

Coalition fragility turns Sinha's bane

Indian budget lacks tough measures to cut deficit

From Pallab Bhattacharya

NEW DELHI, March 1: Indian Finance Minister Yashwant Sinha has at last chosen to opt for treading the softer path in coping with burgeoning fiscal deficit and securing economic revival.

Sinha, while presenting the budget for 1999-2000 in parliament yesterday, demonstrated that fragility of the coalition his Bharatiya Janata Party leads would not permit him the kind of tough measures needed to narrow the rising gap between revenue and expenditure.

Instead, he expects the fiscal measures listed in the budget for the infrastructure, rural and housing sectors, rationalisation of excise and customs duties, ten per cent hike in surcharge on corporate and indi-

vidual income taxes and a one-rupee increase in per litre price of diesel would not only stem industrial slowdown witnessed in 1998-99 but fill up the government coffers.

Sinha once again showed that he is unable to make much of a dent in reducing populist subsidies. Nor does he expect too much success in containing unproductive expenditures in the coming fiscal year although he made a token announcement of downsizing the government abolishing four secretary-level posts.

Government finances were put to severe pressure in 1988-99 and there was a sharp decline in revenue thanks to the industrial slowdown, while expenditures mounted. In the revised estimate for the outgoing fiscal year, revenue deficit shot

up to 3.4 per cent of gross domestic product against the budgeted 2.7 per cent.

The budget for 1999-2000 proposes an additional revenue of 9424 crore, a bulk of it through indirect taxes. The finance minister promised to reduce fiscal deficit to four per cent of the GDP in 1999-2000 and that must be a daunting task for him as the deficit for the current year has been pegged at 5.9 per cent.

The government has estimated the total expenditure for 1999-2000 at Rs 283,882 crore as against last year's Rs 281,912 crore. This includes a reduced non-plan expenditure allocation of Rs 206,882 crore compared to last year's Rs 213,541 crore and a hiked plan expenditure of Rs 77,000 crore.

The finance minister has announced the government would raise at least Rs 10,000 crore by offloading shares in public sector undertakings. But doubts hang over the possibility of its achievement because a similar promise made in last year's budget still remains unimplemented. Besides, such a major drive is likely to face strong resistance from left parties and possibly from BJP's trade union front Bharatiya Mazdoor Sangh.

The budget seeks to revive investment in housing sector and through it boost the fortunes of cement and steel industries. The budget has raised tax deductibility of interest on housing loans from Rs 30,000 to Rs 75,000 and the area of houses qualifying for the incentive raised from one thousand sq ft to fifteen hundred sq ft.

One main focus of this year's budget is the agriculture sector where Sinha has not only increased the outlay but made an attempt to secure genuine grassroots participation. Gram Panchayats have been made the primary movers of several initiatives in health care, watershed management and primary education.

In order to increase the flow of credit to the rural sector, the corpus of rural infrastructure fund has been raised and repayment increased from five to seven years. Lending to food and agro-processing industries would be treated as priority sector.

The bedrock of the budget is the compression of excise duty rates from eleven to three and reduction of seven rates of customs duty to five. The special customs duty of five per cent levied in the previous budget has been abolished. A ten per cent surcharge has been imposed on almost all oil products.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.

Analysts predicted a lot of switching will take place in the next few weeks, though they had their doubts about whether the new competition in an already cutthroat industry will be intense enough to run any of the market's six players out of business.

The end result will be "net neutral, with some losers here and there," said Derek Chan, telecommunications analyst at Bear Stearns Asia Ltd.