

# The Railway Budget

*of book* A flight of fancy! *21/2/05*

There are at least two directly contradictory statements that disfigure Lalu Prasad's advertised new budget for the Railways and which we should notice at once. One, that there is to be no increase in freight or passenger fares; and two, that there is to be a breath-taking revision in freight rates, which will reduce the total numbers to some 80 from over 4,000. The Minister was coy about giving details — it seems more likely that he was reluctant to make it public, rather than a refusal to face facts. The facts are that, as the Chairman of the Railway Board said to the press, in an engaging display of truth, the revision in rates for freight will net a cool Rs 650 crores increase in receipts, which means that there is to be an unprecedented increase in rates across the board, in any language. If you have got that under your belt, there is no difficulty in assimilating anything more. Like the absurd provision of free travel for selected examinations of girls in specific disciplines and a cut across the board of 50% in fares for second class compartments and total relief, if travelling for more selected examinations. It is time to ask whether the Railway Minister has decided, just to be too-clever-by half or does his performance mark the height of his capacity to deceive. It is well-known to the Minister that the stock market reacts to only two criteria — one, an increase in fares and freight rates, and the other, deficit financing for a bankrupt organisation. Witness the buoyancy in revenues on the stock markets, performing according to plan. It may take some time for the whole truth to unravel, we must wait for it.

Meanwhile, we can derive consolation from the fact that public memory is woefully short and will right itself in time. This does not mean that the whole picture is not clear. Without any rationalisation worthy of the name, it stands to reason that there will be increases in expenses and the objective of the Railways to put in a bid to contribute to revenues is now a distant dream. There are to be as many as 46 new trains, without any plan or sense, except that it will be there when required. There are to be a goodly number of new trains linking the South, but very few for the North-East. Have the needs of the area to expand its communications network diminished? If not by what process of reasoning has the conclusion been reached? It is necessary to say that the Budget is a little distance further away from the reality that faces us, and more is the pity. Indeed pity is the most dominant emotion that is evoked as a result of this exercise.

## HIGHLIGHTS

- No increase in passenger fares.
- No across-the-board increase in freight rates.
- No increase in parcel rates.
- Earnings grow by a record 8.3 per cent — up to December 2004.
- About 1,400 km of broad gauge lines likely to be added this fiscal.
- Plan outlay: Rs. 15,349 crores.
- Railway Land Development Authority planned.

## PROPOSALS

- 46 new trains to be introduced in 2005-06.
- Extension of 28 trains.
- Increase in frequency of 10 trains.
- Booking of tickets from landline phones soon.
- 75 per cent concession in fares to government, rural school students once a year for study tour.
- 75 per cent concession in second class to girls from rural areas appearing for exams such as medical and engineering.
- 50 per cent concession in second class to farmers and milk producers travelling for training.
- Full concession in second class to unemployed youth appearing for interviews for government jobs.



Graphics by Varghese Kallada

# Fares, freight spared, a slew of concessions too

By P.K. Bhardwaj

**NEW DELHI, FEB. 26.** In what is seen as yet another populist budget, the Railway Minister, Lalu Prasad, today left untouched the passenger fares for all classes. Nor did he touch the freight rates and parcel tariffs, and still managed to shower concessions on unemployed, rural students, farmers and milk producers.

But Mr. Yadav has tinkered with the classification of goods for freights, placing them in higher or lower category to mop up an additional Rs. 650 crores.

The movement of non-PDS and non-poverty scheme food grains and pulses would attract higher freight charges, a step some fear could have a cascading effect on prices.

Unfazed by noisy scenes and a walkout by National Democratic Alliance members over the issue of 'charge sheeted Ministers', Mr. Prasad announced 46 new trains and extended the runs of several.

Presenting his second budget in eight months to Parlia-

ment, he said the freight rate on kerosene and LPG would get reduced by 3.7 and 2.7 per cent respectively. He, however, claimed that re-categorisation of goods would not affect commodities used by the common man.

### Phone enquiry

Referring to passenger amenities, the Minister said an attempt had been made to expand the reach of telephone lines pertaining to railway enquiry throughout the country by accessing a common phone number 139 at local call rates so that rural people too are benefited.

The facility of booking tickets through the Internet, which was started for cell phones for the current year, will soon be available on landline phones also between 4 a.m. and 11.30 p.m. from March 15.

To end the suspense for waitlisted passengers, the railways have proposed continuous updating of the waiting list and display of vacancy position charts in all reserved coaches and platforms.

carried on a priority basis to their hometown at 50 percent of normal tariff rates.

In his 105-minute speech, Mr. Prasad pegged the annual plan of the railways for 2005-06 at Rs.11,827 crores with a budgetary support of Rs. 4,718 crores for Plan expenditure.

Taking into account the outlay of Rs. 3,522 crores on safety-related works, the total outlay comes to Rs. 15,349 crores, an increase of Rs. 851 crores over the last year's outlay.

The budget estimated Gross Traffic Receipts (GTR) at Rs. 50,968 crores, Rs. 4,183 crores

higher than the Revised Estimates in the current fiscal year. The GTRs in the current year are anticipated to increase by Rs. 1,883 crores over the Budget Estimates.

The working expenses are expected to go up by only Rs. 400 crores, resulting in a significant increase in the internal generation during the current fiscal.

The fund balances are expected to close with a healthy figure of Rs. 6,963 crores despite withdrawals in the current year being higher compared to previous years, Mr. Prasad said.

There is no across-the-board increase in freight rates and no expedite gauge conversion of some of the lines.

The Minister also said that the Railways witnessed a growth of 7.2 per cent in passenger traffic in the current fiscal and surpassed the freight traffic targets.

The Railways has also for the first time decided to get the actuarial assessment of pension liability done through a professional agency in view of huge outflow.

**NDA boycott: Page 8;**  
**46 new trains: Page 10**

SATURDAY, FEBRUARY 26, 2005

## AN ECONOMISTS' WISH LIST

10-10 ✓  
26 ✓

IF THE PRE-BUDGET Economic Survey laid before Parliament by Union Finance Minister P. Chidambaram is quite upbeat on the economy, it also marks a break from the traditional reticence of past surveys to present a five-point wish list that is virtuous on its own, but which for the moment seems to put aside political realities and compulsions. The first is the suggestion that subsidies for crop support prices, fertilizer, irrigation and power to farmers be reduced so that funds can be released for public investment in rural infrastructure including irrigation, roads, agricultural extension and research. Second, this year's survey spells out what was only hinted at last year — relaxing entry and exit barriers in industry. This would involve not just quicker and simpler start-up procedures and easing regulatory burdens but also changes in labour laws on closing down units that now "allow firms less latitude than the labour laws of China, Brazil or Mexico." Also, it argues that reservation of items for production in small scale industry has constrained investments in the areas and makes little sense as almost all the items are freely importable. Third, in the area of banks and financial institutions, it calls for greater competition, presumably by opening up more to private and foreign institutions, to reduce the costs of financial intermediation, bring down spreads, reduce non-performing assets and improve credit appraisal. It wants the debt and equity markets to be developed and pension funds and contractual savings schemes to be allowed to participate in them subject to prudential norms.

Fourth, stressing the importance of infrastructure including power, cold-chains for storage and transport, it argues that direct government production of these services would raise concerns of efficiency, adequate investment, proper enforcement of charges and competitive market structure and would also make them vulnerable to political interventions and budgetary constraints. It urges a greater degree of private participation in infrastructure after creating a better regulatory environment. Private projects in poorer and commercially unviable areas as well as in roads, sanitation and waste management where financing by user charges would not be feasible could be publicly subsidised, with a procedure for minimum subsidy bidding to choose the service provider. Fifth, emphasising the need for higher foreign investment for the various benefits it would bring including better technology, human capital formation, exports and generally improving productivity and efficiency of resource use, it argues for revisiting the question of allowing FDI in sectors such as coal mining, insurance, real estate and retail trade. In this list, enhancing the limits for FDI in insurance from 26 to 49 per cent was announced in the last budget but remains unimplemented in the face of opposition from the Left while the Cabinet most recently decided to permit 100 per cent FDI in construction of large complexes through the automatic route.

The survey sets all this within the overarching framework of fiscal consolidation. The Fiscal Responsibility and Budget Management Act mandates the elimination of the revenue deficit by 2008-2009. The survey seeks a vigorous implementation of the FRBM Act to bring about fiscal consolidation so that funds can be found for public and private investments. The budget presented last July sought to reduce the revenue deficit by more than mandated by the Act's annual target for 2004-2005 but the performance in the first nine months of this year is "not very encouraging." The Finance Minister pins his hopes on a vigorous tax collection drive, a 10 per cent cut in non-plan and non-salary expenditure and restricting expenditure in the last quarter to reach the target. Indeed a running theme in the economic survey is that Central Government finances are under a great strain in trying to meet both the mandated deficit reduction targets and

the demands being made for higher investments in infrastructure, the rural economy and the social sectors.

An interesting thesis that the survey offers is that the economy might have ratcheted onto a slightly higher long term growth path of 7 per cent as against the earlier trend rate of 5 to 6 per cent. The projected growth rate this year is 6.9 per cent on top of the 8.5 per cent last year and it is possible that a normal business cycle could explain the performance of these two years that followed a low 4 per cent growth in 2002-2003. The survey thinks it more likely that the growth rate has in fact accelerated, judging from the sustained double digit growth of capital goods as well as from the increased savings and investment rates. If this indeed turns out to be true and the 7 per cent is sustained, it would be heartening news indeed and the Government's targeted growth rate of 7 to 8 per cent over the five year term may not be out of reach. Gross domestic capital formation too has shown a marked rise in the last three years, reaching 26.3 per cent of the GDP, up 3.7 percentage points since 2001, but the survey notes that the investment rate continues to be below the rates in China and East Asia and also below the Tenth Plan target.

Apart from the healthy growth and investment rates, there is some cheer on the external front with foreign exchange reserves standing at \$128.9 billion in the beginning of February. The current account turning into a deficit in the first half of this financial year might be a cause for concern, but the survey notes that even taking into account higher imports resulting from higher growth and higher oil prices, the balance of payments position is "reasonably strong and resilient." On the prices front, it seems satisfied that inflation has been brought down to 5 per cent and would suggest continued caution in monetary policy. A particularly weak spot in the overall scenario is the decline in food production and an agriculture growth rate of just 1.1 per cent anticipated this year because of a deficient south-west monsoon. As a policy prescription, the survey suggests a greater investment in diversifying agriculture into non-cereal crops and developing agro-processing industries in the rural areas.

A review of the poverty alleviation and social sector schemes shows a plethora of programmes on employment, subsidised food and assistance for house building, each claiming a substantial number of beneficiaries. None of them, though, seems to have made any significant impact or caught the imagination of the people, and there is a strong case for consolidating them into fewer and more manageable schemes. The national employment guarantee scheme that the Government promised in its National Common Minimum Programme would provide 100 days of work at the minimum wage to one member of every family in need of work, and would have an impact far beyond the existing schemes. With the survey's emphasis on the tight fiscal situation, one comes away with the impression that it is going to be difficult to fund the employment guarantee scheme on a large scale — a nationwide scheme is estimated to cost Rs.30,000 crore or more. An equally difficult challenge would be to put in place an implementing structure that is effective, transparent, corruption-free and accountable locally.

In coming up with the budget at a time when the fundamentals are relatively strong, Mr. Chidambaram faces two main challenges. The first is how to give a new momentum to growth through tax adjustments that are bound to be marginal and through reforms that would call for hard bargaining and compromise. The second is to find the funds for the rural employment guarantee scheme, and if only he comes out with a funding commitment, his budget would stand out for the significant impact it would have in an area marked by disappointments in the past.

# Economic Survey moots tax reforms

## ● Call for more services under the tax net

By Our Special Correspondent

NEW DELHI, FEB. 25. With the economy poised to help the United Progressive Alliance Government achieve the targets outlined in its National Common Minimum Programme (NCMP) during the new fiscal, the Economic Survey 2004-05 has advocated the opening up of the retail sector to foreign direct investment (FDI).

It also called for hikes in the existing investment caps on coal, mining and insurance while seeking more services under the tax net and speedier labour law reforms to do away with the cumbersome "entry-exit barriers" to create a more favourable environment for higher investment.

In a well-argued policy prescription package aimed at making the investment climate more conducive to accelerating the growth process, the Survey, presented in Parliament today by the Finance Minister, P. Chidambaram, also suggested that pension funds and contractual savings scheme funds be allowed to be parked in equities and long-term debt markets to enable the investors to get handsome returns that such markets offer in the medium term.

While reasoning in favour of lower interest rates on borrowings by small-scale industries in view of their employment and investment potential, the Survey noted that more items, such as knitwear, should be de-reserved to help them achieve economies of scale, especially when the market was opening up to easier imports.

The Survey noted that one of

the challenges in fiscal reform was to reconcile the need for fiscal consolidation with appropriate tax reform. As a major share of the tax revenue of the Centre and the States came from indirect taxes, "reform of such taxes needs to be calibrated carefully to balance the conflicting objectives." It wanted continuation of the process of reduction in customs duties to align them with ASEAN levels as the revenue loss on that account can be "made up by revenues from other sources and by a phased removal of exemptions."

Dwelling further on the issue

of taxes and their compliance, the Survey said that "both the Centre and the States need to improve their tax administrations to have an impersonal and hassle-free regime, with a low compliance cost for the honest tax payer and a high risk for the evader."

Hinting at a greater scrutiny of returns by high-end taxpayers, it said this "can be done through innovative approaches utilising the power of information technology, not only for information collection, data mining and analysis, but also for automatic collection of tax reve-

nues at source."

To cut the large fiscal deficit, it suggested cuts in wasteful expenditure and widening of the tax base.

The highest priority in agriculture has to be given to investment in irrigation. "Given the compulsions of fiscal consolidation, the choice is between subsidy for price support to crops, fertilizer, irrigation and power, on the one hand, and higher public investment in supportive infrastructure for irrigation, roads, electrification, agriculture extension and research on the other."

In effect, the Government wants to shift the farm subsidy funds to higher public investment in irrigation and allied fields. Realising the constraints imposed on industrial growth by the low development of the infrastructure sector, the Survey talked of higher investment in the sector through public-private partnership and a system of incentives that promotes larger private investment in long gestation projects.

Foodgrain output is expected to decline three per cent as agriculture and allied sectors are seen growing by a mere 1.1 per cent in the current fiscal owing to the deficient monsoon.

Owing to the growth performance during 2003-4 and the current fiscal as a result of the various reform measures undertaken by the Centre, the economy was expected to "indicate a possible racheting up of the trend rate of growth from around six per cent to seven per cent annually in the years to come," the Survey said.

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More reports on Page 15

### HIGHLIGHTS

- GDP projected at 6.9 per cent.
- Inflation pegged at 6.4 per cent.
- Advocates import duty cuts to ASEAN level.
- Foreign Direct Investment to play pivotal role in the economy.
- Prime lending rates lower by 25 to 50 basis points.
- Fiscal deficit at 4.4 per cent of GDP.
- Tele-density grows at 6.6 per cent.
- Agriculture and allied sectors looking up.
- Labour reforms necessary to relax entry-exit barrier.
- National Rural Employment Guarantee Bill introduced.
- Electricity generation to rise by 6.5 per cent.

Graphic by Varghese Kallada

THE HINDU

26 FEB 2005

# Amartya Sen lists areas for boosting farm growth

By Our Special Correspondent

KOLKATA, FEB. 24. Nobel Laureate, economist and Professor Amartya Sen said that India's agriculture requires greater priority as the quality of rural labour casts its shadow on agricultural productivity.

Outlining four basic areas, which needed to be addressed, Professor Sen said that the main areas of concern were delivery of the health care system, land reforms and its completion, basic education and availability of micro credit. He said that States like West Bengal and Kerala had done well on land reforms, while Tamil Nadu and Kerala had progressed on the literacy front. Addressing a meet-the-press programme at the Calcutta Press Club here today, he said



that although India's growth rate at 6.5 per cent was next only to China, stagnating agricultural production was linked with lack of expansion of social opportunities and the relative neglect of basic education and health. "Backwardness of the ru-

ral economy was not unrelated to the lack of progress on the agricultural front," he remarked.

To a question as to whether in the name of globalisation, India has compromised on its sovereignty, the Nobel laureate economist said that it was perhaps not proper to raise issues on sovereignty every time an international settlement was discussed.

However, he wondered if the Indian Government had conceded too easily on the drug patent issue. "Exemption from the patent law had served the public as well as the companies well — we don't want to lose that advantage," he said.

On the issue of subsidies, he said that any blanket statement on subsidies would be a mistake

as it would have to be scrutinized whether it was reaching the targeted people.

On foreign direct investment, he felt that while it was only an instrument, there was need for pragmatism in learning from China on issues like these. "Treat it as a mere institution and not as a value in itself," he said adding that it has to be examined as to whether FDI in a particular sector was harmful or beneficial.

To a question on whether disagreements within coalition partners thwarted economic progress, he said that if it was indeed the case that policies failed to be effective, then it might be harmful.

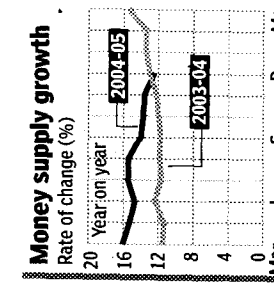
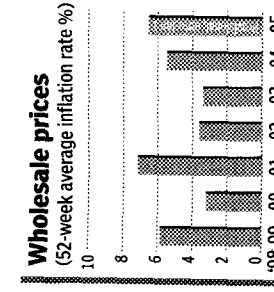
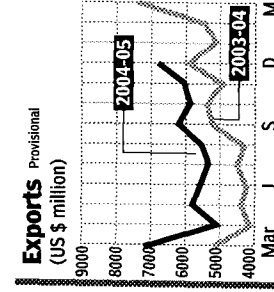
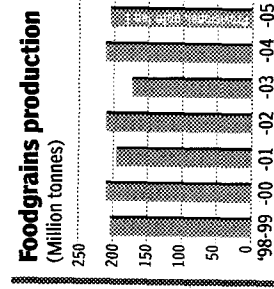
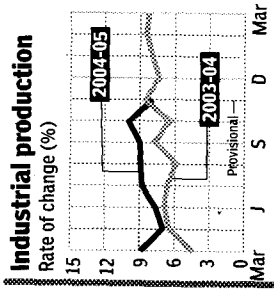
However there must be ample scope for discussion and coordination, he felt.

THE HINDU

26 FEB 2005

# Core sector key to growth, poverty alleviation

## Incentives for private sector investment in infrastructure projects mooted



### HT Corporate Bureau New Delhi, February 25

## ECONOMIC SURVEY 2004-05

**MAKING** A case for increased private sector investment in infrastructure, the prebudget economic survey laments the slow rate of investment in this sector.

Stating that India was far below China and East Asian countries, the survey says that improvement in infrastructure will have a strong impact on GDP growth and poverty alleviation.

The survey adds that six core sectors — power, coal,

finished steel, cement, crude oil and petroleum products — registered a lower average growth of 5.4 per cent during April-December 2004.

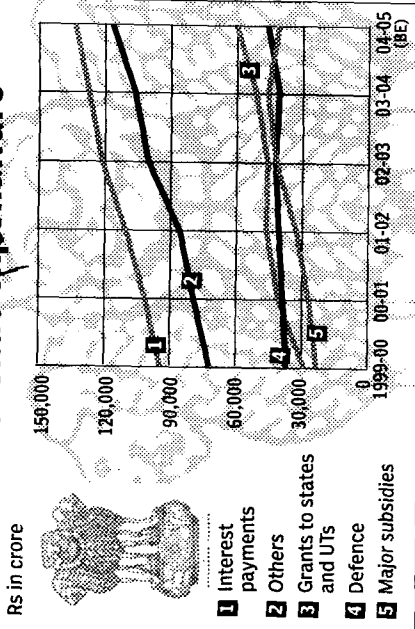
This is marginally lower than the 5.8 per cent growth for the period in 2003. The decline was on account of a sharp fall in the growth of finished steel, it said.

Among other infrastructure sectors, goods traffic on railways (7.7 per cent), cargo handled at major sea ports (11.1 per cent), airports (18.3 per cent) and air passenger traffic (21.8 per cent) experienced higher growth rates in April-December 2004 compared to the same period in 2003.

The survey said the government must limit its role in infrastructure services in order to remove inefficiencies. It added that the private sector should be given incentives to invest in infrastructure while preventing it from extracting monopoly rents.

"A key part of this is establishing a framework of rules and limiting arbitrary state power to give the private sector confidence," it added.

### Trends in revenue expenditure



However, it warns against complete dependence on private production in an unregulated market.

"The decline in public spending in infrastructure has not been adequately compensated by private sector due to difficulties in the regulatory environment," the survey said.

It added that there were many subtle difficulties in finding the right infrastructure policy framework. Making a special mention of the country's booming telecom

sector, the survey upheld this as a role model. It said that the expansion of broadband services is the next frontier.

Need to shift focus from construction to corridor management and road safety.

Ports need adequate policy framework to promote inter-port and intraport competition.

Civil aviation needs improvement in regulation and better airports.

Continue to enhance energy security by augmenting transborder gas pipeline.

### What the Survey foretells

- ➔ A package to boost rural infrastructure
- ➔ Rural electricity distribution backbone to be created
- ➔ Horticulture mission to push farm exports
- ➔ National knowledge mission to promote modern education
- ➔ National rural health mission to provide healthcare
- ➔ Massive investments in power, roads, railways, ports, aviation, waterways, ports and housing
- ➔ Textiles, garments, automobiles, auto-components and pharma to push manufacturing growth
- ➔ Modernise traditional and powerlooms weaving
- ➔ Cheaper credit for small and medium enterprises
- ➔ FDI limits may be raised in coal, mining, insurance, real estate and open up retail

Substantial reforms required in the functioning of Indian railways.

Focus on empowering cities, support institutional reforms, directed fiscal transfers for transition costs.

Indian economy can absorb up to \$150 billion of FDI in infrastructure sector over next decade.

Asks state, local authorities to tap capital markets to finance schemes for development of cities.

Water, sanitation, solid waste management would

need estimated Rs 53,719 crore, shortfall of about Rs 18,000 crore.

Survey favours repeal of Urban Land Ceiling and Regulation Act, reform of rent control laws and setting up independent regulators for urban services.

Also suggests framing community participation law, double entry system of accounting for urban local bodies, adoption of public disclosure law, reform of property tax laws and introduction of e-governance.

# FDI undesirable?

## Think again

Statesman News Service

KOLKATA, Feb. 24. — Nobel Laureate Prof. Amartya Sen today refused to label FDI “undesirable” as a powerful section of the Indian Left holds. According to Prof. Sen, FDI is not something based on general principles of equity and justice and is an issue that needs to be deliberated upon as to whether it would be beneficial for the country. The Nobel Laureate said this at a Meet-the-Press programme organised at the Kolkata Press Club today.

Prof. Sen said that the matter should be studied and decided upon on a case-by-case basis. “Had this been about education and basic healthcare, I would have said that the areas need to be improved and focussed upon. But for FDI, I believe that the sectors mentioned are impor-



Prof. Amartya Sen at the Press meet in Kolkata on Thursday. — The Statesman

tant ones and FDI in this regard should be analysed thoroughly and then invited. Pragmatism should prevail over pre-conceived notions about FDI.

The Nobel Laureate's contention was similar when it was pointed out whether globalisation would necessarily mean doing away with subsidies. According to him, what is

to be found out is whether subsidies are reaching those sections for whom they are meant. Then only can one say whether subsidies are required or not, rather than putting the entire blame on globalisation, Prof. Sen said, adding that ignoring globalisation would amount to preventing a global exchange of information and knowledge.

Prof. Sen didn't sound euphoric about West Bengal's education and healthcare scenario, describing progress in these sectors are “modest”. However, Bengal has made good progress in literacy and, according to Prof. Sen, his Pratichi Trust has found both areas of concern as well as areas of progress in Bengal. The interaction ended with the Prof. Sen's statement that he wasn't thinking of penning an autobiography when the question was thrown at him.

THE STATESMAN

25 FEB 2005

# 100 per cent FDI in construction industry through automatic route

By Sushma Ramachandran

**NEW DELHI, FEB. 24.** The Government today allowed 100 per cent foreign direct investment in the construction industry through the automatic route. Conditions restricting FDI to a minimum area of 100 acres and 2,000 dwelling units are relaxed to 25 acres and 50,000 square metres for construction development projects.

Announcing this here after a meeting of the Cabinet Committee on Economic Affairs (CCEA), the Commerce and Industry Minister, Kamal Nath, said that to avoid speculation in real estate by foreign investors, the sale of undeveloped land had been prohibited. Detailed guidelines would be unveiled later.

He said that earlier 100 per

cent FDI had been allowed in the construction sector but it had to be cleared on a case-by-case basis by the Foreign Investment Promotion Board (FIPB). Proposals for FDI could now come in directly through the automatic route.

Several riders have been attached to this decision to ensure that concerns expressed by the Left parties are taken into account. For instance, the barring of sale of undeveloped land by foreign investors is aimed at preventing speculation while it has also been stipulated that foreign investors will have to abide fully by the bylaws and other rules of the State governments.

"Undeveloped plots" have been defined as those where roads, water supply, street lighting, drainage, sewerage and

other conveniences have not been made available. The investor will have to first provide this infrastructure before selling it under the new norms.

## Construction-centric

Mr. Kamal Nath said the decision ensured that FDI was "construction-centric" rather than "land-centric" in the past. Foreign investors could now come in any area but would have to construct at least 50,000 square metres within a timeframe so that they did not hold land for speculative purpose.

An official press release said that though FDI was permitted in commercial construction earlier, this was only part of a township project. "This linkage is now not mandatory."

The Minister said 100 per cent FDI would now be allowed

in development of townships, housing, built-up infrastructure commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure.

Investors would be permitted to exit before the stipulated three-year period with prior FIPB approval. The State governments and municipal bodies and not the Central Government would ensure that the project conformed to norms.

## Multipplier effect

He stressed that FDI projects would be given national treatment on a par with local developers but this was not expected to displace or replace local investors.

Instead, he said, it was expected that allowing investment

on the automatic route in the construction and development sectors would have a multiplier effect on the economy by boosting construction activities of all types.

## Spin-off benefits

Being an employment-intensive sector, it would create jobs not only for skilled and unskilled labourers, technicians and artisans but also for engineers, architects and designers. It would also lead to spin-off benefits to the manufacturing sector particularly construction material industries such as cement, steel and brickmaking.

The construction project will have to conform to the norms, including land use requirements and provision of community amenities and common facilities, as laid down in the ap-

plicable building control regulations, bylaws, rules and other regulations of the State government or municipal or local body concerned.

Till now, FDI up to 100 per cent but with prior government approval has been allowed for development of integrated townships, including housing, commercial premises, hotels, resorts, etc., as per the government press note No.4 of 2001. According to the guidelines issued vide press note No.3 in 2002, the minimum area to be developed was 100 acres and a minimum of 2,000 dwelling units.

Since the opening of this sector, only nine FDI proposals had been approved for development of townships due to the requirement of a minimum area of 100 acres.

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# How human would the human face be?

By N. Ravi

*The budget and economic policy can be understood in terms of two competing visions, identified with Jagdish Bhagwati and Amartya Sen.*

“The more things change, the more they remain the same” is a witticism attributed to the French writer, Alphonse Karr, and this is probably true of the debates over the budget and economic policy. If in an earlier period the rhetoric of the debate turned on whether a policy or a proposal was pro-poor or pro-rich, the current debate is about the human face, whether it is dominant or is lacking. When just before assuming office as Prime Minister Dr. Manmohan Singh declared that, “Reforms are needed, I have always said that, but economic reforms with a human face that give India’s common man a real hope,” he was emphasising both that the reform process would continue and that he would heed the new mandate that called for greater attention to the needs of the poor. The Left too even while opposing several of the liberalisation policies has declared it is not opposed to reforms but that they should have a human face.

The implication that the reforms carried out till recently had somehow lacked a human face was not lost at least on economists, and the foremost advocate of reforms, Jagdish Bhagwati, was quick to argue that globalisation and reforms do have a human face in that they have made a massive dent on poverty and improved the conditions of women and children. Thus the terms reforms and human face with their semantic virtues of improvement and compassion have been embraced by everyone across the ideological spectrum, from those who advocate the pursuit of rapid growth to those who insist on programmes that address the needs of the poor directly through income transfers. The question at budget time, though, remains: how human is the human face going to be.

It is perhaps more useful to speak of the budget and economic policy in terms of two competing visions of the immediate future that are not very different in terms of essentials but have distinct emphases. The first is the drive to prosperity by opening up to global trade, removing constraints on domestic initiative and industry, bringing in foreign investment, selling or closing down public enterprises, and maintaining a stable fiscal and monetary environment. This approach would focus on faster growth for the removal of poverty but it is not oblivious to the composition of growth and would also emphasise the development of the rural econo-

my and of labour intensive industries to provide employment.

The second would lay stress on empowering the poor to take advantage of the new opportunities so that they are not left behind and inequality does not worsen as the middle classes and the rich march ahead. This approach would emphasise expanding the role of the state in providing economic and social opportunity for the poor through education, basic health care, gender justice, land reform and micro-credit even while calling for state withdrawal from areas such as industrial regulation where its over-activity has been harmful.

At the risk of some simplification, the first approach can be identified more with Jagdish Bhagwati, and the second with Amartya Sen. Their positions are of course much more nuanced than the labels free marketer and left would suggest — Sen is also an advocate of the market for the opportunities it offers while Bhagwati lays emphasis on the role of the government in providing safety nets for the vulnerable. Yet Sen is regarded as representing the conscience of economic policy while Bhagwati offers the prescription for prosperity.

The pursuit of high growth even in itself is not devoid of a human face, essential as it is for the rapid removal of poverty. Here the Finance Minister is on a fairly good wicket, with the growth rate projected to touch 6.9 per cent this year on top of the 8.5 per cent during the recovery of last year, and the savings rate has shown a heartening upturn. Yet he cannot afford to shy away from tax changes and reforms needed to spur savings and investment in industry and agriculture to reach the 7 to 8 per cent growth rate. With direct tax rates already down, the scope for stimulating growth through tax cuts is quite limited though here even small changes would have a disproportionate impact either for the good or for the bad on the animal spirits of industry and the stock markets which have an insatiable appetite for concessions. The foreign direct investment of \$6 billion that India received in 2004 contrasts with the \$62 billion received by China (according to figures compiled by UNCTAD) and is a

measure of the potential in this area. Raising the limits for FDI in new areas even within the National Common Minimum Programme’s committed sectors of infrastructure, high technology and exports is not going to be easy, given that the government has not been able to bring into effect the higher limit of 49 per cent for insurance announced in the last budget.

Growth in the last two decades has had a significant impact on poverty — though the official figures that show a sharp fall in the proportion of the population below the poverty line from 36 per cent in 1993-94 to 26 per cent in 1999-2000 have been challenged as methodologically flawed, there is little dispute that there has been a significant reduction in poverty. In the areas of building rural infrastructure, basic education, basic health care and access to credit that are vital in providing opportunities to the poor as well as in other social sectors the last budget increased the allocations sharply though it remains to be seen how much of the increased outlay — derived from the education cess of 2 per cent on all taxes and the Rs.10,000 crore allocated through the Planning Commission — has actually been spent.

A new approach of guaranteeing 100 days of work in a year at the minimum wage for a member of every family was promised in the National Common Minimum Programme (NCMP) and following the announcement in the last budget, a bill has been introduced in Parliament. The state assuming the obligation to provide work to everyone is not quite a new concept — it dates back to eighteenth century England when parishes were required to run workhouses where the unemployed were put to work. An ideal public employment scheme, according to John Stuart Mill, was one that would be available to everybody but “leaves everyone with a strong motive to do without it if he can.” The rural employment guarantee bill before Parliament has been criticised as falling far short of the NCMP promise — it would extend in the first instance to only 150 of the poorest districts without a committed time frame for nation-

wide coverage, would apply only to rural areas and would not be bound by minimum wage laws — but even in its present form, it represents a fiscal consolidator’s nightmare. A nationwide scheme is estimated to cost Rs.25,000 crore to Rs.36,000 crore but its votaries would suggest cuts in defence spending, collection of tax arrears and even deficit financing as ways to raise the money. The danger is that hard headed votaries of fiscal prudence might offer it as a grudging concession to the soft hearted, and might not take it up wholeheartedly.

An even greater danger is that the additional funds will be thrown at more of the same type of “anti-poverty” projects where, as Rajiv Gandhi once noted, just 15 per cent of the money reached the beneficiaries. The scheme itself would be a test of governance in the rural areas across the country. Equally with finding the resources, as much effort would need to be put into the framing of the schemes, in the choice of the projects and their operation, introducing transparency and local monitoring together with a widespread awareness among the targeted poor of their entitlements.

If the employment guarantee scheme is bound to strain the limits of fiscal prudence, the Fiscal Responsibility and Budget Management Act mandates the elimination of the revenue deficit by 2008-2009. This is a self-limiting mandate in the manner of the oft invoked analogy of Ulysses getting himself tied to the mast to prevent himself from being lured by the music of the sirens and steering his ship to destruction into the rocks. The elimination of the revenue deficit would free a massive 3 per cent of the GDP for investment in the social sector but a beginning in that direction needs to be made this year.

The trinity of Prime Minister Manmohan Singh, Mr. Chidambaram and Mr. Montek Singh Ahluwalia who are now shaping economic policy are reformers whose natural instincts have been held in check by the practical realities of having to contend with the demands and sensitivities of the Left. The contours of the budget would be shaped by how far Mr. Chidambaram would go in testing the limits of the Left’s tolerance of the reform agenda and how exactly, with the human face of his budget, he would be able to persuade them not to act as brakes on reform. It is clear though that he cannot afford to play safe and come out with a lackadaisical even if non-controversial budget.

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# নির্মাণ শিল্পে

১০০ শতাংশ

বিদেশি  
লগ্নিতে সায়

## নির্মাণ শিল্পে লগ্নিতে সায়

প্রথম পাতার পর

এস্টেট ডেভেলপার্স অ্যাসোসিয়েশন অব ইন্ডিয়া (ক্রেডাই) সাধারণ সম্পাদক প্রদীপ চোপড়া জানিয়েছেন, নিয়ম বা আইনের ব্যাপারে বিদেশি সংস্থাগুলিকে আলাদা করে কোনও প্রধান্য দেওয়া হচ্ছে না। সে ক্ষেত্রে দেশীয় সংস্থাগুলিরও অসুবিধা হওয়ার কথা নয়। তাই, কেন্দ্রীয় সরকারের এই সিদ্ধান্তে তাঁরা খুশি।

রাজ্য আবাসন দফতরের যৌথ সংস্থা বেঙ্গল-পিম্বারলেসের ম্যানেজিং ডিরেক্টর কুমারশঙ্কর বাগচি-সহ প্রায় প্রত্যেকেই বিদেশি লগ্নিকে স্বাগত জানিয়ে একই সুরে কথা বলেছেন। বেঙ্গল-অম্বুজার ম্যানেজিং ডিরেক্টর হর্ষ নেওটিয়া, বেঙ্গল-আর্চার ম্যানেজিং ডিরেক্টর রাহুল টোডি বা পি এস গোষ্ঠীর ম্যানেজিং ডিরেক্টর প্রশান্ত চোপড়া কিংবা ক্যালকাটা মেট্রোপলিটন গোষ্ঠীর ম্যানেজিং ডিরেক্টর সুমিত ডাবরিওয়ালার মতে, দেশীয় নির্মাণ সংস্থাগুলিকে সুরক্ষিত করেই নির্মাণ শিল্পে বিদেশি লগ্নির কৌশল নেওয়া হয়েছে। হর্ষ নেওটিয়া জানিয়েছেন, প্রাথমিক ভাবে এই সিদ্ধান্ত নিশ্চয় স্বাগত। তবে এটি কী ভাবে কার্যকর করা হচ্ছে তা না-দেখে এই মুহূর্তে বিশদে কিছু বলা সম্ভব নয়। পাশাপাশি সুমিত ডাবরিওয়ালার বলেছেন, প্রযুক্তি বা অন্য কারণে যা দেশীয় সংস্থাগুলির পক্ষে করা সম্ভব হত না, এই সিদ্ধান্তের ফলে সে ক্ষেত্রে আর সমস্যা থাকবে না।

স্টাফ রিপোর্টার, নয়াদিল্লি ও কলকাতা, ২৪ ফেব্রুয়ারি: নির্মাণ ক্ষেত্রে সরাসরি ১০০ শতাংশ বিদেশি বিনিয়োগের রাস্তা প্রশস্ত হয়ে গেল। এখন থেকে বিদেশি সংস্থারা ভারতের মাটিতে নির্মাণে বিনিয়োগ করতে চাইলে সেই সংস্থাকে কেন্দ্রীয় সরকারের অনুমোদনের অপেক্ষা করতে হবে না।

এই ব্যাপারে বৃহস্পতিবারই কেন্দ্রীয় মন্ত্রিসভার অর্থনীতি-বিষয়ক কমিটির বৈঠকে সিদ্ধান্ত নেওয়া হয়েছে বলে জানিয়েছেন কেন্দ্রীয় বাণিজ্যমন্ত্রী কমলনাথ। এর ফলে, উপনগরী, আবাসন তথা পরিকাঠামো নির্মাণ সংক্রান্ত শিল্পে সরাসরি বিনিয়োগ হবে বিদেশি পুঁজি। তবে, ভূসম্পত্তি তথা আবাসনের ক্ষেত্রে ফাটকাবাজি বন্ধ করতে বিদেশি বিনিয়োগকারীদের পতিত জমি বিক্রির কোনও অধিকার দেবে না সরকার।

কমলনাথ জানিয়েছেন, বিদেশি বিনিয়োগের অধীনে প্রত্যেকটি আবাসন প্রকল্প ন্যূনতম ১০ হেক্টর বা ২৫ একর জমির উপরে গড়তে হবে। আগের নিয়মে ন্যূনতম জমির এলাকা ছিল ১০০ একর।

অথবা যে আবাসন গড়া হবে তার 'বিল্ট-আপ' এলাকা অন্তত ৫০ হাজার বর্গমিটার হতে হবে। এই দুটির যে কোনও একটি শর্ত পূরণ করলেই বিদেশি সংস্থাগুলি সরাসরি বিনিয়োগ করতে পারবে। চলতি নিয়মে, নির্মাণ ক্ষেত্রে বিদেশি বিনিয়োগ উন্নয়ন পর্যদ বা এফ আই পি বি-র অনুমতি ছাড়া করা যায় না।

এ ছাড়া বিদেশি সংস্থাগুলি যদি সরাসরি বিনিয়োগ করে তা হলে অন্তত এক কোটি ডলারের পুঁজি আনতে হবে, যৌথ প্রকল্পের ক্ষেত্রে যা কমে দাঁড়াবে ৫০ লক্ষ ডলার। সংস্থার ব্যবসা শুরু হওয়ার ছয় মাসের মধ্যে এই পুঁজি নিয়ে আসতে হবে। প্রকল্পে বিনিয়োগের তিন বছরের মধ্যে পুঁজির অর্থ সংশ্লিষ্ট সংস্থা দেশের বাইরে নিয়ে যেতে পারবে না। তবে এফ আই পি বি-র বিশেষ অনুমোদন নিয়ে প্রাথমিক পুঁজি ফিরিয়ে নিয়ে যাওয়ার ব্যবস্থাও রাখা হয়েছে নতুন নিয়মে।

এই সিদ্ধান্তকে খোলা মনে স্বাগত জানিয়েছে রাজ্যের শিল্প মহল। নির্মাণ শিল্পের সঙ্গে যুক্ত বেসরকারি সংস্থা এবং সরকারের সঙ্গে যৌথ উদ্যোগগুলি কেন্দ্রীয় শিল্প ও বাণিজ্য মন্ত্রী কমল নাথের ভূয়সী প্রশংসা করে পরিষ্কার জানিয়ে দিয়েছে, মন্ত্রিসভার এই সিদ্ধান্তের ফলে দেশের আর্থিক উন্নয়নের গতি ত্বরান্বিত হবে। উপকৃত হবে সাধারণ মানুষ থেকে সিমেন্ট, ইস্পাতের মতো সংশ্লিষ্ট শিল্পগুলিও। কনফেডারেশন অব রিয়েল

এর পর সাতের পাতায়

২৫ ফেব্রুয়ারি ২০০২

25 FEB 2002

## মায়ানমার-ভারত পাইপলাইন বৈঠক আজ

নিজস্ব সংবাদদাতা, ঢাকা, ২৩ ফেব্রুয়ারি: মায়ানমার থেকে বাংলাদেশ হয়ে ভারত পর্যন্ত ৫৯৭ কিলোমিটার দীর্ঘ পাইপলাইন তৈরির প্রস্তাব দেবে বাংলাদেশ। আগামী ২৪ ও ২৫ ফেব্রুয়ারি ইয়াঙ্গনে ভারত, বাংলাদেশ এবং মায়ানমার— এই তিন দেশের কারিগরি ও বাণিজ্য সংক্রান্ত (টেকনো-কমার্শিয়াল) ওয়ার্কিং কমিটির বৈঠকে বাংলাদেশ ওই প্রস্তাব পেশ করবে। পাশাপাশি, তারা পাইপলাইনের জন্য নতুন রুটেরও প্রস্তাব করবে বলে বুধবার সরকারি সূত্রে জানানো হয়।

এর আগে গত জানুয়ারিতে ভারত, বাংলাদেশ, মায়ানমারের শক্তিমন্ত্রীদের বৈঠকে প্রস্তাবিত পাইপলাইনের জন্য ছয়টি সম্ভাব্য রুট নিয়ে আলোচনা হয়েছিল। কথা হয়েছিল যে, পাইপলাইনের দৈর্ঘ্য মোটামুটি ২৮৯ কিলোমিটার হবে এবং তা বাংলাদেশের জাতীয় গ্যাস-গ্রিডের সঙ্গে জুড়ে দেওয়া হতে পারে।

কিন্তু বাংলাদেশ যে নতুন প্রস্তাব পেশ করবে, তাতে ওই পাইপলাইনের দৈর্ঘ্য বাড়িয়ে ৫৯৭ কিলোমিটার করার কথা বলা হয়েছে। এবং তার রুট হবে

এই রকম মায়ানমারের পশ্চিম সমুদ্রভাগ থেকে তা টেকনাফে বাংলাদেশে প্রবেশ করবে। পরে চট্টগ্রাম হয়ে কুমিল্লা পৌঁছে পাইপলাইন দু'ভাগে ভাগ বিভক্ত হয়ে এক ভাগ চলে যাবে ভারতের ত্রিপুরা রাজ্যে, অন্য ভাগ ব্রাহ্মণবেড়িয়া-টাঙ্গাইল-পাবনা-কুষ্টিয়া-যশোর হয়ে ঢুকবে পশ্চিমবঙ্গে। মেঘনা, যমুনা এবং পদ্মা তিনটি নদী অতিক্রম করবে। বৈঠকে আসছেন পেট্রোবাংলার চেয়ারম্যান এস আর ওসমানি এবং গ্যাস ট্রান্সমিশন কোম্পানির ডিরেক্টর সালেহ সুফি।

ANADAEAZAR PATRIKA

24 FEB 2005

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# Cabinet may consider FDI in construction

Asha Ramachandran in New Delhi

Feb. 23. -The commerce ministry's proposal on foreign direct investment in township, housing, built-up infrastructure and construction-development projects is likely to be taken up by the Cabinet meeting tomorrow.

The proposal, which was deferred at last week's meeting, is aimed at spurring development and generating employment primarily in the rural sector. The proposal was said to have been deferred for want of adequate details.

FDI in the construction sector is also expected to stimulate steel and cement industry. There could be a large number of initiatives, which could be taken to create job opportunities in the rural areas, like the provision of serviceable infrastructure, roads, electricity and drinking water in villages, the commerce and industry minister, Mr Kamal Nath, has said.

The entry of FDI in the construction sector is also in line with the emphasis being laid on enhancing infrastructure. Eyeing a higher economic growth and attracting a larger chunk of foreign investment, government is currently upgrading airports, seaports and roads. In addition, it is also promoting special economic zones (SEZ) to promote trade. The Prime Minister has also stated that at least \$150 billion was required for infrastructure sector in the next five to 10 years.

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## Figuring out freedom ✓

Giving PSU banks the space to take decisions is a first step. More reform should follow ✓

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THE ministry of finance has made important progress with the recent decision to give greater autonomy to public sector banks. What is the correct wage of a driver, a clerk, an electrician or a managing director? The simple answer is that the employer should pay market prices to the extent that he/she gets a professional of quality at each level. This guiding principle — of paying enough to attract candidates of adequate quality and no more — is absent in government. The public sector pays too much at junior levels and too little at senior levels. This creates an army of unskilled people who would love to get government jobs and a shortage of skilled candidates to guide the institution.

There is a lot of talk about the knowledge economy. Knowledge is embodied in people. A knowledge-rich organisation is one that is able to deploy top quality skills and incentives in decision-making functions. There was a time when banking was a mechanical activity and the Reserve Bank of India would tell banks in great detail what they could do. Today, the mechanical part of banking has shifted to machines (like ATMs), and highly skilled and motivated people are required to deal with risk. Public sector banks have made progress in shedding unskilled labour through

arrangements like the VRS, but have not yet been able to recruit adequately at senior levels since the salaries offered are removed from market prices by a factor of 20 times to 50 times. It is critical to blend market wages that are comparable with the private sector, with accountability that is comparable to the private sector. Otherwise, high wage jobs in public sector banks will become a safe sinecure. It is critical to have complete competition among those contending for the senior posts. Beyond the age of 25, a person should not be entitled to any promotion by virtue of being an insider. Every post should face competition from the open market.

Finally, the ministry of finance has left unpleasant strictures in the recent reforms, where it will meddle in top level appointments. Well governed companies appoint a sub-committee of the board, consisting of independent directors, who recruit the managing director and establish wage policies. There is no reason for the ministry of finance or the Indian Banks Association to meddle in appointments or wages. The ministry should set an example about sound corporate governance, both for the private sector, and for other PSUs which are being misused by their administrative ministries.

# Public sector banks break free, eye FDI

Anand Adhikari  
Mumbai, February 22

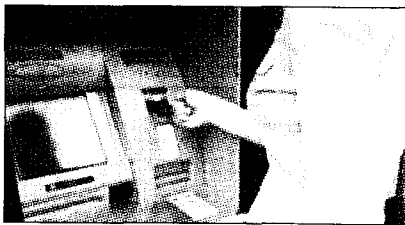
LOBBING YET another bombshell into the Left camp, the Centre today allowed sweeping operational powers to state-run banks, including the right to make domestic and overseas acquisitions, exit non-viable businesses and close down unproductive branches without the government's prior approval.

The announcement sent scrips of state-owned banks spiralling on Dalal Street with Vijaya Bank, Union Bank, Syndicate Bank, Andhra Bank, BoI, Indian Overseas, Allahabad Bank, Canara Bank, Corporation Bank and SBI making gains of 4-8 per cent.

Welcoming the move, K.Chcrian Varghese, chairman, Union Bank of India, said, "The autonomy policy would be an incentive for strong banks to stay healthy and improve operational efficiencies. We can now retain existing talent as well as attract good talent from elsewhere."

The new policy, which gives strong

## Autonomy package



- Pursue new lines of business
- Make acquisitions of businesses
- Close or merge unviable branches
- Set up subsidiaries
- Exit any line of business
- Decide HR issues
- Open overseas branches

banks with non-performing assets below 4 per cent unprecedented managerial leeway, will free state-owned banks to pursue new lines of business such as

mutual funds, insurance and depository and make acquisitions from the market.

Under the new policy, PSU banks will not need the government's permission to open overseas branches and close down or merge non-viable branches in rural and semi-rural areas.

Experts endorsing the move said the government had empowered the banks to take this drastic measure because only 5 per cent of the branches were non-viable or loss-making.

The new policy will also allow banks to set up subsidiaries since it would let them emerge as focused entities — as an IT subsidiary, for instance.

Even on HR issues, including staffing pattern, recruitment and sanctioning differential pay within agreed pay scales, the banks will enjoy a great measure of autonomy.

The stronger of the banks will be allowed to create additional posts of GMs and permitted to give higher pay to specialised cadre. Such banks would be allowed to contribute above Rs 10 crore (Rs 100 million) to their staff welfare funds.

# Markets toast bank liberty leap

OUR SPECIAL CORRESPONDENT

**Mumbai, Feb. 22:** Markets went cock-a-hoop today over the new policy giving banks a free run in acquiring peers, setting up arms and closing weak branches.

The sensx ended a five-session losing streak to close at 6589.41 compared with Monday's finish of 6534.68 in an increase of 54.73 points, or around 0.84 per cent.

The move towards bank reforms gave the market another pointer to a budget that would push the process of liberalisation forward in several sectors of the economy.

For banks, the expectation is that finance minister P. Chidambaram will shrug off Left parties' objections to raise the level of foreign direct investment and lift the 10 per cent cap on voting rights for overseas investors.

While most analysts felt the new norms would boost

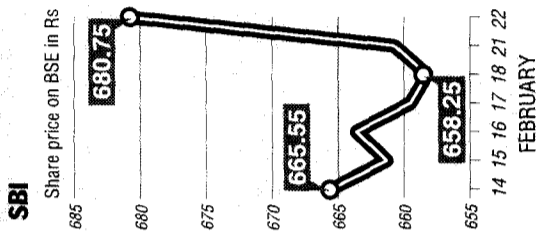
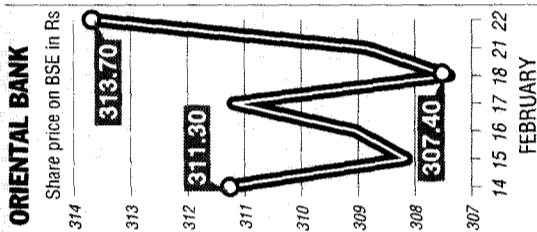
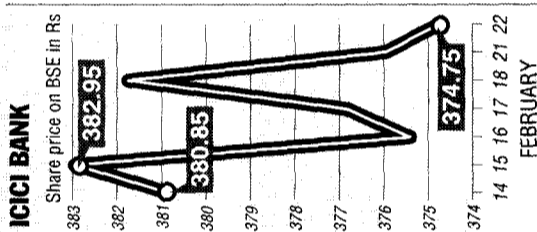
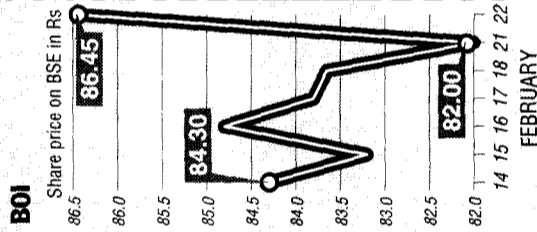
banks' profits in the long run, many doubted if the greater leeway allowed in acquisitions would be used now.

Dena Bank chairman and managing director A. K. Khan-delwal welcomed the move, saying it was a positive step in the process of creating a level-playing field. He also saw it as a signal that the government wanted to get out of the business of micro-managing banks. "Earlier, we even needed government permission for a general manager's post. Now banks can do this on their own. This is a good augury," he added.

Union Bank of India chief K. Cheria Varghese said the autonomy charter would bring out the best in public sector banks. However, Varghese, whose bank is believed to be in talks to merge with Bank of India, felt such decisions will have to be taken by the partners.

Back on the bourses, foreign institutional investors

## CASH CONTROL



after 3 pm. BSE's bankex was stronger by 59.69 points at 3792.87. The broad-based BSE-100 index recovered 30.04 points to finish at 3550.88 compared with its last close of 3520.84.

SBI's was the top traded share with a turnover of Rs 145.44 crore. The stock closed at Rs 680.95 in a gain of Rs 20 over its previous finish; it opened at Rs 661 and peaked at Rs 685.90. Bank of Baroda closed at Rs 207.20, Vijaya Bank at Rs 64.45 and Corporation Bank at Rs 353.70.

The volume of business on Dalal Street remained thin with turnover falling sharply to Rs 1698.47 crore. Among the non-bank shares, Reliance Industries had a turnover of Rs 73.31 crore, Tata Steel Rs 70.82 crore, Maruti Udyog Rs 46.64 crore and Satyam Computers Rs 40.52 crore. In the specified group of BSE, 114 shares, including 22 from the sensx, logged sharp to moderate gains.

(FIIs), which pumped Rs 2304.60 crore into equity last week, were big buyers of bank shares. The rally was also fuelled by signs of a smooth roll-

over in the futures segment on Thursday, when February deals will be squared up. Though the mood was upbeat for much of the day, the optimism peaked in the last few minutes of trading, when the full extent of the bank autonomy package sunk in. This led to a spike in the sensx

# অধিগ্রহণ, নিয়োগে ঢালাও স্বাধীনতা ব্যাঙ্কের উপর সরকারি রাশ আরও শিথিল হল

নয়াদিল্লি, ২২ ফেব্রুয়ারি: রাষ্ট্রায়ত্ত ব্যাঙ্কে প্রতিযোগিতায় এগিয়ে দিতে ব্যাঙ্কিং শিল্পে ঢালাও সংস্কারের সিদ্ধান্ত ঘোষণা করল কেন্দ্রীয় সরকার। এই লক্ষ্যে রাষ্ট্রায়ত্ত ব্যাঙ্কের হাতে অনেক বেশি স্বাধীনতা তুলে দেওয়া হয়েছে। অন্যান্য সরকারি বা বেসরকারি ব্যাঙ্ক অধিগ্রহণ, বাড়তি বেতনের সুযোগ দিয়ে সেরা কর্মী বাছাই এবং দেশে-বিদেশে নতুন ব্যবসা শুরু করার ক্ষেত্রে এখন থেকে আর সরকারের অনুমোদনের অপেক্ষায় দিন গুনতে হবে না রাষ্ট্রায়ত্ত ব্যাঙ্কে। বাণিজ্যিক দক্ষতার শীর্ষে রাষ্ট্রায়ত্ত ব্যাঙ্কে পৌঁছে দিতেই তাদের উপর সরকারি রাশ শিথিল করা হচ্ছে। এই সমস্ত ব্যাঙ্কের প্রধান স্থপতি হিসাবেই তাদের অগ্রগতির পথ প্রশস্ত করাটা সরকারের দায়িত্ব বলে জানানো হয়েছে।

অর্থ মন্ত্রক আজ এই ঘোষণা করে অবশ্য জানিয়েছে, রাষ্ট্রায়ত্ত ব্যাঙ্ক নির্বিশেষে এই স্বাধীনতা দেওয়া হবে না, নিজেদের দক্ষতা দেখিয়ে তা তাদের অর্জন করে নিতে হবে। এর জন্য চারটি পূর্বশর্ত বেঁধে দিয়েছে কেন্দ্রীয় সরকার। এগুলি হল:

- পরপর তিন বছর মুনাফা করা
- ক্যাপিটাল অ্যাডিকোয়েন্সি রেশিওকে ৯ শতাংশের উপরে নিয়ে যাওয়া
- অনাদায়ী সম্পদের পরিমাণ ৯ শতাংশের নীচে বেঁধে রাখা

● কমপক্ষে ১০০ কোটি টাকার নিজস্ব তহবিল  
ব্যাঙ্কগুলিকে কোন কোন ক্ষেত্রে স্বাধীনতা দেওয়া হবে, তার পূর্ণাঙ্গ নির্দেশিকা এই দিন পেশ করে অর্থ মন্ত্রকের যুগ্ম সচিব অমিতাভ বর্মা জানান, বেসরকারি ও বিদেশি ব্যাঙ্কগুলির সঙ্গে প্রতিযোগিতার বাজারে সমান সুযোগ দিতেই এই সার্বিক সংস্কারের সিদ্ধান্ত।

প্রথমত, অধিগ্রহণ এবং শাখা গুটিয়ে নেওয়ার ব্যাপারে যে সমস্ত স্বাধীনতা দেওয়া হয়েছে, সেগুলি হল: রাষ্ট্রায়ত্ত

ব্যাঙ্কগুলি এখন থেকে অন্যান্য ব্যাঙ্কই হোক বা বেসরকারি আর্থিক সংস্থা, কিংবা আবাসন সংস্থা, নিজেদের বাণিজ্যিক প্রয়োজনে তা অধিগ্রহণ করতে পারবে। এর জন্য কেন্দ্রীয় সরকারের আগাম অনুমতির প্রয়োজন হবে না। বৈদেশিক অফিস খোলা, শাখা বাড়ানোর ক্ষেত্রেও একই সুবিধা দেওয়া হবে। বিপরীত দিকে, অলাভজনক শাখা বন্ধ করা বা মিশিয়ে দেওয়ার স্বাধীনতা পাবে রাষ্ট্রায়ত্ত ব্যাঙ্ক। তবে যাবতীয় সিদ্ধান্তই নিতে হবে ব্যাঙ্কিং আইনের ৬ সংখ্যক ধারা মেনে।

দ্বিতীয়ত, মানবসম্পদ নিয়োগ ও তার সদ্যবহারেও এ বার থেকে অবাধে সিদ্ধান্ত নিতে পারবে সংশ্লিষ্ট ব্যাঙ্ক, এবং তা করতে পারবে বেসরকারি বা বিদেশি ব্যাঙ্কের ধাঁচেই। কর্মী নিয়োগ, কোন কর্মীকে কোথায় পাঠানো হবে, তাঁদের বদলি, প্রশিক্ষণ, উন্নতি, পেনশন প্রদান, সব ব্যাপারেই ব্যাঙ্কের নিজস্ব সিদ্ধান্তই খাটবে। উঁচু বেতনে পেশাদার নিয়োগ করতে পারবে রাষ্ট্রায়ত্ত ব্যাঙ্ক, প্রয়োজনে নিয়োগ করা যাবে যতজন খুশি জেনারেল ম্যানেজার। নিয়োগের সময়ে প্রার্থীর আশঙ্ক্যক যোগ্যতামান বেঁধে দেওয়া, তাঁদের উন্নতির মাপকাঠি স্থির করা ইত্যাদি থাকবে ব্যাঙ্কের হাতে। অফিসারদের দায়িত্ব ও কর্তব্য নির্দিষ্ট করে দেওয়া, ভুল করলে শাস্তিবিধান সবচেয়েই থাকবে ব্যাঙ্কের অধিকার। সম্ভাব্য আমানতকারী বা লাগ্নিকারীদের সঙ্গে কথা বলতে অফিসারদের বিদেশ সফরের উপরও বিধিনিষেধ থাকছে না।

জেনারেল ম্যানেজারের সংখ্যা বাড়ানো ইত্যাদি সুযোগ অবশ্য দেওয়া হবে আর্থিক দিক থেকে অনেকটাই এগিয়ে থাকা রাষ্ট্রায়ত্ত ব্যাঙ্কে। এই সমস্ত ব্যাঙ্কের অনাদায়ী সম্পদ বা এন পি এ হবে ৪ শতাংশেরও নীচে এবং নিজস্ব তহবিল ৩০০ কোটি টাকার উপরে। নিয়োগের ক্ষেত্রে এই ধরনের ব্যাঙ্কের পরিচালন পর্যদ পাবে অনেক বেশি স্বাধীনতা। চালু বেতনক্রমের মধ্যেই ভাল কাজের জন্য বাড়তি অর্থও এখন থেকে দিতে পারবে এই সমস্ত ব্যাঙ্ক। — পি টি আই



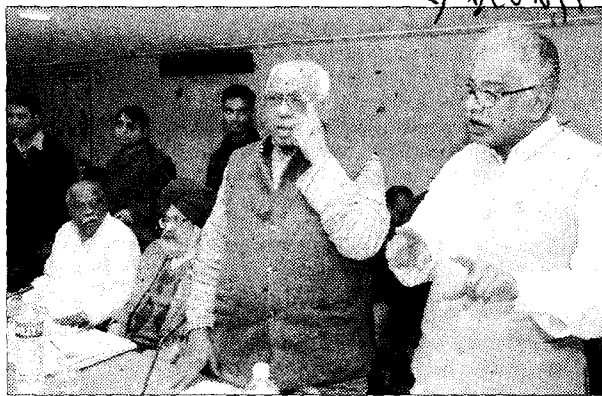
# EPFO appoints Mercer for investment opportunities

PRESS TRUST OF INDIA  
NEW DELHI, FEBRUARY 21

**F**ACED with the need to garner additional resources for better returns to its about four crore beneficiaries, the EPFO board on Monday appointed global consultancy firm, Mercer, to suggest more lucrative investment strategies.

However, majority of the trade unions opposed the CBT's decision to appoint Mercer, saying it should have been left to the finance ministry, which approves EPF's investments, to take a decision.

"We have appointed Mercer Human Resource Consulting to suggest improvement in the pattern of investments," Labour Minister K. Chandrasekhar Rao told reporters here.



(From right to left) EPF board members W.R. Wardarajan, A.D. Nagpal, Pardman Singh and A. Venkataraman at the EPFO meeting in New Delhi on Monday. Raaj Dayal

Asked about the ways and means to bridge the Rs 927 crore shortfall due to hike in EPF rate to 9.5 per cent for this fiscal, he said, "the government will manage to pay the money. It is better people stop worrying about it."

He parried repeated

queries as to whether EPFO would approach the finance ministry for a bailout and said the nitty-gritty of mobilising additional resources to bridge the shortfall would be taken up at the next CBT meeting in March in view of the model code of conduct in force be-

cause of the ongoing Assembly elections in some states.

The minister said Mercer would submit a report based on which the CBT would take a view on the restructuring of investment patterns, including parking funds in equities, postal deposits and NSCs.

Sources said the firm, which would have to submit the report within four months of appointment, would get Rs 34 lakh as one-time consultancy fee. CITU leader W.R. Waradharajan said except Congress-affiliated INTUC, all the other central trade unions opposed the appointment of Mercer, alleging that the global arm of the firm was embroiled in a scam.

Mercer bagged the order in a tender process, also participated by Deloitte Touche Tohmatsu and Watson Wyatt.

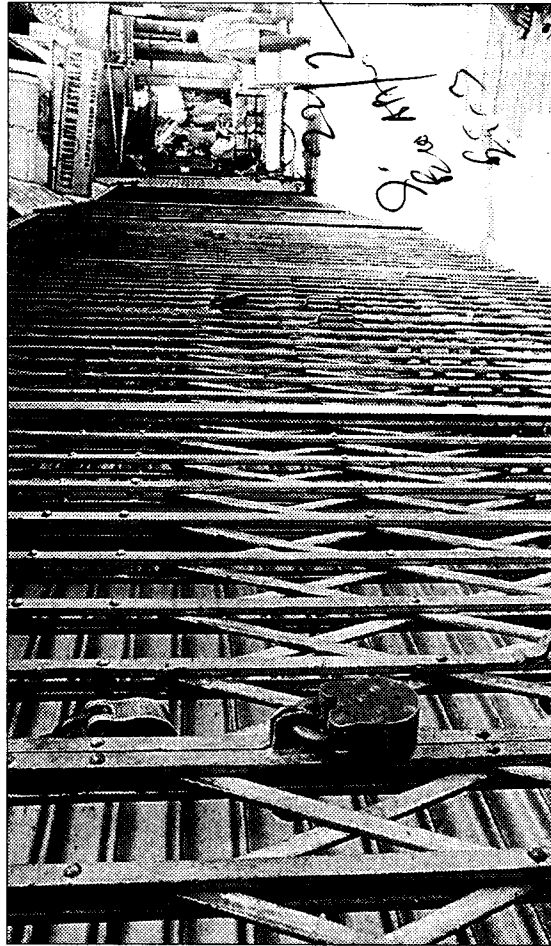
# Nationwide trade bandh against VAT near total

Our Political Bureau  
NEW DELHI 21 FEBRUARY

**T**RADING community across various states on Monday downed shutters and held demonstrations protesting against the proposed implementation of VAT from April 1 this year.

Reports of partial-to-total response to the all-India bandh trickled in from Rajasthan, Punjab, West Bengal, Assam, Haryana, Uttaranchal and Madhya Pradesh, even as industry chambers like Ficci tried to allay the traders' apprehensions that introduction of VAT would lead to inflation or complicate tax procedures.

As the scheduled deadline for operationalising VAT — under which nearly 550 commodities will attract a countrywide VAT rate of 4% to 12.5%, replacing the varied rates of sales tax levied across the nation — draws near, more states are expressing doubts about honouring the same citing the reluctance of other states like UP to implementing



2005, deadline for introducing VAT. "There is no confusion in Karnataka. We are ready with the rules for moving into the VAT regime," deputy chief minister and finance minister of the state Siddaramaiah told newsmen, ruling out any uncertainties in the face of traders' opposition to the new taxation regime.

However, it is reported that Karnataka is not in a mood to implement VAT unless Tamil Nadu comes on board. There is no word yet on Tamil Nadu government's latest stand. The central empowered committee on VAT, set up under the chairmanship of West Bengal finance minister Asim Dasgupta, is expected to meet either this month-end or early March, by which time it would become clear which states are going in for VAT implementation.

All states barring UP had committed themselves to implementing VAT from the coming April 1 at a recent meeting of state finance ministers. The states are keen on a simultaneous implementation of the VAT regime as

trade may go to the non-implementing state if a particular commodity attracts less sales tax than the proposed VAT rates. Besides, the strong traders' lobby is holding back the states, as is the fear of powers of taxation passing over to the Centre.

The traders' opposition to the new taxation system was evident from the deserted markets and mandies across several states. The All-India bandh was total in West Bengal and had some impact in north eastern states. Rajasthan also saw its 237 mandies and 7,500 industrial units closed in response to the bandh call given by All India Association of Trade and Industry.

In Punjab, the industrial area and markets of Jalandhar and cities like Ludhiana were deserted with a traders' association stating that they were not opposed to VAT as such but its implementation in its existing form. J&K traders, on the other hand, sought a year's time to educate themselves on VAT. The bandh was total in Uttaranchal.

to operationalise VAT.

Among Congress-ruled states, Uttaranchal is as non-committal, given the fact that the neighbouring UP has already rejected VAT. Karnataka was until now dilly-dallying, but on Monday said it was firm on keeping the April 1,

do so together. Rajasthan chief minister Vasundhara Raje is also said to have assured the trading community in the state against pressing ahead with VAT. Madhya Pradesh chief minister Babulal Gaur has gone on record saying that his state is not yet ready

VAT. The doubts are more pronounced in the case of BJP-ruled states like Gujarat, Rajasthan and Madhya Pradesh.

Gujarat, though okay with the concept of VAT, now says that it would not like to implement the new tax system unless all states

## সামাজিক বরাদ্দ নিয়ে বামেদের দাবির শরিক এ বার কংগ্রেসও

স্টাফ রিপোর্টার, নয়াদিল্লি, ২১  
ফেব্রুয়ারি: অর্থমন্ত্রী পি চিদম্বরম অখুশি  
হবেন কি না সেটা ভিন্ন প্রশ্ন। কিন্তু  
সামাজিক ক্ষেত্রে বরাদ্দ 'পর্যাপ্ত'  
পরিমাণে বাড়ানোর প্রশ্নে তাঁরা  
বামেদের মনোভাবেরই শরিক বলে  
আজ স্পষ্ট জানাল কংগ্রেস। এর ফলে  
বাজেট পেশের পরে বামেদের সঙ্গে  
সনিয়া গাঁধীর মনোমালিন্যের সম্ভাবনা  
থাকল না বলেই দু'পক্ষই মনে করছে।

ক'দিন আগেই সনিয়া গাঁধী  
চিদম্বরমকে এক চিঠিতে জানান,  
কংগ্রেস চায় বাজেটে স্বাস্থ্য ও  
গ্রামোন্নয়নের গুরুত্ব যেন কিছুতেই  
কমানো না হয়। তারই জেরে কংগ্রেস  
মুখপাত্র আজ বাজেটে সামাজিক খাতে  
বরাদ্দ বৃদ্ধির দাবি তোলেন।

তবে কংগ্রেস অবশ্য একই সঙ্গে  
প্রতিরক্ষায় বাজেট বরাদ্দ বাড়ানোর  
দাবি করেছে। বামেরা চেয়েছিল ওই  
বরাদ্দ কমানো হোক। এ বিষয়ে  
কংগ্রেসের মুখপাত্র আনন্দ শর্মা বলেন,  
“আমরা তো শুধু প্রতিরক্ষার কথা  
বলিনি। অন্য অনেকগুলি বিষয়েও (যে  
গুলো বামেদের মনপসন্দ) বরাদ্দ  
বাড়ানোর কথা বলেছি। প্রতিরক্ষার  
প্রশ্নে আমাদের দলের মনোভাব অন্য  
রকম হতেই পারে।” আর শাসক জেট  
ও বামেদের সমন্বয় কমিটির অন্যতম  
বাম-সদস্য ডি রাজা পরে এ সম্পর্কে

বলেন, “সামাজিক ক্ষেত্রে বরাদ্দ  
বাড়ানোর বিষয়টি এখন শুধু বামেদের  
মধ্যে সীমাবদ্ধ থাকল না। কিন্তু  
প্রতিরক্ষায় খরচ কমানো উচিত বলেই  
আগেও মনে করতাম, এখনও করি।”

আগামী বৃহস্পতিবার শাসক জেট  
ও বামপন্থীদের সমন্বয় কমিটির বৈঠক  
হবে। প্রধানমন্ত্রী মনমোহন সিংহের  
বাড়িতে প্রাতরাশে মিলিত হবেন  
দু'পক্ষের নেতারা। সেই আলোচনায়  
বামেদের তরফ থেকে বাজেট নিয়ে  
আর এক দফা চাপ আসার সম্ভাবনা  
ছিলই। তার আগেই সনিয়া গাঁধীর  
নির্দেশে কংগ্রেস দল এ সম্পর্কে  
নিজেদের মনোভাব জানিয়ে দিল।  
ভোটের আগে দেওয়া প্রতিশ্রুতি এবং  
ন্যূনতম কর্মসূচি অনুযায়ী সামাজিক  
ক্ষেত্রে বিনিয়োগ বাড়ানোর দাবি করে  
তাঁরা বামপন্থীদের পালের হাওয়া  
অনেকটাই কেড়ে নিলেন।

অর্থমন্ত্রী পি চিদম্বরমের বাজেট  
পেশের এক সপ্তাহ আগে আজ কংগ্রেস  
মুখপাত্র আনন্দ শর্মা স্বতঃস্ফূর্ত ভাবেই  
জানান বাজেটে তাঁরা কী 'আশা'  
করছেন। প্রথমেই তিনি সামাজিক  
ক্ষেত্রে, বিশেষ করে স্বাস্থ্য, শিক্ষা,  
রোজগারের নিশ্চয়তা, গ্রামীণ ঋণ-  
সমস্যার সমাধান প্রভৃতি ক্ষেত্রে বরাদ্দ  
বাড়ানোর উপর জোর দেন। তাঁর  
কথায়, “ন্যূনতম কর্মসূচিতে যা উল্লেখ

করা হয়েছে ও প্রচারে যা বলেছিলাম,  
সেই অনুযায়ী জনকল্যাণে, জন্য পর্যাপ্ত  
ব্যবস্থা নেওয়া হবে বলে আমরা আশা  
করছি।”

এর পরেই তিনি অবশ্য দেশের  
নিরাপত্তার স্বার্থে প্রতিরক্ষা বাজেট  
বাড়ানোর উপরেও জোর দেন।  
অতীতে এন ডি এ সরকারের সময়  
প্রতিরক্ষা খাতে বরাদ্দ টাকা ঠিকমতো  
খরচ হয়নি, এ কথা উল্লেখ করে তিনি  
বলেন, “এখন দেশের সুরক্ষার জন্য  
সেনাবাহিনী যেমন চাইছে সেই  
অনুযায়ী বরাদ্দ বাড়ানো উচিত।” এ  
ক্ষেত্রে অবশ্যই তাঁরা বিজেপির  
'দেশের সুরক্ষা' সংক্রান্ত লাগাতার  
প্রচারের জুতসই জবাব দেওয়ার  
বিষয়টিই মাথায় রাখছেন।

বাজেটে তাঁরা কী চান সেই সংক্রান্ত  
রূপরেখা বামপন্থীরা এর আগেই  
অর্থমন্ত্রী পি চিদম্বরমের হাতে তুলে  
দিয়েছেন। তাঁরা ন্যূনতম কর্মসূচি  
অনুযায়ী সামাজিক ক্ষেত্রে বরাদ্দ দশ  
হাজার কোটি থেকে বাড়িয়ে পঞ্চাশ  
হাজার কোটি টাকা করার দাবি  
জানিয়েছেন। সনিয়া গাঁধীর নেতৃত্বাধীন  
জাতীয় উপদেষ্টা পর্ষদ ততটা না-  
হলেও বরাদ্দ অন্তত কুড়ি হাজার কোটি  
বাড়ানোর প্রস্তাব দিয়েছে। বাম সূত্রের  
খবর, বরাদ্দ কুড়ি হাজার কোটি  
বাড়ালে তাঁরা অন্তত বেজার হবেন না।

# কৃষিতে কর আরোপই চ্যালেঞ্জ চিদম্বরমের

পার্শ্বসারথি সেনগুপ্ত • নয়াদিল্লি

২১ ফেব্রুয়ারি: দুঃসাহসী হতে পারবেন হাভাড বিশ্ববিদ্যালয়ের প্রাক্তন ছাত্র পি চিদম্বরম? আসন্ন বাজেটে কৃষিক্ষেত্রকে আয়করের আওতায় আনা কি সম্ভব হবে তাঁর পক্ষে?

রাজনৈতিক ভাবে নিতান্ত অগ্রিয় যে প্রকল্পটো সুনলে চিদম্বরমের বাখা অর্থনৈতিক উপদেষ্টারা কানে আঙুল দেন, উত্তর দেওয়া তো দূরস্থান— সেই প্রশ্নটিই এ বার নর্থ ব্লকে অর্থমন্ত্রীর দফতরে বড় হয়ে দাঁড়িয়েছে। শিল্পবাণিজ্য মহলের বরাবরের প্রশ্ন, কেন কৃষিক্ষেত্রে আয়ের উপর কর বসানো হচ্ছে না। এই ক্ষেত্র থেকে তো সরকার বিপুল পরিমাণ সম্পদ জোগাড় করতে পারে। কথটা যোল আনা খাটি হলেও রাজনৈতিক

বাধ্যবাধকতার কারণে কোনও সরকারই কৃষিতে আয়ের উপরে কর বসিয়ে উঠতে পারেনি।

এ বার বাজেটের আগে ফিকির তরফে সংগঠনের সেক্রেটারি জেনারেল অমিত মিত্র যে প্রত্যাশাগুলি নথি আকারে পেশ করেছেন, তাতে বলা হয়েছে, “কৃষিতে কোনও কেনও বিষয়ে অঙ্কত ১৫ শতাংশ হারে আয়কর আরোপ করা যেতে পারে।” ফিকি অবশ্য বেশ রক্ষণশীল ভাবেই এই দাবি পেশ করেছে। তাগের বক্তব্য, “অর্থকরী শস্য উৎপাদনের ক্ষেত্রে আয় ৫ লক্ষ টাকা ছাপিয়ে গেলে সরকার কর আরোপ করুক।”

আর্থিক ভারসাম্যের বাজেট পেশ করার তাগিদে দিল্লির শীতেও গলদঘর্ম হতে হচ্ছে চিদম্বরমকে। এক দিকে, ইউ পি এ সরকারের সমর্থক বামেদের খুশি রাখতে জনমুখী পদক্ষেপ,

অন্য দিকে, সংস্কার প্রক্রিয়ার গতি দুরাশিত করা— এই সোটনার মাঝে কী ভাবে আরও সম্পদ জোগাড় করা যায়, তা নিয়েই যোর চিন্তায় রয়েছেন অর্থমন্ত্রী ও তাঁর উপদেষ্টারা।

অতএব বাজেট টিমের সঙ্গে দফায় দফায় বৈঠকে বসছেন চিদম্বরম ও যোজনা পর্বদের ডেপুটি চেয়ারপার্সন মর্টেক সিংহ অহলুওয়ালিয়া। সচিবহীন যে টিমে রয়েছেন মুখ্য অর্থনৈতিক উপদেষ্টা অশোক লাহিড়ী, অর্থমন্ত্রীর উপদেষ্টা পার্শ্বসারথি সেন, অর্থনীতি বিষয়ক দফতরের সচিব রাকেশ মোহন প্রমুখ।

সম্পদ আহরণের প্রয়াসে সাধারণ ভাবে যে ব্যবস্থাগুলি চিদম্বরম নিতে পারেন, তার মধ্যে অন্যতম হল তথাকথিত অসংগঠিত ক্ষেত্রের নানা পরিষেবাকে পরিষেবা করের আওতায় আনার

চেহ্না। স্থায়িত, রাজনৈতিক ভাবে সংবেদনশীল হওয়া সত্ত্বেও বিলীয়করণের পথ আঁকড়ে থাকা। তৃতীয়ত, সরাসরি বিদেশি বিনিয়োগের পরিধি ও ক্ষেত্র আরও ব্যাপক করা। চতুর্থত, ১৫-২০ বছরের মেয়াদী পরিকাঠামো বন্ধ বাজারে ছাড়া, এই প্রকল্পে আয়করে ছাড় মিলতে পারে। অথবা, লুকনো অর্থ বৈধও করা যেতে পারে অপেক্ষকৃত স্বল্প হারের সুদে এই বন্ড কিনে। পঞ্চমত, রান্নার গ্যাস ও কেবোসিনে ভর্তুকির হার কমানো। যে পদক্ষেপ রাজনৈতিক ভাবে অত্যন্ত সংবেদনশীল।

এই অবস্থায় সম্পদ আহরণের প্রস্নে চিরাচরিত মাদামগুলি ছেড়ে এ বার কি নতুন পথের সন্ধান দেবে চিদম্বরমের বাজেট? অর্থাৎ কৃষিতে আয়কর। ধনী কৃষকদের অখুশি করার মতো সাহসী এক বাজেটের দেখা মিলবে কি!

27/2

Amn

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## পাইপলাইন নিয়ে সমস্যা নেই, জানাল ইরান

নয়াদিল্লি, ফেব্রুয়ারি: পাকিস্তান হয়ে ইরান থেকে ভারত পর্যন্ত গ্যাস পাইপলাইন প্রকল্প নিয়ে বিস্তারিত আলোচনার জন্য ভারতের পেট্রোলিয়াম মন্ত্রকের এক কারিগরি দল এ মাসের শেষে যাচ্ছেন ইরান সফরে। ইরানের সঙ্গে আর্থিক সহযোগিতা মজবুত করার লক্ষ্যেই এই সফর। এ দিকে প্রস্তাবিত গ্যাস পাইপলাইন পাতার কাজ শুরুর ব্যাপারে পাকিস্তানের দিক থেকে

কোনও সমস্যা নেই বলে জানিয়েছেন ভারত সফররত ইরানের বিদেশমন্ত্রী কামাল খাররাজি। সোমবার বণিকসভা ফিকি আয়োজিত ভারত-ইরান যৌথ বাণিজ্য পরিষদের বৈঠকে কামাল বলেন, “এ ব্যাপারে পাকিস্তানের তরফ থেকে কোনও সমস্যা রয়েছে বলে মনে করি না।”

কাজ আরম্ভের দিনক্ষণ নিয়ে কিছু না বললেও, এর দ্রুত অগ্রগতি সম্পর্কে আশাবাদী কামাল। পাইপলাইন

প্রকল্পের সম্ভাব্যতা নিয়ে সমীক্ষার দায়িত্বে থাকা অস্ট্রেলীয় সংস্থা বি এইচ বিলিটন-এর প্রসঙ্গ তুলে তিনি জানান, “শীঘ্রই কাজ শুরু হবে।”

এ দিন খাররাজি দেখা করেন প্রধানমন্ত্রী মনমোহন সিংহের সঙ্গে। বিদেশমন্ত্রী কে নটবর সিংহের সঙ্গেও তিনি বেশ কয়েকটি বিষয়ে বিস্তারিত আলোচনা করেন। খাররাজি বলেন, ইরান গঠনমূলক কাজে পরমাণু প্রযুক্তির নাগাল পেতে চায়। -পিটিআই

ক্ষুদ্রসেচে বাড়তি উৎসাহ

# স্বনির্ভরতায় নতুন প্রকল্প 'ভারত নির্মাণ'

৩১

সৌভদ্র চট্টোপাধ্যায় • নয়াদিল্লি

২৭২

নয়াদিল্লি, ২১ ফেব্রুয়ারি: কর্মসংস্থান-নিশ্চয়তা আইনের অধীনে কাজগার বাড়ানোর লক্ষ্যে আসন্ন বাজেটে অর্থমন্ত্রী পি চিদম্বরম 'ভারত নির্মাণ' নামে একটি বিশেষ প্রকল্প চালু করতে পারেন। তাতে স্ব-নির্ভর গোষ্ঠীগুলির 'মাইক্রো-ক্রেডিট' বা ক্ষুদ্র ঋণ পেতে সুবিধা হবে। এর ফলে গ্রামোন্নয়ন মন্ত্রকের বাজেট-বরাদ্দ এ বার প্রায় ২২ হাজার কোটি টাকায় দাঁড়াতে পারে। বর্তমানে গ্রামাঞ্চলের দরিদ্রদের জন্য রয়েছে 'স্বর্গজয়ন্তী গ্রামীণ স্বরোজগার যোজনা'। এই যোজনার অধীনেই থাকবে নতুন ভারত নির্মাণ প্রকল্পটি। অর্থমন্ত্রক সূত্রের খবর, কংগ্রেস সভানেত্রী সনিয়া গান্ধী সম্প্রতি চিদম্বরমকে চিঠি লিখে বলেছেন, যেন বাজেটে স্বাস্থ্য ও গ্রামীণ উন্নয়নকে বেশি গুরুত্ব দেওয়া হয়। এই সব প্রকল্পের পাশাপাশি সেচ নিয়েও নতুন প্রকল্প ঘোষিত হতে চলেছে। গত বাজেটে জলাশয় সংস্কারের কথা বলার পরে এ বার ক্ষুদ্র সেচে উৎসাহ দিতে নতুন প্রকল্প ঘোষিত হতে চলেছে।

১৯৯৯-২০০০ আর্থিক বছরে চালু হয়েছিল স্বর্গজয়ন্তী গ্রামীণ স্বরোজগার যোজনা। এর অধীনে গ্রামাঞ্চলে কর্মসংস্থান বাড়াতে 'সেফ হেল্প গ্রুপ' তৈরি করা হয়। তারপর তাদের প্রশিক্ষণ, ঋণ, প্রযুক্তিগত পরিকাঠামো এবং উৎপাদিত পণ্যের বিপণন, সবেই সাহায্য করে সরকার। এই যোজনার উদ্দেশ্য হল, গ্রামাঞ্চলের দরিদ্রদের সাহায্য করা ব্যাঙ্ক ঋণ ও সরকারি ভর্তুকির মাধ্যমে। কেন্দ্র ও রাজ্যের মধ্যে এই তহবিল ৭৫:২৫ অনুপাতে ভাগ করা হয়েছে। গত বছর এই খাতে বাজেট বরাদ্দ ছিল ১০০০ কোটি টাকা। ১৯৯৯ সাল থেকে ১৮ লক্ষ ৩৮ হাজার স্বনির্ভর গোষ্ঠী তৈরি করা হয়েছে। এতে রয়েছেন ৪৮ লক্ষ ১৮ হাজার 'স্বরোজগারি' বা সদস্য। এ যাবৎ কেন্দ্র ১০,০০৬ কোটি ৬৩ লক্ষ টাকা দিয়েছে এই প্রকল্পে।

কর্মসংস্থান-নিশ্চয়তা আইনের অধীনে দেশজুড়ে গ্রামাঞ্চলে কাজ দেওয়ার কথা বললেও এই বিপুল টাকা কোথা থেকে আসবে তা নিয়ে প্রশ্ন হয়ে গিয়েছে। প্রাথমিকভাবে সরকার ঠিক করেছিল, দেশজুড়ে দারিদ্রসীমার নীচে বসবাসকারী সব পরিবারের একজন করে সদস্যকে ১০০ দিনের কাজ দেওয়া হবে। এতে প্রায় ৮০ হাজার কোটি টাকা খরচ দাঁড়াবে বলে গ্রামোন্নয়ন মন্ত্রকের হিসাব। এই বিপুল অর্থ সরকারের হাতে নেই। তাই আপাতত কেবল গ্রামাঞ্চলের জন্য এই প্রকল্প চালু করেছে সরকার। প্রাথমিকভাবে দেশের বিভিন্ন প্রান্তের মোট ১৫০টি জেলাকে বেছে নেওয়া হয়েছে। আইনে বলা হয়েছে, বিজ্ঞপ্তির মাধ্যমে সরকার এই তালিকায় ধাপে ধাপে সব জেলাকে আনবে।

এই অবস্থায় কেন্দ্রীয় গ্রামোন্নয়ন মন্ত্রী রঘুবংশ প্রসাদ সিংহ ঘনিষ্ঠ মহলে জানিয়েছেন, বর্তমানে গ্রামাঞ্চলে যে সব 'কাজের বদলে খাদ্য' প্রকল্প রয়েছে, তার সবক'টিকে কর্মসংস্থান-নিশ্চয়তার অধীনে আনা হবে। যেমন, প্রধানমন্ত্রী গ্রামীণ সড়ক যোজনার মতো প্রকল্প। ২০২০ কোটি টাকা গত বছর বরাদ্দ ছিল এই খাতে। এই ভাবে বিভিন্ন প্রকল্পকে কর্মসংস্থান-নিশ্চয়তার ছাতার তলায় নিয়ে এসে বিষয়টিকে একটি সার্বিক রূপ দিতে চাইছে সরকার। ১৫০টি জেলায় যে বিশেষ 'কাজের বদলে খাদ্য' প্রকল্প রয়েছে, তাতে প্রায় ৬ হাজার কোটি টাকা বরাদ্দ ধরা আছে। একেও কর্মসংস্থান নিশ্চয়তার সঙ্গে মিশিয়ে দেওয়ার পক্ষপাতী রঘুবংশ। গত বছর গ্রামোন্নয়নে বাজেট বরাদ্দ ছিল ১৬০২১ কোটি ৮৩ লক্ষ টাকা। এ বার তার সঙ্গে আরও অন্তত ৬০০ কোটি টাকার বেশি যোগ হবে বলে মনে করা হচ্ছে।

প্রধানমন্ত্রী মনমোহন সিংহ সম্প্রতি ঘোষণা করেছেন, গ্রামোন্নয়নের ক্ষেত্রে সেচের জন্য জল বাঁচানোর কাজ নিয়ে বড় আকারে প্রকল্প নেওয়া হবে। সেই অনুসারে তৈরি হবে এই নতুন প্রকল্প। গ্রামোন্নয়ন মন্ত্রক সূত্রে বলা হচ্ছে, ছোট ছোট বাঁধ বা 'চেক ড্যাম' তৈরি করা হবে এর অধীনে। দিগ্বিজয় সিংহ মুখ্যমন্ত্রী থাকাকালীন এ ভাবে নদীতে চেক ড্যাম তৈরি করে মধ্যপ্রদেশের বিস্তীর্ণ এলাকায় চাষের কাজে বিরতি সাফল্য এসেছে। গত বছর বাজেটে অর্থমন্ত্রী পি চিদম্বরম ঘোষণা করেছিলেন জলাশয় সংস্কারের জন্য বিশেষ প্রকল্প। পুরনো বা লুপ্তপ্রায় জলাধারগুলির পুনরুজ্জীবনের কাজ হচ্ছে সেখানে। নতুন প্রকল্পের লক্ষ্য হবে বিভিন্ন 'চেকড্যাম' বা নালা তৈরি করে সেচের জন্য জলসঞ্চয় করা। দুটি প্রকল্প একে অন্যের পরিপূরক হিসাবে থাকবে। মাটির নীচের জল পাম্প করে তুলে চাষ করার ফলে ক্রমশই যে ভাবে জলের স্তর নেমে যাচ্ছে, তাতে পরিবেশবিদ ও সরকার উভয়েই উদ্ভিগ্ন। সে জন্যই জলাশয় সংস্কার ও ক্ষুদ্রসেচে জোর দিয়ে বৃষ্টির জল সংরক্ষণের দিকে এগোতে চাইছে সরকার।

Cloud on poll but officer to take over

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# Writers' sours Ghisingh victory

STAFF REPORTER

**Calcutta, Feb. 21:** The government today virtually deferred the elections to the autonomous Darjeeling Gorkha Hill Council and said it would appoint an administrator to run the body after its term expires on March 25.

Urban development minister Asok Bhattacharya said: "We are trying to hold the elections by March 25, but there are certain problems in doing so. These relate mainly to the Madhyamik examinations, which begin later this month, and the higher secondary examinations from March 22."

The statement hardly masked the government's realisation that it was not in a position to force the hill elections without Ghisingh's cooperation, though the Gorkha National Liberation Front chief is perceived to be losing ground.

The hill leader had wanted the government to shelve the polls — due to be held by March 25 — till all his demands were met.

Before bowing to Ghisingh's pressure in a way, the government, however, tried to ruin his moment by unveiling the plan to appoint the administrator to take charge of the

council. Ghisingh would have liked to hold the reins of the council till the polls were completed. He had been seeking an extension of the council's tenure as well as greater control over its finances. Ghisingh had even wanted the council to be empowered to recruit policemen and control policing in the hills.

The Gorkha leader has made it clear time and again that the elections to the council are "secondary" till the "problems" affecting the council are settled.

A tripartite meeting chaired by Union home minister Shivraj Patil in Delhi on Thursday had failed to end the sta-

ndoff over the elections. Ghisingh and chief minister Buddhadeb Bhattacharjee could not come to an agreement on what should come first — elections before the deadline or a review of the council's powers.

The law department is examining the possibilities arising out of the situation, the urban development minister said today. "In case the elections are not held by March 25, when the present term of the council ends, an administrator will have to be appointed for the hills and the DGHC act amended," Bhattacharya said.

An amendment to the act would be brought about either in the Assembly or by the government in the form of an ordinance. The minister said there is no legal provision to extend the council's term for a third time. "The government has already done that twice before."

Ghisingh has been opposing the elections on the grounds that the current council was virtually powerless and its ambit needed to be reviewed. The Gorkha leader has also raised objections to the term "autonomous" in the council. The chief minister had agreed to get the word dropped but refused to back his demand that the hills be declared tribal area.



Ghisingh: What now?

# Indian team to visit Iran for talks on gas pipeline

By Our Diplomatic Correspondent

**NEW DELHI, FEB. 19.** An Indian delegation, comprising Talmiz Ahmed, Additional Secretary in the External Affairs Ministry, and officials from the Gas Authority of India Limited (GAIL) and Indian Oil Corporation (IOC), is all set to visit Iran next week to continue techno-economic discussions on the Iran-Pakistan-India gas pipeline.

If Mr. Ahmed, soon to be designated Additional Secretary (Overseas Operations) in the Petroleum Ministry, is going to Teheran for talks on February 26 and

February 27, the Iranian Foreign Minister, Kamal Kharazmi, is coming to New Delhi for a three-day visit from Sunday.

The visit of the Indian delegation comes close on the heels of preliminary techno-economic talks with Iranian officials in the capital earlier this week. The price of gas, the route to be taken by the pipeline and associated security issues are expected to figure in the talks.

## 'Overarching agreement'

Those familiar with the negotiations told this correspondent that the Iranian and Indian sides had already come to the conclusion that it

was necessary to have an "overarching agreement" with Pakistan to assure potential investors about the feasibility of going ahead with the project.

## 'Tripartite pact needed'

They maintained that a tripartite agreement between India, Pakistan and Iran was essential to attract the billions of dollar necessary to construct the pipeline.

During the recent techno-economic talks in New Delhi, the Iranian side had suggested such an "overarching agreement."

In a statement to the press after the talks between the

Indian and Iranian side on February 15, GAIL said a major breakthrough in the ongoing discussions on the pipeline had taken place.

The National Iranian Gas Export Co. (NIGEC), it said, had agreed to have the delivery point of gas at the Indian border. "During the discussions, it was decided that a broad overarching agreement between the three countries involved [India, Iran and Pakistan] would be desirable to conclude the issue expeditiously."

"GAIL will provide all information related to the Indian side for completing the detailed feasibility study for

the pipeline, which is scheduled to be completed by June this year. It is also likely that negotiations for the delivered price of gas at the Indian border would be concluded by June 2005."

"The two sides will again meet in Teheran later this month to examine critical commercial conditions such as quantity, price and security of supplies, delivery point and alternative routes of supplying the gas to the Indian border. The road map in respect of specific stages of the proposal as well as the terms sheet are also likely to be finalised during this meeting," the statement added.



# Chinese moves in Myanmar worry India

AMITAV RANJAN  
NEW DELHI, FEBRUARY 17

OIL minister Mani Shankar Aiyar will have to move quickly to forge a joint front between India and China for securing oil and gas assets abroad. That's because India's large next door neighbour is quietly filling up its shopping bag.

The Indian Embassy in Myanmar has informed New Delhi that Chinese firms have snapped up six more exploration blocks to take their Myanmar acquisition to 11. The blocks — three offshore and three onshore — were awarded between October 2004 and January 2005.

Earlier, China National Petroleum Corp bagged two operational fields for re-

covery and two for reactivation while one onshore block was awarded to Sinopec in September 2004. Myanmar is concerned, and so is Aiyar, that the Chinese are moving fast and 'aggressively'. It wants New Delhi to ensure 'some balance' and has suggested that Indian firms move faster and bid for a few more blocks.

Fortunately, Essar Oil Ltd submitted a proposal last week for a couple of blocks but ONGC Videsh Ltd (OVL) and Gail are still working on submitting bids. Though India and China are among the world's largest consumers and are rushing all over the globe to acquire oil and gas assets to secure their respective oil security, there is a lack of coordination between the two.

Last year, ONGC Videsh Ltd was to

buy 11 per cent stake in exploration blocks 3D, 3E and 7E in Sudan but it did not materialise as, while it was awaiting government approval, China's Sinopec snapped it with a higher offer.

Other than Myanmar, India has been losing to the Chinese in Sudan (Block 8) and Iran (Yadavaran field) and is likely to yield in Angola (Block 18) where OVL was denied Shell's equity by the state-run Sonangol. To bring the feud to a close, Aiyar last month held talks with National Development and Reform Commission Vice-Chairman Zhang Xiaoqiang, who is in charge of Energy, on areas of synergy such as working together bilaterally and in third countries, and avoiding destructive competition among themselves.

INDIAN EXPRESS

18 FEB 2005

# Negotiating for gas line at designated point on border, says Saran

By B. Muralidhar Reddy

ISLAMABAD, FEB. 16. India was negotiating with Iran about the possibility of a gas pipeline from the country via Pakistan at a designated point on the Indian border, the Foreign Secretary, Shyam Saran, said here today.

Addressing a news conference at the conclusion of India-Pakistan talks at the level of Foreign Ministers, Mr. Saran said the discussions with Iran centered on issues such as quantity, price and guarantees.

Since the proposed pipeline had to traverse through Pakistan, India could consider an "overarching" trilateral agreement involving Tehran, Islamabad and New Delhi.

To a question about Indian

concerns on security and assured supply and what New Delhi expected from Islamabad, Mr. Saran said negotiations had not reached such a stage.

## Substantial progress

He was upbeat about the peace process with Pakistan and said substantial progress had been made in several areas. "The very fact we have been able to arrive at an understanding on Srinagar-Muzaffarabad bus link is an indication that the peace process is beginning to yield results," he said, while cautioning that given the complicated relationship between the two countries and the complex issues, both sides needed to move steadily.

Mr. Saran said thanks to the ceasefire for over a year, there

was tranquility on the Line of Control and International Boundary with Pakistan and it was no mean achievement.

On the Baglihar hydroelectric power project and the differences with Pakistan, he said the decision of Islamabad to make a reference to the World Bank was based on "suspicions" and the Indus Water Treaty had no answers for it. India was convinced that the project was within the provisions of the Treaty and there was conver-

gence on several of the reservations expressed by Pakistan at the last round of meeting. "We believe there could have further narrowing down of differences had we continued the talks."

Mr. Saran said the perception in Pakistan about acquiring capability through Baglihar dam to either flood the country or deny its due share of water was not based on facts. The Treaty had worked well for 45 years and there were no reason for any doubts about the future.

THE HINDU 17 FEB 2005

# Left opposes Banking Act amendment

By Our Special Correspondent

NEW DELHI, FEB. 15. The Left parties today conveyed to the Government that they did not favour any amendment to the Banking Regulation Act, enabling a hike in the foreign direct investment (FDI) cap. "The Left parties are not in favour of any amendment which would do away with the existing cap on the exercise of voting rights by shareholders of a bank and make it proportional to equity holding, which in turn would be allowed to a maximum of 74 per cent for FDI through the automatic route. Therefore, the

Government should refrain from adopting the notification route to allow acquisition of shares by foreign investors above the existing guidelines and subsequently presenting the Amendment in Parliament as a *fait accompli*," they said in formal note sent to the Government and all constituents of the United Progressive Alliance.

The Left parties said that removal of the cap on voting rights would require an amendment to Section 12 (2) of the Act. In a nine-page note, they detailed the reasons as to why they were against moves to further deregulate the banking

sector.

## Speculative activities

The note was prepared on the basis of a background paper prepared by economists Amiya Bagchi and Jayati Ghosh, and finalised by the Communist Party of India (Marxist), the Communist Party of India, the All-India Forward Bloc and the Revolutionary Socialist Party.

While recounting the developments since bank deregulation began, the parties said that a tendency was observed among some promoters or boards of banks to divert a substantial share of deposits into

speculative activities or into investments that were risky but promised quick returns.

Such moves increased financial fragility and lead to bank failures. The parties said the Government was continuing with the previous Government's policies with regard to financial opening. The move to further deregulate the financial sector and raise the FDI cap in banking was "unnecessary from the point of view of economic and industrial growth."

The diversification of ownership was desirable as also ensuring the fit and proper status of owners and directors.

# Gail pact with Bangla gas firm

58-10  
Statesman News Service

NEW DELHI, Feb. 15. — The Gas Authority of India Ltd today signed a major agreement with a Bangladesh gas company, Spectra International Ltd, to jointly work in the field of CNG infrastructure development projects and gas retailing in Bangladesh.

Besides this, Gail has also signed two more agreements with two Iranian companies for joint development and investment in projects. While the first Iranian company, National Petrochemical Company (NPC), and Gail will perform joint feasibility study for production of polyolefines products, the second Iranian company, National Iranian Oil Company (NIOC) would work in the areas of retail gas marketing infrastructure development, and gas transportation in CNG mode to remote locations.

As per the agreement

## Natural gas spot trading

NEW DELHI, Feb. 15. — Gail (India) Ltd and multi-commodity exchange NCDEX would jointly work to develop a spot market for natural gas in India. GAIL and NCDEX today signed an MoU to make available online trading platform of NCDEX to gas users for entering the spot trading of natural gas.

— PTI

with the Bangladesh company, Gail would consider undertaking CNG and gas distribution projects on Build, Own, Operate and Transfer (BOOT) basis.

Spectra would offer certain services required in the implementation of projects in a cost effective and timely manner and provide necessary support and coordination in obtaining all the statutory clearances, the Memorandum of Understanding stated.

# Cross-border pipeline work to start in 2 years, Iran gas by end 2009

HT Correspondent  
New Delhi, February 11

THE CONTOURS of the much awaited Iran-India gas pipeline are finally emerging. With the Cabinet giving the go ahead to the petroleum ministry to hold talks on securing natural gas supplies for India through pipelines, the ministry is confident that gas from Iran may finally reach the Indian shores by end of 2009.

"If everything goes well, physical work can commence within the next two years and it can be completed in 36 months. Natural gas through pipelines could be delivered to us between October and December 2009," petroleum secretary S.C. Tripathi told newsmen here on Friday. Underlining the gov-

ernment's seriousness on the project, he said the issue of sovereign guarantees on purchase of gas could be examined if corporate guarantees of Indian Oil Corporation and GAIL (India) are not sufficient.

"We would expect reciprocity of guarantees with regards to stability and security of supplies," he added. The government, however, has no plans to make any investment on the gas pipelines.

GAIL is also commissioning a study on storage of gas and the government feels that 15 days supplies storage would be sufficient to prepare for contingencies. The gas could be stored in depleted gas fields and underground storages. Petroleum minister Mani Shankar Aiyar will be visiting Iran in

June this year and hopes to conclude the agreement for gas supplies through pipeline. "I am going to Tehran in June and hope this would act as a catalyst for concluding the agreement between India and Iran for sourcing gas through an on-line pipeline," he told reporters after meeting the Iranian Ambassador Siyavash here.

The minister said there will be two sets of bilateral agreements. In the first one, Iran will enter into a pact with India for delivery of natural gas at Indian borders while the second would be between Iran and Pakistan on how the gas is to be transported to the Indian border. A high level delegation from National Iran Gas Export Corporation will hold discussions on technical and contractual terms.

THE HINDUSTAN TIMES

19 2 FEB 2005

# Gas pipeline pact likely in June

By Sushma Ramchandran

**NEW DELHI, FEB. 11.** India may consider granting sovereign guarantee for the Iran-India gas pipeline project in case corporate guarantees by the national oil companies are not acceptable. The issue is likely to be finalised when the Petroleum Minister, Mani Shankar Aiyar, visits Teheran in June.

Speaking after a meeting with the Iranian Ambassador, S. Zargar Yaghoubi, today, Mr. Aiyar hoped that his visit would act as a catalyst in furthering an agreement on natural gas import through a pipeline passing through Pakistan.

## No pact with Pakistan

Mr. Aiyar clarified that India would not enter into any agreement with Pakistan and would

only deal with Iran on this issue. India would only take delivery of the supplies at the border with Pakistan and it would be Teheran's responsibility to ensure the security of the supplies. New Delhi would not be involved in construction, maintenance or operation of the pipeline, one-fourth of which will pass through Pakistan.

Mr. Yaghoubi welcomed the Cabinet decision on Wednesday, saying it would pave the way for materialisation of the 12-year-old project.

He said an agreement was likely in June.

The Petroleum Secretary, R.C. Tripathi, said the prospect of giving sovereign guarantee would be examined in case corporate guarantees by oil companies such as the Indian Oil

Corporation were not considered acceptable.

Also, such a guarantee could be considered only if reciprocal guarantees were provided by

Iran and Pakistan.

The last time the Government gave such a guarantee was for the Dabhol power project.

**Editorial on Page 10**

12 FEB 2005

## ইরান-ভারত পাইপলাইন প্রকল্প

# সহযোগিতায় রাজি পাকিস্তান, কথা বলবেন আইয়ার

নয়াদিল্লি, ৯ ফেব্রুয়ারি: পাইপলাইনের মাধ্যমে ভারতে প্রাকৃতিক গ্যাস আনার জন্য পাকিস্তান, বাংলাদেশ, ইরান, তুর্কমেনিস্তান, আফগানিস্তান এবং মায়ানমারের সঙ্গে কথাবার্তা চালানোর জন্য পেট্রোলিয়াম মন্ত্রককেই আজ নির্দেশ দিয়েছে কেন্দ্রীয় মন্ত্রিসভা। এই পরিপ্রেক্ষিতে এখনই ইরান-ভারত পাইপলাইন প্রকল্প নিয়ে আলোচনা শুরু করার জন্য পাকিস্তানকে কেন্দ্রীয় পেট্রোলিয়াম মন্ত্রী মণিশঙ্কর আইয়ার আমন্ত্রণ জানালে ইসলামাবাদের तरफে তা স্বাগতও জানানো হয়েছে। পাকিস্তানের পেট্রোলিয়াম মন্ত্রী আমানুল্লা খান জাদুন এই খবর পেয়েই সাংবাদিক বৈঠক ডেকে জানিয়ে দিয়েছেন, “এটা অত্যন্ত সুখবর। প্রতিবেশী দেশের যাবতীয় শক্তি এবং সঙ্কট দূরে সরিয়ে দিতে আমরা প্রস্তুত।”

দেশের মধ্যে ক্রমবর্ধমান চাহিদা মেটাতে ইরান থেকে পাকিস্তানের পথে একটি পাইপলাইন মারফত গ্যাস আমদানি করতে চায় ভারত। দ্বিতীয় পাইপলাইনটি আসার কথা মায়ানমার থেকে বাংলাদেশ হয়ে। তৃতীয়টির তুর্কমেনিস্তান থেকে আফগানিস্তান ও পাকিস্তান হয়ে ভারতে আসার কথা। ভারতে যে-পরিমাণ প্রাকৃতিক গ্যাস উৎপন্ন হয়, তাতে তার চাহিদার অর্ধেকও পূরণ হয় না।

প্রকৃতপক্ষে ৪৫০ কোটি ডলারের ২৬০০ কিলোমিটার লম্বা ইরান-ভারত পাইপলাইন প্রকল্পটির ব্যাপারে বল যে পুরোপুরি পাকিস্তানের হাতেই, সে কথা জানিয়েছেন আইয়ার। ২০০৪ সালের অক্টোবরেই এ ব্যাপারে ইসলামাবাদকে চিঠি লিখেছিলেন আইয়ার। আজ তিনি বলেছেন, “এ বার পাকিস্তানের জবাব দেওয়ার পালা।” এত দিন আইয়ার নিজের থেকেই পাইপলাইন প্রকল্প নিয়ে

গ্যাসে সমৃদ্ধ ইরানের সঙ্গে কথাবার্তা বলছিলেন। পাইপলাইন ভারতে আনার জন্য পাকিস্তান বা বাংলাদেশের জমি ব্যবহার নিয়েও তিনি আলোচনায় উদ্যোগী হন। তবে মন্ত্রিসভা এ বার তাঁর মন্তব্যের হাতেই আলোচনার দায়িত্ব তুলে দেওয়ায় ওই প্রয়াস পুরোপুরি সরকারি সমর্থন পেল। এত দিন অনেকেই আইয়ারের কথা বলার অধিকার আছে কিনা, তা নিয়ে প্রশ্ন তুলতেন। আইয়ার এ প্রসঙ্গে আজ নিজেই বলেছেন, “বিষয়টি নিয়ে আলোচনার জন্য এখন ভারত সরকার পূর্ণ কর্তৃত্ব আমাকেই দিয়েছেন। সুতরাং এ নিয়ে আর প্রশ্নের অবকাশ নেই।”

এ দিকে, মন্ত্রিসভার সিদ্ধান্তকে স্বাগত জানিয়ে পাকিস্তানের পেট্রোলিয়াম মন্ত্রী আমানুল্লা খান বলেছেন, “ভারত এই প্রকল্পে সামিল হলে আমরা আনন্দিত হব।” পাশাপাশি অবশ্য তিনি অভিযোগ আনেন যে, এত দিন ভারতের জন্যই প্রকল্পের দেরি হয়েছে। তিনি জানান, পাক প্রধানমন্ত্রী সওকত আজিজ এ মাসের শেষে তেহরান সফরে গিয়ে ইরানের প্রেসিডেন্টের সঙ্গে প্রকল্পটি নিয়ে আলোচনা সেরে নেবেন। উল্লেখ্য, প্রকল্প চালু হলে নিজস্ব এলাকা দিয়ে গ্যাস পরিবহণ করতে দেওয়ার জন্য পাকিস্তানের ৭০ কোটি ডলার আয় হওয়ার কথা।

ভারত-পাকিস্তান মতানৈক্যের কারণে ইরানের পাইপলাইন প্রকল্পটি আটকে ছিল। ইতিমধ্যে পাকিস্তান ভারতকে বাদ দিয়ে ইরান থেকে আলাদা একটি পাইপলাইন গড়ার ব্যাপারেও উদ্যোগী হয়। তবে ইরান থেকে অভিন্ন পাইপলাইন ভারত ও পাকিস্তানে এলে দৈনিক যে ৭ কোটি ঘনমিটার গ্যাস আসার কথা, তার ৩০ শতাংশ পাকিস্তান নিতে

পারবে। সে ক্ষেত্রে ওই গ্যাসের খরচ পড়বে প্রতি ১০ লক্ষ ব্রিটিশ থার্মাল ইউনিটের জন্য ২.৪০ ডলার। মায়ানমার যে-দামে গ্যাস সরবরাহ করতে চেয়েছে, এটা তার প্রায় অর্ধেক। এ ক্ষেত্রে ভারতের তাই কিছুটা সাশ্রয় হবে বলে মনে করা হচ্ছে।

দ্বিতীয় পাইপলাইন প্রকল্পটি ১১০ কোটি ডলারের এবং ২৯০ কিলোমিটার লম্বা। এই পাইপলাইনটি মায়ানমার থেকে গ্যাস আনবে বাংলাদেশ হয়ে। পূর্ব ভারতেই ওই গ্যাস জোগান দেওয়ার কথা। প্রকল্পটির ব্যাপারে ইতিমধ্যেই নীতিগত ভাবে তাদের সম্মতির কথা জানিয়েছে মায়ানমার এবং বাংলাদেশ। মায়ানমারে ওই গ্যাসের খননকার্যে কোরীয় সংস্থার সঙ্গে অংশ নিচ্ছে ভারতীয় সংস্থাও।

কাগজবিহীন আয়কর রিটার্ন। কাগজবিহীন আয়কর রিটার্ন জমা দেওয়ার ব্যবস্থা চালু করার লক্ষ্যে কেন্দ্রীয় মন্ত্রিসভা আর এক দফা আর্থিক সংস্কার রূপায়ণে আজ সায় দিয়েছে। কর সংক্রান্ত তথ্য সংযোগ ব্যবস্থা বা ট্যাক্স ইনফর্মেশন সিস্টেম (টিএন) গড়ে তোলার দ্বিতীয় পর্যায়ের এই প্রকল্পে খরচ ধরা হয়েছে ১০০ কোটি টাকারও বেশি। উৎসমূলে কর কাটার ক্ষেত্রে কারচুপির সম্ভাবনাও এর ফলে বাতিল করা যাবে বলে সরকারি সূত্রে দাবি করা হয়েছে। নতুন ব্যবস্থায় সরকার এবং বিভিন্ন শিল্প সংস্থা বৈদ্যুতিন মাধ্যমে আয়কর রিটার্নের ‘ই-ফাইলিং’ চালু করতে পারবে। এই ব্যবস্থায় বিভিন্ন ধরনের চালান ইত্যাদি দাখিল করতে হবে না এবং খরচও কমবে। এর জন্য আয়কর আইনে ২০০৫ সালের ১ এপ্রিল থেকে প্রয়োজনীয় পরিবর্তনও আনা হচ্ছে। — পি টি আই

# কাউকে বাদ দিয়ে বিশ্বায়ন নয়, বলগেন চিদম্বরম

আবনী বসু • লন্ডন

৪ ফেব্রুয়ারি: সফটওয়্যার থেকে বলিউড, শিল্প সম্ভাবনার যাবতীয় ক্ষেত্রে কী রকম দ্রুত পথে এগোচ্ছে ভারত, সেই বিবরণ দিলেন তিনি। আবার পঞ্জাব বা অন্ধ্রপ্রদেশের কৃষকদের দুর্দশার পুনরাবৃত্তি যে দেখতে চান না, সেটাও নির্দিধায় বললেন। জি-৭ গোষ্ঠীর অর্থনীতিদের সামনে পি চিদম্বরম পরিষ্কার করে দিয়ে এলেন যে, বিশ্বায়নের সৌঁড়ে ভারতও সামিল। কিন্তু তার দেশ সেই বিশ্বায়ন চায়, যে বিশ্বায়ন জনসাধারণের প্রতিটি অংশকে সঙ্গী করে নেয়।

বিশ্বের ধনী দেশগুলির জি-৭ গোষ্ঠীর সম্মেলনে আমন্ত্রিত হয়ে গিয়ে বিশ্বায়ন নিয়ে বেসুর গাইলেন ভারতীয় অর্থমন্ত্রী— এমন ব্যাখ্যা কিন্তু কোনও ভাবেই দাঁড় করানো যাবে না। বিদেশি অতিথিদের আসরে বরং 'হস্তিয়া ইনকর্পোরেশন'-এর বিপণনে কোনও কাপণ্য করেনি চিদম্বরম। বলেছেন, "পরীক্ষানিরীক্ষা চালানোর মতো দম্ব এবং উদ্যম যাদের রয়েছে, সেই সব উচ্চাকাঙ্ক্ষী ব্যক্তি ও প্রতিষ্ঠানের কাছে ভারতই এখন কাজ করার জায়গা।"

ভারতের বিমানে চড়ে বসুন। এটি সপ্তাহ সেখানে কাটিয়ে এলে নিজেই বুঝবেন।

সঙ্গীত এবং চলচ্চিত্রের মতো বেশ কিছু নতুন ক্ষেত্রে ভারতীয় বাণিজ্যের বিস্তারের কথা উল্লেখ করলেনও চিদম্বরম জোর দিয়েছেন ভারতীয় গণতন্ত্র এবং স্থায়ীম প্রচারণামাধ্যমের পূর্ণ গণতন্ত্র এবং স্থায়ীম প্রচারণামাধ্যমের জন্য ভারতে বিনিয়োগ করতে যাওয়া অনেক কম ঝুঁকির। কারণ, সরকারি নীতি-সিদ্ধান্ত-ব্যবস্থা নিয়ে সব সময়েই সেখানে কাটছেই চলেছে। নিঃশব্দে যারা বিপ্লব ঘটিয়ে চলেছেন, সেই ভারতীয় জনতার দিকে চোখ রাখার

কথা বলেছেন অর্থমন্ত্রী। আসলে চিদম্বরমকে লড়তে হয়েছে অন্য একটা লড়াই। জি-৭ সম্মেলনে ভারত, চিন, ব্রাজিল এবং দক্ষিণ আফ্রিকাকে বিশেষ আমন্ত্রণ জানিয়ে নিয়ে আসা হয়েছে। কিন্তু আজকের সম্মেলনে জর ছিল দুই 'এশীয় দৈত্য'-এর উপরে। ফলে, কার অর্থনীতি কত সমৃদ্ধ, তার দৃষ্টান্ত রাখার প্রতিযোগিতায় চিদম্বরম এবং 'পিপলস ব্যাঙ্ক অব চায়না'র গভর্নর বাও জিয়াওচুয়ানকে।

হাজার কোটি ডলার। বলেছেন, গত বছর বৃদ্ধির হার ছিল ৮.৫ শতাংশ। বুঝিয়েছেন, ১৯৯১-এর পরে কী ভাবে ভারতীয় অর্থনীতিতে যুগান্তকারী পরিবর্তন এসেছে। বুঝিয়েছেন, ভারতের পরিবেশ কেন বিনিয়োগ অনুকূল। অন্য দিকে, জিয়াওচুয়ান বলেছেন, চিনের রফতানির ব্যবসা কী ভাবে লাকিয়ে লাকিয়ে বাড়ছে। দেখিয়েছেন, ভাল রাস্তা-ভাল ট্রেন-ভাল বিমানবন্দরের মতো সুবিধায় ভর করে চিন কী ভাবে পরিকাঠামোর ক্ষেত্রে ভারতকে পিছনে ফেলে দিয়েছে। তথ্য দিয়েও বলেছেন, চিনের বৃদ্ধির হার ৯.৫ শতাংশ।

দুই 'এশীয় দৈত্যের' সমৃদ্ধির খতিয়ান শুনে ব্রিটিশ অর্থমন্ত্রী গর্ডন ব্রাউন অবশ্য বলেছেন, ভারত-চিনের মতো দেশ দ্রুত উঠে আসতে থাকায় তাঁদের অর্থনীতিকে আরও নমনীয় হতে হবে। এই প্রসঙ্গে ভবিষ্যতে আউটসোর্সিং আরও বাড়ার সম্ভাবনার কথা বলেন তিনি। চিদম্বরম কিন্তু হেফ চিনের সঙ্গে লড়ে থানেনি। আদক্ষ বা অর্থদক্ষ শ্রমিকদের ন্যূনতম চাহিদাগুলির কথা অবশ্যই মাথায় রাখার কথা বলে ভারতীয় অর্থনীতির অন্য প্রত্যয় বোঝাতে চেয়েছেন। যা শুনলে হাততালিই দিতেন সীতারাম ইয়েচুরি-প্রকাশ কারাটেরা।

জি-৭ সম্মেলন





# Balance this equation

The Left's apparent deal on FDI in telecom and EPF rates smacks of bankruptcy

**I**N what appears to be a deal between the UPA and the Left, the rate hike of the Employees Provident Fund to 9.5 per cent was announced on the same day as the increase in FDI caps in telecom to 74 per cent. If it is a deal, then it points to the bankruptcy of the Left. If they were sincere about opposing the FDI, they would not have accepted the bribe of higher EPF rates for the trade unions to allow FDI caps be raised despite their objections on the grounds of national security.

The UPA government does not come out looking too bad, though. Raising FDI caps has immense signalling value today. It is an important message to the world that has watched with dismay as the Left has blocked one reform after another. If it had not been able to raise FDI limits in telecom, the UPA would have lost face as the increase in FDI limits was the only reformist element of Budget 2004. If, as a result, higher foreign investment does occur, the government will more than make up for the increase in interest subsidy of Rs 700 crore, by higher tax and non-tax revenue collection that will result from higher growth. This would have been a small price to pay.

But the finance minister has to find an answer to the next question. How can the cost of the increase in the interest rate on EPF be reduced? There are two elements of subsidy to the EPF. The first

is the subsidy due to paying a higher interest rate on the Special Deposit Scheme. The second element of subsidy is that due to tax exemptions given to the scheme. These elements make the scheme attractive to high-salaried individuals as well. Therefore, even though they are not mandated by law to join the EPF, they do so. As a result only 15 per cent of the subsidy—about Rs 200 crore—goes to the mandatory members of the EPF. In Budget '05 the FM should change the tax treatment of all incremental deposits in EPF. Income should be exempt when deposited in EPO, interest income earned should be exempt and then income tax should be paid when the final withdrawal is made. This tax treatment—Exempt Exempt Tax—would make EPF less attractive to the rich. EPF would attract less additional deposits. Consequently, the total amount of subsidy would be reduced over time and the constituency of the Left, which comprises of the mandatory members, would not be hurt. The “grandfathering”, or treatment of new deposits as EET while the present ones remain tax exempt, will allow the interests of the present account holders to be maintained. This tax reform will also put the EPF at a par with the tax treatment of savings under the new pension system which conforms to the EET regime.

# টেলিকমে বিদেশি লগ্নি বাড়ায় প্রতিবাদ মমতার

স্টাফ রিপোর্টার: কেন্দ্রীয় সরকার টেলিকমে বিদেশি লগ্নির সীমা বাড়ানোর বামপন্থীদের মতোই প্রতিবাদে সরব হয়েছেন তৃণমূল কংগ্রেস নেত্রী মমতা বন্দ্যোপাধ্যায়। তবে এই ব্যাপারে বামপন্থীদের প্রতিবাদকে 'সাজানো' বলে উল্লেখ করে তৃণমূল নেত্রী বৃহস্পতিবার বলেন, "বামপন্থীদের সঙ্গে আলোচনা করেই তো কেন্দ্রের কংগ্রেস নেতৃত্বাধীন সরকার সমস্ত সিদ্ধান্ত নেয়। এ ক্ষেত্রেও তা-ই হয়েছে। এখন বামপন্থীরা লোক-দেখানো প্রতিবাদ করছে।" টেলিকমে বিদেশি লগ্নি দেশের নিরাপত্তার ক্ষেত্রে ক্ষতিকারক বলে মন্তব্য করেন মমতা।

এ দিন আলিপুরে জেলাশাসকের দফতরের সামনে তৃণমূল কংগ্রেসের আইন-অমান্য কর্মসূচির আগে এক সমাবেশে মমতা কংগ্রেসের নেতৃত্বাধীন কেন্দ্রীয় সরকারের সমালোচনা করে বলেন, "প্রভিডেন্ট ফান্ডের টাকা শেয়ারে বিনিয়োগ করার অনুমতি দিয়ে এই সরকার সাধারণ মানুষের জীবনকে

অনিশ্চিত ভবিষ্যতের দিকে ঠেলে দিচ্ছে।" তাঁর মতে, শেয়ার বাজারে ঝুঁকি থাকে। সাধারণ মানুষকে সেই ঝুঁকির মুখেই ঠেলে দিচ্ছে কেন্দ্রীয় সরকার। এই প্রসঙ্গে বিহার, ঝাড়খণ্ড ও হরিয়ানা বিধানসভার নির্বাচনের ঠিক আগের দিন প্রভিডেন্ট ফান্ডে সুদের হার বৃদ্ধির সিদ্ধান্ত ঘোষণা করার বিষয়টি নির্বাচন কমিশনের দেখা উচিত বলে মন্তব্য করেন তিনি।

অবিলম্বে সালিশি বিল প্রত্যাহার এবং নিতাপ্রয়োজনীয় জিনিসের দাম কমানোর দাবিতে এ দিন তৃণমূল কংগ্রেসের আইন-অমান্য পুরসভার অনেক মেয়র-পারিষদ ও কাউন্সিলর এবং দলীয় বিধায়কেরা অংশ নিয়ে গ্রেফতার বরণ করেন।

এ দিকে, কাল, শনিবার মমতা গাইঘাটা যাবেন। তৃণমূল কংগ্রেসের স্থানীয় বিধায়ক জ্যোতিপ্রিয় মল্লিক জানান, দলীয় কর্মী খুনের প্রতিবাদে তাঁদের অবরোধের উপরে পুলিশের গুলিচালনার প্রতিবাদ জানাতে মমতা সেখানে সমাবেশ করবেন।

# Telecom: new FDI norms to take care of security aspects

By Ashok Dasgupta

NEW DELHI, FEB. 2. The foreign direct investment (FDI) in the telecom sector to the extent of 74 per cent can come in directly or indirectly into the operating company or through a holding company so that the remaining 26 per cent equity stake will be held by resident Indian citizens or an "Indian Company" which is defined as one in which the FDI does not exceed 49 per cent and the management is with Indian owners.

In this regard, the Finance Minister, P. Chidambaram, clarified that the proportionate foreign investment component of such an Indian company will also be counted towards the overall ceiling of 74 per cent. To ensure that this stipulation is being adhered to, the licensee, or the operating company, will be required to disclose the status of such foreign holding and certify, on a half-yearly basis, that the foreign investment is within the 74 per cent cap.

With the enhancement in the FDI ceiling, certain conditions have been put in place to safeguard the country's interest, in particular, to ensure that the operating companies do not go out of Indian hands. As per the Cabinet approval, the telecom companies will have to ensure

that the majority of directors on the board, including the Chairman, the Managing Director and CEO, are resident Indian citizens. For strict adherence, the shareholder agreement (SHA) has to specifically incorporate this condition and also envisage the conditions of adherence to the licence agreement.

This apart, the chief technical officer (CTO) and/or the chief finance officer (CFO) will have to be resident Indian citizens and in this respect, the Department of Telecommunications (Licensor) will be empowered to notify any or other key positions that may be required to be

held by Indian citizens.

Also, to ensure that at least one serious resident Indian promoter subscribes a reasonable amount of the resident Indian shareholding, such resident Indian promoter will hold at least 10 per cent equity of the licensee company.

As for some of the other stipulations, it has been noted that no mobile and landline traffic from one subscriber to another within the country will be hauled to any place outside India. Besides, the company will not transfer to any person/place outside India any accounting information relating

to subscriber (except for roaming/billing); user information (except pertaining to foreign subscribers using Indian operator's network while roaming); and details of their infrastructure/network diagram except to telecom equipment suppliers/manufacturers who undertake installation and commissioning of the infrastructure of the licensee company on signing of non-disclosure agreement.

In addition, while the company must provide traceable identity of its subscribers, no remote access will be provided to any equipment manufacturer or any other agency outside the country for any maintenance/repairs by the licensee.

It has also been made clear that in case of non-adherence to the licence conditions being imposed for addressing security concerns, the licences granted to the telecom company will be deemed as cancelled and the licensor shall have the right to encash the performance bank guarantees and have no liability for loss of any kind.

This long-awaited approval for the telecom sector is expected to benefit service providers such as Bharti, Idea Cellular and Hutch as most of them have already exhausted the existing foreign investment limit of 49 per cent.

## Limits in other sectors

- Civil Aviation: for airlines, the current foreign direct investment (FDI) cap is 49 per cent. For airports, it is up to 100 per cent, though Government approval is required for FDI beyond 74 per cent.
- Petroleum (other than refining): 100 per cent FDI allowed for exploration in small fields through competitive bidding, up to 60 per cent in unincorporated joint ventures and up to 51 per cent in incorporated joint ventures.
- Coal & Lignite; Tea plantation; Drugs and pharma; Roads and highways; Hotels and tourism: 100 per cent FDI.
- Print media: 26 per cent FDI in news and current affairs and 74 per cent FDI in other print media.
- Power: 100 per cent FDI in transmission, generation, etc.
- Banking: 49 per cent FDI.
- Insurance: 26 per cent FDI.

# ৭/২০/০৫ বাজেট ঘিরে বাম শিবিরের দাবি সমস্যায় ফেলতে পারে চিদম্বরমকে

স্টাফ রিপোর্টার, নয়াদিল্লি, ৩১ জানুয়ারি: কাল অর্থমন্ত্রী পি চিদম্বরমের কাছে গিয়ে সময়ের চাকাকে পিছিয়ে দিতে বলবেন বামপন্থীরা। বিত্তবানদের উপর কর বাড়ানো তো বটেই, সামগ্রিক ভাবে তাঁদের দাবি হবে, কর ও মোট অভ্যন্তরীণ উৎপাদনের হার সংস্কারপূর্ব জমানায় ফিরিয়ে নিয়ে যাওয়া।

আজ এখানে চার বাম দলের বৈঠকে স্থির হয়েছে, গত বারের দশ হাজার কোটি টাকার জায়গায় এ বার অভিন্ন ন্যূনতম কর্মসূচিতে ৫০ হাজার কোটি টাকা দেওয়ার জন্য সরকারের উপর চাপ দেবেন তাঁরা। তবে অর্থমন্ত্রীকে কাল তাঁরা তাঁদের আকাঙ্ক্ষার কথাই শুধু জানিয়ে দেবেন না, সেই সঙ্গে অন্তত ৩০ হাজার কোটি টাকা কী ভাবে তোলা যায়, তার হদিসও দিয়ে দেবেন। তাঁদের সুপারিশগুলি হবে:

- কোম্পানি কর বাড়ানো;
- শিল্পপতিদের ছাড় নিদারুণ ভাবে কমানো;

- গাড়ি, বিদেশি মদ, বিদেশি সিগারেট প্রভৃতির উপরে কর বাড়ানো;
- আমদানি-রফতানির ক্ষেত্রে দেশীয় শিল্পের অসুবিধা হবে, এমন জায়গায় ছাড় বন্ধ করা (যেমন, আড়াইশো মেগাওয়াট পর্যন্ত শক্তিকেন্দ্রের যন্ত্রপাতি বিনা শুল্ক কেনার ব্যবস্থা তুলে দিতে হবে, কারণ এতে ভেল-এর মতো সংস্থা মার খাবে);

- চাকরিজীবীদের বাদ দিয়ে বিত্তবানদের আয়কর বাড়ানো এবং করভিত্তি প্রসারিত করা, প্রভৃতি।

তাঁদের এই দৃষ্টিভঙ্গি ব্যাখ্যা করে আজকের বৈঠকের পর সি পি আইয়ের সাধারণ সম্পাদক এ বি বর্ধন বলেন, “১৯৯১ সালে কর ও মোট অভ্যন্তরীণ উৎপাদনের অনুপাত যেমন ছিল, তা ফিরিয়ে আনলে অতিরিক্ত ৩০ হাজার কোটি টাকা আদায় হবে।” সেইসঙ্গেই তিনি জানান যে, এখন ওই অনুপাত ’৯১ সালের তুলনায় ১.৫ শতাংশ কম। সব মিলিয়ে বামেদের বক্তব্য খুবই

সহজ। গরিবদের জন্য সরকারকে টাকা খরচ করতে হবে এবং অন্য উপায় না থাকলে সেই টাকা আনতে হবে বিত্তবানদের উপর কর বসিয়ে। এটা যে অর্থমন্ত্রী মেনে নিতে পারবেন না তা সহজবোধ্য। সে ক্ষেত্রে তাঁদের মনোভাব হবে: টাকা কোথা থেকে আসবে তা সরকার ঠিক করুক; কিন্তু ন্যূনতম কর্মসূচিতে টাকা দিতে হবে।

এই কথাটাই একসঙ্গে জোর দিয়ে বলার জন্য চার বাম দলের নেতারা আজ অর্থমন্ত্রীর অফিসকে জানিয়ে দেন, আলাদা আলাদা ভাবে নয়, তাঁরা দেখা করবেন একসঙ্গে। বস্তুতপক্ষে তাঁদের যে আলাদা ডাকা হয়েছে, সে কথাটাই তাঁরা জানতেন না। সি পি এম অফিসে সঙ্গী পল্লব সেনগুপ্তকে নিয়ে ঢোকানোর সময় এ বি বর্ধন আর এস পির অবনী রায়ের সঙ্গে কথা বলতে গিয়ে জানতে পারেন, তাঁদের আলাদা সময়ে ডেকেছেন চিদম্বরম। সি পি এম অফিসে তাঁদের জন্য অপেক্ষা করছিলেন হরকিষণ সিংহ সুরজিৎ,

প্রকাশ কারাট এবং দীপঙ্কর মুখোপাধ্যায়। তারপর দেবরাজনকে সঙ্গে নিয়ে ঢোকেন ফরওয়ার্ড ব্লকের সাধারণ সম্পাদক দেবব্রত বিশ্বাস। বিষয়টা বুঝে সকলে মিলে ঠিক করেন, তাঁরা একসঙ্গেই যাবেন দেখা করতে।

কাল তাঁর জন্য কী ধরনের চাপ অপেক্ষা করছে, আজকের অনুরোধেই তার একটা আন্দাজ সম্ভবত পেয়ে গিয়েছেন চিদম্বরম। বাম বৈঠকের সময়েই তিনি জানিয়ে দিয়েছেন, কাল বিকাল তিনটেয় তিনি সব বাম দলের সঙ্গে একত্রে বৈঠক করবেন।

উন্নয়নের হার। সি পি আইয়ের খবর। কেন্দ্রীয় সরকার বিগত ২০০৩-’০৪ আর্থিক বছরের জন্য উন্নয়নের হার ৮.৫ শতাংশে পৌঁছেছে বলে নতুন হিসাব দাখিল করেছে। এর আগের হিসাবে তা ছিল ৮.২ শতাংশ। ওই বছর কৃষি উন্নয়নের হার ৯.৬ শতাংশে পৌঁছে যাওয়ায় নতুন হিসাব দেওয়া হল বলে সি এস ও প্রকাশিত পরিসংখ্যানে জানানো হয়েছে।

# পি এফ তহবিল শেয়ারে লগ্নির অনুমতি কেন্দ্রের

নয়াদিগ্লি, ২৮ জানুয়ারি: সুদের হার বাড়িয়ে আয় বাড়ানোর ব্যবস্থা করতে না-পেরেই সম্ভবত, কর্মচারী ভবিষ্যনিধি তহবিলের (পি এফ) টাকা অবশেষে শেয়ার বাজারে বিনিয়োগ করার অনুমতি দিল কেন্দ্রীয় সরকার। আজ সরকারের পক্ষ থেকে জানানো হয়, বেসরকারি কর্মীদের প্রভিডেন্ট ফান্ডের টাকা পি এফ কর্তৃপক্ষ আগামী এপ্রিল মাস থেকেই শেয়ার বাজারে খাটাতে পারবে। বেসরকারি পি এফ ফান্ডগুলিকেও একই অনুমতি দিয়েছে কেন্দ্র।

কেন্দ্রীয় সরকার জানিয়েছে, মোট তহবিলের ৫ শতাংশ শেয়ার বাজারে এবং ১০ শতাংশ বেসরকারি সংস্থার বন্ডে বিনিয়োগ করতে পারবেন পি এফ কর্তৃপক্ষ। মিউচুয়াল ফান্ডের মাধ্যমেও শেয়ারে বিনিয়োগের অনুমতি দেওয়া হয়েছে। শেয়ার বাজারের পাশাপাশি তিন বছরের মেয়াদে ব্যাঙ্কের স্থায়ী আমানতেও পি এফের টাকা লগ্নি করা যাবে। আগে ব্যাঙ্কে এক বছরের বেশি মেয়াদের স্থায়ী আমানতে তা লগ্নি করা যেত না। শেয়ার বাজারে বিনিয়োগের ক্ষেত্রে পি এফ কর্তৃপক্ষকে কয়েকটি শর্ত মেনে চলার কথা বলেছে সরকার। রেটিং ভাল, এমন ব্লু-চিপ সংস্থার শেয়ারেই কেবল লগ্নি করা যাবে। সংস্থা বাছাইয়ের ক্ষেত্রে দুটি রেটিং এজেন্সিকে দিয়ে রেটিং করানো বাধ্যতামূলক করা হয়েছে। বন্ডের ক্ষেত্রেও একই নিয়ম অনুসরণ করা হবে। তবে পি এফ তহবিলের ২৫ শতাংশ কেন্দ্রীয় সরকারের ঋণপত্রে এবং ১৫ শতাংশ রাজ্য সরকারের ঋণপত্রে বিনিয়োগ করার যে নিয়ম আগে ছিল, তা অপরিবর্তিত থাকছে। এ খবর পি টি আইয়ের।

কলকাতা থেকে স্টাফ রিপোর্টার জানাচ্ছেন: পি এফ তহবিলের টাকা শেয়ার বাজারে এবং বেসরকারি সংস্থার বন্ডে বিনিয়োগ করার জন্য বেশ কিছু দিন আগেই পি এফের কেন্দ্রীয় অফিস পরিষদ সিদ্ধান্ত নিয়েছে। কিন্তু তার পরে পর প্রায় এক বছর কেটে যাওয়া সত্ত্বেও, তা কার্যকর করেনি পি এফ কর্তৃপক্ষ। পি এফ দফতর সূত্রের খবর, শেয়ার বাজারে বিনিয়োগের ব্যাপারে উপযুক্ত দক্ষতা না-থাকার জন্যই ওই সিদ্ধান্ত কার্যকর করতে উদ্যোগী হননি পি এফ কর্তৃপক্ষ।

শেয়ার বাজারে পি এফের তহবিল বিনিয়োগের জন্য অ্যাসোসিয়েশন এবং মিউচুয়াল ফান্ড-সহ বিভিন্ন মহল দীর্ঘ দিন ধরেই কেন্দ্রীয় সরকারের কাছে আর্জি জানাচ্ছিল। শেয়ার বাজারে লগ্নির ক্ষেত্রে যে ঝুঁকি রয়েছে, তার কথা মাথায় রেখেই কেন্দ্রীয় সরকার এ ব্যাপারে এত দিন বেশি জোর দেয়নি। কিন্তু পি এফের সুদের হার ন্যূনতম সাড়ে ৯ শতাংশ রাখার জন্য বাম ইউনিয়নগুলির চাপের মুখে এ বার তহবিলের আয় বাড়াতে, ওই ঝুঁকির রাস্তাই বেছে নিল কেন্দ্র।

30 JAN 2005

ANADABAZAR PATRIKA

# Go ahead now. Divest

The Left cannot object to the idea of a corpus from PSU sales to finance the social sector

THE setting up of the National Investment Fund by the Cabinet is welcome. Proceeds from all disinvestment after April 1, 2005, would go into the corpus which would be managed by public sector fund managers. Returns on these funds would be used in the social sector for education, health and employment generation and as capital outlays for the revival of ailing PSUs. The government should now be able to proceed with disinvestment of public sector enterprises. The country stands to gain in three ways. First, the efficiency of production increases as ownership becomes more diversified. Second, social sector spending will increase. And, third, the disinvestment will set the stage for privatisation through the public sales method. In the future when there is political coalition that supports privatisation, selling say 2 per cent shares to move from 49 per cent private to 51 per cent private ownership will be easier. This method would be the preferred method rather than strategic sales which has led to an increase in concentration of assets with the few companies already operating in the sector.

The Left has until now objected to all efforts by the UPA government to sell off any part of public sector enterprises. This was regardless of whether the enterprise was involved in an activity that had no national importance, such as in running hotels, whether it was perpetually loss making or whether only a part of the gov-

ernment's take was to be sold. Though the Common Minimum Programme agreed only on not selling profitable public sector enterprises—the Navratnas—the Left screamed in objection every time there was a proposal for disinvestment. The latest objection was that proceeds of disinvestment should not be used to finance current expenditure. The NIF addresses this objection. The proceeds of disinvestment will not be spent. They will be put in a corpus. The returns on the corpus will be used for the social sector objectives that the Left has been so strongly advocating.

The NIF sets the stage for disinvestment in Budget 2005. Other than selling loss-making public sector enterprises, the government should reduce its share in profitable public sector enterprises to 51 per cent. This keeps the control and ownership of these enterprises in the hands of the government, as the CMP requires. Since no strategic sales are being made, national assets are not being sold off to a few private companies. The sale would be consistent with the Left notion of public ownership of the means of production. In the Soviet system as well, public ownership took two forms: there were collective farms and state-owned farms. State ownership is not the only kind of public ownership. A diversified public ownership through the sale of shares to the public, including to the workers of the enterprise should not make the Left see red.

29 JAN 2005

INDIAN EXPRESS

# Pakistan to go ahead with gas project

10-15  
By B. Muralidhar Reddy

Pakistan.

ISLAMABAD, JAN. 28. The Pakistan Prime Minister, Shaukat Aziz, has again asserted that Islamabad would go ahead with the Iranian gas pipeline project irrespective of the Indian decision.

He told a breakfast meeting on the margins of the World Economic Forum in Davos, Switzerland, today that Pakistan would press ahead with the project even if India refused or was unable to join the plan.

The proposed 1600 km project, envisaging supply of gas from Iran to India via Pakistan, has been hanging fire for over a decade due to fears of New Delhi over the safety and security aspects of the pipeline given the history of hostilities between India and

In the aftermath of the April 2003 peace initiative, India has agreed to consider the project if Pakistan is willing to look at it in the context of larger economic relations.

It entailed reciprocal grant of Most Favoured Nation (MFN) by Pakistan to India and opening up of the land route for transit trade. But Pakistan is insisting on treating it as a "stand alone project" on the plea that full-scale economic relations were dependent on the resolution of Kashmir.

## Accord delayed

Pakistan had earlier announced that it intended to sign an agreement on the project with Tehran in November. But till date no such agreement

has been signed. The delay could be to provide necessary time for India to reconsider its decision or due to other reasons.

Mr. Aziz maintained at Davos that Pakistan had little option on import of gas. He argued that the pipeline would also bring a political dividend by helping create interdependent relations between the two nuclear neighbours.

He said he had told the Indian Government: "If you come along, we would be delighted to work with you. If for some reason you don't (take part), Pakistan is going to go ahead anyway, so tell us when you're ready."

The Iran-Pakistan Gas pipeline Project was conceived in 1993, which was later proposed to be extended in India.

29 JAN 2005

THE HINDU

# PF cash adds fuel to market on fire

J-Bio Affen P. 1 23/11

OUR SPECIAL  
CORRESPONDENT

New Delhi, Jan. 28: The stock market was whooping with delight today in a dollar shower. When it reopens on Monday, there could be some more wild whoops as there wasn't enough time today to celebrate the freedom given to non-government provident and pension funds to invest in stocks.

Such funds have been allowed to park up to 5 per cent of their reserves in the stock market and another 10 per cent in corporate debt and equity-linked mutual funds.

Quick estimates suggest the move will free some Rs 6,000 crore for investment in the stock market, which has shaken off its new year blues — the sensitive index zoomed 180 points today to 6419.

Foreign institutional investors, the pivot of the market, reappeared to put the zing back into the market buoyed by strong corporate results. The government-owned State Bank of India set off Friday's

## BRISK BUSINESS

- Non-government provident funds can invest in stocks
- Stock market moves up by whopping 180 points
- Foreign institutional investors return with a vengeance
- Blockbuster results from companies like State Bank of India
- Inflation rate drops to lowest point in 33 weeks at 5.42%

string of good news with a 20 per cent jump in net profit.

Later in the day, the government announced that non-government provident, superannuation and gratuity funds could invest "an amount of up to 5 per cent of their total portfolio in shares of companies with an investment grade rating from two credit rating agencies".

The biggest non-government provident fund — the Employees Provident Fund (EPF) — is known to be exceptionally conservative and it remains to be seen if its trustees will choose to use the relaxed rules. The investment freedom given is an enabling provision and need not be followed by the trustees.

Besides the huge EPF, with a corpus of Rs 100,000 crore and some 40 million members,

several companies have their own provident and superannuation funds.

The EPF trust is already in the middle of a row between the finance ministry and the Left parties, which are supporting the Manmohan Singh government, over the interest rate paid on EPF deposits. The government has been resisting pressures to raise it beyond 8.5 per cent, a level it thinks is already too high given that there is a difference of something like 3 per cent with bank interest rates.

Officials said the move has been taken following a fall in the prices of government bonds where most of the PF money is invested. "This will allow them greater avenues of investment," they said.

The finance ministry has been pushing for the measure

for the past few years, but the trustees of funds like the EPF have staunchly opposed it on grounds that it is too risky to invest in the stock market.

The Left, which is demanding that the interest rate be hiked to 9.5 per cent, is horrified by the idea of playing the market with money that represents post-retirement future for employees.

Ministry officials point out that if the EPF is to continue to pay a higher interest rate, the only way it can do so is by earning more, which is possible through astute stock investments, as pension funds do the world over.

Many such international funds are investing in the Indian market. It was because of foreign institutional investors that the market saw such a sharp rise today. They are estimated to have pumped some Rs 300 crore into the market.

The initial days of January were bad, but now it appears foreign investors are returning with corporate results in the US being not too impressive.

29 JAN 2005

THE TELEGRAPH



# Centre gives a 'social' face to disinvestment Fund to park sell-off proceeds

HT Correspondent  
New Delhi, January 27

Money matters

DIVESTMENT NEED not be the dirty word it has been made out to be. The Centre will soon set up a National Investment Fund (NIF) to park earnings from PSUs equity sales that can be invested in social sectors and thus give the initiative a human face. The message is: the Left must now stop cribbing.

Also, while the NIF will become operational from April 1, 2005, the Cabinet Committee on Economic Affairs (CCEA) has postponed a final decision on selling off its stake in BHEL and Maruti.

After a marathon meeting of the CCEA, finance minister P. Chidambaram said the disinvestment proceeds would be parked in NIF for onward investment by state-owned funds, including LIC Mutual Fund, SBI Mutual Fund and UTI Mutual Fund. The returns from these investments would be pumped into social sector programmes covering education, healthcare and employment apart from meeting the capital investment needs of healthy PSUs. The fund would be constituted in accordance with the commitment made in the UPA's common minimum programme, he said.

About 70 to 75 per cent of the returns from investments made by state-owned mutual funds will be utilised for social sector programmes. The rest will be set aside to finance PSU expansion and diversification projects.

Chidambaram admitted that some possible candidates for disinvestment, including BHEL, had been discussed. But, the CCEA would clear the proposals

**ON THE ANVIL** National Investment Fund

**INPUT** Disinvestment proceeds for onward investment by state-owned funds, including LIC Mutual Fund, SBI Mutual Fund and UTI Mutual Fund

**OUTPUT** Returns from these investments to be spent on social sector projects covering education, healthcare and employment generation

on a case-to-case basis in due course, he assured. Following the CCEA approval, a ministerial group will decide the price band and final price at which government's shares will be sold.

The CCEA also approved the finance ministry's move to list all profitable PSUs with a net worth of over Rs 200 crore. Issue of fresh equity can be done by the companies themselves or independently by the Centre.

The 200-crore-net worth norm will give the government elbow-room to list the most profitable PSUs for disinvestment through the IPO route. These include the Power Finance Corp, the Power Grid Corp of India and the National Hydroelectric Power Corp.

The CCEA also cleared the sale of minority shareholding in the already listed companies. But, the only rider put forth by the Centre is that at least 51 per cent holding and management control in these companies must be retained. The finance ministry will prepare a detailed schedule for the IPOs for all these companies in consultation with the administrative ministries.

# Sell-off fund for social sector, PSUs

Statesman News Service

NEW DELHI, Jan. 27. — The Cabinet Committee on Economic Affairs (CCEA) today approved the constitution of a National Investment Fund, which will be made up of proceeds from the disinvestment of public sector units. The corpus will come into effect from 1 April, Union finance minister Mr P Chidambaram told reporters after the Cabinet meeting. The returns will be utilised for the social sector and the revival of PSUs.

The funds will be initially managed by public sector fund managers such as LIC Mutual Fund, UTI Mutual Fund and SBI Mutual Fund," Mr Chidambaram said. Earnings from disinvestment of PSUs will be invested by the fund managers and the returns from this corpus would be spent on the social sector, including health, education and employment generation as well as for the revival of sick PSUs, he added. This decision, Mr Chidambaram said, was a departure from the existing practice. In general, profit-making com-

panies would not be privatised. But as and when funds were raised, the social expenditure would be met from the revenue so generated by the National Investment Fund.

The meeting also discussed cases to be taken up for disinvestment. "Possible candidates were discussed. One of them is BHEL," Mr Chidambaram said. The issues of disinvestment of BHEL and offloading stakes in Maruti were on the agenda but could not be taken up as the better part of the meeting was devoted to the formation of the National Investment Fund.

28 JAN 2005

THE STATESMAN

TUESDAY, JANUARY 25, 2005

## VAT AND THE CONSUMER

THE WHITE PAPER presented by the Empowered Committee of State Finance Ministers on State-level Value Added Tax (VAT) is only the beginning of a much overdue reform of indirect taxation. The document rightly highlights the decade-long consultation process among States and between States and the Centre that has preceded the final decision to implement VAT in lieu of sales tax and associated taxes. The exercise strengthens the hope that the new system will be in place nationwide on April 1, 2005. The task now, as indicated by the White Paper, is to launch an effective campaign not only among trade and industry but also among the public on the rationale behind the switchover to VAT at the State level. One of the reasons for the slow progress on State-level VAT has been the fact that consumers and ordinary citizens were left out of the debate, as though tax reform concerned only governments and businesses.

The absence of public advocacy over such a long period cannot be compensated by a facile declaration in the White Paper that VAT would "help common people, traders, industrialists and also the Government" and that it is a "move towards more efficiency, equal competition and fairness in the taxation system." In the common sense perception, a tax measure cannot benefit simultaneously and in equal measure the tax collector, the trader, and the consumer. Policy-makers should boldly tell the public that the apparent paradox of "benefiting everybody" is resolved by the fact that VAT will go against tax evaders and corrupt officials. The system will do this by creating a vested interest among traders in honestly reporting their turnover and enlarging self-assessment. Smooth implementation of VAT in the face of some confusion and resistance can be ensured only with the firm support

of consumers. The proposed campaign should explain how (as the White Paper points out) "in general prices will fall" and the system will ensure "rationalisation of the tax burden." The campaign must make it clear to the mass of consumers that with tax exemptions or low rates on essential commodities and inputs for manufacture and with tax-on-tax avoided, the price concerns of the poor and the economy as a whole will be taken care of. Beyond this, it must be explained that in equity terms VAT will lead to higher taxes being paid by those who consume a higher value at any point of sale on account of value added by transportation, distribution, packaging, and so on.

Many small traders are likely to opt for registration under VAT once they realise that their being part of the new system can attract customers who need tax credit against purchases. States are likely to levy a tax lower than the agreed VAT rate on the optional list of 10 items of "special importance" to them. The Empowered Committee has done well to avoid what Finance Minister P. Chidambaram has called an "all or nothing" approach. Thus it has chosen to go ahead with VAT while keeping in abeyance changes in respect of Central sales tax on inter-State sales, 'declared goods', and commodities covered by additional excise duty. The call for an early decision on a role for States in the collection and appropriation of service tax is also legitimate. In making a proposal for bringing imports (presumably direct imports, since imports distributed through trade are already subject to State-level tax) into the State VAT system, the committee seems to have brought on the agenda a radical idea that asks for a type of change that the system and the rules of the revenue game are unlikely to actualise in the conceivable future.

25 JAN 2005

THE HINDU

# Detailed guidelines on Patents soon

Statesman News Service

NEW DELHI, Jan. 24. — The government today said it will soon come out with detailed guidelines on the new patents law, while it remained open to suggestions to fine tune the Patents (Third Amendment) Bill.

“The Bill should be passed in the next session of Parliament. We expect it to be passed,” secretary in the department of industrial policy and promotion, Mr AK Jha, told an interactive session on patents, or-

ganised by the Federation of Indian Chambers of Commerce and Industry (Ficci).

The amendment Bill had been framed after extensive discussions with various sectors. But a chance would be given to all to oppose or air their views, Mr Jha said.

“We are open, even today to ideas and suggestions to fine-tune amendments to patents rules and law.” The government is planning to add 40 more patent examiners to the existing 220 across India.

He said the Ordinance

on the third amendment to the patent laws protected the interests of manufacturers, especially the drug industry. While the Ordinance kept in view the national interest, the “interests of consumers have preceded the interests of companies”, Mr Jha added.

Meanwhile, the Comptroller General has suggested detailed guidelines, taking into account concerns expressed by various quarters. The guidelines, officials said, had been finalised last week and would soon be circulated.

25 JAN 2005

THE STATESMAN



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23/1

# Emulate Chinese model: Manmohan

Barriers to growth will go, industry promised

By Our Special Correspondent

**NEW DELHI, JAN. 22.** Warning India Inc. against complacency, the Prime Minister, Manmohan Singh, today asked industry leaders to emulate the Chinese economic model and promised to remove all barriers to growth and create an environment to make Indian companies globally competitive.

"Despite improved growth rates that we have achieved in the last 15 years, our share of world trade, our share of world gross domestic product, our share of world exports is much too small compared with our nation's potential and when we look at what a country like China has achieved in the last 20 years. I think that's the role

model that we have to look at. We cannot be satisfied with status quo," Dr. Singh said. He was delivering the inaugural address of the summit 'Indian CEOs — Competencies for Success,' organised jointly by the Public Enterprises Selection Board, the Bharat Petroleum Corporation Limited, FICCI, CII and SCOPE.

Exhorting industry to achieve world class in the manufacturing and service sectors, Dr. Singh said it was amazing to note how people of Indian origin did so well in other countries, particularly in the Silicon Valley. "Our challenge is to reproduce in our own country these conditions so that our people don't have to go abroad to prove to the rest of the world

that we Indians are second to none." Asserting that the best Indian CEOs did compare favourably with their international counterparts, and in some areas of management, they were even superior, Dr. Singh said: "As in so many other things, in management too we seem to have high 'thinking' capabilities but modest 'doing' capabilities. This is in some ways a national cultural trait, perhaps. That we are good at conceptualisation, at abstraction, at thinking, but not as good at execution, at implementation and at doing. Understanding this and recognising the problem is in itself a movement forward," he said.

**CEOs need more autonomy: Page 8**

THE HINDU

23 JAN 2005

# Think big, think bold: PM tells cos

New Delhi: Ahead of the Union Budget, Prime Minister Manmohan Singh on Saturday promised to remove all barriers to growth and encourage Indian companies to become globally competitive, emulating the Chinese economic model.

"We must think big and think bold. We must move away from a paradigm of incremental growth to a paradigm of exponential growth and growth into uncharted territory," he said inaugurating the Scope-FICCI-CII summit of Indian CEOs. "Our motto should be to do as well as China in terms of growth of GDP, growth of manufacturing, growth of trade and growth of infrastructure," Manmohan said, hoping that India would become a major economic powerhouse.

Stressing that the country should move towards global scale in manufacturing and services sector, the Prime Minister said the success stories of public and private sector should be replicated so that more and more Indian firms went global.

On empowering PSEs and their managements, he said, "We have given our commitment to help in the globalisation of our navratnas, especially the firms in strategic sectors like energy. Both the navratnas and other PSEs require competent managerial leadership." Underlining the need to improve the quality of manpower right from the chief executive officer level down to an ordinary worker, Manmohan said to deal with the challenge, the government was setting up a national knowledge commission as the country needed a knowledge revolution at all levels, not just at the top of the pyramid.



Manmohan Singh is welcomed by BPCL CMD S Behuria at the 'Indian CEOs—Competencies for Success' summit at Vigyan Bhavan in New Delhi on Saturday

## Cong wish list

New Delhi: Congress functionaries on Saturday met finance minister P Chidambaram and presented their wish list for the budget. They urged him to focus on the common man and ensure speedy recovery of bad debts from the rich. Following a directive from Congress chief Sonia Gandhi and PM Manmohan Singh the FM had the session with AICC office bearers to get "political and general inputs" for the budget. PTI

Manmohan, who unveiled a study on Indian CEOs by Hay group, said the American concept of CEOs laid excessive emphasis on individuals, resulting in a negative impact on the work culture of large corporations. According to him, a CEO's real competence lay in creating an environment conducive to the flowering of individual competencies and capabilities down the line. PTI

2 REL DIRECTORS DROPPED, 4 RETAINED

# Anil tightens control

for APZ's  
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20/1

Statesman News Service

## 4 new firms surface in Reliance Info web

MUMBAI, Jan. 19. — Mr Anil Ambani, chairman and managing director of Reliance Energy Limited, today strengthened his grip over the company as he accepted the resignations of two directors, Mr Amitabh Jhunjhunwala and Mr J Ramachandran — considered confidants of Mr Mukesh Ambani. This has created two vacancies on the REL board. The younger Ambani also succeeded in persuading the other four directors to continue as members of the board.

The REL board met in Mumbai today to take up the October-December 2004 quarterly results. Today's move followed yesterday's decision by REL to amend the Articles of Association on the appointment of directors by Reliance Industries Limited.

The REL board had a single agenda: to consider Q3 figures for today's meeting. But before the results could be taken up, the board of directors expressed complete faith and confidence in the leadership of Mr Anil Ambani. The board also prevailed upon four directors, Mr Satish Seth, executive vice chairman, Mr JP Chalasani (business development), Mr SC Gupta (operations) and Mr KH Mankad (finance) to take their resignations back.

In a communication to Mumbai Stock Exchange, the REL quoted the four directors as saying: "Since the RIL and REL boards have expressed their confidence in our professionalism it would be our privilege to serve the shareholders and stakeholders under the dynamic leadership of Mr Anil Ambani."

Of the two directors Mr Jhunjhunwala and Mr Ramachandran, the former had resigned as treasurer of RIL. He is a confidant of and adviser

NEW DELHI, Jan. 19. — Hidden in the ownership structure of Reliance Infocomm is another web of companies — Lira, Stallion, Vivid and Imperial. These four may ultimately control more than 40 per cent of Infocomm's holding company — RCIL. Yesterday, CNBC-TV18 investigations revealed that nine private companies had bought 40.5 per cent stake, paying just Rs 81 crore. Papers now in possession of CNBC-TV18 indicate that these nine companies are in turn owned by another four — Lira, Stallion, Imperial and Vivid. And this web, at least part of it, traces back to Mr Mukesh Ambani. — CNBC-TV18

Details on Page 8

to Mr Mukesh Ambani. Mr Ramachandran, who has been an independent director on the REL board, said: "Given the recent developments and some comments regarding my independence, I thought it best to resign as director for the highest standards of corporate governance, not just in terms of facts but even more importantly independence in terms of perception."

The Q3 net profit of REL has increased by 155 per cent to Rs 135 crore from Rs 53 crore for the corresponding period in 2003. The total income grew by 26 per cent from Rs 900 crore to Rs 1,135 crore. The board has recommended an interim dividend of Rs 1.10 per share.

On the eve of the IPCL board meeting, Mr Anil Ambani stepped up pressure on Mr Anand Jain, a close associate of Mr Mukesh Ambani, by demanding an "independent" report on his business dealings with the company, adds PTI.

THE STATESMAN

20 JAN 2005



# Plan panel for revamp of petroleum sector

Srinjoy Chowdhury in New Delhi

Jan. 19. – The Planning Commission has called for a complete reorganisation of the petroleum and natural gas sector, including greater participation by the private sector and rationalisation of taxes and duties, in its mid-term appraisal due next month.

Apart from the marginal shortfall in crude production and natural gas, the sector has artificial profitability and the six national oil companies have poor accountability and are engaged in pseudo-competition, the appraisal has said. The Planning Commission has been critical of the low response by the foreign and private sector companies to the new exploration licensing policy and also, called for the need for upstream and downstream regulation. Importantly, the import parity price, the Commission has said, is giving “undue refining margins,” something the Left parties have also been critical of.

The Planning Commission has made a number of suggestions. They include:

\* Restructuring the oil and gas sector. This can be done by creating a single integrated National Oil and Gas Company with upstream and downstream activities. Also, public sector refining and marketing companies need to diversify their

ownership through the sale of strategic stakes under global bids.

The Commission has called for selling of non-dedicated transport, storage, port handling, aircraft fuelling assets into a separate company, preferably with private participation.

■ There is a need for greater private participation in the retail and distribution business.

■ The taxes and duties on hydrocarbons have to be rationalised. The trade prices or the opportunity cost and not import parity pricing has to become the norm.

■ The draft policy on the gas pipeline network has to be finalised.

■ Import of cost-effective equity oil and natural gas through trans-national pipelines is to be looked at.

■ The revision of the Petroleum and Natural Gas Regulatory Bill 2004 to enforce both upstream and downstream regulation.

■ Also, there is a need to exploit the abandoned and marginal fields more completely.

The Commission has noted some shortfalls. Instead of the planned production of 169.38 million metric tons, the likely production will be 1,68.01 MMT. The natural gas production is likely to be 169.13 BCM instead of 177.48 BCM.

# প্রতিযোগিতায় সফল হতে তেল সংস্থার সংযুক্তির উদ্যোগ

নয়াদিঘি, ১৬ জানুয়ারি: রাষ্ট্রায়ত্ত্ব তেল সংস্থাগুলিকে আন্তর্জাতিক বাজারের প্রতিযোগিতার জন্য আরও উপযুক্ত করে তুলতে সেগুলিকে তেলে সাজা হচ্ছে। আজ এখানে পেট্রোলিক-২০০৫ শীর্ষক সম্মেলনের উদ্বোধন করে এ কথা বলেছেন প্রধানমন্ত্রী মনমোহন সিংহ। এ প্রসঙ্গে পেট্রোলিয়াম মন্ত্রী মণিশঙ্কর আইয়ার জানান, ওই সমস্ত সংস্থার কাঠামো তেলে সাজার জন্য একটি উপদেষ্টা

পর্ষদ গড়ার ব্যাপারেও ইতিমধ্যেই অনুমোদন দিয়েছে কেন্দ্র। পর্ষদের প্রথম বৈঠক আগামী ২৪ জানুয়ারি অনুষ্ঠিত হওয়ার কথা। সংস্থাগুলি তেলে সাজার অঙ্গ হিসাবে পর্ষদ দু'টি বা তার বেশি সংখ্যক সংস্থাকে সংযুক্ত করার বিষয়টিই খতিয়ে দেখছে। দু'মাসেই পর্ষদ রিপোর্ট জমা দেবে। একাধিক তেল সংস্থা মিশিয়ে দিয়ে বৃহৎ সংস্থা গঠিত হলে সেগুলি বিশ্ব বাজারের প্রতিযোগিতায় অনেক বেশি

সফল হবে বলেই কেন্দ্রীয় সরকারের ধারণা। আইয়ার বলেন, সে ক্ষেত্রে তিন সংস্থাগুলির মতো আর্থিক দিক দিয়ে শক্তিশালীও হয়ে উঠতে পারবে এই সব রাষ্ট্রায়ত্ত্ব সংস্থা। প্রধানমন্ত্রী বলেছেন, সরকারের জন্য জ্বালানির জোগান নিশ্চিত করাটাই এখন দেশের সামনে বড় চ্যালেঞ্জ। তেল সংস্থা পুনর্বিন্যাসের লক্ষ্যে গড়া ছয় সদস্যের পর্ষদের নেতৃত্বে রয়েছে জাতীয় উপদেষ্টা পর্ষদের সদস্য ডি কৃষ্ণমূর্তি।

বাঁকি সদস্যরা হলেন: জি কে অরোরা, বিলম্বীকরণ কমিশনের প্রাক্তন চেয়ারম্যান জি ভি রামকৃষ্ণ, অর্ধমন্ত্রী প্রাক্তন উপদেষ্টা বিজয় কেলকর, ও এন জি সি-র প্রাক্তন চেয়ারম্যান বি সি বোরা এবং ভারত পেট্রোলিয়ামের প্রাক্তন চেয়ারম্যান ইউ সুন্দররাজন। আইয়ার জানানিয়েছেন, পর্ষদ যে দু'টি বিকল্প খতিয়ে দেখছে, সেগুলি হল: সব কটি তেল সংস্থাকে মিশিয়ে দেওয়া, কিংবা দু'টি বৃহৎ সংস্থা গঠন করা। সে

ক্ষেত্রে হিন্দুস্তান পেট্রোলিয়াম ও ভারত পেট্রোলিয়ামের সঙ্গে ও এন জি সি-কে যুক্ত করে গড়া হবে একটি সংস্থা। ইন্ডিয়ান অয়েল এবং অয়েল ইন্ডিয়াকে মিশিয়ে দিয়ে গড়া হবে অপর সংস্থাটি। এ দিকে বাজারে এল পি জি বিক্রির ক্ষেত্রে গেল এবং বেসরকারি রিলায়েন্স ইন্ডাস্ট্রিজকেও ভর্তুকি দেওয়া হবে বলে আজ ইস্তিত দিয়েছে কেন্দ্র। আগেই এই দু'টি সংস্থাকে রান্নার গ্যাস বিক্রির অনুমতি দেওয়া হয়। -পিটিআই

2. 17/01/2005

# 'Oil PSUs revamp key to global success'

HT Correspondent  
New Delhi, January 16

HT-11  
27/1

PRIME MINISTER Manmohan Singh said the government is exploring the possibility of restructuring PSU oil companies and urged them to be globally competitive. This requires a greater degree of professionalism in the management and in the strategy for energy security, he added.

Inaugurating the Petrotech Conference 2005, he said, "There is still some distance our firms have to travel to catch up with global competition. I urge our oil and gas PSUs to think big, think creatively and think boldly."

He said the PSUs must be more fleet-footed to make use of global opportunities. Admitting that China had been ahead in planning for the future and in the field of energy security, the prime minister cautioned, "We can no longer be complacent and must learn to think strategically, to think ahead and to act swiftly and decisively," he stated.

The Prime Minister stressed the need for energy pricing mechanism and an accurate demand projection of our energy mix. "A rational pricing of energy is a critical aspect of energy policy and a vital element of the energy security for us," he observed.

Underlining the importance of technology in the hydrocarbon sector, Singh said greater access to technology has the potential today to change the playing field for both large and small firms. "Oil majors no longer dominate simply on the basis of their extensive reserves, refineries and distribution networks. The new winners are firms with a grip on emerging new technologies," he added.

He said that for meeting the burgeoning demand for petroleum and gas, the government had completely opened the exploration and production sector to private participation. The 5th round of bidding was launched on January 4 this year offering 20 blocks for exploration of oil and natural gas.

# Bypass-Bangla options in pipeline

S.P.S. PANNU

**New Delhi, Jan. 16:** The hydrocarbon establishment has come up with a bouquet of proposals to bypass Bangladesh if it insists on driving a hard bargain to let India import gas from Myanmar.

At least three options on the table allow India to ferry gas without using Bangladeshi territory. Gail chairman Prashanto Bannerjee said today.

According to one of the proposals, the pipeline can run directly from Myanmar to

India through Tripura and Mizoram, circumventing Bangladesh. So far, the government has been talking about two land routes, both of which snake through Bangladesh.

The other two stand-by plans involve importing the gas through two offshore routes, which will also skirt Bangladesh. The gas could be ferried in ships as compressed natural gas or liquefied natural gas.

The three countries agreed on the pipeline last week but the nuts and bolts have to be worked out. The alternative

proposals are expected to add to India's bargaining power at a time when Bangladesh is insisting on tough economic conditions for allowing the pipeline to go through its territory.

Bangladesh has set three conditions. First, it wants the right to access hydro-electricity from Nepal and Bhutan through Indian territory and a trade corridor to these countries.

Second, India should import more goods from Bangladesh to help Dhaka bridge the huge trade deficit. Third,

Dhaka is keen to reserve the right to access the gas pipeline.

Of the two proposed routes through Bangladesh, one envisages the pipeline from Myanmar entering India through Tripura. The line will then traverse through Bangladesh to re-enter India at Bongaon in Bengal from where it will be linked to Calcutta.

The other possible route for the pipeline could be through Bangladesh's Brahmanbaria border in the east from where it could cross into Bengal through the northern Ra-

ishahi border. But the third land route option does not involve Bangladesh.

The offshore option is also being mooted as an alternative. Bannerjee said CNG transport is a viable option as it does not require a large investment. A ship can reach India's eastern coast from Myanmar in a day. He said Gail was in talks with EnerSea Transport of the US, which has experience in this field.

The Gail chairman said the length of the Myanmar-India pipeline would be between 600 km and 1,200 km, de-

pending on the route that is selected. "We are looking at transporting 28-30 million standard cubic metres of gas per day through the pipeline," he added.

He said it would take two to three years to complete the pipeline once the project is cleared.

Bannerjee said he expected the gas from the Myanmar offshore field, held by ONGC-Videsh and Gail, to flow into India in five years.

The recoverable gas reserves in the field are estimated at 12 to 20 trillion cubic feet.

17 JAN 2005

THE TELEGRAPH

20-25, 300 2020

# Press Note 18: Defining joint venture ethics

What's Press Note 18?  
A: Press Note 18, issued on December 14, 1998, said that automatic route for Foreign Direct Investment (FDI) and/or technology collaboration would not be available to those who have or had any previous joint venture (JV) or technology transfer/trademark agreement in the same or allied field in India. In such cases, the company involved was required to approach the Foreign Investment Promotion Board (FIPB) and present its case. It had to explain to the board why it wants to start a new JV or 100% arm or a new partnership when it already has a presence in India through a JV. The explanation had to adequately prove that the new venture

would not harm the interests of the existing venture and a "no-objection certificate" (NOC) from the Indian partner of the existing JV was taken as a sufficient proof of this.

What was the rationale behind the provision?

A: The basic objective of this rule was to safeguard the interests of local shareholders, promoters and financial institutions. In other words, if a foreign investor or a technology collaborator had formed a joint venture with an Indian partner, he could not walk away, float a 100% subsidiary, and compete with the original joint venture. For, this would hurt the interests of all stakeholders in the original joint venture.

Pfizer India, 40% owned by Pfizer Corporation, was the first case that invoked Press Note 18. Pfizer's proposal for setting up a 100% arm was opposed by minority shareholders. However, the proposal was approved in late 1999 because Pfizer India was not a JV but a venture of Pfizer Inc. But once the proposal was approved, the share price of Pfizer India took a beating. So, although not a "Press Note 18" case, this did illustrate the consequences of setting up a competing 100% subsidiary. The NOC gave the Indian promoter a strong bargaining tool.

How have those provisions been changed?

A: Press Note 18 has been replaced by Press Note 1. Under the new rule, foreign firms will not need an NOC from their Indian partners before setting up a business in a related field. However, for JVs that are already in existence, foreign partners will need an NOC if they want to set up a business of their own in the same field. Also for existing JVs, Press Note 18 will not apply to sick firms, or to JVs in which one partner has less than a 3% stake.

What were the arguments against PN 18?

A: Those opposed to it argued that it gives an unfair bargaining tool to the

Indian partners, which they used to arm-twist their foreign JV partners. In many quarters, this was thought to discourage

foreign investment in India. Another criticism was that it applied even in the case of a terminated joint venture. At a larger level, it was believed to be contrary to the liberal investment regime the country has adopted.

What has been the working experience of the provision?

A: The record is a mixed one. While some foreign companies have managed to obtain an NOC and set up a 100% arm, others have had to abandon such plans. For instance, Honda had 26% in Hero Honda. So, when the company wanted to set up a fully-owned subsidiary to manufacture two-wheelers, it needed an NOC from the co-promoters of Hero Honda. The deal arrived at included a clause wherein the two companies were not to compete in the same product segment for five years. So, until last year, Honda Motorcycles & Scooters India (HMSI), Honda's 100% subsidiary in India, did not sell motorcycles. When the five-year period ran out last year, Honda launched its first motorcycle, the Unicorn. On the other hand, Walt Disney's proposal to set up a 100% arm to launch Disney Channel (TDC) could not take off because it could not secure a NOC from the K K Modi group. Walt Disney has a 50:50 JV, WD India, with the K K Modi group.



THE TIMES OF INDIA

17 JAN 2005

# Centre mulls revamp of oil PSUs: PM

Statesman News Service

NEW DELHI, Jan. 16. — Calling for a rational approach to energy pricing for its efficient use, Prime Minister Dr Manmohan Singh today said the government was exploring possibilities of restructuring oil PSUs to make them globally competitive.

Inaugurating the sixth Petrotech conference, the Prime Minister also called upon experts in science and technology to expand the frontiers of energy science and generate new sources of energy.

"While we must continue to invest in the exploration and harnessing of power sources of energy, we must recognise the fact that we will remain greatly dependent on hydrocarbons in the foreseeable future. Hence, investing in more efficient and equitable utilisation of hydrocarbons and developing new technologies in this field ought to be important objectives of our policy," Dr Singh said.

Urging the oil and gas PSUs to think big, creatively and boldly, the Prime Minister said: "Today there is a national consensus on our policy with respect to the strengthening of our oil and gas companies and enabling them to emerge as global firms."

He promised government help in ensuring strong and vibrant state-run oil majors. "The PSUs have to be more fleet-footed in making use of global opportunities, both on the supply and demand side."

The petroleum ministry has proposed merging refining and retailing majors Bharat Petroleum Corp and Hindustan

Petroleum Corp with ONGC, while merging exploration major Oil India Ltd with the IOC. However, no final decision has yet been taken on restructuring the PSUs.

To make India's growth model more sustainable, the efficiency of energy consumption must be stepped up so that the impact of growth on the demand for energy could be moderated. "Clearly the challenge before us as a nation is to meet the energy needs of all segments of the population in an efficient and affordable manner ensuring long-term sustainability and environmental protection," he said.

Dr Singh said the government was keen on achieving energy security through intensification of domestic exploration efforts and at the same time accessing overseas opportunities.

Cautioning that India was not blessed with the luxury of abundant fossil fuel resources, Dr Singh said: "We can no longer be complacent and must learn to think strategically, to think ahead and to act swiftly and decisively."

Noting that China was ahead of India in planning for the future in the field of energy security, the Prime Minister said it was important to have an accurate demand projection of the energy mix of the country in the years to come besides putting in place a rational energy pricing mechanism. Dr Singh said apart from pricing and sourcing, technology too required special attention as it was driving the business in the hydrocarbon sector and had transformed the oil industry from a commodity business to hi-tech industry.

LOWEST IN SEVEN MONTHS

# Inflation plunges to 5.78 per cent

Statesman News Service

NEW DELHI, Jan. 14. — Inflation plunged to a low of 5.78 per cent for the week ended 1 January, the lowest in seven months.

The 0.61 per cent dip from 6.39 per cent has been mainly on account of cheaper food articles including vegetables and fruit, and fuel, though the manufactured products group rose by 0.4 per cent.

Inflation as measured by the wholesale price index (WPI) stood at 6.45 per cent in the corresponding week last year.

Inflation had touched a three-and-a-half year high of 8.33 per cent in August end, remained above the eight per cent mark for two consecutive weeks and after a series of rises and dips, seen a gradual slide since November end.

It slipped below the seven per cent mark in the week ended 11 December. The annual inflation rate now stands lower than the apex bank's forecast of 6.5 per cent for the current fiscal.

The WPI for all commodities for the week, however, rose by 0.2 per cent to 188.6 from 188.2 in the previous week. The government also firmed up the inflation rate for the week ended 11

November to 7.93 per cent from the earlier provisional figure of 7.76 per cent.

The WPI for the week has been corrected to 190.6 points as against 190.3 (provisional).

While fuel prices dipped by 0.2 per cent to 287.6 points, the prices of primary articles remained unchanged at 186.1. The prices of food articles dipped by 0.1 per cent while that of non-food articles rose by 0.3 per cent. The group index was 181.7 a year ago.

The index for manufactured products, with the maximum weightage of 63.75 per cent in the overall index, rose by 0.4 per cent to 167.3.

In this group, the index for 'food products' rose by 1.3 per cent to 175.1 from 172.9 for the previous week. The index for Textiles went down by 0.4 per cent to 133.8 points against 134.3 the previous week.

The index for chemicals and chemical products group rose by 1.1 per cent to 184.1 from 182.1 for the previous week. The index for basic metals alloys and metal products group rose by 0.1 per cent to 206.5 from 206.3 points.

The index for machinery and machine tools group declined by 0.1 per cent to 142.2 from 142.4 points in the previous week.

THE STATESMAN

15 JAN 2005

# Pipeline: Oil ministry brooks no meddling

## 'Let it be commercial project, government mustn't interfere in Indo-Iran gas pipeline'

AMITAV RANJAN

NEW DELHI, JANUARY 14

**T**HE Petroleum Ministry has spiked Ministry of External Affairs' (MEA) attempt to bargain economic concessions and transit facilities out of Islamabad in exchange for joining the gas pipeline crossing through Pakistan from Iran.

The oil ministry's proposal before the Cabinet is to delink diplomatic manoeuvres from the proposed pipeline and consider it as a purely commercial project with no direct role for the government, said sources.

Following Prime Minister Manmohan Singh's statement in New York last September that the project would have "considerable mutual benefits" for both the nations, the MEA had suggested that Pakistan should be positive about trade and economic proposals that would provide benefit to all



**Iranian Oil Minister Bijan Zanganeh (right) with his Indian counterpart Mani Shankar Aiyar in Tehran last December.**

participants. It had planned to leverage Islamabad's interest in the onland gas pipeline to secure MFN status for Indian exports and a trade corridor through Pakistan to Afghanistan.

But Oil Ministry has drubbed the MEA initiative, saying that there was neither the avenue nor the time to achieve it. It said that the likely gains

from such a hard bargain would be inferior to what India would accrue from Iranian gas supplied onland through Pakistan. One fear, it said, was that Pakistan could go alone on the project thereby making the Indian project a non-starter.

Last week, according to sources, Iranian Oil Minister Bijan Zanganeh

told his Indian counterpart Mani Shankar Aiyar that Pakistan had indicated it would build a separate pipeline for itself while allowing passage for another pipeline to India.

Another of Petroleum Ministry's concerns is that this opportunity of access to cheap gas would get frittered unless negotiations were not started soon. It has cited the example of losing out on cheap LNG from Iran where a delay by India prompted Tehran to jack up LNG price.

The Oil Ministry feels that India should not set a deadline. With more project proposals coming up, this rigidity would set a barrier in joining any of the projects without leverage.

To minimise foreign policy fears, it has suggested that India avoid getting involved in funding, construction or maintenance of the pipeline and restrict its participation only after the pipeline and the gas enters its territory.



# Govt pushing oil firms to meet clean fuel deadline

ENS ECONOMIC BUREAU  
NEW DELHI, JANUARY 14

15/1  
96-12

THE ministry of petroleum and natural gas has put oil companies on notice, asking them to ensure that the April 1 deadline for introduction of ultra low sulphur auto fuels, is met at all cost.

Petroleum Secretary S.C. Tripathi said, "We have asked oil companies to ensure that the deadline for introduction of Euro-III emission norm-compliant petrol and diesel in 11 metro cities and Euro-II grade fuels in the rest of the country by April 1 is met in its strictest sense."

The oil companies, he said, had given an undertaking for introduction of the clean fuel programme to the Supreme Court and it is now their duty to ensure that it is met. "The oil companies should make all efforts to meet the deadline and if there is some genuine problem, we will assess it closer to the deadline," he said.

Tripathi added that IOC's Koyali refinery and Reliance Industries' Jamnagar refineries had problems but saw no problems with the introduction of the programme.

The oil companies have informed the petroleum ministry that the deadline for in-

roduction of Euro-III grade petrol could be met through imports but diesel of the same quality could only be introduced in Delhi, Kolkata, Mumbai, Chennai, Bangalore and Hyderabad as Euro-III grade diesel was not available in international markets while the same in Pune, Ahmedabad, Surat, Kanpur and Agra was possible only from May.

Petrol of Bharat stage-II grade, was feasible as per target date of April 1, 2005, but the new schedule would have to be drawn for introduction of diesel of same quality.

The national auto fuel policy envisages supply of diesel with 0.035 per cent sulphur and cetane number 51 and petrol with 1 per cent benzene and octane number 91 in 11 cities from April 2005 to cut pollution.

Tripathi did not rule out approaching the Supreme Court "if despite all efforts there were minor slippages in implementation of the schedule."

"We have told them to make all efforts and if there are any slippages we will assess them closer to the deadline and see what is the next best date for implementation of the programme," he said.

INDIAN EXPRESS

15 JAN 2005

# বিনিয়োগের সন্ধানে

বিনিয়োগ চাই। বুধবার কলিকাতায় সি আই আই আয়োজিত পার্টনারশিপ সামিট-এর প্রথম দিনে এই একটি কথাই নানা

ভাবে উচ্চারিত হইয়াছে অথবা অনুচ্চারিত থাকিয়াও যাবতীয় আলোচনাকে প্রভাবিত করিয়াছে। এই দিনের সভায় তিনটি গুরুত্বপূর্ণ ঘোষণা শোনা গিয়াছে। দুইটি ঘোষণা করিয়াছেন প্রধানমন্ত্রী মনমোহন সিংহ। প্রথমত, বিদেশি সংস্থার ভারতে বিনিয়োগের পথ আরও উদার এবং মসৃণ করা হইতেছে। ১৯৯৮ সালে বাজপেয়ী সরকার একটি সিদ্ধান্ত স্থির করিয়াছেন। কোনও বিদেশি কোম্পানির যদি কোনও ভারতীয় কোম্পানির সহিত যৌথ উদ্যোগ চালু থাকে, তাহা হইলে সেই কোম্পানি ভারতে তাহার নিজস্ব শাখা-সংস্থা খুলিতে চাহিলে ওই ভারতীয় সহযোগীর অনুমোদন লইতে বাধ্য থাকিবে। স্পষ্টতই, এই নিয়মের কারণ হইল ভারতীয় সহযোগীটিকে বিদেশি কোম্পানির প্রতিযোগিতা হইতে সংরক্ষা করা। এবং ইহাও স্পষ্ট যে, এই নিয়মটি চালু থাকার ফলে বিদেশি সংস্থার পক্ষে এ দেশে বিনিয়োগ করা তুলনায় কঠিন। প্রধানমন্ত্রী সিংহ জানাইয়াছেন, এই নিয়ম বদলানো হইতেছে। বিদেশি কোম্পানির ভারতীয় সহযোগী যাহাতে বিপন্ন না হয়, তাহা সরকার দেখিবে, কিন্তু তাহার অনুমোদন লইবার বাধ্যতা আর থাকিবে না। একটি সংস্কারের পথে দুই পা বাড়াইয়া এক পা পিছাইয়া আসিবার প্রবণতা মনমোহন সিংহ সরকারের আচরণে ইতিমধ্যেই প্রকট, প্রবাসী ভারতীয়দের 'দ্বৈত নাগরিকত্ব' লইয়া ঠিক তাহাই ঘটিয়াছে। তবু মানিতেই হইবে, নাই মামার চেয়ে কানা মামা ভাল। আশা করা যায়, এই নীতি বদলের ফলে বিদেশি বিনিয়োগ অস্তুত অংশত উৎসাহিত হইবে।

দ্বিতীয়ত, প্রধানমন্ত্রী জানাইয়াছেন, ভারতে আমদানি শুল্কের হার (দক্ষিণ-পূর্ব এশিয়ার) আসিয়ান-ভুক্ত দেশগুলির স্তরে নামাইয়া আনা হইবে। অর্থাৎ আমদানি শুল্কের মাত্রা আসন্ন বাজেটে বর্তমান ২৪ শতাংশ হইতে কমিয়া ১৬ শতাংশ বা তাহারও কম হইতে পারে। ভারতীয় অর্থনীতি যে সমস্ত কারণে আন্তর্জাতিক বাজারে প্রতিযোগিতায় পশ্চাৎপদ তাহার একটি বড় কারণ চড়া আমদানি শুল্ক। শুল্ক কমিলে ভারতে উৎপাদন-ব্যয় কমিবে, তাহার ফলে দেশে এবং বিশেষত বিদেশের বাজারে ভারতীয় পণ্যের বিক্রয় বাড়িবে। এই সমৃদ্ধির আকর্ষণে দেশি ও বিদেশি বিনিয়োগ আকৃষ্ট হইবে। কেন্দ্রীয় অর্থমন্ত্রী পি চিদম্বরম অতীতে যখন অর্থমন্ত্রী ছিলেন, তখনও বিনিয়োগ বৃদ্ধিতে বিশেষ জোর দিয়াছিলেন, এ বারেও নর্থ ব্লকে প্রবেশ করিয়াই বলিতে শুরু করিয়াছেন: বিনিয়োগ চাই। স্পষ্টতই, এই বিষয়ে প্রধানমন্ত্রী সোৎসাহে তাঁহার পাশে আছেন। ভারতে আয়বৃদ্ধির গতি বাড়াইবার জন্য বিনিয়োগ বৃদ্ধি অত্যাৱশ্যক। স্বদেশি এবং বিদেশি উভয় গোত্রের বিনিয়োগই বাড়াইতে হইবে। সুতরাং প্রধানমন্ত্রীর উদ্যোগ অত্যন্ত আশাব্যঞ্জক। এখন বামপন্থীরা এই উদ্যোগে বাদ না সাধিলেই মঙ্গল।

আশার কথা, পশ্চিমবঙ্গের মুখ্যমন্ত্রী ইদানীং মনমোহন সিংহ বা পি চিদম্বরমের ভাষায় ও সুরেই কথা বলিতেছেন। সেই সায়ুজ্যের কথা কলিকাতার সম্মেলনে প্রধানমন্ত্রী নিজেও জোর গলায় উল্লেখ করিয়াছেন, যেমন তিনি মার্কিন যুক্তরাষ্ট্রে কিছু কাল আগে করিয়াছিলেন। এবং, পশ্চিমবঙ্গের মুখ্যমন্ত্রী তথা তাঁহার সরকারের এই পরিবর্তনে শিল্পোদ্যোগীরাও এ বার সাড়া দিতে শুরু করিয়াছেন। সি আই আইয়ের মঞ্চ তেমন একটি গুরুত্বপূর্ণ সাড়া মিলিয়াছে আনুষ্ঠানিক ভাবে। উহাই তৃতীয় ঘোষণা। পশ্চিমবঙ্গে টাটা শিল্পগোষ্ঠীর কোক আভেন প্লান্ট গড়িবার অঙ্গীকারটি নিঃসন্দেহে রাজ্যের বিনিয়োগ-মানচিত্রে উজ্জ্বলতম বিন্দুগুলির অন্যতম বলিয়া বিবেচিত হইবে। শুধু বিনিয়োগের অঙ্কে বা বিনিয়োগকারীর গুরুত্ব বিচারে নহে, খোদ রতন টাটা যে ভাবে পশ্চিমবঙ্গের বাস্তব পরিস্থিতির ইতিবাচক পরিবর্তন সম্পর্কে প্রশংসা করিয়াছেন, তাহার মূল্য অনস্বীকার্য। আশার কথা, পশ্চিমবঙ্গের রাজধানীতে এখন বিনিয়োগের কথা হইতেছে, পশ্চিমবঙ্গে এখন বিনিয়োগ হইতেছে। নূতন বইকী!

# Press Note 18 scrapped

SNS & PTI

KOLKATA/NEW DELHI, Jan. 12. — Prime Minister Dr Manmohan Singh today announced the abolition of Press Note 18 for all future joint ventures with foreign partners. The regulatory provisions, aimed at protecting domestic industries, made it mandatory for all foreign partners in joint ventures in India to obtain no-objection certificates from their Indian counterparts to be placed before the commerce ministry. The announcement was made at the inaugural plenary of the 11th Partnership Summit of the Confederation of Indian Industry held within the National Library premises this morning.

Later in the evening, the Centre issued revised guidelines for foreign investment. The revised guidelines under a new Press Note called Press Note 1 says new proposals for foreign investment and technical collaboration would henceforth be allowed under automatic route subject to sectoral policies. Press Note 1 will come into force with immediate effect.

Justifying the abolition of Press Note 18, Dr Singh said: "This is a regulatory regime

that has been a source of discomfort to investors. As I listened to tales of success of Indian firms in the global marketplace and the words of optimism at a recent meeting of the Manufacturing Competitiveness Council, I was convinced that measures like Press Note 18 are anachronisms today, having outlived their purpose."

"New joint ventures and collaborations would have to be shaped by commercial contractual agreements based on the free will of partners without government interference," Dr Singh elaborated. "For existing joint ventures, the protection will be restricted to the same — and not allied — field and not for defunct or sick joint ventures," he added clarifying that the existing JVs will continue to be protected by a few provisions of Press Note 18.

Speaking at a later session, the Union commerce and industry minister, Mr Kamal Nath, said: "Joint ventures with foreign partners would henceforth be settled in a mutually agreeable manner best suited for the negotiating companies."

The occasion also marked the signing of a formal shareholders' agreement between Tata Steel and West Bengal Industrial Development Corporation for setting up a joint-venture merchant coke

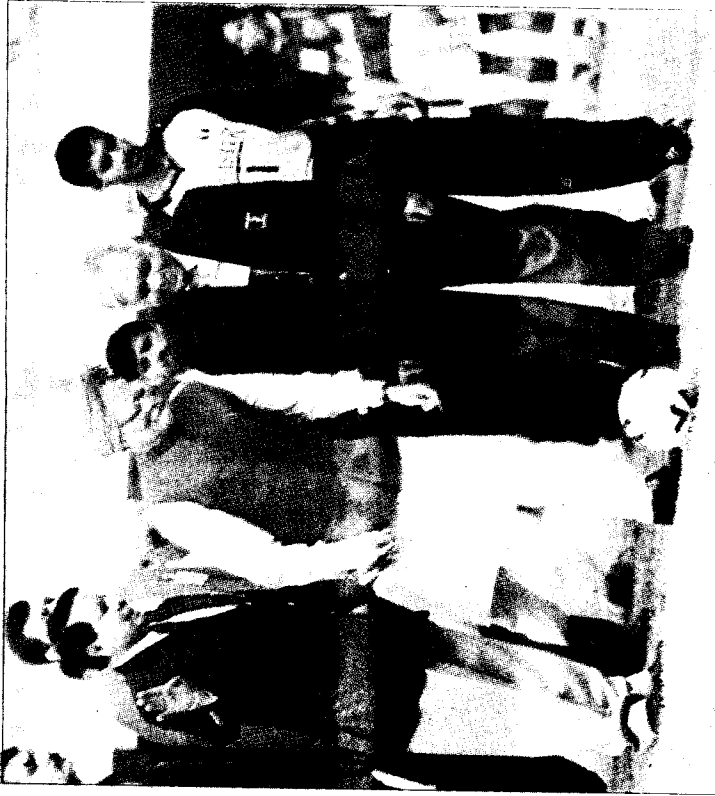
oven and electricity generation plant at Haldia. The company, Hooghly Met Coke and Power Company Limited, would have Rs 700 crore as initial investment which is proposed to be funded by a mix of debt and equity and would come up over a 180-acre plot of land.

The agreement was signed in the presence of chief minister Mr Buddhadeb Bhattacharjee, industries minister Mr Nirupam Sen, power minister Mr Mrinal Banerjee and Mr Ratan Tata, chairman, Tata Sons. Mr Bhattacharjee welcomed Mr Tata's intention to set up a cancer-research institute in the city. "We are trying to find a plot of land for him," he said.

## National Knowledge Commission

A National Knowledge Commission will be set up, Dr Singh said. It will have five areas of action: 1) increase access to knowledge for public benefit, 2) develop new concepts of higher education, 3) rejuvenate science and technology institutions, 4) enable application of knowledge by industry, and 5) encourage intensive use of knowledge-based services by the government to empower citizens.

More reports on page 8



NEW BEGINNING: Dr Manmohan Singh inaugurates the ninth edition of National Football League at the Salt Lake stadium on Wednesday. — The Statesman (Report on page 12)

## Bouquets for the 'dynamic' CM

### Statesman News Service

KOLKATA, Jan. 12. — It was raining kudos for the Left Front government leader Mr Buddhadeb Bhattacharjee and this state at the CH Partnership Summit today. That too from quarters which, till the other day, was deemed to be the unlikelyst of zones to receive praises from — the Centre and the industry.

While Prime Minister Dr Manmohan Singh ushered in a host of adjectives, including "dynamic", "visionary" and "courageous" to describe Mr Bhattacharjee, business magnate Mr Ratan Tata was no miser in this respect either. "West Bengal has, perhaps, not received the attention we ought to have given,"

Mr Tata said apologetically.

"When I read in the newspapers that Mr Azim Premji had called him the nation's 'best chief minister', I was not at all surprised. I have admired his wit and wisdom, his qualities of head and heart, his courage of conviction and his commitment to the cause of the working people of India and, in particular, to the people of Bengal. India needs such visionary leaders who understand the challenge of modernisation," Dr Singh said.

Seeking recourse to a quotation from Marx, Dr Singh remarked: "If today there is a meeting of minds between Delhi and Kolkata, it is because the ideas that I and Buddhadebji represent have captured the minds of the people of India."

Manmohan missing Mamata? page 5

### Kolkata shining

HYDERABAD, Jan. 12. — NASSCOM today said the IT industry is unhappy with the lack of infrastructure in Bangalore, whereas Kolkata, Hyderabad and Chennai are converting plans into action.

Its president, Mr Kiran Karnik, said this at a press conference after chief minister Dr YS

Rajashekar Reddy inaugurated the company's seminar Animation 2005. There is a lot of action in Kolkata, where the infrastructure is better than two years ago, Mr Karnik said.

— SNS

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THE STATESMAN

# সি আই আইয়ের মধ্যে নতুন পথের দিশা মনমোহনের

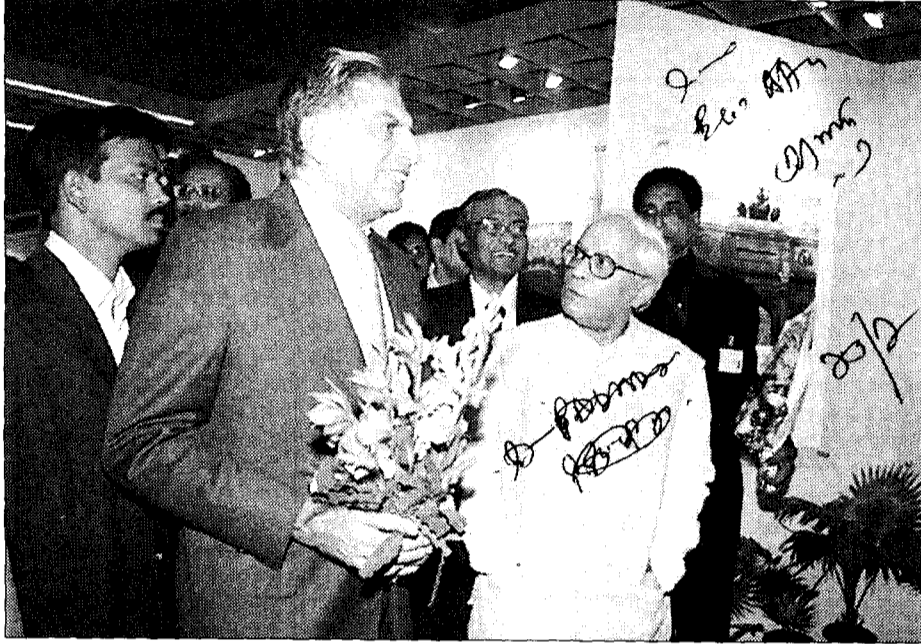
## ত্রিমুখী সংস্কারের ঘোষণা শিক্ষা, বিদেশি লগ্নি ও কর ব্যবস্থায়

পিনাকী বন্দ্যোপাধ্যায়

অর্থমন্ত্রী মনমোহন সিংহের হাত ধরে ভারতের আর্থিক সংস্কারের শুরু। এ বার প্রধানমন্ত্রী মনমোহন সিংহের হাত ধরে দীর্ঘ প্রতীক্ষিত শিক্ষা সংস্কারের বোধন। কলকাতায় বণিকসভা সি আই আই আয়োজিত 'পার্টনারশিপ সামিটের' মধ্যে দাঁড়িয়ে তাঁর ঘোষণা: আর্থিক উন্নয়নই যথেষ্ট নয়। উন্নত দুনিয়ায় জায়গা করে নিতে গেলে প্রয়োজন এমন শিক্ষা ব্যবস্থার, যা গোটা বিশ্বে সমাদৃত। এবং এরই প্রথম পদক্ষেপ হিসাবে তাঁর ঘোষণা 'ন্যাশনাল নলেজ কমিশন' গঠনের। যার লক্ষ্য, প্রধানমন্ত্রীর কথায়, 'নলেজ পেন্টাগন' বা জ্ঞানের পঞ্চভূজ তৈরি করা। আর এই পঞ্চভূজ হল— উচ্চ শিক্ষায় নতুন পথের সন্ধান, বিজ্ঞান, প্রযুক্তি ও শিল্প ক্ষেত্রে প্রতিযোগিতায় টিকে থাকার লক্ষ্যে সময়োপযোগী জ্ঞানের প্রয়োগ, প্রশাসনিক ক্ষেত্রেও তার ধারাবাহিক ব্যবহার এবং সাধারণের স্বার্থে শিক্ষার সাবিক প্রয়োগ।

একবিংশ শতাব্দীর প্রতিযোগিতার সঙ্গে তাল মিলিয়ে চলার জন্য যে ধরনের আগাম সুরক্ষার প্রয়োজন, তার প্রস্তুতিই যে শুরু হয়ে গেল শিল্পের পরে শিক্ষাতেও, প্রধানমন্ত্রীর ঘোষণায় তা পরিষ্কার। মনমোহন সিংহ এ দিন জানান, আর্থ-সামাজিক, শিক্ষা, শিল্প, বৈদেশিক নীতি প্রায় প্রতিটি ক্ষেত্রেই উন্নত দুনিয়ার সঙ্গে ভারতের আসল প্রতিযোগিতা। এই অবস্থায় ভারতকে নতুন পথের সন্ধানে অনেক এগিয়ে ভাবতে হবে।

প্রধানমন্ত্রীর বক্তব্য, নিজেদের দক্ষতা ও ক্ষমতাকে সময়ের সঙ্গে গড়ে-পিটে নেওয়ার লক্ষ্যেই এই ন্যাশনাল নলেজ কমিশন। শিক্ষা, অর্থনীতি, সামাজিক উন্নতির ক্ষেত্রে



বুধবার টাটা গোষ্ঠীর সঙ্গে চুক্তি স্বাক্ষরের অনুষ্ঠানে রতন টাটা ও বুদ্ধদেব ভট্টাচার্য।— অশোক মজুমদার

প্রধানমন্ত্রী চিরাচরিত পথের বাইরে আরও খানিকটা এগিয়ে ভাবার পক্ষপাতী। সেখানে দেশের অর্থনীতির উন্নয়নের প্রক্ষেপে মানুষের জ্ঞানভাণ্ডারকেই অনুঘটকের ভূমিকায় প্রধানমন্ত্রী কাজে লাগাতে চান। 'ন্যাশনাল নলেজ কমিশন' মূলত পাঁচটি বিষয়ের উপরে কাজ করবে। প্রধানমন্ত্রীর চোখে এখন স্বপ্ন দেশের বিশ্ববিদ্যালয়গুলিকে আন্তর্জাতিক মানের করে তোলা। বিজ্ঞান গবেষণাগারগুলিকে আরও চাঙ্গা করে তোলার পাশাপাশি দেশের শিল্প ক্ষেত্রে উৎপাদন বৃদ্ধির লক্ষ্যে গবেষণালব্ধ জ্ঞানের প্রয়োগ।

তবে এ দিন দেশ-বিদেশের অতিথিদের সামনে প্রধানমন্ত্রীর বক্তব্যে

মূল চমক ছিল 'প্রেস নোট ১৮'-এর সংশোধন। ভারতের বাজারে বিদেশি লগ্নির দরজাকে আরও বেশি করে খুলে দিতে প্রথমন্ত্রী এ দিন সঠিক ভাবেই বেছে নেন সি আই আই-এর মঞ্চকে। তিনি পরিষ্কার জানিয়ে দেন, দেশীয় সংস্থার সঙ্গে বিদেশি সংস্থার যৌথ লগ্নির ক্ষেত্রে এত দিন পর্যন্ত নতুন প্রকল্প গড়ায় যে বিধিনিষেধ ছিল, তার সংশোধন করা হয়েছে। নতুন নিয়মে এখন থেকে যদি কোনও বিদেশি সংস্থা ভারতীয় সংস্থার সঙ্গে যৌথ উদ্যোগে প্রকল্প গড়ার পরেও ফের অন্য কোনও প্রকল্পে লগ্নি করতে চায়, এমনকী তা একই ক্ষেত্রে হলেও ভারতীয় সহযোগীর কাছ থেকে তাকে কোনও অনুমোদন নিতে হবে না। তবে চালু

যৌথ উদ্যোগগুলির ক্ষেত্রে বিদেশি সংস্থাটি যদি অন্য কোনও ক্ষেত্রে বিনিয়োগ করতে চায় তা হলে তার সহযোগীর অনুমতির প্রয়োজন হবে না। কিন্তু একই ক্ষেত্রে বিনিয়োগের জন্য পুরনো নিয়মই চালু থাকবে। প্রসঙ্গত, ১৯৯৮ সালে দেশীয় শিল্পগুলির স্বার্থরক্ষার প্রয়োজনে প্রেস নোট ১৮ কেন্দ্রীয় সরকার চালু করে।

এই ঘোষণার পাশাপাশি এ দিন তিনি এ কথাও জানান, দেশের শিল্প ও অর্থনীতির স্বার্থেই তিনি আমদানি শুল্ক কমানো ব্যাপারে অগ্রাধিকার দিচ্ছেন। বিশ্ব বাণিজ্যের নতুন ধারায় ভারতও গা ভাসিয়েছে, তাতে এশীয় দেশগুলির স্তরে শুল্ক কমিয়ে নিয়ে আসার আশ্বাস দিয়েছেন তিনি। শিল্প-বাণিজ্য ও আর্থিক উন্নয়নের প্রক্ষেপে এশিয়ার দেশগুলির মধ্যে তিনি যে কোনও বাধা রাখতে চান না, তাও তিনি স্পষ্ট ভাষায় বুঝিয়ে দেন।

## টাটাদের হাসপাতাল, শহরে জমি দেখছে রাজ্য

স্টাফ রিপোর্টার: টাটাদের হাসপাতালের জন্য কলকাতায় জমি দেখছে রাজ্য সরকার।

বুধবার বণিকসভা সি আই আই-এর পার্টনারশিপ সামিট-এ টাটা গোষ্ঠীর সঙ্গে রাজ্য সরকারের হলদিয়ার কোকওভেন প্রকল্পের চুক্তি করার সময়ে মুখ্যমন্ত্রী বুদ্ধদেব ভট্টাচার্য এই কথা জানান।

মাস খানেক আগে কলকাতায় টাটা টি-র বার্ষিক সাধারণ সভায় এসে খোদ টাটা গোষ্ঠীর চেয়ারম্যান রতন টাটা মুম্বইয়ের টাটা মেমোরিয়াল হাসপাতালের ধাঁচে পশ্চিমবঙ্গেও ক্যানসার রোগীদের জন্য হাসপাতাল খোলার ইচ্ছার কথা জানিয়েছিলেন। রাজ্য সরকারও তার পর থেকে উপযুক্ত জমির খোঁজে রয়েছে।

বুদ্ধবাবুর অনুরোধে গাড়ির যন্ত্রাংশ তৈরির কারখানাও টাটা গোষ্ঠী এই রাজ্যে গড়ার কথা ভেবেছে। তালিকায় উঠে এসেছে হাসপাতাল থেকে শুরু করে বিদ্যুৎ প্রকল্প।

এর প্রথম ধাপে, এ দিন টাটাদের মোট ৭০০ কোটি টাকা বিনিয়োগে হলদিয়ায় ৮ লক্ষ টনের কোকওভেন কারখানাটির জন্য চুক্তি হয় পশ্চিমবঙ্গ শিল্পোন্নয়ন নিগমের সঙ্গে। টাটাদেরই আরও একটি ৬০ মেগাওয়াট বিদ্যুৎ প্রকল্পের জন্য চুক্তি হয় রাজ্য বিদ্যুৎ পর্ষদের সঙ্গে। হাজির ছিলেন মুখ্যমন্ত্রী, শিল্পমন্ত্রী নিরুপম সেন, টাটা গোষ্ঠীর চেয়ারম্যান রতন টাটা। কোকওভেন প্রকল্পটিতে ৯৮ শতাংশ মালিকানা রয়েছে টাটাদের হাতে। বাকি ২ শতাংশ নিগমের কাছে। কমপক্ষে আড়াই লক্ষ টনের এই কোকওভেন প্রকল্পটির নাম 'হুগলি মেট-কোক অ্যান্ড পাওয়ার লিমিটেড'। মূলত টাটাদের নিজেদের ইম্পাত কারখানা ছাড়াও দেশের ও আন্তর্জাতিক বাজারে এই কোক বিক্রি হবে। ২৪ মাসের মধ্যে প্রকল্পের কাজ শেষ করে ফেলা হবে।

# The new foreign hand theory

Foreign investment in infrastructure projects is an imperative if India has to better its growth rate. But for that the country can only depend on FIIs as FDI, sans proper regulation, is bound to remain a distant dream, says **U R Bhat**.

**R**ECENT press reports suggest that the Reserve Bank of India is ostensibly having some reservations about the government's long-pending proposals to increase the investment limit for foreign investors in certain sectors. A quick decision in this regard is imperative because these proposals — a part of the finance minister's last Budget — would either need to be buried before the next Budget that is due in a few weeks from now or acted upon early. A burial of the proposals will no doubt be cheered by a section of supporters of the government. From the central bank's viewpoint, limiting foreign portfolio investment would help it contain the embarrassment of forex reserves that it has been grappling with lately. It is, therefore, worthwhile attempting to put the arguments for limiting foreign investments in perspective.

The world has traversed quite some distance since the heyday of unbridled socialism that frequently ended up as nothing more than distribution of poverty. It is now widely accepted that accelerating growth through significant new investments is the best method to fight poverty and destitution. Economists agree that at the present level of domestic savings, the growth rate in India cannot be accelerated much beyond the 6-7% levels. Improving the domestic rate of savings or the capital output ratio — the two measures that can accelerate growth rates — are essentially medium- to long-term tasks and cannot address the problems of poverty and destitution any time soon. Hence there is a crying need for foreign capital to bridge the savings-investment gap.

In the first couple of decades after Independence, India was quite dependent on generous international aid but the clock has now turned full circle. India is in the forefront of providing humanitarian aid to many of the countries affected by the recent tsunami disaster, and more importantly, has politely declined any such aid itself. In that context, the other options to bridge the large savings-investment gap are either to borrow internationally or



promote FDI or foreign portfolio investment, usually referred to as foreign institutional investment (FII). Having been on the verge of defaulting on our foreign obligations at the beginning of the last decade, excessive international borrowing is not a serious option. Hence non-debt creating foreign investment — whether direct or portfolio — would be the preferred option.

FDI is generally preferred because its beneficial effects are visible — access to modern technologies and export markets, new factories and employment creation — both direct and indirect. However, FDI crowds out domestic investment opportunities and hence some conditions are generally imposed on FDI in the form of minimum level of local content, export commitment, technology transfer, compulsory listing in the local market, etc.

India has had a long experience with FDI, with multinationals being significant players in many sectors of the economy — pharmaceuticals, financial services, consumer durables, fast moving consumer goods, engineering, etc. However, the massive new investments that India needs

are for modernising its creaking infrastructure — power, transportation, irrigation, ports, roads, townships and the like. These activities have been traditionally in the public sector and to open these areas for commercial investment, we need to put together credible systems and regulations in place. While there has been some progress in this direction, there is quite some ground to be covered before large new investments can commence. The only success here has been in the area of telecom where the early foreign investors committed large investments even without a credible regulatory system being in place, but this is unlikely to be repeated.

**F**OREIGN portfolio investment, therefore, is the only realistic option available to bridge the savings-investment gap in the short-to-medium term. The beneficial effects of FII are somewhat indirect and not as visible as in the case of FDI. FII flows too help capital formation by making available risk capital for entrepreneurs with viable investment ideas either by participating in public offerings or by rel-

easing the existing pool of risk capital through the secondary markets. While there is a general fear that these portfolio flows can reverse at any time, frequently this ensures that sensible economic policies are followed. Needless to say, capital — whether foreign or domestic — looks for a commercial return and is unlikely to get invested in poverty alleviation programmes that are commercially unviable. It is the job of the government to either make these activities commercially viable for investment or vacate other areas that can do without their resources and redirect such resources to the social sector to promote economic welfare.

The usual arguments cited by the opponents of liberalisation veer around issues of national security, national culture, creation of monopolies and control over natural resources. Effective regulation, competition law, transfer pricing rules and enforcement of appropriate resource rent best address these concerns. Given the undeniable need for foreign capital to accelerate growth and give ourselves a chance to fight poverty and destitution, it is about time that we think of new ideas to deal with burgeoning forex reserves and reducing the vulnerability of the markets to foreign flows or external shocks. It has taken a decade of steady progress on the reforms path to get foreign investors to take India seriously. We need to intelligently harness these forces to accelerate growth and social welfare. Let's not waste this opportunity by succumbing to untenable arguments of the prophets of doom.

Stipulating low limits for foreign investment on a small negative list of strategically important sectors and opening up other sectors for foreign investment subject to large limits should be considered a priority to bridge the savings-investment gap. The larger interests and aspirations of a billion citizens and consumers should certainly ride over the narrow interests of a few inefficient producers or even of a relatively small unionised workforce. Let us not end up throwing the baby with the bath water.

*The Economic Times*

10 JAN 2005

# Patents Act: No magic bullet but a necessary pill

FROM THE RINGSIDE

N K SINGH



THE recent ordinance promulgated by the Government amends the Patents Act to provide for product patents covering pharmaceutical, chemicals and food. This is in compliance with the TRIPS obligation undertaken in the WTO. India has an enviable record of fully adhering to its international obligations. It has done so in the midst of even a balance of payment crisis; never resiled from its debt, sought rescheduling or waiver. Adhering to the date of January 1, 2005, is part of this consistency. Nothing is lost because while on the one hand we have adhered to our commitment, on the other Parliament will fully debate the Bill in the House or its Standing Committee.

The patents ordinance has not pleased anyone. It may well be that since all parties are equally unhappy, the statute appropriately balances the rights and obligations of all stakeholders! Consumers fear that it may lead to price hikes making medicines unaffordable to the poor. Clarification that only an insignificant percentage of medicines is likely to be covered, the law is prospective and that the Drug Price Control Order would continue should help allay misgivings.

The domestic industry fears that increased competition, import surges, the deep pockets of MNCs constitute a non-level playing competition. However, the pharma industry in India has come of age, enjoyed the benefits of 'reverse engineering' for long, is seeking global opportunities and is well poised to face enhanced competition. Large pharma companies, including foreign ones, fear that the new Act does not provide adequate protection, loopholes are large, its application is only prospective, patent procedures remain cumbersome and compulsory licensing provisions are unduly open-ended and its application to new innovations unduly restrictive.

Some of these concerns deserve fuller consideration and hopefully the ensuing debate in Parliament will iron out these wrinkles. The pharmaceutical industry in India has made rapid strides sheltered partly by the absence of a product patent regime, which has permitted specialisation in reverse engineering—often a polite word for 'successful copying'. Be that as it may, it has served an important social purpose in making medicines available at costs which are significantly lower than even neighbouring Pakistan's. Indian companies are well-positioned to expand their global presence based on growing competitiveness, strong manufacturing base, availability of skilled manpower and an expanding bio-tech industry. Low investments in R&D, absence of dynamic linkages between industry and academia, ab-



cult to determine. The fixed cost of any successful drug might not be so high, but this is not what the investor sees ex ante. Besides the fixed cost of a successful drug, he must also reckon with the probability of success among many failures. So what does this mean? Competition would ordinarily drive the cost of the drug down to the marginal cost, so that the fixed cost could not be apportioned and recovered. So there may be no investment. This is why we have patents in the first place. But then the question is, do patents apportion the 'fixed costs' equitably? And do they ensure that the drug companies retain zero economic

profit as they would in competition (in other words, collect fixed plus marginal costs only, nothing more)? Not necessarily. As far as apportioning fixed costs goes, does equitably mean evenly? So that everyone pays the same price? Or does equitable mean according to means? Which implies some kind of restricted distribution that would be difficult to protect from opportunism. This is a difficult question, related to subsidy design. But keeping prices to a minimum, while allowing fixed

cost recovery, is a matter of patent design. And here the difficulty is that actual fixed costs are not observable and can be manipulated. So if you offered a kind of cost-plus regime, in which the patent for an individual drug allowed the company to recover its stated costs, no more, no less, then you would have the typical cost-plus problem. But then if you offer a flat fee, or flat protected period, then you are either over-rewarding the producer (having easy performance measures in performance-based pricing) or stifling investment. How to balance and walk the line between these two sides without know-

**It would be useful for India to have a study to figure out how well India is doing in balancing the need to attract investment in pharmaceuticals with the need to keep costs low. There are no fixed paradigms nor a model on patent design which would fit the needs of all countries**

ing what the costs really are, or the lowest they could be if the patent got the incentives right? It's not as if the drug companies will ever say "this is the minimum patent length and protection we'll accept and still innovate". Empirical evidence on historical patent protection and investments globally remains inconclusive. It would be useful for India to have a study to figure out how well India is doing in balancing the need to attract investment with the need to keep costs low.

There are no fixed paradigms nor a model on patent

design which would fit the needs of all countries. While apportioning risks and ensuring R&D is adequately rewarded but not unduly so, four issues need to be kept in view:

- i) Vary the length of the patent depending on the sunk cost; instead of 0-20 years, it can be 5, 8, 15 or 20 depending on costs based on credible disclosures;
- ii) Assign the breadth of the patent. A more rigorous definition of the product or a somewhat broader definition;
- iii) What product classes would receive patent protection;
- iv) Bear in mind the distinction between techniques, acci-

dent discovery and innovations.

The design of the patent law would be critical in harmonising the somewhat divergent interest of pricing drugs as cheaply as possible and at the same time encouraging investments in R&D. Hopefully, the debate in Parliament would consider some of the economic aspects of a patent regime to bring symmetry between what economists describe as the 'Patent Theory versus Patent Law'.

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# India's poor need a radical package: Amartya Sen

**I**F THE Manmohan Singh Government is serious about ending the chronic under-nutrition that so many poor Indians suffer from, it needs to think seriously about the public provision of basic healthcare, nutritional support for children and income support for the unemployed poor, says Nobel Prize-winning economist Amartya Sen in an exclusive interview to Siddharth Varadarajan of The Hindu.

**Siddharth Varadarajan:** If one looks at the social policy commitments of the UPA Government — for example on education and employment — health seems to have something of a low priority. You have been involved in a recent study on the state of healthcare in rural areas. Based on those findings, what do you feel the Government's approach to health services should be?

**Amartya Sen:** We need a radical change in the way health delivery in the public sector occurs. India spends a lower percentage of GDP on public health than almost any other country, including those of similar income levels. The neglect here is massive, particularly because this has led to both the substandard delivery of public health and the development of an immensely exploitative private enterprise in healthcare that survives on the deficiencies — and sometimes absence — of public health attention.

What we found in the Pratichi Trust survey in West Bengal but also much more sharply in Jharkhand — and based on other information we have, the picture seems fairly widespread — is that

monitoring, or "corruption," as the critics of public provision are fond of saying?

There are three different deficiencies here. First, there is an awfully inadequate amount of investment, so that the amount of public resources going in to providing healthcare for all is extraordinarily little.

Secondly, the monitoring of the performance of public health centres is often totally absent or thoroughly defective. Thus, the absenteeism of doctors is quite high and the incidence of doctors trying to recommend that patients go and see them in their capacity as private practitioners is distressingly high. Third, there is no way the Government helps patients diagnose who is a quack and who is not. That requires a monitoring not just of the public health service but of medical services as a whole.

All three things act together to ruin the rural poor who, from their meagre resources, must spend whatever they can to deal with that which is of greatest importance to them — namely their health. And they get hit both by the continuation of illness and



who are wealthy or fairly well off, and it's a question of their being able to get medical treatment of a very specialised kind which may not be available to others, on the basis of their high income. I don't like the system — I see that as an inescapable necessity — but if this is done by the private sector, at least it is not a drain on the public sector.

I think public sector resources have to provide basic medical care for all, basic medicine, basic diagnosis, blood and urine tests, x-rays and so on, which go with the normal practice of medicine, and providing treatment for well known ailments and doing the best that the doctors can to help the patient, without going into an extremely expensive system of medical care.

In some ways we have gone particularly wrong here. Rather than the public sector providing basic coverage to all Indian residents, you end up in a situation where a large proportion of the population remains under-protected by the public health sector.

On the other side, there is always an attempt to use public money to expand the cutting edge of medical treatment. Now, I have nothing against the cutting edge of medical treatment.

**"I think the combination of quackery and crookery which takes place in the form of private medicine in some of the poorest areas of India and which mainly has the effect of making poor people part with whatever little money they have is something which has to stop."**

**If you look at the priority of political parties nationally, the NDA wanted more super-specialty hospitals like AIIMS and the public health priority seems to be on the building of large, grand hospitals at the cutting edge of medical technology. You seem to be suggesting the priority has to be at the level of basic care.**

Given the economic inequalities in the country, you will get a tremendously unequal delivery of medical attention. There is no way of escaping it. There are a lot of rich people in the country and there is no way you can prevent them from having state-of-the-art medical attention within India if they can pay for it. There is no way you can say it's all right to buy a yacht or a villa but not medical treatment. But what you can do is to rely on the private sector precisely for that because these are people

Indeed, I would not be alive today but for the fact when I had cancer at the age of 18, I could get radiation in Calcutta that cured me, that was 52 years ago, so I take it I am cured now! I did pay for it, it was in a hospital in Calcutta, and indeed my father could just about afford it. So I have nothing at all against getting this type of treatment, and indeed, hopefully cancer treatment of a standard kind should be available for all, and if you look at the costs of that, they are within an affordable budget.

I think specialised health care, including sophisticated medicine and surgery, should be available. But quite often what happens is that one is trying to go at the very extreme cutting edge of medicine. When that happens for AIDS, it makes a lot of sense since there are a great many patients involved. But

generally, the idea that first, basic healthcare should be covered by the public sector and second, that if rich people want to have specialised services, they should be able to access this through the private sector — seems to me a kind of compromise that the Indian political economy would tend to regard as quite natural. It's the kind of system that exists in Britain ...

**Are you then advocating a dramatic increase in budgetary outlays on health at the central level?**

I am advocating that if it is part of a broader package. My difficulty in dealing with some of the debates that are going on today is that you cannot separate one of the elements of a composite package and say that this is our priority. Well, there are a number of things that have to be done, and if you look at the health sector, yes, I would strongly recommend that we spend a lot more on public healthcare. But along with that, we have to introduce a better monitoring system for the delivery of public health services, and we also have to introduce a system of weeding out quackery.

I think the combination of quackery and crookery which takes place in the form of private medicine in some of the poorest areas of India and which mainly has the effect of making poor people part with whatever little money they have, rather than providing a cure, is something which has to stop. So if one just puts in more money, without making any other change, we would be caught in a very sticky ground, but we have to do these things together, and yes, along with the other changes, there is a case for a very dramatic increase in public health expenditure.

**Another possible component of a broad package for social policy would be the role of mid-day meals in providing nutrition to pupils in schools. Most State Governments have introduced cooked mid-day meals in primary schools during the last two years. What are your impressions of this initiative?**

I am very encouraged. Obviously we haven't yet had a chance of studying this programme systematically yet in those parts of India that have just introduced it, but we have a number of separate pieces of evidence on the basis of which we can construct a plausible story. First, there are areas like Tamil Nadu where mid-day meals have been provided for a long time and we do know what the favourable impact

has been. Last year, a survey initiated by the Centre for Equity Studies found encouraging results in three other States.

In the area of the country where the Pratichi Trust has studied the introduction of this scheme, namely West Bengal, the reports are also extremely positive.

It's important to recognise what we expect of the mid-day meal. I would say there are five things. And they are all equally important.

First, India has a higher level of under-nourishment than almost any other part of the world with the possible exception of our neighbours in South Asia. It's not often recognised that the regular level of under-nourishment in India is higher than that of sub-Saharan Africa, where about 20-40 per cent of children are chronically undernourished in terms of criteria like weight for age and other anthropometric criteria. In India, the figure is 40-60 per cent, a very high proportion indeed. Our level of anaemia is much higher, our level of maternal under-nourishment is much higher. Providing meals in schools is one good means of dealing with this vast problem of chronic under-nourishment.

**"The much-debated question of Employment Guarantee should be integrated with the issue of child under-nourishment because what the school meals do in providing publicly supplied food and thereby reducing under-nourishment can be supplemented by private income generated by employment, especially of very poor people who are ready to work for a low wage."**

Second, it increases the attractiveness of schools, from the point of view of attendance, because of the fact that while we often have much higher enrolment ratios than before, the attendance levels have remained systematically lower because of a lot of dropouts. So you can achieve higher attendance and lower dropouts by making it attractive for the kids to come to school.

Third, the imparting of education is badly affected by under-nutrition. In the context of my forthcoming book, *The Argumentative Indian*, I was looking at a discussion in the *Chandogya Upanishad* where Shvetaketu's father is giving him an education. At one stage Shvetaketu decides not to eat. After 15 days, when his father says, can you follow me, he says, no I cannot. And the father says that is because

your intelligence doesn't work if you are starved. If you eat now, you will be able to understand what I am telling you.

This points to the elementary fact that under-nourished children don't find it easy to learn, and the attention deficit and ability to comprehend is a serious problem. Fourthly, there is the problem of teacher absenteeism in a number of schools in India. As long as the teachers are just providing education and students go and find no teacher, they know in some sense their long-run future is being affected. But it is dramatically different if they go and find there is no teacher to unlock the store on the basis of which the cook will cook the meal. It deprives them immediately. So the pressure to be present is much stronger, the monitoring becomes much easier also because there is a genuine interest on the part of students to make sure the entire teaching staff — teachers and cooks — are present every day, and it has had this effect of increasing the regularity with which schooling and education takes place. Fifth, and this is very dialectical, one of the

**"The removal of massive under-nourishment in India requires a combination of health initiatives, nutrition interventions such as mid-day meals, and the creation of extra income, particularly for those whose families are hungry because they have no work."**

the smooth, there is no question that it is having the effects desired. And attendance has increased. In the villages we studied in West Bengal, there was 60 per cent attendance in the pre-mid-day meal days, now it is 70 per cent, and seems to be going up continuously.

So this is one of the very positive things happening in India.

**Does it surprise you that despite such an obvious rationale for this scheme — and positive political payoffs for parties and politicians — the implementation of mid-day meals required so much pressure from activists and the Supreme Court?**

Yes, it did surprise me. The Pratichi Trust was set up with my Nobel money in 1999 and right from the beginning, this has been one of our strong demands. Jean Dreze and I had written about it before as well, and it seemed to us that the rationale for it was extremely clear and simple. Most political leaders want to do things that will make them popular, and this certainly would. I think the fear here was of three kinds. Some people thought too much time may be taken in cooking and eating and that this would take time away from education. Now the fact is that the time taken in education was small anyway because of the absenteeism of teacher and student, but

**"It's not often recognised that the level of under-nourishment in India, at 40-60 per cent of children, is much higher than that of sub-Saharan Africa, where about 20-40 per cent of children are chronically undernourished in terms of criteria like weight for age and other anthropometric criteria."**

when the meal is well organised, it need not take any time off from teaching.

Second, it was feared that there would be an 'upper' caste opposition, and this has happened, and these people are quite vocal. So given the power structure in rural areas, it was felt mid-day meals would be a bit of an uphill battle.

Third was the question of finance. As it happens, most of the States are pretty bankrupt, especially after the Fifth Pay Commission award, and the States would have found it quite difficult to pay for it, though a number of States had. But the Supreme Court judgment, combined with the present Government's commitment to Central support for mid-day meals, has certainly removed that barrier.

**Could one make a case that the success in providing mid-day meals through the public education system could lead the way to a broader revival of public provision of social services — in education, health, and even income support?**

I think that's exactly right. The need for radical thinking on this is very strong in India now. I think the health services, including nutritional arrangements, suffer badly from reasons that have to be investigated along with the problem of educational under-performance and under-attendance. In fact, I would go further. Even the much debated question of Employment Guarantee, to a great extent, has to be integrated with the issue of child under-nourishment because what the school meals do in providing publicly supplied food in schools and thereby reducing under-nourishment can be supplemented by private income generated by employment, especially of very poor people who are ready to work for a low wage.

The removal of massive under-nourishment in India requires a combination of health initiatives, nutrition interventions such as mid-day meals, and the creation of

extra income, particularly for those whose families are hungry because they have no work.

So we have to think of these things as a package, and that is one of the reasons why I felt slightly hesitant about the way the debate has unfolded about the Employment Guarantee — that to some extent it is being seen as a stand-on-its-own scheme when it is really a bigger package that requires talking about many things together.

As an economist, I don't dismiss the argument that the budgetary implications have to be looked at. Fiscal responsibility isn't a dirty word for me, one has to look at that. But one has to see what the objectives really are and how they link with each of these schemes, and since I'm very ambitious, I really do think the time has come for us to make a dramatic change, in public health delivery requiring a lot of money. So one has to look at the financial implications together.

I think in any way of looking at the financial implications, the manifest gigantic problems in India — the biggest child under-nourishment in the world, very defective public health delivery system along with an utterly exploitative private health care arrangement, and consistently under-performing

schooling system, all these have to be thought through together and put through together. And with the new Government at the moment, I think this is a very good moment to do just this. And I get the impression that there is at the very highest level a great deal of sympathy for talking of this kind of comprehensive approach to the deprivations in India. Prime Minister Manmohan Singh has himself made strong statements on this.

**If you link these issues in the way you have just done — education, health and the notion of some kind of private income through a well designed employment guarantee mechanism — this too could become a strong political asset for any party in the same way as mid-day meals.**

Absolutely. I think politically this could be very useful for the parties. I am not a politician myself so I am seeing it mainly as an economist and social activist and from that point of view the case is strong but you are right, this is something which has a political payoff. I know our Prime Minister well since his days as a student and as a colleague; his commitment comes not from strategic political reasons but from a commitment to removing the basic deficiencies.

**Whether your suggestions are followed through or not, isn't the sea change that has taken place in the political terrain in India amazing? This time last year, the topic of discussion everywhere was the mandir controversy, etc. Now, the whole country is discussing employment and other basic issues.**

In my book, *The Argumentative Indian*, which was written a year ago in the time you mentioned, I discuss how one of the penalties of the sectarian politics we have was not only that secularism had been threatened and the minorities' lives have been made less secure, but also it has deflected discussion from the constructive agenda which we could have 'up.

# Round II in RIL board battle

OUR SPECIAL  
CORRESPONDENT

**Mumbai, Jan. 7:** After the stormy meeting on December 27, Mukesh and Anil Ambani will be thrown together again on January 21 when Reliance Industries (RIL) directors gather to discuss the company's third quarter results.

The meeting takes place amid rumours of a settlement between the brothers, which, however, Mukesh's aides have denied.

Notices were sent today to stock exchanges about the Reliance board meeting as well as that of the now Ambani-controlled Indian Petrochemicals Corporation (IPCL) a day earlier for the same purpose.

Anil recently resigned from IPCL, headed by Mukesh, as vice-chairman.

The IPCL event could get nasty, like the December 27 Reliance meeting where Anil raised several objections only to be overruled by the majority, if the younger brother does attend it. So far, there is no word if his resignation has been accepted.

If Anil decides to be there, an uncomfortable situation could arise because of the presence of Anand Jain, the Mukesh aide, who is a director. Last week Anil had fired a salvo against Jain, calling him a "modern-day Shakuni".

In his resignation letter, Anil accused him of heading a conspiracy to divide the broth-

ers and playing a negative role in their family affairs.

It will be the Reliance meeting the day after for which all eyes will be peeled, not in the least because traditionally Anil has been the spokesman for the company at the media interaction after the results are unveiled.

Given the recent acrimony all of which has been exchanged through the media, it is possible that the Reliance board meeting may first decide on a framework for talking to the media and investors.

Reliance sources explained that this would simply mean easing Anil out of the spotlight. Even for Anil, it might be embarrassing having to answer questions about the bat-

tle with his brother on such public occasions.

Recent quarterly performance announcements saw Anil meeting only television and news agency representatives at Reliance Centre, which is his fief, for a few bites.

Yesterday a TV channel set tongues wagging with reports of a settlement between the brothers on splitting the holding in Reliance under the tutelage of mother Kokilaben. Mukesh's associates denied this.

Such rumours are not new. Various formulas have been doing the rounds on the proposition in which the family's 34 per cent stake in Reliance will be split. The latest talks of a share of 33.33 per cent each for the mother and two brothers.



# Anil quits IPCL board, accuses Anand Jain of conspiracy

**New Delhi:** Intensifying his fight against elder brother Mukesh, Anil Ambani on Monday resigned as vice-chairman and director of Reliance group company IPCL, accusing another director Anand Jain of heading a "conspiracy to divide" the brothers and play a "negative role" in their family affairs.

"I consider against my dignity, self-respect and self-esteem to be on the same board as Anand Jain," Anil said in his resignation letter to IPCL chairman Mukesh.

Younger Ambani, who declared a war against Mukesh by questioning the motives behind the buyback proposal barely minutes before flagship company RIL's board meeting on December 27, said in his letter: "Anand Jain is heading the conspiracy to divide us (brothers) and to further worsen our differences."

While RIL officials confirmed the receipt of the resignation by IPCL chairman, Anand Jain, who is considered close to Mukesh and is vice chairman of Reliance Capital, refused to comment on the issues raised by Anil.

An RIL spokesperson told PTI that the flagship company, headed by founder chairman Dhirubhai Ambani, had nominated five directors—Kamal Nanavati, Nikhil Mehswani, Anand Jain, S K Anand and K G Ramanathan—and Mukesh Ambani as chairman after acquiring the erstwhile petrochemical PSU.

Clarifying that Anil was not nominated to the board of IPCL at the time of acquisition, the spokesperson said that he was taken in as a director in place of K G Ramanathan on Mukesh's proposal and was made vice chairman after his father's death by IPCL chairman.

Anil, who was outwitted at the RIL board meeting last week, charged that "Anand Jain's official dealings with Reliance are improper and contrary to ethical norms and this is impacting the business image and reputation of our company."

Reliance Industries acquired IPCL in May 2002 by successfully bidding for 26 per cent of government's equity to become the strategic partner. After the open market offer, as mandated, RIL increased



**Dubbing Anand Jain as a "modern day Shakuni", Anil said that his father Dhirubhai had always asked the brothers to be cautious against "3Cs—chamchas, chelas and cronies"**

its shareholding to 46 per cent.

Dubbing Anand Jain as a "modern day Shakuni," Anil said that his father late Dhirubhai had always asked the brothers to be cautious against "3Cs—chamchas, chelas and cronies." "Anand Jain is working against the interests of Ambani family and playing an obstructive and negative role in our affairs," he said in the letter.

He also accused Jain, who has no official position in the flagship company RIL, of "spearheading the campaign of character assassination against me personally."

Besides his association with Reliance, Jain has been on board of trustees of Mumbai Port Trust twice for two years each, last time being April 2002 to March 2004, and was on the Jawaharlal Nehru Port Trust from April 1994 to March 1995.

Jain is a Bombay University graduate and has done a course in risk management at London Business School. PTI

# Economy on new growth path

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**T**HE happenings in the external sector and indeed in the domestic sector have been heartening in the past three years and an impression is gaining ground that the economy is on a new growth path. With bumper food and cash crops, a big rise in industrial production along with creditable performance on the foreign trade front, the Gross Domestic Product (GDP) rose by 8.2 per cent in 2003-04 against only 4 per cent in 2002-03.

In the current financial year also, the trends in industrial production and the performance of the services sector have been impressive. Production of food and cash crops in the 2004-05 agricultural season is not expected to be much lower, even with insufficient rainfall in some regions during the kharif season. It is, therefore, estimated that the GDP will rise by 6.5 per cent in 2004-05.

The major industries have been reporting creditable performance as the demand for various products including capital goods has been on the upswing. As exports also have risen by 24.02 per cent in April-November, India's creditworthiness has improved considerably in world markets. The industrial sector has been improving its competitive ability while software exports will be rising at 30 per cent yearly in the foreseeable future.

## Oil shock absorbed

It has, therefore, been possible for the economy to absorb without difficulty the oil shock and achieve in the bargain a current account surplus for the third year in succession. The increase in exports was 17.27 per cent in 2003-04 and the additional forex earnings of \$9.11 billion could absorb fully not only the additional oil import bill to the extent of \$2.52 billion but also 53 per cent of the increase in non-oil imports of \$12.50 billion. The trade deficit got enlarged to \$13.36 billion from \$7.45 billion. This big gap, however, did not cause any

worry to the Union Finance Ministry as invisible receipts increased significantly to \$25.43 billion from \$17.05 billion.

## Huge invisible receipts

Allowing for an outgo on account of the bigger trade deficit, there was a current account surplus of \$8.72 billion in 2003-04 against \$4.14 billion comparably. The sizable current account surplus and bulging forex reserves were responsible for the

prizes have encouraged foreign investors to bring in large funds for effecting sizable purchases of listed securities and investing also in a big way in worthwhile initial public offers.

## Boom in bourses

The bullish trend in the secondary market has been responsible for the BSE index rising to an all time high of 6617.15 on December 29 from the low level of 4227.50 record-

*With oil imports likely to be less costly in the remaining four months and continuing growth in software exports, it is estimated that there will again be a current account surplus notwithstanding the deficit in the first half.*

sharp appreciation of the rupee against the U.S. dollar. This, however, did not have any adverse effect on the export effort as the Indian currency was still depreciating against the euro and other major currencies.

As there was no adverse development in the terms of trade with other developed countries and high prices prevailed in world markets for non-ferrous and ferrous metals and other products, the experience in April-November 2004 too has been gratifying. A good portion of the increase in the oil import bill could be taken care of by higher export earnings. Non-oil imports, of course, have been rising because of increased requirements of components, raw materials and finished products for the booming domestic industry.

With oil imports likely to be less costly in the remaining four months and continuing growth in software exports, it is estimated that there will again be a current account surplus notwithstanding the deficit of \$3.3 billion in April-September 2004. The sustained growth in industrial production and improved profitability of industrial enter-

ed on May 17. Despite the volatile behaviour of the bourses at some stages, it is now freely speculated that the BSE index will touch new high levels in the coming months. The Finance Minister, P. Chidambaram, has also been indicating that the tax reforms in the new budget will be investor friendly and that the new policies will also promote foreign direct investment in a big way in select sectors.

It is thus visualised that economic growth in 2005-06 and subsequent years will ensure a sustained GDP growth of 8-10 per cent in the next decade and more. The exchequer also will be benefited by the higher level of economic activity and there is now confidence that the Budget estimates of tax revenues for 2004-05 will be realised and it will be possible to avoid an undue enlargement of the fiscal deficit, despite the unexpected rise in non-plan expenditure due to the grant of relief to those affected in the drought-affected areas in Rajasthan and elsewhere. The latest tragedy caused by the tsunami also will be necessitating heavy expenditure in relief and rehabilitation operations in the severely af-

ected regions in Tamil Nadu, Andhra Pradesh, Kerala and Andaman and Nicobar Islands. Even if it becomes necessary to spend Rs.5,000 crores on various relief operations, the budgetary position may not be seriously affected, as the contributions from non-resident Indians, industrial organisations and others has been overwhelming and the net outgo on this score from the exchequer may not upset earlier calculations.

The apprehended acute stringency in the money market has not materialised so far, as net borrowing by the Finance Ministry has been only Rs.58,684 crores (including Rs.25,000 crores under the Market Stabilisation Scheme) up to December 17 against Rs.77,316 crores. The Budget estimate for net borrowing excluding MSS operations for 2004-05 is Rs.90,365 crores. The reduced borrowing by the Central exchequer has enabled scheduled commercial banks to expand credit on a large scale while growth in deposits has remained fairly high. There has, of course, been a slight hardening in interest rates, as bank credit has risen sharply and even with smaller additions to investments in government and approved securities, it has become necessary to utilise surpluses of earlier years and also effect a reduction in investments in non-SLR securities.

With continuing inflow of funds into the banking system from various directions and the opportunity for the monetary authorities to release immobilised funds when needed with adjustments in CRR and repurchase of securities issued by the MSS operations, a further hardening of interest rates can be prevented. If the Central Budget can provide the necessary lead and the agricultural sector also acquits itself creditably in the 2005-06 season along with the other segments of the economy, the country can look forward to the future with confidence.

P. A. Seshan