

Aadhaar can be interchanged with PAN to file I-T returns | ₹70,000 cr. to be infused into public sector banks | Those earning ₹2 cr. & ₹5 cr. will pay 3% and 7% surcharge | With low external debt now, govt. to start borrowing abroad

STEP BY STEP



ILLUSTRATION: DEEPAK HARICHANDAN



Taxation

- GST on electric vehicles cut to 5%. Additional income tax deduction of ₹1.5 lakh on interest on loans taken to buy electric vehicles
- Customs duty on gold and other precious metals increased from 10% to 12.5%. Hiked for PVCs and autoparts. Duty imposed on newsprint
- Excise duty on fuel hiked by ₹1
- TDS of 2% imposed on cash withdrawals exceeding ₹1 crore in a year from bank accounts to discourage business payments in cash
- Threshold for applicability of lower corporate tax rate of 25% increased from ₹250 crore to ₹400 crore



Social sector

- Pension benefit extended to 3 crore retail traders
- 60% of the amount received by subscribers of National Pension System on closure of account to be exempt from income tax
- Expansion of women SHG interest subvention programme to all districts
- ₹1 lakh loan under MUDRA scheme for one woman in every SHG
- 8 crore more free LPG connections to be given under Ujjwala Yojana
- Labour laws to be rationalised into four labour codes



Industry

- Minimum public shareholding in listed companies to be increased from 25% to 35%
- 100% FDI to be permitted for insurance intermediaries
- Local sourcing norms to be eased for FDI in single brand retail



Infrastructure

- To expand Swachh Bharat Mission to undertake solid waste management in all villages
- ₹70,000 crore fresh re-capitalisation for PSBs
- RBI to be the regulatory authority for the housing finance sector

Nirmala's maiden Budget is all about incremental measures

Extra deduction of ₹1.5 lakh on loans for affordable houses

SPECIAL CORRESPONDENT
 NEW DELHI

Finance Minister Nirmala Sitharaman, in her maiden Budget on Friday, sought to tackle several pain points in the economy through incremental steps rather than opting for the spectacular announcement route.

One of the biggest announcements she made was of a ₹70,000 crore capital infusion in public sector banks to be used as growth capital, now that the legacy issues plaguing the sector have been addressed.

She also announced a slew of measures to ease the liquidity and regulatory problems affecting the Non-Banking Financial Company (NBFC) sector, a key pain point in India's economy at the moment.

The Budget incorporated a number of positive tax reforms, such as lowering the corporate tax rate for companies with an annual turnover of less than ₹400 crore and increasing the surcharge to be paid by high net-worth individuals earning more than ₹2 crore a year. It also finally provided relief for startups from the undue pain of

INSIDE
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 RBI can supersede NBFC board: PAGE 5
 PPP route for railway modernisation: PAGE 8
 Air India sell-off back on the agenda: PAGE 9

the 'angel tax'. In a move that spooked bond markets, Ms. Sitharaman announced that the government would be increasing its external borrowing programme since India's external debt to the GDP was below 5% and among the lowest globally.

Liquidity arrangements
 "Non-Banking Financial Companies are playing an extremely important role in sustaining consumption demand as well as capital formation in small and medium industrial segment," Ms. Sitharaman said. "NBFCs that are fundamentally sound should continue to get funding from banks and mutual funds without being unduly risk-averse."

Keeping this in mind, Ms. Sitharaman announced that the government would provide a one-time partial credit guarantee to public sector banks for their first loss of up to 10% when they purchased the pooled assets of financially sound NBFCs.

She noted that the Reserve Bank of India has only limited regulatory authority over NBFCs, adding that steps will now be taken to strengthen the RBI in this regard. Housing finance companies will henceforth be regulated by the RBI.

Apart from this, the Budget featured smaller steps that would help the NBFC sector, such as doing away with the Debenture Redemption Reserve for public issues. Another provision in the Finance Bill says that if the RBI is satisfied that in the public interest or to prevent the affairs of an NBFC being conducted in a manner detrimental to the interest of depositors or creditors, it can supersede the board for up to five years.

A BIG STEP ► PAGE 10
 BUCKS FOR THE BANKS
 ► EDITORIAL



I congratulate the Finance Minister for giving us a citizen-friendly, development-friendly and future-oriented Budget
NARENDRA MODI, Prime Minister

The Budget has been prepared without listening to the voices of either ordinary citizens or knowledgeable economists
P. CHIDAMBARAM, Ex-Finance Minister

On the massive job crisis that India faces, there is nothing in the Budget. The agrarian distress is also not addressed. No debt-relief and nothing on investment in the sector
SITARAM YECHEURY, CPI(M) leader

It is replete with ornate pronouncements but does not advance the spirit of cooperative federalism. It is a treat for the ears but does not provide any food for thought
M.K. STALIN, DMK leader

IN BRIEF



SC refuses to reopen Haren Pandya case
 NEW DELHI
 The Supreme Court on Friday declined to order further investigation of the murder of former Gujarat Home Minister Haren Pandya in 2003. It said a petition based on newspaper reports, the statement by witness Azam Khan and "conjectures" arrived in a book could not be the basis for a further probe.
NATION ► PAGE 16

SC seeks responses from Centre, UIDAI
 NEW DELHI
 The Supreme Court ordered the Centre and the Unique Identification Authority of India to respond to a petition against the new Aadhaar Ordinance and Regulations, saying they will create a "surveillance State".
NATION ► PAGE 16

2 Gujarat Cong. MLAs resign from Assembly
 AHMEDABAD
 Congress MLAs Alpesh Thakor and Dhavalsinh Zala resigned from the Gujarat Assembly on Friday, after voting in the by-election for two Rajya Sabha seats. They voted against the Congress candidates.
NATION ► PAGE 16

India takes on Sri Lanka in final league match
 LEEDS
 India will meet Sri Lanka in its final league stage game at Headingley on Saturday. While Virat Kohli's men have qualified for the semifinals, Dimuth Karunaratne's side is out of the reckoning.
SPORT ► PAGE 18

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Political messaging guides Budget's welfare focus

Hike in funds for women, SCs/STs points to govt.'s priorities

NISTULA HEBBAR
 NEW DELHI

The first Budget of the second Modi government appeared to be of a continuum of the last with an emphasis on social welfare. This includes a bank overdraft facility of ₹5,000 for women members of Self-Help Groups (SHG) and an identification with the poor, while the rich (those with incomes between ₹2 crore and 5 crore and ₹5 crore and above) have been hit with a hike in surcharge.

Government sources said the surcharge would fetch around ₹12,000 crore and would offset the loss of ₹4,000 crore from the slashing of corporate tax. The political optics of taxing the rich is quite potent, and the

government appears mindful of that.

The hike in the allocations for women (10%), the Scheduled Castes (30%) and the Scheduled Tribes (25%) is also an important pointer to the government's priorities, one that is again full of political signalling.

Infrastructure push

There was a lot of stress on infrastructure development, including tax relief for affordable housing, with a proposed tax holiday for developers of affordable housing and an additional deduction of up to ₹1.5 lakh for interest on home loans borrowed up to March 31, 2020.

Announcements of targets for the construction of 1.95 crore houses under the

Pradhan Mantri Awas Yojana (PMAY) and an allocation of ₹80,250 crore for the upgrade of rural roads under the Pradhan Mantri Gram Sadak Yojana were also made.

Much of the allocations for farmers was done in February's interim Budget, including the Pradhan Mantri Kisan Samman Nidhi. The announcements for the farm sector this time were more on structural issues related to farmers, but nothing with the razzmatazz of February's announcements.

The one announcement that hit a false note in this narrative was the hike of ₹2 per litre on petrol via not just hiking of prices by ₹1 but also a Road and Infrastructure Cess.

Not holding a brief from the past

Minister replaces leather briefcase with a cloth bag to carry Budget papers

SANDEEP PHUKAN
 NEW DELHI

Presenting her maiden Budget, Union Finance Minister Nirmala Sitharaman on Friday broke away from tradition when she replaced the conventional leather briefcase with a bright red cloth bag to carry the Budget papers to the Parliament House.

There were other significant departures as well. The Finance Minister skipped reading the allocations to different Ministries, or the macro economic numbers like projected revenues or expenditure.

At the end of her speech that extended beyond two hours and 15 minutes, Ms. Sitharaman did inform the Lok Sabha that all the numbers had been mentioned in the annexure of the Budget document.



Nirmala Sitharaman arriving to present the Budget on Friday. ■ SANDEEP SAXENA

Speaker Om Birla praised Ms. Sitharaman for presenting the Budget as the country's first full-time woman Finance Minister.

Prime Minister Narendra Modi was among the first MPs to walk up to the Fi-

nance Minister to congratulate her after she finished. Several other Ministers, including Rajnath Singh, Ravi Shankar Prasad, Piyush Goyal and Smriti Irani, were seen congratulating her and sharing some light moments after her marathon speech.

Interestingly, while reading out the Budget, the Finance Minister didn't pause even to have a glass of water.

Family in attendance

And while she was reading out her speech - replete with Tamil, Urdu, Hindi and Sanskrit verses - her daughter and her maternal uncle and aunt watched the proceedings from the Speaker's Gallery on the upper deck.

When Ms. Sitharaman

walked into the Lok Sabha five minutes before the proceedings started at 11 a.m., she acknowledged their presence with a smiling nod.

Indira Gandhi was the first woman to present a Budget in 1970, when she was the Prime Minister. Her Finance Minister Morarji Desai had resigned from the Cabinet, prompting her to retain the Finance portfolio for a year.

Ms. Sitharaman's proposals were welcomed with frequent thumping of desks by the treasury benches. Mr. Modi too joining the members. Several MPs, including Home Minister Amit Shah, were seen taking notes at regular intervals.

SILENCE ON GRANTS RAISES EYEBROWS ► PAGE 10

Vaiko gets one-year jail term for sedition

Conviction will not disqualify him from filing papers for Rajya Sabha poll

SPECIAL CORRESPONDENT
 CHENNAI

In a rare conviction for sedition, Marumalarchi Dravida Munnetra Kazhagam (MDMK) general secretary Vaiko was sentenced to a prison term of one year by a special court for elected representatives here on Friday for a speech he had made in July 2009.

Mr. Vaiko is set to file his nomination papers for a Rajya Sabha seat from Tamil Nadu. The conviction will not disqualify him from the electoral contest, as he has been sentenced only to a one-year term. Only a sentence of two years and above will attract disqualification provisions under the Representation of the People Act.

Sedition, or Section 124A of the IPC, is not one of the offences that entail disqualification, regardless of the



Defiant stance: MDMK leader Vaiko told the media in Chennai on Friday that he welcomed the verdict. ■ B. VELANKANNI RAJ

length of the prison term. Mr. Vaiko made the speech in question on July 15, 2009, at a function to launch the Tamil version of his book *I Accuse*, a compilation of letters he had written to the Prime Minister about the alleged "betrayal" by the Centre in "aiding" Sri Lanka in committing "genocide" against thousands of Tamils

during the last years of the war against the LTTE. He was severely critical of the regimes of the day at the Centre and in the State. In his speech he asked Tamil youth to support the formation of "Tamil Eelam."

J. Shanthi, special court judge said at the conclusion of the trial that the charge of sedition had been proved.

She held that given the position of the accused in society, his speech could influence the people. She noted that the book was released and a "hate message" delivered just two months after the death of LTTE leader V. Prabhakaran. Given the volatile mood of those days, there was danger to the security of the State and Central governments then.

She noted that Mr. Vaiko had said the LTTE had been defeated because of the Indian government's betrayal. "Section 124 A IPC also attracts intention or tendency to create disorder or disturbance to law and order or incitement to violence... Whether that act resulted in violence is immaterial. The charge under Section 124 A IPC stands proved." The judge also imposed a ₹10,000 fine.

MOHAMED IMRANULLAH S.
 CHENNAI

The Madras High Court on Friday granted 30 days of ordinary leave to S. Nalini, 52, a life convict in the former Prime Minister Rajiv Gandhi's assassination case. The order was passed after she argued her case in person and made a fervent plea to the judges in a choked voice that she may be allowed to step out of prison for some days to make arrangements for the marriage of her daughter, who is residing in London.

Nalini had many years ago come out on short paroles of a day each to attend her brother Bhagyanathan's wedding and her father's last rites.



Nalini being brought to the Madras High Court for the hearing on Friday. ■ R. RAGU

assassination case. "If, in the view of the government, the petitioner can be allowed to lead a normal life and she would not be a hindrance to the society, the request for leave can never be objected to," they said.

The judges also directed the State government to bear the expenses of providing escort to her during the period of leave since she expressed difficulty in paying the charges.

"There is no material to hold that she is a woman of means. Admittedly, she and her husband are in incarceration for decades. Asking the petitioner to pay the cost would in a way take away the very order passed by us when it is impossible of compliance," they said.

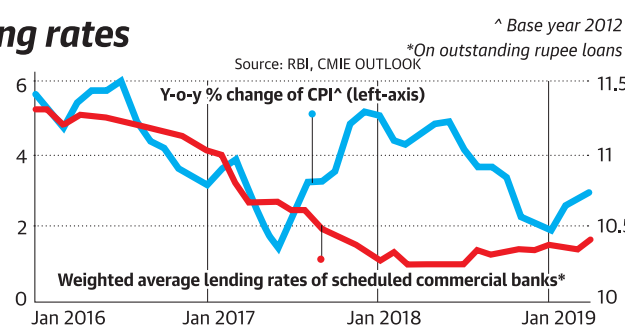


Direct tax revenue has increased by over 78% to ₹11.37 lakh crore in the last 5 years. It is now growing in double digits every year



Inflation vs lending rates

After retail inflation fell from more than 6% in July 2016 to 1.4% in June 2017, the lending rates in scheduled commercial banks too dipped correspondingly. The average lending rate was about 10.4% in April 2019 and fell from more than 11% in July 2016



It is encouraging that the fiscal deficit target has been revised downwards. Better growth with stability will be ideal

Jatin Datal,
SVP and CFO,
Wipro Limited

FIRST TAKE

T.T. SRINIVASARAGHAVAN,
MD, Sundaram Finance



'FM should be no less a magician!'

I have long held that the most difficult and thankless job of all, in our country, is that of the Union Finance Minister! Meeting the endless expectations of business, farmers, industry lobbies, foreign portfolio investors, stock market players and the common man, requires the FM to be a magician, no less. How does one reconcile the conflicting demands of those seeking tax cuts and increased subsidies on the one hand with those who seek increased government investment in infrastructure, bank recapitalisation and alleviation of rural distress, on the other? But it is this brave task that India's first lady Finance Minister has undertaken.

At a broad level, FDI seems to have taken centre stage, seeking perhaps to offer an alternative to China, as uncertainty continues over the Sino-U.S. trade war. Predictably, infrastructure retains its pride of place amongst the government's priorities, while disinvestment finds its customary mention, as it has for several years. Also unsurprisingly, gas, electricity, toilets (GET) remains high on the agenda, given how much of a factor it was in the recently-concluded elections. But over the next few days and weeks, commentators and experts will have a field day dissecting the budget, while the stock market will likely go through its own gyrations!

For the financial sector, there are several noteworthy proposals. The proposal to permit investments made by FPIs/FPIs in debt securities issued by Infrastructure Debt Fund - Non-Bank Finance Companies (IDF-NBFCs) to be transferred/sold to any domestic investor within the specified lock-in period and allow AA rated bonds as collateral, should hopefully kick off the long talked about deepening of bond markets. The move to bring HFCs under RBI supervision is also very logical. After months of uninformed discourse on the 'NBFC crisis', it was both refreshing and reassuring to hear the FM acknowledge in unequivocal terms that NBFCs play a key role in the country's economic growth and the fundamentally sound ones should continue to get funding from banks and mutual funds. The one-time partial credit guarantee offered to public sector banks for purchase of 'high-rated pooled assets' of financially sound NBFCs amounting to ₹1 lakh crore in FY20 is a good confidence restoring move, while the removal of the Debenture Redemption Reserve for NBFCs opens up a viable avenue of resource raising for well-run NBFCs. For 20 years and more, NBFCs have sought parity with banks in respect of taxability of income on non-performing assets, under Section 43 D of the Income Tax Act. For those of us who fought this long battle, this comes as a really sweet reward!

Perhaps one of the least noticed announcements is the one regarding "an expert committee to study the current situation relating to long-term finance and our past experience with development finance institutions, and recommend the structure and required flow of funds through development finance institutions." One can't help but feel that the IL&FS fiasco might have never happened had the DFIs such as IDBI and ICICI not been swept away by the fashionable clamour for Universal Banking! Above all, the Finance Minister did not once refer to the non-banking finance companies as 'shadow banks'. If only for this, we owe her a debt of gratitude.

POCKET | RAVIKANTH



"I think I play the market well! Whenever I feel like investing in stocks, I actually go to a savings bank!"

Budget proposes higher income tax on rich

Finance Minister suggests hike in surcharge on taxable income from ₹2 crore to ₹5 crore by 3%, ₹5 crore and above by 7%

SPECIAL CORRESPONDENT
NEW DELHI

In a radical move, the Union Budget has proposed an increase in the effective tax rate paid by high net-worth individuals (HNIs) by hiking the surcharge paid by those earning more than ₹2 crore and ₹5 crore a year.

"In view of rising income levels, those in the highest income brackets need to contribute more to the nation's development," Finance Minister Nirmala Sitharaman said in her Budget speech. "I, therefore, propose to enhance surcharge on individuals having taxable income from ₹2 crore to ₹5 crore and ₹5 crore and above so that effective tax

rates for these two categories will increase by around 3% and 7% respectively."

According to the government, this increase in the surcharge is expected to earn the government an additional ₹12,000 crore a year.

Ms. Sitharaman highlighted the growth of direct tax revenue, which she said stood at 78% from ₹6.38 lakh crore in financial year 2013-14 to around ₹11.37 lakh crore in financial year 2018-19. She added that direct tax collections are now growing in double digits every year.

The government estimates that it will collect ₹5.69 lakh crore from income tax in financial year 2019-20, which is 7.5% higher

than the ₹5.29 lakh crore revised estimate for collections in 2018-19.

In continuation of former finance minister Arun Jaitley's assurance that this government would reduce corporate tax rates, Ms. Sitharaman also said that companies with a turnover of up to ₹400 crore a year would now have to pay tax at 25%. This turnover limit was earlier ₹250 crore a year. The new limit will now cover 99.3% of companies, Ms. Sitharaman said.

"We are progressively moving towards fulfilling our goal on that [reducing corporate tax rates for all companies to 25%]," Ms. Sitharaman said at a press

conference. "By bringing in more number of companies in that lowered rate, we are clearly sending a message that we are not trying to stick to rigidity on the rates."

According to Revenue Secretary Ajay Bhushan Pandey, the revenue loss on account of this would be around ₹4,000 crore a year.

Ms. Sitharaman also announced a number of measures, such as electronic face-less assessments, to improve transparency in income tax assessment process and also to ease the return filing process for tax filers.

"The existing system of scrutiny assessments in the

income-tax department involves a high level of personal interaction between the taxpayer and the department, which leads to certain undesirable practices on the part of tax officials," Ms. Sitharaman said. "To eliminate such instances, and to give shape to the vision of the Hon'ble Prime Minister, a scheme of faceless assessment in electronic mode involving no human inter-

face is being launched this year in a phased manner."

To start with, such e-assessments are to be carried out in cases requiring verification of certain specified transactions or discrepan-

cies, she added.

Under the new system, cases selected for scrutiny will be allocated to assessment units in a random manner and notices will be issued electronically by a Central Cell, without disclosing the name, designation or location of the Assessing Officer. This Central Cell will be the single point of contact between the taxpayer and the Income Tax Department.

In a bid to ease the return filing process, Ms. Sitharaman said that taxpayers will be able to access pre-filled tax returns which will contain details of salary income, capital gains from securities, bank interest, and dividends etc. and tax deductions.

Taxing the richest more

Budget 2019 has increased the tax burden on the highest earners in comparison to the previous year

Particulars	Pre Budget	Post Budget	Pre Budget	Post Budget	Pre Budget	Post Budget
Income under Salary per annum	1,20,00,000	1,20,00,000	2,20,00,000	2,20,00,000	5,50,00,000	5,50,00,000
Income (loss) from house property	-2,00,000	-2,00,000	-2,00,000	-2,00,000	-2,00,000	-2,00,000
Gross total income	1,18,00,000	1,18,00,000	2,18,00,000	2,18,00,000	5,48,00,000	5,48,00,000
Less: Deduction under Section 80C	-1,50,000	-1,50,000	-1,50,000	-1,50,000	-1,50,000	-1,50,000
Less: Deduction under Section 80EEA	-	-1,50,000	-	-1,50,000	-	-1,50,000
Less: Deduction under Section 80EEB	-	-1,50,000	-	-1,50,000	-	-1,50,000
Pre Tax Income (Total taxable income)	1,16,50,000	1,13,50,000	2,16,50,000	2,13,50,000	5,46,50,000	5,43,50,000
Income Tax	33,07,500	32,17,500	63,07,500	62,17,500	1,62,07,500	1,61,17,500
Less: Rebate under section 87A	-	-	-	-	-	-
Total tax payable after rebate	33,07,500	32,17,500	63,07,500	62,17,500	1,62,07,500	1,61,17,500
Surcharge as applicable	4,96,125	4,82,625	9,46,125	15,54,375	24,31,125	59,63,475
Education cess @ 4%	1,52,145	1,48,005	2,90,145	3,10,875	7,45,545	8,83,239
Total tax, surcharge and education cess	39,55,770	38,48,130	75,43,770	80,82,750	1,93,84,170	2,29,64,214
Effective rate	33.96%	33.90%	34.84%	37.86%	35.47%	42.25%
Difference as tax saving / (tax liability)		1,07,640		-5,38,980		-35,80,044

Assumptions

Data based on analysis by E&Y

1 Only salary and house property income has been considered

2 The individual has taken a loan for a residential house property during the financial year 2019-20 having stamp duty value not exceeding ₹45 lakh and does not have any other residential property. He has paid interest on loan amounting to ₹4,00,000 during the financial year 2019-20

3 Assuming individual has got loan sanctioned for purchase of an electric vehicle during financial year 2019-20 and does not own any other electric vehicle

4 Individual has made investments eligible for Section 80C deductions

Aadhaar can be interchanged with PAN for filing tax returns

Proposal to give unique identity number expeditiously to visiting NRIs

SPECIAL CORRESPONDENT
NEW DELHI

The Union Budget 2019-20 has proposed to make Aadhaar interchangeable with PAN, thereby allowing people without PAN to file income tax returns using only their Aadhaar, Finance Minister Nirmala Sitharaman said on Friday.

Further, the Finance Minister proposed allotting Aadhaar to non-resident Indians, arriving in India, on an expedited basis.

"More than 120 crore Indians now have Aadhaar," Ms. Sitharaman said in her maiden Budget speech. "Therefore, for ease and

convenience of tax payers, I propose to make PAN and Aadhaar interchangeable and allow those who do not have PAN to file income tax returns by simply quoting their Aadhaar number and also use it wherever they are required to quote PAN."

42 cr. PAN cards issued
According to data with the Central Board of Direct Taxes (CBDT), 42 crore PAN cards have been issued, of which only 23 crore have been linked with Aadhaar. However, the annexure to the Minister's speech makes



it clear that the intent is not to replace PAN with Aadhaar as the primary identity proof when it comes to income tax.

While it is proposed to make Aadhaar interchangeable with PAN to enable those without PAN to file tax returns, "the Income Tax Department shall allot PAN to such persons on the basis of Aadhaar after obtaining demographic data from the Unique Identification Authority of India (UIDAI)."

In other words, if you do not have a PAN and want to file income tax returns, you

can do so, but you will still be allotted a PAN. Those who have already linked their PAN with their Aadhaar can choose which ID they want to use while filing taxes.

"It is also proposed to provide that a person, who has already linked his Aadhaar with his PAN, may, at his option, use Aadhaar in the place of PAN under the [Income Tax] Act," the Budget document said.

So far, non-resident Indians with an Indian passport had to wait for 180 days after their arrival in India before they can apply for Aadhaar. The Budget proposed to remove this waiting time.

Petrol, diesel levies hiked by ₹2 per litre

Duties, cess raised by ₹1 each

SPECIAL CORRESPONDENT
NEW DELHI

In a move that will hit the pockets of the common man, the Union Budget 2019-20 proposes hiking the duty and cess on petrol and diesel by ₹2 per litre each.

"Crude prices have softened from their highs," Ms. Sitharaman said in her Budget speech. "This gives me a room to review excise duty and cess on petrol and diesel. I propose to increase Special Additional Excise Duty and Road and Infrastructure Cess each by one rupee a litre on petrol and diesel."

This means that the special additional duty (SAD) will go up to ₹8 per litre for petrol and ₹2 per litre for diesel. The Road and Infrastructure Cess on petrol will increase to ₹9 per litre for both fuels.

However, industry officials say that the effective increase in the price paid by the consumers will likely be more than ₹2 per litre.

"The effective increase in the price will be more than ₹2 per litre because there are calculations to be made regarding VAT and other things," a senior official in a State-run oil marketing company told *The Hindu* on the condition of anonymity.

"We are currently doing those calculations and will arrive at our assessment once there is clarity from the Finance Ministry regarding a few issues."

These issues could possibly be the fact that while Ms. Sitharaman's Budget speech and its annexure mentioned a ₹1 per litre increase each in the SAD and the cess, the Finance Bill that brings the Budget into law said that these increases would total a much higher ₹5 a litre.

"This seems to be a misprint as the communication

Effective increase in the price will be more than ₹2 per litre as there are calculations to be made on VAT, etc.

AN OMC OFFICIAL

We have so far received is that the increase is ₹2 per litre," the official said. "But more clarification is needed."

In a bid to spur the 'Make in India' goal and to bring domestic manufacturing on a level-playing field, Ms. Sitharaman said that basic customs duty is being increased on items such as cashew kernels, PVC, vinyl flooring, tiles, metal fittings, mountings for furniture, auto parts, marble slabs, optical fibre cable, CCTV camera, IP camera, digital and network video recorders.

Further, she proposed removing exemptions from customs duty for certain electronic items being manufactured in India.

The Budget also proposes customs duty reduction on certain raw materials and capital goods, including certain inputs of CRGO sheets, amorphous alloy ribbon, inputs for manufacture of artificial kidney and disposable sterilised dialyser, and nuclear power plant fuels.

The Finance Minister has also proposed some steps to prevent 'bogus' companies from availing undue concessions and export incentives.

"While we have intensified our efforts against such nefarious activities, provisions are being incorporated in the Act for enhanced penalty and prosecution for such offences," Ms. Sitharaman said.

"Further, misuse of duty free scrips and drawback facility involving more than ₹50 lakh will be a cognisable and non-bailable offence."

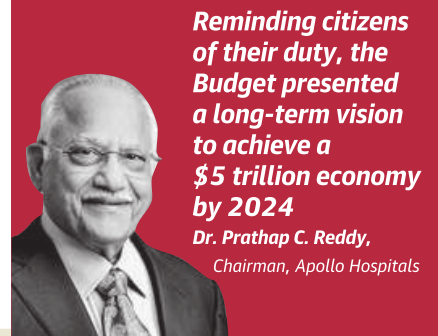
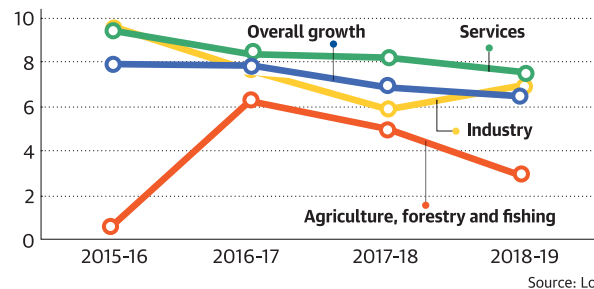


Investors who file requisite declarations won't be subjected to any scrutiny in respect of valuations of share premiums



Mixed growth

The Gross Value Added (GVA) growth rate for agriculture and allied sectors fell sharply in FY19. The service sector's growth rate recorded a dip while the industry sector grew by one percentage point. The overall growth rate registered a slight dip



Will Budget boost the investment rate?

Pushing the Indian economy to a size of \$5 trillion by 2024-25 depends on real growth rate, inflation rate and the movement of Indian rupee vis-a-vis the U.S. dollar. Starting with a base size of \$2.7 trillion in 2018-19, if annual growth is uniformly distributed across the next five years, a nominal growth rate of 13% per annum is required which can be decomposed into a real growth of 8%-9% and an inflation rate of 5%-4% with an assumed rate of depreciation on the Indian rupee of 2% per annum.

The Union Budget has proposed a number of growth-promoting initiatives to achieve this target.

First, the government proposes to access global investors by floating sovereign bonds denominated in external currency. This will ease pressure on domestic savings and interest rates which will eventually facilitate an effective transmission of a repo rate reduction to lending rates. Second, the government has come out with a clearer focus on Make in India where the emphasis will now be on relatively limited sectors such as MSMEs, start-ups, defence manufacturing, automobiles, and electronics. Third, the government aims to invite global investors for setting up mega-manufacturing plants to bring in advanced technology in electric vehicles, electronics and other related areas. Fourth, the burden of NPAs on the banking sector is likely to ease with a budgeted capital infusion of ₹70,000 crore.

The issue that needs to be examined is whether these measures would be effective to uplift India's investment rate from 31.3% in 2018-19 which delivered a growth rate of 6.8% to a level enabling real growth rate of 8%.

Government eases angel tax norms

Start-ups filing requisite declarations will not be subject to any kind of scrutiny in respect of valuations of share premium

YUTHIKA BHARGAVA
NEW DELHI

To encourage start-ups in the country, Finance Minister Nirmala Sitharaman on Friday announced a series of measures for the sector, including easing of the much-debated angel tax.

Now, the start-ups who file requisite declarations will not be subject to any kind of scrutiny in respect of valuations of share premiums.

In her speech, Ms. Sitharaman said that start-ups in India are taking firm roots and their continued growth needs to be encouraged "...by releasing entrepreneur

spirits." The Finance Minister has also proposed to start a television programme within the DD bouquet of channels exclusively for start-ups.

"To resolve the so-called 'angel tax' issue, the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums," she said.

Additionally, the issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of

e-verification. "With this, funds raised by start-ups will not require any kind of scrutiny from the Income Tax Department," she added.

Affects start-ups
Angel tax is applicable to unlisted companies that have raised capital through sale of shares at a value above their fair market value. This excess capital is treated as income and taxed accordingly. This tax predominantly affects start-ups and the angel investments they attract.

In addition, special administrative arrangements shall be made by Central Board of

Direct Taxes for pending assessments of start-ups and redressal of their grievances. The Minister said that it will be ensured that no inquiry or verification in such cases can be carried out by the Assessing Officer without obtaining approval of his/her supervisory officer.

Pointing out that at present, start-ups are not required to justify fair market value of their shares issued to certain investors, including Category-I Alternative Investment Funds (AIF), the Minister has proposed to ex-

tend this benefit to Category-II Alternative Investment Funds also. "Therefore, valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny," she said.

Further, the Minister also proposed to relax some of the conditions for carry forward and set off of losses in the case of start-ups. "I also propose to extend the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021 and relax certain

conditions of this exemption."

The proposed programme on start-ups, Ms. Sitharaman said, will serve as a platform for promoting start-ups, discussing issues affecting their growth, matchmaking with venture capitalists and for funding and tax planning, the Minister said, adding that the channel will be designed and executed by start-ups themselves. So far, 19,665 start-ups are recognised by the Department for Promotion of Industry and Internal Trade (DPIIT). They are eligible for availing tax and other incentives.

MSMEs hail move to raise corporate tax limit

Companies with a turnover of up to ₹400 crore to enjoy lower levy of 25%

PIYUSH PANDEY
MUMBAI

The Micro, Small and Medium Enterprises (MSME) sector has cheered the extension of a lower rate of 25% corporate tax to all companies with an annual turnover of up to ₹400 crore.

Currently, this rate is only applicable to companies having an annual turnover up to ₹250 crore.

"This will cover 99.3% of the companies. Now only 0.7% of the companies will remain outside this rate,"

The widening of annual turnover will boost profit in the long term

K. JOHN BABY
CEO, Funschool

said Finance Minister Nirmala Sitharaman while presenting her maiden Budget.

Welcoming the move, K. John Baby, chief executive officer, Funschool India Limited, said, "The government's move to continue with the policy of phased reduction in corporate tax rates, is a

welcome step.

"The widening of annual turnover from ₹250 crore to ₹400 crore will reduce the tax liabilities for a large number of companies and boost profits in the long term.

"We welcome the government's initiative to crack down on nefarious activities and unfair trade practices," he added.

"There is no structural change in corporate tax regime except that now companies up to an annual turnover of ₹400 crore would

qualify for the lower rate of tax of 25% (plus surcharge and cess)," said Suresh Surna, founder, RSM Astute.

"With an aim to stimulate growth, lower rate of 25% has been expanded to almost 90% of the companies in India, to be made applicable for companies with a turnover of up to ₹400 crore.

"This is a welcome move towards bridging the gap of corporate tax with the ASEAN countries," said N. V. Raman, partner, indirect tax, BDO India.

Govt. slaps 10% customs duty on newsprint

SPECIAL CORRESPONDENT
NEW DELHI

The government on Friday imposed 10% import duty on newsprint and 5% import duty on printed books. There was no import duty on newsprint so far.

"To encourage domestic publishing and printing industry, 5% custom duty is being imposed on imported books," Finance Minister Nirmala Sitharaman said while presenting the Union Budget for 2019-20 in the Parliament.

Under this, printed books

including covers for printed books and printed manuals, will attract duty.

Coated paper
In addition, imported newsprint, uncoated paper used for printing of newspapers and lightweight coated paper used for magazines will now attract 10% custom duty.

This decision is expected to have a significant impact on the industry as most of India's newsprint requirements are met through imports.

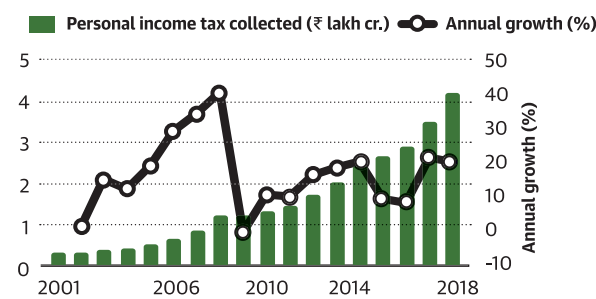


We will invest in infrastructure and support private entrepreneurship in driving value-addition to farmers' produce



Steady growth

With an increase in the number of tax returns filed, the collection of direct income tax has been growing and has reached ₹4.2 lakh crore in FY18. The annual rate of growth of collection has fluctuated, but grew by over 20% annually between FY2016 and FY2018



The Budget will boost demand with many enablers for augmenting the flow of domestic and foreign capital



Rajnish Kumar, Chairman, SBI

FIRST TAKE

MOTILAL OSWAL, CMD, Motilal Oswal Financial Services Ltd



Budget attempts a balancing act

In her maiden budget speech, our new Finance Minister tried doing a balancing act. There was a social angle in the Budget, but at the same time she did not try tinkering too much with direct and indirect taxes. The Budget document speaks of a 3.3% deficit but the roadmap to achieve that is missing. In the last few years, the government has curbed its spending and tried achieving fiscal discipline, but that is not the best way to get the results.

This Budget has addressed equity market issues in a direct and indirect manner.

On promoter's holding reduction from the current 75% to 65%, while there is no definitive timeline proposed by the Budget, we think over next 2-3 years this will be the reality. This will bring more supply in the system, and therefore, actually depress prices of some of the stocks where the promoter holding is substantially higher than 65%.

The HNI tax increase above ₹2 crore and ₹5 crore is a dampener but not unexpected, given the social angle that this government is embracing

With tax on buyback, the loophole of dividend payout tax savings is sealed. Every time a company pays back to shareholders, they have to pay corporate tax, dividend tax or buyback tax (now) and then dividend receipt tax in the hands of individual or capital gains tax in the hands of investors. This is not helpful for equity market sentiment and some of the cash rich companies will find it difficult to redistribute the cash in the hands of shareholders. IT sector companies will be the worst hit companies from valuation perspective.

There are tax benefits given to EV buyers, which in a way is incentive given to adapt to new technology while also levying ₹1 excise duty on petrol and diesel.

From the capital market perspective this is not a pro capital market budget; it has tried everything to redistribute the income in the hands of masses. In a way, I would call this a "Robinhood Budget".

RBI can supersede NBFC board

It will also regulate housing finance companies now under NHB's purview

SPECIAL CORRESPONDENT MUMBAI

Non-banking finance companies that are facing a crisis of confidence saw a slew of measures from the Budget to restore investor confidence.

The Reserve Bank of India also stepped in as it announced additional liquidity support to the sector through banks to the tune of ₹1.34 lakh crore, after the Finance Minister concluded her budget speech.

The government has decided to give more powers to the Central bank to regulate the non-banking finance companies and the regulator will have the power to supersede the board of the shadow banks, apart from those owned by the government.

According to the Finance Bill, if the RBI is satisfied that in the 'public interest' or to

prevent the affairs of an NBFC being conducted in a manner detrimental to the interest of the depositors or creditors, the board can be superseded for a maximum five years and an administrator can be appointed.

The RBI will also regulate housing finance companies which are under the purview of the National Housing Bank.

"The NHB, besides being the refinancer and lender, is also regulator of the housing finance sector. This gives a somewhat conflicting and difficult mandate to NHB. I am proposing to return the regulation authority over the housing finance sector from NHB to RBI," Ms. Sitharaman said.

"Shifting regulation of

HFCs from NHB to RBI is an important step to give confidence to domestic and foreign investors," said Deo Shankar Tripathi, MD & CEO of Aadhar Housing Finance Ltd.

Following the budget announcement that for purchase of high-rated pooled assets of financially sound

NBFCs, of not more than ₹1 lakh crore, the government will provide one-time six months' partial credit guarantee to public sector banks for first loss of up to 10%, the RBI has decided to provide required liquidity to the banks against their excess G-sec holdings.

"The partial credit guarantee from GoI would help NBFCs raise funds from PSU banks, thus providing the

funding support to NBFC/HFCs. However, with the guarantee being available for only six months, the preference could be for relatively shorter-term retail assets," said Karthik Srinivasan, Group Head - Financial Sector Ratings, ICRA Ltd.

The central bank has also decided to frontload the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) which will enable the banks to avail additional liquidity of ₹1.34 lakh crore.

The budget also proposed that foreign institutional investors and foreign portfolio investors will be allowed to invest in debt securities by shadow banks, which help NBFCs to raise more funds.

The budget also provided some tax incentives to the NBFCs by treating them on par with banks.



Growth capital for public sector banks

Govt. allocates ₹70,000 crore

SPECIAL CORRESPONDENT MUMBAI

After cleaning up the balance sheets of the State-run banks, the government has now provided additional capital to them to boost credit growth, apart from meeting regulatory requirements.

Announcing the capital infusion, Union Finance Minister Nirmala Sitharaman said, "Public sector banks are now proposed to be further provided ₹70,000 crore capital to boost credit for a strong impetus to the economy."

According to bankers, about 50% or ₹35,000 crore will be the growth capital after meeting regulatory requirements. The infusion is higher than what the market expected, around ₹50,000 crore.

"The boost for MSME, affordable housing & infrastructure sector is expected to generate the growth in the bank credit," said Mrutyunjay Mahapatra, MD&CEO, Syndicate Bank.

Record recovery

Indicating the worst is behind for the banking sector, the Minister said the bad loans of the commercial banks had come down by over ₹1 lakh crore over the

last year, and there was a record recovery of over ₹4 lakh crore due to the Insolvency and Bankruptcy Code. The provision coverage ratio is now at its highest in seven years, and domestic credit growth has risen to 13.8%, Ms. Sitharaman said, adding six public sector banks were out of the Prompt Corrective Action (PCA) framework of the RBI.

"The recapitalisation appears to be positive as it will not only address regulatory capital requirements but also the growth capital," said

Anil Gupta, Sector Head - Financial Sector Ratings ICRA. Mr. Gupta said the infusion would help the remaining PSBs to exit the PCA fra-

mework and also facilitate merger among them.

"Further, in our view, the dependence on banks for raising capital from market sources also stands substantially reduced and the credit growth of 12-13% is assured, even if the PSBs are unable to raise capital from markets," he added.

The long-awaited governance reforms in the PSBs seem to be on the cards as the Minister promised "reforms will also be undertaken to strengthen governance in PSBs".



A shot in the arm for struggling MSMEs

SPECIAL CORRESPONDENT MUMBAI

Struggling Micro, Small and Medium Enterprises (MSMEs) have got a boost from the 2% interest subvention scheme in the Union Budget announced by Finance Minister Nirmala Sitharaman, as "Make in India," with particular emphasis on MSMEs, was one of the major areas of her Budget

speech. The government has introduced a scheme for providing loans up to ₹1 crore within 59 minutes through a dedicated online portal.

Also, ₹350 crore has been allocated for FY 2019-20 for 2% interest subvention for all GST registered MSMEs on fresh or incremental loans.

The Finance Minister announced the government's

intent to create a payment platform for MSMEs to enable filing of bills and payment on the platform itself to eliminate delays in government payments.

The government will extend pension benefit to about three crore retail traders and small shopkeepers whose annual turnover is less than ₹1.5 crore under a new scheme named Pradhan

Mantri Karam Yogi Maandhan Scheme. Enrolment will be kept simple requiring only Aadhaar and a bank account.

Under the Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI), 100 new clusters will be set up during 2019-20, enabling 50,000 artisans to join the economic value chain.

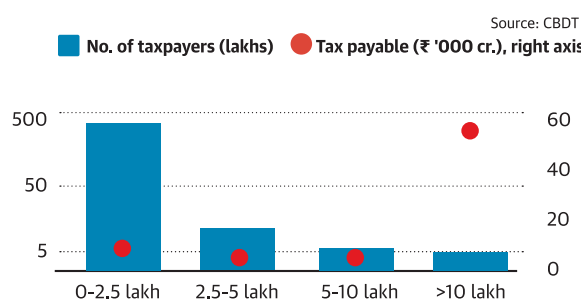


Our economy was at about \$1.85 trillion when we formed the government in 2014. In 5 years, it has reached \$2.7 trillion



Who pays what

The majority of taxpayers in the country have an income of below ₹2.5 lakh, with the number of people in higher brackets tapering off. There are only 5 lakh taxpayers with an income of over ₹10 lakh. However, the highest amount of tax payables came from those in this slab



The start-up ecosystem gets a boost on the creation, funding and sustenance fronts



Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance

FIRSTTAKE

A. BALASUBRAMANIAN
CEO, Aditya Birla Sun Life AMC



Thoughtful schemes for middle class

The Budget had many announcements that could benefit the middle class income earners.

First and foremost, allowing people to use Aadhaar in place of PAN number is a big move. It will potentially help in easy on-boarding of customers in financial markets as well as various digital platforms.

Second, affordable house buyers are being given tax incentives in the form of an additional tax benefit, if one buys a property before 31 March, 2020. This will not only help in reducing the EMI burden, it can also help a large pool of working people own their dream house. Allowing ETFs to qualify under Section 80 C is a good move for saving tax as well as giving one more choice to investors.

Support for startups

The Indian population being young, it is encouraging more and more entrepreneurs to emerge in India. The Budget has addressed the challenges faced by startup ventures by relaxing or clarifying tax ambiguity surrounding this segment. The big focus on startups in the Budget should naturally encourage people across the country, specially youngsters, to look at this as one of the opportunities to build their future as well as the future of India.

The Budget thanked people who are genuine tax payers falling under the higher income bracket. However, this Budget did not hesitate to tax them more though they are already paying higher income tax to the government. It appears to me that government has to achieve the right balance between income versus expenditure. The Finance Minister's example of the elephant in a paddy field, drawn from the Tamil Sangam classic, *Puranaooru*, is really powerful to convey the meaning and the importance of paying tax. The Budget emphasised a number of measures to enable higher tax compliance.

Few of the administrative nature of announcements such as bringing HFCs under the RBI fold is a great move. It will bring higher supervision and support from RBI and therefore, timely availability of funds for this sector. As a consequence, even banking related pain-points in this sector may also be addressed in the process.

The Budget spoke a lot about the need for corporate bond market development in order to ensure availability of funds to all types of borrowers. While this has been the subject under discussion for more than two decades, it appears from the speech that it will get addressed this time around, given the high level of commitment.

There was also mention of encouraging retail savings flow into government bonds through stock exchanges. One has to wait and see the actual implementation of the same.

While the Budget has given lots of emphasis on doubling our economy in the next five years, it has also kept the promise of fiscal discipline by keeping the fiscal deficit at 3.3%. This essentially means government of India will increase focus on higher tax compliance, higher tax growth and different way of rising resources rather than funding growth through government borrowing.

The Budget also mentions about borrowing from the international market to diversify government borrowing outside our own country. This, in fact, reduces probability of government borrowing crowding out the private sector borrowing.

Second, it also helps in either reducing the interest rate or keep the interest stable.

Lastly, it also helps getting dollar flows thereby improving the Balance of Payment as well as foreign exchange reserve.

Overall, the Budget has covered different needs of the country well, right from the infra development to consumption. It has also addressed some of the recent concerns centred around financial markets. It has also created a road map for inviting investment in various manufacturing in the country through Foreign Portfolio Investors.

'Zero Budget for farmers; no drought relief'

Farmers say the govt. has ignored their concerns

SPECIAL CORRESPONDENT
NEW DELHI

When the Interim Budget was presented in February, on the eve of the Lok Sabha election, there was a clear focus on farmers' welfare. Five months later, farmers groups complained that the re-elected government's first Budget has ignored their concerns.

In her speech, Finance Minister Nirmala Sitharaman repeated policy initiatives such as the online national agriculture market e-NAM, 10,000 new farmer producer organisations and a back to the basics approach with "zero Budget", or organic,



Nil yield: The Bharatiya Kisan Union said the Budget had not shown any commitment towards the farming sector.

farming. "This is a zero Budget for farmers," said Dharmendra Malik, spokesman for the Bharatiya Kisan Union, echoing the pun made by several farmer leaders.

"Half the country is in the grip of drought today, but no concern or commitment has

been shown by the Finance Minister."

The Agriculture Ministry's Budget has been almost doubled to ₹1.38 lakh crore this year, in comparison to the revised estimates, but the lion's share of the extra money is meant for a single

scheme: PM-KISAN, the income support scheme for small and marginal farmers which was announced in the Interim Budget just prior to elections. In fact, the poll promise and Cabinet decision to expand that scheme to all farmers does not seem to be reflected in the Budget; the allocation for the scheme is only ₹75,000 crore, the amount needed to cover small and marginal farmers, rather than ₹87,000 crore, the estimated amount needed to cover all farmers.

The Minister mentioned a focus on agriculture infrastructure, emphasising the dairy cooperatives and the fisheries sector. Farmer welfare schemes, including crop insurance, market intervention and price support and

the PM-AASHA procurement scheme, all saw hikes in their allocations, but farmers groups felt it would not be sufficient at a time of agricultural crisis and water stress.

Support prices

"For farmers to get the benefit of the MSP (minimum support prices) announced a few days ago, the government should have allocated at least ₹50,000 crore under PM-AASHA to guarantee procurement at those rates," said Avik Saha, convener of the Jai Kisan Andolan.

Fears of drought are also leading to increased pressure on the Mahatma Gandhi National Rural Employment Guarantee scheme, but that programme has only received ₹60,000 crore, slight-

ly less than last year's revised estimates of ₹61,084 crore. The Aajeevika scheme for self-help groups, on the other hand, received a boost with a 55% jump in funding to ₹9,774 crore. The Finance Minister emphasised a focus on rural housing and facilities that have improved ease of living for rural families.

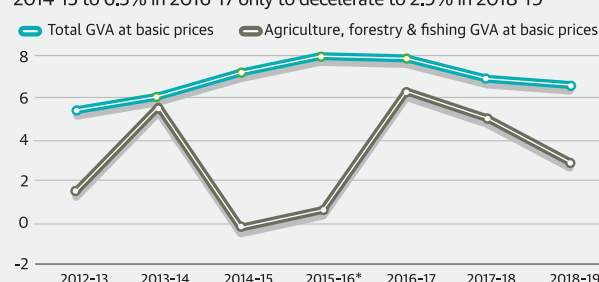
"By 2022, the 75th year of India's independence, I would like to assure the nation that every single rural family, except those who are unwilling to take the connection, will have an electricity [connection] and a clean cooking facility," she said. However, the allocation for LPG connection to poor households was reduced from ₹3,200 crore last year to ₹2,724 crore this year.

Poor harvest

The growth of the agriculture sector was abysmal in FY19. With the Kharif sowing down this year, the crisis may deepen. This explains the 1.9 percentage point increase in allocations in the budget

Down again

The Gross Value Added (GVA) in agriculture improved from -0.2% in 2014-15 to 6.3% in 2016-17 only to decelerate to 2.9% in 2018-19



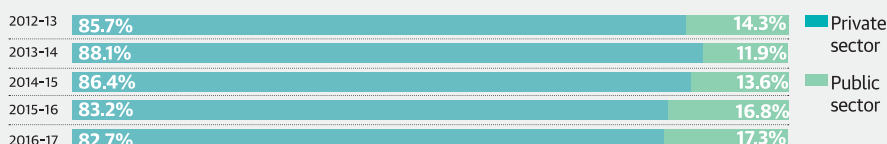
Sowing sorrow

Sowing has reduced for all crops between 2018 and 2019. Graph shows % change in sowing of crops between two years in June

	Total	Rice	Coarse cereals	Pulses	Oilseeds	Fibres	Sugarcane
Change in June 2018 compared to June 2017	-20.41%	3.9%	-25.42%	-51.28%	-45.85%	-25.85%	3.62%
Change in June 2019 compared to June 2018	-9.54%	-0.11%	-10.70%	-61.38%	-4.62%	-14.21%	-2.85%

Fall in private investment

The farm crisis is keeping private investors away. The share of private investment in agriculture has come down to 82.7% in 2016-17



Congress terms Budget 'insipid', unusually 'opaque'

Low on substance, says Opposition

SPECIAL CORRESPONDENT
NEW DELHI

The Congress on Friday described the Union Budget 2019 as "insipid" and called Finance Minister Nirmala Sitharaman's speech as an "unusually opaque exercise".

Addressing a press conference at the party headquarters, former Finance Minister P. Chidambaram said the Budget was prepared without listening to the voices of either ordinary citizens or knowledgeable economists. Instead of providing "meaningful relief" to any section of the people, the Finance Minister chose protectionist measures like hiking customs duty or "exploitative" moves like imposing a cess on petrol and diesel, he said.

The former Finance Minister expressed surprise that details like total expenditure, total revenue or fiscal deficit were not part of Ms. Sitharaman's speech.

"There are a large number of people who are listening to the speech and they don't get the documents. Why are they keeping people in the dark? I think it's unfair and unethical to not let them know of these numbers," he said.

Pro-corporate: BJD

Other Opposition leaders also panned the Budget for not laying down a clear path to the government's stated goal of doubling farmers' incomes by 2024, and completely ignoring the job crisis facing the country.

Biju Janata Dal's Rajya Sabha MP Prasanna Acharya said, "The Budget favours the corporate [sector] far

A rosy picture of the economy is based on jugglery

SITARAM YECHURY
CPI(M) general secretary

more than labourers and farmers of this country. There is no concrete proposal to double the income of farmers as they had promised. This is an ornamental Budget." He also condemned the additional tax on petrol and diesel.

Communist Party of India (Marxist) general secretary Sitaram Yechury went a step further, calling the Budget "fraudulent". "The FM has used February 2019 interim Budget's revised estimates as the revised estimates for the whole year 2018-19! Expenditure cuts in the last quarter in the run-up to polls are not accounted for. So, a rosy picture of the economy is based on jugglery," he said.

'Sell India concept'

Trinamool Congress leader Derek O' Brien said it's a "dream" Budget where the government is still only selling dreams and not delivering.

"FDI in media, aviation and more benefits to foreign insurance intermediaries means government has introduced concept of 'Sell India'," he said.

The Telugu Desam Party's Lok Sabha floor leader K. Rammohan Naidu said the Budget looks more like a book of quotations. "The interim Budget had covered more aspirations of people compared to the actual Budget - may be because at that the government was seeking a re-election," he said.

'An ambitious disinvestment goal'

Former Finance Secretary Sunil Mitra hails plan to sell govt. stake in Air India

INDRANI DUTTA
KOLKATA

The fulfilment of the Centre's proposed ₹1.05 lakh crore disinvestment target will hinge in very large measure on the successful sale of Air India, according to former Finance and Disinvestment Secretary Sunil Mitra.

"It's good that the process has been reinitiated," Mr. Mitra, who is also The Bengal Chamber's economic affairs chairperson, told *The Hindu*. "It will give the critical mass," he said. He said it may be easier for the government to conduct the strategic sale of Central Public Sec-

tor Enterprises as it would make good investment sense for corporates who "have lot of cash liquidity".

The government's disinvestment policy rests on two prongs. Disinvestment through minority stake sale in CPSEs to retain majority 51% shareholding (with management control), and through strategic disinvestment up to 50% or more along with transfer of management control, according to the Department of Investment and Public Asset Management.

Finance Minister Nirmala Sitharaman said on Friday



Sunil Mitra

that the government had decided to modify its policy on retention of 51% to include in it, the stake of government-controlled institutions. "Government intends to encourage retail participation in CPSEs," she said.

She also said that the government would not only reinstate the process of strategic divestment of Air India but would also offer more CPSEs. Strategic disinvestment is conducted through a consultation process among different Ministries and NITI Aayog, which advises on the entities and the amount to be divested, as also their valuation. The routes followed are IPO, OFS (offer for sale), Follow-on OFS and Further Follow-on PO. It also adopts the Exchange Traded Fund route for offering companies across diverse sectors in a single shot.

JEWELLERY INDUSTRY

Precious metals set to get dearer

Government hikes import duty on gold, silver and platinum from 10% to 12.5%

SPECIAL CORRESPONDENT
NEW DELHI

The government on Friday proposed to increase import duty on precious metals, including gold, silver and platinum, a move which will make them expensive in the domestic market. Finance Minister Nirmala Sitharaman said in her Budget speech that "it is proposed to increase custom duty on gold and other precious metals from 10% to 12.5%."

Similar hike was proposed for silver (including silver plated with

gold and platinum); base metal clad with silver; platinum; and waste and scrap or precious metals. Currently, these metals attract 10% import duty.

Now, with the hike in duty, jewellery or other items made out of these precious metals will become expensive. The decision to raise import duty on gold came at a time when the domestic jewellery industry was demanding a cut in the same. The Commerce Ministry, too, had in the past recommended a reduction in the duty.



The country's gold imports dipped about 3% in value terms to \$32.8 billion during 2018-19. The dip in the imports is expected to keep a lid on the current account deficit.

Total imports of the precious metal in 2017-18 stood at \$33.7 billion as against \$27.5 billion in 2016-17 and \$31.8 billion in 2015-16. In volume terms, India imported 982 tonnes of the yellow metal in the previous financial year.

India is one of the largest gold importers in the world and the imports mainly take care of demand from the jewellery sector. The All India Gem And Jewellery Domestic Council said the move was "disappointing and unfortunate". (With PTI inputs)

Big boost for disaster management

Budgetary allocation for Home Ministry up by 5%, special focus on cybercrime

SPECIAL CORRESPONDENT
NEW DELHI

The Ministry for Home Affairs saw a little over 5% increase in its Budget allocation compared to the last fiscal. It has been allocated ₹1,19,025 crore in the Union Budget 2019-20, which is ₹5,858 crore more than the last fiscal with special focus on disaster management, cybercrime infrastructure and freedom fighters' pension. The revised estimate of 2018-19 was ₹1,13,167 crore.

An amount of ₹100 crore has been allocated for the Indian Cyber Crime Coordination Centre, compared to ₹6 crore in the last fiscal.

Total funds for disaster management have been earmarked at ₹577.93 crore, a jump from ₹284.82 crore last year. Of this, the component for National Cyclone Risk Mitigation has been increased from ₹3.03 crore to ₹296.19 crore.

₹953 crore has been allocated for freedom fighters' pensions, while ₹2,129 crore has been proposed for the development of infrastructure along the Pakistan, China, Bangladesh and Bhutan borders.

The Central Reserve Police Force has been allocated

₹23,963.66 crore, and the Border Security Force ₹19,650.74 crore.

The total allocation to Central Armed Police Forces, including CRPF, Border Security Force, Indo-Tibetan Border Police, Central Industrial Security Force, Sashastra Seema Bal, Assam Rifles and National Security Guard, is ₹71,713.9 crore. It was ₹67,779.75 crore in 2018-19.

The Intelligence Bureau has been allocated ₹2,384 crore, as against ₹2,056 crore in the last fiscal. The Special Protection Group has

been allocated ₹535.45 crore, up from ₹411.68 crore in 2018-19.

The Budget allocated ₹3,462 crore for modernisation of police forces, ₹825 crore for border area development programme, and ₹842 crore for relief and rehabilitation for migrants and repatriates in Jammu and Kashmir.

As the preparation for the 2021 census has begun, it allocated ₹621.33 crore for census, survey and statistics. An amount of ₹50 crore is proposed for special industry initiative in J&K and ₹78 crore for the propagation of the Hindi language.

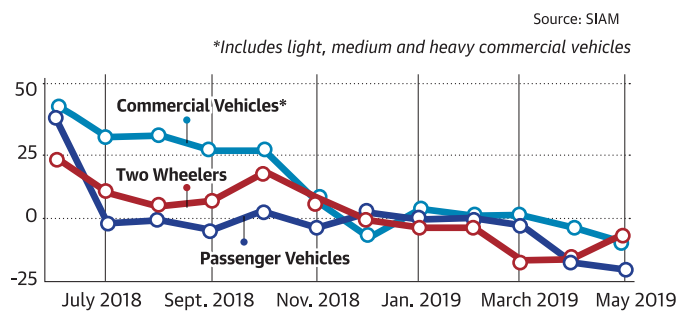


The time is right for India to enter aviation finance and leasing. Connectivity is at the heart of development



Downhill ride

Sales of passenger and commercial vehicles have fallen sharply since March 2019. The month of May 2019 recorded the steepest fall in passenger vehicle sales. The sale of commercial vehicles also dipped significantly in the same period



The proposal allowing 100% FDI for insurance intermediaries is a positive one

Bhargav Dasgupta,
Managing Director & CEO,
ICICI Lombard General Insurance

FIRST TAKE

N. SRINIVASAN,
Vice-chairman, The India Cements Ltd.

Shuns populism

The decisive mandate won by the NDA, led by Prime Minister, Narendra Modi, clearly showed that the people of India have placed their abundant trust in his strong leadership for giving them a performing and reforming government in the last five years.

The Budget, presented by Finance Minister Nirmala Sitharaman, has sought to fulfil the great expectations and aspirations of the people of India from the government in the second term.

Even while providing for substantial increase in outlays for various sectors, the Finance Minister has adhered to fiscal discipline and proposed to contain fiscal deficit at 3.3% of the GDP.

I feel we all should support the true intentions of the government to take the country forward, develop a new India and become a \$3-trillion economy this year and a \$5-trillion economy in the next few years as envisaged in the Budget.

In my view, the Budget has tried to address the stress in the economy and challenges being faced on the macro economic front. The Finance Minister must be congratulated for not resorting to populist measures.

The Budget has laid out a clear roadmap to stimulate investment-led growth and pursue the development agenda of the government more vigorously through a host of measures.

After addressing the legacy issues, achieving consolidation among the public sector banks and substantially reducing the NPAs, the Budget has provided recapitalisation support of ₹70,000 crore to strengthen the PSU banks.

The Budget has recognised the critical role being played by the non-banking financial companies (NBFCs) and has tried to address the liquidity issue in the sector by announcing that NBFCs that are fundamentally sound should continue to get funds from banks and mutual funds. The Finance Minister has announced that the government will provide a one-time, six-months partial credit guarantee for PSU banks for purchase of pooled assets of financially-sound NBFCs. The Budget has given a further impetus to the ambitious housing for all scheme by announcing construction of another 1.90 crore houses by 2021-22. For affordable housing, an additional ₹1.50 lakh interest deduction has been allowed, making a total of ₹3.50 lakh for the current year.

Given the huge capex of ₹1.5 to ₹1.6 lakh crore per annum required by railways, the Budget has proposed to use public-private partnership model to unleash faster development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

The Budget has continued the government's thrust on strengthening physical connectivity via Prime Minister's Gram Sadhak Yojana, industrial corridors, dedicated freight corridors, Bharatmala, Sagarmala and Jal Marg Vikas (inland waterways) and Udayan Schemes. For PMGSY-III, ₹80,250 crore is envisaged for upgrading 1.25 lakh-km road length over the next five years.

In line with the intention of the government for making a mega investment of ₹100 lakh crore in infrastructure over the next five years, the Finance Minister said that an expert committee would be set up to study the long-term finance and our past experience with development finance institutions (DFIs) and recommend the structure and required flow of funds through DFIs. This shows that the government is recognising the role played by DFIs in the past in providing long-term finance for projects.

In a bid to improve the employability of youths, the Finance Minister has announced that 10 million youths will be imparted industry-relevant skill training under the Kaushal Vikas Yojana.

To conclude, the growth-oriented Budget has sought to achieve a big transformation in the economy with a thrust on investment and job creation.

Equities shed early gains

Tax on share buyback, dilution of promoter holding spook investors

ASHISH RUKHAIYAR
MUMBAI

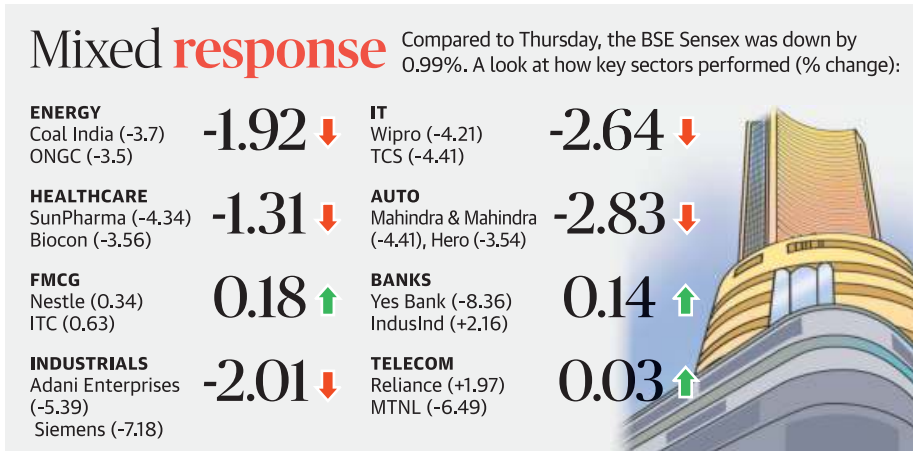
For the equity markets, the Union Budget 2019-20 turned out to be a mixed bag. On one hand, investors cheered positives such as easier investment regime envisaged for foreign investors and recapitalisation of banks and, on the other, got spooked by a proposal that would force companies to dilute promoter holding at a time when markets are choppy.

Quite expectedly, the equity markets saw alternate bouts of gains and losses while Finance Minister Nirmala Sitharaman was presenting the budget.

After opening on a marginally positive note ahead of the Budget on Friday and staying in positive territory for some time, the benchmarks dipped into the red. Though managed to partially recover from the day's low, they closed almost 1% lower.

The 30-share Sensex traded in a range of nearly 500 points during the day, before closing at 39,513.39, down 394.67 points or 0.99%. The broader Nifty closed at 11,811.15, down 135.60 points or 1.14%.

"The budget was a mixed bag," said Sanjeev Hota, Head of Research, Share-



han. "While on the positive side, there was healthy recapitalisation of banks and easing liquidity for NBFCs coupled with continued focus on infrastructure development, reviving private investments and ease of doing business... on the flip side [there was] lack of any major announcements for reviving consumptions demand and rural distress, which was widely anticipated by the market," added Mr. Hota.

According to dealers, investors got spooked by the proposal that minimum public shareholding would be increased from the current 25% to 35% for all listed entities, that could force companies to sell shares in a choppy market.

The BSE PSU and BSE CPSE indices lost over 1% soon after the Minister announced the proposal. Multi-national companies such as Siemens and ABB, both lost over 6% each, with other listed MNCs such as Vedanta, Schaeffler India, Bosch, Castrol India, Honeywell Automation and Kansai Nerolac also closing in the red.

Investors were also spooked by the buyback tax introduced by the government, which could potentially affect companies' plan to reward shareholders by way of buying back their shares from the open market.

"Exemption enjoyed by the shareholder of a listed company on income arising on account of buy back of

shares has been withdrawn with effect from July 5, 2019," said Ashok Shah, Partner, NA Shah Associates LLP.

"Effect of this provision is that listed company whose buy back is still open today, would be taxed at the rate of 20% plus surcharge and cess on the amount of consideration paid less issue price of such shares. This would impact buy back by all listed companies in future."

Meanwhile, the overall market breadth was also very weak with more than 1,700 stocks losing ground on BSE, as against 770 gainers. The broader indices such as BSE Midcap and BSE Smallcap lost more than the benchmarks, shedding over 1.3% each.

Minimum public holding raised for listed firms

Centre moots social stock exchange

SPECIAL CORRESPONDENT
MUMBAI

The coming months could see a flood of new paper coming into the equity markets with the government proposing to increase the minimum public shareholding (MPS) in listed companies while stressing on the importance of disinvestment in public sector undertakings.

"It is right time to consider increasing minimum public shareholding in the listed companies. I have asked the SEBI to consider raising the current threshold of 25% to 35%," said Finance Minister Nirmala Sitharaman, while presenting the Budget. While stating that the government would take all steps to increase the public holding in all PSUs to 25%, she indicated that foreign shareholding limits would be raised to the maximum permissible sector limits for all PSU companies, which are part of Emerging Market Index. Simply put, this would enhance India's weightage in the global index, which takes into account the free-float capital of the constituent companies.

As part of its attempts to boost fund-raising by start-

ups and ventures, especially those in the social field, the government has proposed a novel idea in the form of a social stock exchange, wherein such entities can list and raise capital in the form of equity or debt.

"It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose

Social stock exchange will come under the regulatory purview of the SEBI

to initiate steps towards creating an electronic fund-raising platform, a social stock exchange," the Minister said.

The exchange, which would be under the regulatory purview of the SEBI, would be for listing social entities and voluntary organisations working towards a social welfare objective so that they could raise capital as equity, debt or as units like a mutual fund, she added. Incidentally, there are unregulated platforms, both in India and overseas, that enable social ventures to raise funds from investors.

Simpler STT cheers derivative traders

Budget concedes long-standing wish

SPECIAL CORRESPONDENT
MUMBAI

The government gave derivative traders, especially those that prefer options contracts, a reason to cheer on Friday as the manner in which the securities transaction tax (STT) is levied on such instruments was tweaked making it more attractive for market participants.

"I propose to give relief in levy of Securities Transaction Tax (STT) by restricting it only to the difference between settlement and strike price in case of exercise of options," said Finance Minister Nirmala Sitharaman, while presenting her maiden Budget.

This assumes significance as rationalisation of STT was a long-standing demand of market participants, corroborated by the fact that it was a constant suggestion in suc-

cessive wish lists that was submitted to the government every year ahead of the budget.

Currently, if an option contract is exercised, the trader has to pay STT of 0.125% of the settlement price. If the option is not exercised, then the STT is 0.05% of the premium.

Current norm

Currently, traders who exercised the options contracts had to pay a huge STT as typically the settlement value is significantly higher than the premium.

"The STT change is a big relief to options traders as the STT charge will no more be made on the value of the contract but on the difference between the strike price and the market price only," said Rohit Srivastava, fund manager - PMS, Sharekhan.

WOOLING INVESTMENTS

KYC norms for FPIs to be investor-friendly

Foreign investors a key source of capital to the economy, says Sitharaman

SPECIAL CORRESPONDENT
MUMBAI

The government is planning to take all possible steps to encourage more foreign investment in the Indian capital markets by making it easier for such investors to come to India and invest in a hassle-free manner.

Finance Minister Nirmala Sitharaman stressed on the fact that foreign investors are a "key source of capital to the Indian economy" and, hence, it is important to ensure a "harmonised and hassle-free investment experience" for such foreign portfolio investors (FPIs).

"... it is proposed to rationalise and streamline the existing Know Your Customer (KYC) norms for

FPIs to make it more investor-friendly without compromising the integrity of cross-border capital flows," she said.

The importance of the government proposal can be gauged by the fact that foreign investors are often looked upon as prime drivers of any bull run in the Indian equity market and have been pumping in huge money in the stock market.

Data show that in the current calendar year, FPIs are net buyers at nearly ₹75,000 crore with March seeing a record flow of nearly ₹34,000 crore.

This assumes significance also due to the fact that the government plans to raise the limit of foreign holding



• GETTYIMAGES/ISTOCK

in select public sector entities while eyeing ₹1.05 lakh crore through disinvestment.

Incidentally, the KYC norms for foreign investors have evolved over the years based on continuous feedback from overseas investors and also based on factors such as The Foreign Account Tax Compliance

Act, Guidelines on Anti-Money Laundering (AML) Standards, Combating the Financing of Terrorism (CFT) and Prevention of Money Laundering Act.

Meanwhile, the government has also proposed merging the investment route for Non-resident Indians (NRIs) with that for the FPIs. "Even though India is the world's top remittance recipient, NRI investment in Indian capital markets is comparatively less. With a view to providing NRIs with seamless access to Indian equities, I propose to merge the NRI-Portfolio Investment Scheme Route with the Foreign Portfolio Investment Route," said Ms. Sitharaman.

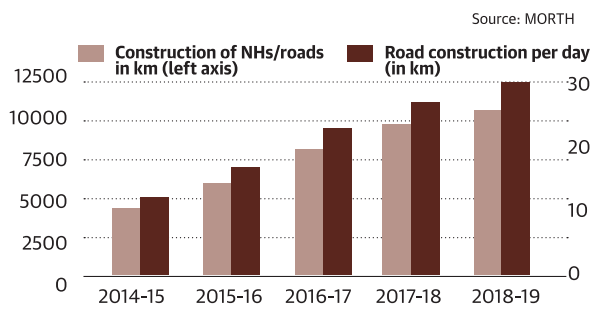


We propose to initiate steps to create a social stock exchange for listing social enterprises so that they can raise capital



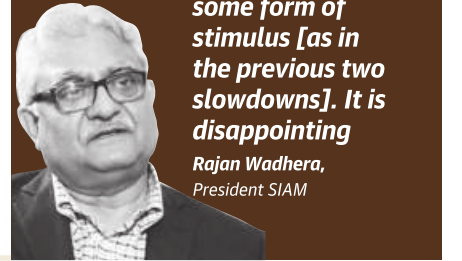
Smoother rides

In 2018-19, 30 km of roads were laid everyday, compared to 12 km per day in 2014-15. The length of construction of national highways and roads has consistently increased since 2014-15. Over 10,500 km of roads were constructed in 2018-19



The auto industry was expecting some form of stimulus [as in the previous two slowdowns]. It is disappointing

Rajan Wadhwa,
President SIAM



Making a pitch for PPP model in Railways

Transporter gets the highest-ever allocation of ₹1.6 lakh crore; Minister says about ₹50 lakh crore will be required till 2030

SPECIAL CORRESPONDENT
NEW DELHI

Union Finance Minister Nirmala Sitharaman proposed a capital expenditure of ₹1,60,175.64 crore for the Railway Ministry for 2019-20 in Budget 2019-20. This is the highest-ever allocation for the national transporter, surpassing last year's ₹1,48,528 crore.

Saying the Railways network will require an investment of about ₹50 lakh crore till 2030, the Minister pitched for the public-private partnership (PPP) model to achieve faster development.

The outlay comprises ₹65,837 crore from budgetary support, ₹267.64 crore

from the Nirbhaya Fund, ₹10,500 crore from internal resources and ₹83,571 crore from extra budgetary resources.

While ₹7,255 crore has been allocated for the construction of new lines, gauge conversion received ₹2,200 crore, doubling ₹700 crore, rolling stock ₹6,114.82 crore and signalling and telecom ₹1,750 crore.

The allocation for passenger amenities has been increased by ₹1,000 crore to ₹3,422 crore.

"It is estimated that railway Infrastructure would need an investment of ₹50 lakh crore between 2018 and 2030. Given that the capital expenditure outlays of the



Future ready: A view of the Vande Bharat Express, India's first semi-high speed train. ■ SANDEEP SAXENA

Railways are around ₹1.5 to ₹1.6 lakh crores per annum, completing even all sanctioned projects would take decades. It is therefore proposed to use Public-Private Partnership to unleash faster

development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services," Ms. Sitharaman said.

She said the government would launch a massive pro-

gramme of railway station modernisation this year.

The government expects its revenue receipts to increase by ₹19,721 crore to ₹2,16,935 crore this year. As per the Budget documents, the government expects the earnings from passengers to grow to ₹56,000 crore from ₹52,000 crore and from goods to grow by more than ₹10,000 crore to ₹1,31,565 crore. The Railways' major out go continues to be staff costs at ₹86,740 crore.

'Phenomenal task'

Ms. Sitharaman said, "Indian Railways suburban and long-distance services do a phenomenal task in cities like Mumbai and smaller cities.

Railways will be encouraged to invest more in suburban railways through Special Purpose Vehicle (SPV) structures like Rapid Regional Transport System (RTS) proposed on the Delhi-Meerut route."

She proposed to enhance the metro railway initiatives by encouraging more PPP initiatives and ensuring completion of sanctioned works, while supporting transit oriented development to ensure commercial activity around transit hubs.

"We are in the process of completing the dedicated freight corridor project that will free up some of the existing railway network for passenger trains," she added.

FIRST TAKE

SUNEETA REDDY,
Managing Director, Apollo Hospitals



A framework for the future

We had a positive start to the Budget cycle for 2019, with the Economic Survey setting a strong context for what India needs – the virtuous cycle of savings, investment and exports setting the base for sustained growth. The Survey had quite a few interesting ideas, including the notion of data as a public good, and encouraging behavioural change as a tool towards economic goals.

The maiden Budget presentation by Finance Minister Nirmala Sitharaman began putting the building blocks of this vision together. Through the Budget announcements, we saw some green shoots of what could possibly propel India's forthcoming growth story – the proposals for mega manufacturing, financing and MRO in aviation, the specific attention paid to very real concerns faced by start-ups, and the liberalisation of FDI norms in Insurance intermediaries are all welcome initiatives.

Infrastructure took centre-stage, as it deserved. The government's intent to spend ₹100 lakh crores on infrastructure over the next five years will spur GDP and, if deployed well, can be the definitive push towards \$5 trillion that the government is targeting. The Minister also adequately dealt with the banking sector, especially NBFCs, which were looking for policy support.

Alternative energy

Most strikingly, the Budget was futuristic in its approach, with significant attention being paid to clean and alternative energy, a big thrust on electric vehicles, focus on research through the integration of National Research Foundation and beginning the commercialisation of India's space power. While skill-building has been a focus of several Budgets, this time new-age skills were spoken of, which would vault India to a world-beating position on talent.

It was heartening to hear the Minister assure the country that the government does not look down upon legitimate profit-making, and acknowledge India Inc's contribution towards job and wealth creation. While we strongly welcome the application of a lower corporate tax rate to a larger set of companies, we look forward to further easing on taxation and incentives. I have a strong belief that the intrinsic value of corporate India is much higher than what the stock market indices or valuations currently indicate. As the face of India to international markets and investors, India Inc will be the government's trustworthy partner, and I was glad to see that partnership take a step forward.

Having looked comprehensively towards the future, perhaps we need to look more deeply at the foundation upon which all these plans and targets will depend – the health of every Indian citizen, and the availability of a productive workforce, which will drive India's ambition. While the Budget did increase health expenditure allocations overall, an important area of work in forthcoming months would be in building health infrastructure, and in significantly increasing India's bed-density. After all, it is by priming and preparing fertile soil that we can dream of growing a bountiful crop.

POCKET | RAVIKANTH



"Electric vehicles are completely safe! It's the petrol and diesel ones that are giving us a shock!"

INTERVIEW | PIYUSH GOYAL

'A lot of money will be invested in better passenger amenities'

The highest-ever allocation of ₹1.6 lakh crore will offer better kitchens, waiting rooms and facilities, says Railway Minister

YUTHIKA BHARGAVA

With the highest ever capital expenditure of over ₹1.60 lakh crore estimated for the Indian Railways, travellers can expect the government to offer better services and amenities, Railway Minister Piyush Goyal says.

What can train passengers look forward to in the coming year?

■ I will urge you to remember your journey five years ago and look at them now. Look at the level of cleanliness, beautification of sta-

tions. Many stations are now flooded with airport-like lighting. By and large every toilet is kept clean now. We have a separate ladies toilet across India. Almost one-third of the toilets are disabled-friendly. And we are trying to rapidly expand so that everywhere we can have a disabled friendly toilet.

This year we have the highest ever outlay for capital expenditure for Railways, of over ₹1.60 lakh crore. A lot will be invested in bettering passenger amenities such as waiting rooms and food stores. Kitchens are being



upgraded and now you can see those kitchens on your mobile phone. Gradually, I want to expand the kitchens so that all the food comes only from those kitchens.

We want passengers to report to us if they ever have a bad experience. We can then act upon it

Right now we have some private caterers awarded contracts before our government, we are forced to continue them. We tried to kick out some but they went to court and got a stay order.

We want passengers to report to us if they ever have a bad experience. We can then act upon it. In the next few months, we will provide WiFi

at all station. This will benefit not only the passengers, but also student and people living in villages near stations. We are also looking at increasing train speeds and enhancing punctuality, while also focussing on a safer Railways.

A lot of emphasis of the Budget was on PPP partnerships.

■ There have been a lot of success stories for PPP... in roads crores of investment has come in. Likewise in airports, there have been big scale PPP projects. In Rail-

ways, the model hasn't been used much but we are starting now. We will look at PPP rolling stock manufacturing and delivery of passenger freight services. We need an investment of ₹50 lakh crore in Railways till 2030. Hence we will look at public-private partnership for faster development.

Where will the ₹50 lakh investment largely go into? ■ The ₹50 lakh crore investments discussed in the Budget has a lot of dimensions. We have to examine the precise requirements such as

where do we need more dedicated freight corridors, more semi-high speed or high speed trains and double, triple or quadruple lines. We are doing studies on these.

The Budget has also proposed additional cess on diesel. How will it impact Railways' costs?

■ We are moving so rapidly to electrification that I don't see any significant impact of this on the Railways... Logistics costs is not just a function of what is the price of diesel today or tomorrow.

You have to do it intelligently. You have to look at multimodal way of working. For example, that could be a possibility that we have a roll on, roll off service... A truck comes from the factory loaded with a container of material, you just drive it up on the train. It goes to the destination, drives down goes to the port itself... There is no loading, unloading. You have to use innovative ideas for which we have a new logistics division in Ministry of Commerce, and I had extensive discussions with them, looking at all their plans.

On the growth track

In FY20, the government hopes to add 500 km of railway lines and electrify 7,000 km of tracks. Close to 8,600 million passengers are expected to use the Railways in FY20, with over half the usage expected on suburban services

Investment targets

Budget allocation and physical targets for 2019-20: *km

	Budget allotted (in ₹ crore)	Physical targets*
New lines (construction)	7,677.77	500
Gauge conversion	3,118.38	600
Doubling of lines	17,601.76	2,650
Electrification projects	6,960.26	7,000

Performance targets

The expected number of passengers across various railway services and the difference from the previous year in percentage terms:

Type of service	Originating passengers (millions)	Change from the previous year
Suburban	4,923.43	0.16%
Second class	3,083.11	-0.59%
Sleeper class (non-AC)	404.19	0.30%
AC 3 tier	108.17	0.08%
AC chair car	33.81	0.03%
AC sleeper class	31.62	0.02%
First class (non-AC)	5.08	0%
AC first class	3.15	0%
Executive class	1.23	0%
Grand total	8,593.79	-



'Ownership cost of EVs to come down'

Centre has already moved the GST Council to lower tax on them from 12% to 5%

SPECIAL CORRESPONDENT
BENGALURU

The Union Budget proposes to provide an income tax deduction of ₹1.5 lakh on the interest paid on loan taken to buy electric vehicles (EV). Accordingly, the buyer of an EV will get a total benefit of ₹2.5 lakh over the purchase period.

The EV industry believes that this would bring the cost of ownership of EV significantly down and therefore expedite EV adoption in the country.

The government has already moved the GST Council to lower GST on EV from

12% to 5%, said Finance Minister Nirmala Sitharaman in her Budget presentation. The EV is a comparatively new space for India and this is the first time it has been proposed to become a direct tax beneficiary.

The Hindu spoke to several EV ecosystem players to gather their reactions.

Bhavish Aggarwal, co-founder and CEO of Ola, said, "The government's focus on electric mobility and EVs in the Budget 2019 is inspiring. Lower GST rate, interest subvention for EV loans and the commitment of ₹10,000 cr towards FAME

2 are encouraging."

Echoing similar sentiments, Shailesh Chandra, president, Electric Mobility Business and Corporate Strategy, Tata Motors Ltd, said, "The incentives...reinforce a strong commitment by the government to steer electrification on a faster trajectory. The proposal to lower the GST rate to 5% is a welcome step"

As per Santosh Kamath, partner and lead, Alternate Energies, KPMG in India, "The proposal, depending on the tax bracket, would mean an annual incentive of ₹20,000 to ₹50,000 for the

entire tenure of the loan... subsidies under the FAME will give a huge boost to demand."

Also, bringing down custom duty on lithium-ion cells to nil would further cut down the cost of batteries and help local battery manufacturers to scale up the business.

Vineet J. Mehra, managing director of DOT, a firm that offers green mobility services through a small fleet of EV, said that specific financial option for purchase of EV by aggregators and e-logistics players found no mention in the Budget.

Lower rates

To further help bring down the prices, the government has moved the GST Council to lower the rate on electric vehicles from 12% to 5%, Ms. Sitharaman said.

"Considering our large consumer base, we aim to leapfrog and envision India as a global hub of manufacturing of electric vehicles. Inclusion of solar storage batteries and charging infrastructure in the above scheme will boost our efforts," she said.

The statement comes at a



The main objective of FAME scheme is to encourage faster adoption of electric vehicles...

NIRMALA SITHARAMAN
Finance Minister

time when the industry and NITI Aayog are at loggerheads over the latter's proposal to sell only electric three wheelers post-March 2023, and electric two wheelers in the 150cc and below segment, post-March 2025 onwards.

Customs duty exempt

She announced that customs duty is being exempted on certain parts of electric vehicles, including e-drive assembly and on board charger, to further incentivise e-mobility.

In February this year, the Cabinet had approved the second phase of the Faster Adoption and Manufacturing of Electric Vehicles or FAME scheme, with an outlay of ₹10,000 crore for three years. This came into effect from April 1, 2019.

"The main objective of the scheme is to encourage faster adoption of electric vehicles by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure. Only advanced battery and registered e-vehicles will be incentivised under the scheme with greater emphasis on providing affordable & environment friendly public transportation options for the common man," Ms. Sitharaman said.

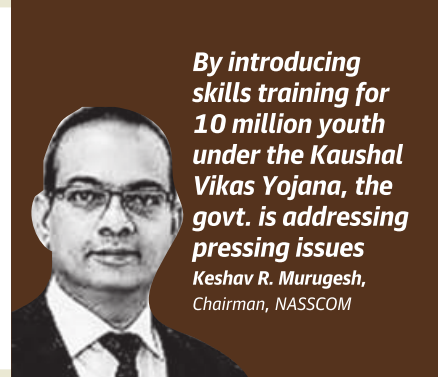
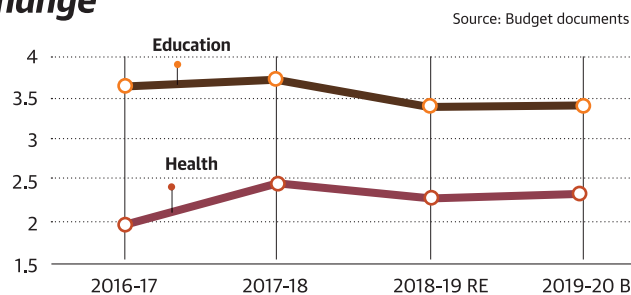


We plan to use Public-Private Partnership for faster development and completion of tracks and rolling stock manufacturing



No significant change

Education and health expenditure as a proportion of the total Budget remained similar in FY20, compared to the previous year. The allocations for education and health for FY20 are ₹94,854 crore and ₹64,999 crore respectively



By introducing skills training for 10 million youth under the Kaushal Vikas Yojana, the govt. is addressing pressing issues
Keshav R. Murugesu, Chairman, NASSCOM



Moving strategically to a \$5 tn economy

The format of the current Budget represents an interesting departure from the past. It lays out the bold goal for us, as a nation, to work towards a progressive and inclusive India that is a global leader by 2025. It, holistically, lays out the strategic building blocks the government plans to focus on for each sector of the economy, and articulates actions to be taken in the next one year towards the long-term goals. This gives confidence that there is clarity of vision, combined with commitment, to ensure continuity in policy making for the next five years.

The Budget recognises that the key to a progressive and inclusive India is the radical transformation of the agri sector, scaling-up of new growth avenues for the rural economy and sharply improving the quality of life in rural India.

The focus on Zero Budget Farming recognises that to double farmer's income, a holistic approach focussed on yield improvement and farm-level self-sufficiency is critical.

Doubling farmer's income requires not just yield and cost management on the field via Zero-Budget Farming but also an avenue for the farmer to get the best price realisation for the produce. It is therefore heartening to see the continued focus on Farmer Producer Organisations. Expanding the pool of FPOs by 10,000 will help the farming communities immensely to stay in-tune with the market pulse.

We have FPO success stories all over India, right from J&K, U.P., Rajasthan and Maharashtra down to Karnataka and Tamil Nadu. FPOs under the umbrella of Small Farmers' Agri-Business Consortium were able to increase the income of small and marginal farmers supported by equity grant and credit guarantee schemes along with linkages into the e-NAM platform. It is indeed the right time to scale-up this proven model nationwide.

Finally, success of any agriculture programme requires state support. So the creation of a high-powered Committee of Chief Ministers to drive agritransformation clearly demonstrates the Central Government's intent to drive sustainable change in the agri sector.

Unmistakable intent

On the rural side beyond agriculture, there is a clear focus on building further on hugely successful programmes like the Swachh Bharat Abhiyan, the Pradhan Mantri Ujjwala Yojana, the Saubhagya Yojana and the Pradhan Mantri Gramin Awaas Yojana while simultaneously expanding the scope to solid waste management and integrating the schemes appropriately for maximum impact. Overall, the intent on rural development is unmistakable.

A new big priority is water management while ensuring water availability for all rural households and farms. An integrated approach to policy making and deployment has been the key gap in the past. The government has taken two critical steps to address this gap. The creation of Jal Shakti Mantralaya is a critical first step. In addition, they have also brought all schemes under the ambit of the Jal Jivan mission. This is only the beginning of a long journey.

POCKET | RAVIKANTH



Ambitious plans for aviation

Realising MRO, aircraft financing proposals a huge task

SPECIAL CORRESPONDENT MUMBAI

The announcements concerning the aviation sector are positive but it would be a gigantic task to translate the intentions into reality.

"Developing India as a MRO (maintenance, repair and overhaul) hub is a good idea, but it is not that easy. Providing tax benefits will not solve the problem. The MRO has to have an anchor client (airline) which needs to provide over 60% of the business. Without assured business, it does not make sense. In India there is an advantage in labour cost, but that will disappear soon,"

K.G. Vishwanath, co-founder and director, Trinity Aviation Consultants Singapore, said.

'Lacking promise'
"So far India has not been a promising place for MRO whereas small countries such as Thailand and UAE have developed a vibrant MRO set-up. The government has to look into their model," Mr. Vishwanath said.

The proposal for introduction of aircraft financing and leasing is a good one but it will not benefit unless interest rates are brought down.

Air India disinvestment set to take off again

Easier FDI norms unlikely to benefit aviation sector, given the issues of ownership and control, say experts

SPECIAL CORRESPONDENT NEW DELHI

Finance Minister Nirmala Sitharaman announced on Friday that the government would re-initiate disinvestment of national carrier Air India as well as open up Foreign Direct Investment (FDI) in aviation.

The Minister did not spell out what FDI rules would be eased but industry experts say it is unlikely to be allowed for airlines as norms require substantial owner-

ship and effective control to rest within India.

There is 100% FDI allowed in aviation, but foreign airlines can only invest up to 49% in an Indian airline. Also, foreign investment in Air India is capped at 49%.

The government's decision to revisit privatisation of Air India follows an attempt last year that met with failure when no private player came forward to express an interest in the debt-laden carrier. The Finance Minister laid

emphasis on encouraging financing and leasing activities in the country so that India could become a self-reliant aviation industry. Ms. Sitharaman added that the government would implement the necessary regulatory provisions to enable this.

Maintenance infra

Ms. Sitharaman also spoke about creating a congenial environment for the Maintenance, Repair and Overhaul

(MRO) industry, which could leverage India's engineering advantage and potential but didn't detail how this would be achieved.

The current taxation regime discriminates against domestic MROs where it is cheaper for airlines to send aircraft for maintenance to foreign countries rather than getting them serviced within India.

The government may also plan a grid for regional airports being developed under the government's UDAN (Ude Desh Ka Aam Nagrik) scheme, aimed to take air travel to the masses and enhance air connectivity between Tier-2 and Tier-3 cities.

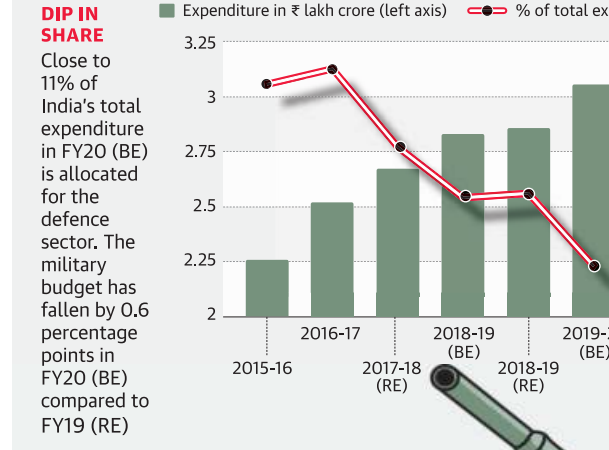
The Budget allocation for the Ministry of Civil Aviation has seen a drastic reduction of 53% primarily because the government has not set aside

anything for Air India. The total allocation for 2019-20 is ₹4,500 crore as against ₹9,700 crore last fiscal.

Among the key components are ₹1,084 crore for two Boeing 777 VVIP planes undergoing retrofit in the U.S. and another ₹2,600 crore for servicing Air India's partial loan of ₹29,000 crore, which is now parked in a special purpose vehicle called Air India Assets Holding Limited.

Muted spending

Defence allocation in % terms in FY20 (BE)** has reduced in comparison to FY19 (RE)^. India had spent 2.4% of its GDP on defence, which is comparable with other developing nations



**Budget Estimates | ^Revised Estimates
SIPRI: Stockholm International Peace Research Institute
Data sourced from Budget documents and SIPRI



No change in defence allocation

Import of equipment not made in India exempted from basic customs duty

DINAKAR PERI NEW DELHI

The allocation for defence in the Union Budget presented on Friday remained unchanged from the interim Budget. The defence budget for 2019-20 stands at ₹3.19 lakh crore, excluding defence pensions which stood at ₹1.12 lakh crore.

In the only mention of defence in her maiden Budget speech, Finance Minister Nirmala Sitharaman said defence had an immediate requirement of modernisation and upgradation. "This is a national priority," she said.

"For this purpose, import of defence equipment that are not being manufactured in India are being exempted from the basic customs duty."

The customs duty exemption is a small relief for the Services which have approached the government over the customs and Goods and Services Tax (GST) that add a significant cost to defence imports. "This will have an impact of augmenting the defence budget by approximately ₹25,000 crore on account of savings in expenditure on customs duty over the next five years," the Defence Ministry said in a statement.

This is the first time the defence budget of the country has crossed the ₹3 lakh crore mark, which is only a logical progression. The total defence allocation of ₹4,31,010.79 crore, including defence pensions, accounts for 15.47% of the total Cen-

tral government expenditure for 2019-20. This year's allocation is 6.87% higher than the revised estimates of last year which stood at ₹2.95 lakh crore excluding pensions. However, it is a meagre hike, considering the mega defence tenders lined up as part of military modernisation. Also, this doesn't even cover the revenue expenditure and committed liabilities in some cases.

'Shows stasis'

Commenting on the budgetary allocation, Commodore C. Uday Bhaskar (retd.), director of Society for Policy Studies, said the Budget presents "stasis" and does not auger well to make the changes of modernisation

and acquisition for all the three armed forces.

"It is doubly ironic that Modi 2.0 got elected on the plank of national security and that in the run-up to the 20th anniversary of the Kargil conflict there is no substantive attempt to improve national security not even rhetorical commitment, given this is the first time the defence allocation was not even mentioned in the Minister's speech," he stated.

The Air Force got 38% of the ₹1.03 lakh crore capital component which comes to ₹39,303 crore. On the other hand, the Navy has a healthy balance between the revenue and capital heads, while the 1.3 million Army has it skewed towards the revenue side.

AS A SHARE OF GDP

India's military expenditure accounted for 2.4% of its GDP in 2018. Over the last five years, the share has remained constant

Country	2014	2015	2016	2017	2018
India	2.5	2.4	2.5	2.5	2.4
USA	3.5	3.3	3.2	3.1	3.2
China	1.9	1.9	1.9	1.9	1.9
Pakistan	3.5	3.6	3.6	3.8	4
Brazil	1.3	1.4	1.4	1.4	1.5

BUYING SPREE

India was the leading arms importer between 2014 and 2018. The table shows a trend indicator value* (in mn) used by SIPRI as a proxy for arms imports by a nation

Country	2014	2015	2016	2017	2018
India	3,334	3,065	3,021	2,917	1,539
U.S.	548	516	446	524	613
China	1,137	1,169	1,041	1,190	1,566
Pakistan	770	849	864	752	777
Brazil	209	218	110	105	304

*The indicator is derived from the known unit production costs of a core set of weapons

New package in the offing to ensure power for all

'One nation, one grid' proposed

PIYUSH PANDEY MUMBAI

A power sector package is in the offing along with a new tariff policy to ensure uninterrupted power for all, Finance Minister Nirmala Sitharaman announced in her maiden Budget speech on Friday.

Shedding light on the 'One nation, one grid' plan for affordable power to States, she said the much-needed power reforms - such as the power tariff reform - should be soon taken up.

The government is going to work with the State governments to remove the barriers in the implementation of the ambitious UDAY scheme for the turnaround of power distribution companies.

"The government had launched the UDAY scheme in 2015 for the financial and operational turnaround of power discoms. We are examining the performance of the scheme and will work with States to remove barriers like the cross-subsidy surcharge," said Ms. Sitharaman.

Weakest link

The distribution sector holds the key to the long-term fortunes of the power sector as discoms have so far been the weakest link in the electricity value chain. Government's UDAY scheme has faced criticism of late owing to mounting debt and dues of discoms.

Manish Aggarwal, partner, Special Situations Group, KPMG in India, said, "Review of UDAY scheme, tariff policy, working with States to remove cross subsidy surcharges and open access charges are well outlined as well measured intents, though again one should be

cautious and see how it is executed." The Finance Minister also spoke about focussing on improving the performance of the gas-fuelled power projects that have been performing at lower efficiency levels due to the limited availability of natural gas in the country.

Vimal Kejriwal, MD & CEO, KEC International, said, "I am glad to see the government's continued focus on 'One nation, one grid'. I look forward to the much-needed power sector reforms package."

High-level panel

The Finance Minister proposed to set up a high-level empowered committee to look into retirement of old and inefficient power plants and address low capacity utilisation of gas-based power plants.

Subba Rao Amarthaluru, executive director - Finance & Strategy at CLP India, said, "The announcement of pursuing a 'One nation, one grid' concept is a positive move and will prove beneficial in achieving the government's goal of power for all by 2020. Government's move to focus on driving structural reforms in the power sector is commendable, and will definitely help in propelling the sector towards the path of growth. This will fuel investments and address the issues concerning stressed power plants."

Call for port-led development

Emphasis also on using inland waterways for moving cargo

SPECIAL CORRESPONDENT NEW DELHI

Union Finance Minister Nirmala Sitharaman on Friday stressed the need to enhance port-led development through the Sagarmala scheme and develop inland waterways to use rivers for cargo movement to decongest road and rail networks, reduce the cost of transportation as well as cut oil import bill.

"Sagarmala would enhance port connectivity, modernisation and port-linked industrialisation. If Sagarmala is aimed at improving the infrastructure for external trade, equally it

is the poor man's transport, too. We need to develop our inland waterways to shift a significant portion of inland cargo movement from road and rail," Ms. Sitharaman said.

She said cargo volume on the Ganga was expected to grow four times in the next four years.

While a multi-modal terminal at Varanasi was launched last year, two more terminals at Sahibganj in Jharkhand and Haldia in West Bengal apart from a navigation lock at Farakka would be completed within the current fiscal.

In line with her announcement, the allocation for Sagarmala and the Inland Water Transport Authority of India was enhanced, though the total allocation for the Ministry of Shipping saw a marginal decline of 2% to ₹1,902.56 crore.

The net allocation for Sagarmala schemes has gone up from ₹381 crore to ₹550 crore, an increase of 44%. The contribution to the Inland Water Transport Authority of India, too, went up from ₹384.95 crore in the last fiscal to ₹450 crore, a 17% increase.

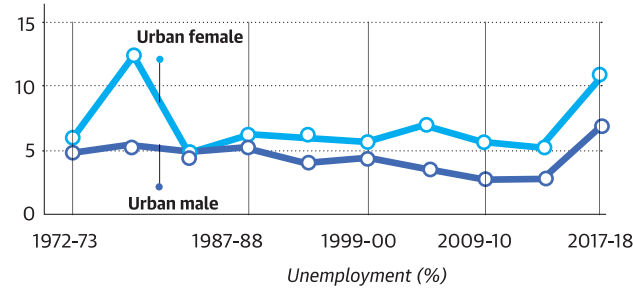


The government is proposing to streamline multiple labour laws into a set of four labour codes



Record high

The rate of unemployment of urban men reached 7.1% — a 45-year high — while that for women touched the 10.8% mark — a 40-year high in FY18. The rural male and female unemployment also recorded steep increases in FY18 compared to the previous years



The extra tax benefit on interest on loan for affordable housing is welcome. It will help push sales ...
Srinivas Acharya,
MD, Sundaram Home Finance

FIRST TAKE

KIRAN MAZUMDAR SHAW
CMD, Biocon



A holistic and aspirational Budget

Finance Minister Nirmala Sitharaman has presented a very holistic and aspirational budget that aims to deliver on a \$3 trillion economy based on inclusive economic growth.

She touched on a large swathe of sectors, from electric vehicles and entrepreneurship to women's empowerment and water conservation, which are absolutely vital for inclusive economic growth.

To ensure inclusive economic growth, the government needed to focus urgently on transforming the rural economy by providing robust physical and social infrastructure.

The Finance Minister did well to set a target of taking electricity and clean cooking facilities to every single rural family by 2022. To boost rural infrastructure, the Budget not only announced a substantial outlay for upgrading rural roads but also talked about speeding up internet connectivity to every panchayat.

To kick-start the rural economy, the Budget unveiled modernisation schemes and focused on agricultural aggregation through setting up 10,000 new Farmer Producer Organisations. Setting up livelihood business incubators and technology business incubators to develop 75,000 agri-entrepreneurs is also a step in the right direction.

R&D boost

Research and Development is of strategic importance to build a skilled, knowledge-led economy. This is especially true for a country like ours where R&D spending has stagnated at around 0.65% of GDP for two decades.

The Finance Minister's proposal to establish a National Research Foundation to fund and promote research is thus welcome.

This Budget has done well to address the issue of 'angel tax' with Ms. Sitharaman announcing that start-ups and their investors will not have to undergo any kind of income tax scrutiny on their valuation if they are verified by the government.

I am glad that the government has made access to safe drinking water a key element of the India development agenda by promising to ensure that every rural house gets water by 2024 under the Jal Jeevan Mission.

Considering the fact this was the maiden Budget of NDA 2.0, the Finance Minister could have taken some bold decisions. We lost the opportunity to revive the private sector investment cycle by extending the 25% corporate tax to the entire India Inc., which would have buoyed market sentiment and kick-started the investment cycle.

She could also have done more to simplify the GST regime. While the Finance Minister spoke of a simplification of the norms for filing GST returns, she missed out on the opportunity to rationalize rates. Another disappointment was the failure of the Budget to announce a road map to support the Ayushman Bharat program, which was introduced last year and was mentioned in the Economic Survey yesterday. There is an urgent need to increase the public health spending to 2.5% of GDP.

POCKET | RAVIKANTH



A big step in tax transparency

SPECIAL CORRESPONDENT
NEW DELHI

In a bid to make tax filing easier, Finance Minister Nirmala Sitharaman in her maiden Budget on Friday, proposed making Aadhaar interchangeable with PAN for tax filing. That is, people without PAN looking to file taxes can now do so using just their Aadhaar. Those who have already linked their PAN with Aadhaar can choose which ID they want to furnish in their returns.

A big step in tax transparency was the Finance Minister's announcement of a move towards faceless anonymous tax assessments by the Income Tax Department. Acknowledging that the personal interactions

during scrutiny assessments did lead to "certain undesirable practices" by tax officials, she said that scrutiny and assessment would move to an anonymous electronic method where the assessor and assessee would never meet or their identities be shared.

Less cash

In a press conference following the Budget presentation, Ms. Sitharaman said that the purpose of the 2% TDS she was planning to levy on cash withdrawals of more than ₹1 crore a year from a single account was meant to disincentivise cash and not transactions.

"For a ₹1 crore withdrawal in a year, what would be the

need to withdraw that much," she said. "I do not comprehend it. But if you are a taxpayer and you file returns, then this can be reconciled with that. We are not against the transactions, but against cash."

The Union Budget 2019-20 also perhaps signalled a return to a more protectionist trade mindset as it proposed increasing the customs duty on a number of items and removing exemptions from the duty for several others.

The government also signalled a huge and comprehensive infrastructure push of ₹100 lakh crore over the next five years that would encompass all road, rail, water, and aviation.

When asked about a cloth bag replacing the briefcase, he quipped: "I can assure you in the future a Congress Finance Minister will use an iPad."

While the treasury benches were packed, there were some notable absences, including Samajwadi Party chief Akhilesh Yadav and his father Mulayam Singh Yadav.

Congress leader Rahul Gandhi arrived in the House a few minutes after Ms. Sitharaman started speaking and sat next to his mother and Congress Parliamentary Party chief Sonia Gandhi in the front row.

The government has significantly slashed allocations to its marquee plan to clean the Ganga.

In the Budget document, the government's allocation to the 'National Ganga Plan and Ghat works' shows only ₹750 crore for 2019-2020, a sharp fall from ₹2,250 crore allotted last year. Last year, the government has only managed to spend ₹750 crore, the revised estimates for 2018-19 show.

Only 10 projects finished

In a report in May, *The Hindu* had pointed out that the National Democratic Alliance government has only finished 10 of the 100 sewage infrastructure projects commissioned after 2015 under the National Mission for

Clean Ganga (NMCG). The bulk of the completed projects were those initiated in the tenure of earlier governments.

A majority of the projects commissioned under the NMCG were about laying

sewage treatment plants (STP) and sewer lines in the most polluted cities of Uttar Pradesh, Bihar and Uttarakhand. River-front development, cleaning ghats and removing trash from the river — the cosmetic side of the

mission — make up about ₹1,200 crore of the mission outlay.

As of May — the latest figures available — ₹28,451 crore has been sanctioned for various projects but only about ₹6,955 crore (about 25%) has been spent. Of the 298 projects, only 99 had been completed.

The incomplete projects are reflected in the river quality.

None of the towns through which the Ganga courses through has water fit for bathing or drinking, according to water monitoring reports by the State and Central Pollution Control Boards.

NMCG Director-General Rajiv Ranjan Mishra did not respond to a request for comment on the slashed allocation.

Social spending

The allocation for various sectors and schemes as a % of total expenditure of the budget:



MGNREGS

The proportion of funds allocated for the rural employment guarantee scheme has come down by 0.34% points

Rural development

The allocation for rural development has come down by 0.45% points

Higher education

Funds allocated for higher education have gone up by 0.02% points

School education

But the funds for school education have come down by 0.01% points

Social welfare

The proportion of funds allocated for social welfare has come down by 0.07% points

Centre slashes funds for Ganga clean-up

Allocation to 'National Ganga Plan and Ghat works' sees a sharp fall from last year

SPECIAL CORRESPONDENT
NEW DELHI

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Opening the funds tap for water schemes

No specific funds for Jal Jeevan Mission

SPECIAL CORRESPONDENT
NEW DELHI

To fulfil Prime Minister Narendra Modi's promise of piped water supply to all rural households by 2024, the new Jal Jeevan Mission — which has no budget allocation of its own — will need to converge with other Central and State government schemes, Finance Minister Nirmala Sitharaman said.

The budget for the National Rural Drinking Water Mission, a key component of Jal Jeevan Mission, has been doubled from last year's revised estimates to more than ₹10,000 crore.

The allocation for the Swachh Bharat Abhiyan, on the other hand, has fallen by 25%, despite the Finance Minister's proposal to expand the mission to achieve 100% solid waste management.

Integrated approach

Stating that the country's water security and access to safe and adequate drinking water for all Indians is a priority of the government, Ms. Sitharaman said the Jal Jeevan Mission would focus on "integrated demand and supply side management of water at the local level, including creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household waste water for reuse in agriculture."

To achieve its objectives of sustainable water supply management across the country, the Jal Jeevan Mission would converge with other Central and State government schemes, she added. The national rural drinking water mission has been allocated a budget estimate of ₹10,001 crore for 2019-20, compared to last year's budget estimate of ₹7,000 crore and revised estimates of just ₹5,500 crore.

The ongoing Jal Shakti



The Centre is exploring additional funds for water access and security.

Abhiyan, a water conservation campaign in 256 water-stressed districts also has no separate allocation, depending on funds available under existing schemes, mostly in the rural development sector.

However, the Centre is also exploring the possibility of accessing additional funds from the Compensatory Afforestation Fund Management and Planning Authority (CAMPA), said the Finance Minister.

With regards to Swachh Bharat, the plan is to build on the success of the open defecation free movement of the last five years by sustaining behavioural change and harnessing the latest technologies available to transform waste into energy. Ms. Sitharaman proposed to expand the programme "to undertake sustainable solid waste management in every village", a more modest agenda than the 100% safe disposal of both solid and liquid waste that was suggested by the Economic Survey on Thursday. Despite this new challenge, the programme has had its budget scaled back substantially, with an allocation of ₹12,644 crore compared to last year's revised estimates of ₹16,978 crore.

The Economic Survey had recommended that corporate, market and crowd funding be leveraged for Swachh Bharat phase two.

Silence on grants raises eyebrows

SPECIAL CORRESPONDENT
NEW DELHI

Former Finance Minister and Congress leader P. Chidambaram on Friday expressed surprise at some of the departures in Finance Minister Nirmala Sitharaman's maiden Budget speech.

"Has there ever been a Budget speech that does not disclose the allocations to important programmes like MGNREGA, Mid-Day Meal Scheme, healthcare, etc. and to vulnerable sections like SC, ST, and Women? We are shocked by this departure from the usual practice," he said.

'Gandhipedia to sensitise society'

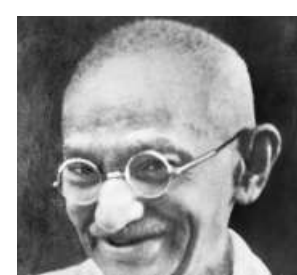
Encyclopedia on Mahatma Gandhi in the offing: Centre

A "Gandhipedia" is being developed in order to sensitise society, particularly the youth, about Gandhian values, Finance Minister Nirmala Sitharaman said in her Budget 2019-2010 speech on Friday.

With the government marking the 150th birth anniversary of Gandhi with several programmes throughout the year, an encyclopedia-like "Gandhipedia" would be among the efforts to spread his values.

"The 150th birth anniversary of Mahatma Gandhi is an apt occasion for us to re-

dedicate ourselves to the ideals of Mahatma Gandhi. Hon'ble Prime Minister took the Sankalp of achieving Gandhiji's resolve of Swachh Bharat to make India Open Defecation Free by 2nd October 2019. I am very satis-



Mahatma Gandhi

fied and happy to report that this would be achieved by the 2nd October," she said.

She added that the Rashtriya Swachhata Kendra would be inaugurated at Gandhi Darshan at Rajghat on October 2 this year.

Positive values

"A Gandhipedia is also being developed by National Council for Science Museums to sensitise youth and society at large about positive Gandhian values," she said.

An official of the Culture Ministry said work developing the Gandhipedia had been ongoing for some time.

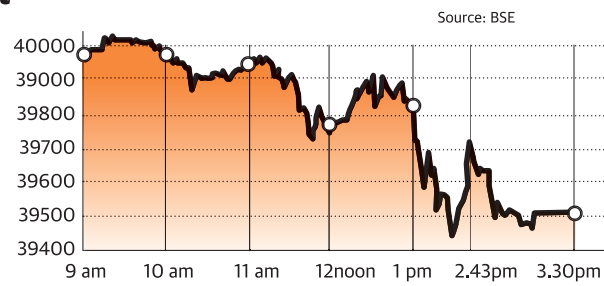


By 2022, every rural family, except those unwilling to take the connection, will have electricity and clean cooking facility



Market movement

The BSE Sensex reached the day's high around 9.15 a.m. by recording 40,026 points. However, it began dipping as the Budget speech was under way and closed at a low of 31,513 points at 3.30 p.m. The day's lowest was recorded around 1.30 p.m.



Happy to see the govt.'s confidence for a well-financed NBFC sector through the one-time, 6-month credit guarantee
Ajay Piramal, Chairman, Piramal Group



Modi 2.0 Budget bolsters investment

The first Budget of the Modi 2.0 government came at an opportune time when there was an urgent need for providing stimulus to kick-start growth which had fallen to multi-year low in the last fiscal. The Union Budget 2019-20 did not disappoint. The Budget announced host of measures for improving investments especially in the infrastructure sector apart from providing a fillip to the ailing NBFC sector, without erring on the fiscal discipline. A growth booster in these two critical sectors is likely to have a significant multiplier impact on the economic growth over the short as well as medium term.

Growth stimulus
The Budget's thrust on giving a growth stimulus to the economy along with ensuring fiscal prudence is commendable. It did well to stick to the fiscal rectitude path underlined by the Interim Budget by targeting the fiscal deficit at 3.3% of GDP for 2019-20, a reduction by 10 basis points over the revised figure of 2018-19. This fiscal math will be challenging to achieve but the Finance Minister has kept open several levers for revenue mobilisation. These include an aggressive target for PSE disinvestment of ₹1.05 lakh crore as well as monetisation from existing assets of the government. Innovative financial instrument will also be used to achieve the government's aim of taking the investments in infrastructure to ₹100 lakh crore over the next five years.

Taking cognisance of the fact that investments provide the foundation for scaling up growth to 8%, the Budget announced several ground-breaking measures to revive investments in the economy, especially in the infrastructure sector, such as carrying out a comprehensive restructuring of the National Highway Programme, creation of a National Highways Grid among others. In addition, measures such as opening of sectors such as Insurance Intermediaries to 100% FDI and proposing to ease the FDI limits in other sectors as well, are likely to improve the availability of capital for investment purpose.

Recognising the role of the corporate sector in contributing to India's growth journey, the Budget did well to bring all companies having turnover up to ₹400 crore under the 25% corporate tax rate ambit from the erstwhile limit of ₹250 crore. This is a good beginning and is expected to provide a fillip to the corporate sector earnings which could be ploughed back in investments.

The ailing NBFC sector has also received a shot in the arm in the Budget. Given the sector's pivotal role in meeting the credit requirements of the economy, several measures to revive the fortunes of the sector were elucidated in the Budget. The move to provide one-time partial credit guarantee to banks for purchasing high rated pooled assets of financially sound NBFCs has the potential to enhance credit flow to the economy. The latter would in turn improve the investment spending in the economy.

The Union Budget 2019-20 will go down in history as a Budget which provided significant push to the investments in the economy by announcing several measures, many of which were pioneering ones.



FOREIGN AFFAIRS

Bhutan gains, Chabahar loses in Budget pie

Nepal and Mauritius gets high priority in funds allotted, while Afghanistan has come down a bit

SPECIAL CORRESPONDENT NEW DELHI
The government has allocated ₹45 crore for India's building activities in the crucial port of Chabahar in Iran, a reduction from the previous year's allocation of ₹150 crore.
The Budget presented by Union Finance Minister Nirmala Sitharaman however substantially hiked the allocation for Bhutan, one of the closest neighbours nestled in the Himalayas, and bolstered

the passport and emigration services.
Regional initiative
India is at the forefront of the construction of the Chabahar port which is a major regional initiative. India's works received a waiver from the anti-Iran sanctions of the U.S.
However, a major share of the allocation of ₹17,884.78 crore for the Ministry of External Affairs (MEA) is for Bhutan at ₹2,801.79 crore against the previous allocation of ₹2,510 crore.
Both Nepal and Mauritius have maintained the high priority and have received ₹1,050 crore and ₹1,100 crore respectively.
In terms of regional allocation, Latin America, home of Brazil and Argentina among other countries, received a meagre ₹15 crore.

Afghanistan's allocation has also come down from ₹470 crore to ₹400 crore.
Passport services
The MEA's passport and emigration-related work will receive ₹1,620.95 crore which is a major increment from the previous allocation of ₹1,059.06 crore.
The section on 'Notes on Demands for Grants 2019-2020' does not reflect any allocation for the Pravasi Bharatiya Divas. Expenditure for pilgrimage abroad received an allocation of ₹13 crore.
India has however cut its contribution to the United Nations to ₹275 crore from ₹307 crore.
It will increase allocation for the BIMSTEC regional grouping of the Bay of Bengal community to ₹8 crore, which is equivalent to the SAARC allocation.
The South Asian University will receive ₹317.50 crore and the Nalanda University ₹220 crore.

Help Group possessing a Jan Dhan Bank account would be given ₹5,000 over and above their savings and at least one woman per SHG would be eligible for a loan of up to ₹1 lakh under MUDRA scheme.
The Women and Child Development Ministry saw a 17.7% increase in its budgetary allocation, from ₹23,356.50 crore last fiscal to ₹27,584.37 crore during 2019-2020. Anganwadi services have seen an 11% hike in their grant to ₹19,834 crore. Other schemes that have seen a noticeable hike include child protection services (62% with an allocation of ₹1,500 crore), and working women hostels which got a two-fold hike at ₹165 crore.
For schemes on the safety of women, ₹500 crore has been set aside for the Nirbhaya Fund.

Laying the ground for affordable, rural houses

Increased tax deductions for interest paid on loans for houses up to ₹45 lakh; 1.95 crore rural houses to be built

SPECIAL CORRESPONDENT NEW DELHI
Increased tax deductions for interest paid on loans for houses up to ₹45 lakh, construction of 1.95 crore rural houses and finalisation of a model tenancy law were among the proposals for the housing sector in Finance Minister Nirmala Sitharaman's Budget speech on Friday.
"For realisation of the goal of 'Housing for All' and afford-

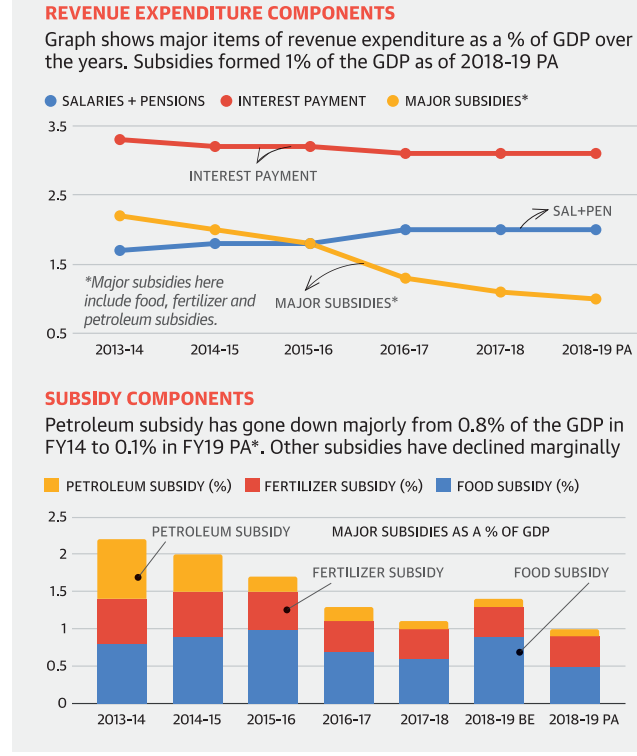
dable housing, a tax holiday has already been provided on the profits earned by developers of affordable housing. Also, interest paid on housing loans is allowed as a deduction to the extent of ₹2 lakh in respect of self-occupied property," she said.
In order to "provide a further impetus", she proposed an additional deduction up to ₹1.5 lakh for interest paid on loans borrowed up to March 31, 2020 for buy-

ing "an affordable house valued up to ₹45 lakh".
"Therefore, a person purchasing an affordable house will now get an enhanced interest deduction up to ₹3.5 lakh. This will translate into a benefit of around ₹7 lakh to the middle class homebuyers over their loan period of 15 years," she said.
Speaking about what she called the "archaic" rental laws that "do not address the relationship between the lessor and the lessee realistically and fairly", she said a model tenancy law would be finalised and circulated to the States.
On construction of affordable housing in the country, the Minister said 1.54 crore rural homes had been completed under the Pradhan Mantri Awas Yojana-Gramin in the past five years and 26 lakh houses under PMAY-Urban.
"In the second phase of PMAY-G, during 2019-2020 to 2021-2022, 1.95 crore houses are proposed to be provided to the eligible beneficiaries. These houses are also being provided with amenities like toilets, electricity and LPG connections," she said.
The time taken to complete a house, she said, had

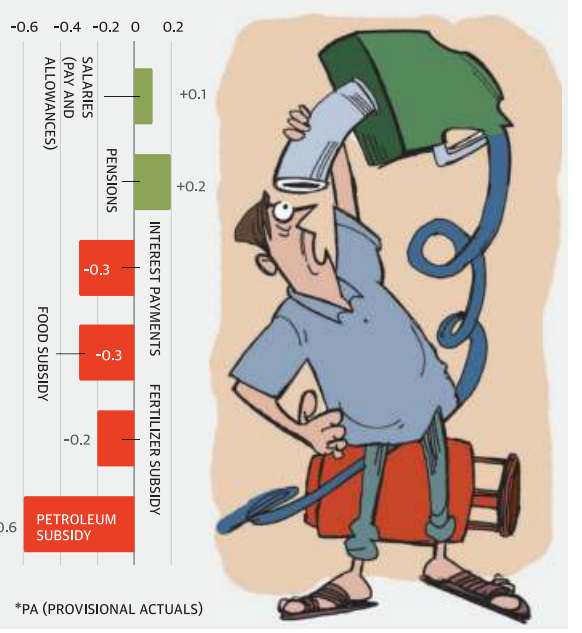


Subsidies subside

Spending on major subsidies — food, fertilizer and petroleum subsidies — had declined by 0.1 percentage points of GDP in 2018-19 PA* over 2017-18. The component of spending on subsidy in Budget 2019 remained the same as the previous year (10.8%)



DROP IN ASSISTANCE
In 2018-19 PA over 2013-14, revenue expenditure declined by 1.7% points of GDP. The drop was an outcome of a dip in subsidies. Graph shows change in major subsidies in 2018-19 PA over 2013-14 as a % of GDP



Health sector wants better treatment

No fresh announcements although the allocation has been hiked

SPECIAL CORRESPONDENT NEW DELHI
Healthcare professionals expressed disappointment with Finance Minister Nirmala Sitharaman's maiden Budget, which, while raising the annual outlay by almost ₹10,000 crore, made no direct mention of the crucial sector.
The proposed overall allocation for health has risen to ₹64,999 crore this year, from a revised estimate of ₹55,949 crore last year.
"Through the budget, there has been no direct reference to the health sector at a time when India has been plagued by child deaths and stressed health infrastructure," remarked Dr. Harjit Singh Bhatti, a member of the Resident Doctors' Association, All India Institute of Medical Sciences (AIIMS). "There is an urgent need to address the multiple issues that are

plaguing the system," he added.
"The government has to revisit the unfinished agenda such as 'priority sector' status to the health sector to ensure smooth credit flow, mandatory universal health insurance, tax incentives for capacity building, creation of a dedicated infrastructure and innovation fund," said H. Sudarshan Ballal, president, NATH-HEALTH, an apex healthcare industry body.
The Association of Indian Manufacturers of Medical Devices (AiMeD) too expressed anguish over the 'continued neglect' of domestic medical devices manufacturers by the government.
"We are shell shocked to see that no action has been taken by the government to stem the tsunami of im-



ports... that is crushing the Indian manufactures," commented Rajiv Nath of AiMeD.
Silver lining
Lamenting the lack of any fresh commitments to healthcare, Shankar Narang, COO, Paras Healthcare, however, saw a silver lining in the announcement relating to support for research. "One of the most notable announcements in the budget has been the pledge to establish a National Research Foundation to boost research in all areas," said Dr. Narang. "We also expect the new education policy to focus on creating more doctors and specialists in the country," he added.
Swati Deshpande, Director (Operations) at Datar Cancer Genetics Limited, said while the move to set up a National Research Founda-

Women-led initiatives and child protection services get a boost

Panel will be set up to assess Budget through a gender lens

SPECIAL CORRESPONDENT NEW DELHI
The government on Friday announced setting up of a committee to assess budgetary allocation through a gender lens.
Union Finance Minister Nirmala Sitharaman spoke of the need for policies to encourage women-led initiatives instead of women-centric ones, a theme in the BJP's manifesto too.
The Minister said that every verified member of a Self

Help Group possessing a Jan Dhan Bank account would be given ₹5,000 over and above their savings and at least one woman per SHG would be eligible for a loan of up to ₹1 lakh under MUDRA scheme.
The Women and Child Development Ministry saw a 17.7% increase in its budgetary allocation, from ₹23,356.50 crore last fiscal to ₹27,584.37 crore during 2019-2020. Anganwadi services have seen an 11% hike in their grant to ₹19,834 crore. Other schemes that have seen a noticeable hike include child protection services (62% with an allocation of ₹1,500 crore), and working women hostels which got a two-fold hike at ₹165 crore.
For schemes on the safety of women, ₹500 crore has been set aside for the Nirbhaya Fund.





Bucks for the banks

The Union Budget is hoping to spur the economy by revitalising the financial sector

The maiden budget of Nirmala Sitharaman has many interesting features, but it does not have a defining central theme. There were expectations of a big growth push through either tax cuts or large expenditure programmes even if it meant a rise in the fiscal deficit. But the Finance Minister has chosen to be fiscally conservative, opting to play the long-term game, though it could lead to pain in the short term. The only indulgence she has permitted herself is a big ₹70,000 crore capital infusion in banks that will, it is hoped, spur lending to growth sectors in the economy. Also, quite notably, the budget has sought to address the problems that have plagued the non-banking finance companies space over the last few months and the consequent credit freeze and loss of confidence in the market. Ms. Sitharaman has comprehensively addressed the important issues of liquidity, solvency and poor governance in the NBFC sector. She has made available a liquidity window of ₹1 lakh crore to public sector banks through the Reserve Bank of India to buy pooled assets of NBFCs and offered a one-time credit guarantee for first loss of up to 10%. To enable better supervision of the sector, housing finance companies, which have been the main villains of the piece, will come under the RBI's regulatory ambit. A long-standing demand of NBFCs for equitable treatment with banks in the matter of taxing interest receivable on bad loans has been conceded. They will not need to maintain a Debenture Redemption Reserve on public placements that was leading to locking up of funds, which is their raw material for business. These are important reform measures for NBFCs. More interesting is the move towards reviving development financial institutions. The big problem faced by NBFC financing infrastructure is the lack of long-term funding sources to match their lending tenure. This pushed them into borrowing short-term funds to lend to long-term projects, leading to asset-liability mismatches. The proposal to set up a committee to study the issue, including the experience with development finance institutions, is welcome.

There are several reform measures that have been announced, but the most interesting is the reiteration of the government's commitment to strategic disinvestment and the declaration that it is willing to allow its stake to fall below 51% in non-financial PSUs. Start-ups can heave a sigh of relief as the angel tax is practically off the table. The government seems to be moving towards a single identity card for citizens in the form of Aadhaar, which will now be interchangeable with the PAN card. Taxpayers who do not have a PAN card can file returns quoting their Aadhaar number, which effectively can be a substitute for PAN in all transactions. Another reform measure is the introduction of faceless e-assessment of tax returns taken up for scrutiny. This will eliminate the scope for rent-seeking by officers as there will be no interface between assessee and official. In fact, the assessee will not even know the identity of the officer scrutinising the return. This is an absolutely welcome measure but needs to be closely watched for implementation. The corporate sector has got a minor sop with the turnover limit for the 25% tax bracket being raised to ₹400 crore per annum from ₹250 crore. The expectation was that this would be extended to all companies irrespective of size. It appears that the government wants to wait for the finalisation of the Direct Taxes Code, which is being examined by a committee. Real estate companies may have reason to cheer as the generous tax concession for affordable housing may create demand, especially in the smaller metros.

The 'nudge theory' of economist Richard Thaler, mentioned extensively in the Economic Survey 2018-19 presented in Parliament on Thursday, has been put to use by the Finance Minister to push forward two of this government's pet themes – increasing digitalisation of money and promoting electric mobility. On the first, there will now be a 2% tax deducted at source when withdrawals from bank accounts exceed ₹1 crore in a year. This is a commendable measure, but it could lead to genuine problems for businesses such as construction and real estate that are forced to deal in cash for wage payments. Of course, the TDS can be set off against their overall tax liability. The second, and more interesting 'nudge', is towards electric vehicles where those taking loans to buy one will get a tax deduction of up to ₹1.5 lakh on the interest paid by them. But the fact is that there are not too many electric vehicles in the market now. And even for those that are there, the waiting period to deliver one is long. Besides, there is no ecosystem, such as charging points, even in the major cities. The government's hope seems to be that this incentive will create a market for e-vehicles that will then lead to the development of the ecosystem.

The budget documents show that the government has stuck to the glide path for fiscal deficit, which will be at 3.3% this fiscal. This is, however, based on exaggerated growth projections in tax revenues. The estimated total revenue receipts this fiscal is ₹19.62 lakh crore, which implies a 25.56% growth compared to the actual receipts of ₹15.63 lakh crore (as presented in the Economic Survey) in 2018-19. This is an extremely ambitious projection, especially given the ongoing slowdown in the economy. Of course, the Finance Minister could get a comfortable buffer if the Bimal Jalan committee that is going into the sharing of RBI's reserves with the government comes up with favourable recommendations. The government also appears to be sliding into a protectionist mode, going by the increase in customs duty on everything from cashew kernels to PVC, newsprint and even auto parts. While some of it may be well-intentioned to promote domestic manufacturing, this sends out a retrograde signal on the reforms front.

Falling far short of the goal

The rhetoric in the Budget of accelerated, inclusive and sustainable development receives only limited financial backing



C.P. CHANDRASEKHAR

The general election is over and a new government has been formed. But the campaign does not seem to end. More than an hour of Finance Minister Nirmala Sitharaman's maiden Budget speech was largely devoted to underlining what she claimed were the remarkable economic achievements of the previous government. Given that legacy, she presented her role as one of expanding and strengthening the many achievements of Prime Minister Narendra Modi's first government. To underline that, she flagged the 10 points earlier presented as a vision for the decade in the interim Budget speech.

This raises two questions. First, how far has Ms. Sitharaman gone in actually extending and strengthening the initiatives that make it possible to realise the goals deriving from that vision? And, second, how does she intend to finance that effort to build on and take forward a legacy she claimed has laid out the agenda?

Ambition is not lacking. India, which was an approximately \$1.85 trillion economy when the previous government took over (2014), and has grown to become a \$2.7 trillion economy today will, the Prime Minister promises, grow



R.V. MOORTHY

to be a \$5 trillion economy by 2024. Allowing for an inflation rate of 5%, that requires a real growth rate of 8% or more per annum. If GDP had to grow at that rate, investment must rise sharply. The Budget is clear on the government's role in this process. It cannot invest too much, but it must ensure huge investments in infrastructure and elsewhere by attracting and incentivising private investors. Optimistically leaving this to the private sector, the government focusses on taking the benefits of growth to the rural areas, the Micro, Small and Medium Enterprises and the marginalised.

A shortfall

However, one striking feature of the figures that make up the Budget is that the allocations to match this ambition are significantly short of requirement. Going by the nominal GDP figures implicit in

the fiscal deficit ratios provided, total expenditure of the Central government which rose from 12.7% of GDP in 2017-18 to 13.2% of GDP in 2018-19, would remain at 13.1% of GDP in 2019-20. Spending to "kick-start" growth is absent.

Math for welfare programmes

This is true of allocations for the government's social welfare schemes as well. If we take the six major schemes labelled "core of the core schemes" (including the National Social Assistance Programme and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), nominal allocations, which amounted to ₹84,361 crore in 2018-19 as per the revised estimates are projected to fall to ₹81,863 crore in 2019-20. Allow for inflation and that 3% fall would imply a significant real cut. In the case of the MGNREGA, the budgetary allocation for 2019-20

at ₹60,000 crore is lower than even the inadequate ₹61,084 crore spent in 2018-19. Elsewhere, in the case of some flagship schemes extolled in the Budget speech, budgetary allocations for the Pradhan Mantri Gram Sadak Yojana is the same in 2019-20 as it was in 2018-19 and that for the Pradhan Mantri Awas Yojana are lower for 2018-19 than it was in the Budget for the previous year. It is principally the farmer income support scheme of ₹6,000 per identified household that receives a significantly large and enhanced allocation of ₹75,000 crore. But even this has to an extent been financed by cutting allocations for other schemes. In effect, the rhetoric of accelerated, inclusive and sustainable development receives only limited financial backing.

The difficulty is that to finance even this curtailed thrust, the Finance Minister is hard put to find the resources, especially because the government wants to show it is committed to fiscal deficit reduction, with the deficit projected at 3.3% in 2019-20. It does make one effort at squeezing surpluses out of the system with increased taxes on the super-rich. Surcharges on those with taxable incomes in the ₹2.5 crore and above ₹5 crore ranges are to be increased so as to raise the effective tax rate applicable by 3 and 7 percentage points respectively.

Though in 2017-18 almost 99% of returns filed were of those with taxable incomes less than ₹2 crore, the tax makes a small difference,

inasmuch as the 0.05% of returns filed that fell in the above ₹5 crore taxable income group accounted for close to 32% of taxable income declared. But this gain has been partly neutralised by reducing tax rates for corporations with a turnover in the ₹250 crore to ₹400 crore range from 30% to 25%. The government has also resorted to some regressive taxation. At a time when oil prices are on the rise because of American sanctions on Iran, the Finance Minister has decided to raise the duty on petrol and diesel by ₹1 per litre each.

Public sector sale

The other major source of non-debt receipts is disinvestment and privatisation which is to be accelerated. Strategic sales will continue and equity even in public sector enterprises where government shareholding has reached the 51% floor is to be sold. That is expected to yield ₹1,05,000 crore in 2019-20, compared with the ₹80,000 crore last year. But, as noted, all this has not been enough to deliver resources that match the ambition reflected in the rhetoric of the new government.

Which leads naturally to dependence on welfare hype and the strategy of hopelessly depending on private initiative to drive growth.

C.P. Chandrasekhar is Professor at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi

Choosing the long view

The Budget is part of the longer-term creation of a new India, and continues with the vision of the previous tenure



ASHIMA GOYAL

The first Budget of the new government in the 17th Lok Sabha powerfully recommits to the vision guiding the last term emphasising continuity, individual empowerment and infrastructure for nation building, fiscal consolidation, discipline, and process improvements. The rural sector comes in for special attention, but even there the focus is on value addition and transformation rather than income transfers as the means to double farmer incomes.

Jarring note

But in choosing the long view, there is hardly any discussion of the current growth slowdown, and how the Budget can contribute to alleviating it. This is a pity, because this is expected of the major macroeconomic policy statement of the government. Markets are looking for a big spending boost from the government to revive growth. But there are many aspects of the Budget that will contribute to reviving growth but unfortunately they are not brought out explicitly. The Budget is presented as part of the longer-term creation of a new India.

The standard idea of macroeconomic stimulus is to announce a large increase in government spending without raising taxes. This raises deficits. There has been an active debate in the run-up to the Budget that given the slowdown some rise in deficits is acceptable in order to provide a boost to the economy. But the government is committed to a long-term macroeconomic framework and a path of deficit reduction. A deviation will hurt its credibility. As we see below, there are other

ways of stimulating the economy. Moreover forward-looking agents know short-term indulgence comes at the expense of long-term pain. They are likely to become more confident and spend more with a government that is able to keep its word. India has had a long battle to escape from macroeconomic fragility and high inflation due to over spending and over stimulus by past governments.

Macroeconomic stimulus

The Budget gives many examples of this government's faster speed of delivery in infrastructure, such as road building or construction of low-income housing. Since the same government is back, it will be able to front-load expenditure on ready projects. The spending comes before taxes are raised and, therefore, is stimulatory. Apart from creating incomes it boosts demand for the cement and steel industries. Moreover, although the fiscal deficit ratio has come down from 3.4 in the interim Budget to 3.3, a larger share of resources are to be raised by privatisation. Since this does not reduce private demand as taxation does, there is a larger net expenditure stimulus which supports demand and growth. Completed schemes are being built upon, as some funds from Swachh Bharat are being re-allocated to piped water and to obtaining energy from solid waste management. The substitution of LED bulbs under the Unnat Jyoti by Affordable LEDs for All (UJALA) Yojana for earlier energy guzzlers led to an estimated cost saving of ₹18,341 crore per year. Now solar stoves and battery chargers will be promoted.

Faster privatisation as well as monetisation of other assets such as brown field projects and government land banks will encourage private activity. The ₹70,000 crore to be pumped into public sector banks coming after the asset clean-up has started yielding results, together with a series of measures for non banking finan-



REUTERS

cial companies (NBFC) will help credit growth.

A climate of pessimism and fear was responsible for falling credit growth, which fed into a slowdown in private investment and consumption. The Government's role is to bolster confidence. As a confident state steps in, begins to spend, and turns around the financial sector, private spending will also revive. Private investment projects had started in end-2017 as some sectors were running into capacity constraints, and then dried up because of the NBFC credit slowdown and election-related political uncertainty. It should revive again, especially since interest rates are coming down. G-Secs rates have fallen after the Budget. Spreads for corporate bonds and NBFC funds should also come down. Many NBFCs continue to have viable business models. The fear of credit risk will fade as costs come down and activity revives. The moribund real estate market that is responsible for much destruction of asset value will get a fillip from tax exemptions and lower interest rates.

Help is promised for industry in many other ways. Land availability, labour law simplification, reduction in legal costs, delays and tax harassment. The focus on public-private partnerships and support for entrepreneurship will create many opportunities for industry. Private firms generally do much better in last mile delivery of public services. Cuts in corporate taxes, other sops and tweaks in tariffs are well-thought-out to attract foreign firms to produce at scale in India. This is the right time for such initiatives in the context of foreign direct investment re-locating

from China.

One of the strengths of the last government was in process improvements. These continue in this Budget. A new initiative of faceless e-assessment with no human interface, and cases assigned in random manner will reduce tax payer harassment. Integrated information will be used to auto fill tax forms making compliance easier even as tax evasion becomes more difficult. There is more simplification in Goods and Services Tax and other taxes while information will be used more intensively to increase the tax base.

The improvement in processes reflects in better delivery of Budget promises, and the quality of fiscal consolidation. The revenue deficit has fallen as well as the fiscal deficit even as expenditure promises were largely kept, although much more was spent for agriculture. Capital expenditure was supported by market borrowing of public sector enterprises (PSEs) – as they become commercially viable, they must borrow based on future income streams. The growth slowdown would have been worse last year without this borrowing. PSEs do not suffer from credit risk. The food subsidy from the Food Corporation of India – which last year was supported by borrowing from small savings – is now brought back to the Budget as it should be.

Apart from reforms in budget processes there is support for larger reform processes. The emphasis on technology cannot deliver alone without improvement in governance. But there is evidence of complementary action on both. For example, a major handicap for small businesses is an absence of timely payments from government. A payment platform has been announced for cutting time and improving processes. Ministries dealing with water have been reformed.

A major constraint India has been facing is the absence of long-term funding for infrastructure.

There is evidence of innovative thinking on this with sops announced for alternate investment funds; thinking about setting up a development bank as well for making more foreign savings available. Retail investors are also to be encouraged to buy government securities. Stock exchanges are building platforms, which are to be supported by inter-operability between the Securities and Exchange Board of India and the Reserve Bank of India depositories. To the extent there are large diversified domestic investors in government securities the proposal to also raise funds abroad becomes less risky.

As these reforms improve the supply-side, cost and time delays reduce for business as well as for the average citizen.

Long-term framework

As argued above, some stimulus is possible without raising deficits. In the long run, however, the macroeconomic framework constraining the Budget needs to be revisited to allow policy to counter growth slowdowns and booms. The present framework gives very little space for this. The Fiscal Responsibility and Budget Management adjustment path should be in terms of a cyclically adjusted fiscal deficit, with incentives to protect the quality of expenditure. A target for revenue deficit is also required since it is easiest to cut public investment, which also hurts growth. The 15th Finance Commission should consider this reset.

Reducing the level of debt and interest payments is a desirable objective, since it would release much more government funds for productive expenditure. But growth raises tax revenues and a rise in GDP increases the denominator reducing deficit ratios. Therefore maintaining growth is one of the best ways to reduce debt and deficit ratios.

Ashima Goyal is on the Prime Minister's Economic Advisory Council

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Budget talk

Finance Minister Nirmala Sitharaman's maiden Budget, coming with an ambitious call for a \$5 trillion economy, is a lacklustre exercise filled with slogans and devoid of solutions. It aims to create wealth without giving any scope for creating employment. There is no proposal to reduce the rich-poor gap and bring about more equitable distribution of resources. The call for Public-Private Partnership in Railways is a move to bring the sector into the fold of private entities in due course. A streamlining of labour laws

will enthrone the investors but do nothing to satisfy the working class. A disinvestment target of ₹1,05,000 crore will hasten the extinction of Public Sector Undertakings, which are the people's asset. This is a budget for the rich and offers nothing to the common man

A.G. RAJMOHAN,
Anantapur, Andhra Pradesh

This year's Budget steered clear of awarding too many sops and instead focussed on the need of the hour for the common man. There was emphasis on areas like construction of houses and electrification. Raising the

tax threshold from ₹2.50 lakh to ₹5 lakh would be welcomed by a section of the salaried class. Giving incentives to start-ups is a step towards increasing employment. Further, relaxation in corporate tax slab will be welcomed by companies. There is considerable additional tax deduction available for home-buyers as well. To sum up, the Budget has given every sector a pie in the cake.

ASHOK JAVARAM,
Bengaluru

Investment slump

I am unable to share the Chief Economic Adviser's

confidence that the slump in investment has "bottomed out" (Editorial, "Blue-sky visions," July 5). The banking system and its functioning is the weakest link here. Domestic savings, a vital source of investment, are channelled through banks. The framework under which they operate is anachronistic and not in line with the present-day requirements of the real economy, causing high level of Non-Performing Assets. Further, due to a steady deterioration in their operational profitability, a deep patron-client relationship with the

government has developed and independent decision making by senior bankers has all but disappeared. Since their conceptual lending framework itself is flawed, which leads to wrong credit decisions being made and then a periodic monitoring of their functioning, bankers have developed a lot of expertise on how not to take decisions.

SUSHIL PRASAD
Hyderabad

CORRECTIONS & CLARIFICATIONS:

"U.S. lawmakers slam detention centres" (July 3, 2019, World page) refers to Joaquin Castro as the Democratic presidential hopeful from Texas. The correct name is Julián Castro.

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Searching for reform signals

While the Budget shows commitment to fiscal consolidation, there are very few measures that can steer the economy to acceleration



M. GOVINDA RAO

There were high expectations from the Budget to provide a clear road map for much-needed reforms, given that the government received an unprecedented electoral mandate. The GDP growth in the last quarter of 2018-19 was the slowest in the last five years, and considering that the capacity utilisation in manufacturing has already peaked, reviving the investment climate is critical to accelerate economic growth. The unemployment rate, which is 6.1%, is the highest in four decades. With the Economic Survey making a pitch for creating a virtuous cycle of saving and investment, there was hope that there

would be far-reaching announcements in the Budget.

Balancing the books

To be fair, Finance Minister Nirmala Sitharaman has a difficult job of balancing the books, particularly when the revenues are not buoyant and demands for expenditure are high. From that perspective, it is noteworthy that she has tried to show her commitment to the process of fiscal consolidation by keeping the fiscal deficit budgeted at 3.3%. The difference between the 3.4% budgeted in the interim Budget and this is mainly due to higher GDP estimates (₹93,168 crore) used in the denominator. The revenue is lower by ₹55,463 crore compared to the interim Budget estimate but this is offset by non-tax revenue estimated to be higher by ₹40,532 crore. Thus, there are not many significant departures from the estimates of revenue and expenditure presented in the interim Budget. The gross income tax revenue is estimated to be lower than the interim Budget by ₹90,000 crore, mainly on account of lower GST (₹97,857 crore) and individual income tax (₹51,000 crore). Despite taking lower estimates, the revenue estimates look far too optimistic in comparison with the pre-actuals given by the Controller General of Accounts. To realise the Budget estimates, the increase over the actual tax collected in 2018-19 in gross tax revenue will have to be 21.2%, net tax revenue must rise by 25.3%, and

the non-tax revenue will have to increase by 27.2%.

A major source of additional revenue projected in the Budget is by having an active disinvestment policy. Disinvestment is expected to generate ₹1,05,000 crore, which is almost ₹15,000 crore higher than what was taken in the interim Budget. The Budget speech also speaks about an active disinvestment policy beginning with Air India. Hopefully, the environment will help to implement this. Another source of revenue which is expected to increase is the dividend. This amounts to ₹1,63,528 crore, which is ₹21,457 crore more than what was estimated in the interim Budget. Much of this will be from the Reserve Bank of India (RBI).

The most important reform measure in the Budget is the proposal to streamline multiple labour laws into a set of four labour codes. Although the details are not yet available, it is hoped that the government will embark on the much-needed reforms in this area. This is a contentious issue that has been long debated. The Economic Survey too has referred to the need to make the factor markets less distorting and the disincentives these laws create in ensuring optimal sizes. Hopefully, the government will address this in the interest of increasing employment and exports of labour-intensive goods.

The reform front

On the reform front, while much

was expected, the Budget has been clearly disappointing. There are very few measures that can steer the economy to acceleration, leave alone changing gear to achieve the aspirational goal of achieving 8% growth to reach a \$5 trillion economy by 2024. On the contrary, some of the measures take us back to the pre-reform era. Over the last three years, there has been a steady increase in import tariff in the name

The Budget allocates ₹70,000 crore for the recapitalisation of public sector banks, but is silent on structural reforms including governance reforms.

of 'Make in India', and with the U.S. coming hard on India by terminating India's designation as a beneficiary developing nation under the key Generalised System of Preferences programme, it was hoped that there would be an attempt at lowering and reducing the expansion of the protectionist wall. The objective of 'Make in India' should be to make the economy competitive and not to dish out higher costs, inferior products to domestic consumers. By selective increases in customs duty and by varying the rates based on whether the item is an intermediate good, capital good and final consumer good, the Budget has caused the effective rate of protection on many items to be much higher than the nominal

rates. This can create unintended distortions. This is clearly retrograde.

One of the major initiatives needed at the present juncture is to reform the banking system. The Budget allocates ₹70,000 crore for the recapitalisation of public sector banks, but is silent on the urgently needed structural reforms including governance reforms. Nor are there any concrete measures to deal with the Non-Banking Financial Companies crisis apart from empowering the RBI to undertake the regulatory function. Not that everything has to be done in the Budget, but events have shown that there is a need to improve both the legal framework and governance system. Consolidation of public sector banks cannot serve the purpose of changing the structure of incentives and accountability.

Revive the investment climate

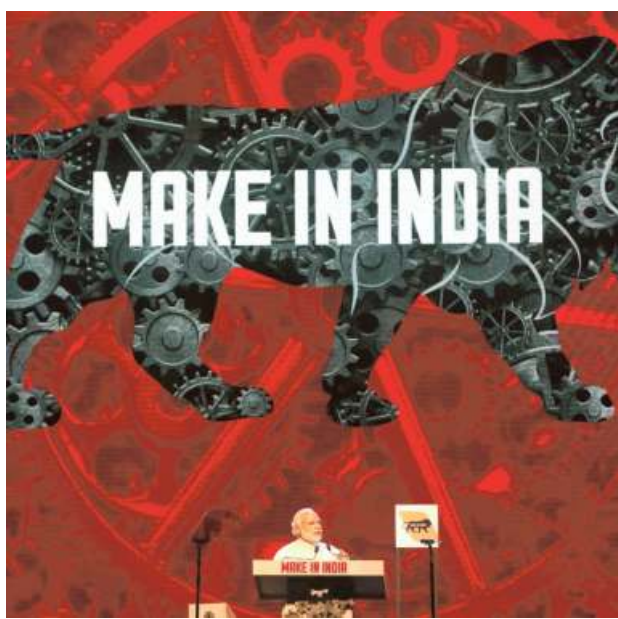
The revival of the economy requires the revival of the investment climate. A recent OECD study has shown that corporate taxes in India are very high amounting to almost 48% when the dividend distribution tax and surcharges are taken account of. The Budget in 2015-16 promised to bring the basic rate down to 25%. This was implemented for companies with a ₹250 crore turnover in the 2018 Budget; the present Budget increases it to ₹400 crore. Although these companies cover 90% of the number of companies, their tax payment is less than

10-15%. If large investments have to be attracted, then the reduction should have been general and the scaffolding approach can only disincentivise the companies to grow bigger and better. This only discourages the companies from becoming larger. While the Economic Survey is eloquent about the need to transform the 'dwarfs into giants', the various measures taken in the Budget to incentivise the MSMEs amount to reiterating that 'small is beautiful'.

Cooperative federalism

The Finance Minister speaks about the rejuvenated Centre-State dynamic and commitment to cooperative federalism shown by the government during the last five years. At the same time, most of the measures taken to raise additional revenues are by way of cesses and surcharges. The increase in income tax for people with more than ₹2 crore and ₹5 crore is by way of additional surcharge. Similar is the case with additional tax on petrol and diesel. This is clearly to exclude the additional revenue raised from the divisible pool and deny the share of the tax to the States. Hopefully, the Finance Commission which is deliberating on the devolution will take note of the issue. On any case, such measures do not promote cooperative federalism.

M. Govinda Rao is Member, Fourteenth Finance Commission, and former Director, NIPFP. Views are personal



A Budget that goes nowhere

It would seem that since the government is unable to catalyse domestic investment or fund public investment, it is now turning abroad to fuel growth



C. RAMMANOHAR REDDY

Union Finance Minister Nirmala Sitharaman is mistaken if she thinks her first Budget is going to revive a slowing economy.

The economy grew by just 5.8% in real terms in the last quarter of 2018-19. Yet, the Union Budget for 2019-20 assumes that the economy will grow this year by 12% in nominal terms, or by 7-8% in real terms. How can that dramatic a turnaround take place? Only if there is a

sharp pick-up in investment – private and/or public.

There is little in the Budget that is likely to boost domestic private investment. There are neither any incentives for private investment nor support for public investment. To make matters worse, the Budget has actually projected a decline in central government capital expenditure (public investment) in 2019-20 by 6% in nominal terms. This is perhaps the first ever decline in public investment in the past half century, which, once adjusted for inflation, could measure over 10%. It is no wonder that the Finance Minister, shedding the convention of decades, did not mention any allocations for schemes in her speech and pushed all the numbers to the fine print.

Same direction as before

It would seem that since the government is unable to catalyse domestic investment or fund public investment, it is now turning abroad to fuel growth. Some of the norms for foreign institutional investment (FII) are to be liberalised, so too for foreign portfolio investment (FPI) and ceilings on foreign direct investment (FDI) are to be raised in some sectors. More ominously, the government has now

decided to go in for external commercial borrowings to meet part of its borrowing requirements, claiming that India's external debt to GDP ratio is very small. This is very much like what the governments of the 1980s did, which eventually led to the balance of payments crisis of the early 1990s. Why are we again heading in that direction?

Prime Minister Narendra Modi's slogan of a \$5 trillion economy by 2024-25 has taken over the discourse on the economy. The Economic Survey gave it considerable importance and now the Union Budget has too. We have forgotten that a larger economy does not necessarily translate into improved well being for all. A larger economy is of value only if in the process it delivers more jobs and better services. It is significant that the word "jobs" found no mention in the Finance Minister's speech.

The approach of the Narendra Modi government in its second term seems much like in the first – focus on a select group of welfare schemes like Ujjwala Yojana, Swachh Bharat, Sowbhagya and Jan Dhan (all of which are believed to have served it well in the 2019 elections) and now Jal Shakti, while leaving it to private investment or private consumption to deliver eco-

nomical growth.

If private investment does not deliver, then the assumption is that private consumption will. Indeed, consumption with the help of household debt has been driving growth in recent years. The dangers of consumption loaded by private debt are obvious.

Numbers from interim Budget

Since the numbers in the Budget papers have steadily lost their integrity, it seems pointless to examine them in much detail. Last month, the Controller General of Accounts had made public the provisional numbers for 2018-19. These showed that central tax revenues were lower than the revised (yes, revised and not Budget) estimates by as much as ₹1.67 trillion. In order to hold down the fiscal deficit, the government cut its expenditure by ₹1.33 trillion. Though these updated figures are available (with the Finance Secretary himself saying in the post Budget press conference that the actuals for 2018-19 are now with the government), why on earth do the Budget papers reproduce the numbers from the interim Budget of February 2019? Obviousness and now Jal Shakti, while leaving it to private investment or private consumption to deliver eco-

in a poor light: unable to fulfil its promises on tax collection and spending commitments in its last year of its first five-year term.

To be fair to the Finance Minister, the revenue projections, especially in income tax, are more modest and therefore perhaps more realistic than that of her predecessor. They are modest enough to project a decline in gross tax receipts from 11.9% of GDP (2018-19) to 11.7% of GDP (2019-20), arising

from a slump in both direct and indirect taxes. It is interesting that the last time there was a fall in tax revenue was in 2014-15, the first year of the first Modi government.

How then is the government planning to marginally lower its fiscal deficit in 2019-20 to 3.3% of GDP (assuming that this is indeed a reliable estimate)? It turns out a boost in non-tax revenue will make the difference. The biggest jump is of dividends from the Reserve Bank of India and the nationalised banks:

₹1.06 trillion, a 43% jump over 2018-19. Since few public sector banks are making money, most of this must be expected from the RBI. These dividends have more than doubled from 2017-18. We now know why the government-RBI tussle was so bitter last year.

Cooperative federalism?

True to form, the government swears by cooperative federalism in words but does actually the opposite in practice. A major source of revenue mobilisation is to come from a higher cess and special additional excise duty on petrol/diesel. That is good for the Centre because cesses are not to be shared with the States!

With the year ahead already threatening to be a difficult one because of a monsoon that increasingly looks likely to be less than normal, we have to buckle up. We will not get any support from the second Modi government's first Budget.

A feel good spirit from an impressive electoral victory and slogans about a \$5 trillion economy are by themselves not going to give any buoyancy to the economy.

C. Rammanohar Reddy is Editor of The India Forum



The macro does not gel with the micro

The Budget describes with admirable practicality what we would like to see in India, but it is not convincing on how we can have the growth to afford the same



PULAPRE BALAKRISHNAN

The maiden Budget presented by Finance Minister Nirmala Sitharaman was much looked forward to partly because she is the first woman to hold this post full time, an achievement for our democracy.

Attention to detail

Though her speech was perhaps a little combative, as she kept asserting the achievements of the first Narendra Modi government, it was nevertheless marked by an

even-handedness and attention to detail that is rare. The first was seen in the methodical way in which she ranged over the areas – manufacturing, Gramin India, Shahari India, women, and the youth. One of the many instances in which the second was evident is in the elaboration of the proposed elimination of human interface in the conduct of scrutiny for taxpayers.

However, there was a disconnect in the speech. At the outset, Ms. Sitharaman appeared to assert that India is headed towards becoming a \$5 trillion economy by 2024. However, much of the rest of her speech was concerned with what this economy would look like – there would be widely dispersed social and physical infrastructure; a low-carbon footprint; and housing for all, among other desirable things. We were not told how the country will get there. And getting there is important, for the things that have been promised need to be paid for and there has to be the income for this.

Improving ease of living

If only five points in the Budget are to be highlighted, I would choose bank capitalisation; rural electrification to be completed by 2022; a final push for water and sanitation, making India open defecation free

by October 2 this year; encouraging solar power usage; and tax-related changes. Of these, electrification, water and solar power may not require large outlays but they make a big difference to people's lives, a reality ably grasped by the Bharatiya Janata Party (BJP), which portrays its actions in these areas as aimed at improving 'the ease of living'.

The infusion of ₹70,000 crore into public sector banks would be a significant contribution to easing the liquidity situation caused by

There is no mention in the Budget of public investment, stepping up of which would be essential even to stimulate private investment right now.

non-performing assets. It is mentioned that this will be accompanied by governance reforms, though we do not know as yet what form they will take, which alone will determine how significant they will be.

The package for the financial sector also includes a time-bound public guarantee to commercial banks that acquire assets of the presently troubled Non-Banking Financial Companies (NBFCs). This

should bring some stability to the NBFC sector, instability in which would ruin the lives of hundreds of investors and choke lines of credit outside the banking sector.

In case it is found that the capital infusion is inadequate, the government can always increase it later in the financial year, but to have intervened at this stage of liquidity shortage is statesmanly. The proposals on taxation include changes in both tax liability and administration. The exemption limit on the income tax has been raised but the surcharge has now been increased on those in the highest two tax brackets. There is a balancing act here. Similarly, the upper limit for eligibility for the lowest slab of the corporate tax has been raised from ₹250 crore to ₹400 crore.

This in line with the demands of India's corporate sector but it may not be what is best for the economy at a time when the government needs as much revenue as it can garner to quicken it.

New era of tax administration

However, the Budget may have initiated a new era with respect to the tax administration. Compliance is to be made easier for the taxpayer. There are to be pre-filled tax returns and less human interaction in the event of tax scrutiny. There will

be 'faceless assessment' through the use of an electronic mode. Face-to-face encounters between inspectors and the assessee will be eliminated, with notices sent from a central Income Tax cell. Some similar simplification is to be done in the sphere of the Goods and Services Tax too. The Minister is right to speak of all this as a "paradigm shift" in the functioning of the tax department.

While it is surprising that she equated the ease of paying taxes with the ease of living in India, which must take far more into account, it is the case that individuals have experienced powerlessness when dealing with the tax department.

Where the Budget fails

This Budget's failing is in not setting out the means by which the government is to take the economy to the aspirational \$5 trillion level. Barring unforeseen productivity surges, we must assume that investment holds the key. At least the Economic Survey tabled earlier spoke of the importance of investment, even though it somewhat ideologically confined validity to private investment.

The Budget has nothing to say on the matter. Perhaps it is believed that the very return of this government is sufficient to release the

'animal spirits' of private investors. However, this would amount to overlooking the history since 2014. In this period, though there has been macroeconomic stability and much attention has been paid to the ease of doing business, private investment has declined. This points to the limits to confining yourself to the supply side when you are interested in growth, which this government is doing.

Moving to a \$5 trillion economy by 2024 would require growing at a rate faster than the average that has been achieved since 2014. There is no mention in the Budget of public investment, stepping up of which would be essential even to stimulate private investment right now. Capital expenditure has been raised by much less than the actual increase in the past year.

One way of seeing this Budget is that it is something good in parts. It describes with admirable practicality what we would like to see in India, from water connections to roads. But it is not convincing on how we can have the growth to afford them. We might say then that the macroeconomics does not gel with the microeconomics.

Pulapre Balakrishnan is Professor, Ashoka University and Senior Fellow, IIM Kozhikode



IN BRIEF

**Fire at DGHS office in Karkardooma**

NEW DELHI
A fire broke out on the fifth floor of the Directorate General of Health Services building in east Delhi's Karkardooma on Friday. No loss of life has been reported. At least 500 people were in the building when the fire started around 1.30 p.m. The blaze was brought under control within an hour, said the Delhi Fire Service.

Air quality of Delhi-NCR

City	Index	Category
Delhi	106	Moderate
Gurgaon	46	Good
Ghaziabad	121	Moderate
Faridabad	-	-
Noida	110	Moderate
Greater Noida	108	Moderate

Legend:
 Good: 0-50
 Satisfactory: 51-100
 Moderate: 101-200
 Poor: 201-300
 Very poor: 301-400
 Severe: >401

AIR QUALITY INDEX AT 4 P.M. YESTERDAY
AVERAGE OF PAST 24 HOURS | SOURCE: CPCB

DELHI TODAY

Talk: A Tribute to late Girish Karnad, with a dramatised reading of excerpts from his plays at Amaltes Hall, India Habitat Centre (IHC), 7 p.m.

Book Launch: "The Battle of Panchavati and other stories from Indian Scriptures" will be released at Oxford Book Store, 5 p.m.

Music: Carnatic violin recital by Dr. V.S. Vinay from USA, disciple of Vidwan V. Janakiraman at C.D. Deshmukh Auditorium, India International Centre (IIC), 10 a.m.

Dance: Jagannath Rath Yatra Dance Festival 2019 at Shri Jagannath Temple Auditorium, Tyagraj Nagar, 7 p.m.

Exhibition: "Colours of the Himalayas", a solo painting show by Shabnam A. Singh at Visual Arts Gallery, IHC, 11 a.m. - 7 p.m.
(Mail your listings for this column at cityeditor@thehindu.co.in)

'Issues flagged by AAP not in Budget'

Central assistance, share in taxes not increased; no provision for funds to local bodies: Sisodia

STAFF REPORTER
NEW DELHI

None of the four issues flagged by Chief Minister Arvind Kejriwal and Finance Minister Manish Sisodia at a recent pre-Budget meeting with Union Finance Minister Nirmala Sitharaman led to any change in the budgetary outlay for the Capital.

In a statement, Mr. Sisodia pointed out that Delhi's share in Central Taxes and Central Assistance had not been increased. He also pointed out that no provision had been made for funds to be disbursed to local bodies.

"In the Union Budget 2019-20, Delhi's share in Central Taxes has not been increased from ₹325 crore... it has been stagnant since 2001-02," he said, adding: "We had requested the Centre to enhance the allocation to at least ₹6,000 crore as share in Central Taxes."

On no allocation of funds for local bodies, the Deputy CM said: "We had requested the allocation of ₹1,150 crore as basic and performance grants to local bodies in Delhi in 2019-20. We are providing 12.5% of our annual net tax collection to the local bodies. However, the local bodies in Delhi are not getting any financial support from the Centre."

The Delhi Finance Minister said that the Centre had also declined to increase



Manish Sisodia

Central Assistance to the Capital.

"The Delhi government had requested Central Aid to be increased to ₹1,500 crore in 2019-20," he said.

"The legitimate demand of Delhi for its share of about ₹3,202 crore in the unsettled amount of ₹1.68 lakh crore of IGST, which was devolved to the Centre and State without Delhi getting any share, has not been addressed in 2019-20 Budget. No funds have been allocated for the Government of the National Capital Territory of Delhi under this item," the statement added.

In another statement, the Aam Aadmi Party alleged that the Centre's "step-motherly treatment" towards Delhi had continued with Budget 2019-20.

"The Budget allocation to Delhi has remained stagnant at a miserly ₹325 crore since 2002, despite being one of the highest contributors of income tax," said AAP MPs N.D. Gupta and Sushil Gupta.

Hike in fuel levies worries Delhiites

Use of Aadhaar, PAN interchangeably gets mixed response

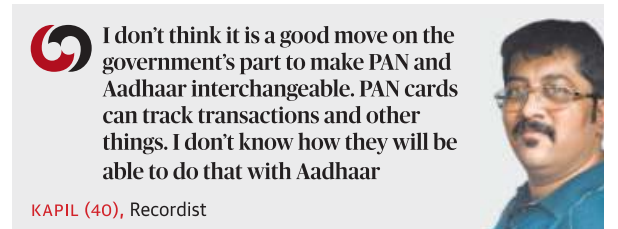
PALLAVI KESWANI
SAURAV SINHA
NEW DELHI

The proposal in the Union Budget to hike cess and duty on petrol and diesel, which may increase fuel prices by at least ₹2 a litre, and the decision to make Aadhaar and PAN cards interchangeable caught the attention of Delhiites on Friday.

Lamenting that a hike in fuel prices would add to the woes of the common man, 27-year-old Abhishek, a freelancer, said: "The government should think about people from lower-income groups for whom affording the inflated price is difficult. In big cities like Delhi, people can still afford the price, but if the same price is applicable in rural areas, how will they manage their livelihood?"

Jerin Ephrem, a private sector employee said: "I am disappointed after hearing of the hike in fuel prices as I was hoping that the government would reduce rates. It [price hike] might encourage people to move to electric and CNG vehicles, but the government needs to have infrastructure in place for that."

Jasvinder Singh, a 59-year-old businessman, said: "How will the middle class survive



KAPIL (40), Recordist

I don't think it is a good move on the government's part to make PAN and Aadhaar interchangeable. PAN cards can track transactions and other things. I don't know how they will be able to do that with Aadhaar

I think the decision to make PAN and Aadhaar cards interchangeable is a great one. It will definitely increase accountability

An increase in petrol price will create problems for me. It will be an added burden on low-income groups

if fuel prices keep increasing? On the one hand, salary is not increasing for the working class, on the other, prices for such necessary items are going up. How will people survive?"

Commenting that no "major reforms" were announced, Pranav Talwar, a public relations professional, said: "The government has set out a goal of making India a \$5-trillion economy by 2024. But it can be achieved only if an enabling ecosystem for businesses is created."

likely to be achieved by this move," said Arijit Basu, a chartered accountant. However, 40-year-old Kapil said, "PAN was a way to track transactions and other things. I don't know how the government will do the same with Aadhaar."

Commenting that no "major reforms" were announced, Pranav Talwar, a public relations professional, said: "The government has set out a goal of making India a \$5-trillion economy by 2024. But it can be achieved only if an enabling ecosystem for businesses is created."

CM, three others charged with rioting in 2014 case

NIRNIMESH KUMAR
NEW DELHI

A Delhi court on Friday framed charges of rioting and violating prohibitory orders against Chief Minister Arvind Kejriwal, his deputy Manish Sisodia and two other AAP leaders in the 2014 Rail Bhavan agitation case.

Former Delhi Assembly Deputy Speaker Rakhi Birla and former Delhi Law Minister Somnath Bharti were also charged. However, Additional Chief Metropolitan Magistrate Samar Vishal discharged AAP's Raja Sabha

MP Sanjay Singh and former leader of the party Ashutosh.

In its chargesheet, the police had claimed that on January 19, 2014, prohibitory orders had been imposed in North Block, South Block, Vijay Chowk areas near Rail Bhavan and Parliament Street. Despite this, the six AAP leaders had assembled there, defying the prohibitory orders, it said.

When the policemen tried to stop them, the leaders instigated their supporters and they manhandled the cops, stated the chargesheet.

Some relief as monsoon finally arrives in Capital

JACOB KOSHY
NEW DELHI

Nearly a week behind schedule, the southwest monsoon finally reached Delhi on Friday.

An advisory issued by the India Meteorological Department stated that while light rains are likely over the next two days, a surge in monsoon rainfall is expected over Delhi, Chandigarh and Haryana on July 8 and 9.

Delhi has witnessed a monsoon deficit in June.

Between June 1 and July 3, according to the updated records of the IMD, the Capital has seen only 6 mm of rain as opposed to 68 mm it usually gets during the period, which is a shortfall of nearly 90%.

The advent of monsoon in Delhi was perfunctory with most stations barely registering any rain. As of Friday evening, the rain gauges at Lodhi Road station recorded 27 mm of rain, up from 1 mm the previous day.

AAP govt. appoints sacked Minister as Haj panel head

JATIN ANAND
NEW DELHI

Nearly four years after being sacked on charges of alleged corruption, which he attributed to 'internal politics', Matia Mahal legislator Asim Ahmed Khan was appointed the chairman of the eight-member Delhi State Haj Committee on Friday.

Party insiders termed the development a "rehabilitation of sorts" for Mr. Khan, who was the Food and Civil Supplies Minister in 2015.

Mr. Khan was sacked on October 9, 2015 by Chief Minister Arvind Kejriwal, who

announced his decision during a press conference. Mr. Khan had alleged that his ouster was "scripted" and that he had fallen prey to "internal party politics".

The allegations were probed by the CBI, which exonerated him.

"There was just some misunderstanding [between the party and him] but I kept standing with the party through thick and thin. This is a message to everyone in the community... the party stands with them as much as it does with me," Mr. Khan told *The Hindu*.

THE HINDU

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DELHI Timings

SATURDAY, JULY 06
 RISE 05:29 SET 19:23
 RISE 09:05 SET 22:34

SUNDAY, JULY 07
 RISE 05:30 SET 19:23
 RISE 10:11 SET 23:16

MONDAY, JULY 08
 RISE 05:30 SET 19:23
 RISE 11:15 SET 23:54

Delhi Weather

	max	min
Delhi City	34	27
Safdarjang	34	27
Palam	34	27

Delhi Palam Today
34°C Humid conditions to increase. Warm and humid weather to continue. Spell of rain/thundershower will affect over the city.

Delhi Palam Tomorrow
35°C Day will be warm and humid with cloudy sky. Spell of rain/thundershower will affect.

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IN BRIEF
Reply to discrepancy claims: HC to Stephen's

NEW DELHI
 The Delhi High Court on Friday asked St. Stephen's College to reply to its professor's plea alleging large-scale discrepancy in the cut-off marks notified for Christian students, from reserved categories, who applied for various undergraduate courses. A Bench of Chief Justice D.N. Patel and Justice C. Hari Shankar issued notice to the college on the petition, which also alleged discrepancies in the cut-offs for non-Christian SC/ST and physically handicapped applicants.

'No SIT probe in Chawri Bazar case'

HC dismisses plea, says 3 FIRs lodged

STAFF REPORTER NEW DELHI
 The Delhi High Court on Friday dismissed a petition seeking a Special Investigation Team (SIT) probe into the alleged vandalism of a temple in Chawri Bazar, noting that the police have already filed three FIRs and investigation was going on. A Bench of Chief Justice D.N. Patel and Justice C. Hari Shankar also commented on the petitioner wanting the culprits in the case to be arrested overnight, saying his "expectations are too high". "The respondents [police and Centre] have already arrested seven persons and another six juveniles are in observation homes. Thus, it appears that the respondents are serious," the Bench said. Centre's standing counsel Anil Soni, ap-

pearing for the Ministry of Home Affairs, and counsel representing the police told the court that CCTV footage was being examined and more arrest may be made. After this, the Bench said it was absolutely "premature" for the petitioner to approach the court at such an early stage of investigation. "Nothing can be done overnight even by an efficient person or institution. Some breathing time ought to be given...the criminal law has been put into motion and therefore, we see no reason for setting up an SIT," the Bench said dismissing the petition by advocate Alakh Alok Shrivastava. He had sought an SIT probe into the conspiracy behind the attack on a temple in Old Delhi on June 30.

Reply sought from BJP MP on AAP leader's plea

STAFF REPORTER NEW DELHI

The Delhi High Court on Friday sought response from BJP MP Ramesh Bidhuri on a plea by AAP leader Raghav Chadha challenging his election to the Lok Sabha from the South Delhi constituency. Justice Sanjeev Narula also directed the returning officer to preserve the election records relating to the parliamentary polls for South Delhi constituency. The High Court has posted the case for further hearing on September 2. Mr. Chadha had on Thursday moved the HC contending that Mr. Bidhuri suppressed the information in his affidavit as a candidate with regards to an FIR lodged against him in Muzaffarpur.

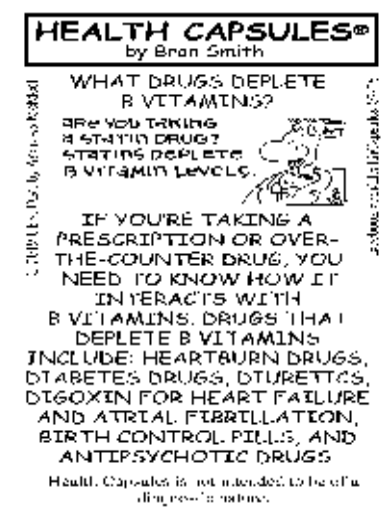
Journalist booked for sexual harassment

SPECIAL CORRESPONDENT GURUGRAM
 A senior journalist has been booked for sexual harassment following a complaint lodged by his domestic help at DLF Phase-III police station. According to the FIR, the

journalist walked into the room of the complainant, a tribal woman, without clothes and tried to sexually harass her. The woman alleged that the journalist returned home around 1 a.m. on Thursday and went to his room, but

barged into her room some time later. The woman locked herself in a washroom, but the accused allegedly tried to force open the door. A couple of hours later, she managed to slip out and asked a guard in the colony to escort her to a

house where her friend worked. "We received a complaint on Thursday. A case was registered under Section 354 A of the IPC. The matter is under investigation," said ACP, DLF, Karan Goel.



THE GUARDIAN QUICK CROSSWORD-13115

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- **Across**
- 1 Well-padded sofa with two arms and a back (12)
- 9 Arm off a larger body of water between headlands (5)
- 10 The Seagull's author (7)
- 11 Agreeable -- subtle (4)
- 12 Correct procedure (8)
- 14 SI base unit of thermodynamic temperature (6)
- 15 Conundrum (6)
- 18 Micro-organisms associated with food poisoning (8)
- 20 Powder (abbr) (4)
- 22 Weather map lines (7)
- 23 Dislike intensely (5)
- 24 Kind of scheme aimed at making fast bucks (3-4-5)
- **Down**
- 2 Like the pattern on a snail's shell (7)
- 3 Fill totally (4)

- 4 Play it again! (6)
- 5 Brief (8)
- 6 Moral practice (5)
- 7 Cavalier (5-3-4)
- 8 Like David against Goliath? (5-7)
- 13 Well-educated readers (8)
- 16 Vivid -- explicit (7)
- 17 Tasteless art (6)
- 19 Tobacco -- hooter (5)
- 21 Capital of Azerbaijan (4)

Solution will appear in The Hindu dated July 8, 2019.

Solution No. 13114

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P	E	N	G	U	I	N	S	U	I	T	
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N	A	I	R	O	B	I	A	N	G	E	R
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Man arrested for raping 5-year-old girl

STAFF REPORTER NEW DELHI

A 25-year-old man has been arrested for allegedly raping a 5-year-old girl in Dwarka on Tuesday, the police said on Friday. A senior officer said a PCR call was received from a pass-by who said a child ap-

peared to have been raped. "The police took her to DDU Hospital. She was unable to give information about her parents," the officer said. During probe, the police showed the victim's photo to the people in the area where she was found. "The girl's parents were identified within

four-five hours," the officer said. CCTV footage from the area helped the police find the accused, who allegedly confessed to have lured the girl with a cold drink. A case has been registered on charges of rape and under POCSO Act. The victim is undergoing treatment, they said.

IN BRIEF



Interim CBI chief shifted to Fire Services

NEW DELHI Senior CBI officer M. Nageswar Rao, who had replaced CBI Director Alok Verma last year as an interim chief, hours before the midnight raid at the latter's office, has been appointed as Director General, Fire Services, Civil Services and Home Guards. Mr. Rao will be posted there till his superannuation in July 2020, an order said.

Sena corporator filmed assaulting poultry seller

MUMBAI In another incident of a public representative engaged in assault, a video of Shiv Sena corporator Milind Vaidya, a former mayor of Mumbai, beating up a poultry seller has gone viral. Mr. Vaidya, who was mayor between 1996 and 1997, has confirmed the incident saying the poultry trucks created unhygienic conditions.

S. Jaishankar wins bypoll, enters Rajya Sabha

AHMEDABAD External Affairs Minister S. Jaishankar and Jugal Thakor were on Friday declared winners in Rajya Sabha bypolls for two seats in Gujarat. The by-election was held as two Rajya Sabha seats fell vacant after BJP leaders Amit Shah and Smriti Irani, who were elected to Lok Sabha, resigned. Both were elected to Rajya Sabha in August 2017.

Former HC judge to probe custodial death

THIRUVANANTHAPURAM Former High Court judge K. Narayana Kurup will probe the death of private financier Rajkumar in police custody in Nedumkandam in Idukki district, Kerala Chief Minister Pinarayi Vijayan has said. The judicial probe was aimed at finding the reasons and submitting recommendations to prevent such incidents. Action would be initiated on the basis of the police probe.

SC refuses to reopen Haren Pandya case

'Material submitted by the accused cannot be entertained'

KRISHNADAS RAJAGOPAL
NEW DELHI

The Supreme Court on Friday declined to order further investigation or reinvestigation into the murder of former Gujarat Home Minister Haren Pandya in 2003.

In a 234-page judgment, a Bench of Justices Arun Mishra and M.R. Shah said the case had attained finality and a PIL based on newspaper reports, statement by witness Azam Khan and "conjectures" arrived in a book cannot be the basis of a court ordering further probe or reinvestigation.

The court said the PIL was filed by NGO Centre for Public Interest Litigation (CPIL), represented by advocate Prashant Bhushan, with an "oblique motive" at the instance of the accused persons in the case. The PIL was based on materials given to the NGO by the accused per-



Haren Pandya

sons, the judgment said.

"In all fairness, such petition ought not to have been filed by CPIL at the instance of accused, it is clearly misused of forum of PIL. Only an application could have been preferred by the accused persons or by the petitioner or any other interested person in the criminal appeals. Even otherwise, we have not found on merits any material or ground worthy to direct further investi-

gation or reinvestigation in the case," the judgment noted.

The court imposed costs of ₹ 50,000 on CPIL, which had argued that there was "startling" fresh evidence in the case against senior Gujarat police officers and senior politicians. The fine has to be paid to the Supreme Court Bar Association Advocates Welfare Fund within a month.

Pandya, who was the Minister in the then Narendra Modi government, was shot dead on March 26, 2003, in Ahmedabad near the Law Garden area during his morning walk.

The Supreme court, in separate appeals by the CBI and the Gujarat government, set aside the Gujarat High Court decision acquitting all 12 accused and restored the trial court order convicting them.

SC seeks responses from Centre, UIDAI

New Aadhaar ordinance challenged

LEGAL CORRESPONDENT
NEW DELHI

A Supreme Court Bench led by Justice S.A. Bobde ordered the Central government and the Unique Identification Authority of India (UIDAI) to respond to a writ petition challenging the new Aadhaar Ordinance and Regulations passed by the Lok Sabha, saying they will create a "surveillance State" and enable the database to be exploited by private players for commercial gain.

The Bench issued notice on the petition filed by activists S.G. Vombatkere and Bezwada Wilson, who said the UIDAI intended to use the ordinance to commercialise and gain financially through the large-scale collection of personal data of citizens and use of Aadhaar database by private entities.

"People's data collected for Aadhaar database is their private property and

permitting this to be commercially explored is a violation of their fundamental right to dignity," the petition, represented by senior advocate Shyam Divan and advocate Vipin Nair, submitted.

It said a Constitution Bench of the Supreme Court in September last specifically struck down provisions, including Section 57 of the Aadhaar Act 2016 that led to commercial exploitation of the database.

The court had found that the architecture and design of the Aadhaar project did not enable mass surveillance of persons under the Aadhaar Act.

The petition said the Ordinance allowed the Aadhaar database to be linked to existing databases under the Prevention of Money Laundering Act and the Indian Telegraph Act. This posed a grave threat to national security.

Opposition bats for freedom of press

Moves motion in Rajya Sabha

SOBHANA K. NAIR
NEW DELHI

Opposition parties have moved a motion in the Rajya Sabha to hold a debate on "how to strengthen freedom of press".

This is the second united effort from the Opposition in the House where the seat arithmetic is fast changing in favour of the treasury benches. The debate is likely to be held on July 10.

Sixteen parties have signed the motion and the signatories include BJP MP Subramanian Swamy and YSR Congress members who have been leaning in favour of the BJP in most of the battles.

The debate is likely to be initiated by NCP leader Sharad Pawar. Other signatories to the motion include the Congress, the Trinamool Congress and the Left parties among others.

"We have been getting complaints that journalists are working under severe pressure from the ruling dispensation. Their freedom to report critically about the government is severely curtailed," a top Opposition leader said.

The recent 10% hike in the Customs duty on newsprint will be part of the debate. The Opposition parties are also likely to raise the issue of fake news.

2 Gujarat MLAs resign from Assembly, likely to join BJP

Spur rumours by voting against Congress in the RS bypolls

SPECIAL CORRESPONDENT
AHMEDABAD

Gujarat Congress legislators Alpesh Thakor and Dhavalsinh Zala resigned from the Legislative Assembly on Friday, after voting in the bypolls for two Rajya Sabha seats. The two voted against Congress candidates.

"The Congress observer tried to create a lot of issues over my vote, so you can understand for whom did I vote," Mr. Thakor told media persons after casting his vote. He added that he has resigned as legislator and will now contest the by-election from his Assembly constituency Radhanpur in north Gujarat. According to sources, both are likely to join the BJP soon.

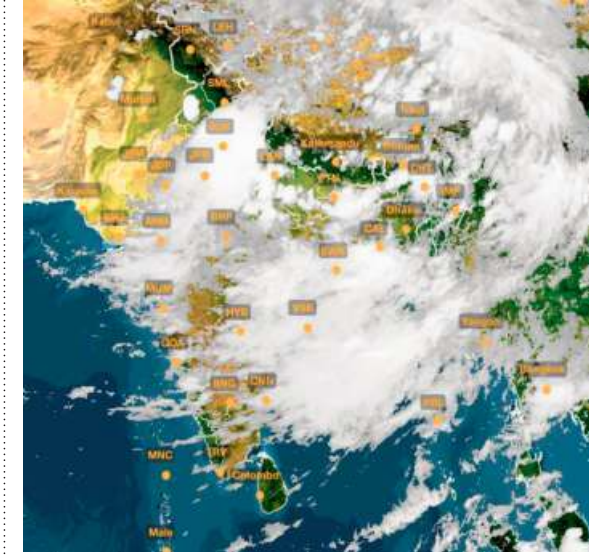


Exit route: Congress MLA Alpesh Thakor addressing the media after submitting his resignation. ■PTI

The bypolls are being held as the seats fell vacant after Amit Shah and Smriti Irani, who were elected to the Lok Sabha, resigned.

WEATHER WATCH

RAINFALL, TEMPERATURE & AIR QUALITY IN SELECT METROS YESTERDAY



TEMPERATURE DATA: IMD, POLLUTION DATA: CPCB, MAP: INSAT/IMD (TAKEN AT 18:00 HRS)

Forecast for Saturday: Heavy to very heavy rainfall likely at places over Himachal Pradesh, Uttarakhand, east and west Uttar Pradesh, Odisha, Karnataka, Goa, Assam, Meghalaya, Nagaland, Manipur, Mizoram, Tripura, Gujarat, Madhya Pradesh, Chhattisgarh, Punjab, Haryana, Chandigarh, Delhi, east Rajasthan, West Bengal, Bihar, Jharkhand, Arunachal Pradesh.

CITY	RAIN	MAX	MIN	CITY	RAIN	MAX	MIN
Agartala	35.3	27.4	Kozhikode	.....	37.8	32.2
Ahmedabad	2.3	34.4	Kurnool	.....	1.1	34.5
Aizwal	29.3	21.1	Lucknow	.....	.....	39.2
Allahabad	40.3	29.8	Madurai	.....	38.6	27.4
Bengaluru	1.5	30.0	Mangaluru	.....	15.5	30.8
Bhopal	1.2	26.1	Mumbai	.....	23.5	30.8
Bhubaneswar	6.7	32.2	Mysuru	.....	29.0	21.4
Chandigarh	25.2	31.5	New Delhi	.....	1.4	34.2
Chennai	37.0	30.2	Patna	.....	2.4	37.2
Coimbatore	0.3	33.2	Port Blair	.....	3.4	30.7
Dehradun	2.8	33.5	Puducherry	.....	.....	37.2
Gangtok	3.3	23.9	Pune	.....	2.7	27.6
Goa	31.0	24.6	Raipur	.....	2.8	27.4
Guwahati	15.9	35.0	Ranchi	.....	32.8	23.2
Hubballi	26.0	22.0	Shillong	.....	0.2	25.6
Hyderabad	30.6	24.6	Shimla	.....	3.4	26.0
Imphal	1.1	31.2	Srinagar	.....	32.1	18.0
Jaipur	1.7	31.1	Trivandrum	.....	2.0	31.8
Kochi	6.8	30.8	Tiruchi	.....	39.1	28.6
Kohima	1.0	26.1	Vijaywada	.....	2.6	33.7
Kolkata	34.2	27.9	Visakhapatnam	.....	29.4	26.8

(Rainfall data in mm; temperature in Celsius)

Pollutants in the air you are breathing

CITIES	SO ₂	NO ₂	CO	PM _{2.5}	PM ₁₀	CODE	Yesterday
Ahmedabad	50	125	85	In observation made at 4.00 p.m., Ballabgarh, Haryana recorded an overall air quality index (AQI) score of 273 indicating an unhealthy level of pollution. In contrast, Ratlam, Madhya Pradesh recorded a healthy AQI score of 24
Bengaluru	18	54	82	.....	134	.....
Chennai	4	29	42	.....	.....	.....
Delhi	9	58	108	177	144	.....
Hyderabad	10	48	12	40	48	.....
Kolkata	9	36	9	75	90	.....
Lucknow	15	26	113	160	.....	.....
Mumbai	31	20	100	22	81	.....
Pune	64	8	29	43	43	.....
Visakhapatnam	20	52	38	71	100	.....

Air Quality Code: ■ Poor ■ Moderate ■ Good (Readings indicate average AQI)

SO₂: Sulphur Dioxide. Short-term exposure can harm the respiratory system, making breathing difficult. It can affect visibility by reacting with other air particles to form haze and stain culturally important objects such as statues and monuments.

NO₂: Nitrogen Dioxide. Aggravates respiratory illness, causes haze to form by reacting with other air particles, causes acid rain, pollutes coastal waters.

CO: Carbon monoxide. High concentration in air reduces oxygen supply to critical organs like the heart and brain. At very high levels, it can cause dizziness, confusion, unconsciousness and even death.

PM_{2.5} & PM₁₀: Particulate matter pollution can cause irritation of the eyes, nose and throat, coughing, chest tightness and shortness of breath, reduced lung function, irregular heartbeat, asthma attacks, heart attacks and premature death in people with heart or lung disease

Minister blames crabs for Tiwre dam breach

STAFF REPORTER
MUMBAI

Crabs in Maharashtra are now facing the threat of being held responsible for the dam breach.

Maharashtra's newly appointed Water Conservation Minister Tanaji Sawant has said Chilplun's Tiwre dam breach was a result of crabs weakening the walls. The breach claimed 18 lives. The Opposition slammed the Minister saying he was blaming the crabs to save the big corrupt fish.

"The wall was weakened by crabs and after it was pointed out to government officials, some remedial measures were taken up. The SIT appointed by Chief Minister Devendra Fadnis will come up with its findings soon and we will come to know what exactly went wrong," Mr. Sawant told reporters.

ELSEWHERE



Iran threatens to seize British ship
LONDON/DUBAI
An Iranian Revolutionary Guards commander threatened on Friday to seize a British ship in retaliation for the capture of an Iranian supertanker in Gibraltar by the Royal Marines. "If Britain does not release the Iranian oil tanker, it is the authorities duty to seize a British oil tanker," Mohsen Rezaei said on Twitter.

\$6 bn from IMF will help secure more loans: Pak.
ISLAMABAD
The IMF's decision to provide a \$6 billion bailout package to Pakistan has improved the cash-strapped country's standing and it would attract \$38 billion more from other lenders, Abdul Hafeez Shaikh, Prime Minister Imran Khan's adviser, on finance, has claimed. PTI

Charges filed against Hong Kong protester
HONG KONG
A Hong Kong street artist was charged on Friday with assaulting a police officer and criminal damage, the first prosecution against an anti-government protester since the city was rocked by unprecedented demonstrations. AFP

Trump celebrates U.S. might, avoids politics in July 4 speech

For Americans, nothing is impossible, President tells cheering crowd

AGENCE FRANCE-PRESSE WASHINGTON
President Donald Trump sang the praises of the U.S. military and American heroes of the past two-and-a-half centuries on Thursday, skirting politics in a rousing Independence Day speech in Washington.

"What a great country," Mr. Trump exclaimed in an address saturated with patriotism and exceptionalism, after critics accused him of hijacking the annual celebration.

"For Americans, nothing is impossible," he said.

Combat aircraft, including the rarely-seen B2 stealth bomber, flew overhead as Mr. Trump scrolled through myriad events of U.S. history, from groundbreaking inventions to battlefield victories. He drew cheers of "USA! USA!" from an enthusiastic rain-soaked audience of tens of thousands on the National Mall in Washington.

'Future belongs to us'
Mr. Trump promised the U.S. would soon again send men to the moon, and go beyond to "plant the American flag on Mars."

"We will always be the people who defeated a tyrant, crossed a continent, harnessed science, took to the



Hailing the heroes: U.S. President Donald Trump and First Lady Melania Trump at the Lincoln Memorial in Washington D.C. on Friday. *REUTERS

skies, and soared into the heavens, because we will never forget that we are Americans, and the future belongs to us."

Mr. Trump spoke in front of a massive statue of a seated Abraham Lincoln, the heroic 19th century President, where civil rights icon Martin Luther King Jr. gave his "I Have a Dream" speech in 1963.

Mr. Trump used the traditionally politics-free holiday to deliver shoutouts to each arm of the military, as well as

singling out first responders and the controversial Border Patrol and Immigration and

Customs Enforcement agencies that have been criticised for their treatment of migrants.

'Disappointed critics'
But he disappointed critics who had warned that Mr. Trump, the first President in decades to make a keynote speech on the July 4 holiday, was hijacking the celebration to bolster his own political standing and attack Democratic rivals.

Instead, in a trickling rain, he uncharacteristically avoided talking about himself and his political detractors. He repeatedly ascribed

a singular greatness to the country, declaring it "the most exceptional nation in the history of the world."

The July 4 celebrations usually draw hundreds of thousands of people to the National Mall.

"I think it's awesome, I think it shows courage and patriotic enthusiasm. He is not afraid," Dee Ranson, 55, said before Mr. Trump's speech.

But April Smith, 43, said she had "no interest" in hearing Mr. Trump's speech, and thought the military "show of power and strength" was unnecessary.

Rule of law in Venezuela eroded: UN

AGENCE FRANCE-PRESSE GENEVA

The UN human rights chief lamented on Friday the erosion of rule of law in Venezuela, pointing to attacks on political opponents and activists, including using torture and killings.

"Essential institutions and the rule of law in Venezuela have been eroded," Michelle Bachelet told the UN Human Rights Council.

She was presenting a damning report published late on Thursday, following her visit to the troubled South American Country last month.

The report pointed out that, according to a count by Caracas, nearly 7,000 people have been killed during security operations in Venezuela in the past year and a half. "Many could constitute extrajudicial killings, and should be fully investigated with accountability of perpetrators, and guarantees of non-recurrence," she told the council.

Ms. Bachelet pointed a finger at Venezuela's police special forces, and urged the authorities to "dissolve" the unit.

She welcomed the release of 62 detainees during her recent visit to the country, and 22 more this Thursday, including journalist Braulio Jatar and the judge Lourdes Afiuni.

Sudan's protesters hail deal with ruling military

It raises hopes for an end to stand-off

ASSOCIATED PRESS KHARTOUM

Leaders of Sudan's pro-democracy movement welcomed on Friday the power-sharing agreement with the ruling military council as a victory for their "revolution," raising hopes for an end to the three-month stand-off with the generals and deadly violence.

"Today, our revolution has won and our victory shines," read a post on the Facebook page of Sudanese Professionals' Association, which has spearheaded the protests.

The emerging deal could break the political impasse that has gripped the country since the military ousted longtime President Omar al-Bashir in April. Since then, protesters stayed on the streets demanding that the generals handover power to

a civilian leadership. Talks collapsed when security forces razed a protest camp in Khartoum on June 3 leaving more than a hundred killed, according to protesters.

The African Union and Ethiopia made intensive efforts to bring the generals and the protesters back to the negotiating table. Negotiations resumed earlier this week, after protest broke out across major cities.

The two parties agreed to form a joint sovereign council to lead the country during a transitional period of three years and three months.

The council will include five civilians representing the protest movement and five military members. An eleventh seat will go to a civilian chosen by both parties.

Sri Lanka SC stays execution of drug offence convicts

Sirisena had signed death warrants for four persons in June

MEERA SRINIVASAN COLOMBO

The Supreme Court of Sri Lanka on Friday stayed the death penalty for four persons convicted on drug-related offences until October 30, temporarily preventing the country's first hanging in 43 years.

In June, President Maithripala Sirisena had signed death warrants for four persons, effectively ending a 43-year-old moratorium on capital punishment. Amid concern voiced by local and international rights groups,

President Sirisena has defended his stance, while criticising those opposed to his move.

Appearing for one of the convicts, Tamil National Alliance MP M.A. Sumanthiran argued that around the time Sri Lanka's current Constitution was adopted in 1978, the country's policy had been that in a "Dharmishta" (righteous) society, the State shall not put an end to any person's life.

The last time the country executed someone was in 1976.

"Several governments and presidents have maintained the moratorium since then," said Mr. Sumanthiran on behalf all petitioners.

Politicians, including Prime Minister Ranil Wickremesinghe and Leader of Opposition Mahinda Rajapaksa, have opposed Mr. Sirisena's decision.

Mr. Wickremesinghe's United National Party has opposed the move, while the Tamil National Alliance at its recent party convention passed a resolution against capital punishment.

India needs to shed the rust that has crept into its campaign

Though the Men in Blue have secured a semifinal berth, it remains to be seen if Jadeja will be picked for the final league game against Sri Lanka



Leading by example: Virat Kohli, who has been in ominous form, will hope to continue in the same vein. •STU FORSTER/GETTY IMAGES



K.C. VIJAYA KUMAR
LEEDS

The Long Room at Headingley lives up to its prefix but what strikes the eye are the wooden boards mounted on the walls. Brownish grainy wood inscribed with names of cricketers who either struck centuries or bagged a five-for in Tests. We have heard about the honours board at Lord's and the one here is equally resplendent.

From the Indian perspective, the list features Vijay Manjrekar, M.A.K. Pataudi, Sachin Tendulkar, Sourav Ganguly, Rahul Dravid and Roger Binny to gaze at and leap back in time. But for the Men in Blue, besides drawing some inspiration from history, it is time to sternly look ahead as Saturday's game involving Sri Lanka looms into view.

A World Cup semifinal

berth has been secured but more needs to be done ahead of the knockouts. The contest against the men from the Emerald Island, presents an opportunity to enhance obvious strengths and shed the minuscule rust that has crept in during the campaign.

It remains to be seen if the management would pick Ravindra Jadeja, who hasn't had a match yet. As a substitute, Jadeja did all the right things on the field but off it, he has erred in his judgement. The allrounder's outburst on Twitter, against Sanjay Manjrekar's critical remarks, is a distraction that could have been avoided. Other than this unsavoury episode, Virat Kohli's men have shut out the noise and gone about their task of playing hard and then found time to switch-off and recuperate.

Karthik needs to step up
The top troika of Rohit Sharma, K.L. Rahul and Kohli have scored the bulk and it is time for the middle order to galvanise and add more adrenaline. Hardik Pandya and Rishabh Pant did reasonably well and the stage is

set for Dinesh Karthik to step up, while M.S. Dhoni has to hasten his strike-rate.

The bowling has been fine, barring that bruising stint against England and the latter is most likely to be at the opposition's corner in the semifinal. But that possibility could change if India plays to form and defeats Sri Lanka while Australia suffers

start campaign but has thrived on the will of its seniors, be it a Lasith Malinga or Angelo Mathews and the audacity of youth as reflected by Avishka Fernando. Skipper Dimuth Karunaratne would take heart from the fact that a fortnight ago, at this same venue, his men had humbled England. An encore against India would help the Sri Lankans leave with bigger smiles when

for now it is advantage India. **The teams (from):**
India: Virat Kohli (captain), Rohit Sharma, M.S. Dhoni, K.L. Rahul, Hardik Pandya, Jasprit Bumrah, Ravindra Jadeja, Kedar Jadhav, Dinesh Karthik, Bhuvneshwar Kumar, Mohammed Shami, Yuzvendra Chahal, Kuldeep Yadav, Rishabh Pant and Mayank Agarwal.
Sri Lanka: Dimuth Karunaratne (captain), Avishka Fernando, Suranga Lakmal, Lasith Malinga, Angelo Mathews, Jeevan

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Inzamam-ul-Haq took a wicket on his first ball in international cricket.

a blip and succumbs to South Africa. The table will flip, India will lead and would take on the fourth-placed New Zealand. But these are hypothetical situations and what matters is the clash on hand.

Taking heart from win
Sri Lanka has had a stop-

they exit London's Heathrow Airport. This is Malinga's last World Cup game and he has blazed bright in his twilight, roaring with delight and still promising a wicket in each of his spells. If he could dismiss his Mumbai Indians captain Rohit early, may be, the face-off pitting neighbours could throw up possibilities. But

Mendis, Kusal Mendis, Kusal Perera, Thisara Perera, Kasun Rajitha, Dhananjaya de Silva, Milinda Siriwardana, Lahiru Thirimanne, Isuru Udana and Jeffrey Vandersay.

Umpires: Chris Gaffaney and Paul Wilson; **Third umpire:** Ian Gould; **Match referee:** Chris Broad.

Match starts at 3 p.m. IST.

'We do have the semifinal at the back of our minds'

Karthik feels that India has the ability to handle pressure and backs itself to chase or set totals

K.C. VIJAYA KUMAR
LEEDS

Dinesh Karthik's career has been a tale of the patient wait. He was part of India's 2007 World Cup squad to the West Indies but the wicket-keeper-batsman never got a game in a doomed campaign. He finally made his debut in cricket's global tournament during the recent match against Bangladesh at Birmingham's Edgbaston.

Karthik, who spoke to reporters at Headingley here on Friday, insisted that though the semifinals linger close, the Men in Blue are focusing on Saturday's contest against Sri Lanka. **Excerpts:**

Top priority: First up is Sri Lanka. There are a few things a few players would want to

For me to come here and sit out the initial bit and then get a chance against Bangladesh, was something that I was looking forward to.

DINESH KARTHIK

achieve personally and as a team as well. We want to play our best game. We do have the semifinal at the back of our minds but we are professional enough to play a very clinical game against Sri Lanka.

Semifinal prophecies: It's a World Cup semifinal and it's hard to say which team is a threat. The beauty of a tournament like this is that once you hit the semifinal mark, it's just that one day

and you have to make sure that you stand up on that day.

World Cup debut: I have been around for 15 years. So to play that game, I felt really happy. For me to come here and sit out the initial bit and then get a chance against Bangladesh, was something that I was looking forward to. I would like to do the best I can. I have been waiting for this opportunity, the hunger is there.

Role definition: When I go in at No. 7, I need to assess the situation and play accordingly. If we need to cross the line when we are batting second, I need to pace myself accordingly. If you are batting first, then make sure we get to the par score that's required.

The chase: India have been good chasers and we are very confident of chasing. As for other teams, there could be scoreboard-pressure. As a team we have the ability to handle pressure and we would back ourselves to chase and get the totals that we believe we can achieve.



Seeking top form: Kuldeep will look to bounce back from the hammering he got against England. •STU FORSTER/GETTY IMAGES

'Have a plan for Rohit, Virat..'

Karunaratne hopes to win against India and finish on a high

SPECIAL CORRESPONDENT
LEEDS

Dimuth Karunaratne wanted his team to leave the World Cup on a winning note. The Sri Lankan captain is aware of the challenges in a tussle involving India at Headingley on Saturday. But hope floats and he spoke at length with the media here on Friday. **Excerpts.**

Immediate goal: We have to win the game to end up in the fifth or sixth position. That's our plan and we intend to do our best. We are playing on the same track that was used in the match between the West Indies and Afghanistan. Hopefully we can get some turn.

Stifling Rohit & company: We have a plan for Rohit (Sharma), Virat (Kohli) and all in the top six but we have to execute those plans well. They are dangerous and once they get set, they will get big runs. We will try to restrict them and hopefully get Rohit early.

Inherent strengths: If you take the batting, Avishka Fernando is playing really well and he is one of the fu-

ture stars. And in the bowling, (Lasith) Malinga and Nuwan Pradeep have done well. These are the positive points I will take from this tournament.

Weak domestic cricket: In Sri Lanka, we have only one domestic season and when the players come through to the international level, there is a huge gap. We have to play more and

allow our cricketers to go and play in the Indian Premier League, Big Bash League and county cricket.

These are the things I am expecting from the cricket board and hopefully they will take a good decision and make us strong at the domestic level and produce good players for the future.

Malinga eyeing T20I WC

SPECIAL CORRESPONDENT
LEEDS

Lasith Malinga clarified that it would be premature to discuss his ODI retirement and added that he is keen to play next year's T20I World Cup. "I just want to meet the Sri Lankan Cricket Board and ask them about what they are expecting from me. According to that, I will make my decision. We have to play the 2020 T20 World Cup's qualifying round. It is a very crucial time for us



Malinga. •REUTERS

and I am looking forward to playing that T20 World Cup. I don't think I will make any decision on my ODI career without meeting the board," the Sri Lankan spearhead said.

Give Jadeja a game



Dean Jones
SELECT DUGOUT CORNER

In all likelihood, Australia will defeat South Africa, and India will get past Sri Lanka easily. So that means that India will take on England in the semifinal at Birmingham.

India should use this Sri Lanka outing to get ready for the semifinal. I don't think India has the right team balance to take on England. They need to give Ravindra Jadeja a game.

The reason for this is that I will not include two wrist spinners against England. The English batsmen have played wrist spin better than any other team in this World Cup.

They hit Rashid Khan for 10 an over; Yuzvendra Chahal went at 9 an over. Kuldeep Yadav, Shadab Khan and Imran Tahir went for more than 6.5 per over. So it's quite clear that they're smashing wrist-spin. I would pick Jadeja, and drop either Kuldeep or Chahal.

Jason Roy presents a big challenge for India. Roy is the instigator; the heart of the England team. If India fail to get him early, it will be very tough to stop England. But if India can keep Roy quiet, they will go on to win the World Cup.

Rohit on fire

The Indian batting has been led by Rohit Sharma. Rohit is in the form of his life, but he has to be a little mindful of the hook and pull shots.

As for the Virat Kohli show, we haven't seen it yet, but it's coming very soon. Kohli has got a lot of fifties, but hasn't converted. India will want him to bat deep and make a big one.

The skipper is in great form, and the pressure of playing in the World Cup is not new to him. He's been there, done that. Maybe Kohli needs to prove to Rohit that the competition for best batsman in the world is not over yet.

The fans always remember the last bit of a big tournament like this, not the first phase. What a player does in the final stages is what will be remembered forever.

(Tune in to Select Dugout on Star Sports Select 1 on India match days and Sundays)

Imam's century, Shaheen's six-for rule the day

Bitter-sweet for Pakistan as the win is not enough to take it to the semifinals

SHAYAN ACHARYA
LONDON

Imam-ul-Haq scored a gritty ton and Shaheen Afridi scalped a six-for as Pakistan defeated Bangladesh by 94 runs at Lord's on Friday.

But that wasn't enough as the Sarfaraz Ahmed-led side crashed out of the World Cup despite finishing its group stage on a winning note. Pakistan faced an improbable task of beating Bangladesh by 300-plus runs to

keep its semifinal hopes alive. After it amassed 315 for nine, it needed to dismiss Bangladesh for seven runs or less!

Bangladesh rode on Shakib-Al Hasan's 64 to finish at 221.

After his seventh half-century equalled Sachin Tendulkar's record of 2003, Shakib slashed wildly at a ball from Shaheen and was caught behind. The 19-year-old left-armer, playing in his maiden

World Cup, finished with a tally of 16 wickets.

Earlier, Imam and Babar Azam (96) added 157 for the second wicket to put Pakistan back on the rails after the

team lost Fakhar Zaman early. The 23-year-old Imam became the youngest Pakistan batsman to score a World Cup hundred, while Azam missed a ton by four runs.

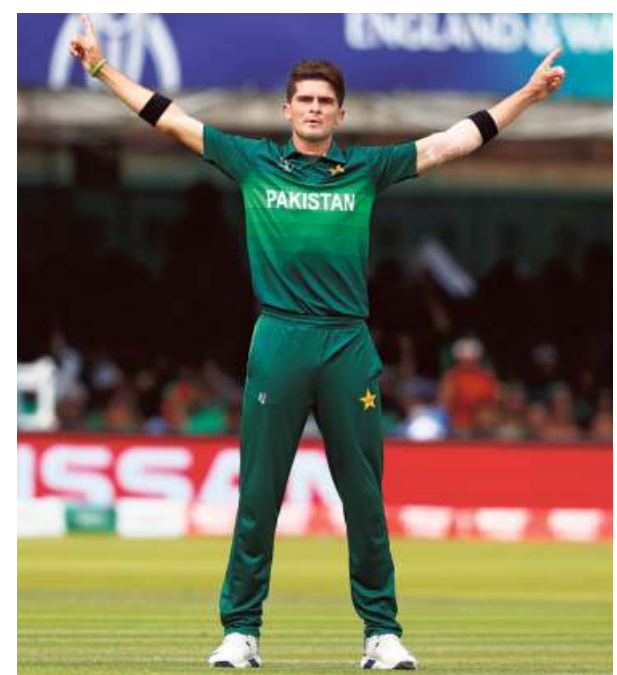
SCOREBOARD PAKISTAN VS BANGLADESH

PAKISTAN
Fakhar Zaman c Mehidy b Saifuddin 13 (31b, 1x4), Imam-ul-Haq hit wicket b Mustafizur 100 (100b, 7x4), Babar Azam lbw b Saifuddin 96 (98b, 11x4), Mohammad Hafeez c Shakib b Mehidy 27 (25b, 3x4), Haris Sohail c Sarkar b Mustafizur 6 (6b, 1x4), Imad Wasim c Mahmudullah b Mustafizur 43 (26b, 6x4, 1x6), Sarfaraz Ahmed (not out) 3 (3b), Wahab Riaz b Saifuddin 2 (4b), Shadab Khan c & b Mustafizur 1 (2b), Mohammad Amir c Mushfiqur b Mustafizur 8 (6b, 1x4), Shaheen Afridi (not out) 0 (0b); Extras (lb-3, w-12, nb-1); 16; Total (for nine wkts. in 50 overs): 315.

FALL OF WICKETS
1-23 (Fakhar, 7.2 overs), 2-180 (Azam, 31.6), 3-246 (Imam, 41.5), 4-248 (Hafeez, 42.4), 5-255 (Sohail, 43.5), 6-288 (Wahab, 46.5), 7-289 (Shadab, 47.1), 8-314 (Imad, 49.4), 9-314 (Amir, 49.5).

BANGLADESH BOWLING
Mehidy 10-0-30-1, Saifuddin 9-0-77-3, Mustafizur 10-0-75-5, Mortaza 7-0-46-0, Shakib 10-0-57-0, Mosaddek 4-0-27-0.

BANGLADESH
Tamim Iqbal b Shaheen 8



Superman! The 19-year-old Shaheen, who ripped through the Bangladesh line-up, finished with a tally of 16 wickets. •AP

Malik retires from ODIs

SHAYAN ACHARYA
LONDON

All-rounder Shoaib Malik announced his retirement from ODIs, minutes after Pakistan's last World Cup fixture on Friday.

The 37-year-old will, however, continue to play in T20Is and aims to feature in the World T20 next year. "That's my goal at the moment," said an emotional Malik. "I have no regrets. But it's just that I have been too flexible in my batting or-



Malik. •AFP

der. I am disappointed to be judged on two bad games here," he added.

Where they stand

Team	Mat	Won	Lost	NR	PTS	NRR
Australia (Q)	8	7	1	0	14	1.000
India (Q)	8	6	1	1	13	0.811
England (Q)	9	6	3	0	12	1.152
New Zealand (Q)	9	5	3	1	11	0.175
Pakistan (E)	9	5	3	1	11	-0.430
Sri Lanka (E)	8	3	3	2	8	-0.934
Bangladesh (E)	9	3	5	1	7	-0.910
South Africa (E)	8	2	5	1	5	-0.080
West Indies (E)	9	2	6	1	5	-0.225
Afghanistan (E)	9	0	9	0	0	-1.322

* till the Pakistan-Bangladesh match on July 5. Q: Qualified, E: Eliminated

THE FACE-OFF
Australia vs South Africa
OLD TRAFFORD

Team	Mat	Aus	SA	Tied	NR
Overall	99	48	47	3	1
World Cup	5	3	1	1	0

LIVE ON STAR SPORTS 2 HD & STAR SPORTS 3, 6 P.M.

Pella proves too good for Anderson

Gritty Gauff makes pre-quarters, Wozniacki and Kontaveit bid goodbye; Divij advances in doubles



AGENCE FRANCE-PRESSE LONDON Kevin Anderson, the 2018 runner-up, was dumped out of Wimbledon on Friday...



All-round game: Guido Pella pulled out all stops as he put out last-year's runner-up Kevin Anderson in straight sets.

Saturday's picks

- MEN 2-Federer vs Pouille 3-Nadal vs Tsonga 8-Nishikori vs Johnson 12-Fognini vs Sandgren 17-Berrettini vs Schwartzman WOMEN 1-Barty vs Dart 4-Bertens vs Strycova 6-Kvitova vs Linette 9-Stephens vs 19-Konta 10-Riske vs 13-Bencic 11-Serena vs 18-Georges 15-Wang vs 21-Mertens

the fifth time by seeing off the sport's tallest man Reilly Opelka of the United States 7-6(1), 6-2, 6-1.

France's Benoit Paire booked a last 16 place for the second time with a 5-7, 7-6(5), 6-3, 7-6(2) win over Czech qualifier Jiri Vesely.

Meanwhile in men's doubles, Divij Sharan kept the Indian interest alive by reaching the pre-quarterfinals along with Marcelo Demoliner, quelling Belgium's Sander Gille and Joran Vliegen 7-6(1), 5-7, 7-6(6), 6-4.

Paes out Switzerland's Viktorija Golubic 7-5, 6-3 and meets unseeded Chinese player Zhang Shuai. World No. 60 Zhang made the fourth round for the first time, coming back from 0-4 down in the opening set to beat former World No.1 Caroline Wozniacki 6-4, 6-2.

Raonic, the 15th seed, reached the fourth round for the first time by seeing off the sport's tallest man Reilly Opelka of the United States 7-6(1), 6-2, 6-1.

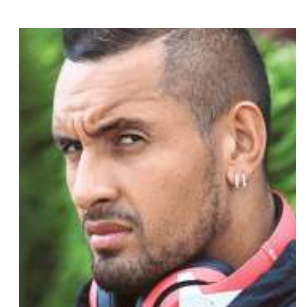
IMPORTANT RESULTS

Men: Third round: 1-Novak Djokovic (Srb) bt Hubert Hurkacz (Pol) 7-5, 6-7(5), 6-1, 6-4; 21-David Goffin (Bel) bt Daniil Medvedev 4-6, 6-2, 3-6, 6-3, 7-5; Fernando Verdasco (Esp) bt Thomas Fabbiano (Ita), 6-4, 7-6(1), 6-4; 15-Milos Raonic (Can) bt Reilly Opelka (USA) 7-6(1), 6-2, 6-1; 28-Benoit Paire (Fra) bt Jiri Vesely (Cze) 5-7, 7-6(5), 6-3, 7-6(2); 26-Guido Pella (Arg) bt Kevin Anderson (RSA) 6-4, 6-3, 7-6(4); 23-Roberto Bautista Agut (Esp) bt 10-Karen Khachanov (Rus) 6-3, 7-6(3), 6-1. Second round: Tennyis Sandgren (USA) bt 20-Gilles Simon (Fra) 6-2, 6-3, 4-6, 3-6, 8-6; 12-Fabio Fognini (Ita) bt Mirton Fucsovics (Hun) 6-7(6), 6-4, 7-6(3), 2-6, 6-3; 24-Diego Schwartzman (Arg) bt Dominik Koepfer (Ger) 6-0, 6-3, 7-5; Doubles: Second round: Divij Sharan (Ind) & Marcelo Demoliner (Bra) bt Sander Gille (Bel) & Joran Vliegen (Bel) 7-6(1), 5-7, 7-6(6), 6-4.

PASSING SHOTS

Aimed for his chest, says Kyrgios

Nick Kyrgios has admitted he meant to spear a forehand directly at Rafael Nadal in their ill-tempered Wimbledon clash on Thursday. Nadal triumphed 6-3, 3-6, 7-6(5), 7-6(3) in a second round duel which saw the combustible Australian pick up a code violation for unsportsmanlike behaviour and wage a bitter war of words with umpire Damien Dumusois.



him. "I was going for him. Yeah, I wanted to hit him square in the chest," said 24-year-old Kyrgios. "Why would I apologise? I mean, the dude has got how many Slams, how much money in the bank account? I think he can take a ball to the chest, bro. I'm not going to apologise to him at all."

Was a bit nervous, says Murray

Former World No. 1 Andy Murray made a victorious return to Wimbledon, where he won two of his three Grand Slam singles titles, partnering Pierre-Hugues Herbert to a four-set win in their first round doubles match. The 32-year-old Scotsman, who could become the first Wimbledon men's singles champion since Michael Stich in 1992 to also win the doubles title, returned to tennis only a fortnight ago after what he called life-changing hip surgery. He and Herbert, who has won all four Slam doubles titles, gelled as the match

went on and beat Romanian Marius Copil and Frenchman Ugo Humbert on Court One. "It was nice," said Murray. "I mean I was a little bit nervous at the start (he lost his opening service game) but got better as the match went on." Herbert, who angered usual partner Nicolas Mahut by opting to play with Murray, smiled when asked what marks he would give Murray for his performance. "It is tough to give a mark to Andy as he won here in singles and that is much harder than winning in doubles," said the Frenchman.

Ramkumar & Oliveira duo in last four

SPORTS BUREAU RECANATI (ITALY) Ramkumar Ramanathan and Goncalo Oliveira of Portugal reached the doubles semifinals with a 1-6, 7-6(6), [10-8] win over Enrique Lopez Perez and Adrian Menendez-Maceiras in the €46,600 Challenger tennis tournament here on Friday. Other results: \$15,000 ITF women, Hua Hin, Thailand: Quarterfinals: Da Hye Kim (Kor) bt Zeel Desai 6-1, 6-1. Doubles (quarterfinals): Robu Kajitani & Aika Yoshitomi (Jpn) bt Bunyawit Thanchaiwat (Tha) & Zeel Desai 6-2, 5-7, [10-8]; Kamonwan Buayam & Pattacharin Chaphandej (Tha) bt Mio Kokzaki (Jpn) & Saumya Vig 6-1, 6-0.

Kashyap and Sourabh stay on course

PRESS TRUST OF INDIA CALGARY Indian shuttlers P. Kashyap and Sourabh Verma reached the quarterfinals of the \$75000 Canada Open Super 100 tournament. Sixth seed Kashyap beat China's Ren Peng Bo 23-21, 21-23, 21-19, while Sourabh eked out a 21-13, 15-21, 21-15 win over another Chinese Sun Fei Xiang.

Annu seventh

SPORTS BUREAU LAUSANNE Annu Rani finished seventh in the Diamond League meet with a best of 59.35m here on Friday. German Christin Husong won the gold in 66.59m while Australian Barber Kelsey-Lee (65.63) and Czech Republic's Barbora Spotakova (63.79) took the silver and bronze.

Storm Breaker primed to repeat

BENGALURU: Storm Breaker, who is in fine nick, may score an encore in the Juvenile Sprinters Million (1,200m), the feature event of the races to be held here on Saturday (July 6). False rails (width about 8.5m from 1,600m to the winning post) will be in position. NOBLE PRINCE PLATE (1,400m), rated 15 to 35, 2-30 pm: 1. Shivlik Kiss (4) Shobhan 60, 2. Brothers In Arms (7) Suraj 59, 3. Amber Crown (8) Bhawani Singh 58.5, 4. Azeemki Princess (5) Raghuvver Singh 56, 5. Glorious Days (6) P.S. Chouhan 54, 6. Goodwill Warrior (1) Chetan K 54, 7. Blarney Stone (2) A. Ramu 53 and 8. Mayne Dimension (3) Neeraj 51.5. 1. BROTHERS IN ARMS, 2. SHIVLIK KISS, 3. BLARNEY STONE

WIN, 3. INDIAN DEMOCRAT 3 MAHALAKSHMI PLATE (1,400m), rated 00 to 20, 3-30: 1. Chula Vista (9) John 60, 2. Desert Angel (8) P.S. Chouhan 60, 3. Belleroophon (10) Sai Kiran 58.5, 4. Bravado (4) A. Merchant 58.5, 5. Girl With Pearl (7) A. Ramu 58, 6. Above The Rest (6) R. Manish 57.5, 7. Princess Amu (3) Nazerul 57, 8. Irish Prince (12) M. Prabhakaran 56, 9. Identiti (2) Md. Asif Khan 55.5, 10. High Tide (11) Dhebe 53, 11. Phoenix Reached (1) T.S. Jodha 53 and 12. Romantic Haven (5) S.A. Amit 52.5. 1. CHULA VISTA, 2. DESERT ANGEL, 3. PRINCESS AMU 4 KARNATAKA POLICE CUP (1,200m), rated 60 & above, 4-00: 1. Blue Blazer (2) Darshan 60, 2. Diamond Rays (7) Neeraj 59.5, 3. Bora Bora (1) P.S. Chouhan 59, 4. Haedi's Folly (9) Irvan 58.5, 5. Rum Runner (4) Antony 58, 6. Regal Music (5) R. Manish 57.5, 7. Mongolian King (6) Arshad 55.5, 8. Louisiana (3) Trevor 55 and 9. Into The Groove (8) Suraj 53. 1. HAEDI'S FOLLY, 2. DIAMOND RAYS, 3. INTO THE GROOVE 5 JUVENILE SPRINTERS MILION (1,200m), 3-y-o only, (Terms), 4-30: 1. Breaking Bounds (3) Zervan 57, 2. Roma Victor (4) Suraj 55, 3. Sitara (7) Trevor 54.5, 4. Musterion (2) Bhawani Singh

52, 5. Mzilikazi (5) Akshay K 52, 6. Storm Breaker (6) Yash 52 and 7. Glorious Dancer (1) Darshan 50.5. 1. STORM BREAKER, 2. SITARA, 3. ROMA VICTOR 6 JULY PLATE (1,100m), rated 15 to 35, 5-00: 1. Morrane Gabriella (6) R. Pradeep 60, 2. Mischief Flyer (3) A. Ramu 59, 3. She's Super One (7) Mark 57.5, 5. Genuine Star (2) Suraj 57, 6. Perfect King (8) Irvan 57, 7. Lucky Isabella (1) A. Merchant 56 and 8. Cashmere (5) Darshan 55. 1. SHE'S SUPERB, 2. MORRANE GABRIELLA, 3. CASHMERE 7 BHISHMA PLATE (1,200m), rated 15 to 35, 5-30: 1. Princess Holly (4) Rajesh K 60, 2. Air Of Distinction (1) Ashok K 59.5, 3. A Hearttoremember (3) Md. Akram 58.5, 4. Kasauli (6) Raja Rao 58.5, 5. Bernardini (6) S. Shareef 58, 6. Cosmic Feeling (7) Zervan 58, 7. Industrialist (9) R. Manish 58, 8. Darahasin (8) S. Mubarak 58 and 9. Lady Diana (2) T.S. Jodha 53.5. 1. DARAHASINI, 2. COSMIC FEELING, 3. INDUSTRIALIST Day's best: BROTHERS IN ARMS Double: CHULA VISTA - STORM BREAKER Jkt: 3, 4, 5, 6 and 7; Tr (i); 2, 3 and 4; (ii); 5, 6 and 7.

Intercontinental Cup - Stimac opts for judicious mix

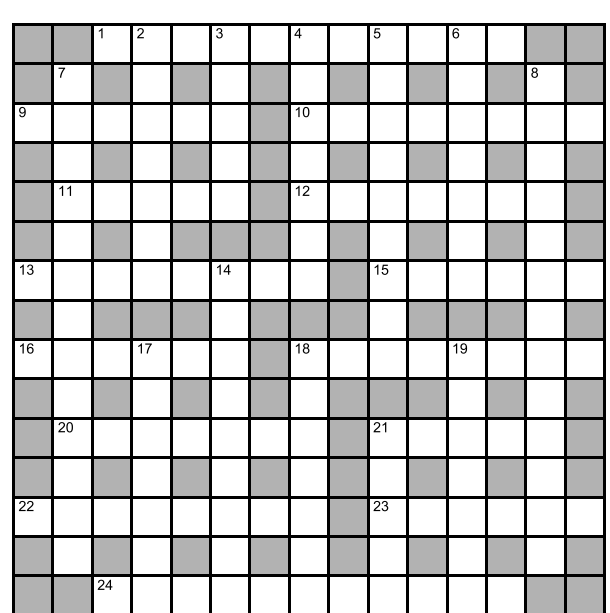
Stresses on team stability with inclusion of several seniors AMITABHA DAS SHARMA AHMEDABAD India head coach Igor Stimac has opted for a combination of youth and experience while announcing a squad of 25 for the Hero Intercontinental Cup, where India opens its campaign against Tajikistan here on Sunday. The other teams in the tournament are Syria and DPR Korea. The four sides will play a round robin format before the best two clash for the title on July 19. Looking to fine-tune the side after India's campaign in the Kings Cup in Thailand last month, the Croatian recalled Anas Edathodika from retirement before the preparatory camp in Mumbai. Stimac seemed to be keen on team stability with the inclusion of a good number of seniors. Defending champion India will be looking to reclaim its position in the top-100 in the FIFA rankings, which Stimac feels is priority along with putting up a good show in the qualifiers for the 2022 World Cup in Qatar. "All our work has been programmed to get us in form for the qualifiers," Stimac said in a statement. Indian Arrows defender Narender Gahlot was named in the list along with FC Goa wing-half Mandar Rao Desai.



The road ahead: Igor Stimac spells out his plans to the Indian players.

opening match. The 10 players who failed to make the cut are Vishal Kaith, Nishu Kumar, Salam Ranjan Singh, Sarthak Golu, Anwar Ali, Raynier Fernandes, Michael Soosairaj, Nikhil Poojary, Jackiechand Singh, and Balwant Singh. Ashique Kuruniyan was earlier released from the camp. The squad: Goalkeepers: Gurpreet Singh Sandhu, Amrinder Singh, Kamaljit Singh; Defenders: Pritam Kotal, Rahul Bheke, Sandesh Jhingan, Adil Khan, Anas Edathodika, Narender Gahlot, Subhashish Bose, Jerry Lalrinzuala; Midfielders: Kuman Udanta Singh, Brandon Fernandes, Anurudh Thapa, Pronay Halder, Rowlin Borges, Vinit Rai, Sahal Abdul, Amarjit Singh, Lalrinzuala Chhangte, Mandar Rao Desai; Forwards: Joby Justin, Sunil Chhetri, Farukh Choudhary, Manvir Singh.

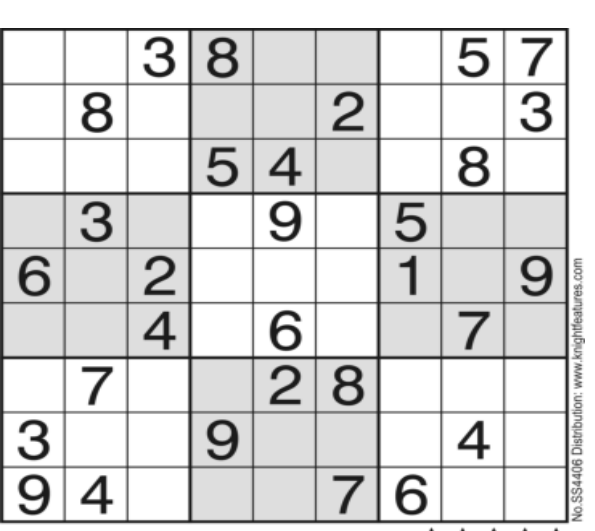
THE HINDU CROSSWORD 12671



ACROSS 1 Chastening fellow setter, happy to knock vacuous clue (11) 9 Process of prioritising, working great around hospitals essentially (6) 10 Sang praises of old lover - took it as a duty (8) 11 Low point of revolting free article (5)

(set by Buzzer) 12 Put right notorious criminal? Not so (4,3) 13 Secretaries facing one's stricture (8) 15 Oily and gajess, a piece of cake (6) 16 Woman in strife with domestic appliance (6) 18 Swigging gin cured loss of excess weight (8) 20 Wordplay - wicked reversal bringing cheer (5,2) 21 First woman to box, a dead duck (5) 22 Language like 'Open Sesame' (8) 23 It indicates the hour where water freezes shut (6) 24 Gang pile up on male outside cell (6,5) DOWN 2 Two legs at great length (2,3,2) 3 In disagreement about ruler (5) 4 They show a degree of reverence heading off agents surrounding Bond (7) 5 Cast do go to pieces filming fine tragedies (4,2,3) 6 Approximately large section of pizza (7) 7 Book club to forget keeping account? Be done with it (5,2,1,5) 8 Killing scene at the end? (5,8) 14 Still mastering golf, it is turning to be plain (9) 17 Try ham, veal got after rump cuts (4,1,2) 18 Full on exercise prisons to allow (7) 19 Comedian keeping place in series (7) 21 Time is hard to manage growing up (5)

SUDOKU



DIFFICULTY RATING: ★★★★★ Solution to puzzle 12670 Solution to yesterday's Sudoku

FAITH

Cleanse the mind

Reaching God is not easy. We must cross many hurdles before we attain Him, said R. Narayanan in a discourse. A soul is assigned a body according to its previous karma. Occupying that body, it lives its life on the earth and when life ends, the atma passes into its sukshma state. And the cycle of births and deaths repeats. Only a mind cleansed of all impure thoughts is ready to receive Him and we must practise control of the mind. A sage once visited a house and wanted to show the people who lived there the importance of a pure mind. He spotted a filthy vessel and asked the man of the house to fetch water in it. The man did as he was asked. The sage asked the man to fetch more water and the whole process was repeated many times, and finally the man remarked, "The once dirty vessel has become clean." The sage said, "In the same way, the mind is full of undesirable thoughts. If you worship God repeatedly, the impure thoughts will vanish." The Lord, in His infinite mercy, gives each atma a body, and then by enabling a person to focus on Him, he finally liberates him. The body that the atma inhabits is perishable, but the atma is not. God separates the imperishable from the perishable and takes the imperishable atma close to Himself. Milk spoils if not used at once. Curd has a slightly longer shelf life, but it tastes sour in a few days. Butter too can spoil after some days. But ghee, which is extracted from butter has a long shelf life. So, ghee which is more long lasting is extracted from butter and curd, which spoil faster. If human beings are able to extract that which does not spoil easily from that which spoils easily, one can imagine how easily God can grant sayujya to the imperishable atma that occupies the perishable body.

TV PICKS

ICC World Cup: Star Sports 1, 2 & Select 1 (SD & HD), 3 p.m.; Star Sports 3, 6 p.m.
Wimbledon: SS Select 2 HD, 3.30 p.m.
FIFA Women's World Cup: Sony Ten 2 (SD & HD), 8.30 p.m.



Double joy for Chandni Srinivasan

JALANDHAR: Top seed Chandni Srinivasan outplayed Praanya Slathia 6-0, 6-1 in the under-14 girls final of the AITA Super series junior tennis tournament, organised by the Singha Sports Academy, on Friday. In fact, the girl from Hyderabad dropped only five games in all in winning her five rounds. To cap the fine performance, Chandni also won the doubles title with Pratishta Saini. The top-seeded singles players swept the titles in the other three events as well with Vansh Nandal, Mahalingam Kandhavel and Sohini Mohanty winning in different ways.
The results (finals):
Boys: Under-14: Vansh Nandal bt Bharat Phulwaria 6-4, 6-4. **Doubles:** Tejas Ahuja & Siddhant Kishore Sharma bt Bharat Phulwaria & Madhav Sharma 7-6(3), 7-5.
Under-12: Mahalingam Kandhavel bt Tanush Ghilday 6-4, 5-7, 6-2.
Girls: Under-14: Chandni Srinivasan bt Praanya Slathia 6-0, 6-1. **Doubles:** Pratishta Saini & Chandni bt Inayat Roy & Praanya Slathia 6-2, 6-3.
Under-12: Sohini Mohanty bt Shagun Kumari 6-3, 6-2.

Golden State Prep signs up Jagshaanbir

NEW DELHI Jagshaanbir Singh on Friday became the first male player from the NBA Academy India to receive a basketball scholarship with a program in the US after he was signed up by the Golden State Prep (GSP). The 6ft 10inch centre will join the post graduate program of the institute based in Napa Valley next month. PTI

Bhavna Chaudhary finishes fifth

NAPOLI Bhavna Chaudhary was placed fifth and last in women's trap in the 30th Universiade here on Friday. With only five shooters in the competition, the qualification was a formality. Wan-Yu Liu of Chinese Taipei clinched gold. In men's air pistol, the lone Indian entry, Achal Pratap Singh Grewal, shot 567 to place 15th.
The results: Women's trap: 1. Wan-Yu Liu (Tpe) 39 (121); 2. Fiammetta Rossi (Ita) 35 (116); 3. Sarsenkul Rysbekova (Kaz) 26 (114); 5. Bhavna Chaudhary 17 (97).



Anas Edathodika to join ATK

KOLKATA Centre back Anas Edathodika will join ATK for the forthcoming season of the Indian Super League (ISL). Anas, who formed a reliable back-line with his India teammate Sandesh Jhingan, played for Jamshedpur FC in 2017-18 before joining Jhingan at Kerala Blasters FC the following season.

India u-16 basketball team triumphs

DHAKA The Indian team won the South Asia Basketball Association Zone under-16 basketball championship trophy, with a 72-42 victory over Sri Lanka in its last fixture here. India had recorded four wins in as many outings in this tournament, over Maldives, Nepal, Bangladesh and Sri Lanka.
The result: India 72 (Pranav Prince 15, Eknoor Singh 13, Digvijay Singh 11) bt Sri Lanka 42 (Anthony Fernando 16, Irosh Krishetti 10).



Pride of place: Deepak Ravikumar celebrates on claiming the pole position in the Pro-Stock 301-400cc class. *SPECIAL ARRANGEMENT

Deepak takes pole in premium class

Fourteen-year-old Md. Mikail tops the NSF 250R qualifying

MOTORSPORTS

**SPECIAL CORRESPONDENT
CHENNAI**

The second round of the MRF MMSC-FMCSI National motorcycle racing championship was off to a roaring start at the MMRT here on Friday, with the FIM Moto3-spec Honda NSF 250R bikes, participating in the Idemitsu Honda Talent Cup, raising the standard bar in a stunning fashion during the qualifying sessions.

The top five qualifiers in the NSF 250R were quicker than TVS Racing's Deepak Ravikumar who took the pole position in the premium Pro-Stock 301-400cc class, with a best lap of one minute, 54.298secs.

As against this, Chennai lad Md. Mikail, only 14 years old, topped the NSF 250R

qualifying, clocking 01:48.889, with fifth-placed Kavin Samaar Quintal posting a best of 01:53.111.

Also grabbing pole positions in their respective categories were Mathan Kumar of Erula Racing in the Pro-Stock 201-300cc (01:59.786), Bengaluru's Samuel Martin (02:11.964) in the Idemitsu Honda Talent Cup CBR 150 and Venkatesan from Chennai (02:10.859) in the TVS RTR 200 (Novice).

Venkatesan (02:09.660) also took pole position in the Novice (Stock 165cc) class while Ann Jennifer of Sparks Racing topped in the girls' (02:12.289) category.

Under scrutiny

Undoubtedly, the Honda NSF 250R bikes came under considerable scrutiny in their debut outing in India, and they exceeded expecta-

tions with all their eight riders, in the age-group of 12 to 18 years, putting in impressive performances.

Not the least was Sarthak Shrikant Chavan, the 12-year old schoolboy from Pune who qualified eighth in the NSF 250R class with a flying lap of 02:01.753.

It was his maiden outing in track racing after having won a junior motocross event recently.

While the timings from Free Practice dropped noticeably in the qualifying sessions, Mikail, who raced in Thailand recently along with Karthik Vasant Habib from Gadag, Karnataka, improved by nearly three seconds to take the pole position.

Habib qualified second in 01:51.091, ahead of Chennai boys Varoon Sadasivam (01:52.435), and Geoffrey Emmanuel (01:52.801).

Abhijeet draws with Lalit

Stays in the lead; remaining two rounds promise plenty

C'WEALTH CHESS

**RAKESH RAO
NEW DELHI**

Abhijeet Gupta took a draw by perpetual checks against M.R. Lalit Babu and retained his half-point lead after the seventh-round clash involving two former winners of the Commonwealth chess championship here on Friday.

The 30-move deadlock raised Abhijeet's tally to six points.

Fourth seed Lalit was joined at 5.5 points by the victorious brigade comprising second seed S.L. Narayanan, third seed Aravindh Chithambaram, fifth seed Deepan Chakkravarthy,

sixth seed Debashis Das and 10th seed Swapnil Dhopade.

With the top six seeds within half a point of each other, the remaining two rounds promise plenty of excitement on the leading boards.

Narayanan unleashed a fierce attack with his queen and knight to script a swift finish to his game against another young GM Arjun Erigaisi, seeded seven.

Playing white, Bhakti Kulkarni put up an impressive resistance against Aravindh but succumbed in 45 moves. Similarly, R. Vaishali battled for 45 moves before Deepan proved superior.

Das ended the dream run of Suyog Wagh in 62 moves

following a king-side pawn-march. In a battle lasting 72 moves, Dhopade overpowered a fighting Krishna.

The results:
Seventh round: Abhijeet Gupta (6) drew with M.R. Lalit Babu (5); S.L. Narayanan (5.5) bt Arjun Erigaisi (5); Bhakti Kulkarni (4.5) lost to Aravindh Chithambaram (5.5); R. Vaishali (4.5) lost to Deepan Chakkravarthy (5.5); Swapnil Dhopade (5.5) bt P. Saravanan Krishnan (4.5); P. Iniyan (5) bt K. Ratnakaran (4); Swayams Mishra (4.5) drew with Niranjan Navalgund (4.5); R.R. Laxman (4.5) drew with C.R.G. Krishna (4.5); P. Karthikeyan (5) bt Rahul Sangma (4); S. Nitin (4.5) drew with Divya Deshmukh (4.5); Ajay Karthikeyan (4) lost to Tania Sachdev (5); P. Shyaamnikhil (4) drew with Shantanu Bhabure (4.5).

Nawin holds Neelash Saha

Arjun Gupta joins Neelash in the lead

U-17 CHESS

**SPECIAL CORRESPONDENT
KOCHI**

Tamil Nadu's 18th-seeded J.J. Nawin forced West Bengal's second-seeded Neelash Saha, the overnight leader, to a draw in the ninth round of the 30th National under-17 open chess championship at the Oberon Mall here on Friday.

Despite the result, Neelash was still in the lead. Delhi's 16th seed Arjun Gupta, who beat Tamil Nadu's Jayachandra Srinivas, joined him at the top. Both have 7.5 points each.

In the girls' category, three players – top-seeded Saina Salonika, B. Kalyani and L. Jyothsna – were in the lead with seven points each after nine rounds.

Salonika and Jyothsna drew their games against Samridhdha Ghosh and Palkin Kaur but Kalyani, the ninth seed, posted a crucial



Intense battle: Saina Salonika, the top seed, had to split the point with Samridhdha Ghosh. *SPECIAL ARRANGEMENT

victory over Sneha Bharathakoti.

Important results (ninth round):

Open: Neelash Saha (WB, 7.5) drew with J.J. Nawin (TN, 6.5), Arjun Gupta (Del, 7.5) bt Jayachandra Srinivas (TN, 6), Ayush Sharma (MP, 6) lost to Aronyak Ghosh (WB, 7), R. Sibi Visal (TN, 7) bt T.V. Arunachalam Shiva (TN, 5.5), M. Mohammed Anees (TN, 6.5) bt Sharsha Backer

(Ker, 5.5), Avishkar Wankhede (Mah) bt Ayush Ravikumar (TN, 5).

Girls: Saina Salonika (Odi, 7) drew with Samridhdha Ghosh (WB, 6.5), Palkin Kaur (Del, 6) drew with L. Jyothsna (TN, 7), Sneha Bharathakoti (Tel, 5.5) lost to B. Kalyani (AP, 7), Yuti Mayur Patel (Mah, 5) lost to Swara Lakshmi Nair (Kar, 6.5), Shanya Mishra (Del, 6) bt Prassiddhi Bhat (Kar, 5).

Ridhima triumphs



Ridhima Dilawari
*SPECIAL ARRANGEMENT

**SPORTS REPORTER
BENGALURU**

Ridhima Dilawari won the ninth leg of the Hero Women's Pro Golf Tour, at Prestige Golfshire course here. Ridhima edged out Afshan Fatima by one stroke, to take her third title in six Tour appearances this season.

The win took Ridhima to fifth on the Hero Order of Merit, with total earnings of ₹6,09,400.

The scores (top five): 219: Ridhima Dilawari (74, 71, 74); 220: Afshan Fatima (74, 75, 71); 221: Neha Tripathi (77, 72, 72); 223: Khushi Khanijau (76, 74, 73); 226: Gaurika Bishnoi (75, 77, 74).

Draw again for Anand

**SPORTS BUREAU
ZAGREB**

Stretching his sequence of draws to seven, Viswanathan Anand proved equal to Fabiano Caruana in 54 moves in the eighth round of the Croatia Grand Chess Tour here on Thursday.

The results (eighth round): Viswanathan Anand (3.5) drew with Fabiano Caruana (USA, 4.5); Ding Liren (Chn, 4) lost to Magnus Carlsen (Nor, 6); Wesley So (USA, 5.5) bt Hikaru Nakamura (USA, 2.5); Levon Aronian (Arm, 4.5) drew with Ian Nepomniachtchi (Rus, 4.5); Anish Giri (Ned, 3.5) bt Shakhriyar Mamedyarov (Aze, 2.5); Maxime Vachier-Lagrave (Fra, 3.5) drew with Sergey Karjakin (Rus, 3.5).



India recurve pair to fight for bronze

ARCHERY WC

**PRESS TRUST OF INDIA
BERLIN**

The recurve mixed pair of Atul Verma and Laishram Bombayla Devi made the bronze play-off here on Friday to brighten India's medal prospects in an otherwise disappointing campaign in the Archery World Cup Stage IV here.

Ranked fifth in the qualifications, the Indian pair lost to top-seeded Korea 2-6 in the semifinals to set up a bronze medal clash with seventh seed Italy.

The compound mixed pair of Abhishek Verma and Muskan Kirar, on the other hand, failed to advance, going down to Russia 145-150 after securing a bye into the second round. Fresh from a stupendous show in the

World Championships where it bagged a silver and two bronze medals, India's performance has plummeted in the concluding stage.

It has already exited early from the team and individual events of both recurve and compound section, and its only medal hope rests on the duo of Verma and Bombayala on Sunday.

Having secured a bye into the second round, the Indian pair put up its best show against the Japanese as it overcame a one-set deficit to level the match 4-4 before emerging 5-4 winner in the shoot-off, which it won 20-7.

In the next round, the two beat their opponents from Spain 6-2, only to stumble against heavy-weight Korea, which won by an identical scoreline.

Darshana in a good position

**SPORTS BUREAU
LONATO (ITALY)**

Darshna Rathore shot 69 out of 75 in three rounds to put herself in a strong position in the junior women's skeet in the Shotgun World Championship here on Friday.

She was in the fourth spot behind USA's Katharina Monika Jacob (71), Yikai Lu of China and Zuzana Zaoralova of the Czech Republic who were on 70.

Pariwaaz Dhaliwal (64) and Asees Chhin (59) were in the 18th and 25th spots in a field of 27 shooters.

In men's skeet, Olympian Mairaj Ahmad Khan had rounds of 24, 24 and 23 for a total of 71.

Sheeraz Sheikh had 70, while Anant Jeet Singh Naruka was relatively better placed after two rounds of 24 and 25.