

# Economic survey sees slide in GDP to 6.5%

• Rebound likely in next fiscal despite several challenges

**NEW DELHI, JAN 31** /- India's economic growth is likely to dip to 6.5 per cent this fiscal as demonetisation shaved off a good 0.5 percentage points but it will rebound to 6.75-7.5 per cent in the next financial year, Economic Survey said on Tuesday, calling for bold cut in tax rates.

The pre-Budget pointer called for cut not just in individual income tax rates and a timetable for reducing the corporate taxes but also for widening the net to progressively encompass "all high incomes".

Though the Survey did not indicate what it meant by all high incomes, the reference may be to agricultural income which is currently out of the tax net.

Invoking Mahatma

Gandhi's vision of 'wiping every tear from every eye, it made a pitch for implementing Universal Basic Income (UBI) to the poor who would get at least some income and thus eliminate poverty.

"Given the uncertainty (after demonetisation), we provide a range: a 0.25 percentage point to 1 percentage point reduction in nominal GDP growth relative to the baseline of 11.25 per cent; and a 0.25 percentage point to 0.5 percentage point reduction in real GDP growth relative to the baseline of estimate of about 7 per cent," it said.

Indian economy had grown by 7.6 per cent in 2015-16 and was projected to grow by 7.1 per cent in the current fiscal by the Central Statistical Organisation

(CSO) that did not fully account for the disruption de-dollarisation had caused.

"Over the medium run, the implementation of the GST, follow-up to demonetisation, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8 per cent to 10 per cent," said the Survey tabled in Parliament by Finance Minister Arun Jaitley ahead of Union Budget 2017-18 to be unveiled on Wednesday.

For the 2017-18 fiscal, beginning on April 1, it put the real GDP growth at 6.75 per cent, 0.5 per cent range. "Even under this forecast, India would remain the fastest growing major economy in the world." The forecast however had downside

risks in the extent to which the effects of demonetisation could linger into next financial year, especially if the implementation of the policy response.

"Currency shortages also affect supplies of certain agricultural products, especially milk (where procurement has been low), sugar (where cane availability and drought in the southern states will restrict production), and potatoes and onions (where sowings have been low)," the Survey said, asking the government to be vigilant on prevent other agricultural products becoming what pulses was in 2015-16. It also listed a surge in global oil prices and possible eruption of trade tensions amongst the major countries as other risks.



Union Minister for Finance and Corporate Affairs, Arun Jaitley flanked by Minister of State for Finance and Corporate Affairs Arjun Ram Meghwal, the Minister of State for Finance, Santosh Kumar Gangwar giving final touches to the Union Budget 2017-18, in New Delhi.

'UBI an alternative to subsidies for poverty alleviation'

**NEW DELHI:** Positioning Universal Basic Income as an alternative to various social welfare schemes in a bid to reduce poverty, the Economic Survey Tuesday said UBI is a "powerful idea" whose time has come for serious discussion. "The UBI is a powerful idea whose time even if not ripe for implementation is ripe for serious discussion," said the Economic Survey for 2016-17, which was tabled in Parliament by Finance Minister Arun Jaitley. Stating that the Mahatma would have anxieties about UBI as being just another welfare subsidy programme, but on balance may have given the go-ahead, the Survey pointed out that the two pre-requisite for UBI are functional JAM (Jan Dhan, Aardhar and Mobile) system and Centre-state negotiations on cost sharing of the programme. The Survey estimated that a UBI that reduces poverty to 0.5 per cent would cost 4.5 per cent of GDP, assuming that those in the top 25 per cent income bracket are not part of it.

"On the other hand, the existing middle class subsidies and food, petroleum and fertilizer subsidies cost about 3 per cent of GDP," it noted. Observing that UBI, based on principles of universality, unconditionality and agency, is a conceptually appealing idea, the Survey spoke also of implementation challenges. Citing a survey on mis-allocation of resources for the six largest central sectors and centrally sponsored schemes (except PDS and fertilizer subsidies) across districts, the Economic Survey pointed out that the districts with most requirements are precisely the ones with the lowest capacity to help the poor would be to provide them resources directly through UBI," it said.

## Policy making constrained due to bureaucratic caution: Survey

**NEW DELHI:** Policy making in certain areas like telecom and banking has been severely constrained due to "abundant caution in bureaucratic decision-making," the Economic Survey said on Tuesday. It added that senior managers in public sector banks fear becoming the target of the so-called 4 Cs - courts, CVC (Central Vigilance Commission), CBI (Central Bureau of Investigation) and CAG (Comptroller and Auditor General). "Policy-making in certain areas has been heavily constrained, as a way of ensuring that decisions do not favour particular interests," the survey tabled in Parliament said. It said that there is now adherence to strict rules - for example auctions of all public assets - that may not necessarily be optimal public policy. "In telecommunications, the judicially im-

posed requirement for transparency and auctioning, while responding importantly and appropriately to the previous experience of corruption, has created a public policy dilemma," the survey said. The Supreme Court in February 2012 had quashed 122 telecom licences issued in 2008 and asked government to allocate spectrum for mobile services through auction. The CAG had said that the spectrum allocated resulted in notional loss of Rs 1.76 lakh crore to the national exchequer. The government in October 2016 auctioned spectrum worth Rs 5,66 lakh crore but received bids worth only Rs 65,789 crore. "In some cases, it may be socially optimal to sell spectrum at lower than auction prices because of the sizable externalities stemming from increased spread of telecommunications services.

## 'Digitalisation not a panacea, cash not all bad'

**NEW DELHI:** Sounding a note of caution on government's digital push, the Economic Survey on Tuesday said that digitalisation is "not a panacea" and cash is not all bad and stressed the need to forge a balance between both forms of payments.

The Survey said transition to digitalisation should be gradual after taking full account of the digitally deprived. "In the medium term, the impetus provided to digitalisation must continue... Digitalisation is not a panacea, nor is cash all bad. Public policy must balance benefits and costs of both forms of payment."

...the transition to digitalisation must be gradual, take full account of the digitally deprived, respect rather than dictate choice and be inclusive rather than controlled," it said. The Survey also emphasised that success of digitalisation would depend considerably on inter-operability of the payments system, and advised banks to facilitate and "not thwart" inter-operability.

"The success of digitalisation will depend considerably on the inter-operability of the payments system. The Unified Payments Interface (UPI) created by National Payments Corporation of India (NPCI) is the technology platform that will be the basis for ensuring inter-operability," it said. The Survey further said, "But to ensure this, individual banks should facilitate not thwart inter-operability."

In a bid to curb corruption, the government has been pushing for greater adoption of digital payment mechanisms like debit/credit cards and mobile wallets in the country. Estimates suggest that cash accounts for about 78 per cent of all consumer payments.

"By facilitating inter-operability (between payment systems), it will unleash the power of mobile phones in achieving digitalisation of payments and financial inclusion, and making the 'M' an integral part of the government's flagship Jan Dhan, Aardhar, Mobile (JAM) initiative," it said.

## Eight core industries grow by 5.6% in December

**NEW DELHI, JAN 31** /- Eight core industries register a growth of 5.6 per cent in December 2016 on the back of healthy output recorded by refinery products and steel.

The growth rate of eight infrastructure sectors - coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity - was 2.9 per cent in December 2015. It stood at 4.9 per cent in November 2016.

The core sectors, which contribute 38 per cent to the total industrial production, expanded 5 per cent in April-December 2016 compared to 20.6 per cent growth in the same period last financial year, according to data released by the commerce and industry ministry to Parliament.

Refinery products and steel production jumped 6.4 per cent and 14.9 per cent, respectively during the month under review. However, crude oil, fertiliser, natural gas and cement output reported contraction.

Coal output declined by 4.4 per cent in December 2016 from 5.3 per cent in the same month previous year. Similarly, electricity generation too dipped by 6 per cent as compared to 8.8 per cent in December 2015. (PTI)

Retirement of CLW officers, employees

**CHITTA RAJAN, JAN 31** /- A total of 79 including five officers & 74 employees have retired from railway services on superannuation in Chittaranjan Locomotive Works (CLW) today. G Srinivasa Rao, Chief Personnel Officer felicitated them in a ceremony, today and wished their happy post retirement life. Sr officers, employees, retired employees along with their family, representatives of CLW accounts department, representatives of local banks were present on this occasion. (EOIC)

## Bandhan Bank crosses 800 branches

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**KOLKATA, JAN 31** /- Bandhan Bank Ltd today crossed 800 branches with the opening of 16 new branches across the country.

The 800th branch was opened at CIT Road in Kolkata, West Bengal. Arun Kumar Chandra, Group Managing Director, PC Chandra Jewellers, inaugurated the branch. Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank also graced the occasion. The other 15 branches were opened across Punjab, Haryana, Bihar, Odisha, Jharkhand, Tamil Nadu and Gujarat besides West Bengal. The bank now has 802 branches in just over 500 days of operations. Commenting on the occasion, Bandhan Bank MD & CEO Mr Ghosh said, "We are delighted to announce that we are living up to our dream of bringing banking to the doorstep of every Indian. Within just one and half years of starting operations, we have marked our presence in 38 Indian states and Union Territories."

Bandhan Bank presently has 3507 touch points pan India consisting of 802 branch deposits, 242 doorstep Service Centres (DSCs) and 278 ATMs. The bank has mobilized deposits worth Rs. 19,500 crore and

its loan book stands at Rs. 19,000 crore. Bandhan Bank has a dedicated team of 23,200 employees on roll to serve 9.9 million customers.

The Kolkata headquarter has two divisions - general banking and micro banking, offering a suite of retail financial solutions, including a variety of savings and loan products. Currently, the savings bank account interest rate is 6% for balance above Rs. 1 lakh and 4.25% for balance up to Rs. 1 lakh. For term deposits, the maximum interest rate offered is 8% for one year with an additional 0.5% for senior citizens.



Delegates from eight different universities of UK had visited Savetha School of Engineering along with delegates from British Council recently. The agenda of their visit was to conduct a seminar for engineering students on various advanced research topics and also to discuss about possible MoU between the universities-EOI Piks

## Tata Motors hosts 'Small Commercial Vehicle Application Expo'



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**KOLKATA / MUMBAI, JAN 31** /- Furthering initiatives for an enhanced customer purchase experience around its popular range of ACE Small Commercial Vehicles (SCV), Tata Motors recently hosted its 'Small Commercial Vehicle Application Expo' - 'Har Business ka Ace' in Mumbai, Jaipur, Udaipur, Bhubaneswar, and Bikaner among the 44 cities where the Expo will take place.

At the 'Small Commercial Vehicle Application Expo' Tata Motors will showcase a range of fully built applications on its popular ACE brand of mini-trucks, with 11 fully built last mile solutions, ranging from Steel Containers, Refrigerated Containers, Insulated Containers, Hoppers, Box Tipper, Water-Tankers and a Cafeteria-on-Wheels.

Showcasing the versatility of the ACE brand, through this expo Tata Motors is targeting new and existing small commercial vehicle customers, giving them an opportunity to explore newer businesses and providing them employability options with ready for business vehicles. Tata Motors plans to reach out to customers across over 30 locations pan India, giving

them an understanding of the advantages of a fully built vehicle, for commercial applications.

Commenting on the occasion, R.T. Wasan - Vice President Sales and Marketing, Tata Motors said, "At Tata Motors we understand our customers' requirements and the launch of the SCV Application Expo, is yet another innovative example of addressing the emerging needs for a safer, more comfortable and a reliable commercial vehicle experience. As leaders in the fully built commercial vehicle space, with the SCV Application Expo, we also hope to cut down on our customers' wait time, by bringing our ready-to-use small commercial vehicles even closer to them. Fully Built Vehicles provide for customized off the shelf solutions, with easy-to-operate equipment, also providing us at Tata Motors, with greater opportunities to engage with customers for a larger understanding of the benefits of a Tata Motors commercial vehicle. With application based offerings and added benefits of being backed by Tata Motors extensive service network, we are geared to provide our customers with a unique differentiator, for sustainable business models."

## CBDT identifies 18L people with suspicious deposits

**NEW DELHI, JAN 31** /- The Income Tax department has identified 18 lakh people who have made 'suspicious' cash deposits post demonetisation, including those having deposited over Rs 5 lakh, and will send emails and SMSes seeking explanation about their source of funds. These people will have to reply within 10 days to avoid any notice from the tax department or further enforcement action. The department today launched 'Operation Clean Money' project under which CBDT with data analysis and profiling of assesses, will send communications to people whose cash deposits post November 8 note ban do not match their income.

"Operation Clean Money (Swachh Dhan Abhiyan) is a programming software which will be used to get answers on all the deposits made and only after preliminary answers from the people, if need be, we would take legal action against those people," Revenue Secretary Hasmukh Adhia said. Central Board of Direct Taxes (CBDT) Chairman Sushil Chandra said 10 days' time would be given to people to reply to the e-communication and replies can be filed by logging on to the e-filing portal of the Income Tax department.

In the initial phase, we are putting data of those persons who have deposited Rs 5 lakh or more and deposits between Rs 3 lakh and Rs 5 lakh of suspicious nature and who have poor tax compliance after November 8," Chandra said. Initially, this will cover 18 lakh tax payers whose data will be uploaded on e-filing portal. These people while filing reply have to explain to tax department the sources of deposit. Chandra said that tax department has compiled huge data which shows that there are over 1 crore accounts where above Rs 2 lakh money have been deposited and involves unique PAN of 70 lakh persons. (PTI)

Oil spill in Chennai seabed cleared: Official

**CHENNAI, JAN 31** /- A co-ordination involving the Coast Guard and Tamil Nadu Pollution Control Board among others is underway to remove the oil spill caused by Saturday's collision of two cargo ships in the sea off suburban Ennore. The shoreline in and around Ennore and Kasimedu in north Chennai was hit by the oil spill, Tiruvallur District Collector E Sundaravalli clarified here on Tuesday.

The mishap occurred at 4 am on January 28 when M T BW Maple' with a flag of Isle of Man was leaving the port after emptying Liquefied Petroleum Gas (LPG) and M T Dawn, Kanchipuram, loaded with petroleum oil lubricant (POL) was on its way to the berth at the Ennore port. The port authorities had then said there was no casualty or injury to anyone and also, no damage to the environment. "There is an oil spill after the incident on January 28. Officials, including those from TNPCB and Fisheries, were deployed by the government to look into the situation," Sundaravalli, under whose jurisdiction the affected area falls, told reporters here. She said three Chennai Metro Water's super suckers (machines, mounted on trucks) were being deployed to remove the oil spill and expressed hope that it will be cleared.

Super suckers are normally used by Chennai Metropolitan Water Supply and Sewerage Board to clear silt.

## Firstsource bags outsourcing deal from UK; sale move denied

**KOLKATA, JAN 31** /- RPG Sanjeev Goenka Group chairman Sanjeev Goenka today quashed reports of selling off its BPO subsidiary Firstsource as baseless rumours and announced that the company had secured a 10-year outsourcing contract with UK-based DPH, mobile and broadband company SKY. Though Goenka refused to reveal the value of the contract, sources said it is close to Rs 12,000 crore. Terming the deal as one of the biggest BPO contracts in India, he said: "It is a matter of pride for us that a company like SKY has chosen us as its partner, based on our performance." The deal will prove a game changer for Firstsource and expressed the hope that it will help the company increase its revenue from the UK market. One thousand three hundred employees from SKY have already joined our company, he added. Asked



to give his take on the recent development in the US after Donald Trump took over as President, Goenka said: "We are not sure how Trump's policies and economics impact the Indian BPO and IT industry. It is too early to comment." Firstsource has recorded a consolidated net profit of Rs 69.7 crore for the third quarter ending December 2016, up four per cent on Rs 67.6 crore for same period of 2015-16. (EOIC)

## NCLT clears way for Tata Sons to hold EGM on Feb 6

**MUMBAI, JAN 31** /- The National Company Law Tribunal (NCLT) Tuesday refused to grant a stay on the extraordinary general meeting (EGM) called by Tata Sons on February 6 to consider removal of Cyrus Mistry from the Board of Tata Group's holding company.

A Sundaram, counsel for Cyrus Mistry family companies, pressed for interim relief in contempt petition (against Tata Sons) which had sought a stay on EGM slated for February 6.

"This issue was already decided in the last hearing when the contempt petition filed by two Mistry family companies was dismissed. There are no road blocks for Tata Sons to hold the EGM. NCLT cleared the option for the forthcoming EGM," said a division bench of NCLT

comprising B V Prasad Kumar (Member-Judicial) and V Nallasenapathy (Member-Technical). Lawyer for Mistry companies to day sought adjournment and NCLT deferred the hearing till February 13. Outside the Tribunal, the counsel for Mistry companies said he would seek instructions from clients before the option to file an appeal against the Tribunal's order passed

today was under their consideration. The appeal can be filed by Mistry group companies either in the Appellate National Company Law Tribunal or in the Supreme Court, legal sources said. On January 18, NCLT had dismissed contempt plea filed by Mistry group companies alleging violation of NCLT directives in taking steps to remove Mistry from the Board of

Tata Sons. However, while dismissing contempt plea, NCLT had allowed Mistry companies to file an affidavit on the issue of Tata Sons holding EGM on February 6. Accordingly, the affidavit was filed and Mistry companies today pleaded for interim relief in the contempt petition seeking a stay on the EGM.

But the Tribunal refused to grant a stay saying that

the issue was decided in the last hearing when the contempt plea of Mistry companies was dismissed.

NCLT, today, asked Mistry companies to argue on merits on their main petition challenging the removal of Cyrus Mistry as the Chairman of Tata Sons alleging bad practices, oppression and mismanagement in the holding company.