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With no GST breather, ready to move-in flats to cost more

PTI | Updated: Jul 02, 2017, 10:39 AM IST

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MUMBAI: The consumers will have to shell out more for the ready to move-in flats under the GST system as developers with large unsold inventories are planning to pass on the higher tax burden to home-buyers.

However, the new flats will cost less, giving some breather to the developers of upcoming projects.

Under GST, the effective tax on under-construction projects has gone up to 12 per cent, which is an increase of 6.5 per cent. The actual GST rate is 18 per cent on realty, but allows one-third of the tax to be deducted from the land value, from the total cost charged by the developer.

The GST gives an option of getting full input set-off credit, which is not applicable on ready-to-move-in flats and as a result, developers will have to bear the burden of higher tax or pass on to the end-consumers or increase the overall prices to match the new tax burden, say developers.

"While developers might still get some benefits for projects that are in nascent stages, they will have to bear the tax burden for the ready-to-move-in projects since they are kept out of the GST ambit," House of Hiranandani Chairman and Managing Director Surendra Hiranandani said.

Gera Developments Managing Director Rohit Gera said under the GST regime, tax on under construction projects would be 12 per cent, an increase of 6.5 per cent for buyers.

"There is an option of getting full input set-off credit on all input side if GST is paid by them, but this is not applicable on ready-to-move-in properties," he said.

As a result, developers will either have to bear the burden of the tax since it cannot be passed on to the end consumers or the rates of apartments that are ready-to-occupy will increase to the extent of the taxes " Gera said

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increase to the extent of the taxes, GST said.

Vinod S Menon, CEO of Bengaluru-based mid-market developer Citrus Ventures, says "everybody talks about the positives that GST brings in. But the devil lies in the details and no one seems to have any clarity on that."

Menon said though one-third deduction makes the effective rate 12 per cent, with current effective VAT plus service tax rate being nine per cent, there is still a three per cent incremental charge.

Since no retrospective claim of credits is possible, this will be a bone of contention between customer and developer as to who will bear this, he said.

Coupled with the new regulator Rera, GST will increase paperwork and thus the overall cost, Menon said.

However, Knight Frank India Chairman Shishir Bajjal said like the note-ban, GST would trigger some momentary disturbances but augur well for the industry in the long term.

"The intention of GST is to bring in efficiency in the entire tax system, and its implementation will see some teething issues. But eventually it will pave the way for an extremely efficient tax system for the country," he said.

Echoing similar views, SILA founder and MD Sahil Vora said there will be pain and forced consolidation in the sector, but in the long-run everybody will benefit.

"But the affordable housing sector is happy as there is no tax on it. Since almost 70 per cent of the market caters to the middle to high income segment, GST could shift focus, particularly of smaller developers towards high volume, low to medium income segment," RICS Global's Sachin Sandhir said.

Anarock Property Consultants Chairman Anuj Puri said the affordable housing sector will not be impacted by GST as there will be no tax under GST for affordable housing scheme.

CBRE South Asia's Ram Chandnani said GST will also attract international residential investment as it has been seen globally that a unified tax structure has been one of the many catalysts for increased investments.

"Additionally, sectors ancillary to real estate will see improved supply chain efficiency with the removal of various federal tax barriers and creation of a common market, accelerating the delivery of goods," he noted.

Atul Chordia of Panchshil Realty said they have only completed or near-ready projects which will be paying 12 per cent GST on the cost of construction.

"The effective 12 per cent tax is higher than the industry as we tend to use best-in-industry material, much of which will fall under the 28 per cent slab leading to higher overall cost," Chordia said.

India Ratings maintains a negative outlook for the real estate sector for FY18, on expectation of a continued slump in sale of residential units.

This will lead to continued negative cash flows since FY14 and a further increase in already-high debt levels, resulting in weakening of the sector's credit profile.

Rohit Jain, a partner at law firm Economic Laws Practice, said there isn't enough clarity on transitional provisions under GST, whether it pertains to credit of inventory, credit on unsold stock or the tax implications where part payments are made under the pre-GST and part under the new taxation system.

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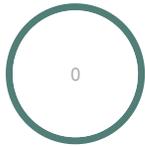
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India, the fastest growing major economy, is sitting on a wobbly throne

Bloomberg | Updated: Sep 02, 2018, 05:51 PM IST

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Data on Friday showed gross domestic product grew 8.2 percent in the three months ended June from a year ago.

By Anirban Nag and Vrishti Beniwal

India's world-beating economic growth is running up against some big risks: high oil prices, emerging market stress as the era of easy money draws to a close, and policy paralysis in the run-up to next year's Lok Sabha election.

Those factors may push the rupee, Asia's worst performer this year, even lower, as well as dampen some of the optimism that has propelled the local stock market to record

highs. They also serve as a reminder to investors that Asia's third-largest economy, which has overcome the twin shocks of a cash ban and the chaotic introduction of a nationwide consumption tax, is not fully out of the woods yet.

Policy paralysis ahead of elections is also a threat investors will have to factor in. That together with a record low rupee and rising local interest rates could hurt consumption and throttle the recovery. Exports are separately at risk from the global trade war.

"The outlook for the remainder of the year is not as optimistic," said Priyanka Kishore, head of India and South East Asia Economics at Oxford Economics Ltd. in Singapore. "Reform momentum is likely to slow ahead of the 2019 general election, as the government shifts focus to capturing votes."

Data on Friday showed gross domestic product grew 8.2 percent in the three months ended June from a year ago, the fastest in nine quarters, while beating the 7.6 percent median estimate in a Bloomberg survey. For now, that number cements India's position as the world's fastest-growing major economy, putting it ahead of China, where an intensifying trade conflict with the US is dimming the growth outlook.

While India's share in world trade is relatively small, it isn't entirely immune from global spats. Case in point: the oil price gain following American sanctions on Iranian crude. Every \$10 increase pushes up the inflation rate by 30 to 40 basis points and hurts economic growth of the world's fastest growing oil user by about 15 basis points, according to Nomura Holdings Inc.

Add a weaker currency to this equation, and the problem gets compounded. Every rupee change in the exchange rate against the US dollar impacts New Delhi's crude oil import bill by about 109 billion rupees (\$1.5 billion) on an annualized basis, according to the oil ministry's Petroleum Planning and Analysis Cell.

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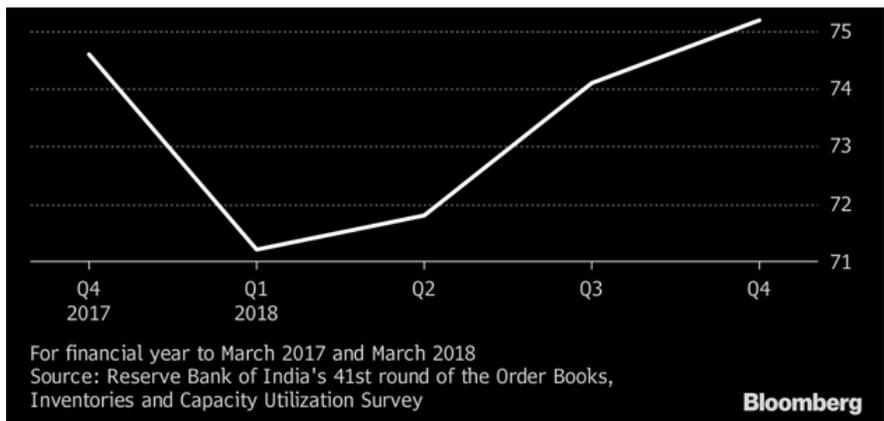
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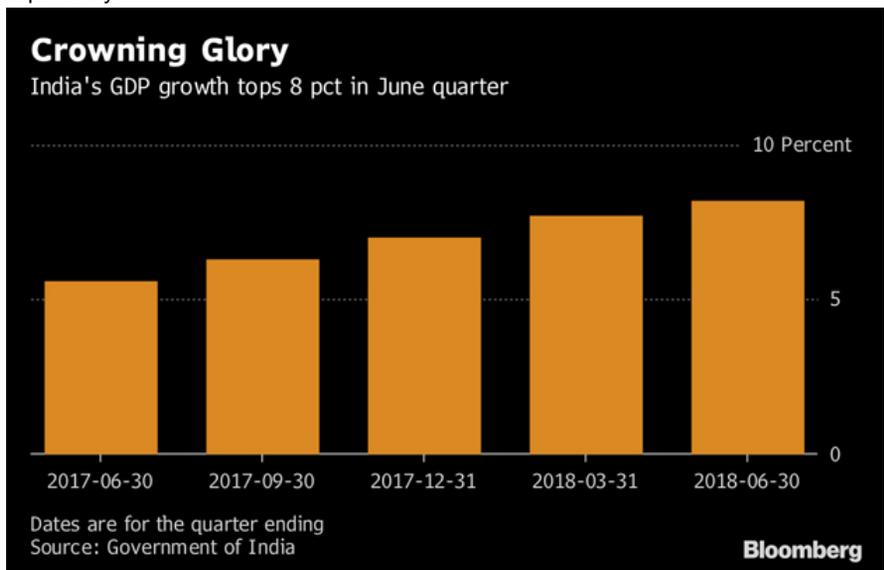


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A few indicators compiled by analysts at Nomura Holdings Inc. already point to some slowing. That is “consistent with our view that growth is set to slow cyclically due to tighter financial conditions, high oil prices, slowing global growth and a pullback in investment spending ahead of elections,” analysts led by India economist Sonal Varma wrote in a report last week.

The median of a Bloomberg survey released last week shows that economists expect the economy to slow from here on. Economists forecast growth at 7.4 percent, 7.1 percent and 7 percent in the remainder three quarters of the financial year through March 2019, respectively.



Investment Uptick

That will put average growth a notch below the Reserve Bank of India’s forecasts of 7.4 percent. The RBI appears confident that the domestic recovery is well entrenched with various indicators suggesting that economic activity has continued to be strong. It raised interest rates twice this year in a bid to curb inflation.

It’s not all gloomy though. In a sure sign that demand was holding up, companies have passed on higher input costs to consumers, amid a revival in investment activity and improving capacity utilization.

Pranjul Bhandari, chief India economist at HSBC Holdings Plc, says as the twin shocks of the cash ban and consumption tax fade, demand and production have picked up, even leading to some “overshooting” in growth.

... estimated growth during January to June will average 7.5 percent, and will return to its trend of 7.1 percent by December as the base normalizes and inventories are restocked, she said.

Key Details From Friday's GDP Print: Gross value added -- a key input of GDP that strips out taxes -- rose 8 percent in April-June versus 7.5 percent survey estimate Agriculture expanded 5.3 percent, manufacturing rose 13.5 percent Electricity, gas expanded 7.3 percent, construction 8.7 percent

Siddharth Sanyal, India chief economist at Barclays Bank Plc expects the trend of investment uptick to continue.

"We believe that the government's continued focus on unlocking supply bottlenecks, reviving stalled investment projects and stepped up emphasis on public infrastructure projects is driving investment momentum," Sanyal said, pointing to higher steel and cement production during the first half of 2018.

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Currency volatility to have 'limited impact' on India's credit profile: Fitch

PTI | Sep 03, 2018, 11.35 PM IST

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Indian rupee, which has been depreciating, had last week breached 71 to a dollar mark.

Fitch Ratings Monday said the currency volatility will have only a "limited impact" on India's sovereign credit profile as the country benefits from strong external finances. In a report on APAC sovereigns, Fitch said the recent sell-offs in Indian and Indonesian currency markets underline their sensitivity to shifts in global sentiment, and suggest further bouts of pressure are likely as global monetary tightening progresses.

"Currency volatility, however, is likely to have only a limited impact on their (India and

Indonesia) sovereign profiles. India's sovereign credit profile, for example, benefits from relatively strong external finances, especially a low level of external and foreign-currency debt," Fitch said in a statement.

Indian rupee, which has been depreciating, had last week breached 71 to a dollar mark.

Fitch said the risk of currency pressures triggering a policy-induced spike in domestic borrowing costs is mitigated by the Reserve Bank of India's relatively narrow focus on its inflation objective.

Fitch had in April, 2018, retained India's sovereign rating at 'BBB-' with 'stable' outlook, saying that the country's medium-term growth potential is strong.

The agency said rising US interest rates and increasing global risk aversion towards emerging-market assets are generating capital outflows and exerting downward pressure on most Asian currencies.

"Trade tensions between the US and China have added to market jitters and pose downside risks to growth. Nevertheless, strong fiscal and external buffers, along with flexible policy frameworks, should allow most of the region's economies to weather these challenges," Fitch added.

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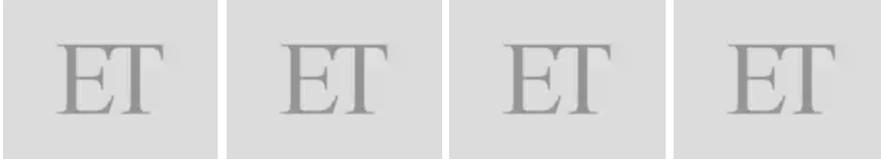
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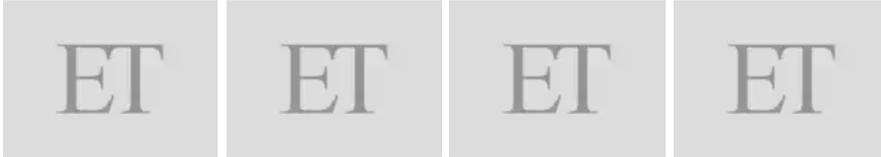
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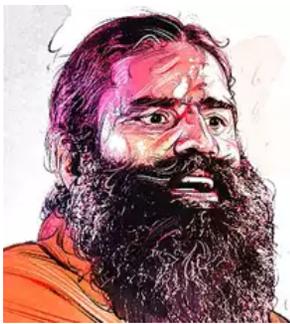
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RTI officer who gave Patanjali land allotment papers quits

By Priyanka Kakodkar, TNN | Updated: Sep 04, 2018, 12:01 PM IST

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Marketing manager Atul Thakare had been transferred from Nagpur to Mumbai in March last year in a sudden move that raised questions about whether it was a punitive measure.

MUMBAI: A information officer, who was abruptly transferred two weeks after providing RTI documents on land allotment to Baba Ramdev's Patanjali Ayurveda Ltd, has quit the Maharashtra Airport Development Company (MADC).

Marketing manager Atul Thakare had been transferred from Nagpur to Mumbai in March last year in a sudden move that raised questions about whether it was a punitive measure. After waiting for a year and a half in the hope of being sent back to Nagpur, the frustrated official chose to quit, sources said.

Thakare, whose last day at MADC was August 31, did not comment. Soon after his transfer last year, he had told TOI: "The erstwhile MD had assured me of a promotion for my work but I got a sudden transfer instead."

MADC officials claimed his resignation had nothing to do with the transfer or the RTI information. "He got a job with better prospects. He asked for a no objection certificate before resigning, which we provided," said MADC managing director Suresh Kakani.

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But RTI activist Bhaskar Prabhu, convenor of the Mahiti Adhikar Manch, wasn't convinced. "Transfers are becoming a tool to exercise control on information officers. This serves to muzzle the RTI Act which is aimed at boosting transparency in the government," he said.

On March 8, 2017, TOI had reported on the shunting of IAS officer Bijay Kumar shortly after he questioned the basis of the 75% discount given on land eventually awarded to Patanjali.

The story was written on the basis of RTI documents on the allotment process of the land which falls within the Mihan area in Nagpur and belongs to MADC. The RTI documents were received eight months after sending the application, that too only after appeals were pursued all the way up to the then Chief Information Commissioner of Maharashtra, Ratnakar Gaekwad. He had summoned then MADC chief Vishwas Patil to appear in person for a hearing.

TOI finally received the documents on March 3, 2017, the day of the hearing. On March 15, two public information officers (PIO) involved in organizing the documents were transferred.

Thakare, who was then the PIO of MADC Nagpur branch, was transferred to Mumbai, and marketing manager Sameer Gokhale, PIO in Mumbai, was sent to Nagpur. While Thakare had served in his post for four years, Gokhale was transferred just four months after his appointment as marketing manager. The issue of the transfers had come up in the state assembly session in Nagpur in December 2017. In response to questions, the government had said the transfers were for administrative reasons and that neither official had handled the Patanjali RTI.

However, among the RTI documents received by TOI on March 3, 2017, was a letter written by then MADC chief Vishwas Patil, saying he wouldn't be able to attend the hearing but, "I would be sending Atul Thakare, marketing manager of MADC, for the hearing with all the documents". By the time he resigned, Thakare was functioning as First Appellate Authority under the RTI Act.

(This article was originally published in The Times of India)

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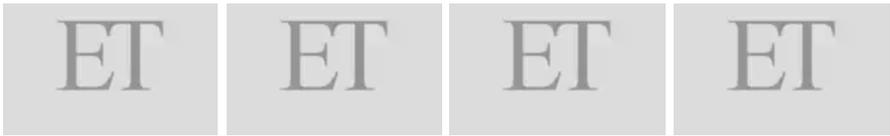
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Student arrested for shouting slogans against BJP in Tamil Nadu

By [Bharani Vaitheesvaran](#), ET Bureau | Updated: Sep 04, 2018, 07:55 AM IST

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Sofia is currently in a prison in Tamil Nadu's Pudukkottai district.

Lois Sofia, a native of Thoothukudi, Tamil Nadu, currently studying in Canada, has been remanded to judicial custody for 15 days after she raised slogans against the BJP Government, in a plane, in the presence of the party's state President Tamilisai Soundararajan.

Sofia is currently in a prison in Tamil Nadu's Pudukkottai district. The incident took place on Monday afternoon in the Thoothukudi airport.

Sofia and Soundararajan were in the same flight bound for the southern district from Chennai. Sofia, who was accompanied by her father, had shouted "Away with the Fascist BJP Government," inside the aircraft after the plane had landed.

Soundararajan, incensed, complained to police authorities in the airport, who arrested Sofia after questioning her. The police had registered an FIR under two sections of the TN Police Act and the Indian Penal Code for causing public nuisance. She was produced before a judge, who remanded to 15 days of judicial custody.

The issue immediately spiralled up with activists and senior leaders of the state opposition party expressing their outrage over the arrest. In a Tweet, MK Stalin requested Sofia's

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party expressing their outrage over the arrest. In a tweet, Mr Stalin repeated Sofia's words, courting arrest. Senior DMK leaders and legions of his followers began a social media campaign championing Sofia.

Sofia had been involved in writing articles seeking the closure of Vedanta Ltd-owned Sterlite Copper.

Speaking to ET, Sofia's father Dr. Samy said he has submitted a complaint against Soundararajan about accosting his daughter after she raised her slogan. A top police official in Thoothukudi said a Community Service Register (CSR) copy has been issued. Usually, if an offence is 'cognisable,' state police register a First Information Report. Samy said the police have not registered an FIR as yet. "My daughter was abused by the BJP persons after she said those words," said Samy, who said his plan was to apply for a bail for his daughter.

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Upset over offsets: India, US to fix old problem to take ties to new heights

By Manu Pubby, ET Bureau | Sep 04, 2018, 07.17 AM IST

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Before Rafale deal, Modi government chose PSUs



Representative image.

The inaugural '2+2 dialogue' between India and the United States later this week aimed at strengthening defence ties is likely to include a discussion on the offset policy that overseas firms complain makes it tough to do business in the country.

Although India-US defence trade has grown from nil to \$15 billion, companies such as Boeing, Lockheed Martin and Textron, which execute military contracts, maintain that they are finding it difficult to adhere to India's offset

rules which mandate that at least 30% of the contract cost should be invested in the domestic industry.

While France has stumbled into a political controversy over the offset deal for the Rafale fighter jets to Reliance Defence, US companies operating in India are seeking to surmount the wall of bureaucracy over the policy that potentially impedes the government's 'Make in India' plan.

Offset Offence

Almost all companies operating in India have run into trouble over offset policy – Lockheed Martin has been fined half a million dollars for failing to meet obligations, Textron shut down its India offices after getting slapped with a stiff penalty and Boeing has been struggling to discharge offsets for the \$4.7 billion deal for C-17 transporters.

Boeing is also facing a unique problem that forced it to take an extension from the defence ministry to execute offsets.

In 2011, when the aircraft deal was signed with Boeing, India saw it as an opportunity to bring in cutting edge technology to the country as part of the offsets. The Defence Research and Development Organisation (DRDO) identified the Trisonic Wind Tunnel as a desirable technology which would help in the design and development of future aircraft and unmanned aerial vehicles or UAVs. However, with the technology being restricted for export, it took discussions at the defence minister level to get clearances for the project.

In a twist, however, while the permissions from the US side came through after six years in 2017, the DRDO has not moved ahead on the project since. While 18 months have gone by after US government approved the licence, the DRDO appears to be having a rethink on the project. Although an extension has been granted to Boeing, if the project does not go through the company would be sitting on a huge offset liability that could get difficult to execute.

This particular issue is likely to come for discussion at the ministerial talks later this week, given that it ticks all the boxes on transfer of critical technology but has taken a backseat even though the funding already exists for it.

Unlimited Liability

The ministry's unbending approach on offsets to meet all rules in the book has left not just the US firms but also other overseas firms in a quandary. From the ministry's side, there is no room for manoeuvre given that there have been at least three corruption cases under investigation in which the offsets route was allegedly used to route payments to corrupt individuals.

As per the rule book, the defence ministry has to approve all execution of offsets and, at the end of the contract, give an undertaking to the company freeing it of all obligations.

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However, despite the offsets rule being in force since 2005, not a single major offset contract has been closed so far. This means the ministry has not yet fully audited and approved them.

Take the case of the Boeing P-8I naval aircraft, for example, which came under fire from the Comptroller and Auditor General (CAG) recently for non-compliance of offsets, among other issues.

The CAG said that the company had not met obligations worth \$641 million, even as the contract was signed in 2009. However, with the ministry yet to conclude its internal audits, the offsets are still shown as outstanding, leaving a liability on the books of the arms manufacturer.

Among several issues on offsets that were taken up for discussions over the past few months between India and the US in the run-up to the 2+2 dialogue, a key point raised was that the offset guidelines place an unlimited financial liability on the company for not being able to fulfil them. The US suggested a capping of penalty at 5% on the unfulfilled obligation.

Experts suggest it is time to change the policy of fining companies for offset non-compliance and moving to a review system that can correct the process. "The US companies which have been recently penalised for non-fulfilment of offset obligations are generally very process-driven and compliance-oriented," said Karishma Maniar, associate director, Economic Laws Practice.

"Indian MoD (ministry of defence) would have strictly followed the prevailing process in levying such penalties, but maybe it's time to review our processes to ensure our policies are coupled with ease of doing business. While India and the US are working overtime to strengthen their defence trade relationship, these hiccups could be detrimental if they lead to potential disputes," she said.

A key problem, according to experts, is that with an indefinite liability of offsets, companies need to show in the books that they have adequate capital to pay the fine or penalty on implemented projects.

This ties down part of the capital available with companies.

Tweaks Suggested

While India is planning to tweak its offsets policy – a draft is already doing the rounds that will include the creation of a dedicated fund approved by stock market regulator Sebi that foreign companies can invest in – the US side has suggested several changes that can streamline the process. These include electronic submission, monitoring and auditing of offset deals, extending the period of performance that is currently linked to the delivery period of the product to at least 10 years and enabling a provision to use offsets for skill development in India.

The industry feels that even the State Trading Corporation has a far better offsets monitoring mechanism and is able to process offset credits with efficiency. At present, the defence ministry takes over six months to add an Indian offset partner for such contracts, a time period that could be shrunk with an online system.

While these tweaks could be rolled out shortly, the Indian industry is keen that the focus not be shifted away much from using these obligations to encourage manufacturing in India. For Indian companies such as Tata, which makes major components for the Apache helicopters, including the fuselage for international orders with its joint venture with Boeing as part of offset deal, these are the stepping stones to fulfilling their global ambitions.

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Demonetisation: All cost and little benefit

By [T K Arun](#), ET Bureau | Updated: Sep 02, 2018, 01.10 PM IST

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Now that the RBI has admitted that 99.3% of all demonetised notes came back to the banking system (not counting what remains in Nepal and Bhutan), it is fairly clear that **demonetisation** was a flop. In economic terms. But it was a huge success in political terms for the prime minister personally and for his party in the **Uttar Pradesh assembly elections**. And that must be understood as **having been the real goal of the**

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Small enterprises were the worst hit. It stands to reason that they would have had to borrow to tide over hard times.

having been the real goal of the demonetisation exercise, all along.

The [Economic Survey for 2016-17](#) estimated the loss in economic output arising from demonetisation to have been anything between a quarter of a percentage point to one percentage point of lost growth. GDP growth rate slowed from 8% in 2015-16 to 7.1% in 2016-17 to 6.7% in 2017-18.

There are those who quibble that growth lost steam for reasons other than demonetisation, such as introduction of GST in July 2017 and the twin balancesheet problem depressing investment in the economy, as banks refused to lend, groaning under their burden of bad debt, and large companies, squashed under unserviceable loans, the counterparts to the banks' bad loans, started few large projects. Yes, allocation of blame for deceleration to individual factors is not easy, although the Survey made its claim after some statistical exertions. What is not hard to identify is the common thread running through all three maladies — poor economic management.

Let us try to put a number to the loss in GDP arising from demonetisation. Take the midpoint of the range between 0.25% and 1% of GDP estimated by the Survey, and since GDP of both 2016-17 and 2017-18 were affected, take the average GDP for these two years. Output loss due to demonetisation is a little over Rs 1 lakh crore.

The latest annual report of the RBI, for 2017-18, has two additional statistics that damn demonetisation. One, household savings held in the form of currency shot up, from an average of 1.12% of Gross National Disposable Income (GNDI) in the pre-DeMo five years to 2.8% of GNDI in 2017-18. In other words, savings in the form of currency multiplied 2.5 times, not quite the less-cash result the government had hoped for. Worse is the increase in financial liabilities. In the five years prior to demonetisation, household financial liability averaged 3.06% of GNDI. This went up sharply to 4% of GNDI in 2017-18. Liabilities went up by 83% from Rs 3,70,964 crore in 2016-17 to Rs 6,79,349 crore in 2017-18.

Small enterprises were the worst hit, and some of them presumably never recovered. It stands to reason that they would have had to borrow to tide over hard times. That would explain the rise in liabilities. The poor and the less well-off would have borne the brunt of it.

Demonetisation would never have hit illicit wealth held as real estate, shares, gold, silver and foreign currency. Only smalltime concealers of income keep their money in cash. These include women hiding income from their men, to create a stash they could use to buy gold or in a health emergency. Demonetisation hit such people hard, not the big fish.

What has been the gain from demonetisation? A big jump in the number of tax filers has been attributed to it. GST would have increased the number of tax filers, in any case. GST creates multiple audit trails, leading to a big expansion in the base of direct tax. Digital payments rise when data networks become ubiquitous and when the government removes hurdles to digital payments. These should be taken out of demonetisation gains.

What remains is the political impact. This columnist had written, a week after demonetisation was announced, that the goal was not ending black money or any other economic outcome but to position the PM as a champion of the poor who takes on the filthy rich on their behalf, and invites them to participate in this epic battle of redemption by standing in endless lines in front of banks.

The people of India bought that story, by and large. Even those who complained of the hardship they had to suffer on account of demonetisation praised the PM for his courage, in taking on the rich and the powerful, and accepted their suffering as a price worth paying for it.

This expanded the BJP's support base. The poor and the not-so-poor, in whose breast

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class antagonism can be surred, turned supporters, even as sections of the petty-trader support base suddenly experienced an unexpected improvement in their clarity of vision, as rosetinted glasses dropped off.

If demonetisation is seen to not have achieved the goal of slaying the black money demon, even while raising the debt burden of the poor and the middle classes, it would impact the ruling party's popularity negatively. Hence the chorus in support of demonetisation, never mind what the RBI annual report shows.

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'Mother of all defence deals' set for government nod amid Rafale spat

By [Rajat Pandit](#), TNN | Updated: Sep 03, 2018, 01:58 PM IST

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HIGHLIGHTS

- Govt is getting set to grant initial approval to the long-drawn acquisition project for 114 fighter jets for over \$20 billion
- Under the project, 18 jets will come in a 'flyaway condition' in three to five years and the rest will be produced in India
- This comes amid the political spat between BJP and Congress over the Rs 59,000 crore Rafale jet deal

IAF needs at least 42 squadrons to tackle the collusive Pakistan-China threat. (Representative Photo/Reuters)

NEW DELHI: The government is now getting set to grant initial approval to the long-drawn acquisition project for 114 new fighter jets for over \$20 billion (Rs 1.4 lakh crore), with a seventh contender flying into the competition, amidst the ongoing political dogfight between BJP and Congress over the Rs 59,000 crore contract for 36 French Rafale jets.

Defence ministry sources say the Defence Acquisitions Council, chaired by minister [Nirmala Sitharaman](#), is likely to consider "acceptance of necessity (AoN)" for the 114-jet project later this month or early next month.

Under the proposed project, while the first 18 jets will come in "a flyaway condition" in three to five years after the contract is inked, the rest will thereafter be produced in India under the new "strategic partnership (SP)" policy in a joint venture between the selected foreign aviation major and its Indian partner.

WHY INDIA NEEDS MORE FIGHTERS?

<p>The Requirement</p> <ul style="list-style-type: none"> ▶ IAF needs at least 42 squadrons (16-18 jets in each) to tackle collusive Pak-China threat ▶ Pakistan, with 23 fighter squads, has 8 main airbases ▶ China, with 2,100 fighters/bombers, has 14 airbases that can be used against India 	
<p>The Drawdown</p> <ul style="list-style-type: none"> ▶ IAF down to just 31 squadrons ▶ 2 MiG-21 & 2 MiG-27 squads to retire in 2019 ▶ Remaining 7 MiG-21 squads to retire by 2024 ▶ Low serviceability of legacy jets ▶ Huge delay in indigenous Tejas fighters 	
<p>Planned Inductions</p> <ul style="list-style-type: none"> ▶ 36 remaining Sukhois by 2019 (272 Sukhois contracted from Russia for Rs 55,717 crore) ▶ 36 Rafales in 2019-2022 (Rs 59,000 crore inked with France in Sept 2016) ▶ 123 Tejas for over Rs 70,000 crore (1st 40 by 2022; 83 improved Tejas Mark-1A thereafter) 	<p>Future Plans</p> <ul style="list-style-type: none"> ▶ 114 fighters under Make in India for around Rs 1.5 lakh crore. Will take 5 years for contract ▶ Alternately, directly buy 36 more Rafales, or make 90 of them in India ▶ Indigenous 5th-Gen AMCA (advanced medium combat aircraft). Production 2035 onwards

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Interestingly, the Russian Sukhoi-35 fighter has also joined the race for India's "mother of all defence deals" by submitting its bid to the preliminary tender or request for information (RFI) issued by IAF in April. This comes after the first six contenders, F/A-18 and F-16 (US), Gripen-E (Sweden), MiG-35 (Russia), Eurofighter Typhoon and Rafale, sent their bids in early-July.

But it will take at least four to five years for the actual contract to be inked with the selected foreign original equipment manufacturer (OEM)-Indian partner combine. It's estimated each bare-bone fighter will cost around \$100 million, with another \$100 million for the "add-ons" in terms of weapons, simulators, performance-based logistics and the like.

Though IAF would like the entire process to be fast-tracked, grappling as it is with just 31 fighter squadrons (18 jets in each) when at least 42 are needed to tackle the "collusive threat" from China and Pakistan, the still untried SP model involves quite a complex process.

While an Indian company will be selected as the "strategic partner" based upon "financial strength, technical capability and capacity/infrastructure", the OEM will be chosen in a separate but parallel process primarily on the "range, depth and scope" of the transfer of technology it offers. "Once the AoN is granted to the 114-jet project, the seven contenders will be given three months to respond to the EoI (expression of interest) to take things forward," said a source.

Amid all this, some MoD insiders contend it would make "far better economical and logistical sense" to simply go in for more Rafales through a government-to-government deal, after the first 36 jets arrive in the 2019-2022 timeframe, but it has become "a hot potato" in the current political scenario.

"We are already paying for the 13 India-Specific Enhancement (ISE) upgrades to the Rafale fighters, infrastructure, storage etc under the 36-jet deal inked in September 2016. The infrastructure at the Hasimara and Ambala airbases can accommodate two Rafale squadrons each," said an official.

"If India goes in for 36 more Rafales or decides to license produce 90 of them here, just one more airbase would be required. It will reduce acquisition and induction costs. But for 114 fighters of a different kind, at least three new bases with requisite infrastructure will be needed," he added.

Unlike other air forces in the world, the IAF already operates seven types of fighters in Sukhoi-30MKI, Mirage-2000, Jaguar, MiG-21, MiG-27, MiG-29 and Tejas, which is a huge logistical nightmare. Rafale will be the eighth one.

(This article was originally published in The Times of India)

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PTI | Sep 04, 2018, 03.40 PM IST

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No satisfactory information was provided to the applicant following which he approached the commission.

The Central Information Commission has directed the External Affairs Ministry to disclose the names of those private individuals who have travelled with Prime Minister Narendra Modi on foreign tours. Last October, Karabi Das approached the ministry seeking information on expenses incurred on the foreign visits of the prime minister in 2015-16 and 2016-17 along with the list of people travelling with him.

No satisfactory information was provided to the applicant following which he approached

the commission.

The ministry had demanded Rs 224 for providing the information which was deposited by the applicant, activist Subhash Agrawal, who represented the applicant during the hearing, told Chief Information Commissioner R K Mathur.

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In its submissions during the hearing, the ministry said no other data is maintained in consolidated form regarding the visits of the prime minister except date and place of visit and the expenses incurred on chartered flights.

The ministry also told the commission that it will look into the matter with regard to the payment of Rs 224 and will provide updated information.

"List of private persons (not linked with security) who travelled with the Prime Minister of India at government expenditure should be provided to the appellant redacting names of other officials," Mathur ordered.

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ET Bureau | Updated: Sep 04, 2018, 07:27 AM IST

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Bank NPAs during UPA regime hampered growth, not DeMo: NITI Aayog's Rajiv Kumar

New Delhi: Niti Aayog Vice Chairman [Rajiv Kumar](#) blamed the slowdown in economic growth in six quarters starting from the last quarter of 2015-16 to rise in non-performing loans of banks and not the November 2016 [demonetisation](#) as claimed in many quarters.

GDP growth had hit a peak of 9.3% in fourth quarter of 2015-16 and subsequently declined steadily to hit a low of 5.6% in first quarter of 2017-18, the second full quarter after of demonetisation.

"The growth was declining because of the rising NPAs in the banking sector," Kumar told ANI in an interview on Monday.

"When this (Narendra Modi) government came to office, that figure was about Rs 4 lakh crore. It rose to Rs 10.5 lakh crore by the middle of 2017, because under the previous RBI governor Mr (Raghuram) Rajan, they had instituted a new mechanism to identify stressed NPAs."

Rajiv Kumar said rising NPAs stalled credit disbursement to the industry and in the case of the micro, small and medium enterprises (MSME) industry, credit actually shrank.

In December 2015, the RBI initiated an asset quality review (AQR) to ensure banks were taking proactive steps to clean up their books, listing 150 borrowers that were to be downgraded as NPAs.

"Our intent is to have clean and fully provisioned bank balance sheets by March 2017," Rajan had said in a speech in February 2016.

Gross NPAs of scheduled commercial banks rose from Rs 3.23 lakh crore at the end of March 2015 to Rs 6.1 lakh crore by March 2016 and Rs 10.4 lakh crore by March 2018.

"Even to the large industry, the growth of credit came down to one per cent and two and a half per cent in some months, and even negative in some quarters. Never had we seen such a continuous and persistent year upon year deleveraging of credit," Kumar said. "This is the cause of slowdown of growth."

"This (decline in growth) was just simply in continuation of a trend and not because of the shock of demonetisation as has been claimed. I think there is no evidence to prove that there was a direct link between demonetisation and slowdown in the growth rate," he added.

Kumar said government compensated for this by ramping up public capital expenditure, using the oil revenue bonanza in ramping up the capital expenditure while maintaining fiscal prudence.

"So it has been because of the government that you have now seen a rise in the quarterly growth rate since the second quarter of 2017-18," he explained.

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On demonetisation, Kumar said it intensified the crackdown on black money and benami transactions in the economy. "My views on GDP's decline being unrelated to solely demonetisation & having begun way before with stricter norms of NPA by RBI under Mr Rajan R fact-based & self-explanatory but some misleading headlines have coerced me to reiterate that the discussion is on policies not people," Kumar tweeted later.

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Deadly 'rat fever' strikes Kerala after worst floods in a century

AFP | Sep 04, 2018, 01:18 PM IST

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Indian authorities in the southern state of Kerala said September 4 that 'rat fever' and other diseases have killed 14 people in the wake of the worst floods in almost a century.

"Rat fever" and other diseases have killed 14 people in the southern Indian state of Kerala after the worst floods in almost a century, authorities said Tuesday.

The separate death toll from the monsoon floods that forced more than a million people from their homes in Kerala last month has meanwhile risen to 486, the government said.

"We had anticipated leptospirosis (rat fever) due to contaminated water and are taking all measures to distribute preventive drugs in camps," Kerala health director Sarita R L told

AFP.

Leptospirosis, transmitted in water containing urine from rodents and other animals, has killed six people and infected more than 100 while other diseases have left eight dead.

Cases of malaria, dengue fever and chicken pox have also been reported. More than 5,100 people have acute diarrhoea, authorities said.

The floodwaters have now receded and fewer than 10,000 people remain in temporary camps, down from 1.4 million at the height of the crisis.

The monsoon, which lasts from June to September, causes widespread death and destruction across South Asia each year.

The death toll in India this year currently stands at 1,400 across 10 states, and heavy rainfall is forecast in several areas in the coming days.

In the north-eastern state of Nagaland, 11 people have died and 50,000 others are stranded across some 530 villages, with roads including the national highway into the state cut.

Nagaland's chief minister Neiphiu Rio took to Twitter to appeal for donations, posting photos of widespread damage and saying that 10 relief camps have been opened.

In the northern states of Uttar Pradesh and Uttarakhand around 270 people have perished.

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