

INTERVIEW WITH FINANCE SECRETARY

# 'Promoting growth without risking fiscal math is aim of most measures'

Finance Secretary SUBHASH CHANDRA GARG said most measures in the Union Budget 2019-20 are aimed at promoting growth without jeopardising the fiscal math. In an interview SUNNY VERMA of *The Indian Express*, he said fiscal stimulus can at best be a short term relief measure, but it cannot be a long term strategy to promote growth. Edited excerpts:

**There were market expectations of fiscal stimulus in this budget given the economic slowdown. But the government stuck to fiscal consolidation. What was the thinking behind the budget, does the growth take a backseat?**

No. Growth doesn't take a backseat at all. It's a growth oriented budget. In fact, the basic theme, the main goal of the budget is to set the target for the nation for a \$5 trillion economy, it's all growth. It cannot happen unless we have a high growth. Therefore, when you are setting the target in the beginning, you cannot be sort of not taking care of the growth aspect.

So the entire package that you see whether it is capital market related, enabling the private enterprises to raise more money from capital markets, whether it's the FDI proposals to make more money flow into Indian economy, there is a large pool of savings abroad which can come in, or government asset monetisation programme of raising investible resources to invest, or raising more money in the PPP mode across different sectors, or dealing with the reforms in critical sectors like power and others — everything is about growth.

Stimulus is a palliative, short term measures, it's not a long term strategy. And what has been done in Budget is long term.

**There is a perception that the budget has tried to promote foreign equity capital into India but hasn't done much to galvanise domestic industry.**

It's the corporates which need to make the investments, and I just described all the measures that have been taken to boost domestic investment. Whether it's PPP, or monetisation of the domestic assets — it's all helping the domestic investors. Foreign investors bring two good things: first they bring investments, second they bring in lot of competition, which make the Indian economy more competitive which should be fine.

**What will be the mechanism and the quantum of loans that the government plans to raise in international markets?**

Mechanism is standard, many sovereigns raise funds abroad by listing bonds or sometimes doing private placements. So there are standard methods, there is a process which needs to be worked upon, that we will now take up. And after sometime, when things are in place, we need complex contractual arrangements.

We need to make arrangements for flow of money, payment of interest, tax issue — all of that will be sorted out in the next couple weeks or so and then we will be in position to say when the issue will be launched.

**Does the government bear the currency risk on these bonds?**

So it's the interplay. When we allow foreigners to invest in rupee securities we pay them higher rate of interest, as compared to what the rate of interest they earn (outside). The differential in rate of interest is in a way towards the foreign currency risk. So in this case, you are taking a call on the foreign exchange risk for future, but our



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FINANCE SECRETARY

experience suggests very clearly that the differential that is there between the rupee interest rate and the foreign currency interest rate, is actually higher than the depreciation in the domestic currency. So hopefully the same trend will continue. And I think we will make provisions for the differential also so that we don't have asset liability mismatches and the budget takes into account the real expected cost of money.

**Is there any ballpark figure, let's say a percentage of the total debt, that the government plans to raise overseas?**

We will be prudential with kind of foreign denominated bonds that will we issue. Not done

that exercise yet. Depending upon a very detailed exercise, I think this limit will be issued.

**The Budget has provided Rs 70,000 crore of equity infusion in public sector banks through issuance of recapitalisation bonds. This will take the total outstanding recap bond issuance to Rs 2.56 lakh crore by the year-end. When this instrument was first announced, it was indicated that Rs 1.35 lakh crore of recap bonds will be a one time issuance to help state-owned banks. But this route of fund raising is now becoming routine.**

We expect this to be the last instalment. Much of the recapital-

isation work is done, is complete. There are a few banks which are still under the PCA (Prompt Corrective Action framework of the RBI), they need to be brought out of it and some growth capital is needed. I believe that this is the last instalment.

**While the interest costs for the government has come down as reflected in lower bond yields, but retail and commercial borrowers continue to pay high interest rates as banks have not passed on the lower rates.**

There are two additional factors which influence this: one, what is the cost of deposits of the banks and whether it has come down, and second is the risk premium which they attach to the borrower. So it has to happen that deposit rates have also may not come down and the risk perception on the borrowers has actually gone up slightly and we have seen this in the NBFC space.

It's possibly by my mind the reason why the spread has not come down. Overall the rates for them (retail, commercial borrowers) have also come down and spread has more or less been very stable and started showing some signs of declining after the initial months of the IL&FS crisis. Once these issues are addressed and the risk perception of the borrowers also (improves), then possibly we might actually see transmission.

**Are you not being over optimistic in expecting Rs 90,000 crore of dividend or surplus transfer from the RBI?**

This is based on what the RBI's profits have been in the year which is gone. At the interim stage certain kind of estimate was made... and I don't think it is optimistic.

'ECONOMIES WHICH ARE PRUDENT GET REWARDED'

# Jaitley: Budget lays down roadmap for India to get back on high growth track

ENS ECONOMIC BUREAU  
NEW DELHI, JULY 6

IN A post a day after the Union Budget 2019-20 was presented, former Finance Minister Arun Jaitley on Saturday wrote that it is based on the premise that economies which follow prudent fiscal policies eventually get rewarded as against those which indulge in fiscal adventurism and lays down the roadmap for India to get back on the high growth track.

In the Facebook post, Jaitley said a fundamental question has always been asked as to what would one choose between good economics and clever politics.

"The choice is unfair because any Government needs both in order to survive and perform. The Prime Minister's first tenure witnessed this blending of good economics and good politics," he said in the post titled 'The Budget 2019-20'. Stating that the Budget creates a political direction for an aspirational India, Jaitley said several sectors of interest to the middle class and neo-middle class, like affordable housing and electric vehicles, have been incentivised.

Besides, push to infrastructure, construction and real estate sectors would provide a fillip to job creation and attract investment. "India will continue to be the fastest growing major econ-



**"The choice (between good economics and clever politics) is unfair because any government needs both in order to survive and perform"**

ARUN JAITLEY,  
FORMER FINANCE MINISTER

omy in the world.

In the last two to three quarters growth has seen a moderation. Unquestionably, the Budget as a policy document lays down the roadmap for India to get back on track," Jaitley said.

India's economic growth slowed to a five-year low of 5.8 per cent in the January-March quarter. For the full 2018-19 fiscal as well, the growth rate was at its lowest in five years at 6.8 per cent.

The Finance Ministry's Economic Survey has projected growth to pick up to 7 per cent in the current fiscal.

Jaitley said the Union Budget 2019-20 focuses on accelerating the direction of the past and expands the roadmap on which the Prime Minister has built up India's growth story from 2014-19. The striking part of this period was that for a five-year average, India grew by 7.3 per cent, its revenues grew exponentially

and it brought macro stability back with both the current account deficit and the fiscal deficit being on the glide path downwards, he said.

"The present Budget maintains that path based on the premise that economies which are fiscally prudent, eventually get rewarded as against those who indulge in fiscal adventurism," Jaitley said.

The Budget, tabled in Parliament by Finance Minister Nirmala Sitharaman, cut fiscal deficit estimates for current financial year to 3.3 per cent from 3.4 per cent projected in the interim Budget on February 1.

In her speech, the finance minister said India, which at present is a \$2.7 trillion economy, would become a \$3 trillion economy in the current year. She added the target of making India a \$5 trillion economy in the next few years was "imminently achievable". WITHPTI

# Forget about taxman; focus on business: CBDT chief tells startups

ENS ECONOMIC BUREAU  
NEW DELHI, JULY 6

CENTRAL BOARD of Direct Taxes (CBDT) Chairman P C Mody on Saturday said as the concerns related to 'angel tax' have been "sorted out", the country's startup community should now not worry about taxmen and concentrate on their businesses.

Mody said that all "legacy issues" related to startups will be resolved through a consultative process and under a strict supervision of senior officers of the tax authority.

In her maiden Budget speech on Friday, Union Finance Minister Nirmala Sitharaman proposed a number of measures to resolve the problems being faced by startups with regard to their initial funding, called angel tax, their certification and verification of investors. The CBDT boss said, "I am very happy to say that all issues which were there with the DIPP.. we have had extensive deliberations between both the departments and we have resolved all issues related to startups."

The Department of Industrial Policy and Promotion (DIPP) is now called DPIIT (Department for Promotion of Industry and Internal Trade DPIIT).

"The issues resolved are with regard to the definition of startups, with regard to the issue of valuation of shares and with regard to sources of funds," Mody said.

The DPIIT, under the commerce and industry ministry, deals with foreign direct investment and issues related to start-

## EXPLAINED Startup industry to accomplish goals faster now

EASING OF angel tax woes of startups will help the startup industry to accomplish the activities faster and will give a big relief to industry players.

Section 56(2)(viib) of the I-T Act provides that the amount raised by a startup in excess of its fair market value would be deemed as income from other sources and taxed at 30 per cent. Touted as an anti-abuse measure, this section was introduced in 2012. It is dubbed as angel tax due to its impact on investments made by angel investors in startup ventures

ups. "Now, I think everything has been sorted out and there should not be any cause of concern for the startups," Mody said.

"As the head of the tax family, I can definitely assure the startups that there would not be any occasion for them to agitate or have any misgivings. They can just concentrate on doing their business," the Chairman said.

The Central Board of Direct Taxes is the policy-making body for the Income-Tax Department.

Asked what are the "administrative arrangements" that his department will make in this context, as announced by Sitharaman, Mody said this statement of the finance minister was in respect of "legacy issues".

"Like in certain cases where scrutiny (of a startup) had already commenced or the notices were already issued, there we propose to have dedicated officers carry-

ing out the scrutiny and that also would be done in consultation and prior approval of supervisory officers," he said.

"So, when there is involvement of senior officers and there is more of a consultative process, I do not anticipate that there would be any issue left that would trouble or agitate startups," the CBDT chief said.

Sitharaman has stated that it will be ensured that no inquiry or verification in such cases be carried out by the assessing officer without obtaining approval of the supervisory officer.

Several startups have been complaining and making representations to the government for about a year with regard to their receiving I-T notices. They claimed it was getting difficult for them to operate when the taxman was breathing down their neck. WITHPTI

BRIEFLY

## PNB reports over ₹3,800 cr fraud by BPSL

New Delhi: Punjab National Bank said Saturday it has detected a fraud of more than Rs 3,800 crore by Bhushan Power & Steel Ltd (BPSL) and has reported it to the Reserve Bank of India (RBI). PNB said Bhushan Power & Steel Ltd misappropriated bank funds and manipulated its books of accounts to raise funds from consortium lender banks. "On the basis of forensic audit investigation findings and CBI filing FIR, on suo moto basis, against the company and its directors, alleging diversion of funds from banking system, a fraud of Rs 3,805.15 crore is being reported by bank to RBI," the PNB said in a regulatory filing. PTI

## Panel clears investment in GM's Cruise

Washington: Cruise, a US-based self-driving vehicle company majority-owned by General Motors Co, told Reuters on Friday that a US national security panel approved a \$2.25 billion investment in the firm by Japan's SoftBank Corp. It is in the process of raising its second \$100 billion investment vehicle, dubbed Vision Fund, after deploying its first one of equal size. The Committee on Foreign Investment in the US, which reviews deals for potential national security concerns, approved the investment based on fresh assurances that Cruise's technology would be completely off limits to SoftBank, a source familiar with the matter said. REUTERS

## 'Another 50 bps cut likely in rest of FY20'

India's Union Budget for 2019-20 not just marks a sense of continuity but also carries the winds of change, according to a reaction commentary by Singapore-based DBS Bank

### ₹700 billion:

Capital boost to public sector banks, to boost credit and for leveraging technology and unifying systems by enabling customers of 1 PSB to access services across all PSBs

### ₹1 trillion:

Amount of high-rated pooled assets of financially sound NBFCs, purchasing of which will give PSBs a one-time six months' partial credit guarantee for first loss of up to 10 per cent



**10 BASIS POINTS:** Fall in 10-year government bond yields, which settled at mid-6.6 per cent levels, after government revealed plans to raise part

funds in offshore markets

**50 BPS:** Expected cut in lending rate in FY20, with govt maintaining fiscal restraint

### SALIENT FEATURES OF BUDGET:

- Hiked tax on petrol and diesel
- Import duty on gold raised
- Additional surcharge to be levied on super rich
- Tax on high value cash withdrawals brought
- Reduction in corporate tax

## 'Disappointed with hike in gold import duty'

PRESSTRUST OF INDIA  
NEW DELHI, JULY 6

THE GEMS and jewellery exporters Saturday expressed disappointment over significant increase in the import duty on gold and other precious metals saying the move would result in shifting of businesses to neighbouring countries.

Gems and Jewellery Export Promotion Council (GJEPC) Chairman Pramod Agrawal said:

"We as an industry are greatly disappointed with the increase of import duty on precious metal, gold and silver".

He said that the sector is already going through very tough times with decline in exports and job losses.

According to industry experts, the decision could lead to increase in smuggling of the yellow metal in the country.

In the Budget 2019-20, the government proposed to raise the import duty on gold and other

precious metals from 10 per cent at present to 12.5 per cent.

Agrawal said they had in fact urged the government to cut the import duty as it is an important raw material for the sector.

The government's move "will result in growth of business in neighbouring countries as the foreign tourists will stop buying jewellery from here and processing of larger diamonds will shift to competing countries like China, Vietnam," he said in a statement. He added that exporters

would again urge the government to review the decision.

World Gold Council India Managing Director Somasundaram PR has said the import duty hike will negatively impact India's gold industry and will impede efforts to make gold as an asset class, particularly when gold prices are already rising globally. India is one of the largest gold importers in the world and the imports mainly take care of demand from the jewellery sector.

# US corporate sector welcomes Budget, says it will attract FDIs

LALIT K JHA  
WASHINGTON, JUNE 19

THE AMERICAN corporate sector Friday hailed the maiden Budget of Finance Minister Nirmala Sitharaman, noting that it is not only inclusive but also attractive for foreign investments.

President of US India Strategic and Partnership Forum (USISPF) Mukesh Aghi said the budget is inclusive and policy decisions are encouraging for American companies.

It's "good news" for companies like Apple, Aghi told PTI. The Budget opens up the Indian mar-

ket, and encourages US companies to invest more, at the same time it ensures prosperity and growth for the lower sections, he said.

The Budget is trying to make positive structural changes, he added. "We are pleased to see a 2019-2020 Budget that delivers a forward-looking and reform-minded approach for the Modi government's second term," Nisha Desai Biswal, president of US India Business Council, told PTI.

USIBC welcomes proactive measures to double farmers' income, liberalise FDI in a number of sectors and allow 100 per cent FDI for insurance intermediaries,

**Customs duties are to be reduced in some narrow areas. But in a range of other sectors, customs duties will be increased. This Budget is not going to alleviate the current state of trade tensions between the US and India**

and increase FPI investment limits — all reforms USIBC has actively supported, she said.

USIBC members will be encouraged by the Budget's focus on skilling Indians, with an emphasis on jobs in data analytics, artificial intelligence, and robotics, Biswal said.

"Goals like transforming India into a global space and aviation hub also demonstrate the longer-term thinking of the new government. We look forward to working with Prime Minister Modi and the Government of India to make these priorities, and the larger vision for a modern India a reality,"

Biswal said.

"This is a visionary budget from the first woman Finance Minister of India marked with a long-term 10-year plan while retaining focus on immediate priorities," said Karun Rishi, president of USA-India Chamber of Commerce told PTI. The focused impetus for sustainable job creation via targeted investment in infrastructure will have a ripple effect on secondary and tertiary employment. The mission to provide housing to all by 2022 has the potential not just for growth in downstream sectors such as cement and steel but also for overall job creation in these vital indus-

tries, he said. It is a relatively cautious Budget, considering the government's election mandate, noted Rick Rossow from the Center for Strategic and International Studies (CSIS) think-tank. "I expected some bigger ideas, but instead we saw a continuation of key programmes such as infrastructure development, expansion of social programmes in rural areas, and nods to big campaigns like Digital India and Make in India," Rossow told PTI. From a foreign business perspective, it was a mixed bag, he said. "On the positive side, several sectors were listed for foreign investment reforms including in-

surance, media, and single brand retail," he added.

"Customs duties are to be reduced in some narrow areas like specialty chemicals and capital goods for electronics manufacturing. But in a range of other sectors, customs duties will be increased including auto parts, video recorders, metal fittings, and more. This Budget is not going to alleviate the current state of trade tensions between the United States and India," Rossow said.

Lauding the fiscal deficit target of 3.3 per cent for FY 2020, Rishi told PTI that much will depend on the execution and global economic factors. PTI



INTERVIEW WITH REVENUE SECRETARY

# 'Tax on super rich is like giving back to society ... on the lines of Give It Up'

With the Indian economy expected to grow only marginally higher this fiscal, the government has set a realistic target for Goods and Services Tax (GST) and anti-evasion measures will be taken to increase the efficiency of revenue collections, Revenue Secretary AJAY BHUSHAN PANDEY said Saturday. In an interview to AANCHAL MAGAZINE, SUNNY VERMA and SANDEEP SINGH, Pandey also said the tax on super rich is like giving back to the society, on the lines of the 'Give It Up' scheme. Edited excerpts:

People who have moved are either students or the working class. This fear of HNIs (high net worth individuals) moving out because of this is not justified. HNIs have very strong roots in this country and they would like to remain here. We have increased it marginally and my own impression is that they will welcome it. In US and other countries, there is a movement by rich people that billionaires should be taxed more. I think the rich here, they also realise duty towards the nation. Just like there was 'Give It Up' (scheme), this is giving back to the society. Giving back to the society according to their capacity.



Express File Photo

... On the basis of principle of equity, people earning more and who are capable of paying slightly more taxes for the nation building, certainly can pay more tax,"

**AJAY BHUSHAN PANDEY**  
REVENUE SECRETARY

and we don't get any TDS. But by putting this TDS, if they are withdrawing cash and not coming into the taxation system, this will ensure that correct PAN number is recorded, and then they can file return and take credit on the tax.

As far as increase in tax rate on income of over Rs 2 crore and Rs 5 crore is concerned, I would say that people having income of Rs 10 lakh and those having income of Rs 10 crore, they are being taxed at almost the same rate. So, on the basis of principle of equity, people earning more and who are capable of paying slightly more taxes for nation building certainly can pay more tax.

In India, the highest rate till Friday was 35.88 per cent and many countries in the world have higher taxation. While in Canada it is 54 per cent, it is 45 per cent in China, France (66 per cent), Japan (46 per cent), UK (45 per cent) and US (50 per cent) have much higher rates for people who are super rich and they are being

taxed at much higher rates than they are being taxed in India. So, this proposal will lead to a marginal increase for a certain class. While it will lead to some revenue mobilisation, it won't lead to a huge revenue augmentation.

We have also tried to make Aadhaar and PAN interchangeable. Now, 22 crore PAN are linked with Aadhaar but 120 crore Aadhaar have been issued. In India, the way our middle class is expanding, they will need PAN for various purposes. So, we are providing them convenience.

**How much is the revenue loss on account of lowering corporate tax rate for those with turnover between Rs 250 crore and Rs 400 crore?**  
It would be around Rs 3,000 crore.

**Will this MDR benefit be available only to businesses with a turnover of over Rs 50 crore?**

No, we have mandated it for business over Rs 50 crore. However, if a lower turnover business also offers it, neither the business, nor the merchant, nor the customer will be charged MDR (merchant discount rate). So, it is optional for everyone. In the first phase, we did not want to make it mandatory for all because we have to look into the ability of the small business and small traders and take care of that. Eventually, he will also understand and do that.

**The affordable housing benefit has been provided for only one year as of now. Would it be extended?**

It has been introduced for two purposes. First, is to help the middle class to buy homes and at the same time to help developers who have the inventory as it will help them sell their unsold inventory. We want (that) all the inventory should get finished and therefore this limit has been enhanced. Whenever you give such concession, if you keep open ended, then it will not be as much helpful as it should be.

**But the inventory levels in the market may not be eligible, as the houses there would be much bigger than those that have been allowed to qualify for the same.**

When the government gives certain benefits, it wants them to go to the targeted class. And thus the signal given by the government is that the developers should construct more houses in the affordable housing segment. As for the existing inventory, that problem has to be dealt by the industry. If very costly houses have been built and they are not getting sold, those who built them have to deal with them.

While tax concessions have to go to the targeted lot, others who are not as deserving will have to see their problems getting addressed through other means. I am not saying that their problems should not be addressed, but they have to be addressed outside this taxation system. There are other modes of resolving their problem.

TERMS BUDGET AS 'UNCONVENTIONAL'

# Not sure if every Budget should have something for middle class: NITI VC

**PRESS TRUST OF INDIA**  
NEW DELHI, JULY 6

BUDGET 2019-20 has made a clean break from the past by focusing on the big picture and setting out a clear direction for the Modi 2.0 government, NITI Aayog vice chairman Rajiv Kumar said Saturday.

Describing the Union Budget 2019-20 proposals unveiled by India's first full-time woman finance minister Nirmala Sitharaman as "unconventional", Kumar said it has covered a very wide canvas in a bid to lay down the roadmap for the next 10 years.

On opposition parties' criticism that not enough has been done for the middle class in this year's Budget, Kumar said income tax rebate was provided six months ago in the interim Budget and such concessions cannot be repeated all the time due to fiscal constraints.

"On the middle class thing, I am not sure whether every Budget should have something for the middle class.

"...you know six months ago, your (middle class) exemption levels were raised to Rs 5 lakhs, but then why would you want them to be done again now," he told PTI in an interview.

In the interim Budget earlier this year, the Narendra Modi government had exempted people with earnings of up to Rs 5 lakh from payment of income tax.

"After all, the government does need fiscal resources to un-



Express File Photo

... the government does need fiscal resources to undertake all the development work that it is trying to do and also to help the investors in many ways. Because otherwise you fritter away everything on more and more handouts to middle class"

**RAJIV KUMAR**  
VICE CHAIRMAN, NITI AAYOG

dertake all the development work that it is trying to do and also to help the investors in many ways. Because otherwise you fritter away everything on more and more handouts to the middle class," Kumar explained.

He said there have been very strong efforts in this year's Budget to attract private investments and to create a feeling of assurance within the investor community.

"This Budget is an unconventional Budget. The finance minister focused much more on bigger picture than on the micro nitty-gritty details, which was a clean break from the past.

"...it is setting out clear direction for Modi 2.0," the NITI vice chairman noted.

Answering questions on hike in prices of petrol and diesel, Kumar said it is not much in the case of petrol and it will have only marginal impact on infla-

tion as far as diesel is concerned. The Modi 2.0 government's maiden Budget Friday hiked petrol and diesel prices by Rs 2 per litre each.

On increase in customs duty on gold to 12.5 per cent from 10 per cent, he said it is not a bad idea and there is also a necessity for the government to raise resources.

"All excise (tax) is now gone... Petrol and gold (demand) is normally considered to be more inelastic. So, raising the custom duty on gold is not a bad idea at all," Kumar pointed out.

He also said this year's Budget is understated in terms of its revenue projections as well as growth projections.

"This Budget is setting out a roadmap for higher growth trajectory for Indian economy to reach at the \$5 trillion target that has been set out," the NITI Aayog vice chairman said.

INTERVIEW WITH MANAGING DIRECTOR & CEO, SYNDICATE BANK

# ₹70,000 crore will unleash a growth capital ten times ... of new bank borrowing'

**MRUTYUNJAY MAHAPATRA**, MD and CEO of Syndicate Bank, says that banks' lendable resources will be augmented by Rs 7 lakh crore following the recapitalisation measure announced in the Budget. In an interview to GEORGE MATHEW, Mahapatra said banks have not slowed down NBFC lending. Excerpts:

**How will the Budget impact the banking sector?**

The government has reaffirmed its faith in PSU (public sector undertaking) banks as the drivers of growth in the economy. Now the Rs 70,000 crore additional capital that has been promised in the financial year shows that the government wants PSU banks to lead the growth drivers. PSU banks are supporting the NBFC (non-banking financial companies) sector as a systemically important sector of the economy ... for purchase of high-rated pooled assets of financially sound NBFCs (up to Rs one lakh crore), the government will provide one time six months' partial credit guarantee to public sector banks for first loss of up to 10 per cent. This will ease liquidity and also mitigate the risks perceived by the banking sector. As PSU banks command 70 per cent of banking, keeping this in mind, there's some commonality of service and there should be standardisation of delivery. Through other measures for MSMEs (micro, small and medium enterprises), affordable housing and SHG (self help group) funding, the government wants to drive the growth economic programme through the banking sector.

**Will bank lending to NBFCs will pick up now?**

Bank lending to NBFCs has never slowed down. Their liquidity crisis is because mutual funds were purchasing commercial papers (CPs) of rated NBFCs. That was pumping a lot of liquidity into the sector. After the mutual fund sources dried up, suddenly the CPs were not getting rolled over ... and the entire thing was coming back to the banking sector. It was not a question of banks not lending, but their major source of funding (mutual funds) has dried up.

**Do you think Rs 70,000 crore recapitalisation is enough for PSU banks?**

Typically, tier-1 capital required is 9 per cent. So the Rs 70,000 crore will unleash a growth capital ten times, Rs 7 lakh crore, of new bank borrowing. That'll be enough for whatever is projected for the growth.

**Do you think Rs 70,000 crore recapitalisation is enough for PSU banks?**

Typically, tier-1 capital required is 9 per cent. So the Rs 70,000 crore will unleash a growth capital ten times, Rs 7 lakh crore, of new bank borrowing. That'll be enough for whatever is projected for the growth.

**Do you think rural consumption will look up now?**

I think it will. There's a big thrust in the Budget about rural development, affordable housing, MSMEs interest rate subvention, rural road and electrification projects. There are many initiatives oriented towards the rural sector.



"Wherever IBC is there ... in the UK or the US, it has taken three to five years for the IBC to stabilise and come into its form. We're seeing a similar cycle here,"

**MRUTYUNJAY MAHAPATRA**

and they can stay wherever they want.

**Will bank lending to NBFCs will pick up now?**

Bank lending to NBFCs has never slowed down. Their liquidity crisis is because mutual funds were purchasing commercial papers (CPs) of rated NBFCs. That was pumping a lot of liquidity into the sector. After the mutual fund sources dried up, suddenly the CPs were not getting rolled over ... and the entire thing was coming back to the banking sector. It was not a question of banks not lending, but their major source of funding (mutual funds) has dried up.

**Do you think Rs 70,000 crore recapitalisation is enough for PSU banks?**

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# Comprehensive roadmap laid down to boost economic activities: DPIIT Secy

**PRESS TRUST OF INDIA**  
NEW DELHI, JULY 6

THE BUDGET announcements made by the government would help promote Make in India initiatives, MSMEs and budding entrepreneurs, a top official said.

Secretary in the Department for Promotion of Industry and Internal Trade Ramesh Abhishek said the proposals announced for further liberalising foreign direct investment (FDI) norms would help attract overseas capital. "The Budget has laid down a comprehensive roadmap to boost economic activities and promote (micro, small and medium enterprises) MSMEs, make in india and start-ups," Abhishek said.

He also said steps announced for electric vehicles would help establishing India as a global hub for manufacturing of these vehicles. "Recognising the role of foreign investment in augmenting the available pool of capital, FDI reforms and other changes in foreign portfolio investments or NRI investments have been announced," he said.

Finance Minister Nirmala Sitharaman in her Budget

## Cut in allocation for DPIIT

New Delhi: Finance Minister Nirmala Sitharaman has reduced the budgetary allocation for the Department for Promotion of Industry and Internal Trade (DPIIT), which mainly deals with promotion of foreign direct investment and promote start-ups.

As per budget documents, the allocation for the department has been slashed to Rs 5,674.51 crore for 2019-20 from the revised estimate of Rs 6,140.23 crore in 2018-19.

The segments where allocations were cut for the current fiscal include national industrial corridors, industrial development of backward

and remote areas, and startup India initiative.

However, allocations were significantly enhanced for intellectual property section to Rs 300 crore from the revised estimate of Rs 212 crore in 2018-19. Similarly, it was increased to Rs 473 crore for the Make in India initiative for 2019-20 from Rs 149 crore.

Make in India campaign, which aims to transform the country into a global manufacturing hub was launched on September 25, 2014.

The budgetary allocations for the commerce department have been increased marginally. PTI

speech said the government will examine suggestions of further opening up of FDI in aviation, media (AVGC - Animation, Visual effects, Gaming and Comics) and insurance sectors in consultation with all the stakeholders.

The minister has said 100 per cent foreign direct investment (FDI) will be permitted for insur-

ance intermediaries and local sourcing norms will be eased for FDI in single brand retail sector.

Further, the finance minister proposed to provide additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to purchase electric vehicles as part of efforts to accelerate adoption of eco-friendly mobility solutions.

"Crude prices have softened

# Tata Motors will lead transition to e-mobility, says Chandrasekaran

**PRESS TRUST OF INDIA**  
NEW DELHI, JULY 6

TATA MOTORS is committed to leading the transition towards electric mobility in the country and it looks to closely work with other group entities to create a viable environment for green vehicles, group chairman N Chandrasekaran said.

Chandrasekaran in the Tata Motors' Annual Report for 2018-19 said that electric vehicles are necessary for India. "Your company is committed to take the lead in this transition and work with other companies in the Tata ecosystem to help create a viable environment to drive adoption of electric vehicles," he said in his message to shareholders.

He, however, cautioned that this transition has to be well planned with the government and industry working together to ensure that ecosystem is developed, incentives are provided to stimulate demand and sustainability goals are achieved by implementing emission norms across the value chain.

On top of these, VAT is charged which varies from state to state. In Delhi, VAT is levied at the rate of 27 per cent on petrol and 16.75 per cent on diesel. In Mumbai, VAT on petrol is 26 per cent plus Rs 7.12 a litre additional tax while diesel attracts 24 per cent sales tax.

# Petrol price hiked by ₹2.45, diesel by ₹2.36 after tax hike

retailers, Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL).

Sitharaman had on Friday raised excise duty and road and infrastructure cess on petrol and diesel by Rs 2 per litre each to raise Rs 24,000-28,000 crore on an annual basis.

Post-considering local sales tax or value-added tax (VAT), which is charged after adding central excise duty on base price, the increase in pump rates was higher. "Crude prices have softened

from their highs. 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 Rs two a litre on petrol and diesel," she said in her budget speech.

Before the tax increase, petrol attracted total excise duty of Rs 17.98 per litre (Rs 2.98 basic excise duty, Rs 7 special additional excise duty and Rs 8 road and infrastructure cess). Now, this tax has gone up to Rs 19.98 a litre.

**PRESS TRUST OF INDIA**  
NEW DELHI, JULY 6

PETROL PRICE was Saturday hiked by a minimum Rs 2.40 per litre and diesel by Rs 2.36 after Finance Minister Nirmala Sitharaman raised taxes on the fuels to part-fund her Budget for 2019-20.

Petrol price in Delhi was increased by Rs 2.45 per litre to Rs 72.96 while the increase in Mumbai was Rs 2.42 to Rs 78.57, according to a price notification is-

sued by state-owned Indian Oil Corp (IOC).

In Kolkata, petrol price went up by Rs 2.40 to Rs 75.15 and in Chennai by Rs 2.57 to Rs 75.76 a litre.

Diesel price was hiked by Rs 2.36 per litre in Delhi to Rs 66.69 and by Rs 2.50 per litre in Mumbai to Rs 69.60.

Rates vary from state to state depending upon the incidence of local sales tax or VAT. Also prices vary by a few paise at pumps operated by other state-owned fuel