ত্রক তা অনুমোদন করেনি। ফলে ওই দু'বছরের সুদ শ্রম মন্ত্রকের নির্দেশেই এবং অর্থ মন্ত্রকের অনুমোদন ছাড়াই সদস্যদের হাতে তুলে দিয়েছেন পি এফ-কর্তৃপক্ষ। শুধুই কি নির্বাচনের কথা মাথায় রেখে পি এফ তহবিলের বাস্তব অবস্থা লুকিয়ে রাখার চেষ্টা করেছিল এন ডি এ সরকার? এর উত্তর না-মিললেও ওই অডিট রিপোর্ট থেকে পরিষ্কার, এখনই ব্যবস্থা না-নিলে ভারত জুড়ে প্রায় চার কোটি শ্রমিকের সারা জীবনের সঞ্চয়ের ভবিষ্যৎ দাঁড়াবে ইউ টি আই সঞ্চয়কারীদের মতোই।

Different EPF strokes for different folks

By Bisheshwar Mishra/TNN

Q. R. A. M. 5/11 2/2

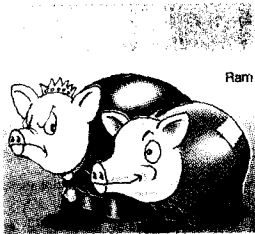
New Delhi: Caught between the persistent demand of the now influential trade unions for a higher return on EPF and the compulsions of the low interest rates prevailing in the market, the labour ministry is toying with the idea of offering different rates of return to different classes of employees.

It may sound contrary to the slogan, 'Workers of the world, unite', but the ministry finds "differential rates of return" perhaps the only way out of the present messy situation. Conceding the trade unions' demand for a higher EPF return is sure to drive the EPF Organisation towards meeting the fate of the erstwhile UTI.

According to this proposal, 80% of the total three crore subscribers of the EPF, who have deposits of less than Rs 20,000, should be given a return of 9.5% (maintaining last year's rate of return). This is expected to satisfy the core constituencies of the trade unions. For employees who have deposits of more than Rs 50,000 in the EPF, however, it is proposed to cut the rate of return to 8%—the maximum rate which can be offered given the market conditions.

EPF has a corpus of Rs 1,20,000 crore, 80% of which is invested in Special Deposit Schemes (SDS) of the Centre. These investments now fetch only 8%. Moreover, the NDA government last year stopped taking fresh deposits under SDS. The balance 20% of the EPF corpus, invested in a variety of central, state government and public sector bonds, also do not earn a high return any longer.

The proposal is silent on the rate of return which will be offered to EPF sub-



PF rates: Left suffers a jolt

New Delhi: The Left parties suffered a setback on Wednesday when finance ministry officials told the trustees of the Employees Provident Fund that the interest rate of 9.5% was not sustainable and needed to be reduced to 8%.

According to W R Varadarajan, CITU leader and a member of the EPF board of trustees, "The prime lending rate of commercial banks is more than 10%. The Special Deposit Schemes (SDS) rates should be increased to 12%, thereby making the EPF regime sustainable. The government has to delink SDS from the soft interest rate regime and consider this only as a social security measure. If needed, budgetary allocation should be made." TNN

scribers who may have deposits between Rs 20,000 and Rs 50,000. "It is possible to work out some via media for this class of employees as well," an official said.

The offer of the lower rate of 8% to employees who have EPF deposits in excess of Rs 50,000 is also being justified on the ground that many of these subscribers are tax-payers. All EPF deposits, the interest accrued on them and the accumulated sum on withdrawal are tax-free.

বাম চাপের মুখে পিছোল পি এফ-এর সুদের সিদ্ধান্ত

স্টাফ রিপোর্টার, নয়াদিল্লি, ৩০ জুন:
প্রভিডেন্ট ফান্ডের সুদের হার নিয়ে
রাজনীতি বনাম অর্থনীতির লড়াই তুঙ্গে
উঠল। ফলে আজ ফান্ডের ট্রাস্টি বোর্ডের
বৈঠকে সুদের হার নিয়ে কোনও
সিদ্ধান্তও নেওয়া সম্ভব হল না।

বামপন্থীরা সরকারকে জানিয়ে
দিয়েছেন, সুদের হার .০১ শতাংশ
কমালেও তাঁরা বরদাস্ত করবেন না। আর
প্রভিডেন্ট ফান্ড কমিশনার অজয় সিংহ
আজ বলেছেন, “চড়া হারে সুদ দিতে
হলে কর্মচারীদের মূল যে টাকা জমা
পড়ছে তার থেকেই দিতে হবে।” এই
অবস্থায় গত ও চলতি আর্থিক বছরের
সুদের হার সম্পর্কে নির্দিষ্ট সুপারিশ
অর্থমন্ত্রকের কাছে পাঠানো সম্ভব হয়নি।
১৩ জুলাই বাজেট পেশ হয়ে যাওয়ার
পর আবার কেন্দ্রীয় ট্রাস্টি বোর্ড সুদের
হার নির্ধারণ করতে বৈঠকে বসবে।

পি এফ-এর সুদের হার নিয়ে
বামপন্থীরা কার্যত অনমনীয় মনোভাব
নিয়েছেন। সি পি আইয়ের সাধারণ
সম্পাদক এ বি বর্ধন আজ প্রকাশ্যেই
বলেছেন, “আমরা সরকারকে জানিয়ে
দিয়েছি, সুদের হার .০১ শতাংশও
কমানো চলবে না।” সিন্টু সুদের হার ১২
শতাংশ দাবি করলেও এটা ঘটনা যে
প্রতিশ্রুত ৯.৫ বজায় থাকলেই
কমিউনিস্টরা খুশি থাকবেন।

কিন্তু অর্থমন্ত্রকের প্রতিনিধিরা বুঝিয়ে
দেন, বাজেটে বড়জোর স্পেশাল
ডিপোজিট স্কিমের (যেখানে পি এফ-এর
৮০ শতাংশ বিনিয়োগ করা হয়) ৮
শতাংশ সুদের হার বজায় থাকবে। তা
হলেও বাড়তি দেড় শতাংশ সুদ কোথা
থেকে দেওয়া হবে? অবশ্যই এই প্রশ্নের
উত্তর বোর্ডের বাম ট্রেড ইউনিয়নের
সদস্যদেরও জানা নেই।

কমিউনিস্টরা অর্থমন্ত্রী পি চিদম্বরমের
সঙ্গে যোগাযোগ রাখছেন। আজও তাঁর
সঙ্গে দেখা করেন বর্ধন। কমিউনিস্টরা
চিদম্বরমকে অনুরোধ করছেন, স্পেশাল
ডিপোজিট স্কিমে অন্তত এক বছরের জন্য
সুদের হার সামান্য বাড়তে। কিন্তু
চিদম্বরম তাঁদের বলেছেন, সুদের হার
ধরে রাখতেই তিনি হিমসিম খাচ্ছেন;
কাজেই বাড়ানো সম্ভব নয়। বাজেট
থেকে যে কোনও বরাদ্দ দেওয়া যাবে না,
তাঁরাও তিনি স্পষ্ট করে দিয়েছেন।

Assets guaranteed

Funds for the Employment Guarantee Scheme should be spent both honestly and competently

THE Manmohan Singh government wants to offer 100 days of guaranteed manual labour to any poor able-bodied person. This is a good idea. Such employment guarantee schemes (EGS) are widely seen as the best anti-poverty mechanism, as the work of development economists like Amartya Sen has highlighted. They are self-targeted: only the poor will step forward and do manual labour. They are self-liquidating: when a district gets out of poverty, the programme will quietly die, without needing the political effort to close it down. New money does not need to be spent on the UPA government's proposal. EGS should replace the other existing anti-poverty programmes of the Government of India.

Maharashtra's pioneering work on EGS should be used to draw lessons on how to do an EGS. Digging up holes and filling them up can achieve employment, but it does not create assets — as graphically illustrated by a recent *Express* report from Maharashtra. Kuccha roads are being made under the scheme, but they do not benefit local communities for any length of time because they tend to get washed away, creating the need to rebuild them the next year around, using the EGS. Employment schemes are not designed to create assets and the idea is to be satisfied with the mere

fact that the money has actually reached the targeted groups. However, for the economy, this design is incompetent. This incompetence comes about because the EGS only plans for money for labour. Under such circumstances, one can build kuccha roads, but it is not possible to build pucca roads. That would require budgetary allocation for raw materials, equipment, and so on. Such allocations are made under a different set of schemes such as the rural roads schemes.

How can an EGS create durable assets? One format is to give districts the flexibility to combine the money available under different schemes to achieve the best outcome. For instance, lessons can be learnt from the initiatives in some places in Maharashtra that have combined the Gram Sadak Yojana with the EGS. Such creative use of fiscal transfers from the Centre would work best if they were planned at the district level, since those located in villages and cities have a better knowledge of local conditions than state governments. Manmohan Singh's recent speech to the Conference of Chief Ministers on Tuesday emphasised precisely that. The government should put money into an employment guarantee scheme only when it can guarantee that the money will be spent — not just honestly, but also competently.

Interest rate not sole issue at EPFO meet

Our Delhi Bureau
29 JUNE

FORGET the Employees Provident Fund (EPF) rate of interest for 2004-05. The finance ministry has yet to notify the interest rate for the last two years. So, the Central Board of Trustees (CBT) of the EPFO, when it meets here on Wednesday, isn't just going to find the interest rate for this year tough to clinch. It will also have to convince the government that the 9.5% interest rate dished out in 2002-03 and the 0.5% one-time bonus dished out in 2003-04 in addition to the 9% interest rate are both sustainable and valid.

However, that isn't going to be a cakewalk for the CBT when it starts going through the accounts for both 2002-03 and 2003-04. In 2002-03 itself, it became very clear that keeping up the 9.5% interest (payout) rate to EPF subscribers was going to be an uphill task for the EPFO, sooner rather than later. In 2002-03, the sur-

plus funds available to the EPFO was Rs 204.52 crore which was sustainable for that year. But when former labour minister Sahib Singh Verma met and tried to hardsell the 0.5% "one-time" golden jubilee (2003-04) year bonus to the finance ministry in October 2003, the latter told Mr Verma in no uncertain terms that it did not approve of dipping into the surplus funds in order to retain the interest rate level at

GOING STEADY

9.5%. That year, the deficit was Rs 298.21 crore.

As if that weren't bad enough, with current returns justifying only an 8% payout to subscribers for 2004-05, the CBT will find itself in a jam between the Left parties' rock and the finance ministry's hard place. Far from just doing away with the one-time bonus, the CBT will now have to come up with some extremely politically-savvy quick thinking and smooth talking in order to convince Mr P. Chidambaram

that no stone should be left unturned to dole out 9% interest rate for 2004-05.

Left trade unions have demanded a return to the earlier 12% interest rate but could be placated if last year's interest rate is retained. The Congress-affiliated INTUC, however, has asked for the best market returns on investments than are available at the moment. The government could grab on to that window of opportunity. On the other hand, the finance ministry is unlikely to kowtow easily to the 9.5% interest demand unless the surplus funds allow it. The ball, clearly, is in the court of the CBT.

The total corpus of the EPF is around Rs 1.28 lakh crore. This includes Rs 71,000 crore of the EPF, Rs 52,000 crore of the Employees' Pension Fund and the rest from the Employees' Deposit Linked Insurance Scheme. The fund is being invested according to the pattern of investment holding prescribed by the GoI from time to time.

কর্মসূচির জেরে শেয়ার বাজারে ঝটকা

সংস্কার এগোবেই, দাবি অর্থমন্ত্রীর

L. B. M. 2008
2008

স্টাফ রিপোর্টার, নয়াদিল্লি, ২৮ মে: ন্যূনতম অভিন্ন কর্মসূচিকে দেশের বাজার কী ভাবে গ্রহণ করে, তা নিয়ে একটা উৎকর্ষা ছিলই। কিন্তু সংযুক্ত প্রগতিশীল জোট সরকারের কর্মসূচি প্রকাশের পরের দিনই শেয়ার বাজার যে আবার এ ভাবে মুখ খুঁড়ে পড়বে, তা অনেকেই আশা করেননি। বিলম্বীকরণ ও বেসরকারীকরণের রাস্তা থেকে পিছু হটা, দ্বৈত কর, বিদ্যুৎ বিলের পুনর্বিবেচনা, 'হায়ার অ্যান্ড ফায়ার' এড়াতে শ্রম আইন সংশোধন— নতুন জোট সরকারের এই কর্মসূচিগুলি দেখে বাজার খোলা মাত্র শেয়ারের দর পড়তে শুরু করে। অর্থমন্ত্রী পি চিদম্বরম তাই আর দেরি না-করে বাজারের আস্থা ফেরাতে আজ সকালেই সাংবাদিকদের ডেকে আর্থিক সংস্কারে সরকারের দায়বদ্ধতার কথা জানিয়ে দিলেন। অর্থমন্ত্রী জানিয়েছেন, খুব শীঘ্রই বিনিয়োগকারীদের সম্ভাব্য সংশয় কাটাতে তাঁদের কাছে সংস্কারের মন্ত্র নিয়ে যাবেন তিনি। কিন্তু অর্থমন্ত্রীর এই আশ্বাস সত্ত্বেও আজ শেয়ারবাজারে সারা দিনে সেনসেঞ্জ ২২৩.১৬ পয়েন্ট পড়েছে। আজ রাতে প্রধানমন্ত্রীর সভাপতিত্বে মন্ত্রিসভার বৈঠকে ন্যূনতম অভিন্ন কর্মসূচিটি সরকারি অনুমোদন লাভ করে।

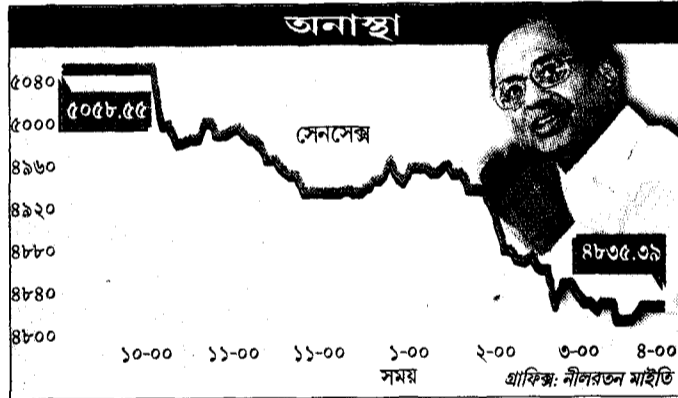
প্রধানমন্ত্রীর মানবমুখী সংস্কারের নিদর্শন হিসাবে কর্মসূচিতে রয়েছে কৃষক, শ্রমিক, ক্ষুদ্রশিল্প সংস্থা, দলিত-আদিবাসীদের জন্য প্যাকেজ। বলা হয়েছে, সাধারণ ভাবে লাভজনক রাষ্ট্রায়ত্ত্ব সংস্থার বেসরকারীকরণ চলবে না। এই সর্বের ফলে যে সংস্কার মুখ খুঁড়ে পড়বে না, তা বোঝাতে সচেষ্ট অর্থমন্ত্রী আজ বলেছেন, মনমোহন-সরকারের কর্মসূচিতে '৯১ সালে শুরু হওয়া আর্থিক সংস্কারকেই জোরালো ভাবে তুলে ধরা হয়েছে। কর্মসূচিতে বলা ৭-৮ শতাংশ বার্ষিক বৃদ্ধির লক্ষ্য পূর্ণ করতে তিনি জোর দিয়েছেন প্রত্যক্ষ বিদেশি বিনিয়োগের উপরে। তিনি বলেন, তাঁর চেষ্টা হবে এই ধরনের বিনিয়োগ ২-৩ গুণ বাড়িয়ে বছরে ১০ থেকে ১৫ বিলিয়ন ডলারে নিয়ে যাওয়া। চিদম্বরমের কথায়, "প্রত্যক্ষ বিদেশি বিনিয়োগ দেশে আসার

কথা ১০ থেকে ১৫ বিলিয়ন ডলার। রফতানি, পরিকাঠামো এবং উচ্চ প্রযুক্তি ক্ষেত্রে আমাদের এই বিদেশি বিনিয়োগের সক্রিয় সহযোগিতা দরকার।"

আগামী সপ্তাহের গোড়ায় মুম্বই যাওয়ার কথা তাঁর। তিনি বলেছেন, "সেবি, এফ আই আই এবং শিল্পসংস্থার প্রতিনিধিদের সঙ্গে দেখা করতে আগামী সপ্তাহের গোড়ায় মুম্বই যাওয়ার ইচ্ছা রয়েছে আমার। সরকারের সংস্কারের বার্তা বহন করে নিয়ে যাব আমি। সমস্ত সংশয়ের, প্রশ্নের উত্তর দেব।"

কিন্তু শেয়ার বাজারের আজকের প্রতিক্রিয়ায় বিলম্বীকরণ ও বেসরকারীকরণ নিয়ে নতুন সরকারের ঘোষিত নীতি সম্পর্কে বাজারের অনাস্থাই প্রতিবিস্তৃত হয়েছে। আজ সকালে বাজার খোলার সময় সেনসেঞ্জ ছিল ৫০২৬.৯৬ পয়েন্টে কিন্তু

পাশাপাশি বেসরকারি সংস্থার সহযোগিতার প্রশ্নটিতেও আজ জোর দিয়েছেন অর্থমন্ত্রী। বলেছেন, পরিকাঠামোর উন্নতিতে সরকার রাষ্ট্রায়ত্ত্ব এবং বেসরকারি সংস্থার যৌথ উদ্যোগে উৎসাহ দেবে। অভিন্ন কর্মসূচি অনুযায়ী রাষ্ট্রায়ত্ত্ব সংস্থাগুলিকে তিন ভাগে ভাগ করেছেন অর্থমন্ত্রী। প্রথম স্তরে থাকছে নবরত্ন সংস্থাগুলি। দ্বিতীয় স্তরে, সেই সব সংস্থা, যাদের বিশ্ববাজারের খোলা প্রতিযোগিতার আবহাওয়ায় টিকে থাকার সম্ভাবনা রয়েছে। বাকিরা থাকছে তৃতীয় স্তরে। বেসরকারীকরণ সম্পর্কে গত কালই সরকারের মত স্পষ্ট করে দেওয়া হয়েছিল। বামেরা চেয়েছিলেন লাভজনক হলে বেসরকারীকরণ করা চলবে না। মনমোহন সিংহের ভাষা এবং পরে যা কর্মসূচিতে গৃহীত হয়, তাতে বলা হয়েছে,



তার পর থেকে পড়তে শুরু করে এবং দিনের শেষে বাজার বন্ধের সময় ২২৩ পয়েন্ট নেমে ৪৮৩৫.৩৯ পয়েন্টে থামে। উল্লেখ্য, রাষ্ট্রায়ত্ত্ব শিল্পের বিলম্বীকরণ নিয়ে সরকারি নীতিতে শেয়ার বাজার অনাস্থা জানানোর দিনেই রাষ্ট্রায়ত্ত্ব স্টিল অথরিটি অব ইন্ডিয়া বা 'সেল' তার এত দিনের জমে থাকা ২৭৬৫ কোটি টাকা লোকসান মিটিয়ে নিট মুনাফা করেছে ২৫১২ কোটি টাকা। তা সত্ত্বেও বাজারে আজ 'সেল' শেয়ারের দর দুটাকা পড়েছে।

বিদেশি বিনিয়োগের কথা বলার

সাধারণভাবে লাভজনক সংস্থার বেসরকারীকরণ চলবে না। আজ বিষয়টি স্পষ্ট করতে চেয়ে অর্থমন্ত্রীর বক্তব্য, "সাধারণত লাভজনক সংস্থার বেসরকারীকরণ হবে না। উদার অর্থনীতিতে বাজারের প্রতিদ্বন্দ্বিতায় এই সংস্থাগুলির ধারাবাহিক ভাবে লাভ করে চলার ক্ষমতা ধরতে হবে।" তবে এর সঙ্গে অর্থমন্ত্রী যোগ করেন, "যে সব রাষ্ট্রায়ত্ত্ব সংস্থাকে কোনও ভাবেই পুনরুদ্ধারিত করা যাবে না, তাদের হয় বন্ধ করে দেওয়া হবে

এর পর পাঁচের পঁতায়

সংস্কার এগোবেই

প্রথম পাতার পর

অথবা বেসরকারি হাতে তুলে দেওয়া হবে। যে সব ক্ষেত্রে বেসরকারীকরণ হবে, তা করা হবে “স্বচ্ছ উপায়ে এবং পারস্পরিক আলোচনার ভিত্তিতে।” অর্থমন্ত্রীর এই বক্তব্যের পরেও শেয়ার বাজার কেন পড়ল তা নিয়ে দিনের শেষেও প্রশ্ন থেকে গিয়েছে। তবে তাঁর একটা মন্তব্য থেকে শেয়ার বাজারে কিছুটা ধাক্কা পৌঁছে থাকতে পারে। মরিশাসের সঙ্গে কর-ছাড় সংক্রান্ত চুক্তি প্রসঙ্গে চিদম্বরম বলেন, কিছু ভারতীয় বিনিয়োগকারী এই ধরনের চুক্তির সুযোগের অপব্যবহার করেছেন। সেগুলি খতিয়ে দেখা হবে।

বিদ্যুৎ পর্যদগুলি ভেঙে দিতে আনা ইলেকট্রিসিটি বিলের পুনর্বিবেচনার দাবি তুলেছিলেন বামেরা। তা মেনে নেওয়া হয়েছে। কিন্তু তার ফলে বেসরকারি বিনিয়োগকারীদের মধ্যে যাতে কোনও হতাশা না ছড়ায় তা নিশ্চিত করতে আজ সচেষ্ট হয়েছেন অর্থমন্ত্রী। বলেছেন, এর সঙ্গে বিদ্যুৎ ক্ষেত্রে বেসরকারি বিনিয়োগ বন্ধের কোনও সম্পর্ক নেই।

চিদম্বরমের বক্তব্য, “ইলেকট্রিসিটি বিলের কিছু অংশের পুনর্বিবেচনার দাবি ছিল, এবং দরকারও ছিল। সেই অনুযায়ী আমরা বিদ্যুৎ পর্যদগুলি ভেঙে দেওয়ার বিষয়টি পিছিয়ে দিয়েছি। কিন্তু সরকার বিদ্যুৎ উৎপাদন এবং বিদ্যুৎ সরবরাহের ক্ষেত্রে বেসরকারি বিনিয়োগ আনার ক্ষেত্রে প্রতিশ্রুতিবদ্ধ।” সেই সঙ্গে তিনি বলেছেন,

“পর্যদগুলি ভেঙে দেওয়ার বিষয়টি ভবিষ্যতে ঘটতেই হবে।”

কেন্দ্রীয় করের উপর সেস বসানোর সিদ্ধান্ত সম্পর্কে আজ তাঁর মন্তব্য, “আশা করি কেউ এই সেস বসানোর কারণ নিয়ে প্রশ্ন তুলতে পারবেন না। ৬০ থেকে ৬৫ শতাংশ শিশু যাদের পড়াশুনো পঞ্চম শ্রেণির পর বন্ধ হয়ে যাচ্ছে তাদের শিক্ষার জন্যই সেস আদায়।.....আনুপাতিক হিসাবে এই সেস বসানো হবে। তাদের উপরেই চাপ পড়বে যাদের তা বহন করার শক্তি রয়েছে।” প্রসঙ্গত শিক্ষা এবং স্বাস্থ্য ক্ষেত্রে বিরাট টাকা তুলতে এই সেস বসানোর সিদ্ধান্ত নিয়েছে সরকার।

প্রধানমন্ত্রীর দায়িত্ব পাওয়ার প-মনমোহন সিংহ বলেছিলেন, ‘মানবমুর্হ সংস্কার’র কথা। আজ এক পা এগিয়ে তাঁ অর্থমন্ত্রী বলেন, সরকারের ‘সৃজনশী সংস্কার’ এবং ‘সংস্কার পদ্ধতিতে আর বেশি উদ্যোগের’ কথা।

চিদম্বরমের মতে, এই কর্মসূচিতে “রাজীব গান্ধী, পি ভি নরসিংহ রাও এবং যুক্তফ্রন্ট সরকারের নেওয়া উদ্যোগগুলি সংযুক্তিকরণ ও মেলবন্ধন ঘটানে হয়েছে।.....এই কর্মসূচি সমস্ত সংস্কার উদ্যোগকেই পুনঃপ্রতিষ্ঠা করল। আমার মতে, যে কোনও সরকারের পক্ষেই এই ধরনের ঘোষণা অত্যন্ত বলিষ্ঠ হিসাবে আখ্যা পাওয়ার যোগ্য। এর ফলে আমি সৃজনের এবং আরও বেশি উদ্যোগী হওয়ার সুযোগ পাব।”

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28/11

VAT FOR TAX

Several deadlines have already been missed for value added tax. Is the new deadline of April 1, 2005, believable? Some states have already begun to murmur, arguing that transition to VAT is contingent on all states moving to the new regime. Partial implementation by some states and not by others defeats the purpose of VAT. This is indeed a valid argument, although all states are not adequately prepared. In many states, draft VAT legislation is not even ready. This will require presidential assent. Subsequently, rules and administrative machinery will have to be put in place. That apart, certain ticklish issues still remain. First, what will happen to Central excise and Central sales taxes? Logically, they should be scrapped and integrated into VAT. Second, will the states agree to zero-rate inter-state sales? Third, the issue of zero-rating inter-state sales gets into the problematic area of states suffering from possible revenue losses. Since the Central VAT rate of 12.5 per cent is supposed to be revenue neutral, there ought to be no revenue loss. However, some states have argued for lower rates on selected products and if agreed to, this enhances the possibility of imagined (or real) revenue losses. The states will therefore ask for compensation, perhaps through enhanced service sector taxation. This is an incomplete VAT, since it only involves harmonization and standardization of state-level sales tax, without eliminating other indirect taxes. However, the utility of even the incomplete VAT is contingent on the states agreeing to give up the freedom to choose rates.

The indications are that the states are reluctant to give up this perceived assault on their fiscal autonomy. But if discretion and deviation are permitted, the proposed VAT will be no different from the historical sales tax regime. If the logic of standardization of rates is accepted, there ought to be no state-specific fiscal incentives. Yet, many states are reluctant to give up this privilege. Not a single one of these is a new issue. And these are issues that should have been sorted out in 2001, if not in 2003. That they have still not been sorted out suggests that the April 2005 deadline is premature, even though reform of the non-transparent and cost-cascading indirect tax structure is long overdue. With 16 states pushing for VAT and the remainder still opposing, the country as a whole is still not ready. Under the earlier government, there was a proposal to reward states that are fast movers, through higher compensation for possible revenue losses. That may be the only option.

LPG CYLINDER DEARER BY RS 20

Petrol, diesel prices hiked

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Statesman News Service & Agencies

NEW DELHI, June 15. — Prices of petrol and diesel were tonight hiked by Rs 2 and Re 1 per litre and that of cooking gas by Rs 20 a cylinder by the government. However, kerosene has been spared from the hike.

Announcing the decision, petroleum minister Mr Mani Shankar Aiyer said the increase, effective from midnight tonight, was necessitated due to a spurt in international oil prices, which put a whopping additional burden of Rs 18,000 crore a year.

The government, however, slashed excise duty on petrol by four per cent to 26 per cent, diesel from 14 per cent to 11 per cent and on LPG from 16 to 8 per cent in a bid to reduce the impact on consumers of petro products. Accordingly, petrol will now cost in Delhi Rs 35.70 per litre and diesel Rs 22.73 against Rs 33.70 and Rs 21.73 respectively.

Cooking gas cylinder will be Rs 261, up from the prevailing price of Rs 241. Mr Aiyer said the Rs 2 hike in petrol price was much lower than the market-indicated price hike of Rs 3.67 to Rs 4.91 a litre while in the case of diesel the Re 1 increase was against Rs 1.67 to Rs 2.35 per litre. In the case of LPG, the market indicated-price increase was Rs 133 a cylinder, but the actual hike was just Rs 20.

The poor man's cooking fuel was spared the hike although the market indicated hike was Rs 4.43 a litre.

Mr Aiyer said that though there has been some softening of global oil prices

Coal costlier

KOLKATA, June 15. — Coal India today announced an average 16.7 per cent hike in the price of all grades of coal from midnight tonight. Mr Sashi Kumar, chairman, Coal India Limited, said the increase was modest and was coming after two years. — SNS

Details on page 11

Cooking gas

Following are the revised LPG prices per cylinder in the four metros effective from Tuesday midnight:

Kolkata	Rs 287.95
Delhi	Rs 261.60
Mumbai	Rs 271.30
Chennai	Rs 268.10

since the first week of June, the additional burden on the oil companies to the tune of Rs 18,000 crore had to be shared by all the stake holders — oil companies, government and the consumers. He said oil companies had agreed to absorb most of the impact and only a minimum burden was passed on to the consumers.

The Left parties today opposed the hike in the price of cooking gas and asked the government to "reconsider" it. "They shouldn't have touched LPG, which is middle class fuel," CPI-M politburo member Mr MK Pandhe said. The BJP called the hike "anti-people" and "anti-farmer".

Subhas rules out hike in bus fares, Kolkata Plus III

THE STATESMAN

WEDNESDAY, JUNE 16, 2004

IDENTITY IN DISINVESTMENT

ON THE FACE of it the United Progressive Alliance Government's stance on the disinvestment programme may appear to be a radical shift from that of its predecessor. However a closer examination of the Common Minimum Programme (CMP) and subsequent official pronouncements suggests that the new regime's approach will not be very different from what has been pursued by various governments over the past 13 years. As has been the case with most economic reform measures, the disinvestment programme has evolved in response to certain practical considerations, although during specific periods individual Ministers and officials such as Arun Shourie and G.V. Ramakrishna left their own imprint. Importantly, fiscal considerations have been a key driver of the programme. Successive governments have sought to raise large amounts through disinvestment to help them reduce the budget deficits. It is another matter that few managed to achieve the targets and the pressures on the fisc are no less today.

The Common Minimum Programme noted that profit-making units, including the Navratnas or the nine star performers, would remain in the government fold with their operational and commercial autonomy considerably enhanced to take on global competition. Loss-making entities would be sold off and that too only if efforts at rehabilitating them fail and after their employees get their legitimate dues. However, the subsequent Presidential address to Parliament did not have this restrictive clause. That could be an important restatement of the policy, with a view to reassuring the stock markets, among others. In any case, the CMP's stand on profit-making units — that they will not be "privatised," generally — will be more clearly enunciated as the Government gets down to business. Experts say that privatisation, as used here, refers to the strategic sale route, which is one of the two methods

adopted so far, the other one being divestment through the stock exchanges. A number of top-ranking companies such as Indian Oil Corporation and Shipping Corporation of India have had their shares listed over the years as the Government divested a portion of its holdings while retaining at least a 51 per cent stake. This method is less controversial than the strategic sale route, which involves a transfer of management of the unit along with a chunk of equity. If the CMP is a guide, the new Government will try to restrict the scope of the disinvestment programme to share offerings even though strategic sales and other forms of "instant privatisation" have not been ruled out.

It is to be hoped that those in charge of the programme will have enough discretionary powers to decide on the method appropriate for each case. Both the methods used in India have their own advantages as well as disadvantages. The strategic sale method confers a better valuation and paves the way for a technological upgradation of the target company. The share offer route has two important failings: One, the scope for raising resources is limited because the government can at best divest 49 per cent of its stake lest it lose control. Two, continued government ownership stands in the way of a better valuation of the company. Yet, because the share offer route is politically more acceptable, all governments have relied on it. The National Democratic Alliance Government, whose attempts at popularising the strategic sale route were blocked by the Supreme Court's ruling in the HPCL case, pushed through the share sale agenda in March. In what is considered to be the high point of the programme the Government divested small stakes in ONGC, the profitable oil public sector enterprise, using the traditional, non-controversial method of stock exchange offerings. The UPA Government may have no ideological quarrel with this course.

THE HINDU 16

সুদ বাড়ানোর দাবি

প্রথম পাতার পর

(কোর সেক্টর) থেকে যেন সরকার সরে না আসে।

সংগঠিত ক্ষেত্রের বাইরে বেরিয়ে চিত্তবৃত্তবাবু অবশ্য ভূমি সংস্কারকে অগ্রাধিকার দেওয়ার দাবি তুলেছেন। তাঁর বক্তব্য ছিল, চাকুরির সুযোগ সৃষ্টির বিষয়টিও এর সঙ্গে সবচেয়ে বেশি করে যুক্ত। তিনি রেশন ব্যবস্থা আরও প্রসারিত করে সমস্ত অস্বচ্ছল মানুষের কাছে তা পৌঁছে দেওয়ার দাবিও করেছেন। গুরুদাস এর পাশাপাশি বড় কৃষকদের উপর কর বসানোর দাবি করেছেন।

তিনি করভিত্তি প্রসারিত করা, ব্যয়ের উপর কর বসানো বা সরকারি বিনিয়োগ বাড়ানোর পাশাপাশি তাঁদের দাবিসনদের দাবিগুলিরও পুনরাবৃত্তি করেছেন। বামপন্থীদের এই দাবিসনদে বোনাসের উর্ধ্বসীমা তুলে দেওয়া, মজুরি প্রদান আইন পাল্টানো, বেসরকারি প্রতিষ্ঠানের শিক্ষক-শিক্ষিকাদের গ্যাচুইটির ব্যবস্থা করা ইত্যাদি দাবি ছিল।

সব মিলিয়ে দেখলে নরমে-গরমে কংগ্রেস নেতৃত্বাধীন সরকারের সঙ্গে পাঞ্জা কষার পথে চলছেন বামপন্থীরা। আজ বাজেট নিয়ে বৈঠকের পরেও বাম শ্রমিক সংগঠন সূত্রে বলা হয়েছে, সরকারের উপর চাপ তৈরির জন্য নীচের তলায় আন্দোলন করতে হবে বলেই তাঁরা মনে করছেন। কারণ সরকার তাঁদের কতটা দাবি মানবেন আর কতটা মানবেন না, সে সম্পর্কে তাঁরা নিশ্চিত নন।

কাজেই নিজেদের রাজনৈতিক ভিত্তি মজবুত করার কাজটা তাঁরা করেই চলবেন। বিমানবন্দরের বিদেশি লগ্নি ৭৪ শতাংশ থেকে ৪৯ শতাংশে নামিয়ে এনেও কমিউনিস্টদের মন পাননি বিমানমন্ত্রী প্রফুল পটেল।

কিন্তু তাঁর বিরুদ্ধে গর্জনই যে সার, বর্ষণের কোনও সম্ভাবনা নেই, সে কথা

কমিউনিস্ট নেতারা একান্ত কথাবার্তায় বুঝিয়ে দিচ্ছেন। তার পর যখন বিষয়টা ফের মন্ত্রিপুঞ্জায় যাবে, তখন কোনও ভাবে নিরাপত্তার কারণ দেখিয়ে যদি বিদেশি লগ্নির উর্ধ্বসীমা আরও কমিয়ে দেওয়া হয়, তা হলেও কমিউনিস্টরা বেশ জোর গলায় দাবি করতে পারবেন, তাঁদের জয় হয়েছে। বিষয়টা নিয়ে আলোচনার জন্য ৮ তারিখে বাম শ্রমিক সংগঠনগুলি ফের বৈঠকে বসবে।

বাঙালি অ্যাটর্নি জেনারেল

নয়াদিল্লি, ৫ জুন: মনমোহন সিংহ সরকারের আইনি পরামর্শদাতার পদে এলেন এক বাঙালি।

ভারতের নতুন অ্যাটর্নি জেনারেলের পদ গ্রহণ করেছেন মিলন কুমার বন্দ্যোপাধ্যায়। দায়িত্ব নিয়েই মিলনবাবু বলেন মানুষ যাতে সুবিচার পায় সেই লক্ষ্যে সরকার ও বিচারবিভাগ যাতে এক জোট হয়ে কাজ করে সেটা দেখাই হবে তাঁর প্রথম কাজ।

সরকারকে সঠিক ও স্বাধীন আইনি পরামর্শ দেওয়া তাঁর কর্তব্য বলেও জানান তিনি। দীর্ঘ দিন ধরে মামলা চলার ফলে মানুষ যে অনেক ক্ষেত্রে ন্যায়বিচার পাওয়া থেকে বঞ্চিত হন সে কথাও স্বীকার করেছেন তিনি। এই দীর্ঘসূত্রিতাকেই বিচারবিভাগের প্রধান সমস্যা বলে মনে করেন তিনি। মিলনবাবু বলেন সুপ্রিম কোর্টের নবনিযুক্ত প্রধান বিচারপতি আর সি লাহোটিও এ ব্যাপারে তাঁর সঙ্গে এক মত।

— পি টি আই

BUDGET IN JULY FIRST WEEK

Reforms will continue, says Chidambaram

By Oommen A. Ninan

9.6.00
AD-1

MUMBAI, JUNE 3. The Union Finance Minister, P. Chidambaram, today said the ruling United Progressive Alliance was committed to encouraging investments in core sectors, containing the fiscal deficit, and maintaining fiscal prudence while continuing the path of reforms to achieve 7 to 8 per cent growth rate in the economy. He said the Union budget would be presented in Parliament in the first week of July and "we will hopefully be able to pass it in the first week of August."

At the end of his first visit to the country's financial capital after taking over as Finance Minister, Mr. Chidambaram told reporters: "I regard my role as minister for investment." "The purpose of this visit is to convey the message that the UPA Government under Dr.

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Manmohan Singh, the original reformer, will remain committed to the path of reforms. We also remain committed to maintaining fiscal prudence and discipline."

Today, Mr. Chidambaram met the Reserve Bank of India Governor, Y.V. Reddy, the Chairman of the Securities and Exchange Board of India, G.N. Bajpai, and leading industrialists.

"There were lot of questions on the Common Minimum Programme," the Minister later told the media. "My impression is that practically everybody is satisfied with the CMP and this will take the economy forward."

A happy development, according to Mr. Chidambaram, was that "after a prolonged investment drought, I can now see the investment activity picking up. Bankers have told me that in the last 10 weeks, they

have been able to achieve financial closure for six power projects with a capacity of 3,700 MW." Industrialists who met the Minister said they felt reassured on the reform process. "I was very impressed; he has a total grasp of the situation," said Harsh Goenka of the RPG Group. The Minister also expressed a strong bias for a lower interest rate regime.

As part of the pre-budget consultations, Mr. Chidambaram discussed with the industrialists the issue of raising resources and tax reforms. While investments in core areas would be accelerated by attracting foreign direct investment, the Government was committed to raising resources internally too, he said. It was understood that the much-discussed Value Added Tax (VAT) would be introduced soon.

Another report on Page 11

Left is not against reforms: Buddha

HT Correspondent & PTI
Kolkata/New Delhi, May 29

"COMMUNISTS ARE not fools. They are not against reforms. What we want is what the Prime Minister has said about reforms with a human face," Chief Minister Buddhadeb Bhattacharjee said today. He also made it clear that the state would avoid the path of confrontation on the Coal India headquarters shift issue.

After a 40-minute meeting with Prime Minister Manmohan Singh, which he described as "a courtesy call", Bhattacharjee said West Bengal had invited and received a high dose of foreign direct investment, especially in the field of IT and communications.

Claiming that West Bengal had received "maximum" FDI from Japan, he said leading companies like Mitsubishi and Marubeni were coming to the state in a big way. Similarly, IT giant IBM, which already has software facilities in the state, is going ahead with a major expansion plan. The Chief Minister said FDI is being invited particularly in those areas where it is needed.

Prodded to comment on JMM leader and Coal and Mines Minister Shibu Soren's statement that he would try to shift the Coal In-



PTI

Bhattacharjee leaves the Prime Minister's residence on Saturday.

dia headquarters from Kolkata to Ranchi, Bhattacharjee refused to say anything. "We don't want to antagonise any ally. We will talk to him and I am confident that we will resolve the matter."

On his meeting with the Prime Minister, Bhattacharjee said he had discussed the CMP in general terms and the "success stories" of his state in various fields, like land reforms, agriculture and IT and communications. "I have not come with a charter of demands for West Bengal... I am not a chief minis-

ter who asks for packages. If we have any specific problem, we will raise it with the Union ministries and not burden the PM."

The chief minister said the state has started discussions with Central leaders, including Pranab Mukherjee and P.R. Das Munshi, on the Ganga-Padma erosion and the problems of the jute mills among other issues.

Coal calculation

CPI(M) CENTRAL committee member Shyamal Chakrabarty on Saturday described as "unwarranted" Shibu Soren's remark that Coal India's headquarters might be shifted from Kolkata to Ranchi, and said it was a "sharp departure" from the common minimum programme. The CPI(M) will launch a nationwide agitation if such a move is initiated, he warned.

The Trinamool Congress is also fuming at Soren's statement. Sovandeb Chattopadhyay, leader of the party's trade union front, issued a statement condemning it. Party chief Mamata Banerjee, a former Coal Minister, reportedly told colleagues she would sit in dharna in front of the Coal India building to thwart the move.

বাজেট তৈরির প্রস্তুতি শুরু চিদম্বরমের বামেদের সব দাবি মানা সম্ভব না-ও হতে পারে

স্টাফ রিপোর্টার, নয়াদিল্লি ২৯ মে: অভিন্ন ন্যূনতম কর্মসূচির বিষয়টি ছিল পুরোপুরি নীতিগত। সেখানে কিছু পেয়েছেন, কিছুটা পাননি বামপন্থীরা। কিন্তু এ বার বাজেটে তাঁদের সমর্থনের ছাপ রাখতে চাইছেন কমিউনিস্টরা। তাঁরা কী কী চাইবেন, তা নিয়ে ভাবনাচিন্তাও শুরু হয়ে গিয়েছে।

অর্থমন্ত্রী পি চিদম্বরম বাজেট তৈরির প্রাথমিক কাজকর্ম শুরু করে দিয়েছেন। আগামী পাঁচ তারিখে তিনি ট্রেড ইউনিয়নের প্রতিনিধিদের সঙ্গে আলোচনায় বসবেন। বামপন্থী ট্রেড ইউনিয়নগুলি নিজেদের দাবি খুবই চড়া সুরে বেঁধে রাখছে। সি পি এম বা সি পি আই অতটা বেশি দাবি করবেন না বলেই রাজনৈতিক সূত্রের খবর।

তবে কমিউনিস্টরা দলগত ভাবে যে-সমস্ত দাবি করবেন, তারও অনেকটা শেষ পর্যন্ত সরকারের পক্ষে মেনে নেওয়া সম্ভব না-ও হতে পারে। এখনও পর্যন্ত যা ইঙ্গিত মিলেছে তার ভিত্তিতে বলা যায়, বামেদের দাবির মধ্যে থাকবে:

- ধনী কৃষকদের উপর কর বসানো,
- কিছু পণ্য ছাড়া বাকি ক্ষেত্রে আমদানি কর বাড়িয়ে সরকারের আয় বাড়ানো,
- বিশেষ ভাবে বয়স্ক নাগরিকদের জন্য এবং সাধারণ ভাবে স্বল্প সঞ্চয়ে সুদের হার বাড়ানো,
- প্রভিডেন্ট ফান্ডে সুদের হার ৯.৫ শতাংশে ধরে রাখা,
- আয়কর ছাড়ের উর্ধ্বসীমা আরও বাড়ানো,
- কালো টাকা এবং কর ফাঁকি ধরার জন্য আরও প্রশাসনিক ব্যবস্থা,
- শেয়ার বাজারে ফাটকাবাজির উপর আরও কড়া নজরদারি,
- গরিব কৃষক, শ্রমিক ও নিম্ন মধ্যবিত্তদের আয়ের ব্যবস্থা করতে বিভিন্ন প্রকল্প ঘোষণার পাশাপাশি ভর্তুকি বাড়িয়ে রেশন ব্যবস্থা জোরদার করা এবং কেরোসিনের দাম কমানো,

● মধ্যবিত্তদের কথা মাথায় রেখে রান্নার গ্যাসের দাম এখনই না-বাড়ানো, ইত্যাদি।
এই সব দাবির কিছুটা মেনে নেওয়া সরকারের পক্ষে সম্ভব। কর্মসংস্থানের জন্য আইন করা, কালো টাকা উদ্ধারের ব্যবস্থা নেওয়া, বয়স্ক নাগরিকদের জন্য সুদের হার বাড়ানোর মতো কিছু বিষয় সরকারের কর্মসূচিতেই আছে। কিন্তু আমদানি কর বাড়ানো, ভর্তুকি বাড়ানো, স্বল্প সঞ্চয়ে সুদের হার বাড়ানোর মতো বিষয়গুলিতে সরকারের পক্ষে খুব বেশি নমনীয় হওয়া কঠিন। কৃষকদের উপর কর বসানোর দাবির বিরোধিতা শুধু কংগ্রেস নয়, বিভিন্ন রাজনৈতিক দলের কাছ থেকেই আসবে।

কমিউনিস্টরাও এ বিষয়ে সম্পূর্ণ ওয়াকিবহাল। সি পি এমের এক নেতার বক্তব্য, “কিছু ক্ষেত্রে যে বামপন্থীদের সঙ্গে অন্যদের মৌলিক পার্থক্য আছে, সে কথা তো আমরা স্পষ্ট করেই বলেছি। কিন্তু যা করা উচিত বলে আমরা মনে করি, তা আমরা বারংবার বলে যাব। আমরা মনে করি, আমাদের দৃষ্টিভঙ্গি যে আলাদা সে কথাটা মানুষকে জানানোও আমাদের অধিকারের মধ্যে পড়ে।”

তবে, কমিউনিস্টদের একটা অংশ এখনও মনে করেন যে, তাঁদের বক্তব্য সম্পর্কে কংগ্রেস পুরোপুরি উদাসীন হবে না। জনগণের সঙ্গে ‘মধুচন্দ্রিমা’ চলার সময়েই সরকার বাজেটে মানুষকে বিরূপ করবে না বলেও তাঁদের আশা। বামপন্থীদের বক্তব্য, অন্তত প্রথম বারের বাজেটটা ‘ভালো’ হলে তাঁদের পক্ষেও কংগ্রেসকে সমর্থনের সিদ্ধান্ত কতটা ঠিক তা তুলে ধরা সহজ হয়ে যাবে।

কংগ্রেসে ফিরছেন না শরদ

মুম্বই, ২৯ মে— কংগ্রেসে ফেরার কোনও সম্ভাবনা নেই, স্যফ জানিয়ে দিলেন এন সি পি নেতা শরদ পওয়ার। আজ সাংবাদিক সম্মেলনে পওয়ার বলেন ‘বিদেশিনি’ গ্রন্থে কংগ্রেসের সঙ্গে কোনও দ্বিমত না থাকলেও, এন সি পি তার নিজের স্বতন্ত্র অস্তিত্ব বজায় রাখবে। সাংবাদিকরা প্রশ্ন করেন, সে ক্ষেত্রে কংগ্রেসের সঙ্গে তাঁদের আদৌ কোনও মতাদর্শগত তফাৎ থাকবে কি না। পওয়ার বলেন, ভবিষ্যতে এন সি পি তার নিজস্ব কৌশল স্থির করবে। এন সি পি প্রথম থেকেই কৃষি মন্ত্রক চেয়েছিল। ফলে ওই দফতরের মন্ত্রিত্ব পেয়ে পওয়ার এবং তার দল খুবই খুশি।— পি টি আই

শ্রমিক সংগঠনের সঙ্গে অর্থমন্ত্রীর কথা ৫ জুন

প্রজ্ঞানন্দ চৌধুরী

বাজেট তৈরির আগে বিভিন্ন মহলের চাহিদা বুঝে নিতে আলোচনায় বসার প্রস্তুতি নেওয়া হয়েছে। কিন্তু শ্রমিক এবং কৃষকের স্বার্থ সামনে রাখার প্রাক নির্বাচনী প্রতিশ্রুতি যে শ্রমিকের কথাই নয়, তা প্রমাণ করতেই সম্ভবত কেন্দ্রীয় অর্থমন্ত্রী পি চিদম্বরম প্রথমেই বসবে ট্রেড ইউনিয়নগুলির সঙ্গে। ২০০১ সালের পরে এন ডি এ সরকার প্রাক বাজেট এই বৈঠক ট্রেড ইউনিয়নগুলিকে ডাকা বন্ধ করে দিয়েছিল।

চিদম্বরম আগামী ৫ জুন এই বৈঠকের জন্য দিল্লিতে কেন্দ্রীয় ট্রেড ইউনিয়নগুলির নেতাদের ডেকে পাঠিয়েছেন।

সম্প্রতি বামপন্থী ট্রেড ইউনিয়নগুলি এবং এইচ এম এস কেন্দ্রীয় সরকারের কাছে বিভিন্ন দাবিদাওয়া সংক্রান্ত একটি সনদ পেশ করেছে। ওই সব দাবি আদায়ের জন্য দেশ জুড়ে এক দিন ‘দাবি দিবস’ পালন করার কথাও ভাবছে তারা। প্রধানত ৩৫ দফার ওই দাবি সনদ নিয়েই অর্থমন্ত্রী কেন্দ্রীয় ট্রেড ইউনিয়নগুলির নেতাদের সঙ্গে আলোচনা করবেন বলে জানা গিয়েছে। বামপন্থী ট্রেড ইউনিয়নগুলি ছাড়াও আই এন টি ইউ সি, এইচ এম এস এবং বি এম এসকেও ওই বৈঠকে সামিল হওয়ার আমন্ত্রণ জানিয়েছেন চিদম্বরম।

কেন্দ্রীয় ট্রেড ইউনিয়নগুলি আর্থিক যে সমস্ত দাবি কেন্দ্রের কাছে পেশ করেছে, তার মধ্যে রয়েছে প্রভিডেন্ট ফান্ড, স্বল্প-সঞ্চয় এবং ব্যাঙ্কে দীর্ঘমেয়াদি আমানতের উপরে সুদের হার বৃদ্ধি। এ ছাড়া রয়েছে ক্ষেত্র-মজুর এবং অসংগঠিত ক্ষেত্রের শ্রমিকদের সামাজিক সুরক্ষার জন্য তহবিল গঠন। কৃষি এবং পরিকাঠামোয় বড় ধরনের সরকারি বিনিয়োগেরও দাবি জানিয়েছে ট্রেড ইউনিয়নগুলি।

রাষ্ট্রায়ত্ত্ব ব্যাঙ্কের অনুৎপাদক সম্পদ আদায়ের ব্যাপারে আরও কঠোর ব্যবস্থা নেওয়ার দাবি জানিয়েছে ট্রেড ইউনিয়নগুলি। পাশাপাশি রয়েছে আয়কর ব্যবস্থা তেলে সাজা এবং কেরোসিন তেলের দাম বৃদ্ধি না-করার দাবিও।

ট্রেড ইউনিয়নগুলির ওই সব আর্থিক দাবি অর্থমন্ত্রীকে যে বেশ বিপাকে ফেলবে তা নিয়ে কোনও সন্দেহ নেই। বিশেষ করে প্রভিডেন্ট ফান্ডের সুদের হার নিয়ে অর্থমন্ত্রী কী সিদ্ধান্ত নেন, তার দিকেই তাকিয়ে আছে ওই প্রকল্পের আওতায় থাকা দেশের প্রায় সাড়ে তিন কোটি শ্রমিক-কর্মচারী। প্রভিডেন্ট ফান্ডের সুদের হার ৯ শতাংশ থেকে বাড়িয়ে ১২ শতাংশ করার দাবি জানানো হয়েছে। এ ব্যাপারে সমস্যাটা যেখানে দেখা দেবে তা হল, প্রভিডেন্ট ফান্ডের টাকা বিনিয়োগের জন্য যে-সমস্ত ক্ষেত্র নির্দিষ্ট করা আছে, তাতে অর্থ লাগি করে বর্তমান বাজারে ৮ শতাংশের বেশি আয় করা সম্ভব হচ্ছে না। ইতিমধ্যেই পি এফের সুদ মেটানোর ক্ষেত্রে ঘাটতি দেখা দিয়েছে। পি এফ প্রকল্প পরিচালনার খরচ বাবদ মালিকদের কাছ থেকে আদায় করা অর্থের তহবিল থেকেই ২০০০-০৪ সালে ওই ঘাটতি মেটানো হয়েছে। কিন্তু দীর্ঘ মেয়াদের ভিত্তিতে ওই ঘাটতি কী ভাবে মেটানো হবে, তা নিয়েই রয়েছে সমস্যা।

কেন্দ্রীয় সরকারের কোষাগার থেকেই ওই ঘাটতি মেটানোর দাবি তাঁরা করবেন বলে জানান এ আই টি ইউ সি-র সাধারণ-সম্পাদক এবং সি পি আইয়ের সাংসদ গুরুদাস দাশগুপ্ত। তাঁর যুক্তি, “প্রভিডেন্ট ফান্ড প্রকল্পটি তৈরি করা হয়েছিল কর্মীদের সামাজিক সুরক্ষা নিশ্চিত করার জন্য। তাই প্রয়োজনে ওই প্রকল্পে কেন্দ্রীয় সরকারকে ভর্তুকি দিতে হবে।” গুরুদাসবাবুর মতে, প্রভিডেন্ট ফান্ডের টাকা দেশের পরিকাঠামো তৈরি-সহ বিভিন্ন উন্নয়নের কাজে কেন্দ্রীয় সরকার ব্যয় করতে পারে। সে ক্ষেত্রে উচ্চ হারে সুদ দিলেও লোকসানের সম্ভাবনা নেই। অবশ্য গুরুদাসবাবু জানান, “এন ডি এ সরকার ওই হার ৮ শতাংশে নামিয়ে আনার পরিকল্পনা করছিল। আমরা ১২ শতাংশ সুদ আদায় করতে না-পারলেও বর্তমানের ৯.৫০ শতাংশ থেকে তা কমানোর কোনও প্রস্তাবই আমরা মানব না।

ব্যাঙ্কের অনুৎপাদক সম্পদ আদায়ের ব্যাপারে গুরুদাসবাবু জানান, “বর্তমানে অনেক ক্ষেত্রেই দেখা যাচ্ছে, মোট পাওনা টাকার থেকে অনেক কম টাকা নিয়ে দাবি ছেড়ে দিচ্ছে ব্যাঙ্কগুলি। আমরা এই ব্যবস্থার প্রতিবাদ জানিয়েছি।” তবে ‘ওয়ান টাইম সেটেলমেন্ট’ বা এককালীন টাকা নিয়ে দাবি ছেড়ে দেওয়ার যে ব্যবস্থা ব্যাঙ্কগুলি চালু করছে তাতে তাঁদের কোনও আপত্তি নেই বলে তিনি জানান।

বর্তমান আর্থিক বাজারে ট্রেড ইউনিয়নগুলির ওই সব দাবি চিদম্বরমের কাছে কতটা মেনে নেওয়া সম্ভব হবে, সেটাই এখন দেখার বিষয়।

10 May 2004

PC's certain, Left no problem

MR. VENKATESH

Chennai, May 29: Finance minister P. Chidambaram today said the United Progressive Alliance government at the Centre did not expect "any hurdles" to be placed by the Left parties on economic issues, because "they are as keen as us in seeing a strong and growing Indian economy".

The finance minister assured capital market players that there is no cause for worry from the new government, but said in the same breath: "One must learn lessons from the people's rejection in the recent elections of the BJP-led NDA's version of economic reforms and economic programmes."

The Left parties' role "will be a positive influence" in implementing various economic decisions, including public sector divestments, and ultimately "my mandate is the common minimum programme". Chidambaram said at his residence here late this evening before leaving for Sivaganga constituency to thank voters for electing him to the Lok Sabha.

The Congress Democratic Forum leader asserted that he was a Congressman. "I am

already a Congressman. Even when I filed my nomination, I have declared that I am a member of the Congress party," he said.

"My friends in the Congress Democratic Forum have convened the executive and the general council of the party here on June 5, and they would decide on merging it with the Congress."

Chidambaram said the question of PSU divestments had already been clarified by both Prime Minister Manmohan Singh and himself. He reiterated that profit-making PSUs "must be able to make profits on a sustained basis in a globally competitive environment. Such PSUs will remain in the public sector". He said the government would "take a decision on a case-by-case basis" on the others.

Asked for his reaction to the Left parties terming his characterisation of profit-making PSUs in a "globally competitive environment" as "World Bank language", the finance minister retorted: "Not to my knowledge."

The finance minister took a realistic stance on the recent developments in the stock market, saying markets were bound to

react either way to events. But, "I can assure that the Indian market is a reasonably well regulated market and even on Black Monday, 17th May, there were no payments defaults", he said.

Portfolio 'mystery'

Chidambaram today refuted DMK president M. Karunanidhi's remarks about a "*chidambara rahasyam* (mystery)" behind the allocation of portfolios to DMK ministers.

"Please visit the Chidambaram temple for Lord Nataraja and near the sanctum sanctorum, on the priests lifting the veil, you will see that *chidambara rahasyam* is nothing but an open, full-bright surface," the finance minister quipped.

"So there can be no *rahasyam* in this," Chidambaram said when asked about Karunanidhi's remarks that there could have been a *chidambara rahasyam* or Mayavaram — the old name of Mayiladuthurai from where the Congress' Mani Shankar Aiyar won — behind the deletion of portfolios first allocated to DMK ministers at the Centre. He, however, did not think there was any "friction" over this.

Welfare mantra to push reforms

Tax cess for classes, sops for masses

HT Correspondent
New Delhi, May 28

FINANCE MINISTER P. Chidambaram may levy a differential rate cess on income-tax payers and corporates to support the massive spending that the new government has planned for the education and health sectors. In its common minimum programme (CMP) released on Thursday, the alliance had declared it would earmark 5 per cent of GDP on education and 2-3 per cent on health.

Briefing the media today, Chidambaram said, "The doctrine of proportionality will be applied. I will take a look as to where the cess falls."

Chidambaram argued that no one can question the move to impose a cess to fund education and health: "The levy is to support the education of our children, grandchildren and dropouts from schools."

He did not specify how the doctrine of proportionality would be applied. But the fact is that the CMP allows the finance minister very little room to manoeuvre. According to the CMP, "The UPA government will introduce a cess on all central taxes to finance the commitment to universalise access to quality basic education."

While he can do little in the area of customs and excise, regarding direct taxes — income tax and corporate tax — some adjustment seems possible.

On the proposed third Voluntary Disclosure of Income Scheme to unearth black money, the finance minister said the CMP did not guarantee

Markets down with CMP cold

FOR ALL its commitment to reforms, the CMP proved a poor prop for investor confidence and failed to stop the downslide of the Sensex, which lost 223 points under sustained selling pressure. Over Rs 51,000 crore was wiped out through across-the-board sell-off by disillusioned investors. The Sensex opened steeply lower at 5026.92 and plunged further to the intra-day low of 4821.59 before ending at 4835.39, a sharp fall of 223.16 points or 4.41 per cent.

HTC, Mumbai

amnesty to tax evaders.

Chidambaram allayed fears about the future of reforms. On the CMP, he said, "I have the mandate to carry forward every reform programme commenced by governments headed by Rajiv Gandhi, P.V. Narasimha Rao and the United Front."

Describing the CMP as a "reaffirmation of reforms commenced from 1991", Chidambaram said 7-8 per cent growth on a sustainable basis was a "bold and brave declaration with enough room for more initiatives".

■ See also Page 11

THE HINDUSTAN TIMES

THE HINDUSTAN TIMES

INTEREST RATES AND INFLATION

OF ALL MACROECONOMIC variables, the one most discussed by policymakers and laypersons alike is the interest rate. Linking several segments of the domestic economy, interest rates have a major influence on that critical and visible component of the external sector, the country's exchange rate policy. In an increasingly globalising world, a country's interest rate policy has come to depend significantly on the interest rate stance of other countries, especially those with whom it has strong trade and non-trade relationships. Over the past three years, domestic interest rates have been brought down substantially, a development attributed to the ongoing financial sector reform process. Despite that, interest rates in the country are higher than in the developed world. The interest differential in favour of India is one of the reasons the country's reserves have grown at such a fast clip. During the same period, the cost of bank credit has come down substantially, matching the fall in the general level of interest rates. Banks have marked down their prime lending rates by more than 3 percentage points compared with three years ago. Yet the increase in credit offtake has not been commensurate with the reduced interest rate levels. This suggests that the institutional mechanism for credit delivery needs to be looked into along with the structural rigidities inhibiting a further reduction in the cost of bank credit.

The debate over the future direction of interest rates has been of perennial interest. Right now it has a certain contextual significance. On May 18, the Reserve Bank of India unveiled its monetary and credit policy for 2004-05. The central bank's stance on interest rates is closely linked to its view on inflation expectations. For the record, the RBI reiterates its commitment to a softer interest rate regime. Emphasising the

need to consolidate the gains obtained from reining in inflationary expectations, it says that all the good work that has helped to build confidence in price stability can come to nought in a remarkably short time. For inflationary expectations can turn adverse in a relatively short time if noticeable adverse movements in prices take place. The pointed reference here is to the prevailing high oil prices. The new Government has the unenviable task of shifting the burden from the public sector oil companies to consumers. Whatever be the quantum of increase in the domestic fuel prices, inflationary expectations are bound to go up, considering that the stickiness of the prices of oil and other commodities in global markets is not expected to disappear soon. Besides, persistent excess liquidity in the domestic markets can stoke inflationary expectations over time. For these reasons the RBI expects the inflation rate to be around 5 per cent during 2004-05. Right now it is around 4.2 per cent.

What is more, in the United States and other developed countries, interest rates are poised to go up. It may not be long before Indian interest rates follow suit. Another way of looking at interest rates is from the point of savers, a neglected lot. Interest rate discussions in this country have tended to be one-dimensional, taking into account borrower concerns alone. Sadly, certain categories of savers such as pensioners are already getting negative returns. The nominal returns from safe investment avenues such as bank deposits do not even cover inflation. Other investment avenues such as the share market, mutual funds and even non-banking finance companies have become risky. In a country where social security exists only for a very small segment of the population, inflation-related concerns affect ordinary people most of all.

Sensex salutes Chidambaram

OUR CORRESPONDENT

Mumbai, May 24: Last week it was the Manmohan magic that worked wonders, and a battered Sensex, the stock market bellwether index, gained close to 500 points in two consecutive trading sessions on Tuesday and Wednesday.

Today it was the charm of Palaniappan Chidambaram which sent share prices racing. The stock markets gave a rousing welcome to the country's new finance minister and the 30-share Bombay Stock Exchange index jumped 162 points.

Chidambaram, who had served as finance minister in the United Front government in 1996-97, is well-known for his progressive measures.

"Concern over the slowing down of reforms process has been eased. There is some confi-

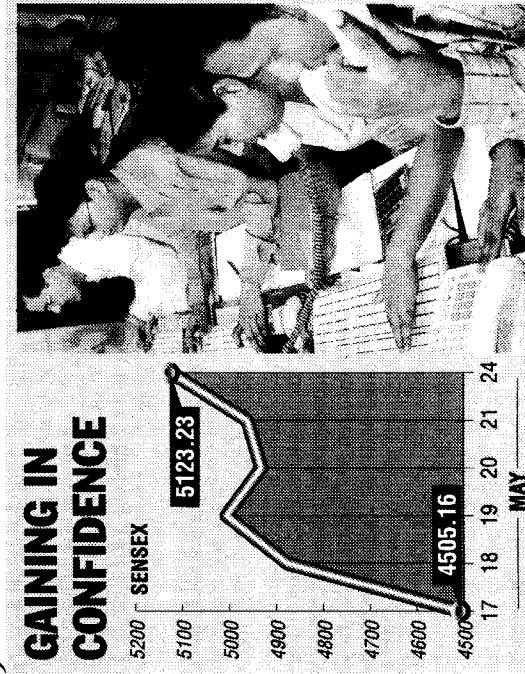
dence that the reform process would not be affected," a broker said.

"While Chidambaram has in the past introduced measures that were beneficial to the capital markets, his arrival could even inject confidence into the foreign institutional investors (FIIs)," he added.

Led by Infosys Technologies, IT stocks hogged the limelight scoring impressive gains on the back of heavy buying support throughout the session.

As a result, the BSE benchmark 30-share index opened firm at 4993.45 and gradually moved upwards to the intra-day high of 5132.90 before closing the day at 5123.23 compared with last Friday's close of 4961.57, a net rise of 161.66 points or 3.25 per cent.

The statement by Chidambaram after the mid-session that the Indian economy is in a



commitment on reforms.

Investors turned so confident that they discounted the anti-privatization passage in the draft common minimum programme of the government.

Operators and domestic financial institutions made hectic purchases following clear indications that the process of economic reforms would be carried forward by the Congress-led United Progressive Alliance.

The buying witnessed today culminated in all the sectoral indices ending in the positive territory. The BSE PSU index gained by 26.72 points while the Bankex rose 37 points. The IT sector index was the largest gainer with over 139 points gain.

Infosys spurred by Rs 415.05 to Rs 5319.20. Satyam, Wipro, Geometric Software, Hughes Software, HC Technologies, i-flex and Mastek notched up good

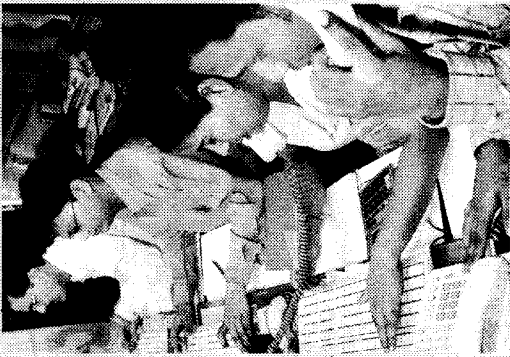
gains. Brokers said the buying in Infosys came ahead of the share turning ex-dividend.

Buying was also well spread across other counters that included Reliance Industries, SBI, Grasim, ACC, Gujarat Ambuja.

However, there were some voices of caution. Analysts feel it is still too early to conclude that pace of the reforms will not slow down.

"Many investors are awaiting further details of the common minimum programme. Moreover, they also want to seek specific measures from the government that will set the tone for a reforms-friendly government," an analyst at Khandwala Securities said.

Merrill Lynch has, for instance, cut its rating on Indian stocks to 'market weight' from overweight pointing out that investors should wait for measures from the new government.



facturing and employment came as a shot in the arm for the market which had already turned optimistic on the government's

resilient mode and his priority would be to consolidate the growth momentum with special emphasis on agriculture, manu-

বাজার চাঙ্গা করতে দাওয়াই নতুন সরকারের

বিলম্বীকরণ, বেসরকারীকরণের মধ্যে রেখা টানলেন মনমোহন

অমিতাভ গুহ সরকার

গত সপ্তাহে রক্তক্ষান করেছে ভারতীয় শেয়ার বাজার। একদিনে এত বড় পতন ভারতীয় বাজার এর আগে কখনও দেখিনি। নির্বাচনকে কেন্দ্র করে আগে থেকেই উত্তাল ছিল শেয়ার বাজার। বিভিন্ন পর্যায়ের বৃথ ফেরত সমীক্ষা সূচককে বার বার তুলেছে ফেলেছে। নির্বাচনের ফলাফল প্রকাশ হওয়ার পরে বাজারের প্রিয় বাজপেয়ী সরকারের পতনে সূচক বেশ খানিকটা নেমে এলেও কংগ্রেস একটি সংস্কারমুখী ভাল সরকার দিতে পারবে, এই আশায় পরদিনই উত্থান হয় শেয়ার সূচকের।

এর পরেই আসে মহাপতন। প্রস্তাবিত সরকারের বড় সহায়ক বাম জোটের মুখে বিলম্বীকরণ-বিরোধী মন্ত্র বার বার স্পষ্ট ভাবে উচ্চারিত হওয়ায় আতঙ্কে ভরপুর হয়ে ওঠে শেয়ার বাজার। ফলে রেকর্ড পতন হয় শেয়ার সূচকের। চারদিকে 'গোল গোল' রব ওঠায় বাজারকে সামাল দিতে বার বার বক্তব্য পেশ করতে হয় মনমোহন সিংহকে। প্রধানমন্ত্রীর পদ নিয়ে দীর্ঘ টালবাহানার পরে সংস্কারমুখী মনমোহন সিংহকে দেশের নতুন প্রধানমন্ত্রী হিসাবে পেয়ে খুশি হয় শেয়ার বাজার। সপ্তাহের শেষ দিনে প্রকাশিত নতুন সরকারের ন্যূনতম অভিন্ন কর্মসূচি মোটের উপর পছন্দ হয় শেয়ার বাজারের। প্রিয় প্রধানমন্ত্রী সবুজ সঙ্কেত দেখালেও বাজারের রং এখনও লাল। রক্তক্ষরণ এখনও বন্ধ হয়নি। বাজারের রক্তচাপ এখনও ৫০০০ অঙ্কের নীচে। বাজার এখনও বেরোয়নি নিবিড় যত্নকক্ষ বা আই সি ইউ থেকে।

এ বারের নির্বাচনকে কেন্দ্র করে বড় রকমের গুরুত্ব পেয়েছে শেয়ার বাজার। নির্বাচনের আগে এবং ফল প্রকাশের পরে মিডিয়া বাজারকে এতটা গুরুত্ব দেওয়াতে অনেকের মনেই প্রশ্ন জেগেছে সত্যিই কি বাজারকে এতটা গুরুত্ব দেওয়ার প্রয়োজন ছিল? দেশের এই বিশাল জনসংখ্যার কত শতাংশ শেয়ারে লগ্নি করেন? বাজার উঠল কী পড়ল, তাতে আপামর জনতার কী এসে যায়? এই সব প্রশ্নের উত্তর আমরা পরে খুঁজব। আগে দেখা যাক, বাজার পড়ল কেন এবং যে কারণে পড়ল তার যৌক্তিকতা কতটা ছিল।

শেয়ার বাজারের মহাপতনে এ বার ভিলেনের ভূমিকা নিয়েছিল বিলম্বীকরণ শব্দটি। শব্দটি অতি পছন্দ বাজারের, কিন্তু একদমই নয় বাম দলগুলির। বিলম্বীকরণের বিরুদ্ধে বামদের গোঁড়ামি মনমোহন সিংহ কী ভাবে সামলান তাই

ছিল দেখার। যে অর্থনীতি আমরা গ্রহণ করেছি, তাতে বিলম্বীকরণকে অপশ্য বলা সম্ভব ছিল না অভিজ্ঞ মনমোহন সিংহের পক্ষে হকি খেলার নিয়মে যে ফুটবল খেলা পরিচালনা করা যান, তা তিনি ভালই জানেন। সব পক্ষের মন রাখতে মনমোহন তাই রেখা টেনেছেন বিলম্বীকরণ এবং বেসরকারীকরণের মধ্যে। তাঁর সিদ্ধান্ত, ল্যাজজনক সরকারি সং বেসরকারি হাতে তুলে দেওয়া হবে না। তবে পরিচালনার এবং অধিকাংশ মালিকানা সরকারের হাতে রেখে রাখা সংস্থার শেয়ার বাজারে ছাড়াই যেতে পারে। দেশের অর্থনীতি এবং সাধারণ মানুষের কাছে এই বিলম্বীকরণের প্রয়োজনীয়তা বিরাট। ছোট পরিসরে একনজর আমরা দেখে নিই বিলম্বীকরণ কেন আমাদের প্রয়োজক।

১) নিয়ন্ত্রণ বজায় রাখা লাভজনক সরকারি সংস্থার শেয়ার জনসাধারণের কাছে বিক্রি করে বিপুল পরিমাণ সম্পদ সংগ্রহ সম্ভব, দেশের পরিকাঠামো, শিল্প এবং কৃষি উন্নয়নের কাজে হার করা যেতে পারে। এর সুফল অবশ্যই বর্তাবে সাধারণ মানুষের উপর।

২) রাষ্ট্রায়ত্ত সংস্থার জনসাধারণ যদি অংশগ্রহণ করে, তাতে আপত্তি কোথাওতে সংস্থার উৎকর্ষ বাড়বে। সরকার এবং জনসংগণ উভয়ের কাছেই জবাবদিহি করতে দায়বদ্ধ থাকবে রাষ্ট্র সংস্থার পরিচালনপর্ষদ।

৩) নামী সরকারি সংস্থার শেয়ার ছাড়া হলে বাজারের গুণগত মান বাড়বে। বিশিষ্ট ও বিদেশি লগ্নিকারীরা আরও আকৃষ্ট হবেন শেয়ারগারের প্রতি।

৪) সরাসরি ন্যস্ত সংস্থা থেকে কোম্পানিতে পরিবর্তিত হয়ে যে সরকারি সংস্থা বা ব্যাঙ্ক বাজারে শেয়ার ছেড়েছে, দর প্রায় প্রত্যেকেরই ব্যবসাতে অভূতপূর্ব উন্নতি ঘবে। বেড়েছে ডিভিডেন্ডের হার। এর ফলে সরকার ও কারী জনসাধারণ উভয়েরই লাভ হচ্ছে।

৫) ভাল সরব শেয়ারে লগ্নি করে মুনাফা অর্জন করতে পারেন সাধমানরাও।

৬) যদি যৌক্তিকভাবেই মনে নেওয়া হয়, তবে বিলম্বীকরণে নীতিআপত্তি কোথায়? আধুনিকীকরণের জন্য বেশ কিছু রাষ্ট্র সংস্থার বিশাল অর্থের প্রয়োজন। বিলম্বীকরণ অর্থবন শেয়ার ইস্যু করে এই অর্থ সংগ্রহ করা না হলে অর্থ কে কোন্ সূত্র থেকে? আধুনিকীকরণ না হলে রূপণ হাড়াবে ওই সব সংস্থা। এর প্রভাব পৌঁছবে সরকার শ্রমিকদের ঘরে। আবার প্রশ্ন উঠবে

ভর্তুকির। শুধু ভর্তুকি দিয়ে দেশ চলে না। এর জন্য যে-বিপুল পরিমাণ অর্থের প্রয়োজন, তার কথাও ভাবতে হয়। অর্থাৎ দেশের সরকার এবং সাধারণ মানুষের কাছে সরব হারি সংস্থার আংশিক বিলম্বীকরণ (বেসরকারীকরণ নয়) এ কটি অতি গ্রহণযোগ্য প্রস্তাব। অর্থাৎ বিলম্বীকরণ কথাটি অপশ্য নয়। একে নিয়ে বর্তমান অর্থনৈতিক দুনিয়ায় গোঁড়ামি চলে না। বিভিন্ন ক্ষেত্রে ভর্তুকি চালু রাখা, সুদ বাড়ানো, বেংলার দাম না-বাড়ানো এবং বিলম্বীকরণ বিরোধী দাবির পাশাপাশি একইসঙ্গে ভাবতে হবে এই সবের জন্য প্রয়োজন বিপুল পরিমাণ অর্থ আসবে কোন্ সূত্র থেকে।

এ বার আসা যাক শেয়ার বাজারের গুরুত্বের কথায়। যে অর্থনীতি আমরা গ্রহণ করেছি, তার একটি বড় অংশ আবর্তিত হয় শেয়ার বাজারকে কেন্দ্র করে। গত এক বছরে দেশের অর্থনীতিতে একটু চাঙ্গা ভাব আসায় শেয়ার বাজারের মাধ্যমেই এই অর্থনীতিতে লগ্নি হচ্ছে হিমালয় প্রমাণ বিদেশি মুদ্রা। এরই ফলে আমাদের বিদেশি মুদ্রার ভাণ্ডার এখন এত স্কীত। দেশের সার্বিক উন্নয়নের জন্য যে-বিপুল পরিমাণ মূলধনের প্রয়োজন, তার পুরো জোগান দেশের ভিতর থেকে দেওয়া সম্ভব নয়। বিদেশ থেকে এই মূলধন আসতে পারে শেয়ার বাজারের মাধ্যমেই।

শেয়ার বাজার চাঙ্গা না-থাকলে রূপণ হয়ে পড়বে দেশের শিল্প। বর্তমান অর্থনৈতিক পরিকাঠামোয় দেশের শিল্প-ব্যবসার সিংহভাগ এখন থাকবে বেসরকারি হাতে। আধুনিক শিল্পের জন্য প্রয়োজন বিরাট অর্থের, যার এক টি বড় অংশ আসে শেয়ার ইস্যুর মাধ্যমে। এই অর্থ না-পোলে শিল্প রূপণ হয়ে পড়বে। মূলধনের অভাবে শিল্প রূপণ হ য়ে পড়লে আঘাত পৌঁছবে শিল্পপতি, শ্রমিক উভয়ের ঘরেই।

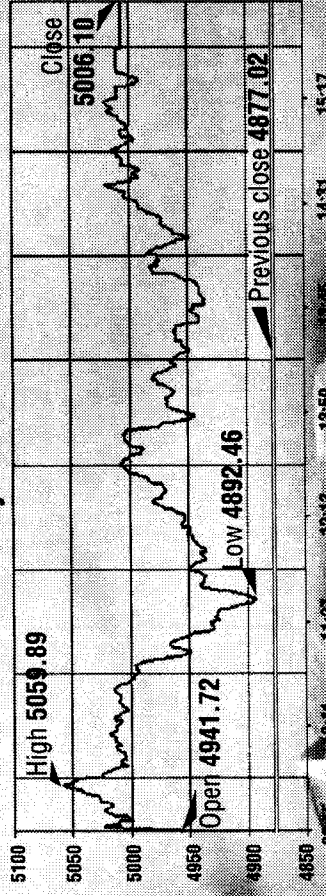
শেয়ার বাজার ঝিমিয়ে পড়লে মার খাবে মিউচুয়াল ফান্ড শিল্প। এর প্রতিকূল প্রভাব পৌঁছবে সাধারণ মানুষের ঘরে। অসংখ্য সাধারণ মানুষ একটু বেশি আয়ের লক্ষ্যে এখন লগ্নি করেন শেয়ার বাজারে। বাজার তলিয়ে গেলে রাতের ঘুম চলে যাবে এঁদেরও। শেয়ার বাজারের প্রভাব আজ এতই বেশি যে, পরোক্ষ ভাবে কৃষিকেও খানিকটা নির্ভর করতে হয় শেয়ার বাজারের উপর। বহু শিল্প ব্যয়-নির্ভর এবং সেই সব শিল্প আবার শেয়ার বাজার নির্ভর। শিল্পের উৎকর্ষ বাড়লে কৃষির পণ্যের চাহিদা বাড়ে এবং চাষির হাতে অর্থ পৌঁছয়। এত সব কারণে চিনের মতো দেশেও শেয়ার বাজার আজ অতি জনপ্রিয়। একই কারণে ভারতেও শেয়ার বাজারের গুরুত্ব আজ অসীম। মুখে একে উপেক্ষা করলেও কাজে করা যায় না।

Manmohan mesmerises markets

Sensex
back
above
5000

MAGIC TOUCH OF THE DOCTOR

Intra-day sensex movement



Rupee
surges
25 paise

OUR CORRESPONDENT

Mumbai, May 19: The possibility of Manmohan Singh becoming the next Prime Minister saw the rupee gain 25 paise against the dollar with government security prices also climbing upwards.

The rupee, which also drew inspiration from a strong rise in equity values, closed at 45.2250/2350 against the dollar, whereas yields on the benchmark 10-year government security was lower at 5.19 per cent. In a fairly active trade at the forex market, the rupee opened firm at 45.31/33 per dollar and hit a peak of 45.17/21, buoyed by the news that Singh is likely to become the next Prime Minister.

The rupee has thus gained by nearly 40 paise since it took a hit last week due to statements made by some Left parties that generated concerns about the

pace of economic reforms. Notwithstanding apprehensions about the direction of the reforms process, exporters sold dollars heavily in the hopes of a stable government at the Centre, leading other banks and participants to unwind long overbought dollar positions, bankers said. This had resulted in the rupee breaching the 46-per-dollar mark at the beginning of this week when there was a bloodbath on the stock exchanges.

However, sentiments have changed for the better since yesterday when indications became stronger that Singh is likely to be the Prime Minister.

Analysts said while the appointment of Singh is seen as a positive signal by the markets, outlook on the rupee could remain bullish against the greenback. However, some expect volatility as the sentiment will be news-driven with factors like Common Minimum Programme and the constitution of the new government weighing on the market's minds. Moreover, the observations of international rating agencies, which are expected over the next few weeks, could also affect the rupee.



Reddy: Looking beyond

Growth may top 7%

Mumbai, May 19 (PTI): The Reserve Bank today said economy could grow beyond 7 per cent in 2004-05 on a backdrop of global recovery aiding exports even as it indicated a preference for stable interest rate regime to provide a conducive investment environment.

"What we say if you reach around 7 per cent, it amounts to a structural shift and what will take us to a higher level is the cyclical factor, which is surge in exports with global recovery," RBI governor Y. V. Reddy said.

The RBI, in its annual policy for fiscal 2004-05, has pegged the gross domestic product (GDP) at 6.5-7 per cent. If acceleration in growth noticed during the third quarter of last fiscal is sustained, the real GDP growth in 2004-05 could well be higher at around 7 per cent, it had stated.

Reddy said growth of US economy estimated at 4 per cent would facilitate in global recovery and Indian exports.

The country's GDP rate was realistic and sustainable with structural shift like favourable policy environment, he said.

Referring to interest rates, the RBI governor said, "Indian rates are absolutely in tune with the band of relevance and the domestic consideration indicate to stability."

On inflation, Reddy said, "It is not optimistic. Though international factors like oil and commodity prices have grown, the domestic situation is comfortable with good monsoon, food stocks and productivity gains."

Reforms in safe hands

OUR CORRESPONDENT

ing to see a person, who has been the country's finance minister in a very difficult time, becoming the Prime Minister. His ability to take along even the Left parties makes him the right person to lead the country."

Biocon CMD Kiran Mazumdar Shaw said, "It is very interesting to have an economist as the Prime Minister. It gives us the hope that economic reforms will be looked at in a serious and responsible manner."

Onkar S. Kanwar, chairman and managing director of Apollo Tyres, said, "I wish him all the success. It was the Congress who really initiated economic reforms in the country. Under his prime ministership, the country's reforms will further accelerate and scale new heights. As far as the Left is concerned, they have done better work in Bengal than Chandrababu Naidu did in Andhra Pradesh."

Y. K. Modi, FICCI president, said, "The economy will move at a faster pace. For the first time in the country's history a former finance minister is becoming the Prime Minister. The move is certainly positive."

NDTV makes dazzling debut

OUR CORRESPONDENT

Mumbai, May 19: New Delhi Television Ltd (NDTV) made a sparkling debut on the bourses with its shares closing at a 42 per cent gain from its offer price of Rs 70.

The shares of the Prannoy Roy and Radhika Roy-promoted company closed at Rs 99.40 on volatile trading. The listing of the NDTV scrip was delayed by a day from Tuesday after the market mayhem on Monday.

The first trade for one share was struck at Rs 100. The NDTV scrip rose to an intra-day high of Rs 124.85 in early trades, but declined to a low of Rs 76.65 before bargain hunting saw the share recovering.

treating from its gains," a broker said. The key index resumed its climb again when reports filtered in at around 2 pm that Sonia was interested in the post.

The sensex ended the day at 5006.10 compared with Tuesday's close of 4877.02, a net rise of 129.08 points or 2.65 per cent.

Analysts tracking the equity markets say that although the market has now factored in the appointment of Singh as the next Prime Minister, stock values will now be largely news driven over the next few days.

News that Singh will become the next Prime Minister boosted the bruised PSU and banking scrips. The BSE-PSU index flared up by 274.35 points or 9.21 per cent to close at 3253.36 from the previous close of 2979.01 and the banking index shot up by 131.10 points or 5.12 per cent to 2692.18 from 2561.08.

Mumbai, May 19: The markets are breathing easy again. Buoyed by reports that Manmohan Singh — the poster boy of Indian reforms — is set to become the next Prime Minister, shares extended their gains for the second successive day. The sensex topped the key 5000 mark and closed with a gain of 129 points.

The capital markets, which were intensely watching the developments unfolding in the capital throughout the day, witnessed volatility as faint doubts lingered that Sonia Gandhi may give in to the wishes of party members and take up the Prime Minister's post.

The day began on an optimistic note when the BSE 30-share index opened positive at 4941.72 and later rallied sharply beyond the 5000-mark to the intra-day high of 5059.89. Operators who did not get the opportunity to offload their positions during the last two sessions, booked profits at higher levels.

While equity values did come off their highs following such profit booking, they again started looking up following news that DMK will participate in the government.

However, the uncertainty over who would ultimately become the Prime Minister continued to linger and attempts by senior Congress leaders to persuade Sonia Gandhi to reconsider her earlier stand saw equities retreating from their gains.

"There was this news conference by Ambika Soni and Jaipal Reddy where they talked about approaching Sonia Gandhi again. This saw the sensex re-

Rally, Reddy bring some relief

FIs in rescue act, sensex rebounds

OUR CORRESPONDENT

Mumbai, May 18: After the free fall on Monday that cost the stock market 565 points, a series of positive developments, including a massive salvage operation by financial institutions, led to a strong recovery of over 372 points in the sensex, with a sizeable part credited to speculation of Manmohan Singh becoming the next Prime Minister.

The BSE benchmark 30-share index opened firm at 4547.70 and later rallied sharply to an intra-day high of 4949.27 before closing at 4877.02, a net rise of 371.86 points — the second largest gain in the history of BSE.

Early morning trades saw prices bouncing off from their lows, which many players surmised as a relief rally. The momentum picked up dramatically as news of Sonia Gandhi opting out trickled in around 2.30 pm. The gains accelerated in the last one hour and the sensex closed up 8.25 per cent.

"It's a rebound, I guess," says Arun Kejriwal of Kejriwal Research & Investment Services. "To sustain this, we need to see a common minimum programme and a Prime Minister," he added.

The market recouped a good part of its Black-Monday losses today due to bargain hunting and short covering in blue chip stocks. The early morning session saw a salvage operation by Indian financial institutions.

HDFC Bank, a blue chip stock, rose 24.47 per cent to Rs 356.30. Wipro gained 22.33 per cent, recovering from its intra-day low of Rs 1,230 to Rs 1543.60.

PSU stocks were back in favour. After being dumped as the privatisation programme hit a roadblock, they staged a smart recovery as the dividend paying companies are expected to give good yields at current prices. HPCL closed at Rs 318.85, up 1.29 per cent over its previous close.

The rally was enlivened by the Reserve Bank's decision to reduce the margins by 10 per cent to 40 per cent for bank financing against shares. Further, the minimum cash margin of 25

per cent (within the margin of 50 per cent) was cut to 20 per cent. The banking and technology sectors shot into prominence on the back of continuous buy orders at attractive price levels.

The banking index shot up 276.99 points or 12.13 per cent to close at 2561.08 compared with its previous close of 2284.09 and the BSE-infotech index zoomed 175.81 points or 11.34 per cent to 1726.51 from its last close of 1550.70. The volume of business rose sharply to Rs 2479.88 crore from Rs 2059.56 crore on Monday. The BSE-PSU index bounced back by 185.64 points or 6.65 per cent to 2979.01 against Monday's close of 2793.37.

FIs quiet. Who sold?

Interestingly, the market regulator's figures have revealed that foreign institutional investors, who have been selling in the past week, were quiet on Monday. FIIs invested Rs 1,236.40 crore and sold shares worth Rs 1,299.90 crore, with a net sales figure of Rs 63.60 crore. Therefore, their contribution to the fall was very small. Today, FIIs made fairly good investments in blue-chips at the prevailing lower levels.

The FII net sales figures fuelled several conspiracy theories on who pushed the markets off the cliff on Monday. Dealers say if banks were selling it would have been during mid-day trades and not in the morning. It could even be FIIs who sold big during early trades only to buy later, say some analysts. Or it could be some treasury market operations by companies, they hinted.

Sebi swings into action

The Securities and Exchange Board of India (Sebi) today met exchange representatives to take stock of the situation. The regulator asserted that the financial markets were safe for investing and there was no payment crisis.

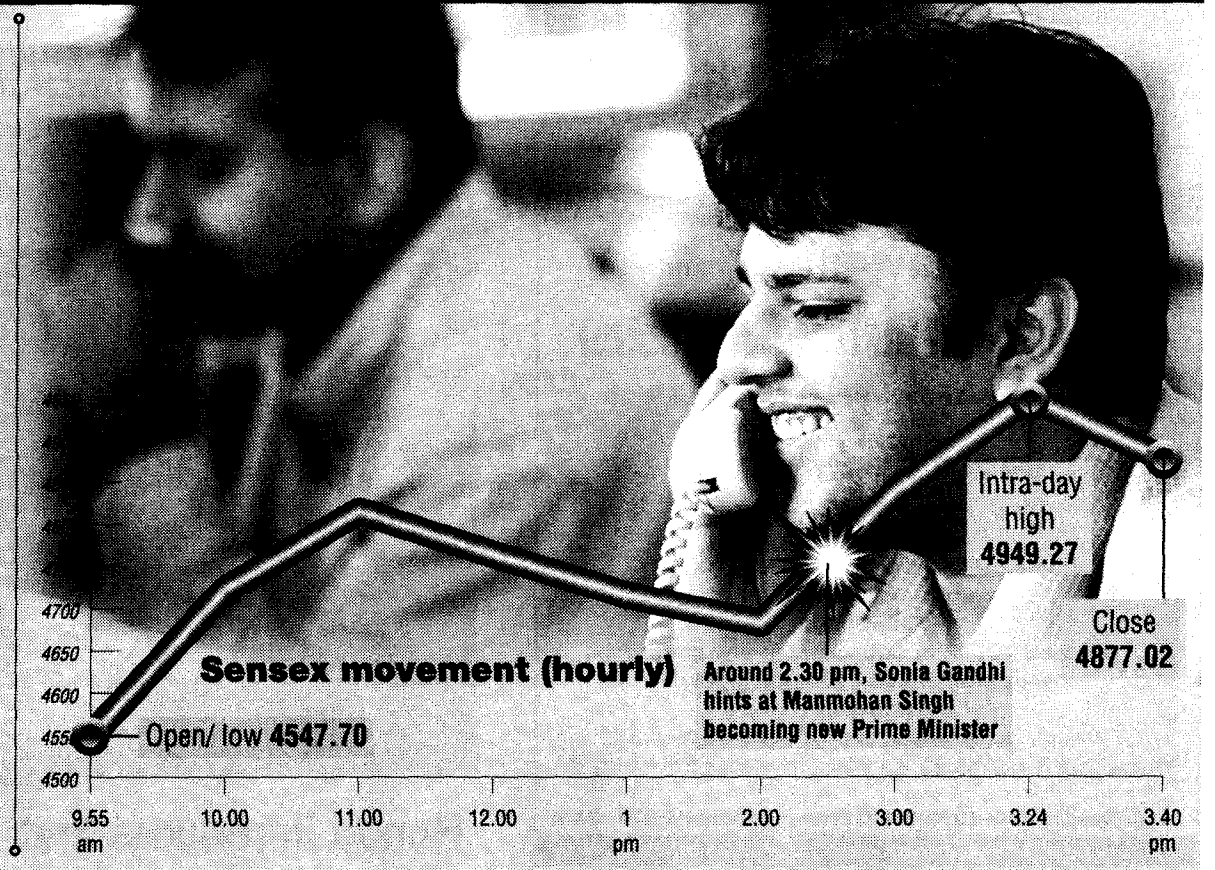
Sebi said the risk management systems at the exchanges were "robust" enough to withstand extreme volatility and there would not be any problem in settlement of trades. The statement had a positive impact.

MERRY-MAKING AT DALAL STREET-MINT ROAD CROSSING

Policy pointers



- Status quo on interest rate and liquidity. Bank rate, repo rate, cash reserve ratio (CRR) left unchanged
- RBI indicates neutral policy shift as it talks about keeping a close watch on inflation
- Banks allowed to raise long-term bonds for infrastructure funding
- Bank boards allowed to fix their policy on unsecured exposures
- Banks given freedom to enhance their exposure to a borrower up to a maximum of further 5 per cent of capital funds
- Higher provisioning requirement introduced according to age of NPAs
- Incentives for the farm sector in terms of waiver of margin/security requirements for agricultural loans
- Corporate debt restructuring to be developed for medium enterprises



Soft rate stance for now

OUR CORRESPONDENT

Mumbai, May 18: The Reserve Bank of India (RBI) maintained a status-quo on interest rates and liquidity with the bank rate, repo rate and cash reserve ratio (CRR) left untouched. However, the central bank dropped mild hints towards a possible shift to a neutral policy when it said that a close watch would be kept on global rates and inflation.

In the credit policy announcement that saw the central bank perhaps waiting for more cues from the new government at the Centre, the RBI pushed credit availability to both the farm and non-farm sectors.

Explaining the status quo stance, RBI governor Yaga Venugopal Reddy said domestic factors weigh heavily, indicating a need for stability.

"In the current assessment, interest rates are appropriate," Reddy said after unveiling the lean-season policy for 2004-05.

The stance of the monetary policy for 2004-05 would be to pursue an interest rate environment conducive to maintaining the momentum of growth and macroeconomic price stability, while continuing with the status

quo, Reddy said. Interest rates in major economies are likely to harden, he added.

Analysts tracking the annual policy said though Reddy has not overtly indicated a shift towards a neutral policy from a soft stance, he has issued pointers by asking to keep a close watch on inflation and global developments.

The RBI kept the bank rate unchanged at 6 per cent, while both the repo rate and the CRR were untouched at 4.5 per cent.

The RBI gave more freedom to bank boards on various counts. Bank boards are now open to enhance the exposure to a borrower up to a maximum of further 5 per cent of capital funds, subject to the borrower consenting to the banks making appropriate disclosures in their annual reports.

At present, banks are allowed to assume single and group borrower credit exposure of up to 15 per cent and 40 per cent of capital funds, respectively, with an additional allowance of 5 per cent and 10 per cent of capital funds for the infrastructure sector.

Exposures of banks that are fully guaranteed by the govern-



CREDIT POLICY

would be exempt from the purview of credit exposure norms. The central bank also allowed banks to raise long-term bonds with a minimum maturity of five years to the extent of their exposure of residual maturity of more than five years to the infrastructure sector.

According to analysts, this move will lead to higher lendings in this sector, apart from avoiding asset-liability mismatches.

In another move to extend further flexibility to banks on their loan policies, the RBI withdrew the existing limit on unsecured exposures to enable bank boards to fix their own policies on unsecured exposures.

At present, banks are required to limit their commitments of unsecured exposure so that 20 per cent of their outstanding unsecured guarantees and the total of their outstanding unsecured advances did not exceed 15 per cent of the total

outstanding loans.

However, the central bank added that banks would be required to make a total provision of 20 per cent of the total outstanding advances in the sub-standard category to cover expected loss on unsecured exposures.

In the farm sector, the annual policy allowed banks to waive margin/security requirements for agricultural loans up to Rs 50,000. To further boost securitisation, RBI said banks' investment in securitised assets representing direct lending to agriculture would be treated under the priority sector.

The annual policy also tried to reach out to the small and medium enterprises where attempts to kickstart a mechanism for debt restructuring on the lines of corporate debt restructuring (CDR) was initiated.

On non-performing assets, he said banks have to introduce graded higher provisioning requirements according to the age of non-performing assets which are included under the "doubtful for more than three years" category with effect from March 31, 2005.

Succour for investors

OUR CORRESPONDENT

Mumbai, May 18: The Reserve Bank of India today lowered the margins that banks have to maintain for financing against shares, initial public offerings or issue of guarantees to 40 per cent from 50 per cent. The move is expected to bring more liquidity in the hands of the investors.

According to analysts, the move was spurred by Monday's colossal loss on the stock markets. However, the central bank said in a statement issued today, that this decision was taken on the recommendations made by the task force constituted for monitoring the developments in the financial markets.

"It has been decided to restore, with immediate effect, the status quo on margins that banks have to maintain for financing against shares/IPOs/issue of guarantees. The margins will now be 40 per cent against the earlier 50 per cent. Furthermore, the minimum cash margin of 25 per cent (within the margin of 50 per cent) stands reduced to 20 per cent."

Earlier this year the margins against shares were increased from 40 per cent to 50 per cent when the market was experiencing a bull-run and the BSE sensex had breached the 6000-mark. In fact, the RBI had increased the margins only a day after the sensex had surpassed the magic mark.

The move was then welcomed by capital market analysts who interpreted it as a measure aimed at insulating banks against the risks arising from lending against shares.

Justifying its move, the central bank had said that though it has not come across any troublesome signals regarding banks' exposure to capital markets, it would be prudent to avoid any pitfalls arising from a falling market.

In May 2001, the RBI had prescribed norms, which required banks to increase margins on loans against shares to a uniform 40 per cent.

Debt recast cell for medium-scale units

OUR SPECIAL CORRESPONDENT

Calcutta, May 18: With the corporate debt restructuring (CDR) cell getting a favourable response from large companies, the Reserve Bank of India today announced in its monetary policy that a similar cell would be set up for medium enterprises.

The cell will enable medium enterprises to revive their financial health within a short time span.

"This is a good move to revive the medium-scale enterprises," Allahabad Bank chairman and managing director O. N. Singh said.

The CDR cell, set up for large companies, handle accounts with outstanding exposure of Rs 20 crore and above. The proposed cell is expected to handle accounts with an outstanding exposure of Rs 1 crore to Rs 5 crore.

A senior IDBI official said this was a much-needed cell. "A huge number of medium-scale enterprises need financial restructuring. Often, banks and financial institutions take years to work out a package for them. The new CDR cell will help these units. It will prove to be a win-win situation for financial intermediaries and companies."

Explaining the rationale behind the proposal, a senior Reserve Bank official said, "Ever since the inception of the CDR cell for big companies 18 months ago, banks and institutions have managed to prevent assets aggregating

Rs 56,794 crore from going to the seed even as liabilities of companies, which were affected by internal and external factors, have been restructured."

The CDR cell approved 72 corporate proposals worth Rs 56,794 crore, rejected 19 proposals amounting to Rs 2,501 crore and is currently processing 17 proposals aggregating Rs 5,272 crore.

At present, 44 banks and financial institutions are part of the CDR mechanism.

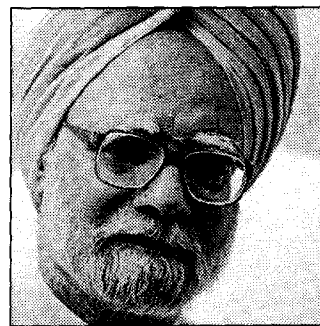
The intention of the central bank is that banks should lower their non-performing assets (NPAs) in their books, the RBI official added.

"One way of doing it is through debt restructuring where banks and financial institutions together work out a package for the company as well as the lenders," the official said.

The system is applicable only to standard and sub-standard accounts. However, potentially viable cases of NPAs get priority.

"The amount involved in medium enterprises will be much lower and so banks and financial institutions will not take much time to sort out the problem once the case is referred to the CDR cell," the IDBI official said.

Proposals under CDR generally entail extending the repayment period of loans, converting unsecured portion of interest into term loans and reducing the rate of interest on outstanding advances. Promoters are also asked to chip in with equity.



Singh: Balance is key

Growth forecast realistic: Singh

OUR CORRESPONDENT

New Delhi, May 18: The RBI's growth forecast of 6.5-7 per cent is realistic compared with last year's 8.1 per cent, which is inflated," said senior Congress leader Manmohan Singh.

"It is not impossible to achieve a yearly growth rate of 8 per cent but we have to work towards goals and design policies to promote savings, investments and competitiveness," he added.

Singh feels the projected 5 per cent rate of inflation for 2004-05 needs to be controlled as rising prices is a national priority.

"We have to watch the price trends as rising prices and specially energy prices have a bearing on inflation rates," he said.

Economy to grow at 7%

OUR CORRESPONDENT

Mumbai, May 18: The Reserve Bank today projected that the gross domestic product (GDP) of the country would grow at a rate of 6.5-7 per cent this year, which would enable India to rank among the top global performers.

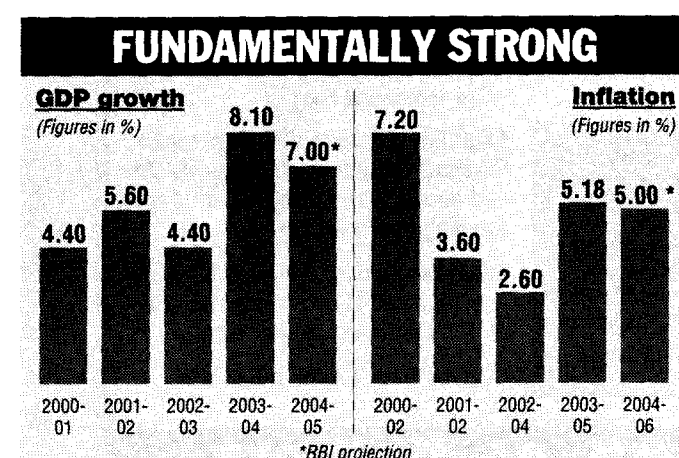
In its lean season credit policy for 2004-05, the RBI said the inflation rate for this year is likely to be around 5 per cent without any upward bias, assuming no significant supply shocks and appropriate management of liquidity.

According to RBI governor Yaga Venugopal Reddy, the central bank has taken into account various factors, including business confidence and credit demand pick-up, in formulating the GDP growth rate projection.

The growth rate of 6.5-7 per cent, which was fairly high by global standards, was backed by a conducive environment and strong fundamentals, he added.

According to Reddy, an 8 per cent growth is achievable even as a 7 per cent growth will mean a structural shift in the economy.

The central bank said the GDP growth in 2003-04 had both



cyclical and structural elements. The cyclical ones pertain to global recovery which may continue with a rebound in agriculture. On the other hand, several structural factors impart robustness and resilience to the economy. While the services sector has expanded globally, manufacturing too is on a growth path.

"Assuming normal monsoon conditions, in spite of several uncertainties, especially in the global economy, and unless there are totally unanticipated shocks, there are reasons to expect that

in terms of growth in GDP in 2004-05, the country will continue to be among the top performers globally," RBI said.

However, the central bank stressed on a close watch on global developments for their impact on inflationary expectations. This comes even though the price situation during this fiscal is not seen as a source of concern for macro stability.

On the pick-up in credit that had been witnessed since the latter part of 2003-04, RBI said the growth would continue. Yet,

there was a need for improving the flow of credit to agriculture and small and medium enterprises (SMEs) and a steep increase in investment activity in the infrastructure sector.

The current fiscal is also likely to see the domestic financial markets exhibiting stability vis-à-vis those in emerging economies. The central bank asked market participants to take into account the portfolio risks arising from unexpected developments and provide adequately for them.

The central bank made this observation due to some concerns about the impact on "asset prices" that could emerge internationally from any tightening of monetary policy. The central bank also did not expect any pressure on agriculture prices.

Gold card

The RBI also unveiled a 'gold card' scheme for exporters to facilitate easy availability of export credit on best terms.

Under the scheme, all credit-worthy exporters, including those in small and medium sectors with a good track record, would be eligible for the gold card issued by individual banks.

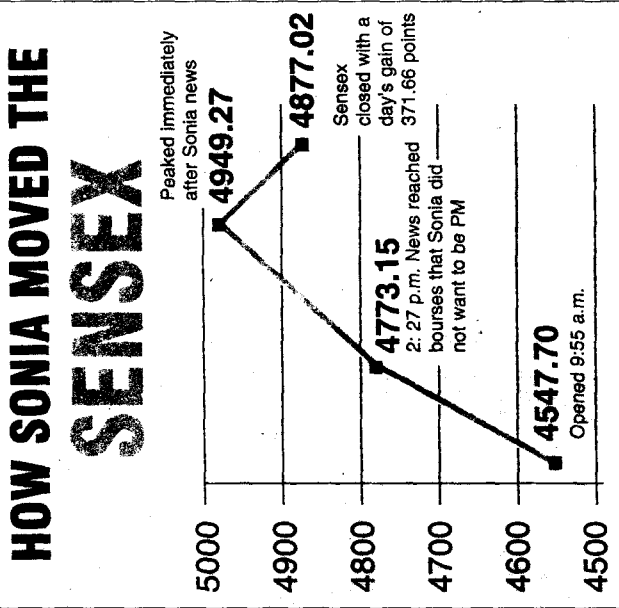
Markets shining, BJP-Left whining

NEW DELHI, May 18. — After yesterday's bloodbath, the stock markets bounced back sharply today and registered a 100-point increase in the last leg of trading following reports that Mrs Sonia Gandhi was opting out of the prime ministership and Dr Manmohan Singh emerging as the consensus candidate for the post. The BSE ended the day at 4877.02 points, a gain of 371.88, while the Nifty closed at 1503.95, 115.2 points up.

However, the 'feel-good' factor in India's financial capital didn't extend to the BJP camp in the national capital. The party, riding piggyback on the 'oust-Sonia' campaign launched by Mrs Sushma Swaraj, Ms Uma Bharati and Mr Govindacharya over the foreign origin issue, is now bereft of any issue. The BJP, yet to recover from its shock defeat in the polls, will have to find other ways to take on the Congress. A dejected party leader said while Mrs Gandhi could have been expected to falter, the BJP would have its

The Left, which again opted to stay out of the ministry, may not find it so easy to dictate terms to a Congress-led government minus Sonia. Her "supreme sacrifice" is likely to lower their veto power in the interest of stability and keeping out "communal forces". For the record, CPI-M leader Mr Sitaram Yechuri said: "Dr Singh as the architect of economic reforms and Dr Singh as the leader of a large coalition are two different propositions and we have no reservations."

Earlier in the day, the BJP kept up the pressure on the foreign origin issue with Mrs Swaraj meeting the President to apprise him of her decision to resign from the Rajya Sabha if Mrs Gandhi became PM. Not to be outdone, Madhya Pradesh chief minister Ms Uma Bharati sent in her resignation to BJP president Mr Venkaiah Naidu before rushing off to Kedarnath. She declared that she would fax her resignation to the Governor. — SNS



task cut out with Dr Manmohan Singh as Prime Minister.

Squabble time for politicians

OUR SPECIAL
CORRESPONDENT

New Delhi, May 17: The bottom fell out of the stock market on Manic Monday — but the politicians weren't bothered that the retail investor was losing his shirt and had no hope of rescuing his investment by selling stocks that no one wanted to buy.

Instead, the politicians chose to bicker: the Left parties said a couple of market players, who were in cahoots with the outgoing BJP government, were clobbering stocks to spark a scare.

A.B. Bardhan, the CPI general secretary, sparked the war of

words early this morning when he said that the market mayhem was "a deliberate attempt by the rightist forces to create a scare over the forthcoming change of government."

Bardhan blamed some sections of the BJP and the Rashtriya Swayamsevak Sangh (RSS) for the stock market crash. He said the outgoing government had created a speculative bubble in share prices "to create the impression that India is shining".

The BJP riposted that the Left had no real mandate to set the economic agenda for the nation — and in any case they weren't joining the Congress-led government.

"Left leaders are making outlandish statements aimed at hijacking the mandate. This is indirect political pressure with an element of economic adventurism to disturb the sentiments of the market," said BJP leader Arun Jaitley.

He hoped those drafting the agenda for the new government would keep this in mind and not allow themselves to be subjected to pressure from those, particularly the Left parties, who want to enjoy power without sharing responsibility.

"Those who understand the management of the economy should look at the outlandish statements made by the Left leaders that are undermining

the confidence of the investors," Jaitley said. "It is sad that such people should be in management of the economy."

The markets have wobbled all of last week ever since the Left aggressively set about trying to scupper the selloff of public sector units (PSUs) by raising the demand for the closure of the disinvestment ministry.

Manmohan Singh, the original architect of economic reforms in India and widely tipped to take over the mantle as finance minister in the new government, tried to once again reassure the puzzled markets by promising to put together a common minimum pro-

gramme that would be "pro-growth, pro-savings and pro-investment".

Bardhan also attempted to assure the markets that his party would play a "responsible" role in the government.

"There should be no apprehension about the Left's role. We will form a government that will be stable," he said. "Therefore, there is no reason for any section to be scared."

But the market was in no mood to hear mere promises; it wanted clearly enunciated precepts. And that was something that no one was able to provide — at least not yet.

The nervousness in the market has been exacerbated by the

dissonant voices that it has been hearing about the new government's economic agenda. While the Left has spoken about an end to the selloffs, the Congress has been quibbling on the issue. It has said there would be no disinvestment, but selective privatisation would continue.

The politicians said they were mystified by the market's visceral reaction to the developments in Delhi. "I cannot understand the panic in the market," said Congress leader Pranab Mukherjee. "It's just an overreaction."

Nitopal Basu of the CPM said: "What's new? The market has fallen even during the NDA government's regime. In any

case, I am told the Asian markets are falling and that this is part of a secular trend."

Bardhan said the foreign institutional investors were to blame. "The foreign investors have been selling heavily." He said there had been an irrational exuberance in the market that speculators had whipped up ahead of the elections and that was why the market was now falling. "It's okay; there's nothing to worry about."

Mukherjee said the Congress government was shooting for 8-10 per cent growth in gross domestic product and its thrust would be on boosting industrial and agricultural growth. When asked for specifics, Mukherjee

said: "Wait for common minimum programme."

There is no clear idea when the common minimum programme will be ready. Singh said it would take three to four days. Mukherjee, who has the responsibility of preparing the draft along with Singh, said it would take four to five days.

The market — which collapsed in two brief trading sessions of just 17 minutes before the state-owned financial institutions started buying stocks under instructions from the finance ministry to prop up the faltering bourses — could founder again unless the tangle ends and some clarity emerges.

Out of driver's seat, BJP sees lesson in crash

OUR SPECIAL
CORRESPONDENT

New Delhi, May 17: "I am not the finance minister for the Bombay Stock Exchange... The manner in which stock markets are behaving leaves much to be desired. It is very silly behaviour," Yashwant Sinha had said, while replying to the debate on the finance bill for 2000-01 to defend criticism that his budget had resulted in the sensex falling 293 points.

"There is a great story to be done... a book to be written on the character of Indian markets," disinvestment minister Arun Shourie had said on the behaviour of the stock market after the government identified some people for pulling down stock prices in February 2000.



Jaitley: Left bashing

Out of power, the BJP today suddenly appears to have found virtue in the behaviour of the stock market and rejected suggestions that the market was being manipulated. BJP president M. Venkaiah Naidu described one of the biggest cave-ins ever on the bourses as a "trailer" of the coming political scenario.

"Terrible is the alternative. RJD chief Laloo Prasad Yadav had declared that the govern-

ment will be in place in five minutes. It is the fourth day today after the results are out. There is no common minimum programme, no common approach. Whatever statements Manmohan Singh is giving are being practically condemned by the Left," Naidu said by way of explaining the sensex crash.

"Tomorrow terrorism may be a casualty. This (market fall) is only a trailer of the coming scenario. It is the country's misfortune that this combination is coming to power," he said, shaking his head in rejection at the Left's demand for an investigation into a bear cartel.

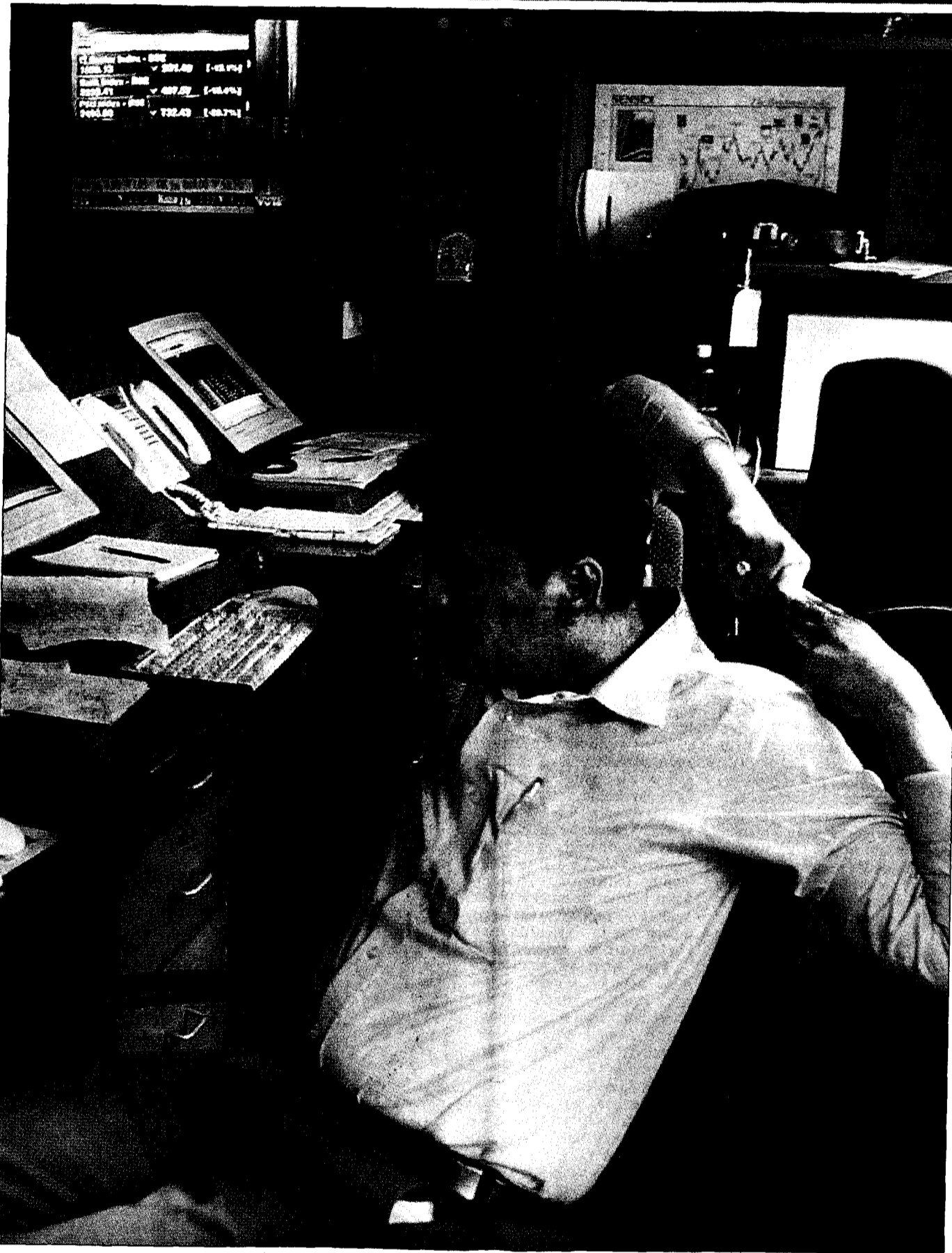
Another BJP leader, Arun Jaitley, accused Left parties of undermining investor confidence by making "outlandish statements" and rejected any possibility of the market having been manipulated. "Left leaders are making outlandish statements aimed at hijacking the mandate. This is indirect political pressure with an element of economic adventurism to disturb sentiments of the market."

The law and commerce minister in the Vajpayee cabinet went a step further to advise those drafting the agenda for the new government to keep the stock markets in mind. "Those who understand the management of the economy would not have made such charges. Instead of making such remarks, they should have introspected and looked at the outlandish statements by the Left leaders that are undermining the confidence of the investors."

The crashing stock market had pushed Congress leader Manmohan Singh, who claimed at the height of the securities scam in 1992 that he did not lose sleep over the markets, to call up Jaswant Singh this morning and urge him to intervene.

Naidu suggested that it was agreed, at Manmohan Singh's suggestion, to issue a joint statement. But Manmohan Singh went ahead to issue a statement alone.

WRINGING HANDS



A stockbroker takes a break as trading is suspended at a brokerage firm in Mumbai on Monday. (Reuters)

Left smells rightwing conspiracy

OUR SPECIAL
CORRESPONDENT

New Delhi, May 17: Left leaders today accused the BJP of deliberately "destabilising" the stock market to discredit them.

"The BJP has taken a beligerent stand both politically and economically," said CPM politburo member Sitaram Yechury. "It is unleashing such ploys even before the new government has fallen in place."

"I wish to say this is a deliberate attempt on the part of the rightist forces to create a scare," said CPI general secretary A.B. Bardhan.

Earlier in the day, senior BJP leader Arun Jaitley had said at a news conference that the Left's "outlandish" economic proposals led to the stock market crash. The Left hit back, asking former disinvestment minister Arun Shourie to reveal the names of those manipulating the stock market.

"Arun Jaitley's outrageous comments only show the party's desperation to deflect attention from the real issues," Yechury said.

"Arun Shourie earlier said he knows who are responsible for the stock market crash. He should reveal the names of the manipulators and share the information with the people," Yechury added.

Last week, the market had crashed after Left leaders spoke out against unbridled disinvestment and demanded disbanding of the disinvestment ministry. At least so believed the stock market pundits.

Even then the Left had alleged that manipulators were at work.

Senior Left leaders expressed concern over such volatile swings in the stock market.

"But we have to ask why is there such a high degree of volatility," said Yechury, again indicating that the crash was the result of manipulations.

The BJP is at pains to project the Left parties as the "trouble makers" with no constructive proposals to take forward the

economic reforms. The Left, on its part, has said it will discuss with the Congress the fractious issues — divestment, subsidies, power tariffs and land reforms — that would figure in a common minimum programme.

MY SHARE

I am confused and don't know whether to sell to avoid further losses or buy now for capital gains in the future. It's true that the market recovered to some extent after the fall today. But I think that was more due to the intervention and it would have slid further otherwise. Given the mood in the market in the past few months, I think this wouldn't have happened if the NDA had been voted to power



•Name: Alok Mishra
•Age: 28 •City: Calcutta
•Occupation: Tax consultant

The Left wants to scrap the divestment ministry. It says divestment can be handled by the finance ministry and there is no need for a separate ministry.

On subsidies, the Left wants an increase in subsidies in agriculture. In the power sector it says power should be given free or at lower rates to poor farmers wherever possible.

Fundamentally sentimental, says industry

OUR CORRESPONDENT

New Delhi, May 17: The markets have caved in but India Inc is pretty confident that the storm clouds will clear very soon.

"The markets are very sentimental by nature. They do not run on any fundamentals. The heavy loss in the markets will be recovered very soon. Just as the common minimum programme is in place and the government is more stable, the markets will bounce back. It is a very temporary phase," said Y.K. Modi, president of the Federation of Indian Chambers of Commerce and Industry (Ficci).

"The Congress' economic agenda is very clear. The apprehensions over disinvestment are being blown out of proportion," he said.

"It is a combination of volatility in the Asian financial markets. Obviously, India also gets affected. The stock markets are panic-stricken but it is unwarranted. The dust will settle soon. One just has to wait for the formation of the new government and the stand that it takes on various economic and social policies," said N. Srinivasan, di-

rector-general (designate) of the Confederation of Indian Industry.

Rahul Bajaj, chairman and managing director, Bajaj Auto, said: "Volatility in markets will be very short-lived. The fluctuation in markets could be a cause of concern if this is the way they continue to react after a stable government and the common minimum programme is in place."

Bajaj cited a few reasons for the crash: "Uncertainty on the privatisation of profit making PSUs, whether the Left Front will join the government or not and the strong statements made by Sushma Swaraj and Uma Bharti raking up the foreign origin of Sonia Gandhi are developments that have disturbed the markets."

Apollo Tyres chairman-cum-managing director Onkar S. Kanwar said: "Markets are just getting nervous for nothing. Clouds of uncertainty will clear once there are more positive statements made by the new government. The markets will certainly revive. There is no possibility of continued volatility."

The CMD of Biocon Limited, Kiran Mazumdar Shaw said "the markets are very unsure and uncomfortable about the influence that the Left will exercise on the Congress' economic agenda". Until the markets "receive a very strong signal from different fractions of the government that they will not impede economic reforms, including an increase in FDI limit and the disinvestment process, they will continue to remain volatile."

"It is a knee-jerk reaction, not reflective of the economic fundamentals and will not be sustained," asserted Sunil Duggal, CEO of Dabur India Ltd.

B. Hariharan, group finance director, Ballarpur Industries Limited said: "The stock market will bounce back in a couple of days to the 5,300 plus level from which it had dropped to the 4,200 level. The market is overreacting."

"What is needed is a lot of clarification from several people in the Congress party about the policies. There is a lot of talk that the disinvestment process will be scuttled. But I think the reform process cannot stop or

slow down. The Left is delaying the process. All this is leading to doubt and uncertainty, which is being reflected in the panic in the market."

Birla group director S.K. Birla said: "The FIIs have pulled out simply because they have got frightened by the loose talk by some politicians. We have no sympathy for them. However, India's economic fundamentals are very strong. Let us not be moved by the FIIs. Some dislocation on economic reform might take place for a month or two, but as the new government settles in things will be clear."

Stock market takeover tycoon Abhishek Dalmia attributed the market crash to the prevailing uncertainty. "Uncertainty has hit the market," he said.

Nobody is sure how the new coalition government will function. There is apprehension that the Left will be able to force the new government to stop privatisation and mothball other reforms of the previous government.

"There are no reasons for such a panic reaction when the fundamentals of the economy are strong and future economic

growth indicators are bright. Sebi should keep a close watch on the prevailing situation and take urgent measures to regain and maintain the confidence of investors," said Associated Chambers of Commerce and Industry of India president Mahendra K Sanghi.

"It is unfortunate that some individuals from the coalition partners have reacted on some important economic issues and (these) may not necessarily be the view of the incoming government. Therefore, the need of the hour is to exercise restraint and await the formation of the new government."

Ravi Wig, president of PHDCI, said: "The Congress has been able to muster majority support. Therefore, there should not be any concerns about the stability of the government. The economy is fundamentally very strong and the stock market is likely to bounce back once there is a clearer indication that the pace of reforms will continue."

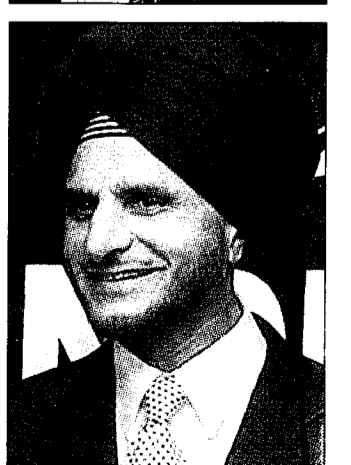
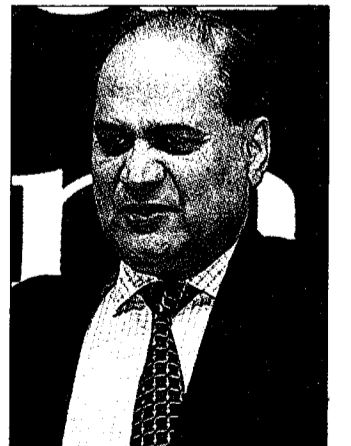
Wig said "the recent uncertainty about future course of reforms is triggering fears and creating scepticism about progress

in reforms".

The call not to panic was echoed by Vivek Kudva, country head, personal financial services, HSBC. "There is certainly no need to panic. Things will settle down sooner than expected. The uncertainty about the coalition government and the differing statements made by some politicians have created huge concern in the markets."

Ramesh Damani, member, Bombay Stock Exchange, said: "There is perhaps nothing wrong with the fundamentals of the market. The historic crash seems more likely due to a technical problem. If and when the FIIs find value, they will come back with renewed vigour. Good market fundamentals will only invite them to come to India."

Sunil Alagh, former managing director of Britannia, said: "There is no lack of confidence in the Indian economy. It is very resilient and is built on a very strong foundation. Markets are just overreacting. Things will settle in a day or two. There is no looking back on the economic reform, it will only have to move forward."



VOLATILE PATCH:
(Top) Bajaj, Onkar Kanwar



DUST WILL SETTLE:
(Top) Y.K. Modi, N. Srinivasan

পতন ৮৪২, ঐতিহাসিক ধসে শেয়ার বাজার ত্রাস্ত

স্টাফ রিপোর্টার: আবার সেই কালো সোমবার। নতুন সরকারের আর্থিক নীতি এবং বাম দলগুলির সরকারে যোগদান ঘিরে অনিশ্চয়তার চাপ আর নিতে না-পেরে শেয়ার বাজার এ দিন মুখ ধুবড়ে পড়ে। খোলার সঙ্গে সঙ্গেই বাজারের সূচক পড়ে যায় ৮৪২ পয়েন্ট। সব শেয়ারের মোট বাজারদর এক সময় প্রায় দু'লক্ষ কোটি টাকা পড়ে যায়। ভারতের আর্থিক ইতিহাসে এটা অভূতপূর্ব সঙ্কট।

এবং সঙ্কট বলেই তা ঠেকাতে যে-ব্যবস্থা নেওয়া হয়, তা-ও অভূতপূর্ব। বিক্রির ঢল সামলাতে তিন ঘণ্টার জন্য বন্ধ রাখা হয় লেনদেন। আর্থিক সংস্থাগুলিকে দিয়ে শেয়ার কেনানোর চেষ্টা শুরু হয়। শেয়ারের দাম তলানিতে পৌঁছে যাওয়ায় লেনদেনকারীদের যে-ক্ষতি হয়েছে, তার জন্য বাজারে দাম মেটানোর সমস্যা এড়াতে ঋণের জোগান বাড়ানোর জন্য ব্যাঙ্কগুলিকে বিশেষ নির্দেশ দেয় রিজার্ভ ব্যাঙ্ক। কংগ্রেস এবং সি পি এম-সহ বাম দলগুলি বাজারে আস্থা ফেরানোর জন্য সংস্কার নিয়ে তাদের অবস্থান কতটা ইতিবাচক, তা জানাতে দফায় দফায় সাংবাদিক বৈঠক করে। এর মধ্যে ষড়যন্ত্রের হাতও দেখেছে তারা। তবে এই হাত ঠিক কাদের, তা তারা স্পষ্ট করে জানায়নি।

ডাবী প্রধানমন্ত্রী সনিয়া গান্ধীর নির্দেশে দ্রুত সক্রিয় হন মনমোহন সিংহ, প্রধান মুখোপাধ্যায়েরা। প্রথমই মনমোহন একটি বিবৃতি দিয়ে লিপিকারীদের আশ্বস্ত করার চেষ্টা করেন। তিনি বলেন, নতুন যে-সরকার আসছে, তারা স্থিতিবস্থা বজায় রাখবে। তার পরেই তিনি বিদায়ী সরকারের অর্থমন্ত্রী যশোবন্ত সিংহের সঙ্গে টেলিফোনে কথা বলেন এবং তাঁকে আশ্বাস দেন, শেয়ার বাজারে আস্থা ফেরাতে তাঁরা যে-ব্যবস্থাই নিন না কেন, নতুন সরকার তা সমর্থন করবে। মনমোহন ও যশোবন্ত দু'জনেই কংগ্রেসের শরিক ও সমর্থক দলগুলিকে বিবৃতির ব্যাপারে কিছুটা সংযম দেখাতে অনুরোধ করেন। শেয়ার বাজারের ওঠানামার ব্যাপারে যদি কোনও অসাধু চক্র কাজ করে থাকে, তা হলে তাদের বিরুদ্ধে কড়া ব্যবস্থা নেওয়ার হুমকিও দেন মনমোহন। তাঁর বিবৃতির প্রতিক্রিয়ায় শেয়ার বাজারে কিছুটা ইতিবাচক সাড়া মেলে।

শেয়ার বাজারের এই সঙ্কটের জন্য শিল্প-মহল এবং বাজার-বিশেষজ্ঞেরা দায়ী করছেন বিলম্বীকরণ নিয়ে সীতারাম ইয়েচুরির শুক্রবারের বক্তব্যকে। সরকারে তাঁর দল যোগ দেবে না, বাইরে থেকে সমর্থন করবে— সেই সিদ্ধান্তের আগেই ইয়েচুরি জানিয়ে দেন, তাঁরা বিলম্বীকরণ মন্ত্রক গুটিয়ে ফেলার পক্ষে। বিশেষজ্ঞদের বক্তব্য, এই মন্তব্য সংস্কার নিয়ে সি পি এমের অবস্থান সম্পর্কে প্রশ্নটিই খুলিয়ে দেয়। তার উপরে সরকারে যোগদান নিয়ে সিদ্ধান্ত নিতে সি পি এম দু'দিন লাগিয়ে দেওয়ায় কংগ্রেস জোটের সরকার নিয়ে শেয়ার বাজারের আস্থা টলে যায়। সেই বাজারে আতঙ্ক ছড়াতে থাকে, যেখানে রাষ্ট্রায়ত্ত্ব তেল সংস্থা ও এন জি সি-র শেয়ারের মোট মূল্য এক লক্ষ কোটি টাকা ছাড়িয়ে রেকর্ড করেছিল।

আই সি আই সি আই সিকিওরিটিজের বাজার-বিশ্লেষক সি কে নারায়ণন এই পতনের জন্য সরাসরি রাজনৈতিক নেতৃত্বের দায়িত্বজ্ঞানহীন মন্তব্য করার প্রবণতাকে দায়ী করেছেন। ফিকির সেক্রেটারি জেনারেল অমিত মিত্রের মতে, ন্যূনতম অভিন্ন কর্মসূচি যখন তৈরি হওয়ার পথে, তখন যাঁরা ক্ষমতায় আসবেন বা যাঁরা সরকারকে সমর্থন করবেন, তাঁদের পক্ষে দেশের আর্থিক ব্যবস্থা নিয়ে মন্তব্য না-করাই বাঞ্ছনীয়। এতে অনাবশ্যক বিভ্রান্তির সৃষ্টি হয়। ইন্ডিয়ান চেম্বারের সেক্রেটারি জেনারেল নাজিব আরিফ জানান, নেতাদের যে-মন্তব্য থেকে শেয়ার বাজারে এই ত্রাসের সৃষ্টি হয়েছে, সেই মন্তব্য একেবারেই অপ্রয়োজনীয় ছিল। এক কথায়, গোটা শিল্প-মহলই নারায়ণনের বক্তব্যের প্রতিধ্বনি করেছে। আগামী কয়েক দিনে বাজারের হাল কী দাঁড়াবে, সেই বিষয়ে মন্তব্য করতে রাজি নন কেউই।

এই চাপের মুখে দায় এড়াতে এ দিনের শেয়ার দরের পতনকে সরকারের উপরে বিদেশি আর্থিক সংস্থাগুলির চাপ সৃষ্টির কৌশল বলে মন্তব্য করেন কিছু সি পি এম শীর্ষ নেতা। তাঁদের বক্তব্য, নতুন সরকার যাতে বিদেশি আর্থিক সংস্থার স্বার্থ সিক্কির জন্য দেশের অর্থনৈতিক নীতি নির্ধারণ করতে বাধ্য হয়, সেই উদ্দেশ্যেই ওই সব সংস্থা শেয়ার বাজারে

এর পর পাঁচের পাঠায়।

AN-DAE

8 MAY 2001

Braveheart LIC turns buyer

UTI toes insurance major's line

SATISH JOHN

Mumbai, May 17: The Life Insurance Corporation (LIC), the largest domestic equity investor, tried to calm the panic-stricken stock markets by buying heavily as share prices bottomed out.

In Yogakshema, LIC's headquarters, it was business as usual. Employees at LIC had little clue about the shenanigans on the bourses. The fifth floor office of the life insurance major that houses the dealing room and the investment desk saw frenetic activity as the company bought shares in a market that had very few buyers today. LIC has always been a contrarian investor.

LIC's investment operations are piloted by a 120-member strong team, comprising 60 to 70 officers. They also look after the

ny, we have a longer-term view. We make investments for a slightly longer timeframe than the rest with at least five to seven years' tenure," the LIC official said.

LIC is one of the savviest domestic institutional investors. It was a huge seller on the bourses when foreign institutional investors (FIIs) were buying aggressively as the sensex hit 6,000 levels in January 2004.

It had kept nearly Rs 2,000 crore for the initial public offerings (IPOs) that hit the markets in March. Luckily for the insurance major, the allotments were far less than anticipated.

LIC has been buying stocks since 2000, the year when markets tanked. In fact, Bharadwaj has admitted earlier that LIC was selling more than it was buying in December 2003, when the FIIs were coming in droves to invest in Indian equity.

The company has an equity portfolio of Rs 26,000 crore, which has been carefully accumulated during the historic lows. Its notional profit is well over Rs 17,000 crore if all equity investments were measured mark to market, Bharadwaj had said earlier at a press conference.

Thus, the total value of its equity investments is Rs 43,000, including the notional gains. The insurance major has reached the maximum limit its internal rules have demarcated in most of the heavyweight index stocks.

In most of the index stocks, LIC had touched the 10 per cent limit.

LIC has sold stocks worth almost Rs 5,000 crore against Rs 3,200 crore purchased since April 2003. This is in contrast to the investment behaviour of the 500 odd FIIs, who are net investors to the tune of Rs 28,000 crore in the same period.

"LIC is the savviest among institutional investors," an institutional broker empanelled with LIC said. "It is the ideal and the simplest strategy for any equity investor. Buy at the lows and sell at the highs," a prominent BSE broker said.

While LIC has been a net seller on the markets, it has also prudently built a trading portfolio in the past few months. Most of LIC's investments are long-term in nature in line with their business (insurance).

To gain from the short-term spikes on the stock market, the company has also hiked its trading portfolio from Rs 500 crore last year to Rs 1,500 crore at present, a jump of 200 per cent. It would have hiked it further, said the broker.

A trading portfolio enables the insurance major to buy and sell stocks during the short-term even in companies where it has reached the maximum limit of 10 per cent.



Mathur: Looking for cover

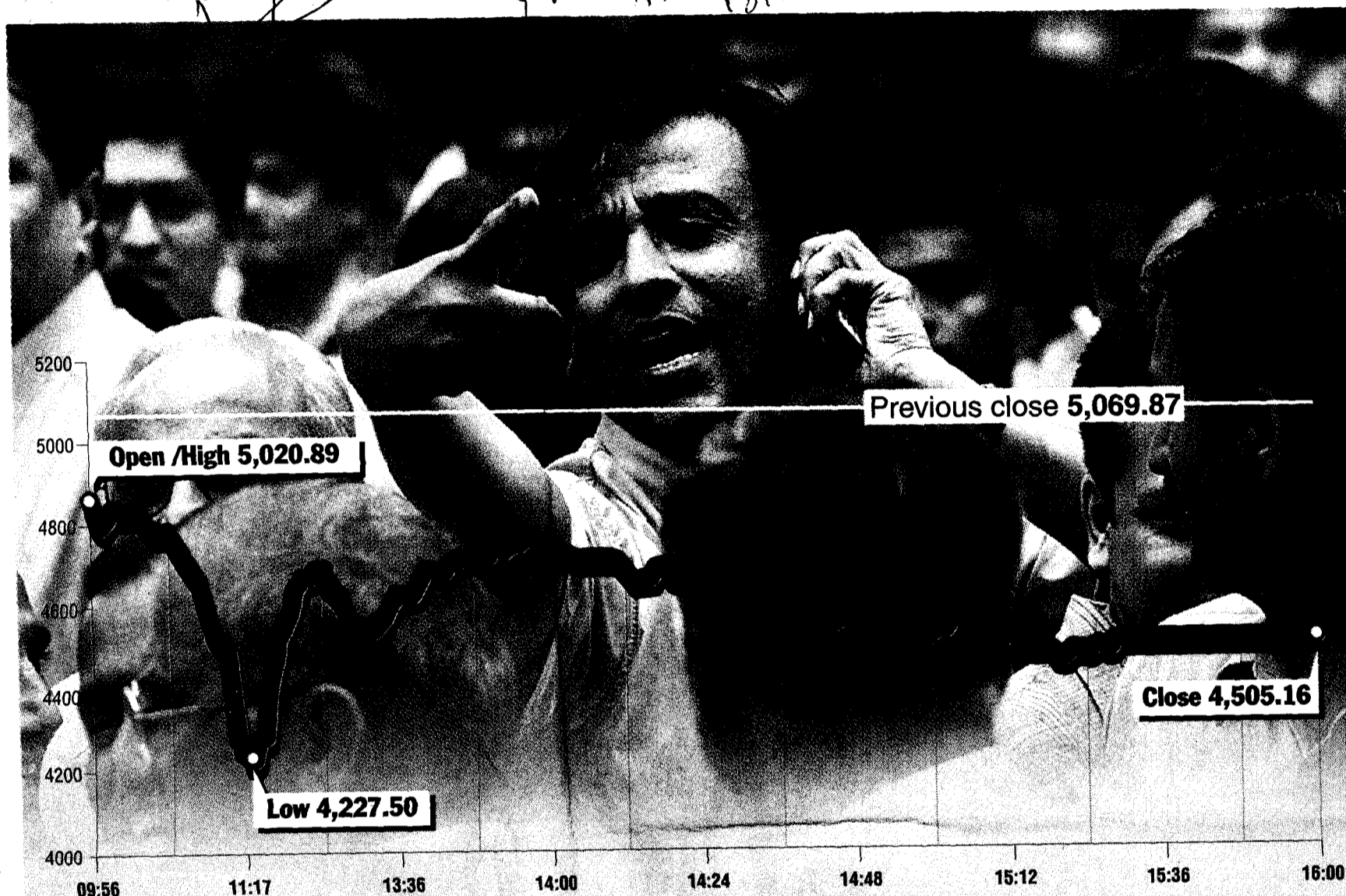
insurance major's government securities and corporate bond investments.

LIC officials declined to comment on the buying spree. Today, LIC was on auto-pilot as its chairman S. B. Mathur is in Paris and managing director R. N. Bharadwaj is in South Korea. However, they were keeping tabs as LIC's dealing room swung into action making the most of a buying opportunity rarely witnessed on the bourses when a record Rs 3,00,000 crore of shareholder wealth was wiped off in a couple of days.

LIC started buying when the markets opened for trading for the third time, brokers said. This quelled the bloodbath to some extent, brokers said. Unit Trust of India (UTI) was also a buyer with smaller quantities, said market players.

It is not clear whether the government had asked LIC and UTI to invest on the markets today. But LIC requires very little prodding when the markets are in a panic. "We always buy at lows and sell at highs. This is our simple strategy," a senior LIC official said.

"Being an insurance compa-



Heavyweight losers

Company	Contribution to fall (pts)	+%
Reliance	98	(15.3)
Infosys	48	(10.9)
ICICI	33	(9.9)
ITC	26	(9.4)
ONGC	34	(12.8)
HLL	40	(15)
Ranbaxy	14	(6.3)
SBI	28	(13.2)
HDFC Bank	30	(20.7)
Wipro	23	(18.4)
Reliance Energy	25	(25.5)

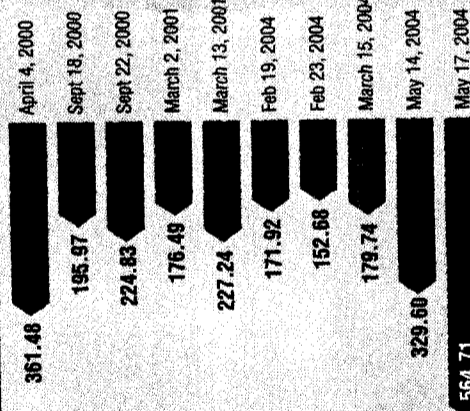
Figures in bracket indicate percentage fall in share prices

Other indices

Index	Points	+Pts	+%
BSE TECK	1038.56	-112.14	-9.75
BSE 100	2381.53	-301.93	-11.25
BSE 200	579.01	-77.99	-11.87
BSE 500	1782.79	-236.16	-11.70
BSE PSU	2793.37	-429.95	-13.34
BANKEX	2284.09	-355.89	-13.48

Market cap fell by Rs 1,24,005 crore to Rs 9,76,853 crore

Steepest fall



Sebi remains a silent s

OUR CORRESPONDENT

Mumbai, May 17: While Dalal Street bled profusely, the capital market watchdog — Securities and Exchange Board of India — which has been on high alert and held a crucial meeting with stock exchanges could do little to stop the carnage.

At the Sebi headquarters, its top brass, including chairman G. N. Bajpai and whole-time member T. M. Nagarajan, were abroad. While officials were initially reluctant to speak, A. K. Batra, another whole-time member, later sought to allay fears and said the market was likely to stabilise during the next few trading sessions.

Batra who held a high-level meeting attended by stock market officials and U.K. Sinha, joint secretary, ministry of finance, warned manipulators of stringent action and said there was no need to be alarmed.

Batra, while pointing out that

there will be no payment crisis for the stock market settlement cycles, reiterated that the regulator was concerned about the integrity of the market and the safety and interest of investors.

"In case we find instances of market abuse, the regulator will take strong action," he added. Ruling out a full-fledged inquiry into the volatility, Batra said that an analysis of data available as of now does not warrant such a step. He added that the risk management systems of the stock exchanges are robust.

Pointing out that while the payment for settlements of last week was smooth, Batra confidently said the regulator did not envisage any problem for Monday's settlement as well.

"The fundamentals of the Indian economy are strong and nothing has taken place to alter the view about its strengths," he added.

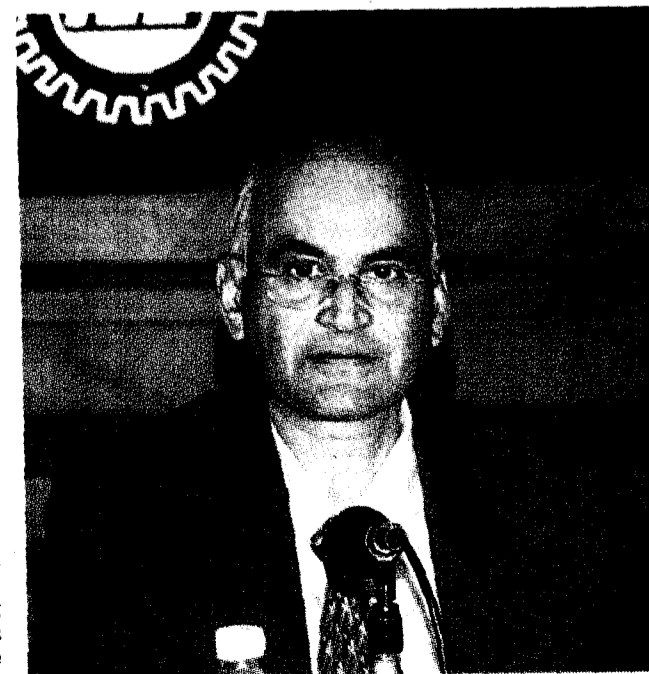
Ravi Narain, managing director of the National Stock Ex-

change, said there are no issues over payments and the exchange has actually collected Rs 360-370 crore in the form of trade margins even on a volatile trading day.

Only yesterday, the market regulator had gone on record saying that it held a special surveillance meeting last Friday and it had directed the stock exchanges to remain extraordinarily watchful of any unusual market movements and report immediately. After the 330-point loss last Friday, Sebi called for data from exchanges on Friday for analysis and examination.

On the intra-day liquidity facility made available by RBI for meeting payment obligations, banking sources said none of the banks took advantage of the same today.

The banks were having enough liquidity and there was no need to take advantage of the facility made available by the central bank, they said.



Bajpai: Far from the madding crowd

FIIs lose heavily on panic selling

OUR CORRESPONDENT

Mumbai, May 17: Market analysts have always been wary of the fickle behaviour of foreign institutional investors (FIIs).

While investors have been applauding the confidence reposed by FIIs since April 2003, they are suddenly changing their view on India and other Asian markets and have started selling heavily.

Hedge funds did most of the selling, brokers said. The Securities and Exchange Board of India (Sebi) had earlier legalised the use of participatory notes which allowed foreign investors not to disclose their identity while investing in the country.

Hedge funds are private investment funds run by celebrity investors who try to make more money than other investment funds by using borrowed money to maximise returns on certain opportunities that their expertise leads them to spot first. They exit as quickly as they enter and at times disturb the equilibrium of the markets as George Soros did by going short on the pound sterling that even embarrassed the Bank of England.

Hedge funds are suddenly finding their home-grounds more attractive. They are exiting Asian markets as growth in China has slowed down.

Foreign investors, including Marc Faber, have been saying that the markets are overheated.

The FIIs sold a record sum of Rs 2,627.90 crore in this month, the highest-ever amount since April 2003, when it started its bulge-bracket buying on the Indian markets.

Last week, it sold to the tune of Rs 504.40 crore on Friday against Rs 604.40 crore on Thursday. It is feared that the Monday figure would see a higher amount as some FIIs look at selling seriously.

But this is still a pittance, as FIIs have invested a record sum of Rs 17,023.80 crore in calendar year 2004.

The overall investment by the FIIs is a record sum of Rs 1,11,126.30 crore and most of it brokers say were done at high prices. Shareholder wealth worth Rs 3,00,000 crore was eroded and a reasonable surmise is that the recent FII entrants would have lost a lot of money, said dealers.

The FIIs who have been short-term investors would have lost heavily in today's market scenario," a dealer affiliated to a foreign broking outfit said.

They were given huge allotments in the Oil and Natural Gas Corporation (ONGC), Gail, IPCL and IBP public offerings and most of the shares are 15 to 20 per cent below the issue price, market analysts said.

These allotments were preferential in nature which left many Indian fund houses dissatisfied. Today, they would be glad that they did not buy the same shares at higher prices, analysts said.

There are 542 registered FIIs and many who use the participatory notes route to invest in the

Markets sink, Sonia rises

Sensex sheds 564 points; Rs 126,000 cr wiped out in a few hours

K.A. Badarinarath and Anand Adhikari
New Delhi/Mumbai, May 17

PANIC AND greed, not necessarily in that order, pushed the stock markets to their biggest fall in 129 years on Monday. The BSE lost 564 points, the Nifty 194, and Rs 126,000 crore worth of market cap was wiped out in a matter of hours. Add to that the approximately Rs 100,000 crore lost in trading on Friday and you get what definitely looks like a no-confidence vote against the new government from Dalal Street.

Or does it? Both the outgoing NDA government and the Congress are convinced the recent upheavals in the stock market are the result of a concerted operation by market manipulators. Congress leader Manmohan Singh's warning on Monday that the new government would treat stock market manipulators harshly was directed at such operators. Finance ministry and Congress sources say the same manipulators who hammered down the stock market in the run-up to the PSU disinvestment might have been involved. At that time, disinvestment minister Arun Shourie had blamed two industrial houses and a politician. Why are the manipulators at it? For the usual reasons, say Congress sources: to make money. And to pressure the Congress into admitting "friendly" politicians into the coalition. The panic selling continued till mid-afternoon on Monday. There were protests outside the BSE against the new government (another first) and against the "irresponsible" state-



Worst bloodbath
Sensex plunges to a low of 4227 with intra-day swing of 793 points. It's the worst day in BSE's 129-year history

Panic buttons
BSE suspends trading twice to contain abnormal volatility. Recovers after buying by govt institutions

Net loss
Net loss is 565 points. Decline is second-largest after 1992 stock scam when it lost 578.42 points

Reds blame BJP
The Communists say that the fall was the result of the BJP's machinations and the influence of FII on the trading system

ments made by leaders from the Left and the perceived market-unfriendliness of the new coalition. By the time the domestic financial institutions stepped in to arrest the slide — the market made a 400-point recovery — the manipulators would have booked substantial profits.

What took the domestic institutions so long? The slide had begun on Friday, when FIIs seemed to be selling in tandem with the cartel. But there was no advisory from the finance ministry to domestic institutions till Monday afternoon. On Saturday, Finance

Minister Jaswant Singh was busy clearing his North Block office. On Monday, finance secretary D.C. Gupta's SOS to Singh on the market crash at about 2.30 pm went ignored. Singh is believed to have taken the position that he no longer had the mandate to give a directive.

It was at this point that Manmohan stepped in. He talked to Jaswant and followed it up with calls to both Sebi chairman G.N. Bajpai and RBI governor Y.V. Reddy. Manmohan's old association with the two came in handy, and the domestic institutions were

asked to step in to arrest the slide. Result: a market rally. But keep your fingers crossed: finance ministry sources say the market could fall further on Tuesday.

Seeking to cool down sentiments, Manmohan — in apparent reference to the anti-disinvestment stance of the Left — asked the Congress's allies to "exercise restraint". He threatened stern action against manipulators. Manmohan promised measures for "stable, orderly and disciplined" bourses.

■ See also Pages 11 & 12

She will, she won't, she will

Vinod Sharma, Saroj Nagi and Anil Anand
New Delhi, May 17

FOR SEVERAL hours this evening, the question of who India's next PM would be was thrown open once again by a combination of two factors. The first was the well-known fact that Sonia Gandhi hadn't made up her mind. The second was Indian politics' well-oiled rumour machine: it threw up alternative names and predicted political drama of the kind never witnessed in India.

What happened was dramatic enough, but not quite what the rumour mills had predicted. Sonia will meet President A.P.J. Kalam at 9 am tomorrow and stake claim. She is likely to be sworn in as PM on Thursday. Ever since the election victory, Sonia had been in a dilemma on whether to take up the Prime Minister-ship. Early this evening, armed with an invitation from the President, she met her allies: Laloo Yadav, Sharad Pawar, Ram Vilas Paswan, M. Karunanidhi and Left leaders. The meeting ended with the allies deciding they would accompany Sonia to Rashtrapati Bhavan in a show of strength.

The allies had barely left when the rumours started spreading. As Congress MPs waited on the lawns of 10 Janpath, there was talk that Sonia had changed her mind. Around 7.30 pm, the allies were trooping into 10 Janpath again. The rumours had spread far enough (with help from TV channels) for V.P. Singh to ask A.B. Bardhan to rush to 10 Janpath to gather the facts. Sitaram Yechury drove in with a worried Laloo. It was this meeting that settled the matter. Sources at the meeting said Sonia told them they "may face *andolans*" over her foreign origin (the NDA kicked off the movement today by announcing a boycott of her swearing-in); that people may move court over it (a Lucknow lawyer did that today); that, in the end, she may prove a liability as leader of the coalition. She had accomplished what she had set out to do — oust the NDA — and she had "limited use" for power.

The allies would have none of it. Paswan made the point that Sonia was the leader not just of the Congress but of the entire alliance, now named the "United Progressive Alliance (UPA)". The leadership issue was settled, but some of those who attended the meeting left with the impression that a Congressman with prime ministerial ambitions and very good connections in the corporate world had been working on her not to accept the top job.

■ More reports on Page 4

MANIC MONDAY

Noon Mumbai mayhem
Sensex plunges 800-plus points in worst-ever crash. Manmohan Singh goes on air with assurances on reforms; afternoon rally follows. Sensex closes 4505, down 564

3 pm Left out
CPM repeats 'historic blunder'. After two-hour meeting, says no to joining the government. Other Left parties follow suit

6 pm Rumours in
Sonia goes into unscheduled huddle with Karunanidhi, Laloo, Surjeet, Pawar & V.P. Singh ahead of scheduled CPP meet at 6.30. As Cong MPs wait nearly 3 hours, there are wild rumours: Sonia will withdraw, Manmohan will be PM



Sonia will be PM: Manmohan Singh, Pranab Mukherjee

8.30 pm Sanity returns
Allies emerge from 10 Janpath. Laloo tells reporters Sonia will be PM and alliance will stake claim on Tuesday. 'No scope for rumours', Pranab declares

Bloodbath in the market over Left selloff stand

Sensex slumps 330 points, rupee slides

HT Correspondent & PTI
Mumbai/New Delhi, May 14

THE LEFT parties' call to scrap the disinvestment policies of the NDA government took a toll on the bourses on Friday, resulting in the Sensex plummeting by 6.1 per cent or 330 points, wiping off Rs 106,000 crore worth of market capitalisation. The shares of PSUs, notably oil firms, lost up to 17 per cent during the day-long trading.

In a virtual bloodbath, equities fell across the board and hammered the Sensex down to its steepest intra-day fall in four years, primarily on fears of a slowdown in economic reforms.

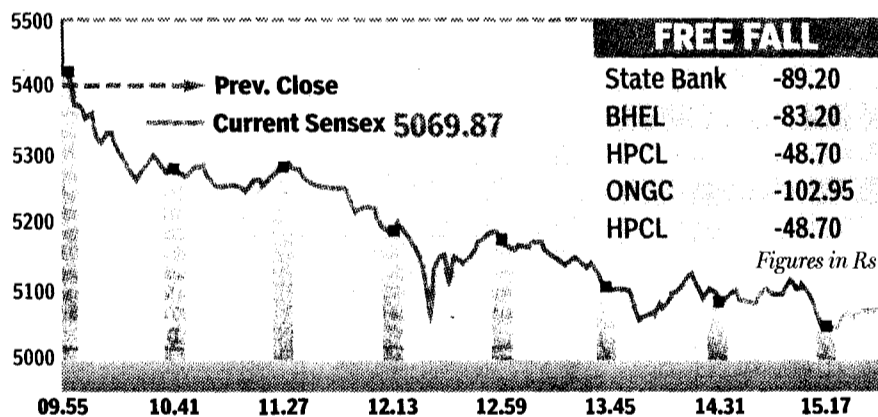
The CPM and CPI — now important power brokers in Delhi and possible partners in the new government — made it clear on Friday that pro-active disinvestment policies should be scrapped and the

the disinvestment ministry, which hoped to mop up Rs 16,000 crore this fiscal, should be dismantled. "It goes without saying that the policy of disinvesting PSUs should go," CPI general secretary A.B. Bardhan told reporters.

Soon after, domestic and foreign investors dumped these scrips and the PSU Index, which captures the mood of markets for the state-owned entities, fell by over 14 per cent to 3223.32 points, the lowest ever in its history.

The BSE Sensex recorded a historic intra-day fall of 365 points. In the process, the IOC scrip shed value by 16 per cent to Rs 376.20. Similarly, a 13 per cent fall was witnessed in scrips of oil companies like HPCL and BPCL.

The rupee recorded its lowest in nearly four-and-a-half months, ending at \$45.60/64 against Thursday's close of \$45.25.



Graphics: SANJAY

'15 MAY 2004

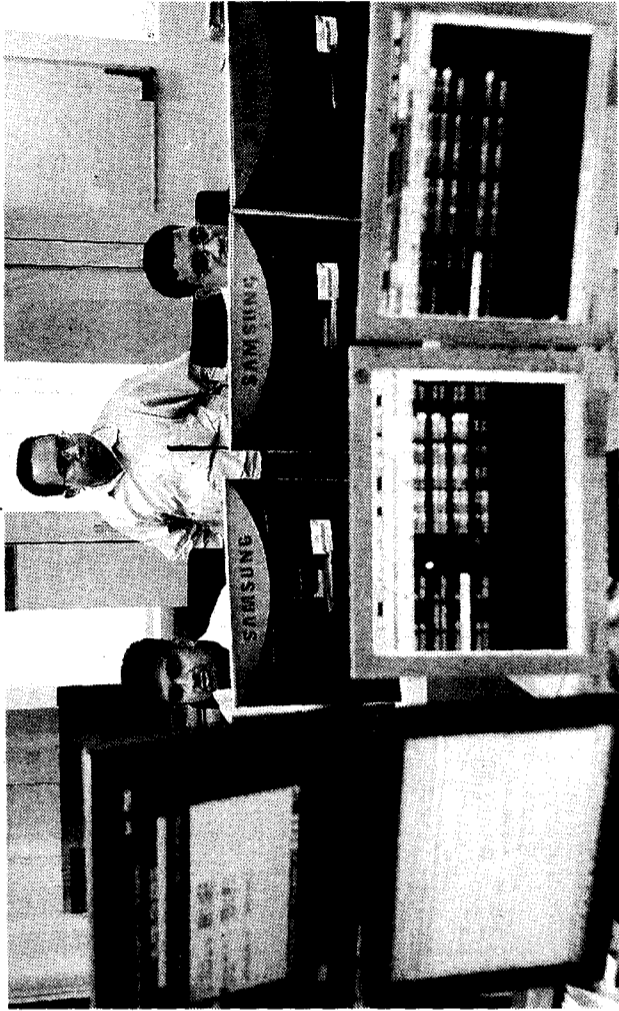
Sensex swings in wide limits

12/15
b/c
10-17

By Oommen A. Ninan

MUMBAI, MAY 13. The markets finally heaved a sigh of relief on Wednesday as a week of uncertainty on the political front came to an end with the declaration of the results of the 14th Lok Sabha elections. Though the market lost around 227 points in the morning at the start of the trade, it recovered by 41.12 points at the close, as

Democratic Alliance (NDA). The markets had convinced themselves of a victory for the NDA, and the possibility of a departure from the script shook them up. The scenario of a hung Parliament had alarm bells ringing all over the bourses, and the negative exit polls led to an initial sell-off. Then news came in of the electoral debacle of the Telugu Desam Party (TDP), a key NDA



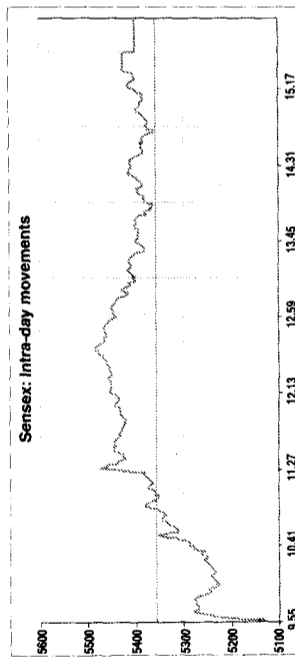
Stock brokers keep a watch on the key sensitive index graph in a brokerage firm in Mumbai on Thursday. The financial markets rebounded by mid-morning on hopes that the main opposition, Congress Party, will be able to form a stable government, reversing sharp early losses sparked by fears of a hung Parliament. — Reuters

cloud of uncertainty has now lifted. The market views that policy stability will continue and hence, though in the initial phase there was some concern, the market soon recovered. The long-term view on Indian equity remains positive because of the high level of economic growth, which will translate into corporate performance in the course of time.

The market will now focus on side is limited from the current

price level," said M. K. Srivatsan, Senior Associate Vice-President, Equity Research, Darashaw & Co.

The benchmark Bombay Stock Exchange sensitive index (Sensex) registered an intra-day low of 5131.03 and witnessed an intra-day high of 5487.34. However, it closed at 5399.47 against 5358.35, the previous close. 945 scrips advanced today while 682 declined.



ally, which was routed by the Congress Party in the Andhra Pradesh assembly elections this week. The TDP's ouster triggered off one of the biggest falls in the last four years (more than 230 points) on May 11.

Market participants viewed the fall of the TDP as an indication of what was in store when the Parliamentary election results began to pour in. With the election figures showing a mandate against the NDA, and with the prospect of a Congress-led coalition forming the next Government at the Centre, that

The rupee too witnessed wide fluctuations as it slipped to 45.75 a dollar in the morning after opening at 45.50. However, it closed at 45.29 against the previous day's close of 45.39.

The markets have been weak for the last several days following the indication, by various exit polls, of a defeat for the Na-

SENSEX		STOCK INDICES		SELECT SHARE PRICES				FOREIGN EXCHANGE				BULLION			
5399.47 +41.12		BSE-100	2882.46	Name of share		BSE	NSE	US \$1	Rs. 45.29	HK \$1	Rs. 5.80*	Calcutta		Bombay	
		S&P CNX Nifty	1717.50	HLL	141.55	(-0.85)	141.95	UK £1	Rs. 79.91	SW Fr 1	Rs. 34.75*	Gold Std (10gm)	Rs. 5750	Gold Std (10 gm)	Rs. 5679
		Calcutta	NA	Infosys	5199.35	(+109.00)	5193.75	Euro	Rs. 53.60	Sing \$1	Rs. 26.10*	Gold 22 carat	Rs. 5430	Gold 22 carat	Rs. 5625
		Skindia GDR	NA	ITC	947.50	(+16.90)	952.45	Yen 100	Rs. 39.67	Aus \$1	Rs. 31.30*	Silver bar (Kg)	Rs. 8975	Silver (Kg)	Rs. 9110
				Reliance	511.40	(+14.80)	511.45					Silver portion	Rs. 9075	Silver portion	NA
				Wipro	1603.70	(+75.30)	1595.65								
				Zee	123.90	(-4.10)	123.85								

Business Telegraph

CALCUTTA FRIDAY 14 MAY 2004

BUSINESS BRIEFS

OVL seals Austrian deal

Mumbai, May 13: ONGC Videsh Ltd (OVL), subsidiary of Oil and Natural Gas Corporation, has completed the transaction with OMV Aktiengesellschaft of Austria for buying its entire stake in two onshore exploration blocks in Sudan, for \$115 million. With conclusion of the transaction for blocks 5A and 5B, OVL now owns a 26.12 per cent stake in 5A and a 24.5 per cent stake in 5B. ONGC informed the stock exchange here today. The exploration blocks are located adjacent to the Greater Nile Oil project, where OVL had acquired 25 per cent stake in March 2003 from Talisman Energy Inc of Canada, it said.

Haldia Petro

Calcutta, May 13: Calcutta High Court has set aside the debt recovery tribunal's (DRT) order to appoint a special officer over the properties of Haldia Petrochemicals and an injunction, restraining HPL from disposing of the assets of its securities. The DRT had appointed the special officer to HPL due to non-payment of interest of Rs 15.9 crore to UTI Bank.

Canara Bank

Calcutta, May 13: Canara Bank reported a net profit of Rs 1,338 crore for the year ended March 31, 2004, not Rs 134 crore, as mentioned in a Business Telegraph report on May 13. The error is regretted.

ONGC payment

New Delhi, May 13: Oil and Natural Gas Corporation today said it would have to pay about 33 per cent lower premium on its offshore package insurance policy at \$24.54 million this year. The renewal of the policy with reduction in premium from \$36.59 million in 2003-04 comes after the insurance risk surveyors upgraded ONGC's risk to 'acceptable' category in October last year, a company release said.

Berger move

Mumbai, May 13: Berger International Ltd, the overseas subsidiary of Asian Paints, will divest its 84.2 per cent stake in its Malta group company, Berger Paints (Malta) Ltd, for around Rs 4.7 crore.

Crude prices

London, May 13: Oil prices held firm near all-time highs on Thursday. Benchmark US light crude futures hit a peak of \$41 a barrel from Wednesday's \$40.77, the New York Mercantile Exchange's highest closing price in the 21 years since it launched its crude contract. London Brent slipped 3 cents to \$37.92 a barrel.

BOTTOM LINERS

GOD MORNING! COULD YOU FOLLOW UP ON YOUR PRESENTATION FROM YESTERDAY? I FEEL IT WAS SUPER. A WASTE OF TIME AND A BORE. I LOOK FORWARD TO DOING BUSINESS WITH YOU.

Stocks steady after shock-start

OUR CORRESPONDENT

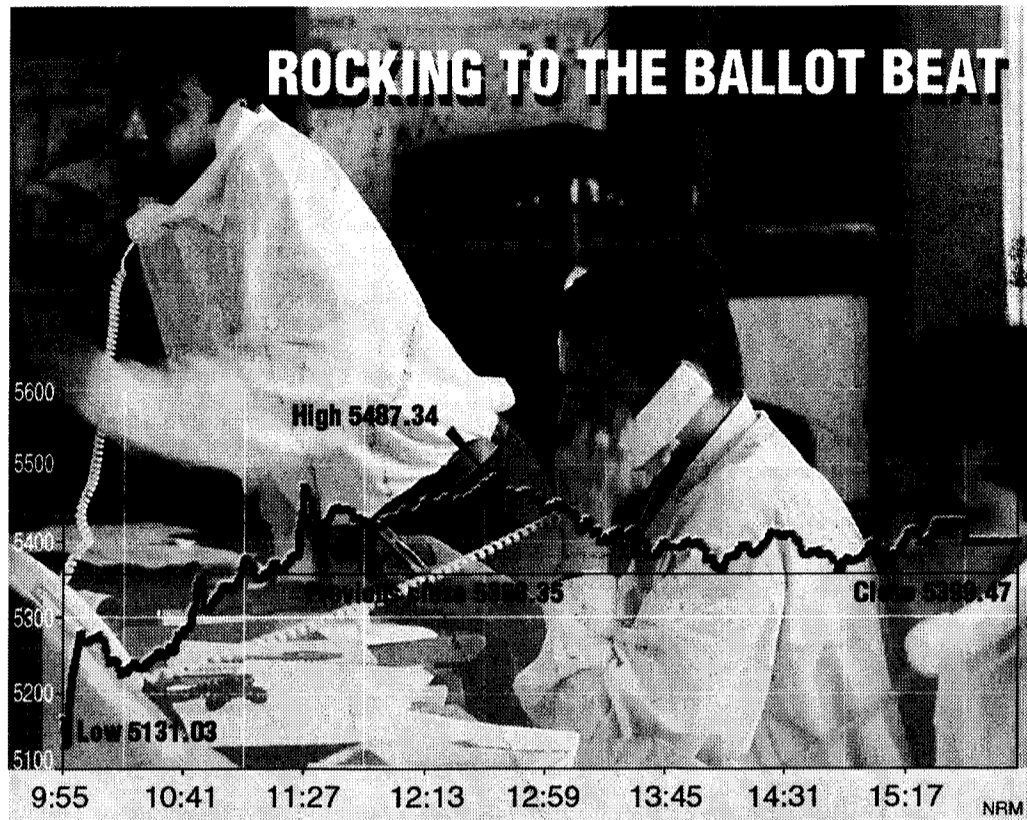
Mumbai, May 13: Stocks clawed back from an initial funk to a modest gain after fears of a messy ballot outcome gave way to signs of a stable political switchover.

The BSE sensex closed with a 41.12-point gain to cap a see-saw session that began with a loss of 124 points — one of the weakest openings in the last four years — and saw a gyration of 356.31 points. The index crashed to a 22-week low of 5131.03 and scaled a peak of 5487.34.

Jitters over the prospect of a Hung House faded as investors encouraged by gains of the Congress and its partners swooped down on the trading floor for bargains.

"There was panic initially as no one thought the Congress would be leading. It was like any other election or budget day," Ajit Sanghvi of MSS Securities said. "It was amid huge volumes and intense volatility that markets ended on a positive note, after having opened on a note of panic-selling," he added. Dealers said volumes were at least 40 per cent higher than they are in the normal course of trading. As the volatility would suggest, turnover rose sharply with the BSE registering a traded volume of Rs 3,254 crore compared with Rs 2,082 crore. Of the 1,690 shares that changed hands, 945 recorded gains, 682 suffered reverses whereas 63 remained almost unchanged.

Foreign institutional investors (FIIs) joined local institu-



tions like LIC and UTI in helping stocks rally, giving a much-needed reprieve to shell-shocked retail players who were sitting on the fringes of the market. FIIs made net sales of Rs 998 crore on Monday and Tuesday and a little less than Rs 300 crore on Wednesday.

Among the market movers, software, cement, power did well, but it was Reliance that shored up indices.

Analysts have reservations about the influence the reform-wary Left will wield on a possible Congress government, but took heart from the fact that it would be stable.

Those spooked by the presence of elements opposed to the BJP-brand of reforms did rush to sell their holdings early on, but the selling wave waned after Congress' reassurance that economic liberalisation was on.

Shares of PSU banks also lost ground. Bank of India lost 5.5 per cent at Rs 68, Union Bank of India 6 per cent at Rs 63, and State bank of India 3 per cent at Rs 604.

Bharti zoomed 4 per cent to Rs 160 on reports that it was eyeing Idea Cellular. The company has confirmed it is in discussions, an acknowledgement that generated record volumes for the stock on Dalal Street today.

Brokers to wait and watch

SATISH JOHN

Mumbai, May 13: Markets will turn choppy and nervous as a new government takes over at the Centre.

"We will bide our time," said Ramesh Damani, a prominent BSE broker.

Ajit Sanghvi of MSS Securities, a premier institutional brokerage, had similar views. "We will just watch the developments closely in the coming days before taking a call," he said.

"We will watch the new government closely and check their economic policies," Damani added. According to many, Sonia Gandhi's role will be of particular interest.

She campaigned successfully for the party, market analysts said. However, it would be a very different ballgame managing a coalition that includes parties with different ideologies.

According to brokers, important portfolios in the government like finance, commerce, telecom and even disinvestment, in case there is one, will be tracked with interest.

"It is also important to note

Lyons Range rescue: Left to new govt

CHANDRALEKHATULAL

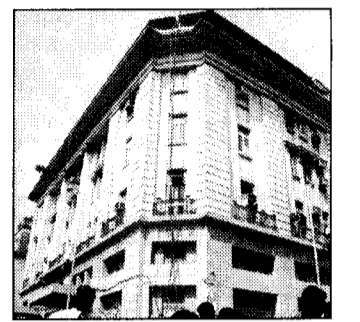
Calcutta, May 13: In the rubble of the NDA lie hopes of a Druidic potion for the comatose Lyons Range. Signs that the Left will have a big say in the policies of a possible Congress government have fired optimism that efforts to peddle Bengal as an investment hotspot in the east will get a major impetus.

And, along with it, rises the expectation that the floundering Calcutta Stock Exchange (CSE) will find a government more responsive to its cries for help.

Since a bourse represents the

degree of influence the Left will have on the government," said Damani.

Another factor worrying the brokers is the way foreign institutional investors will perceive the political developments at the



growth and development of the economy, the state government will initiate major steps to hasten CSE's recovery, brokers say.

"If the state acts as an enabler and members participate actively, CSE will regain its lost glory. More innovative products and a clean management can also play a pivotal role in that direction," said Ajit Khandelwal of BNK Securities Private Limited.

Centre. "We will also be watching them (FIIs) closely," brokers said. Of interest would be a slew of research reports on the election results that foreign institutional brokerages are expected to issue for their clients.

Doubts swamp bank stake cut

SUTANUKA GHOSAL

Calcutta, May 13: With Congress and its allies coming to power, the NDA government's proposal to dilute government holdings in public sector banks to below 50 per cent may not see the light of the day.

The bill for reducing the stake is now lying with the standing committee of parliamentary affairs. The BJP-led government had suggested a reduction of the government holdings to 33 per cent in a phased manner.

Bankers across the country feel that the new government will try to maintain the public sector character of the banks and will not encourage disinvestment. However, they feel that the new government will go ahead with the banking sector reforms.

Allahabad Bank chairman and managing director O. N. Singh said, "The Congress government was the architect of the present banking sector reforms. They are not expected to take any step which would hamper the ongoing reforms. But the bill relating to dilution of the government's stake may not take shape."

A similar view was expressed by United Bank of India executive director K. N. Prithviraj. "The bill will not have an easy going," he said. Bankers said they expect more liberalised banking norms from Manmohan Singh and P. Chidambaram who are conversant with the country's financial sector.

The Congress party's election manifesto says it is committed to a modern, world-class financial sector that fulfils social objectives. Public sector banks will be given full managerial autonomy, the manifesto says. The banks will be encouraged in every way to expand lending, particularly to agriculture, small-scale industry and infrastructure.

The manifesto also hints at an upward revision of interest rates. It says, "Interest rates must be such so as to stimulate not just investments but also to provide adequate returns to savers."

Bankers, however, have raised a question — Will the new government provide the necessary capital if they do not allow the government stake to be reduced to 33 per cent?

The NDA government had made it clear that no recapitalisation funds would be provided to the banks for their capital requirements. "The banking industry needs capital to address its growing business. We need capital as a cushion to our risk-based assets. If the government does not reduce its stake then we cannot raise our tier-1 (core capital) capital. In that case the new government will have to provide recap fund," they added.

Petro twin selloff on slippery ground

PALLAB BHATTACHARYA

Calcutta, May 13: Public sector oil stocks nosedived today on apprehensions that a Congress-led government at the Centre might rein in the ongoing oil sector reforms.

While Indian Oil shares dipped by about 10 per cent, Hindustan Petroleum (HPCL) and Bharat Petroleum (BPCL) stocks have lost 9 per cent and 8 per cent, respectively.

Other oil companies — Oil and Natural Gas Corporation (ONGC), Gail (India) Ltd, IBP and Petronet — who took the country's capital market by storm only two months back, took a severe beating on the bourses following the drubbing of the National Democratic Front at the hustings.

"The Left parties are likely to have a major say in the next government. Since these parties have always been bitter critics of the oil sector reforms, common investors have a reason to be panicky," a former president of the Calcutta Stock Exchange said.

Former Union finance minister Pranab Mukherjee, who has got the maiden ticket to the Lok Sabha from Jangipur constituency, said, "All indiscriminate privatisation of public sector enterprises will be halted."

Mukherjee has also gone on record saying, "If a PSU is run efficiently and makes profit in a competitive environment and not just by doses of subsidy and market manipulation, there is no question of privatising them."

It is apprehended that the proposed disinvestment of BPCL and HPCL will be blocked mostly to appease the Left allies. Moreover, the government control will continue with the market forces having little role play in determining domestic prices.

Rakesh Bharti Mittal, vice-chairman and managing director, Bharti Enterprises, said, "The ongoing reform is irreversible. The country will have to move ahead in that direction, whether they like it or not."

The Federation of Indian Export Organisations (Fieo) hoped the new government would look into the problems of exporters who had been hit hard by the appreciating rupee.



NO PUMP-PRIMING

Infotech perceives no threat

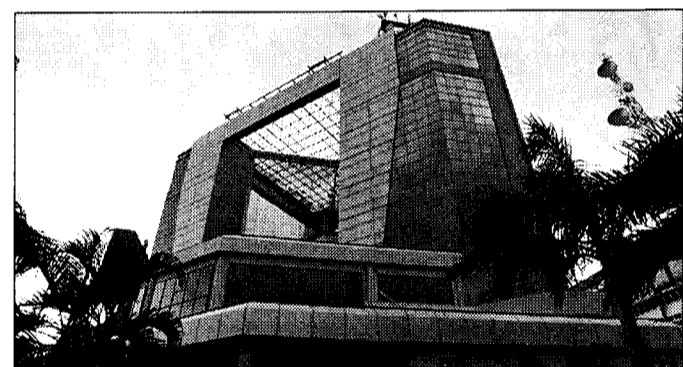
M. RAJENDRAN

New Delhi, May 13: The twin incisors of IT — Chandrababu Naidu and S. M. Krishna — have been toppled within a space of two days but the industry isn't prepared to accept the view that a politician who is too closely associated with the wealth-creating industry runs the risk of falling on his sword.

Both Naidu and Krishna built large cyber constituencies — aggressively wooing investment from technology-driven multinationals in their states with gift-wrapped incentives.

IT mavens felt the software industry had received its share of cossetting — but the reversal in the fortunes of the two IT-enamoured politicians were possibly because they didn't do enough for the other areas. So, it would be wrong to blame the IT industry for their fall from grace.

"The IT sector received the attention it needed both from the Congress and the NDA governments but the other sectors did not get the share of attention that they deserved and the results are evident," said Sudip Banerjee, president, Enterprises



LOGGING INTO THE NEW ORDER

Solutions, Wipro Technologies. IT companies weren't worried about the pace of reforms — or the fallout of the verdict on IT reform blandishments for the sector. If there was a lesson in the poll verdict, it was this: pay more attention to agriculture, health and water than they have received till now, but without giving short shrift to the software industry.

"It (the poll verdict) was not about the personality or individual but the lack of focus on other pressing issues like the four-year drought that sparked farmer suicides and drinking water shortage. That's what did them in,"

Banerjee added. While accepting that the two leaders were seen as being more pro-IT and showing less interest in other issues, the IT companies felt that the future leaders in the two states and at the Centre would continue to give the necessary support to IT.

"The new leaders and the new governments will have to continue the process since IT is a major foreign exchange generator and is big employment generator that no government can afford to neglect," said Banerjee.

Nasscom felt that the verdict was an indication that the dis-

parity between the rural and urban regions had widened.

Nasscom president Kiran Karnik said, "The verdict is an indication that the disparity has grown between the rural and urban areas and there is a need for leaders to look at the demand and needs of rural areas. Leaders like Naidu and Krishna have lost due to these reasons and not because of their image as IT leaders."

Ravi Ramu, group chief financial officer at Mphasis, said: "It is a great comfort that there will be a stable government. The certainty about the future of the government is now established. Issues like divestment and other reform processes we believe will continue with a human face. The new government must ensure that the public sector companies get the necessary initiatives to meet completion."

Nandan Nilekani, CEO, president and managing director of Infosys Technologies Ltd, said, "We believe that the primary concern of the government should be jobs-led economic growth, across all sectors including agriculture, manufacturing, retail as well as knowledge driven industries."

India Inc sure of reform drive, wary of Left turn

OUR BUREAU

New Delhi, May 13: India Inc believes that a change at Raisina Hill will not slow down reforms. But many are wary about the role that will be played by the Left who look to either join or support the Congress government from outside.

"If a Congress-led government comes to the power, I think it will be stable and not volatile," said Swati Piramal, director of Nicholas Piramal India. "Personally, I thought the BJP would make a better government and I am disappointed for Vajpayee."

Many felt that the change in the government would not impact policy. Amit Mitra, Ficci secretary-general, said, "Both the Congress and the BJP-led NDA are in favour of reforms. There is no looking back... The Left has done massive privatisation in Bengal. There is no anti-reform outlook at all."

N. Srinivasan, director-general (designate), CII said, "We are confident that



N. Srinivasan

economic reforms will be the priority of the next government as election manifestos of both the BJP and the Congress were indistinguishable in terms of their economic policies."

Agreed Kiran Mazumdar Shaw, CMD, Biocon India: "There is no question of any rollback of reforms. Whichever government comes to power, it will have to carry forward the process. The Left is progressive on certain kinds of reform. However, the government will have to focus on infrastructure development (both rural and urban)."



Kiran Shaw

There was a deep sense of relief that it wasn't a hung Parliament — a prospect that had held out by the exit polls. Said Adi B. Godrej, chairman of the Godrej Group, "I am very buoyed by the political progress. At least there are signs of a stable, definite



Adi Godrej

government. The crisis of having a hung Parliament could have been very disastrous. However, one will have to wait and watch what role the Left Front will play. The chances that the reform process might slow down."

Stock market takeover tycoon Abhishek Dalmia was equally apprehensive about the role of the Left parties in framing the economic reform programme for a Congress-led coalition government.

Assocham president Mahendra K Sanghi said, "The fabric of democracy have been strengthened by demonstrating the power of vote by the people."

Rahul Bajaj, chairman and managing director of Bajaj Auto, said, "The results are surprising. The experience of the corporate sector had been very good with the NDA, so we would have been more comfortable with them. However, there is a possibility that the new government might go slow in the areas like disinvestment and labour reforms."



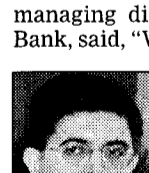
Rahul Bajaj

He added, "If the NDA had come back to power, the limits on foreign direct investment might have been raised further. But with a new government coming in, this might not happen."

Banking, insurance and the telecom sectors have been demanding a hike in the FDI limits.

Arun Bharat Ram, vice-chairman and senior managing director of SRF Ltd, said, "My feeling is that economic reforms will continue. But some of the issues that we were hoping to take up — like labour reforms and disinvestment — will be watered down, even if they are taken up. This is likely to happen as the Congress will have to take the support of the Left parties to form the government. The imprint of the Left parties on these issues is bound to show on the common minimum programme (CMP)."

Uday S. Kotak, vice-chairman and



Uday Kotak

managing director, Kotak Mahindra Bank, said, "We are very delighted and relieved to have a stable government. For any kind of economic reforms in India, one will have to see it with a long-term perspective, be it the Congress or the BJP. One thing is for sure, there will no selloff of profitable PSUs."

Bharat Forge chairman Baba N. Kalyani said, "We expect the Congress to continue the reform process. We would like the new government to focus on infrastructure and foreign direct investment."

Rakesh Bharti Mittal, vice-chairman and managing director, Bharti Enterprises, said, "The ongoing reform is irreversible. The country will have to move ahead in that direction, whether they like it or not."

The Federation of Indian Export Organisations (Fieo) hoped the new government would look into the problems of exporters who had been hit hard by the appreciating rupee.

POWER OF FINGER

Buddha 'feeling good, 100 per cent'

Hi-tech with farmers' care is CM's mantra

OUR BUREAU

Calcutta, May 13: A drive for technology with an eye on the social sector prevented an Andhra Pradesh happening in Bengal, Buddhadeb Bhattacharjee said today.

"Industrialists here are happy with the government's economic policies. We are not against reforms but at the same time, my government does not like being dictated to by the World Bank or the IMF," the chief minister said.

Chandrababu Naidu's government was swept out of Andhra in the Assembly elections because of popular dissent over his neglect of the rural sector.

The Bengal chief minister said his government has managed to balance economic reforms, industry priorities and requirements of the international funding agencies.

Bhattacharjee said he was "feeling good 100 per cent" when asked to react to the Left Front's falling. He was "relieved" that

the BJP was "wiped out from the state".

The chief minister, Jyoti Basu and Biman Bose are leaving for Delhi tomorrow to attend the CPM politburo and central committee meetings.

Basu was sure that a Congress-led government would take charge in Delhi but evaded a direct answer when asked whether the CPM would join a Sonia Gandhi-led government or extend support from outside. "Such issues will be discussed at length in the ensuing (party) meetings," Basu said.

The Big Two did not mention the stunning setback to Mamata Banerjee's Trinamul Congress in the state but Left Front chairman Bose did.

A party with "no principle, ideology or programme is bound to fizzle out," he said.

"Trinamul branched out of the Congress but had no ideology. Now, it has started to disintegrate," Bose told reporters even as he reminded them that he had said at the time of filing of nomi-

nations the front would aim at winning all 42 seats in Bengal.

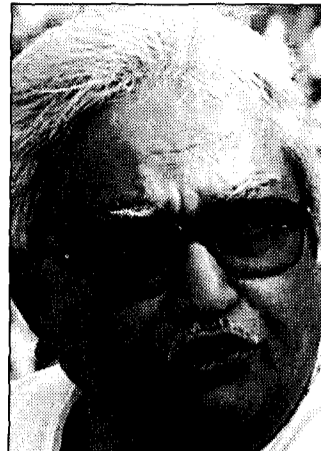
"We thank the people of Bengal — voters who are secular and patriotic and especially the voters of Calcutta. Some had made it appear that the Left could not win a seat in the city," Bose said.

The victory of CPM's Anil Basu from Arambagh by 5.92 lakh votes — one of the largest margins nationally — is a pointer to the popular rejection of the Trinamul-BJP combine, the front chairman said. Anil had won the 1999 elections by 1,16,000 votes.

The Left parties will meet at the CPM's Alimuddin Street office tomorrow to discuss the course of action.

The CPM also retained the Khandagosh Assembly seat, which fell vacant when MLA Jyotsna Singh resigned. With several mouths to feed at home, the legislator was forced to take up a government job.

In the Assembly contest, Prasanta Majhi of the CPM left Trinamul's Biswanath Roy 68,258 votes behind.



Biman Bose and Mamata Banerjee: Feel-good changes sides

Basu 'better' in Mamata report card

OUR SPECIAL CORRESPONDENT

Calcutta, May 13: Mamata Banerjee today played a tune that she has made her own — President's rule.

"In Bengal, free and fair polls are not possible minus President's rule. You have seen how I worked hard, physically and mentally, for this election. Democracy was again demolished in the state," Mamata told a news conference.

The Trinamul Congress chief said she would renew discussion on the party's demand for President's rule in Bengal. "We will have to discuss this (the call for President's rule) within the party," she said.

However, Mamata, the lone Trinamul MP would not have the usual chorus of party colleagues in Parliament when she pleads for central intervention.

The former Union minister refused to admit that her party suffered defeat in a fair game. "I don't consider this a defeat. The ruling party has used goon-

das and the police administration to rig the polls."

She refused to blame her party's organisational weakness for the outcome.

However, Jyoti Basu, during whose chief ministership Mamata emerged as a leader in Bengal, won a certificate. Basu's regime was better than Buddhadeb Bhattacharjee's so far as rigging and booth-capturing go, Mamata said. "When Jyoti Basu was the chief minister, rigging was not carried out so blatantly. With the one occupying the chair at present, elections have become a nightmare."

Trinamul, Mamata said, will remain part of the NDA and the results would not affect the party workers' morale. "They would remain loyal and will plunge with renewed vigour to fight the CPM," she said.

Unlike after the 2001 Assembly polls, Mamata did not charge the Election Commission with bias. "What can it do if cadre posing as election personnel and police help in rigging?"

Candidates like Krishna Bose, Nitish Gengupta and Ranjit Panja "cannot lose without rampant rigging and booth capturing", Mamata said.

Reminded that the Congress had bagged six seats, Mamata said: "The understanding between the CPM and the Congress was exposed at last."

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(H.L. KAPUR)
GENERAL MANAGER

davp 7150(143)2004

WHO WON AND HOW BIG

Constituency	Winner	Margin
Calcutta Northwest	Sudhangshu Seal (CPM)	40,000
Calcutta Northeast	Mohammad Salim (CPM)	78,000
Calcutta South	Mamata Banerjee (Trinamul)	98,197
Jadavpur	Sujan Chakraborty (CPM)	86,000
Dum Dum	Amitava Nandy (CPM)	105,000
Barrackpore	Tarit Topdar (CPM)	113,000
Barasat	Subrata Basu (Forward Bloc)	19,534
Basirhat	Ajoy Chakraborty (CPI)	126,000
Joynagar	Sanat Mondal (RSP)	181,816
Mathurapur	Basudeb Burman (CPM)	81,000
Diamond Harbour	Samik Lahiri (CPM)	142,000
Howrah	Swadesh Chakraborty (CPM)	247,302
Uluberia	Hannan Mollah (CPM)	150,425
Serampore	Santashri Chatterjee (CPM)	19,687
Hooghly	Rupchand Pal (CPM)	165,632
Arambagh	Anil Basu (CPM)	592,502
Krishnagar	Jyotirmoyee Sikdar (CPM)	20,389
Nabadwip	Alokesh Das (CPM)	9,991
Jangipur	Pranab Mukherjee (Cong)	36,786
Behrampur	Adhir Chaudhury (Cong)	98,901
Murshidabad	Mannan Hossain (Cong)	14,000
Midnapore	Prabodh Panda (CPI)	150,000
Contai	Prasanta Pradhan (CPM)	58,019
Jhargram	Rupchand Murmu (CPM)	350,000
Tamluk	Lakshman Seth (CPM)	57,000
Panskura	Gurudas Dasgupta (CPI)	278,000
Purulia	Bir Singh Mahato (Forward Bloc)	146,000
Bankura	Basudeb Acharya (CPM)	231,583
Bishnupur	Sushmita Bauri (CPM)	330,218
Durgapur	Sunil Khan (CPM)	277,000
Asansol	Bikash Chowdhury (CPM)	124,000
Burdwan	Nikhilananda Sar (CPM)	470,745
Katwa	Mehboob Zahedi (CPM)	120,000
Bolpur	Somnath Chatterjee (CPM)	310,000
Birbhum	Ramchandra Dom (CPM)	191,569
Darjeeling	Dawa Narbula (Cong)	101,416
Cooch Behar	Hiten Burman (Forward Bloc)	226,569
Alipurdur	Joakim Buxia (CPM)	145,164
Raiganj	Priya Ranjan Das Munshi (Cong)	39,157
Malda	ABA Ghani Khan Chowdhury (Cong)	111,808
Balurghat	Ranen Burman (RSP)	71,142
Jalpaiguri	Minati Sen (CPM)	180,605

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First win in pocket, Pranab eyes first flight to Delhi

Wave of relief in IIMs after Joshi's fall

Calcutta, May 13: As the result meter started ticking on television screens, IIM campuses across the country had one question: What happened to Murli Manohar Joshi?

Joshi, the spearhead of the move to cut fees in business schools, had lost by over 70,000 votes, it was celebration time at the six Indian Institutes of Management from Calcutta to Ahmedabad and Kozhikode to Lucknow.

"Forget he being the minister, he will not be there even in Parliament. People across the IIMs are relieved and are exchanging congratulatory e-mails," said an IIM source.

Though summer vacations have started in the IIMs, most faculty members went to the institutes and remained glued to the TV sets for updates on the outcome of Allahabad, from where Joshi was contesting.

OUR CORRESPONDENT

Jangipur (Murshidabad), May 13: Pranab Mukherjee would have regretted missing today's celebrations had he stuck to his decision to back-track from the Lok Sabha contest in Jangipur.

The throng of party workers, the hail of *abir* and the incessant ringing of his three cellphones must have quelled all doubts the state Congress chief must have had in the run-up to the polls.

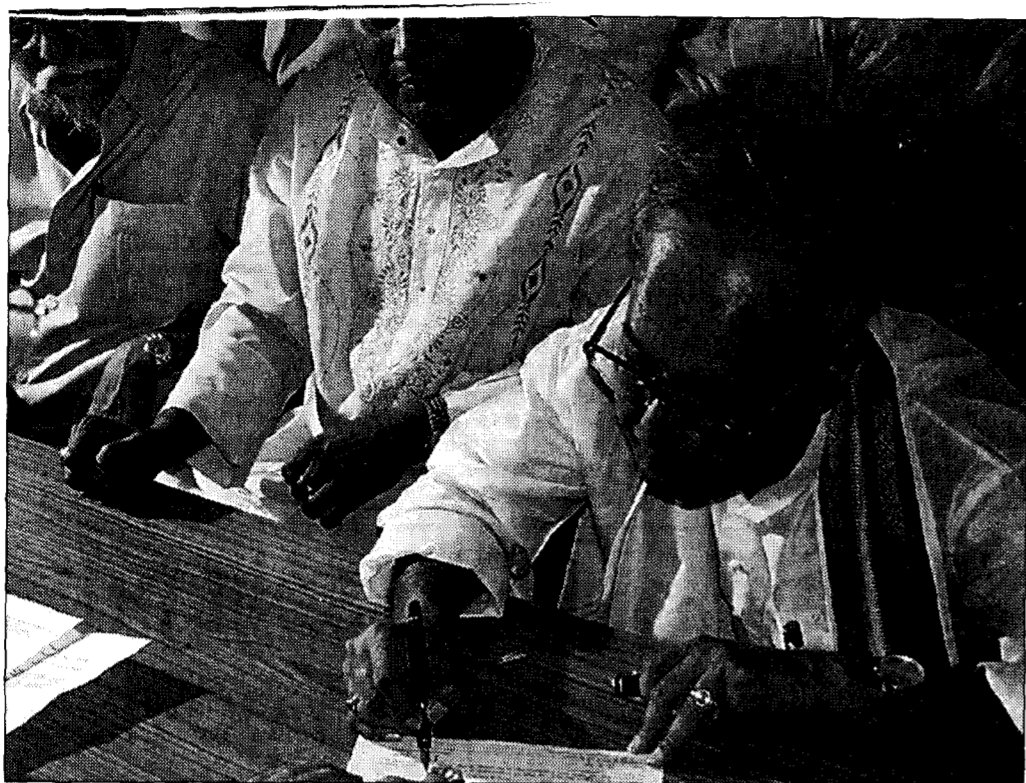
Mukherjee was tasting victory for the first time in a general election, 20 years after he last contested one and lost. Better still, he had wrested a CPM stronghold of the past eight parliamentary polls.

The Congress veteran, in a white dhoti and kurta with a tricoloured *uttariyo* round his neck, sat smiling at the Raghunathgunge home of the Dhars, his temporary residence.

Most of the time he was on the cellphone, fielding calls from the party from all over, even from the brass in Delhi. Mukherjee was heard speaking in Hindi and assuring one caller that he would surely reach Delhi tomorrow.

Just then, a team of Congress workers from Jharkhand trooped into the house with a 6-ft long garland that weighed 10 kg. Mukherjee immediately came downstairs and accepted the token of affection with a broad smile.

"I have got the mandate of the people and I must thank my party workers for what they have done for me in these past few days," he said. "I can never forget them or the people of Jangipur. They have put on me an added responsibility and I have to bring



THE WINNER TAKES IT ALL: Pranab Mukherjee filing his nomination papers for the Jangipur Lok Sabha constituency.

about a change in the present situation that would benefit them."

Before leaving for Calcutta from where he will take the first flight out to Delhi tomorrow, Mukherjee said: "I am also confident that the Congress is coming to power at the Centre and Sonia Gandhi should be the next Prime Minister. The time is not yet ripe to talk about who will be her deputy, and let us first work for the formation of the government."

He had started his campaign with a party workers' meeting at Farakka on March 8. After some

uncertainty over his candidature following the need for his presence in Delhi for poll strategising, Mukherjee jumped into the fray at the last moment and won today with a 40,000 margin.

He attributed the poor performance of the Trinamul Congress and the BJP in the state to the NDA's loss of credibility. The results reflect the people's view, he said.

"How can people trust a party that is headed by a woman who cannot be relied on? In the last elections, her party joined hands with the Congress and as soon as

the results were declared, they migrated to the NDA. I believe that if the Congress and the Trinamul would fight as a unite front, then more seats could have been acquired," Mukherjee said of Mamata Banerjee.

At his side was Congress MLA Somen Mitra, who echoed the view: "The two-faced nature of Trinamul chief Mamata Banerjee has resulted in the party's downfall. I feel he should be more stable (in alliances) and act rationally. He wants to gain the confidence of the people," he said.

Surjeet siesta to savour success

MONOBINA GUPTA

New Delhi, May 13: Today was just another day for Harkishen Singh Surjeet.

Other than the incessantly ringing phone, there was no other reminder of the secular camp's victory at the 87-year-old CPM general secretary's 8 Teen Murti Lane home here.

It was wake-up time as usual at 6 am and then tea, daily ablutions and a thorough scan of the newspapers.

At 8, he plonked himself in front of the television, surfed the channels and, within an hour, found his spine tingling with excitement.

Election bulletins showed the BJP sliding and sliding fast as the results flowed in. "He watched mostly NDTV and Aaj Tak," a close associate said.

Surjeet had spent the whole of yesterday talking to potential allies of a new secular front, perhaps anticipating the ouster of the National Democratic Alliance.

He had declared in public that the NDA government was on the way out, but even he could not have expected the extent of success that came not only the way of the Congress but also his party, the CPM.

Comrade-in-arms Jyoti Basu rang him up. "Both congratulated each other," the associate said. Surjeet also talked on the phone to Congress chief Sonia Gandhi, who had met him day before yesterday.

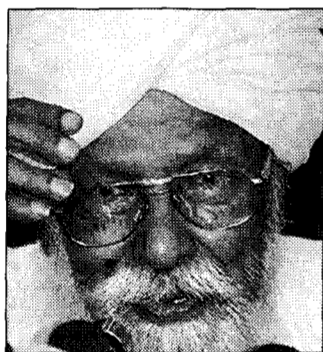
He called up Pinarayi Vijayan, the CPM's Kerala secretary, over the party's good show in the state. The Left Democratic Front bagged 18 of Kerala's 20 Lok Sabha seats.

The routine of Surjeet's quiet but exhilarating day made only one exception, when his only political visitor for the day showed up on his doorstep.

Amar Singh, the Samajwadi Party general secretary who often takes potshots at Surjeet, was probably meeting the secular camp's alliance manager to gauge his mind. He knew the Congress was doing unexpectedly well as the Left and their combine could well form a government without the Samajwadi's help.

Once Amar left, family and friends trooped in. By 1.30 in the afternoon, Surjeet knew victory was close. He retired for lunch and then his usual three-hour nap.

By 5 pm, Surjeet was ready for the media that had gathered on the lawn of his home. More confident than ever, the



KINGMAKER: Harkishen Singh Surjeet

CPM general secretary fielded questions, shot off repartees and made it clear that his worst apprehensions were over.

For a man who was hospitalised in Ludhiana a fortnight ago while campaigning in Punjab, "he is fine now," the associate said.

He will have to be as his associates expect more political visitors later tonight and maybe more backroom brainstorming. "He gets better with every political crisis," the associate said.

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Sangh blames Hindutva 'dilution'

OUR SPECIAL
CORRESPONDENT

New Delhi, May 13: The blame game has begun in the Sangh parivar following the National Democratic Alliance's stunning defeat.

The Rashtriya Swayamsevak Sangh has blamed the "dilution" of the Hindutva agenda for the defeat without naming Atal Bihari Vajpayee; however, the Vishwa Hindu Parishad has not pulled any punches.

The VHP launched a stinging attack on the BJP top brass, including the Prime Minister, accusing it of "betraying" Hindus, sacrificing national security and using Pakistan to get Muslim votes.

Senior parishad leader Praveen Togadia said Hindus had punished the BJP for forgetting its core agenda. He said: "Investors, the unemployed youth, farmers, labourers, the poor and the wo-

men trusted them (the BJP) only due to their ideology. They left it and the Hindus punished them."

The RSS actively associated with the BJP during the polls, but now that the party has been voted out, it has said the core ideology should return to centre-stage for it to stage a comeback.

"Our core voters and cadre were disinterested as they felt the BJP had diluted its (Hindutva) ideology. Politics is about perception and this perception cost the BJP," RSS spokesperson Ram Madhav said.

He added that the BJP had fought the election on the agenda of good governance and development and whatever seats it had got were due to the Vajpayee factor. "(The) BJP reached the 200 mark due to Vajpayee and could have got the numbers to form (the) government if the other important factor of ideology was there," Madhav said.

The RSS also blamed infighting and wrong alliances for the defeat. "We have to sit and analyse what went wrong," he said, regretting the absence of ideology as an election issue. "As a result of this, local issues came up prominently" and cost the BJP dear, the RSS spokesperson added.

Terming the Lok Sabha results surprising and not encouraging, Madhav said the Hindutva agenda was important to the RSS and "our effort will be to bring ideology back to centre-stage".

"Whatever alliances have won, credit goes to Atal Bihari Vajpayee but politics is all about perception. The core voter and cadre had developed a disinterest as there was a perception about dilution in its ideology," Madhav added. But he clarified that the RSS thought the BJP and its leaders were ideologically committed.

Asked if the BJP should re-

turn to its Hindutva ideology, the RSS spokesperson said it was for the BJP to decide.

The VHP's attack was more trenchant. "(The) BJP betrayed the Hindus. The party left the core ideology of Hindutva and the trust for which they were voted to power. The Hindus have punished them," its general secretary Togadia told a news agency from south Gujarat.

Togadia accused the BJP of tying up with *jihadis* and even Imam Bukhari of Delhi's Jama Masjid. "Vajpayee and L.K. Advani used Pakistan and President Pervez Musharraf to get Muslim votes. They opened the borders and sacrificed national security for the sake of Muslim votes."

Asked if the BJP could undo the damage by going back to its core ideology, Togadia said: "The leadership has lost the trust of the people and the Hindus will not trust them."

Naidu turns back on NDA

G.S. RADHAKRISHNA

Hyderabad, May 13: N. Chandrababu Naidu today virtually turned his back on the National Democratic Alliance by hinting that he had nothing to do with it.

The Telugu Desam chief told newsmen after his party's poor show in the Lok Sabha polls that the question of his support to the NDA did not arise as it was not in a position to form the government at the Centre.

Naidu pointed out that the Desam had only been an outside partner in the NDA and the party had only an electoral alliance with the BJP in the state for the last two polls.

The Desam chief emphasised that his party had a secular identity and image and said it differed with the BJP and the NDA on their secular agenda. "We have never concurred with their Ayodhya stand," he insisted.

Naidu, who spoke to both Atal Bihari Vajpayee and L.K. Advani, said he had explained the new political situation after the polls. He has no plans to visit Delhi or participate in the confabulations of the NDA at the Centre, he hinted.

Victory has been doubly

sweet for the Congress in Andhra where the party has staged a comeback after 15 years by dealing a major blow to the Telugu Desam-BJP combine. It has also been able to make the "coalition mantra" work successfully.

The Congress combine has bagged 37 seats this time compared to the party's 39 seats in 1989.

"For the first time, the ire of Muslims and BCs against its partner BJP reflected in the votes against the TDP in spite of many sops for the minorities," senior politburo member R. Prabhakar Reddy told partymen.

"From shining it has turned to darkening in AP," said a BJP baiter. The defeat of three-time Union minister Bandaru Dattatreya from Secunderabad at the hands of a novice, Anjan Kumar Yadav, of the Congress by over one lakh votes is being seen as a reflection of the discontent of the minority community and middle class against the BJP.

The Desam's hopes all but evaporated as the Lok Sabha results started pouring in. Coastal Andhra and Rayalseema, seen as Desam strongholds for nearly two decades, slipped out of the party's grasp.

Joy & defeat

OUR SPECIAL
CORRESPONDENT

New Delhi, May 13: Out of government for eight years, Congress workers broke into frenzied celebrations in front of the party headquarters today at the scent of power.

Delirious Congress supporters, carrying flags, garlands, posters and cutouts, screamed in joy as several young men jiggled to the beat of an enormous drum brought in by some enterprising workers. Every now and then, shouts of "Sonia Gandhi *zindabad*", and "Rahul Gandhi *zindabad*" rent the air.

Outside 24 Akbar Road, one supporter told a friend watching the celebration in awe: "The next big celebrations will be five years from now when Rahul becomes Prime Minister."

Policemen were everywhere — at every roundabout leading to the Congress headquarters and in front of the building. Cars and huge television OB vans were parked in front of the office gates.

Congress workers, demoralised for years, believe the tide has turned in their favour and the party will have a smooth ride for the next 10 years.

Even a few days ago, most of them did not believe that the party could dislodge the BJP from power, at least in these elections.

"It has been a long wait for us," a Congress worker from Chandni Chowk said, as a round of crackers went off in the blistering heat of a Delhi afternoon.

In stark contrast, silence hung heavy at the BJP's office on Ashoka Road. A few journalists milled about, but there was no sign of party workers. Party paraphernalia stored in a stall adjoining the BJP briefing room fluttered about but there were no takers.

BJP spokesperson Mukhtar Abbas Naqvi faced reporters in the evening. He was gracious in defeat and said the BJP had accepted the verdict of the electorate and would "honestly and constructively" carry out the role assigned to it by the people.

Exports grow over 41% in March

OUR BUREAU

9-600A *18/4* *7-12*

New Delhi, April 17: India's exports clocked a 41.88 per cent growth in March this year, pushing up the overall growth to 17.26 per cent in 2003-04. For the first time, exports crossed the \$60-billion-mark to end 2003-04 at \$61.8 billion, even as trade deficit widened during the fiscal, virtually doubling to \$13.36 billion against \$7.44 billion in the previous year.

Exports during March grew by 41.88 per cent to \$7.3 billion as against \$5.15 billion while the cumulative exports in 2003-04 stood at \$61.8 billion surpassing the annual target of 12 per cent by over 5 per cent. In rupee terms, exports in March stood at Rs 32,901.57 crore, which is 34.07 per cent higher than the value of exports during March 2003. Exports during fiscal 2003-04 are valued at \$61.84 billion against \$52.74 billion in the previous fiscal, a growth of 17.26 per cent.

In rupee terms, exports stood at Rs 2,83,604.52 crore in 2003-04, which is 11.6 per cent higher than the value of exports in 2002-03.

India's imports in the period under review stood at \$75.2 billion, representing a rise of 24.96 per cent against \$60.188 billion in 2002-03. In rupee terms, the imports rose to Rs 3,46,474.45 crore from Rs 2,91,132.93 crore, a growth of 19.01 per cent during the period.

Oil imports during 2003-04 grew by 14.29 per cent to \$20.17 billion against \$17.64 billion in the previous fiscal. Non-oil imports in 2003-04 are estimated at \$55.03 billion, 29.38 per cent higher than the level of \$42.5 billion in 2002-03. Imports in March are valued at \$6.927 billion, an increase of 17.61 per cent over \$5.89 billion in March 2003.

The government has attributed the high growth to good performance of exports, efforts to streamline the data collection and a slight change in the method of reporting data by customs which is now based on LEO (let export order) instead of EGM (export general manifest), an official statement said here.

Trade credits

Tightening its norms on trade credits for imports, the Reserve Bank of India today said credits up to \$20 million per import transaction will now be permitted only for "import of capital goods". This measure is in the case of import transactions of maturity period exceeding one year but less than three years, the RBI said.

18 APR 2004

SATURDAY, APRIL 3, 2004

GROWTH AND REALITY

6/10 AM

THE LATEST ESTIMATES by the Central Statistical Organisation provide further confirmation, if indeed it is needed, that the Indian economy is now performing extraordinarily well. With the gross domestic product (GDP) estimated to have expanded by an explosive 10.4 per cent in the third quarter (October-December) of 2003-04, the rate for the first three quarters now stands at 8.2 per cent. This means that GDP growth in the fiscal year as a whole will almost surely surpass the CSO's advance estimate of 8.1 per cent. This will place India alongside China and Argentina, the two other countries that grew faster than 8 per cent in 2003. However, the CSO's statistics do not tell us how much of the acceleration can be attributed to an economic 'bounce' when a good monsoon follows a poor one, as was the case in 2003, and how much of this growth reflects underlying fundamental changes that could propel the economy even faster.

If anything the latest CSO estimates lend credence to the view that what we are witnessing is in part a statistical exaggeration of the true pace of growth and in part the one-off result of an excellent farm performance. The sector that grew the fastest was agriculture, with an astonishing growth rate of 16.9 per cent in a quarter that saw the kharif harvest. Yet there are two reasons for discounting the importance of this pace of expansion. One, when the third quarter of 2003-04 is compared with the corresponding period of 2001-02, GDP in agriculture shows an extremely modest increase of 4 per cent. In other words, the performance of agriculture in 2003-04 is exaggerated by the downturn in 2002-03, which was the result of a poor monsoon. Two, agriculture contributes less than a quarter of India's GDP in a full year, but it accounted for as much as 41 per cent of the increase in net economic output last October-December. This reveals the extent to which the double-digit growth

in the third quarter was influenced by the turnaround in agriculture. It is significant, as officials themselves have pointed out, that annual GDP growth rates of 8 per cent have been exceeded only twice before — in 1975-76 and 1988-89 when the economy grew by 9 and 10.5 per cent, respectively. The performance in those two years has always been understood as a recovery from the severe droughts of 1974 and 1987. Given what happened in 2002-03, the exceptional performance of 2003-04 must be seen, therefore, in a similar light.

10-10 2004

This does not mean that what is now under way is entirely a monsoon-induced phenomenon. Growth is now more broad-based than before, with the manufacturing and the more important service sectors also doing well. In addition, there are other indicators such as a rapid increase in merchandise exports, a spurt in external income from software and outsourcing, and the emergence of new, dynamic sub-sectors such as auto ancillaries. However, while the manufacturing sector is now expanding at an annual rate of 7 per cent, this is well below the 10-12 per cent growth rate that this sector demonstrated over two consecutive years, 1994-95 and 1995-96. One can be reasonably certain that the Indian economy has moved to a new and higher growth path only when there are indications that the acceleration continues beyond the current year of recovery. The first sign of that will come when economic agents in agriculture, industry and services carry out fresh capital investment. Economic growth is fuelled by a combination of improvements in productivity and additions to productive capacity. A clue to understanding the real nature of the performance of the economy in 2003-04 may be found in the fact that there has been no major step-up in the rate of capital formation, to induce which was incidentally the original objective of the 'India Shining' campaign.

THE HINDU 4. 3 APR 2004

Ri\$ing rupee, crouching dollaRs

THE RUPEE has touched a four-year high against the dollar and breached the psychological barrier of Rs 45. Obviously, the dollar inflows have been higher than what the market can absorb and this has happened due to the heavy booking by foreign financial investors of PSU stocks in recent weeks. Now, the money transfer is taking place. Exporters of software, too, are bringing back their dollar earnings into the country. The dollar itself has been plunging against all major currencies due to the volatile situation in Iraq and the recent troubles in West Asia. In the past, excessive dollar inflows were checked by RBI intervention as it bought dollars in the market to support the rupee at a certain level. Around \$ 30 billion were added to the forex reserves last year through its intervention. But such 'meddling' also meant problems of forex management and excess liquidity in the system which could become inflationary. So, with elections nearing, the

sudden restraint by the RBI in supporting the rupee is not surprising.

For many, the dollar's fall will be good news as it will make imported goods cheaper. It will also make the government's oil import bill lighter. But exporters are already making complaining sounds. China, they say, is refusing to revalue its currency. As a result, Chinese goods are going to give Indian exports a tough competition in foreign markets. This will have to be corrected if a big thrust is to be given to exports to maintain the double digit growth.

The RBI will have to step in and support the rupee soon enough. The government could lower the custom duties and let in more imported goods so that the dollar demand rises. Water will seek its own level and the situation could correct itself through the market. The government could liberalise forex controls further and make the rupee convertible. But these options are, of course, not politically feasible right now.

ECONOMIC REALITIES-I

5-8 m/a Need To Understand Nature Of Sustainable Growth

By AMLAN DATTA

In a global perspective the second half of the 20th century was a period of remarkable economic growth, riding the waves of a new technological and industrial revolution. With its innovative base in electronics and bio-engineering, this revolution continues to dominate the scene today. Unsurprisingly, the process of economic growth has not been smooth all along. Signs of instability were more marked at certain times, particularly towards the end of the century, for diverse reasons. There was the "oil crisis" and, more recently, several countries have been hit by acute financial crisis.

However financial crises are usually symptoms of deeper disorder, so we have to look behind what the classical economists called the monetary veil. This deeper probe brings us face to face with a reality which is radically different from anything that received serious attention in earlier epochs of economic history. The beginning of the 21st century is a suitable time for development economists to look before and after and try to arrive at an understanding of the nature of sustainable growth for the future.

Military preparedness

The present epoch is in many ways significantly different from earlier epochs. Let us take note of some of these differences and consider their consequences. The first half of the 20th century saw two world wars. There was an interval of 21 years between the end of World War I and the outbreak of World War II. More than half a century has passed since the end of the last world war. During this period there have been many local military encounters, but there has been no hot war between the super-powers. In a manner of speaking, this has been a period of comparative peace. But the level of military preparedness has remained extraordinarily high.

Defence expenditure has never been so high in earlier times. Now, add to this an additional fact. High military preparedness, as measured by the level of defence expenditure, has gone hand in hand with a high tide of consumerism. This is an extraordinary combination. During a hot military encounter, it is normal to take measures to restrain civilian consumption. Rations are a normal feature of a war

The author, a noted economist, is former Vice Chancellor, Visva Bharati.

economy. Nearly four decades of cold war has left behind this strong legacy of a combination of militarism and consumerism. Conspicuous consumption among a small elite was by no means unknown before. But in its broad sweep, the current consumerist tide has no parallel in the past.

There are many examples in the distant past of great empires breaking up and ruling aristocracies coming to grief when a policy of military adventurism

tion. There is nothing wrong with this argument except that it leans towards shortsightedness. For an adequate consideration of the theme of sustainable development, the horizons of our inquiry have to be widened. It is necessary to include within our purview matters pertaining to a number of allied disciplines along with and beyond economics. A line of development can be unsustainable for a variety of reasons. To take a simple case, it may be critically dependent on a



was joined with an unbridled indulgence in ostentatious living. This does not simply tell us something about the evolution of ancient society: it has also a message for modern policy makers. An inordinately large defence expenditure represents in effect a high level of unproductive investment. When this goes with a high propensity to consume, the national economy can only be expected to get unbalanced. This imbalance produces inflation, budgetary deficit and adverse balance of payments even when the nation concerned is as rich as the USA. For poorer countries in a similar situation, the resulting distress can only be more acute.

Shortsightedness

It is arguable that these same circumstances also provide an impetus to growth. The industrial revolution of our time has been propelled by major technological innovations derived in very large part from defence-oriented research. Growth and instability can very well go together and have a common causa-

natural resource which is limited in supply, non-renewable and without any suitable substitute. The "oil crisis" of the 1970s brought into view such a situation. This highlighted a question of "limits to growth". The trouble with fossil fuel is not simply that it is limited in supply. It has other disadvantages too. It is amenable to monopolistic control by a small number of states. Moreover it is "unclean".

Imagine a situation where petroleum is readily available all over the world. Even then it will be hazardous to burn it in unlimited quantity. Obviously, economic growth based on conventional use of fossil fuel is not sustainable beyond a limit. So people are looking for methods of more economical use of fossil fuel and, what is more important, alternative sources of energy. Atomic energy is one such alternative. It promises to make available a virtually unlimited supply of energy. But, it is not "clean". The fact that its production cannot be easily limited to a small number of states counts as a grave disadvantage. It carries with it an enormous risk

of polluting the physical as well as the political environment.

When we look at problems of economic development in this wide perspective, we begin to realise that humanity has arrived at a stage of evolution, technological and political, when defence-oriented research can no longer provide a reliable road-map for the way ahead.

Some economists of late have significantly drawn attention to the importance of improving the quality of life of the common people and pleaded for restoring to the word "wealth" its original meaning of well-being. However, development planning in the Third World continues to be dominated by a nearly single-minded concern for a high rate of growth of national income. There are some simple arguments in support of this line of thought.

Public outlays

With a high rate of growth, it should be easier for the government to collect a large revenue. This will make it possible to sanction larger public outlays on education, health and, more generally, the infrastructure for economic and social development. Moreover, a high rate of growth will generate more jobs and so reduce unemployment and poverty. This line of reasoning deserves a hearing.

However, this is still a flawed and incomplete reasoning. A system of political economy rooted in the Bismarckian tradition is positively disposed towards a state-sponsored programme of social security supported by a high level of public expenditure on health and education. This is seen to help a nation achieve both power and a prominent rank in what is now called human resource development. Market-driven "socialism" cheerfully accepts this new orientation of economies. Yet this falls seriously short of the full requirements of a new concept of development adequately designed to achieve a breakthrough from the evolutionary impasse which the world economic order has reached today.

A closely related point is also worth noting here. There are certain patterns of community relationship which play a protective role in society. When an indefinite extension of the commercial spirit tears apart this protective cover, a bruised human psyche takes fearful revenge.

(To be concluded)

PF subscribers may get only 9% interest

ST-11
10/3
9-20-04
Press Trust of India

NEW DELHI, March 9. —The over 3.2 crore subscribers to the provident fund may get a lower nine per cent interest from April instead of the prevailing rate of 9.5 per cent.

The Central Board of Trustees of Employees Provident Fund Organisation (EPFO) had cut interest on PF by 0.5 per cent but granted a golden jubilee bonanza of 0.5 per cent to virtually retain 9.5 per cent for the current fiscal.

With Parliament being dissolved and Election Commission announcing the polls, the EPFO, whose chairman is the labour minister, cannot take any decision in this regard for the next financial year and therefore, one has to assume that interest rate would be lower at 9.0 per cent.

"There are chances that interest rates may be revised after the new government comes in," official sources said. Asked whether it would mean a downward revision, they did not specify since nothing could be "uttered" because of its possible political ramifications for the polls.

Already there are two views on the interest rates with one school of thought believing that if the Centre could introduce higher return bearing instruments such as Varishta Pension Bima Yojana and Dada-dadi bonds, then the market certainly would have an "appetite" for it. The other group, which comprises mainly the financial markets, feels the sustainability of higher returns for the EPFO was "untenable" due to low interest regime.

The labour minister, Mr Sahib Singh Verma, had already indicated a dip in fortunes for EPFO in 2004-05, projec-

Though officials are tight-lipped over the extent of recoveries after EPFO embarked on 'Compliance 2004' to expose the defaulters in public and private sectors, they said a "substantial" amount of dues have been retrieved

ting that income was only set to rise over four per cent as compared to over 28 per cent hike in expenditure due to higher resources needed for its "EPFO Re-inventing" programme.

The PF Board had already approved the appointment of a consultant who would look into the investment patterns of the country's largest pension fund and suggest ways to improve the earning capacities.

Though the board had also approved changes in investment patterns, the labour ministry is yet to receive ratification from the finance ministry.

Sources, however, said if there could have been effective recoveries (as EPFO wanted), then it would have offered a solution to a great extent.

Though officials are tight-lipped over the extent of recoveries after EPFO embarked on 'Compliance 2004' to expose the defaulters in public and private sectors, they said a "substantial" amount of dues have been retrieved.

THE STATESMAN

10 MAR 2004

Left cloud on NDA shine

Crk DEVADEEPPUROHIT 9/3/04

Calcutta, March 8: Politics versus economy, feel-good versus facts and figures.

The CPM is ready with its own reality check on how the BJP-led NDA government is pushing the country towards "economic bankruptcy" with the lure of rosy numbers and its claim of India's "economic resurgence".

To counter the NDA's India Shining blitz, the CPM has added a twist to its election campaign and decided to release media updates on the truth about 10 key economic issues. Billed as the first of its kind for a party like the CPM, the campaign will be kicked off on March 9.

"Yes, it can be seen as a sequel to the government's India Shining campaign," said CPM Rajya Sabha member Nilotpal Basu, who, along with politburo member Sitaram Yechuri, will spearhead the "Is India Really Shining?" campaign.

"The BJP-led NDA government is trying to play a statistical fraud by presenting some feel-good numbers. Our aim is to present the true picture to the people with the help of the media," explained Basu.

A 17-member group of present and former students of the Centre for Economic Studies and Plan-

ning of Jawaharlal Nehru University is collecting the data for the battle which will be released through a series of news conferences.

The areas, identified by the backroom boys, cover unemployment, food security, agriculture, industry, Centre-state financial relations, infrastructure, health, education, divestment, tax sops to the corporate sector and the economy's performance on the external front.

"There is no depth in the data being used in the India Shining series of releases by the various government departments. By using published data from various government sources and some international publications, we are developing a point-by-point rebuttal campaign," added Basu.

Raising questions on the rationale behind the government's doling out unnecessary tax sops to a few corporate houses and pointing out lower capital formation in agriculture during Atal Bihari Vajpayee's regime, the campaign will highlight the "problem areas" of the economy.

The government's much-talked-about divestment programme will also come under the scanner along with the balance sheets of the state governments, for which the CPM holds the Centre responsible.

Shourie attacks CAG over Centaur

Statesman News Service

NEW DELHI, Feb. 19. — The Comptroller and Auditor-General's method of computing the notional loss is "idiotic", the Union disinvestment minister said today while reacting to the CAG's adverse remarks about the sale of Centaur Hotel (Mumbai) to Batra Hospitality without giving the ministry a chance to explain its stand. "I will take up the issue with the Cabinet secretary and the CAG," Mr Arun Shourie said at a press conference.

The minister claimed that the disinvestment process followed by the government was a time-tested one and was upheld by the Supreme Court in the Balco sale deal. "It is ironic that we swallow or vomit allegations," was Mr Shourie response to charges levelled against his ministry by the CPI-M and Shiv Sena leader Mr Sanjay Nirupam. Expressing shock at the the CAG's move not to ask for the ministry's

comment on the draft paragraph before finalising the report, he said he would meet the Cabinet secretary and the CAG, Mr VN Kaul, and urge them to streamline the system.

Admitting that the CAG had sent the draft report on Centaur Hotel to the Airports Authority of India, he claimed his ministry had no knowledge of it.

The CPI-M demanded a CBI

**'The CAG's method is idiotic...
It is ironic that we swallow
or vomit allegations'**

probe into the resale of Centaur Hotel. The party alleged that "Rs 145 crore of public money has been squandered away in the deal", the fact it claimed had been "confirmed by the CAG report".

Addressing a press conference, politburo member Mr Sitaram Yechury said the CAG report "has revealed a loss of Rs 145.69 crore in revenue because of undercharging of

lease rent and reduction of turnover levy in the sale process". Quoting the report, he said the two bids for the hotel were restricted virtually to one bidder, who was allegedly close to the-Sangh Parivar. While the first bid was rejected as the price quoted was below the reserve price, the turnover levy was reduced from six to two per cent in case of the second bidder, he alleged.

"There was no open bid. Even the tender condition was changed through reduction of turnover levy," Mr Yechury said. The CPI-M will write to the Prime Minister demanding a CBI probe into the "sale and resale" of the hotel. Mr Yechury sought an explanation from the divestment minister, charging him with launching a "cover up attempt".

The Congress too demanded an "impartial probe" into the resale of Centaur Hotel, adds PTI. "It was a grand clearance sale. Therefore, the CAG report confirms what we've been saying," party spokesman Mr Anand Sharma said.

THE STATESMAN

20 FEB 2004

Delhi turns outsourcing heat on Washington

HT Correspondent
New Delhi, February 16

INDIA IS mounting pressure on the US to withdraw the clutch of anti-outsourcing laws passed by several of its states and the federal government. Union Commerce and Industry Minister Arun Jaitley has expressed concern over the US closing its markets that were till now open.

While US Trade Representative Robert Zoellick sought opening up of agriculture and services sector, Jaitley expressed New Delhi's displeasure on Washington's approach towards outsourcing of services.

"It is strange that on the one hand, people are talking about opening of markets, and on the other hand, banning business process outsourcing. Our agriculture is fragile as it is not subsidised, like in the US," Jaitley said after an hour-long meeting with Zoellick who is on a whistle-stop tour to revive the WTO talks that collapsed at the Cancun ministerial conclave held in September last year.

Jaitley had also hosted a late evening dinner for Zoellick on Sunday in a bid to break ice with Washington DC on lifting the ban on outsourcing of services by government agencies.

Prime Minister Atal Bihari Vajpayee has publicly criticised the Bush administration on banning outsourcing of services. However, Zoellick tried to play down the issue while briefing newsmen later in the day. He assured that the US markets would remain open. He said that the ban is only limited to government



Union Commerce Minister Arun Jaitley (left) with US trade representative Robert Zoellick in New Delhi on Monday.

AFP

procurement, which constitutes a minuscule of the total outsourced business to destinations like India and China.

Zoellick also added trade is a two-way street. We have to see how can we create additional jobs on both sides."

While reiterating his pro-BPO stand taken earlier, Zoellick said, "You have your sensitivities to politics and we have our own." In this context, he also referred to hundreds of thousands of jobs lost by techies in the US that too in a year when Presidential elections were scheduled.

He also referred to the huge trade deficit of \$500 billion the US has with its trading partners. The US Trade Represen-

tative urged India to open up communication, financial and other professional services where it has a distinct advantage. On agriculture sector, he pointed out that India's aggregate tariffs were 112 per cent, which was twice the world's average, three times over the US rates. In manufacturing sector, while he conceded that Indian tariffs have been reduced significantly, he pointed out that the bound tariff was 34 per cent as against 3 per cent in the US.

As a follow up of his letter addressed to 146 members of WTO, Zoellick has been travelling to various capitals. He has already met his European counterpart Pascal Lamy.

ভোটের লোভে কল্পিত কৃষক, যশোবন্ত

কর্মীদের খুশি করার লক্ষ্যে মিশেই গেল বেতন-ডি এ

জয়ন্ত ঘোষাল • নয়াদিল্লি

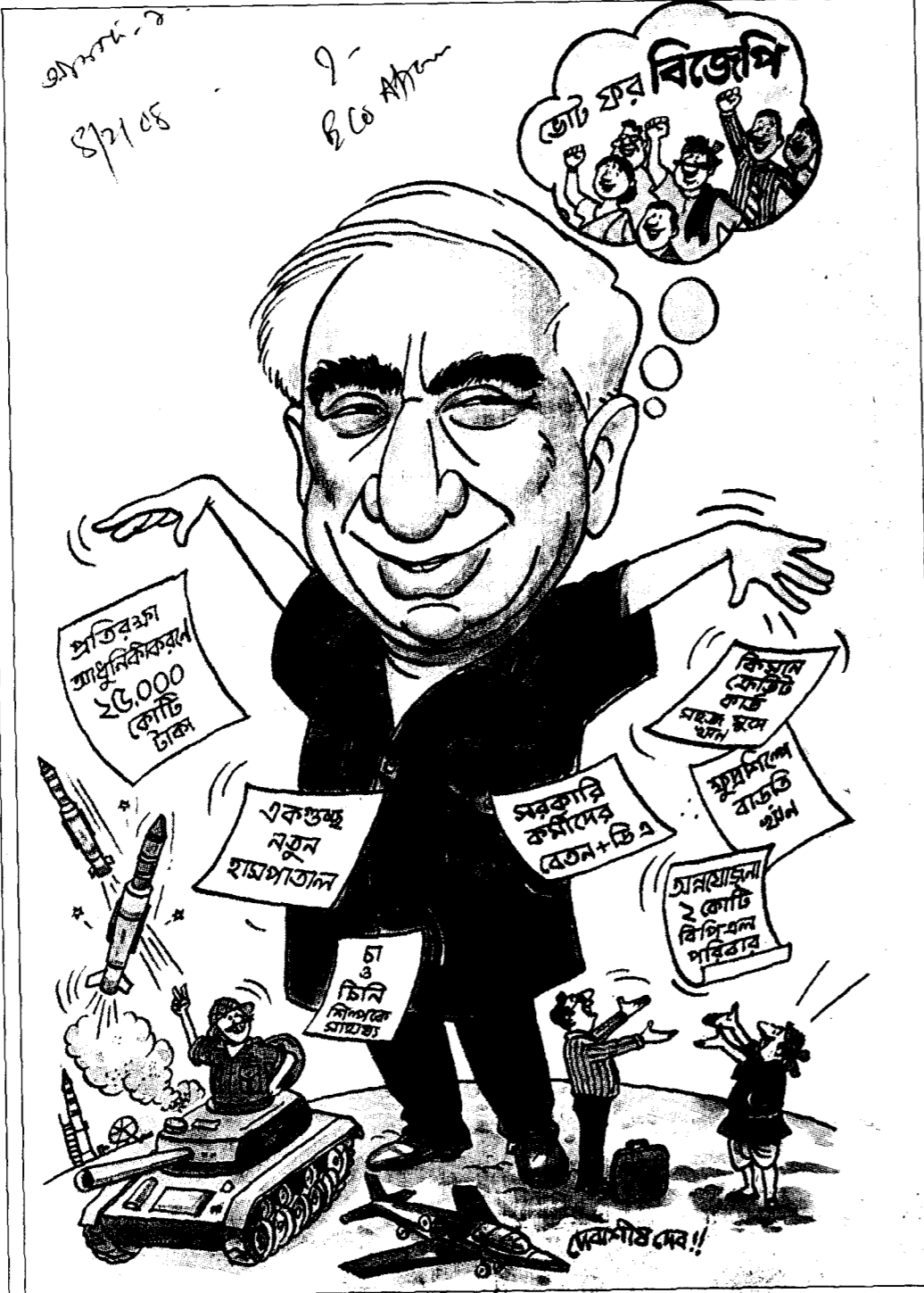
৩ ফেব্রুয়ারি: নির্বাচনের মুখে দাঁড়িয়ে শেষ পর্যন্ত চাকরিজীবী ও পেনশনভোগীদের আরও সুবিধা দেওয়ার পক্ষেই হটিয়েছেন অর্থমন্ত্রী যশোবন্ত সিংহ। এই লক্ষ্যেই কেন্দ্রীয় কর্মীদের মহার্ঘ ভাতা মূল বেতনের সঙ্গে মিশিয়ে দেওয়ার সিদ্ধান্ত অন্তর্বর্তী বাজেটে ঘোষণা করল কেন্দ্রীয় সরকার। পাশাপাশি, ১ এপ্রিল থেকে আদ্যমান-নিকোবর বীপপুঞ্জ, লক্ষদ্বীপ, গোয়া-সহ বেশ কয়েকটি অঞ্চল এবং শহরকে উন্নত শ্রেণীর আওতায় এনে সেখানকার কেন্দ্রীয় কর্মীদের বাড়িভাড়া বাবদ ভাতা বাড়ানোর ব্যবস্থা করেছেন অর্থমন্ত্রী।

বর্তমানে কেন্দ্রীয় কর্মীরা ৫৯ শতাংশ হারে মহার্ঘ ভাতা বা ডি এ পান। তার ৫০ শতাংশই মিশে যাচ্ছে মূল বেতনে। নতুন আর্থিক বছরের প্রথম দিন, অর্থাৎ ১ এপ্রিল থেকে এই ব্যবস্থা চালু হচ্ছে বলে এই দিন বাজেটে ঘোষণা করেছেন অর্থমন্ত্রী। এর ফলে বেতনের সঙ্গে প্রদেয় সমস্ত ভাতার পরিমাণই বৃদ্ধি পাবে। এর আগে ২০০৩ সালের ১ জুলাই ডি এ বাড়ানো হয়েছিল। মহার্ঘ ভাতা এখনই ৫০ শতাংশ ছাড়িয়ে যাবে, তখনই তা মূল বেতনে মিশিয়ে দেওয়ার সুপারিশ জানিয়েছিল পঞ্চম বেতন কমিশন। বেশ কিছুদিন আগেই ডি এ ৫০ শতাংশ ছাড়িয়ে গিয়েছে। ওই সুপারিশের ভিত্তিতেই এই সিদ্ধান্ত নেওয়া হল বলে অর্থমন্ত্রী এই দিন লোকসভায় জানান।

এর ফলে ৫০ লক্ষ কর্মীর জন্য রাজকোষ থেকে বাড়তি সাড়ে ৩/৪ হাজার কোটি টাকা খরচ করতে হবে বলে বাজেটে জানানো হয়েছে। তবে অর্থ সচিব ডি সি গুপ্তের দাবি, বাড়তি আয়কর আদায় খাতে যে ৪০০ থেকে ৫০০ কোটি টাকা কোষাগারে আসবে, তার থেকে এই খরচ কিছুটা মেটানো সম্ভব হবে। উল্লেখ্য, কেন্দ্র বেতন খাতে যে পরিমাণ অর্থব্যয় করে, তার ৬০ শতাংশই খরচ হয় পেনশনের টাকা মেটাতে। এই সিদ্ধান্তে পেনশনভোগীদের সবচেয়ে বেশি উপকৃত হবেন বলে সরকারি সূত্রে জানানো হয়েছে।

এ দিকে, কলকাতা থেকে স্টাফ রিপোর্টার জানাচ্ছেন: অন্তর্বর্তী বাজেটকে নির্বাচন ভিত্তিক বলে মন্তব্য করেছে সিটি এনএ এ আই টি ইউ সি। তাদের মতে, ভোট টানতেই ডি এ-র সঙ্গে বেতন মিশিয়ে দেওয়ার সিদ্ধান্ত নিয়েছে বি জে পি সরকার। এই দিন সিটির সাধারণ সম্পাদক চিত্তরত্ন মজুমদার এবং এ আই টি ইউ সি-র সাধারণ সম্পাদক গুরুদাস দাশগুপ্ত বলেন, বাজেটে সাধারণ মানুষের অবস্থা ফেরানোর কোনও ব্যবস্থা রাখা হয়নি। কেন্দ্রীয় সরকার কর্মীদের মহার্ঘ ভাতার ৫০ শতাংশ মূল বেতনের সঙ্গে মিশিয়ে দেওয়ার প্রস্তাবকে গুরুদাসবাবু স্বাগত জানালেও তার অভিমত, এর ফলে রাজ্যের উপরে চাপ বাড়বে। কারণ, এ বার রাজ্য সরকারের কর্মীদের বেতন বৃদ্ধির দাবিও উঠতে পারে। তাঁর মতে, ওই দাবি মেটাতে রাজ্যগুলিকে আর্থিক সাহায্যদানের প্রস্তাবও বাজেটে রাখা উচিত ছিল।

তবে বাজেটকে স্বাগত জানিয়েছেন ইন্টাকের রাজ্য সভাপতি সুরত মুখোপাধ্যায়। এ দিন তিনি বলেন, "এটা নির্বাচন ভিত্তিক বাজেট কি না তা নিয়ে আমার মাথাব্যথা নেই। বাজেটে যে-সব প্রস্তাব রাখা হয়েছে, তাতে কেন্দ্রীয় সরকারের কর্মীরা উপকৃত হবেন।"



কম সুদে কৃষি ঋণ, চাষীদের জন্য ক্রেডিট কার্ড, শস্য বিমা ঘোষণা

স্টাফ রিপোর্টার, নয়াদিল্লি, ৩ ফেব্রুয়ারি— ভোটের মুখে কৃষকদের ঢালাও প্রতিশ্রুতি দিলেন অর্থমন্ত্রী যশোবন্ত সিংহ। অন্তর্বর্তী বাজেটে কৃষকদের আরও কম সুদে কৃষি-ঋণ, সব কৃষকের জন্য ক্রেডিট কার্ড-সহ বেশ কিছু সুবিধার কথা ঘোষণা করলেন তিনি।

যশোবন্ত জানিয়েছেন, ২০০৪ সালের ৩১ মার্চের মধ্যে দেশের সমস্ত কৃষক (যারা এই সুবিধা পাওয়ার যোগ্য) কিসান ক্রেডিট কার্ড পেয়ে যাবেন। এছাড়া দেশের ১০০টি জেলায় বিশেষ বিমা যোজনা, কৃষি ঋণের ক্ষেত্রে সুদের হার কমানোর জন্য ব্যাঙ্ককে নির্দেশ, কৃষি ও পরিকাঠামোর জন্য ঋণ তহবিল গঠন, চা শিল্পের পুনরুদ্ধারের জন্য বিশেষ প্যাকেজ দেওয়ার কথা ঘোষণা করেছেন অর্থমন্ত্রী। পরিকল্পনা খাতে কৃষিক্ষেত্রে মোট বরাদ্দের পরিমাণ গত বাজেটের তুলনায় বাড়ানো হয়েছে ৩৯৪ কোটি টাকা।

অর্থমন্ত্রীর অন্তর্বর্তী বাজেট অনুযায়ী কৃষকেরাও এ বার ব্যবহার করতে পারবেন ব্যাঙ্ক থেকে দিন-রাত টাকা তোলার যন্ত্র এ টি এম, অবশ্যই গ্রামাঞ্চলে যে সব জায়গায় এই সুবিধা রয়েছে, সেখানে।

অর্থমন্ত্রী জানিয়েছেন, তথ্যপ্রযুক্তির যে ব্যাপক প্রসার ব্যাঙ্ক-ক্ষেত্রে হয়েছে এ বার

তার সুফল পাবেন গ্রামের কৃষকেরাও। তাঁদের ব্যক্তিগত আবেদনের ভিত্তিতে এ টি এম ব্যবহারের সুযোগ দেওয়া হবে। প্রাথমিক ভাবে ২০টি জেলায় শস্যবিমা (ফার্ম ইনকাম ইনসিওরেন্স স্কিম) চালু করার কথা আজ ঘোষণা করা হয়েছে।

পাঁচের পাতায়

- বেসরকারি বিনিয়োগ টানতে বিদ্যুৎ ক্ষেত্রে কর ছাড়
- প্রতিরক্ষা সরঞ্জামের জন্য ২৫ হাজার কোটি টাকার তহবিল
- এইমসের খাঁচে ছুটি রাজ্যে হচ্ছে নতুন হাসপাতাল
- শিল্প মহলের প্রশংসা, কিছুটা উল্টো সুর রফতানি মহলে
- শেয়ার বাজারে প্রভাব ফেলার রসদ নেই, বিশেষজ্ঞদের মত
- বাম মতে নিষ্ঠুর তামাশা, কংগ্রেস বলছে ভোটমুখী
- বিদেশ থেকে আনা জিনিসে শুল্ক ছাড় বাড়ল

পরে তা দেশের ১০০টি জেলায় সম্প্রসারিত করা হবে।

কৃষি-ঋণের ক্ষেত্রেও আজ কিছু গুরুত্বপূর্ণ প্রস্তাবের কথা ঘোষণা করেছেন যশোবন্ত। বলেছেন, "২০০৩ সালের জুলাই মাসে শস্যঋণের ক্ষেত্রে সুদের হার ঋণায়ত্ত ব্যাঙ্কের ক্ষেত্রে ৯ শতাংশের কথ ঘোষণা করা হয়েছিল। ইতিমধ্যে ব্যাংকগুলোকে সুদের হার কমাতে।"

এ বারের বাজেটে জানানো হয়েছে, কৃষি ঋণের ক্ষেত্রে অনেক সময় বকেয়া গুডায় ব্যাঙ্কগুলির 'নন পারফর্মিং অ্যাসেট' বা অনুৎপাদক সম্পদ সংক্রান্ত সমস্যা তৈরি হয়। এটা খতিয়ে দেখার জন্য বিশিষ্ট কৃষি অর্থনীতিবিদ ডি এস ব্যাসের নেতৃত্বে একটি কমিটি গঠন করা হয়েছে। ৯০ দিনের মধ্যে এই কমিটি প্রস্তাব জমা দেবে।

পাশাপাশি গ্রামীণ ঋণের ক্ষেত্রে সমস্যা ব্যাঙ্কের গুরুত্বের কথা উল্লেখ করে যশোবন্ত প্রতিশ্রুতি দিয়েছেন, ঋণ কাঠামোর মোট পরিমাণ ১৫ হাজার কোটি টাকা যাতে কার্ড যার সে জন্য একটি

শহরে মধ্যবিত্ত থেকে কৃষক, সবাইকে ঢালাও প্রতিশ্রুতি

গৌতম হোড় • নয়াদিল্লি

৩ ফেব্রুয়ারি: পুরোপুরি লোকসভা নির্বাচনের দিকে তাকিয়েই অন্তর্বর্তী বাজেট পেশ করলেন কেন্দ্রীয় অর্থমন্ত্রী যশোবন্ত সিংহ। অর্থমন্ত্রীর আজকের লক্ষ্য ছিল কেন্দ্রীয় সরকারি কর্মী, গরিব মানুষ, কৃষক, ক্ষুদ্র শিল্পোদ্যোগী এবং শহরের মধ্যবিত্তের মতো বিভিন্ন শ্রেণীকে খুশি করা। এ জন্য কেন্দ্রীয় সরকারের কর্মীদের মহার্ঘ ভাতা মূল বেতনের সঙ্গে মিশিয়ে দেওয়ার সিদ্ধান্ত থেকে শুরু করে আরও গরিব পরিবারকে কম পয়সায় চাল-গম, কৃষকদের আরও কম সুদে ঋণ দেওয়ার মতো এক গুচ্ছ জনমোহিনী প্রতিশ্রুতি দিয়েছেন অর্থমন্ত্রী। চাকরিজীবীদের জন্য রয়েছে আরকরের ক্ষেত্রে স্ট্যান্ডার্ড ডিডাকশন বাড়ানোর প্রতিশ্রুতিও। লোকসভা নির্বাচনের আগে যশোবন্তের স্লোগান, 'গরিবকে পেট মে দানা, গৃহিণী কি টুকিয়া মে আনা' (গরিবের পেটে খাবার এবং গৃহিণীর টুকিরিতে পয়সা)। বাজেট পেশের পর অর্থমন্ত্রীর বক্তব্য, সাধারণ মানুষের সুবিধার জন্য কিছু করার অর্থ ভোটমুখী জনমোহিনী পদক্ষেপ নয়। আর প্রধানমন্ত্রী অটলবিহারী বাজপেয়ীর দাবি, খাদ্য এবং দেশের সুরক্ষাকেই তাঁর সরকার নিশ্চিত করতে চেয়েছে।

এমনিতে ভোটের কারণে আগামী কয়েক মাসের সরকারি ব্যয়নির্ধারণের জন্য অন্তর্বর্তী বাজেট হলেও সেই সঙ্গে ভবিষ্যতের কথা ভেবে কিছু সিদ্ধান্ত নিয়েছেন যশোবন্ত। তার মধ্যে রয়েছে কেন্দ্রীয় সরকারের স্ট্যাম্প ডিউটি কমানো এবং বড় শিল্প ও পরিকাঠামো ক্ষেত্রে দীর্ঘমেয়াদি ঋণের জন্য দু'টি লক্ষি সংহকে চ্যাম্প করে তোলার প্রস্তাব। প্রতিরক্ষার আধুনীকরণের জন্য ২৫ হাজার কোটি টাকার একটি তহবিল গঠন করার প্রতিশ্রুতি দিয়েছেন তিনি। সেই সঙ্গে বিদ্যুৎ, সড়ক এবং জাহাজ শিল্পে উন্নয়নের জন্য আগামী বছরে বরাদ্দ অনেকটাই বাড়তে চেয়েছেন তিনি। বিদ্যুৎ, সড়ক খাতে বরাদ্দ বৃদ্ধি তিন হাজার কোটি টাকা। কৃষি, শিক্ষা ও স্বাস্থ্য খাতে অর্থ বরাদ্দ বেড়েছে হাজার কোটি টাকা করে। পাশাপাশি, প্রধানমন্ত্রীর 'স্বাস্থ্য সুরক্ষা যোজনা'র আওতায় দিল্লির অল ইন্ডিয়া ইনস্টিটিউট ফর মেডিক্যাল সায়েন্সেস (এ আই আই এম এস) হাসপাতালের খাঁচে পাঁচ রাজ্যে পাঁচটি হাসপাতাল গড়া হবে। আরও ছয় রাজ্যে একটি করে হাসপাতালকে ওই স্তরে উন্নীত করা হবে।

বাজেটে সম্ভবত সব থেকে খুশি হয়েছেন কেন্দ্রীয় সরকারি কর্মচারীরা। রাজ্যগুলিকে প্রকল আর্থিক চাপের মুখে ফেলে কেন্দ্রীয় সরকারি কর্মীদের খুশি করতে তাদের মূল

বেতনের সঙ্গে ৫০ শতাংশ পর্যন্ত মহার্ঘ ভাতা মিশিয়ে দেওয়ার প্রতিশ্রুতি দিয়েছেন যশোবন্ত। এর ফলে বছরে কেন্দ্রীয় সরকারের অতিরিক্ত প্রায় ৪০০০ কোটি টাকা খরচ হবে। কারণ, কর্মীদের বিভিন্ন ভাতা তো বাড়বেই, তার সঙ্গে বাড়বে প্রভিডেন্ট ফান্ড ও পেনশনের পরিমাণও।

পঞ্চম বেতন কমিশনের এই সুপারিশ মেনে নিলেও কমিশনের অন্য সুপারিশ কিন্তু ভোটের মুখে মানা হয়নি। যেমন, কেন্দ্রীয় সরকারের কর্মী সংকোচন বা সরকারি কর্মীদের কর্মদক্ষতা নিশ্চিত করার জন্য কোনও প্রতিশ্রুতি দেননি অর্থমন্ত্রী। যশোবন্তের সিদ্ধান্তে সরকারি কর্মীরা নিঃসন্দেহে উপকৃত হবেন, কিন্তু সরকারের কাজে কোনও প্রভাব পড়বে না। আদ্যমান ও নিকোবরের সরকারি কর্মীদের জন্যও বাড়তি কিছু সুবিধার কথা ঘোষণা করেছেন তিনি। এই বাড়তি আর্থিক বোঝা যশোবন্ত বহন করতে পারবেন টিকই, কিন্তু বিপাকে পড়বে রাজ্য সরকারগুলি। এ জন্য দল প্রবল ভাবে চাইলেও প্রায় সব রাজ্য সরকার এই পথে না-হটিতে অর্থমন্ত্রীকে অনুরোধ করেছিল। কিন্তু রাজনৈতিক বাধ্যবাধকতাকেই ভোটের আগে অগ্রাধিকার দিয়েছেন অর্থমন্ত্রী। প্রধানমন্ত্রীও বলেছেন, এই সিদ্ধান্তকে কর্মচারীরা নিশ্চয়ই স্বাগত জানাবেন। তাঁদের কাছে প্রধানমন্ত্রী আবেদন জানিয়েছেন, বাড়তি আয়ের সবটা তাঁরা যেন খরচ না করেন, কিছুটা ভবিষ্যতের জন্য তুলে রাখেন।

সাধারণ চাকুরিজীবীদের জন্য এখনই খুশির খবর শোনাননি যশোবন্ত। তাঁদের জন্য প্রতিশ্রুতি দিয়েছেন মাত্র। যশোবন্ত বলেছেন, অন্তর্বর্তী বাজেট বলে তিনি এখনই আয়কর আইনের পরিবর্তন করতে পারছেন না। তবে অর্থমন্ত্রী আয়করভাতাদের স্ট্যান্ডার্ড ডিডাকশনের পরিমাণ বাড়ানোর বিষয়টি খতিয়ে দেখার আশ্বাস দিয়েছেন। সেনাবাহিনীর প্রাক্তন কর্মী যশোবন্ত মুখে নিহত সৈনিকদের পরিবারকে পেনশনের উপরে কর কমানোর প্রতিশ্রুতিও দিয়েছেন।

সরকারি কর্মীদের পাশাপাশি গরিবদেরও খুশি করতে চেয়েছেন যশোবন্ত। অস্ত্রোদয় অম প্রকল্প বা গরিবদের সস্তায় চাল-গম দেওয়ার আওতায় আরও ৫০ লক্ষ পরিবারকে নিয়ে আসা হয়েছে। বর্তমানে দেড় কোটি পরিবার এই সুবিধা পান। এ বার দু'কোটি পরিবার এই সুবিধা পাবেন। আদিবাসী এলাকাগুলিতে বাড়তি সুবিধা দেওয়ার কথা ঘোষণা করা হয়েছে। গ্রামীণ এলাকায় স্বনির্ভুলতার সঙ্গে জড়িত গোষ্ঠীগুলিকে ব্যাঙ্ক ও নারভি থেকে আরও সুবিধা দেওয়ার কথা ঘোষণা করা হয়েছে। প্রথম দফায় উত্তরপ্রদেশ, রাজস্থান ও

৩২ পয়সা বাড়বে।

রান্নার গ্যাস, কেরোসিনের দাম বাড়বে ভোটের পরেই

স্টাফ রিপোর্টার, নয়াদিল্লি, ৩ ফেব্রুয়ারি— লোকসভা নির্বাচনের পরেই রান্নার গ্যাস ও কেরোসিনের দাম বেশ কিছুটা বাড়তে চলেছে। কারণ, আগামী আর্থিক বছরে রান্নার গ্যাস ও কেরোসিনের উপরে ভর্তুকির পরিমাণ প্রায় অর্ধেক করে দিয়েছেন অর্থমন্ত্রী যশোবন্ত সিংহ।

বাজেট বক্তৃতায় এর কোনও উল্লেখ না করলেও ব্যয় সংক্রান্ত বাজেট নথিতে দেখানো হয়েছে, রান্নার গ্যাস ও কেরোসিনে ভর্তুকি ৬ হাজার ২৯২ কোটি টাকা থেকে কমেয়ে ৩ হাজার ৫০০ কোটি টাকা করা হয়েছে। এরপর পেট্রোলিয়াম মন্ত্রক থেকে পরিবারকে নিয়ে আসা হয়েছে। বর্তমানে দেড় কোটি পরিবার এই সুবিধা পান। এ বার দু'কোটি পরিবার এই সুবিধা পাবেন। আদিবাসী এলাকাগুলিতে বাড়তি সুবিধা দেওয়ার কথা ঘোষণা করা হয়েছে। গ্রামীণ এলাকায় স্বনির্ভুলতার সঙ্গে জড়িত গোষ্ঠীগুলিকে ব্যাঙ্ক ও নারভি থেকে আরও সুবিধা দেওয়ার কথা ঘোষণা করা হয়েছে। প্রথম দফায় উত্তরপ্রদেশ, রাজস্থান ও

এর পর পাঁচের পাতায়

It's raining sops

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Hr 6
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IN A low key speech, Finance Minister Jaswant Singh seemed to have doused some of the expectations that preceded his presentation of the interim budget. Nor was it a politically charged document. In fact, a vote on account only seeks Parliament's permission to continue with the government's expenditure for the next four months. Considering that Mr Singh was constrained to make considerable changes in the tax structure, he still managed to insert an element of the ubiquitous 'feel good' factor in the budget. The good news was on the fiscal front via the containment of the fiscal deficit to 4.8 per cent as opposed to the budgeted 5.6 per cent of the GDP. He also provided the happy tidings of a shrinking revenue deficit, estimated at 3.6 per cent. Next year, the fiscal deficit is to come down to 4.4 per cent through expenditure cuts and additional revenue collection. The reduction means that the stress factor in the economy will be less, an aspect which will be appreciated by the IMF and the World Bank. But whether the government has been successful in reducing expenditure in areas which are already bloated — such as the bureaucracy as well as in the field of subsidies — or whether it has cut into areas which are essential for growth (capital expenditure) is a moot point.

The GDP growth is expected to be 7.5 per cent to 8 per cent in the current fiscal year, which means a big jump from the 4 per cent growth of last year. It will mean that the momentum of the second quarter GDP growth of 8.4 per cent has to be maintained and there has to be an increase in investment, leading to a high industrial and agricultural growth. For both the sectors, the minister has given attractive incentive packages. Farmers will be eligible for credit cards by March 31. The farm fund will give loans at 200 basis points below PLR (prime lending rate) and special packages for reviving tea and sugar industries have also been given. In addition, crop insurance has been announced while the collateral criteria for farm loans have been relaxed. The Indira Gandhi canal project in Rajasthan will be given additional funding for speedier execution. For the rural poor, an addi-

tional two crore families living below the poverty line will be brought under the Antyodaya Anna Yojana.

For industry, the tax burden has been reduced for shipping companies and fiscal benefits for power projects have been extended. And indigenous capital goods will get deemed export status. It is to be hoped that the capital gains from tax on shares for another three years will give a boost to investment, which is critical for economic growth. For the small scale sector, the loan limit on credit card has been raised from Rs 200,000 to Rs 10,00,000. On the flip side, the announcement of the merger of 50 per cent of the DA into the salary will make state finances worse, compelling them to skip some of the critical investments required for upgrading and enhancing the social sector. Already, after implementing the Fifth Pay Commission revision of pay scales, many states became bankrupt. A higher base will mean a bigger outflow towards pensions in future.

Sops to the affluent classes have continued: the baggage allowance has been raised to Rs 25,000 for passengers returning from abroad and customs duty on such baggage has been reduced to 40 per cent. But the middle-classes have been disappointed that income tax exemption limits have remained unchanged. The minister has promised, however, to contain inflation at 4.3 per cent, which is a more optimistic view than that of the Reserve Bank of India. The health sector got a fillip with a blueprint for six AIIMS-type hospitals in big cities. The drinking water scheme for mega cities should also be welcomed by city dwellers.

The problem of generating additional jobs remains unclear though the minister has said that employment has increased and several layers of employment have been created. Even though the government is committed to job generation and poverty eradication, much more has to be done to create employment in the urban areas where people from the rural areas are flooding in daily. Clearly, much more needs to be done on all fronts, but these will have to wait till a new government is installed at the Centre and a full budget is presented.

Jaswant's sops unconstitutional, says Manmohan

9-30-03
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Mumbai: Former Union finance minister Manmohan Singh on Friday accused the BJP-led NDA government of "constitutional impropriety" in announcing sweeping tax cuts and concessions on consumer and industrial goods way ahead of the Union budget.

"If the (BJP) feels that their decisions are correct and in the interests of the people, then what had prevented them from taking this step in the last five years?" he asked while speaking to journalists on Friday.

The Centre's mini-budget of sorts announced by Union finance minister Jaswant Singh on Thursday, he said, was an effort to win votes in the parliamentary elections. "It is nothing but a poll ploy by the BJP. The decisions are an insult to the intelligence of the Indian people. They (the government) want the voters to forget all their doings in the last five years," he said.

Mr Singh arrived in Mumbai for the release of a book by senior UN official Shashi Tharoor. Minister of state for civil supplies Naseem Khan received Mr Singh and escorted him to the Breach Candy Hospital to meet Congress MP Sunil Dutt, who has been admitted with 'frozen shoulders'.

On the issue of an grand alliance between the Congress and the Sharad Pawar-led NCP, Mr Singh said, "Sonia Gandhi had already stated that she would hold discussions with Mr Pawar. Beyond that I would not like to speak on Maharashtra politics."

He added that the pre-poll tie-ups initiated by the Congress should not be construed as "a fight for political power. It is a fight for the soul of India. The fight is between the secular and communal forces." He said the feel-good factor for the people, which the BJP was aiming to cash in on, was first attempted by then Union finance minister Yashwant Sinha. "He had tried the same thing, but lost his job in the process. I hope that Mr Singh does not meet the same fate," he said.

Mr Singh denied meeting Mr Pawar during his visit to Mumbai and said all decisions would be taken by Ms Gandhi.

CENTRAL DA HIKES

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Burden Should Not Be Passed On To State Governments

By JA NAIK

The Vajpayee government increased the DA of its employees by four per cent on 2 September 2003 with effect from 1 July, which cost the Union government an additional expenditure of Rs 1,459 crore per year. Increase in the DA of the central government staff, with its adverse effect on the state governments' economy, has now become a routine feature. How can this issue be handled in its totality?

Unjust handouts

The central government had accepted some recommendations of the 5th Pay Commission and increased the pay scales of its employees by 40 per cent overnight. Whenever the Centre increases the salary and DA of its staff, employees of state governments demand similar increases and get them in course of time. All this happens irrespective of its adverse effects on the economy. The tax system in this country is a central government-oriented and controlled system. Much of the tax collection in India goes to the Centre first and the Centre then doles out some money to the states on the basis of accepted norms.

In this mechanism, the central government never becomes bankrupt and is always in a position to pay increased pay scales and DAs to its staff. As against this, the state governments are always starved of funds and their demanding workers get much of the meagre cake.

In Maharashtra, for example, according to the White Paper on its economy, published in December 1999, about 73 per cent of the state's total revenue was spent on the salary and pension of its employees, who constituted 2.75 per cent of the state's population. Thus, 2.75 per cent of the state's population eats up 73 per cent of the state's income and 97 per cent of the population is left with 27 per cent of the state's income for its development.

To highlight the sheer absurdity of this unjust system, this very vocal and organised section of the state's population is al-

The author is an activist of Shetakari Sangathana.

ways on the streets, demanding more salary and DA, and gets it. No wonder the state governments have gone bankrupt. Many of the state governments now are unable to pay even monthly salary to its staff on time. An industrialised state like Maharashtra too has no money to pay the bills of its hired

the reduction of holidays and introduction of contract system of employment.

The then Janata government in Delhi, under its ailing and failing Gujral, had deferred its decision on reduction of holidays and abolition of permanent employment system in government service and accepted the



contractors of the Krishna Valley project.

Bihar is simply incapable of paying salaries to its staff. This situation gets worse with every increase in the salary and DA of the central government staff. How to rescue the states and provide justice to the rest of the population?

Results of a non-decision

Let us see how the Fifth Pay Commission's recommendations were accepted and implemented by the then Janata government under Mr Gujral. The Fifth Pay Commission had recommended reduction of public holidays to five from the then existing 18 and the abolition of the permanent employment system in government jobs in India by introducing contractual system of employment, which exists in the rest of the world, including communist China and the capitalist United States of America. Organised central government workers had rejected the recommendation of the pay commission on

recommendations on increase in the pay scales.

What does this amount to in reality? If one puts together all the Sundays, Saturdays, the notified public holidays and other statutory leaves of the workers, government servants in India get 172 holidays in a year, which amounts to about 50 per cent of the year as holidays in India.

As a minister in Rajiv Gandhi's cabinet, Mr P Chidambaram had officially stated in a Lok Sabha debate that every alternate day is a holiday in India. But incredible as it may sound, such a state of affairs is the result of a non-decision. Some recommendations of the Fifth Pay Commission were accepted, but there was no decision to accept or reject some other recommendations of the pay commission.

The Union cabinet is yet to officially reject the Fifth Pay Commission's recommendations on reduction of holidays and abolition of permanent employ-

ment system in government service. Such a status quo is continuing in a half-decided and half-undecided manner since 1997. The indecisiveness of the ruling system has to be brought to an end and only judicial intervention can do it.

How can the judiciary help? In a significant judgment in the sick Indian Drug and Pharmaceuticals Ltd vs its workers' union, a Supreme Court bench had rejected the workers' right to enhance their pay scales when the economy of the company or the government cannot meet their demand. "If the company itself is dying, the government has the discretion not to grant enhanced scales or dearness allowance" to its staff, said the judgment, which was delivered as late as in August 2003.

Making the Centre responsible

In the light of this judicial verdict of the Supreme Court, if the state governments in India are not in a position to pay additional DA to their staff, the Centre cannot corner them to pay it by enhancing additional DA to its own staff. The Centre's decision to increase DA of its staff has to be arrived at through a joint meeting of the central and the state government representatives. If the Centre does it unilaterally, it has to foot the bills of the state governments for their employees too. This is the spirit of the above judgment.

In a writ petition on this issue, state finance ministers can be summoned as the involved parties to the central government's decision to increase DA of its staff and they can depose on whether additional DA to the central government employees amounts to paying additional DA to state government staff too in course of time.

The Supreme Court can also ask the central government to tell it on affidavit at what precise cabinet meeting the Fifth Pay Commission's recommendations on reduction of public holidays and abolition of permanent system of employment in government service was accepted or rejected. In short, the Centre must be forced to take a decision.

Jaswant budgets for early polls

GLUT OF TAX CUTS LIKELY TO COST EXCHEQUER RS 11,000 CRORE

HT Corporate Bureau
New Delhi, January 8

THE BJP-LED government on Thursday announced sweeping duty cuts on a wide range of products and services in a sort of mini-budget, ahead of the Lok Sabha polls which are now almost certain to be held early summer.

The announcement came hours before Prime Minister A.B. Vajpayee went into a huddle with NDA members to discuss early polls.

Finance Minister Jaswant Singh said the government had taken advantage of the booming economy to make major changes in the tax structure. "It is not necessary to take decisions only once a year through the budgetary process. Proactive decisions can be taken due to the sound economic indicators," he said.

Though the ministry wouldn't give any figures, experts estimate

that the tax breaks are going to cost the exchequer up to Rs 11,000 crore between January 9, 2004 and March 31, 2005.

There were steep cuts in duties on equipment for the information technology sector and telecom, and taxes on aviation turbine fuel and mobiles. Other sectors that benefited include coal, power projects, electricity meters, electrical appliances and bulk drugs.

In line with its commitment to lower tariffs to Asean levels, the Centre cut the top customs duty on non-farm goods to 20 per cent.

The government addressed the long-standing demands of domestic airlines. Taxes and duties, which formed a fixed component of the cost of the ticket, have been reduced or scrapped. The abolition of the inland air-travel tax has brought down Indian Airlines' domestic air fares with effect from Friday (see box). Jet Airways has cut fares by 15 per cent and Air Sahara by 14 per cent.

An 8 per cent excise cut on personal computers and the removal of the 4 per cent SAD will translate into a 5-7 per cent price cut on PCs for the consumer.

The markets gave the thumbs up to the tax cuts. The Sensex jumped 151 points to close at 6,108.

More reports on Page 12

IA FARES FROM TODAY

Y-Class	Current	Revised (approx)
Kol-Delhi	8,570	7,460
Kol-Mumbai	8,555	7,455
Kol-Chennai	9,685	8,485

No fare cuts for North-east & Port Blair



The budget process is not a mela, to be held for one day and after that we spread the cot and go to sleep

JASWANT SINGH
Finance Minister

BONUS FOR CONSUMER, BOOST FOR MARKET



COMPUTERS

Tax cut 8%
Impact HCL Infinity PC, priced at Rs 50,000 currently, will cost up to Rs 4,000 less



MEDICINE

Tax cut 5%
Impact Prices of life-saving drugs will come down by up to 15%



MOBILES

Tax cut 9%
Impact Nokia 3315, which costs Rs 4,799, is likely to come down by Rs 430



ENTERTAINMENT

Zero duty on DVD/CD
Impact Will reduce price differential between original and pirated stuff



AIR TRAVEL

Tax Abolished
Impact Major fare slash by Indian Airlines, Jet Airways and Sahara

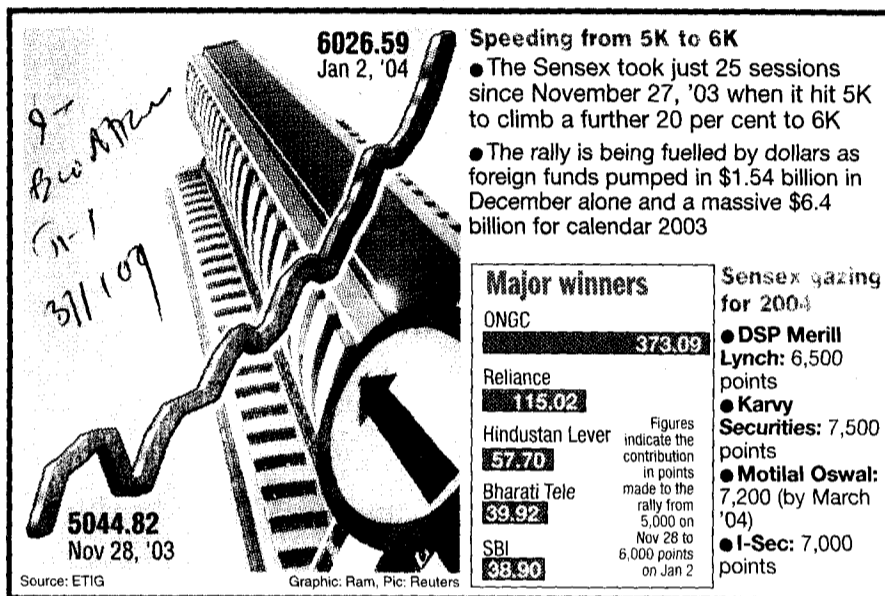


TAXPAYERS

No returns below Rs 1.5 lakh income
Impact Paperwork headache over

PHOTO: JASWANT

Fiesta 2004: Running with the bulls



Speeding from 5K to 6K

- The Sensex took just 25 sessions since November 27, '03 when it hit 5K to climb a further 20 per cent to 6K
- The rally is being fuelled by dollars as foreign funds pumped in \$1.54 billion in December alone and a massive \$6.4 billion for calendar 2003

Major winners

ONGC	373.09
Reliance	115.02
Hindustan Lever	57.70
Bharati Tele	39.92
SBI	38.90

Figures indicate the contribution in points made to the rally from 5,000 on Nov 28 to 6,000 points on Jan 2

Sensex gazing for 2004

- **DSP Merrill Lynch:** 6,500 points
- **Kavya Securities:** 7,500 points
- **Motilal Oswal:** 7,200 (by March '04)
- **I-Sec:** 7,000 points

Looking back, looking ahead

By C. Rammanohar Reddy

THE NEW Year is an occasion to pass judgment on what happened to the Indian economy in 2003 and what the future foretells. Indeed, there was something special about the year that has just ended and the year that has begun promises to be just as special, even if for different reasons.

What was special about 2003 was the extraordinary hype generated about India's economic prospects. Never before was so much invested in marketing an "economic miracle" even before it had happened. Every day, radiant faces beam at us from the "India Shining" ads to tell us, "Don't worry, be happy"; even if on the streets in the cities and villages, the people's faces convey a more mixed set of feelings. Unfortunately, any honest assessment of trends in 2003 has to first clear the extraordinary hype being generated about India's economic performance.

If 2003 was unique for the grand marketing of an Indian economic dream, 2004 is going to be special for another set of reasons. The country will go to the polls to elect a new government at the Centre. The National Democratic Alliance Government is sure to make its record of "governance" a central plank of its elections. The puzzle is how the BJP-led coalition will be able to make much of its record of governance of the economy when it actually starts off with a handicap. The bald fact is that the NDA Government has overseen a deceleration in economic growth during its term in office. Even if we optimistically assume that the fiscal year 2003-04 will show a GDP growth of as much as 8 per cent, the economy would have grown by a simple average of only 5.8 per cent between 1999-2000 and 2003-04. This compares poorly with the average growth of 6.7 per cent in the previous five years (1993-94 and 1997-98). The picture is no different if we look at the record of the two BJP-led Governments from 1998 onwards. The average growth rate between 1998-99 and 2003-04 will be 5.9 per cent compared to 6.5 per cent in the previous six years. There must surely be a "Teflon" character to the NDA that it can pass off a deceleration as "things have never been better".

For an informed assessment about where the Indian economy is today and where it is heading, one must distinguish between the short and medium-term. First the short-term, or developments over the past year, and the prospects for 2004. The year

It is increasingly becoming clear that without a flow of funds to the farm sector, the Indian economy will remain haunted by periodic production declines.

2003-04 is turning out to be a very good one for the Indian economy. With the Central Statistical Organisation's quarterly estimates placing GDP growth in the second quarter (July-September) of 2003-04 at an astonishing 8.4 per cent and the pace of expansion in the first half of the year (April-September) at an impressive 7 per cent, one can expect the year to end with the economy registering a 7 per cent plus growth — for the first time after 1995-96. Farm production is growing rapidly, but so too is the manufacturing sector. However, it is the services sector that has been growing by a scorching pace. There remain questions about the accuracy of the CSO data on services. The trade, transport and communication sub-sector grew, according to the CSO, by an unbelievably huge 11.9 per cent in July-September and the community, social and personal sub-sector by 8.9 per cent. Questions of data reliability apart, there is little doubt that the short-term prospects for the economy are looking very bright.

There are no doubt some weak spots (or rather inconsistent trends) in the larger picture. The economy is booming but banks continue to be more interested in deploying their funds in government securities than in providing commercial and retail loans, the official Index of Industrial Production (IIP) shows a more hesitant recovery up to October than what the CSO suggests for the first half of 2003-04, the core infrastructure industries, including electricity generation and mining, are growing at a poor rate, merchandise exports are increasing only by fits and starts and inflation is showing worrying signs of raising its head. But these seem minor problems in the midst of the overall good news on the economy.

However, the economic boom we are now witnessing is very much an immediate phenomenon. It is one that has been catalysed by the overall good monsoon of 2003. The upturn in agricultural production is fuelling a surge in demand for manufactured products and services. While the IIP estimate of growth in manufacturing

in April-October 2003 shows a more modest pace of expansion than what the CSO has estimated for April-September, there has been a definite jump in the demand for at least some manufactured products. Automobiles in the retail segment and cement in the (housing) construction sector are the two obvious examples. When incomes rise, so do the demands for services. This explains the major acceleration in the growth of at least some services such as trade and transport.

What does all this say about the medium-term prospects for the economy? Unfortunately, not much. One swallow of a rebound driven by a good monsoon does not herald a spring of sustained 7-8 per cent

MACROSCOPE

growth of the economy every year. One cannot also read too much into the growth of the business process outsourcing (BPO) or the spate of takeovers by Indian companies of small to medium-sized firms abroad. The more sober commentators have pointed out that the potential of the BPO industry to drive overall growth has been vastly exaggerated. Even if there is no backlash, the outsourcing industry cannot offer much hope for 70 per cent of India's population, which continues to live off the land. Outsourcing and sub-contracting of services of all kinds do make a difference for the young, urban educated but not for the larger number working in low-paid and low-productivity occupations.

In the end, accelerating India's GDP growth to 7 per cent a year, irrespective of how the monsoon behaves, depends on a revival of investment (especially in manufacturing) and on a transformation of agriculture. India's statistics generating machinery takes its own time to produce estimates of annual capital formation, but the leading indicators do not show a revival of investment in productive assets. True, compared to the situation of just a few months ago, there has been a surge of new equity issues in the stock markets. This has revived a dormant primary market. However, from the kind of companies that have made or have announced their plans to enter the

market, it is not clear if the revival of the primary market reflects a new phase of fresh investment or it is more a case of companies taking advantage of the boom in the secondary market to tap cheap finance. Until and unless there is a quantitative jump in the investment-GDP ratio, we can be reasonably certain that any acceleration in GDP growth will be a one-off phenomenon based on better utilisation of available capacity. There is, of course, another factor influencing investment activity, and that is expectations. A short-term recovery driven by a good monsoon may induce "a feel-good factor" that persuades firms and entrepreneurs that good times are at hand. (This is what the "India Shining" advertisements aim to promote, though somewhat amateurishly.) But expectations can also exhibit fickle behaviour, pulling down investment with just as little reason as they can encourage over-investment.

In all the talk about the promise of BPO and the possibility of India becoming the service capital of the world, the neglect of agriculture continues. In a refreshing change, the Union Finance Minister, Jaswant Singh, recently spoke of the need to revitalise agriculture if India was to move to a growth path of 7 per cent plus a year. That was an understatement. Over the past decade and more, agriculture has suffered from a decline in investment, which has been reflected in a deceleration in productivity and output growth. The problems in agriculture have been hidden by the food mountains of 2000-2002. Now it is increasingly becoming clear that without a flow of funds to the farm sector, the Indian economy will remain haunted by periodic production declines (as happened in 2002-03) and, more seriously, by having to carry the burden of providing direct and indirect livelihood to nearly 70 per cent of the population. Mr. Singh is not the first Finance Minister to promise a new thrust to agriculture. His predecessor, Yashwant Sinha, promised much the same in 2001. If the budget of 2001-02 had some piecemeal measures that did nothing for Indian agriculture, we now have the prospect of a vote-on-account for 2004-05 as the country prepares for the Lok Sabha elections. That means the Indian economy will continue to await a blessing by the south-west monsoon every June-July to come up with a more than modest pace of growth.

SENSEX 6000, SACHIN 9000

BSE Index records all-time closing high

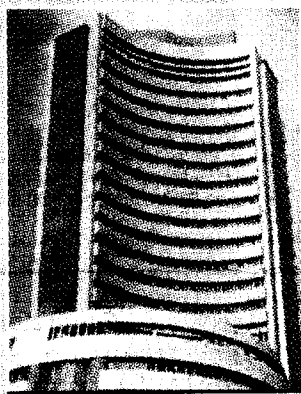
Arun Kumar/Anand Adhikari
New Delhi/Mumbai, January 2

THE SENSEX breached the psychologically important 6,000 mark on Friday as the bull run on the markets continued unabated. The index, which had closed at 5,915 on Thursday, closed at 6,026 — up 111 points to achieve its highest closing ever.

The Sensex is now just 124 points shy of its all-time (intraday) high of 6,150 reached during the infamous Ketan Parekh rally in February 2000.

Sensex stocks (30 shares make up the index) have fuelled the rally.

CHARTBUSTERS



- Sensex 124 short of all-time intra-day high
- NSE nifty reaches highest ever mark
- FII inflow now \$7 bn
- Hectic buying fuels fears of crash

Nine brick-and-mortar companies — Reliance, ICICI Bank, Tata Steel, L&T, Ranbaxy, Hindalco, SBI, ITC and Tata Engg — have contributed 1,419 points to the 3,000-point rally.

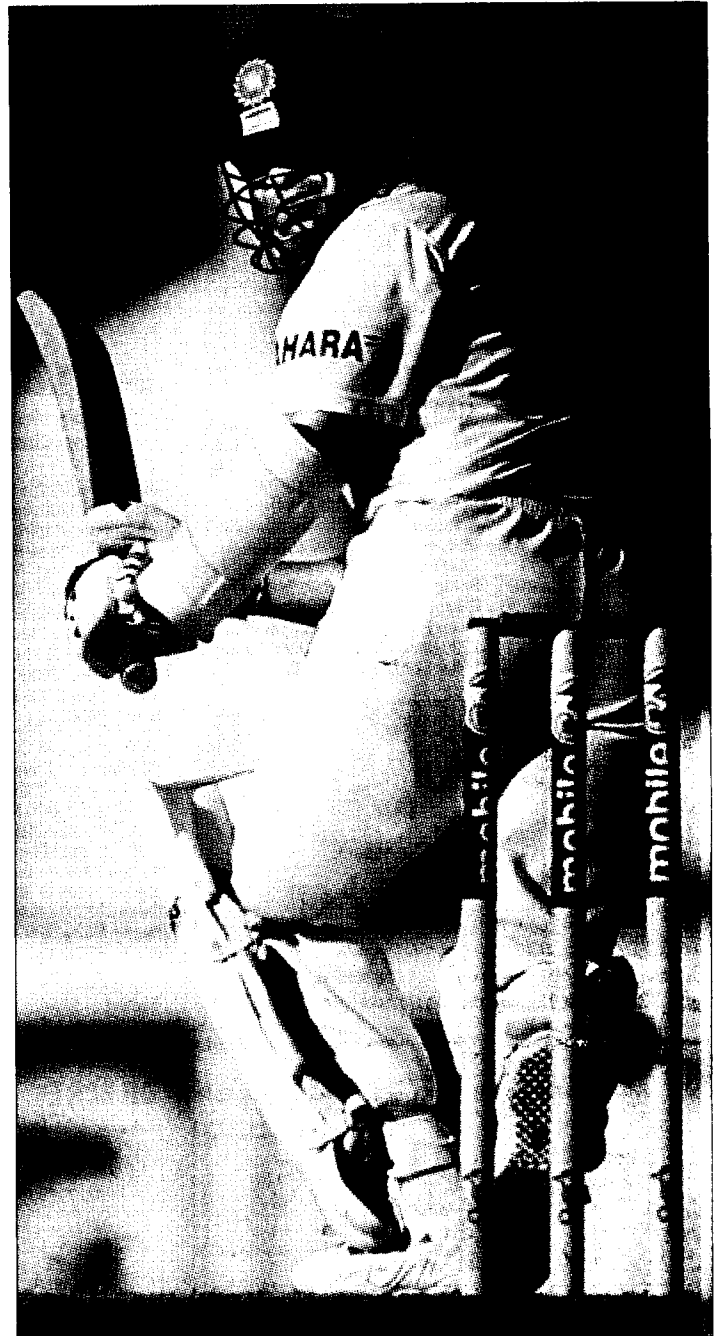
Every company in the Sensex has a weightage and any movement, up or down, affects it. Weightage is given according to the company's floating stock, price, turnover and profit.

Back-of-the-envelope calculations show that 29 Sensex stocks have contributed to a rise of 2,462 points to the rally between December 31, 2002 and December 31, 2003. Twenty-four of the 30 Sensex stocks are old-economy.

Many structural changes in the trading platform have helped shore up market sentiment. Unlike the infamous *badla* or carry-forward system, which was misused by operators in 1999-2000, the current bull run has seen the effective use of the daily settlement cycle. The entry of quality players such as Maruti Udyog and Indraprastha Gas into the primary market has helped too.

Another key stabilising factor is the role played by market regulator Sebi. During a January 2003 rally, Sebi wasted no time in clamping down on the scam-tainted promoters of 2000 and prohibited over two-dozen Ketan Parekh entities.

Market watchers said there was cause for worry as the speculation level had also increased. In December, the Sensex rose 840 points without any credible correction. V. Krishnamurthy, CEO of JM Mutual Fund, said that fund managers were jittery over the way the index had moved up in the last few months: "Though there are no worries on the economic front, such an alarming rise in the market does raise some eyebrows."



MILESTONE Sachin is the fourth to reach 9,000 in Tests. Only Allan Border, Steve Waugh and Sunil Gavaskar are ahead of him

BACK IN FORM The master blaster had some anxious moments but his 73 not out came as a relief to fans

All sectors on fire, GDP grows 8.4%

K.A. Badarinath
New Delhi, December 31

HANGOVER OR not, it's a good time to raise a toast to the people who manage India's economy. Belying all expectations, gross domestic product (GDP) growth in the second quarter (July to September) of 2003-04 has been 8.4 per cent, which makes India one of the fastest growing economies in the world.

Clubbed with the first-quarter performance of 5.7 per cent, GDP growth during the first six months of this year is over 7 per cent. Only China, which clocked over 9 per cent growth this calendar year, is ahead of India among the world's major-league economies. According to data released by the government, this robust performance has been possible because of healthy growth in all three sectors — agriculture, manu-

FEEL-GOOD FIGURES



Growth from July to Sept:

Trade, hotels, transport & comm **11.9%**

Agriculture **7.4%**

Manufacturing **7.3%**

Financing, real estate & services **7.3%**

Projected growth Sept-Dec: **9%**

facturing and services.

The good news on the GDP front means that the stock market upsurge — the Sensex is about to

breach 6,000 — and the growth in forex reserves (India has a pile of over \$100 billion in its kitty) are built on solid foundations.

The GDP uptick is an indication of strong business and consumer confidence: through the year, there has been a huge demand for goods and services within the country.

CII president Anand Mahindra said, "Industry's constant confidence in the economy and rising growth has proved right." Industry is now projecting a 9 per cent growth in the third quarter, September-December 2003, indicating that 8 per cent growth for the full financial year is possible.

Former chief economic adviser Shankar Acharya said, "Over 7 per cent growth is definitely possible, but 8 per cent could be exceptional."

The trade, hotels, transport and communication sectors set the economy on fire, growing 11.9 per cent.

Farm-fed economy hits fast track in Q2

Indian tiger tugs at dragon's tail with 8% growth

By Unni Krishnan and Surojit Gupta

New Delhi: India's economy grew at an unexpectedly robust 8.4 per cent in the year through the third quarter, making it one of the fastest growing in the world, with analysts seeing stronger expansion in the coming quarters.

Aided by the best monsoon in a decade, the farm sector emerged as the main growth engine for Asia's third-largest economy, rising 7.4 per cent between the July-September quarters of 2002 and 2003. It fell 3.5 per cent in the year-earlier period.

Analysts expect the growth to be driven by a huge consumer demand in the next few quarters, when the effects of a bumper harvest kicks in. Rural India, where almost 70 per cent of India's billion-plus population lives, is enjoying the benefits of a record harvest, with more money to spend.

"The next two quarters should see agriculture growing at about ten per cent and the GDP for the full year should be close to 8 per cent," said P.K. Basu, managing director of the Singapore-based Robust Economic Analysis Pte Ltd. "This means that India, which has been among the fastest growing economies in the world, will be the fastest growing economy over the next 12 months."

The cracking growth puts India on the path for achieving the government forecast of seven per cent growth for the 2003-'04 fiscal year, its highest in three years and just slightly behind rival China, which is on course to expand at about 8.5 per cent this year.

The growth in gross domestic product released on Wednesday was much higher than the median 6.5 per cent forecast in a Reuters

poll and also up from the 5.7 per cent growth seen in the previous April-June quarter.

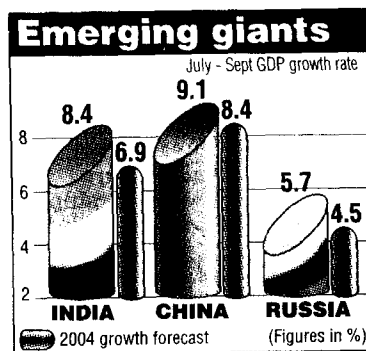
Indian federal bond yields inched up in afternoon deals after data showed the economy was on course for a strong expansion, but the stock market barely reacted to the data as analysts said the market had factored in the eight per cent growth.

Analysts said rising consumer spending, driven by robust farm activity, pushed growth in the manufacturing and services sectors. The manufacturing sector grew 7.3 per cent in the year leading to the July-September quarter, compared with 6.5 per cent in the year-earlier period, while services rose a massive 9.6 per cent, up from 7.8 per cent.

Sales of cars, mobile phones and televisions also surged as people took advantage of three-decade low interest rates. Tax breaks for housing fuelled demand for steel and cement.

Expectations of a robust economic growth have prompted foreign investors to pump a record \$6.4 billion into the Indian stock market, driving the benchmark 30-issue Bombay share index up more than 70 per cent in 2003. Analysts said the strong numbers may embolden the BJP to call early Lok Sabha polls. "The numbers certainly add to the feel-good factor and increase the probability of an early election," said ICI-CI Securities' analyst Sanjeet Singh.

In that case, the government is likely to put on hold tough economic reforms like slashing farm subsidies and to pursue populist measures to woo voters, analysts said. Reuters



Source: The Economist

Graphic: Ram

- See Edit: Bridge the Gap, Page 12
- Sensex surge to continue, Page 13

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